WEST BANCORPORATION INC
Form DEF 14A
March 07, 2008

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

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant x
Filed by a Party other than the Registrant o

Check the appropriate box:

o Preliminary Proxy Statement
o CONFIDENTIAL, FOR USE OF THE COMMISSION ONLY (AS PERMITTED BY RULE 14a-6(e)(2))
x Definitive Proxy Statement
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o Soliciting Material Pursuant to Section 240.14a-12

West Bancorporation, Inc.

(Name of Registrant as Specified In Its Charter)

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SEC 1913 (02-02)

WEST BANCORPORATION, INC.

NOTICE OF ANNUAL SHAREHOLDERS MEETING
TO BE HELD APRIL 17, 2008

Dear Fellow Shareholders:

The Annual Shareholders Meeting of West Bancorporation, Inc. will be held in the Conference Center on the second floor of the West Bank building at 1601 22nd Street, West Des Moines, Iowa, on Thursday, April 17, 2008, at 4:00 p.m. We will review the progress of the Company and answer questions during the meeting. We will also ask you to vote on the following matters:

1. The election of eight directors nominated in the Proxy Statement to serve as the Board of Directors until the next Annual Meeting and until their successors are elected and have qualified;

2. To ratify the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for West Bancorporation, Inc. for the year ending December 31, 2008; and

3. Such other business as may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 14, 2008, as the record date for determination of Shareholders entitled to notice of and to vote at the Annual Meeting. A list of eligible Shareholders will be maintained at the Company's offices at 1601 22nd Street, West Des Moines, Iowa, during the ten-day period preceding the Annual Meeting.

Whether or not you expect to attend the Annual Meeting, in order to make sure your vote is received, please complete and return the enclosed proxy card or vote your proxy electronically via the internet as instructed on the card. A prompt response would be appreciated.

We hope you will personally attend the Annual Meeting and look forward to seeing you there. Thank you for your interest in the Company.

For the Board of Directors,

/s/ Thomas E. Stanberry

Thomas E. Stanberry
Chairman, President and Chief Executive Officer

March 7, 2008

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WEST BANCORPORATION, INC.

1601 22nd Street
West Des Moines, IA 50266

PROXY STATEMENT
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INTRODUCTION

This proxy statement is furnished in connection with the solicitation by the Board of Directors of West Bancorporation, Inc. (the "Board" and the "Company") of proxies to be used at the Annual Shareholders Meeting ("Annual Meeting"). The meeting will be held in the Conference Center at the Company's headquarters, 1601 22nd Street, West Des Moines, Iowa, on April 17, 2008, at 4:00 p.m., local time, and at any and all adjournments thereof. A copy of the Company's 2007 summary annual report to Shareholders and appendix to the proxy statement, including financial statements, accompany this proxy statement. This proxy statement, form of proxy, and other accompanying materials are first being mailed to Shareholders on or about March 10, 2008.

Only Shareholders of record at the close of business on February 14, 2008, ("Shareholders" or "Shareholder") are entitled to notice of and to vote at the Annual Meeting. There were 17,403,882 shares of the Company's Common Stock outstanding at the close of business on that date, all of which are eligible to vote at the Annual Meeting. The presence, in person or by proxy, of the holders of a majority of the outstanding shares is necessary to constitute a quorum for the transaction of business at the Annual Meeting. Shareholders are entitled to one vote per share standing in their names on the record date on all matters to properly come before the Meeting. If a Shareholder abstains from voting on any matter, or if shares are held by a broker who has indicated that it does not have discretionary authority to vote on a particular matter, those shares will be considered to be present for the purpose of determining whether a quorum is present, but will not be counted as votes cast with respect to any matter to come before the Annual Meeting.

The Company is not aware of any matters to be presented at the Annual Meeting other than the election of the eight nominees described in this proxy statement and the ratification of the independent registered public accounting firm. The eight directors elected will be those nominees who receive a plurality of those shares voting at the Annual Meeting in person or by proxy. Passage of the proposal to ratify the appointment of the independent registered public accounting firm requires the affirmative vote of a plurality of the shares voting on the proposal at the Annual Meeting in person or by proxy. If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxies will use their personal judgment to determine how to vote your shares. If the Annual Meeting is adjourned, the proxies can vote your shares on the new meeting date as well, unless you have revoked your proxy instructions.

If you hold shares through a broker, follow the voting instructions provided by your broker. If you want to vote in person, a legal proxy must be obtained from your broker and brought to the Annual Meeting. If you do not submit voting instructions to your broker, generally your broker is permitted to vote your shares in its discretion.

Holders of stock in the Company's Employee Savings and Stock Ownership Plan ("the Plan") can direct the Trustee of the Plan how to vote the number of shares held in the Plan for the benefit of the Holder as of the record date for any matter put to the vote of the Shareholders. If a Plan participant does not provide directions to the Trustee, then the Trustee shall vote those shares in the same proportion as the shares for which the Trustee received proper direction to vote.

A form of proxy is enclosed for use at the Annual Meeting. Before the Annual Meeting, you can appoint a proxy to vote your shares of stock by completing and signing the enclosed proxy card and mailing it in time to be received before the Annual Meeting, or by using the internet (http://www.illinoisstocktransfer.com). The electronic proxy appointment procedures are designed to confirm your identity and to allow you to give your proxy voting instructions. If you wish to vote via the internet, please follow the instructions on the proxy card.

If your proxy is properly signed and returned and is not withdrawn or revoked, your shares represented thereby will be voted in accordance with your instructions. If the manner of voting such shares is not indicated on the proxy, the shares will be voted FOR the election of the nominees for directors named herein and for the ratification of the independent registered public accounting firm.

If the enclosed proxy is executed and returned, it may nevertheless be revoked at any time prior to the Annual Meeting. You may revoke a proxy electronically by entering a new vote via the internet or by filing either a written revocation of the proxy or a duly executed proxy bearing a later date with the Secretary of the Company at the Company's principal office at 1601 22nd Street, West Des Moines, Iowa 50266, Attn: Alice A. Jensen, Corporate Secretary. You may also withdraw a proxy by attending the Annual Meeting and voting in person. Attendance at the Annual Meeting without voting in person will not serve as the revocation of a proxy.

The Company will bear the cost of solicitation of proxies. In addition to the use of mail, proxies may be solicited by officers, directors, and employees of the Company, without extra compensation, by telephone, e-mail, facsimile, or personal contact. It will greatly assist the Company in limiting expense in connection with the Annual Meeting if each Shareholder who does not expect to attend the Annual Meeting will promptly return a signed proxy or vote via the internet.

PROPOSALS FOR ANNUAL MEETING

1. Election of Directors. The Board currently consists of eight members. The term for directors is until the next Annual Shareholders Meeting and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death, or incapacity.

The By-laws of the Company provide that the number of directors of the Company shall not be less than five or greater than 15. The Board has set the number of directors for 2008 at eight. The Board has decided that eight directors are sufficient to conduct the business of the Company. Proxies cannot be voted for more than eight persons.

The Board recommends a vote FOR the nominees listed in the table on the next page.

Proxies in the accompanying form will be voted FOR the election of the listed individuals, unless contrary instructions are given. If any nominee or nominees shall become unavailable for election, it is intended that the proxies will be voted for the election of the substitute nominees as the Board may propose. Any Shareholder has the option to withhold authority to vote for all nominees, or to withhold authority to vote for individual nominees. The effect of withholding authority to vote for nominees is that the Shareholder is considered present at the Annual Meeting and considered for meeting quorum requirements, but the vote is not a vote in favor of the nominee for purposes of determining whether the nominee has received a plurality of the votes cast by the shares entitled to vote.

Information concerning the nominees, including their ages, year first elected a director, and business experience during the previous five years as of February 14, 2008, is set forth in the following table. Each of the nominees is currently serving as a director of the Company and all nominees, except Mr. Crowley and Ms. Carlson, also serve as directors of West Bank, a subsidiary of the Company. Mr. Crowley serves as an emeritus member of the West Bank board of directors. Of the nominees, only Mr. Stanberry is currently a director of WB Capital Management Inc. ("WB Capital"), a subsidiary of the Company.

Name (Age)	Has Served as a Director Since	Position with Company and its Subsidiaries and/or Principal Occupation
Frank W. Berlin (Age 62)	1995	President, Frank W. Berlin & Associates, West Des Moines, Iowa
Wendy L. Carlson (Age 47)	2007	Chief Financial Officer and General Counsel, American Equity Investment Life Holding Company, West Des Moines, Iowa
Orville E. Crowley (Age 81)	1984	President and Chief Operating Officer, Linden Lane Farms Company, Cumming, Iowa
George D. Milligan (Age 51)	2005	President, The Graham Group, Inc., Des Moines, Iowa
Robert G. Pulver (Age 60)	1984	President and Chief Executive Officer, All-State Industries, Inc., West Des Moines, Iowa
Thomas E. Stanberry (Age 53)	2003	Chairman, President and Chief Executive Officer of the Company Chairman and Chief Executive Officer of West Bank Chairman of WB Capital Management Inc.
Jack G. Wahlig (Age 75)	2001	President, Integrus Financial, L.C., West Des Moines, Iowa
Connie Wimer (Age 75)	1985	Chairman, Business Publications Corporation, Des Moines, Iowa

All nominees were employed in the above capacities during the past five years. None of the nominees for director have any family relationship with any other nominees or with any executive officers of the Company.

With the exception of George D. Milligan, who is a director of United Fire & Casualty Company, and Robert G. Pulver, who is a director of Summit Hotel Properties, LLC, none of the other above nominees hold a directorship in any other company with a class of securities registered pursuant to Section 12 or subject to Section 15(d) of the Securities Exchange Act or registered as an investment company under the Investment Company Act of 1940.

None of the nominees for director have been involved in any legal proceedings during the past five years which requires disclosure.

2. Ratify the Appointment of Independent Registered Public Accounting Firm. The Board of Directors of the Company, at the recommendation of the Audit Committee, has approved the accounting firm of McGladrey & Pullen, LLP, independent certified public accountants, as the independent registered public accounting firm for the Company for the year ending December 31, 2008. McGladrey & Pullen, LLP will conduct the audit examination of the Company and its subsidiaries for 2008. McGladrey & Pullen, LLP was also the independent registered public

accounting firm and performed the Company's audit for the years ending December 31, 2007 and 2006. The Company is asking its Shareholders to ratify the appointment of McGladrey & Pullen, LLP. For a description of the fees for services rendered by McGladrey & Pullen, LLP for 2007 and 2006, and a description of the Company's policy regarding the approval of independent registered public accountants' fees, see the section of this report titled "Independent Registered Public Accounting Firm."

Although ratification by the Shareholders is not required by law, the Board has determined that it is desirable to request approval of this selection by the Shareholders. In the event the Shareholders fail to ratify the appointment, the Audit committee will consider this factor when making any determination regarding McGladrey & Pullen, LLP. If the selection is ratified, the Audit Committee in its discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the best interests of the Company and its Shareholders.

The Board recommends a vote FOR the ratification of the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for the year ending December 31, 2008. Proxies in the accompanying form will be voted FOR the ratification of the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for the year ending December 31, 2008, unless contrary instructions are given.

3. Other Matters. Management does not know of any other matters to be presented at the Annual Meeting, but should other matters properly come before the Annual Meeting, the proxies will vote on such matters in accordance with their best judgment.

BOARD OF DIRECTORS AND COMMITTEES OF THE BOARD

The Board currently has eight directors. The Board has determined that the following seven directors are “independent” as defined by NASDAQ:

Frank W. Berlin
Wendy L. Carlson
Orville E. Crowley
George D. Milligan
Robert G. Pulver
Jack G. Wahlig
Connie Wimer

In 2007, the Board held four regularly scheduled quarterly meetings. An organizational meeting, two special meetings, and three Executive Committee meetings were also held. Each director is required to attend at least seventy-five percent of the full Board meetings and the meetings of any committees on which the director serves. This requirement was satisfied by all directors except Connie Wimer. Ms. Wimer was absent from one regular meeting, the annual organizational meeting, one special meeting, and one Audit Committee meeting. Board members are encouraged to attend the Annual Shareholders Meeting, and all Board members attended the 2007 Annual Meeting, except Mr. Pulver, Ms. Wimer, and Michael A. Coppola. In December 2007, Steven G. Chapman and Michael A. Coppola resigned from the Board and from their positions as directors of West Bank.

The Board has established the following standing committees:

Audit Committee
Compensation Committee
Nominating and Corporate Governance Committee

The Board has adopted written charters for each standing committee. The charters may be seen on the Investor Relations section of the Company’s website (www.westbankiowa.com). The membership and primary responsibilities of the committees are described below. The 2007 report of each committee follows its description.

The Executive Committee consists of the chair of each standing committee, one at-large director, Michael A. Coppola, until his resignation, and Thomas E. Stanberry. The Executive Committee met three times between regularly scheduled Board meetings to discuss corporate issues.

Consistent with the NASDAQ listing requirements, the independent directors, regularly have the opportunity to meet without Thomas E. Stanberry or any member of management present. During 2007, the independent directors met in such capacity four times.

Audit Committee. The members of the Audit Committee are Jack G. Wahlig, Chair, Wendy L. Carlson, George D. Milligan, and Connie Wimer. Jack G. Wahlig is a "financial expert" as defined in the Sarbanes-Oxley Act of 2002 and related regulations. He retired in 1995 as the national managing partner of the public accounting firm of McGladrey & Pullen, LLP after a 41-year career. The Committee recommends independent auditors to the Board; reviews with the independent auditors the plan, scope, and results of the auditors' services; approves their fees; and reviews the Company's financial reporting and internal control functions. Additionally, the Committee reviews all policies of the Company and its subsidiaries prior to the policies being submitted to the Board of the Company for approval. The Committee also performs the duties set forth in its written charter. The Committee is also prepared to meet privately at any time at the request of the independent registered public accountants or members of management to review any special situation arising on any of the above subjects. The Audit Committee regularly reviews its written charter and recommends to the Board changes to the charter, when it deems necessary. The Audit Committee met five times during 2007. George D. Milligan is the only member of the Audit Committee who also serves on the audit committee of another listed company.

Audit Committee Report

The incorporation by reference of this proxy statement into any document filed with the SEC by the Company shall not be deemed to include the following report unless such report is specifically stated to be incorporated by reference into such document.

The Audit Committee hereby reports as follows:

1. The Audit Committee has reviewed and discussed the audited financial statements for the year ended December 31, 2007 (the "Audited Financial Statements"), with the Company's management.

2. The Audit Committee has discussed with McGladrey & Pullen, LLP, the Company's independent registered public accounting firm, the matters required to be discussed by Statement on Auditing Standards No. 61, as amended, and No. 90 (Communication with Audit Committees), as in effect on the date of this proxy statement.

3. The Audit Committee has received the written disclosures and the letter from McGladrey & Pullen, LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), as adopted by the Public Accounting Oversight Board in Rule 3600T, and has discussed with McGladrey & Pullen, LLP its independence.

4. Based on the review and discussion referred to in paragraphs (1) through (3) above, the Audit Committee recommended to the Board, and the Board approved, that the Audited Financial Statements be included in the Company's Annual Report on Form 10-K for the year ended December 31, 2007, for filing with the SEC.

5. The Board has approved the Audit Committee Charter.

6. The Audit Committee has approved or ratified all related party transactions between the directors and the Company.

The undersigned members of the Audit Committee have submitted this report.

Jack G. Wahlig, Chair
Wendy L. Carlson
George D. Milligan
Connie Wimer

Compensation Committee. The current members of the Compensation Committee are Robert G. Pulver, Chair, Frank W. Berlin, Orville E. Crowley, and George D. Milligan. Each of the committee members are independent directors. The Compensation Committee reviews the Company's compensation and benefit policies, including the individual salaries of the executive officers; makes recommendations to the Board as to the salary of the Chief Executive Officer; makes recommendations to the Board as to incentive compensation plans and employment agreements between the Company, the Chief Executive Officer, and other executive officers; and makes recommendations to the Board concerning director compensation. The Compensation Committee also has oversight responsibility for the Company's Restricted Stock Compensation Plan and performs the duties set forth in its written charter. The Compensation Committee met five times during 2007.

Compensation Committee Report

The incorporation by reference of this proxy statement into any document filed with the SEC by the Company shall not be deemed to include the following report unless such report is specifically stated to be incorporated by reference into such document.

The Compensation Committee hereby reports as follows:

1. The Compensation Committee reviewed and discussed the Compensation Discussion & Analysis with management.

2. Based on its review and discussions, the Committee recommended to the Board that the Compensation Discussion & Analysis be included in this proxy statement.

The undersigned members of the Compensation Committee have submitted this report.

Robert G. Pulver, Chair
Frank W. Berlin
Orville E. Crowley
George D. Milligan

Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee members are Frank W. Berlin, Chair, Robert G. Pulver, and Connie Wimer, all of whom are independent directors. Prior to January 2008, Mr. Chapman, who resigned on December 21, 2007, was the Chair of this Committee. During 2007, the Nominating and Corporate Governance Committee met one time. This Committee makes recommendations to the Board regarding the composition and structure of the Board and nominations for election of directors, including the director-nominees proposed in this proxy statement. It develops policies and processes regarding principles of corporate governance in order to ensure the Board's compliance with its fiduciary duties to the Company and its Shareholders, including establishment and periodic review of a code of ethics and conduct for all directors and employees. The Committee also performs all other duties set forth in its written charter. This Committee will consider, as part of its nomination process, any director candidate recommended by a Shareholder who follows the procedures shown under the heading "2009 Shareholder Proposals." The Nominating and Corporate Governance Committee follows the process described below when identifying and evaluating nominees to the Board:

Procedures for identifying candidates:

a) Review current directors of the Company.
b) Review current directors of the Company's banking subsidiary, West Bank.
c) Solicit input from existing directors and executive officers.
d) Review submissions from Shareholders, if any.

The following criteria will be considered when evaluating nominee candidates:

a) Composition

The Board should be composed of:

1. Directors chosen with a view to bringing to the Board a variety of experiences and backgrounds;
2. Directors who have high level managerial experience or are accustomed to dealing with complex business problems; and
3. Directors who will represent the balanced, best interests of the Shareholders as a whole rather than special interest groups or constituencies, while also taking into consideration the overall composition and needs of the Board;

A majority of the Board's directors shall be independent directors under the criteria for independence required by the SEC and NASDAQ.

b) Selection Criteria

In considering possible candidates for nomination as an independent director, the Committee and other directors should consider the foregoing general guidelines and criteria:

1. A director should be of the highest character and integrity, have experience at or demonstrated understanding of strategy/policy-setting, and have a reputation for working constructively with others;
2. A director should have sufficient time available to devote to the affairs of the Company in order to carry out the responsibilities of a director;
3. A director should be free of any conflict of interest that would interfere with the proper performance of the responsibilities of a director; and
4. The Chief Executive Officer is expected to be a director. Other members of senior management may be considered, but Board membership is not necessary or a prerequisite to a higher management position.

Nominating and Corporate Governance Committee Report

The Nominating and Corporate Governance Committee evaluated the qualifications and performance of each of the members of the Board of Directors. In its evaluation, the Committee compared each of the current directors to the qualifications and characteristics of a director set forth in the Committee's charter. The Committee then polled each director to determine his or her willingness to stand for re-election and determined that each was willing to continue service. The Committee sought and reviewed information concerning potential directors and nominees.

The Committee determined that the current size of the Board is sufficient at eight. Based on the foregoing, the Committee concluded that each of the current Board members should be nominated for re-election at the Annual Meeting.

The Committee reviewed the adequacy of its charter and the charters of the Audit and Compensation Committees. The Committee did not recommend any modifications to its charter or the charters of the Audit Committee or Compensation Committee. The Committee also reviewed the Company's Code of Conduct and recommended changes to the Code of Conduct that were approved by the Boards of the Company and its subsidiaries. The Committee performed all the other duties stated in its charter.

The undersigned members of the Nominating and Corporate Governance Committee have submitted this report.

Frank W. Berlin, Chair
Robert G. Pulver
Connie Wimer

2007 Directors' Compensation

Beginning in February 2007, directors of the Company received an annual retainer of $8,000, payable quarterly, plus $500 per regular meeting (board and committee) or $600 for Audit Committee meetings. If a Committee meeting was on the same day as a regular board meeting, the fee paid for attending both meetings was $600 for an Audit Committee meeting and $500 for any other committee meeting. Prior to February 2007, the annual retainer was $2,400 per year, regular board and committee meetings were $400 per meeting and Audit Committee meeting fees were $500. Directors of the Company who also served as directors of West Bank received fees beginning in February 2007, of $450 for each West Bank board meeting attended (ten meetings held) plus an annual retainer of $6,500, $500 for loan committee meetings attended, and $400 for other committee meetings attended. Prior to February 2007, the annual retainer for West Bank directors was $2,400, $350 for each West Bank board meeting, and $300 for other committee meetings attended. Mr. Stanberry and other employees do not receive director's fees.

The Chairs of the Audit and Compensation Committee receive an additional meeting fee of $100. If there are multiple meetings on one day, the maximum fee paid will be the highest fee for one meeting.

Directors of the Company are eligible to receive grants of restricted stock under the Restricted Stock Compensation Plan. No awards were made under this plan during 2007.

The following table sets forth all compensation earned or paid to the directors for services rendered in the fiscal year ended December 31, 2007.

Name	Fees Paid by Company	Fees Paid by Subsidiary	All Other Compensation (1)	Total
Frank W. Berlin	$ 12,400	$ 14,825	$ -	$ 27,225
Wendy L. Carlson	10,350	-	-	10,350
Steven G. Chapman	13,300	16,275	1,526	31,101
Michael A. Coppola	10,400	9,875	-	20,275
Orville E. Crowley	10,900	5,375	7,331	23,606
George D. Milligan	13,900	15,825	400	30,125
Robert G. Pulver	13,200	15,225	480	28,905
Jack G. Wahlig	13,500	9,975	480	23,955
Connie Wimer	12,800	9,425	-	22,225

(1) All other compensation consists of fees normally charged by the West Bank trust department, which were waived for the directors.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are set forth above. No Committee members have ever been officers or employees of the Company or have been parties to any related-party transaction requiring disclosure.

Security Ownership of Certain Beneficial Owners and Executive Officers

The following table contains the shares of Common Stock beneficially owned by each director, by each named executive officer listed in the Summary Compensation Table, and by all directors and executive officers of the Company and subsidiaries (including named executive officers) as a group. The ownership information is as of February 14, 2008.

Name	Shares Beneficially Owned (1) (2)	Percent of Total Shares Outstanding
Frank W. Berlin	46,856	*
Wendy L. Carlson	500	*
Orville E. Crowley (3)	133,258	*
George D. Milligan	1,500	*
Robert G. Pulver (4) (5)	72,845	*
Thomas E. Stanberry (6)	19,685	*
Jack G. Wahlig	-	*
Connie Wimer	28,848	*
Scott D. Eltjes	7,782	*
Douglas R. Gulling	11,563	*
Jeffrey D. Lorenzen	2,325	*
Brad L. Winterbottom	9,362	*
Executive officers and directors as a group (13 persons)	366,760	2.11%

* Indicates less than 1% ownership of outstanding shares.

(1) Shares “beneficially owned” include shares owned by or for, among others, the spouse and/or minor children of the named individual and any other relative who has the same home address as such individual, as well as other shares with respect to which the named individual has or shares voting or investment power. Beneficial ownership may be disclaimed as to certain of the shares.

(2) Except as otherwise indicated in the following notes, each named individual owns his or her shares directly, or indirectly through a self-directed IRA or the Company’s employee savings and stock ownership plan, and has sole investment and voting power with respect to such shares.

(3) Mr. Crowley disclaims any beneficial ownership of 297,675 shares held in his spouse’s name.

(4) Mr. Pulver disclaims any beneficial ownership of 6,614 shares held in his spouse’s name.

(5) 59,875 of Mr. Pulver’s shares are pledged as security.

(6) Mr. Stanberry disclaims any beneficial ownership of 495 shares held in his spouse’s name.

Other Beneficial Owners

The following table sets forth certain information on each person known to the Company to be the beneficial owner, as of February 14, 2008, of more than five percent of the Company’s Common Stock.

Name and Address	Shares Beneficially Owned	Percent of Total Shares Outstanding
Columbia Wanger Asset Management, L.P. 227 West Monroe Street, Suite 3000 Chicago, IL 60606	1,375,382	7.90%

The Jay Newlin Trust 6165 NW 86th St., #114 Johnston, IA 50131	1,041,952	5.99%

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires that the Company's directors and executive officers and persons who own more than ten percent of the Company's Common Stock file initial reports of ownership and reports of changes of ownership with the SEC and NASDAQ. Reporting persons are required by the SEC regulations to furnish the Company with copies of all Section 16(a) forms they file. The Company has not received any Section 16(a) form indicating that any one person owns more than ten percent of the Company’s stock. The Company does not know of any one Shareholder who owns more than ten percent of the Company’s stock. Based solely on its review of the copies of Section 16(a) forms received from its directors and executive officers and written representations that no other reports were required, the Company believes that all Section 16(a) reports applicable to its directors and officers during 2007 were filed, with one exception. Wendy L. Carson filed a late form for reporting her initial filing requirement.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

The following Compensation Discussion and Analysis describes the material elements of compensation for the Company’s executive officers identified in the Summary Compensation Table (“Named Executive Officers”). The Board’s Compensation Committee makes recommendations to the entire Board concerning Mr. Stanberry’s compensation. The Board approves that compensation. The Compensation Committee, in consultation with Mr. Stanberry, recommends to the Board the compensation for the other Named Executive Officers, except for Mr. Eltjes and Mr. Lorenzen whose base salaries are determined by contract.

The Company’s compensation program is designed to achieve the following objectives:

1. Create shareholder value through employing talented and motivated employees;
2. Provide the executive officers market rate compensation for successfully implementing the Company’s Mission Statement and assisting the Board in developing successful strategic direction for the long-term success of the Company; and
3. Provide the Company the ability to attract and retain qualified key executives.

The factors reviewed and applied by the Compensation Committee while making compensation decisions include:

1. The financial performance of the Company based on a comparison of actual net income to budgeted net income;
2. The return on assets and return on equity of the Company or West Bank, as appropriate, exceeding the return on assets and return on equity of its peers by a predetermined percentage;
3. In the case of all executives except Mr. Stanberry, the Compensation Committee considers his recommendations; and
4. Leadership, community involvement, and overall quality of contribution to the strategic success of the Company and its affiliates.

The Compensation Committee meets periodically throughout the fiscal year, without the CEO or CFO present, to review compensation trends and the elements of the compensation program. The Committee determines whether the Company’s compensation program is competitive with market compensation offerings by other similar financial service businesses and reviews the financial performance of the Company, its subsidiaries, and the senior executives. In 2007, the Compensation Committee retained the services of Compensation Resources, Inc. (“CRI”) as a compensation consultant. The scope of CRI’s engagement was to advise the Committee on the form of compensation and the range of cash compensation for executive officers in roles similar to Messrs. Stanberry, Gulling, Winterbottom, and Eltjes at businesses similar to the Company. CRI provided the Committee with an analysis of the compensation of financial holding companies, banks and asset management companies with similar size, business models and geographic locations as the Company and its affiliates. CRI reviewed the proxy statements of 49 bank holding companies comparable to West Bancorporation, Inc. based on asset size, market capitalization, and type of business. In addition, CRI reviewed proxy statements where the job criteria of the published job summaries were comparable to the job descriptions of the Company officers.

The analysis found that the cash compensation for Messrs. Stanberry, Gulling, Winterbottom, and Eltjes was of the type and within the range found at the companies reviewed by CRI. The analysis also found the executive officers such as Messrs. Stanberry, Gulling, Winterbottom, and Eltjes in the reviewed companies were customarily eligible for and received non-cash compensation in the form of options, restricted stock or stock appreciation rights.

The Committee has determined that annual compensation for the Named Executive Officers should be composed of base salary, cash incentive bonus, and traditional benefits, including health care insurance, dental insurance, short and long-term disability insurance, term life insurance, tuition reimbursement, holiday bonus (only for West Bank employees), 401(k) match, paid time off, and wealth accumulation benefits including profit sharing and restricted stock grants, if issued. At this time, no restricted stock grants have been issued.

Each Named Executive Officer's base salary is determined by reviewing information from various sources, including the analysis of CRI, regarding the base salary paid to key executives in publicly owned financial services organizations of similar size in the Midwest, and is set at a level that is comparable to that of such other key executives. Traditional benefits are based on information available to the Company regarding the type and amount of benefits made available to key executives of similar companies located in the central and eastern Iowa regions. Employee benefits for the Named Executive Officers are the same as the employee benefits for all officers and employees of the Company and its affiliates, and are set at levels the Company believes to be competitive and fair.

Profit sharing (part of the Company's Employee Savings and Stock Ownership Plan) and cash incentive bonuses are the elements of the compensation program that are most directly tied to the performance of the Company. The amount of the annual profit sharing award is determined by the Board based on annual earnings. In recent years, this amount has been set at seven percent of base salary. In 2007, the profit sharing amount was reduced to five percent based on the performance of the Company and its subsidiaries for 2007. Named Executive Officers receive the same profit sharing contribution as other employees of the Company and its affiliates.

The Named Executive Officers are also eligible to receive a cash incentive bonus payment. The Compensation Committee annually determines the target cash incentive bonus each Named Executive Officer is eligible to receive in the following year. In 2007, the target for the cash incentive bonus was 120%, 50% and 25% of base salary respectively for Messrs. Stanberry, Winterbottom, and Gulling. The target for Mr. Lorenzen was 60% of base salary. Mr. Eltjes' employment contract does not provide for a cash incentive bonus. Mr. Lorenzen's cash incentive bonus is related to the specific operations he manages at WB Capital. Awards, if any, may be smaller or greater than the target. At the end of each year, the Compensation Committee reviews its compensation factors and other material information, and determines the percentage of the target cash incentive bonus to actually award Messrs. Stanberry, Winterbottom, and Gulling. The most significant compensation factors applied by the Compensation Committee while determining cash incentive bonuses for Messrs. Stanberry, Winterbottom, and Gulling, and the approximate weight of the factors in the decision, are as follows:

1. Actual net income as a percentage of budgeted net income on a consolidated basis and by individual subsidiary (85%);
2. Return on assets exceeding 140 percent of the Company's peer group average (5%);
3. Return on equity exceeding 130 percent of the Company's peer group average (5%); and
4. Strategic contribution, community involvement, and leadership of the Company (5%).

The peer group consists of all bank holding companies in the United States with total assets between $1 billion and $3 billion.

Based on the goals outlined above, the incentive compensation award for Messrs. Stanberry, Winterbottom, and Gulling would have been approximately 90 percent of the targeted amount. The targeted amounts for 2007 for Messrs. Stanberry, Winterbottom, and Gulling were $300,000, $100,000, and $50,000, respectively. Factor number one was attained at the 90 percent level as a result of actual net income of $18,920,000 compared to budgeted net income of $21,037,000. The other factors were fully attained. The Compensation Committee recommended the actual incentive compensation award be placed at 70 percent of the target, because consolidated net income was 2.5 percent below consolidated net income for 2006. This was a decision reached by the Compensation Committee recognizing that the Company's performance was in excess of the median metrics for financial holding companies of similar size. The 2007 cash incentive bonuses for Messrs. Stanberry, Winterbottom, and Gulling were recommended by the Compensation Committee and approved by the Board in December 2007 and are listed in the Summary Compensation table on page 15 under "Non-Equity Incentive Plan Compensation."

Mr. Eltjes' base salary was determined according to an employment agreement assumed when VMF Capital was purchased by the Company in 2003, as modified in 2006. The base salary for Mr. Lorenzen was determined by the terms of an employment agreement assumed when Investors Management Group was purchased by the Company in 2005. The 2008 base salaries for Messrs. Stanberry, Gulling, and Winterbottom were all recommended by the Compensation Committee and approved by the Board in December 2007.

The Company or its subsidiaries have entered into employment agreements, which include change of control provisions, with Mr. Gulling, Mr. Winterbottom, Mr. Eltjes, and Mr. Lorenzen. A contract between the Company and Mr. Stanberry is under negotiation and the agreements with Mr. Gulling and Mr. Winterbottom are under review. All these agreements are expected to be signed before the Annual Meeting. A Form 8-K will be filed with the SEC following the adoption of the agreements by the Company and their signing by the three individuals. The Form 8-K will be available through a link in the Investor Relations section of the Company's website (www.westbankiowa.com) and will contain both a summary of the agreements and the full text of the agreements.

Under the employment agreements between West Bank and Mr. Gulling and Mr. Winterbottom, the Company may terminate their employment for cause or without cause at any time. For this purpose, the term "cause" includes, but is not limited to, a material violation of law or regulation, substantial neglect of duties, action or failure to act which results in a material impairment to West Bank's safety and soundness, or personal conduct that would materially detract from West Bank's reputation. In the event of a termination for cause, West Bank would be obligated to pay Messrs. Gulling's and Winterbottom's salary through the date of such termination. In the event of termination without cause, West Bank is obligated to pay Messrs. Gulling and Winterbottom salary through the date of termination, salary through the remaining term of the agreement, and an amount equal to one year's annual base salary.

Messrs. Gulling or Winterbottom may terminate the agreements for Health reasons or for Sufficient Reason. "Sufficient Reason" includes a Change in Control, failure by West Bank to comply with a material provision of the agreement (after notice and opportunity to cure), or relocation or substantial diminution of rank or duties. In the event of termination by Messrs. Gulling or Winterbottom for Health reasons, West Bank is obligated to pay salary for one month. In the event of a termination for Sufficient Reason (other than a Change in Control), West Bank is obligated to pay salary through the date of termination, salary through the remaining term of the agreement, and an amount equal to one year's annual base salary.

If a Change of Control occurs, Messrs. Gulling or Winterbottom shall receive a lump sum payment of six months of annual compensation within 30 days of the event. If Messrs. Gulling or Winterbottom remain employed for six months after the Change in Control, they will receive six months annual base compensation regardless if they continue employment after that date. If they remain employed for twelve months after a change in Control, they will receive one year's annual base compensation regardless if they continue employment after that date. Messrs. Gulling or Winterbottom have the option of extending the termination date of their agreement by one year after a Change in Control, under certain circumstances. "Change in Control" means a merger or consolidation of West Bank with another corporation which results in less than 50 percent of the outstanding voting securities of the surviving corporation being owned in the aggregate by the former shareholders of West Bank; or an acquisition by any corporation or group of associated persons of an aggregate of more than 30 percent of the outstanding shares of voting stock of West Bank, coupled with or followed by the election as directors of West Bank of persons who were not directors at the time of such acquisition if such persons shall become a majority of the board of directors of West Bank.

In the event Messrs. Gulling or Winterbottom terminates employment of their own volition, West Bank's only obligation is to pay salary through the date of voluntary termination. In the event of the death of Messrs. Gulling or Winterbottom, West Bank is obligated to pay three month's salary. In the event of termination upon disability, Messrs. Gulling or Winterbottom would be eligible for benefits under a broad-based long-term disability policy.

The agreements also contain provisions requiring Messrs. Gulling or Winterbottom to maintain in confidence any confidential information and trade secrets obtained by them during the term of the agreement, and also restricts their employment in competition with West Bank for a period of one year following their termination of employment, unless they are terminated by West Bank.

The agreements with Messrs. Gulling and Winterbottom are for one year terms, which will automatically renew each year for a new one year term, unless timely notice is given.

Under the employment agreement between WB Capital and Mr. Eltjes, WB Capital (or its parent or successor) may terminate his employment with or without cause at any time. For this purpose, the term "cause" includes, but is not limited to, gross misdemeanor, including moral turpitude damaging to WB Capital's reputation, serious violation of law or regulations, or breach of fiduciary duty. In the event of a termination for cause, we would be obligated to pay only Mr. Eltjes' salary through the date of such termination. In the event of termination without cause, we are obligated to pay Mr. Eltjes' base salary through the date of termination and the balance of the term of the agreement.

In the event Mr. Eltjes terminates his employment of his own volition, our only obligation to Mr. Eltjes is to pay his base salary to him through the date of voluntary termination. In the event of Mr. Eltjes' death or disability, we are obligated to pay base salary up to the date of death or disability. If Mr. Eltjes' employment is terminated after a Change in Control, we are obligated to pay all base salary as of the date of termination and all base salary for the remaining term of the Agreement. "Change in Control" means a transaction in which at least 50 percent of the voting interests of the entity which is the ultimate owner of WB Capital are acquired.

The agreement with Mr. Eltjes also contains provisions requiring Mr. Eltjes to maintain in confidence any confidential information and trade secrets of the Company obtained by him during the term of the agreement, and also restricts his ability to solicit employees, clients, or work in competition with the Company for a period of one year following his termination of employment with the Company.

The agreement with Mr. Eltjes is effective until September 30, 2008, unless terminated earlier and is automatically renewed for one year unless we give notice of nonrenewal in a timely manner.

Under the employment agreement between WB Capital and Mr. Lorenzen, WB Capital (or its parent or successor) may terminate his employment for cause or without cause at any time. For this purpose, the term "cause" includes, but is not limited to, a criminal conviction involving dishonesty, fraud or breach of trust, misconduct in the performance of duties that materially injures WB Capital, or substantial failure to perform duties. In the event of a termination for cause, we would be obligated to pay only Mr. Lorenzen's base salary through the date of such termination. In the event of termination without cause or termination by the employee for Good Reason within twelve months after a Change in Control, we are obligated to pay Mr. Lorenzen's base salary through the date of termination, base salary through the term of the agreement, and pro-rated performance bonus. "Good Reason" includes such events as assignment of duties or responsibilities that are substantially nonexecutive or nonmanagerial in nature, requiring him to relocate or have excessive travel or a reduction in base salary. "Change in Control" means a transaction that sells substantially all the assets of WB Capital or its parent or any transfer in which another person acquires 50 percent or more of the combined voting power of the then outstanding securities of WB Capital or its parent.

In the event Mr. Lorenzen terminates his employment of his own volition, our only obligation to Mr. Lorenzen is to pay his base salary to him through the date of voluntary termination. In the event of Mr. Lorenzen's death, we are obliged to pay a performance bonus pro-rated to the date of death. In the event of disability, Mr. Lorenzen would receive salary until disability benefits begin and a pro-rated performance bonus. Mr. Lorenzen is also eligible for a bonus in the year 2008, consisting of a combination of profit-sharing and cash. The cash component is up to 60 percent of his base salary, dependent upon the profitability of the asset management subsidiary, the entire Company on a consolidated basis, and individual goals to be determined.

The agreement with Mr. Lorenzen also contains provisions requiring Mr. Lorenzen to maintain in confidence any confidential information and trade secrets of the Company obtained by him during the term of the agreement, and also restricts his ability to solicit employees or clients or work in competition with the Company for a period of one year following his termination of employment with the Company, unless Mr. Lorenzen is terminated without cause.

The agreement with Mr. Lorenzen is effective until December 31, 2008, unless terminated earlier and may be mutually renewed for one year terms.

SUMMARY COMPENSATION TABLE

The following table provides information concerning total compensation earned or paid to the CEO, the CFO and the three other most highly compensated executive officers of the Company for services rendered in the year ended December 31, 2007. These five officers are referred to as the Named Executive Officers in this proxy statement.

In 2007, West Bank paid Messrs. Stanberry, Gulling, and Winterbottom, rather than the Company. Messrs. Eltjes and Lorenzen were paid by WB Capital.

Name and Principal Positions	Year	Salary	Bonus	Non-Equity Incentive Plan Compensation (2)	All Other Compensation (3)	Total
Thomas E. Stanberry, Chairman, President and Chief Executive Officer of the Company Chairman and Chief Executive Officer of West Bank Chairman of WB Capital Management Inc.	2007	$ 250,000	$ 5,000(1)	$ 210,000	$ 25,228	$ 490,228
	2006	250,000	5,000(1)	276,000	27,762	558,762
Douglas R. Gulling, Executive Vice President and Chief Financial Officer of the Company Director and Chief Financial Officer of West Bank Director and Treasurer of WB Capital Management Inc.	2007	$ 200,000	$ 4,000(1)	$ 35,000	$ 18,781	$ 257,781
	2006	200,000	4,000(1)	46,000	20,770	270,770
Brad L. Winterbottom, Executive Vice President of the Company Director and President of West Bank Director of WB Capital Management Inc.	2007	$ 200,000	$ 4,000(1)	$ 70,000	$ 25,598	$ 299,598
	2006	200,000	4,000(1)	91,000	27,242	322,242
Scott D. Eltjes, Director and Chief Executive Officer of WB Capital Management Inc.	2007	$ 209,000	$ 0	$ 0	$ 19,127	$ 228,127
	2006	209,000	0	0	6,489	215,489
Jeffrey D. Lorenzen, Director, President and Chief Investment Officer of WB Capital Management Inc.	2007	$ 214,100	$ 84,750	$ 0	$ 25,432	$ 324,282
	2006	209,000	110,770	0	35,049	354,819

(1) Consists of a holiday bonus equal to two percent of annual salary, which is paid to all officers and employees of West Bank.

(2) Amounts are shown in the year accrued.

(3) Consists entirely of contributions made by the Company on behalf of the Named Executive Officer to the Company's Employee Savings and Stock Ownership Plan (including 401(k) match and profit sharing contribution) except for the following amounts for 2007 and 2006, respectively, which represent premiums on group term life insurance coverage: Stanberry - $897 and $897; Gulling - $781 and $770; Winterbottom - $748 and $503; Eltjes - $317 and $219; and Lorenzen $317 and $317; and club dues for Stanberry - $4,081 and $4,865; Winterbottom - $6,850 and $6,739; and Lorenzen - $5,919 and $5,967.

EQUITY COMPENSATION PLAN INFORMATION

Restricted stock grants were authorized by the Shareholders in 2005; however, no grants have been awarded. The Board has determined that cash compensation paid annually has been in the best interest of the Company to date. If granted in the future, restricted stock grants would be intended as an additional long-term incentive for the Named Executive Officers. The Company does not have a stock option plan.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in (a)) (c)
Equity compensation plans approved by security holders	-	$ -	300,000
Equity compensation plans not approved by security holders	-	-	-
Total	-	$ -	300,000

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL AS OF DECEMBER 31, 2007

The table below sets forth the payments that could be paid to each of the Named Executive Officers upon a termination of employment. The amounts shown assume that the termination was effective as of the year ended December 31, 2007, and thus include amounts earned through such time and are estimates of the amounts which would be paid out to the executives upon their termination. The actual amounts to be paid out can only be determined at the time of their actual separation from the Company's subsidiaries.

In addition to the amounts shown below, upon termination of employment for any reason, the Named Executive Officers will be eligible to receive payment of their vested benefits under the Company's Employee Savings and Stock Ownership Plan. Named Executive Officers are also entitled to COBRA benefits in accordance with applicable federal and state law, and shall be paid for any unused vacation in accordance with applicable federal and state law and Company policy.

Named Executive Officer	Death	Due Cause	Permanent Disability	Without Cause	Termination by Employee for Good or Sufficient Reason	Change of Control
Thomas E. Stanberry	$ -	$ -	$ - (1)	$ -	$ -	$ -
Douglas R. Gulling (2)	50,000	-	- (1)	400,000	400,000	400,000
Brad L. Winterbottom (2)	50,000	-	- (1)	400,000	400,000	400,000
Scott D. Eltjes	-	-	- (1)	156,750	-	156,750
Jeffrey D. Lorenzen (3)	84,750	-	93,671	298,850	298,850	298,850

(1) The only disability benefits are those available under a broad-based long-term disability plan.

(2) Messrs. Gulling and Winterbottom must be employed one-year after the Change in Control to receive full benefits.

(3) In the event of disability, Mr. Lorenzen would also be eligible for fringe benefits until the Company's long-term disability insurance benefits become available.

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INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board, at the recommendation of the Audit Committee, approved McGladrey & Pullen, LLP, an independent registered public accounting firm, as the principal accountant for the Company. McGladrey & Pullen, LLP, will conduct the audit of the Company and its subsidiaries for 2008. McGladrey & Pullen, LLP was also the principal accountant and performed the audit in 2007.

A representative from McGladrey & Pullen, LLP will be present at the Annual Meeting. He will have the opportunity to make a statement and will be available to respond to appropriate questions from Shareholders.

Audit Fees

The following table presents fees for professional audit services rendered by McGladrey & Pullen, LLP for the audit of the Company's annual financial statements for the fiscal years ended December 31, 2007, and 2006, and fees billed for other services rendered by McGladrey & Pullen, LLP and its associated entity, RSM McGladrey, Inc.:

	2007	2006
Audit fees (1)	$ 177,000	$ 162,800
Audit-related fees (2)	43,500	21,500
Tax fees (3)	20,000	21,600
All other fees	-	-
Total	$ 240,500	$ 205,900

(1) Audit fees represent fees for professional services provided for the audit of the Company's annual financial statements, review of the Company's quarterly financial statements in connection with the filing of current and periodic reports, and reporting on internal controls in accordance with Section 404 of Sarbanes-Oxley.
(2) Audit-related fees represent the audit of the Company's profit sharing plan, agreed upon procedures for student lending, and various items on new or pending accounting pronouncements.
(3) Tax fees represent fees for professional services related to tax compliance, which included preparation of tax returns and tax advice regarding acquisitions, investments, and tax credits.

Independence: The Audit Committee considered whether the non-audit services provided to the Company by McGladrey & Pullen, LLP and its associated entity, RSM McGladrey, Inc., are compatible with maintaining the independence of McGladrey & Pullen, LLP, and concluded that the independence of McGladrey & Pullen, LLP is not compromised by the provision of such services.

The Audit Committee pre-approves all auditing services and permitted non-audit services, including the fees and terms of those services, to be performed for the Company by its independent registered public accounting firm prior to engagement.

GENERAL MATTERS

Transactions with Related Persons

Certain directors and one executive officer of the Company have direct and indirect material interests in loans made by West Bank involving more than $120,000. All of the loans were made in West Bank's ordinary course of business, on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable loans with other persons not related to West Bank or the Company, and did not involve more than the normal risk of collectibility or present other unfavorable features. None of the loans have been classified as non-accrual, past due, restructured, or potential problem loans.

Mr. Coppola, who, as previously mentioned resigned from the Board of Directors in December 2007, is President and one-third owner of a corporation that leases three buildings to West Bank. Rent for the three branch bank sites was approximately $331,000 in 2007. That amount is less than five percent of the annual consolidated gross revenues of both the Company and Mr. Coppola's corporation. Each of the properties has a separate lease. Two of the leases expire in 2026 and the third expires in 2030. The Company considers all terms of the leases, including the amount of rent, to be usual and customary in the market place. During 2007, West Bank worked with a local company named SmartyPig, LLC ("SmartyPig") to develop the banking platform for an innovative, internet-based savings and rewards program developed by SmartyPig. West Bank will hold the deposit accounts for the SmartyPig programs. An entity controlled by Mr. Coppola owns 48 percent of SmartyPig, having made an initial capital contribution of $200,000. In addition, the entity controlled by Mr. Coppola has loaned SmartyPig an additional $480,000. In return for its development efforts, West Bank acquired a 20 percent ownership interest in SmartyPig and West Bank has loaned SmartyPig $200,000. SmartyPig is expected to publicly launch its programs in the first half of 2008.

The Audit Committee's Charter requires the Committee to review and approve all related party transactions that must be disclosed. All transactions between the Company or its subsidiaries and any related person, including loans made by West Bank, involving $120,000 or more and the SmartyPig, LLC transaction, are reviewed to determine whether all material facts of the transaction are known to the Committee, the transaction complies with known legal requirements, and the transaction is fair to the Company or its subsidiaries. The Audit Committee completed the required review of the fiscal year 2007 related party transactions and all transactions were approved and ratified.

2009 Shareholder Proposals

In order for any proposals of Shareholders to be presented as an item of business at the Annual Meeting of Shareholders of the Company to be held in 2009, the proposal must be received at the Company's principal executive offices no later than November 10, 2008, and must be limited to 500 words. To be included in the Company's proxy statement, the Shareholder must be a holder of record or beneficial owner of at least $2,000 in market value of the Company's shares entitled to be voted on the proposal and have held the shares for at least one year, and shall continue to hold the shares through the date of the meeting. Either the Shareholder, or the Shareholder's representative who is qualified under state law to present the proposal on his or her behalf, must attend the meeting to present the proposal. Shareholders may not submit more than one proposal. A Shareholder proposal submitted outside the procedures prescribed in Rule 14a-8 under the Securities Exchange Act of 1934 shall be considered untimely unless received not later than January 24, 2009.

Shareholders wishing to recommend names of individuals for possible nomination to the Board may do so according to the following procedures:

1. Contact the Secretary of the Company to obtain the Board Membership Criteria established by the Board.
2. Make typewritten submission to the Secretary of the Company naming the proposed candidate and specifically noting how the candidate meets the criteria set forth by the Board.
3. Submit the recommendation to the Company by 120 days prior to the expected mailing date of the proxy.
4. Prove the person making the recommendation is a Shareholder who owns shares with a market value of at least $2,000 and who has held those shares for at least one year at the time the submission is made.
5. If the person being recommended is aware of the submission, he or she must sign a statement so indicating.
6. If the person being recommended is not aware of the submission, the submitter must explain why.

The written submission must be mailed to:

Corporate Secretary
West Bancorporation, Inc.
1601 22nd Street, Suite 209
West Des Moines, Iowa 50266

Shareholder Communications

It is the general policy of the Board that management speaks for the Company. To the extent Shareholders would like to communicate with a Company representative, they may do so by contacting Doug Gulling, Chief Financial Officer, 1601 22nd Street, Suite 209, West Des Moines, Iowa 50266. Mr. Gulling may be reached by telephone at 515-222-2300 or by email at dgulling@westbankiowa.com.

The Company has a process for Shareholders to send communications to the Board or any of its individual members. Any Shareholder wishing to communicate with one or more Board members should address a written communication to Mr. Gulling at one of the addresses noted above. Mr. Gulling will forward all shareholder communications to the full Board or its individual members as appropriate.

Form 10-K

The Company will provide, when available, a copy of its annual report on Form 10-K as filed with the SEC, without charge to each Shareholder, upon the written or oral request of any such Shareholder. Such request should be directed to the Chief Financial Officer, West Bancorporation, Inc., 1601 22nd Street, West Des Moines, Iowa 50266 or by calling 515-222-2300. The Company's Form 10-K will also be available on the SEC's internet website at http://www.sec.gov/edgar/searchedgar/webusers.htm and through a link in the Investor Relations section of the Company's website (www.westbankiowa.com).

Delivery of Documents to Shareholders Sharing an Address

In some instances, only one annual report or proxy statement is being delivered to two or more Shareholders who share an address. The Company has not received contrary instructions from any Shareholder. However, the Company will promptly deliver additional copies of its annual report or proxy statement to any Shareholder who makes such a request. Any Shareholder who wishes to receive separate copies of the annual report or proxy statement in the future may notify Alice A. Jensen, Corporate Secretary, at 1601 22nd Street, West Des Moines, Iowa 50266, or 515-222-2300. Alternatively, any Shareholders sharing an address who are receiving multiple copies of the annual reports or proxy statements may also notify Ms. Jensen to request delivery of only one copy.

By Order of the Board of Directors,

/s/ Alice A. Jensen

Alice A. Jensen, Secretary

March 7, 2008

WEST BANCORPORATION, INC.

APPENDIX TO THE PROXY STATEMENT

FISCAL YEAR 2007

This Appendix to the Proxy Statement shall serve as an Annual Report to Shareholders pursuant to Rule 14a-3 of the Securities Exchange Act of 1934.

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WEST BANCORPORATION, INC.

GENERAL INFORMATION

West Bancorporation, Inc. (the "Company") is an Iowa corporation and financial holding company registered under the Bank Holding Company Act of 1956, as amended. The Company was organized and incorporated in 1984 to serve as a holding company for its principal banking subsidiary, West Bank.

West Bank's operations are conducted primarily within the Des Moines and Iowa City, Iowa, metropolitan areas. The principal sources of revenue are from interest and fees earned on loans, service charges on deposit accounts, trust services, and interest on fixed income securities.

On December 30, 2005, the Company purchased Investors Management Group, Ltd. ("IMG"), an asset management company. In the fourth quarter of 2006, WB Capital Management Inc. ("WB Capital"), a wholly-owned subsidiary, which is a registered investment advisor, merged with IMG and is operating as WB Capital, with offices in West Des Moines and Coralville, Iowa. WB Capital provides portfolio management services to high net worth individuals, retirement plans, corporations, public funds, mutual funds, foundations, and endowments.

West Bancorporation Capital Trust I (the "Trust") was formed in 2003 for the purpose of issuing trust preferred securities. The Trust is recorded on the books of the Company using the equity method of accounting.

The Company's stock trades on the NASDAQ Global Market under the symbol WTBA.

DIRECTORS AND EXECUTIVE OFFICERS

The following table sets forth summary information about the directors and executive officers of the Company and certain executive officers of West Bank and WB Capital Management Inc.

Name	Position with Company, West Bank or WB Capital Management Inc. and/or Principal Occupation
Frank W. Berlin	Director of Company and Bank; President, Frank W. Berlin & Associates, West Des Moines, Iowa
Wendy L. Carlson	Director of Company; Chief Financial Officer and General Counsel, American Equity Investment Life Holding Company, West Des Moines, Iowa
Orville E. Crowley	Director of Company; President and Chief Operating Officer, Linden Lane Farms Company, Cumming, Iowa
George D. Milligan	Director of Company and Bank; President, The Graham Group, Inc., Des Moines, Iowa
Robert G. Pulver	Director of Company and Bank; President and Chief Executive Officer, All-State Industries, Inc., West Des Moines, Iowa
Thomas E. Stanberry	Chairman, President and Chief Executive Officer of the Company; Chairman and Chief Executive Officer of West Bank; Chairman of WB Capital Management Inc.
Jack G. Wahlig	Director of Company and Bank; President, Integrus Financial, L.C., West Des Moines, Iowa
Connie Wimer	Director of Company and Bank; Chairman, Business Publications Corporation, Des Moines, Iowa
Scott D. Eltjes	Director and Chief Executive Officer of WB Capital Management Inc.

Douglas R. Gulling	Executive Vice President and Chief Financial Officer of the Company; Director and Chief Financial Officer of West Bank; Director and Treasurer of WB Capital Management Inc.
Jeffrey D. Lorenzen	Director, President and Chief Investment Officer of WB Capital Management Inc.
Sharen K. Surber	Executive Vice President of West Bank
Brad L. Winterbottom	Executive Vice President of the Company; Director and President of West Bank; Director of WB Capital Management Inc.

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WEST BANCORPORATION, INC. AND SUBSIDIARIES
SELECTED FINANCIAL DATA

	Years Ended December 31				
(in thousands, except per share amounts)	2007	2006	2005	2004	2003
Operating Results					
Interest income	$ 82,027	$ 79,736	$ 63,475	$ 49,599	$ 43,461
Interest expense	43,823	40,669	25,102	13,952	11,139
Net interest income	38,204	39,067	38,373	35,647	32,322
Provision for loan losses	2,350	1,725	1,775	1,200	850
Net interest income after provision for loan losses	35,854	37,342	36,598	34,447	31,472
Noninterest income	16,052	15,871	11,517	10,706	9,305
Noninterest expense	24,510	24,678	18,645	16,968	14,694
Income before income taxes	27,396	28,535	29,470	28,185	26,083
Income taxes	8,476	9,128	9,395	9,571	8,800
Net income	$ 18,920	$ 19,407	$ 20,075	$ 18,614	$ 17,283
Dividends and Per Share Data					
Cash dividends	$ 11,224	$ 10,956	$ 10,689	$ 10,484	$ 10,279
Cash dividends per share	0.640	0.625	0.610	0.595	0.580
Basic earnings per share	1.08	1.11	1.14	1.06	0.98
Average common shares outstanding	17,536	17,537	17,537	17,599	17,706
Year End Balances					
Total assets	$ 1,339,968	$ 1,268,536	$ 1,244,380	$ 1,148,435	$ 1,000,612
Investment securities	237,378	261,578	274,719	347,052	274,913
Loans	985,423	904,422	867,504	725,845	599,355
Allowance for loan losses	(8,935)	(8,494)	(7,615)	(6,527)	(5,975)
Deposits	910,925	925,334	944,893	865,932	705,074
Long-term borrowings	123,619	106,019	99,188	101,893	106,024
Stockholders' equity	121,606	113,812	104,521	97,620	92,896
Equity to assets ratio	9.08%	8.97%	8.40%	8.50%	9.28%

	Years Ended December 31				
(dollars in thousands)	2007	2006	2005	2004	2003
Net income	$ 18,920	$ 19,407	$ 20,075	$ 18,614	$ 17,283
Average assets	1,309,119	1,298,410	1,192,208	1,066,511	932,907
Average stockholders' equity	116,683	107,345	100,392	94,209	88,742
Return on assets (net income divided by average assets)	1.45%	1.49%	1.68%	1.75%	1.85%

Return on equity (net income divided by average equity)	16.21%	18.08%	20.00%	19.76%	19.48%
Efficiency ratio (noninterest expense divided by noninterest income plus taxable equivalent net interest income)	43.91%	43.42%	36.22%	35.78%	34.78%
Dividend payout ratio (dividends paid divided by net income)	59.32%	56.45%	53.25%	56.32%	59.26%
Equity to assets ratio (average equity divided by average assets)	8.91%	8.27%	8.42%	8.83%	9.51%

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS
(dollars in thousands)

INTRODUCTION

The following discussion is provided for the consolidated operations of the Company, which includes its wholly-owned banking subsidiary, West Bank, and its wholly-owned investment advisory subsidiary, WB Capital. The purpose of this discussion is to focus on significant factors affecting the Company's financial condition and results of operations.

"SAFE HARBOR" STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT

The information contained in this report may contain forward-looking statements about the Company's growth and acquisition strategies, new products and services, and future financial performance, including earnings and dividends per share, return on average assets, return on average equity, efficiency ratio and capital ratio. Certain statements in this report constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, including statements preceded by, followed by or that include the words "believes," "expects," "should," or "anticipates," or references to estimates or similar expressions. Such forward-looking statements are based upon certain underlying assumptions, risks and uncertainties. Because of the possibility of change in the underlying assumptions, actual results could differ materially from these forward-looking statements. Risks and uncertainties that may affect future results include: interest rate risk; competitive pressures; pricing pressures on loans and deposits; changes in credit and other risks posed by the Company's loan and investment portfolios, including declines in commercial or residential real estate values or changes in the allowance for loan losses dictated by new market conditions or regulatory requirements; actions of bank and non-bank competitors; changes in local and national economic conditions; changes in regulatory requirements, including actions of the Securities and Exchange Commission and/or the Federal Reserve Board; and customers' acceptance of the Company's products and services. The Company undertakes no obligation to revise or update such forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

CRITICAL ACCOUNTING POLICIES

The "Management's Discussion and Analysis of Financial Condition and Results of Operations," and disclosures included within this report, are based on the Company's audited consolidated financial statements. These statements have been prepared in accordance with accounting principles generally accepted in the United States of America. The financial information contained in these statements is based on the financial effects of transactions and events that have already occurred. However, the preparation of these statements requires management to make certain estimates and judgments that affect the reported amounts of assets, liabilities, revenues, and expenses.

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 policy to be that related to the allowance for loan losses.

The allowance for loan losses is established through a provision for loan losses charged to expense. Loans are charged against the allowance for loan losses when management believes that collectibility of the principal is unlikely. The Company has policies and procedures for evaluating the overall credit quality of its loan portfolio, including timely identification of potential problem loans. On a quarterly basis, management reviews the appropriate level for the allowance for loan losses incorporating a variety of risk considerations, both quantitative and qualitative. Quantitative factors include the Company's historical loss experience, delinquency and charge-off trends, collateral values, known information about individual loans, and other factors. Qualitative factors include the general economic environment in the Company's market areas and the expected trend of those economic conditions. To the extent actual results differ from forecasts and management's judgment, the allowance for loan losses may be greater or less than future charge-offs.

RESULTS OF OPERATIONS – 2007 COMPARED TO 2006

OVERVIEW

Net income for the year ended December 31, 2007, was $18,920, compared to $19,407 for 2006. Earnings per share were $1.08 in 2007 compared to $1.11 in 2006. Net income declined due to lower net interest income and a higher provision for loan losses.

The Company's return on average equity (ROE) was 16.21 percent in 2007, compared to 18.08 percent in 2006. The return on average assets (ROA) was 1.45 percent, compared to 1.49 percent for the prior year.

The $487 decline in net income in 2007 compared to 2006 included a reduction in West Bank net income by $511, while net income from WB Capital was $303 higher. Expenses at the holding company account for the remaining decline in net income. West Bank's net income was lower due to lower net interest income and a higher provision for loan losses. Net interest income declined in 2007 compared to 2006 because the cost of funds increased more than the yield on earning assets. Net income at WB Capital increased because of cost savings realized after WB Capital and IMG merged in late 2006.

The provision for loan losses was $2,350 in 2007, compared to $1,725 for 2006. Net loans charged off totaled $1,909 in 2007, compared to $846 in 2006. Of the total net charge-offs in 2007, $1.2 million occurred in the fourth quarter. The higher net charge-offs in the fourth quarter were primarily related to one customer. The customer, who is a real estate developer, informed West Bank it was ceasing operations. The customer's operating line of credit with an outstanding balance of approximately $0.8 million was charged off.

The Company has consistently used the efficiency ratio to measure productivity. This ratio is computed by dividing noninterest expense by the sum of tax-equivalent net interest income plus noninterest income (excluding gains and losses from the sale of securities). For the year ended December 31, 2007, the Company's efficiency ratio was 43.91 percent, up slightly from the prior year's ratio of 43.42 percent. This ratio for both years is significantly better than peer group averages, which are generally around 60 percent according to data in the September 2007 Bank Holding Company Performance Report, a report prepared by the Federal Reserve Board's Division of Banking Supervision and Regulation.

Net Interest Income

Net interest income declined $863 or 2.2 percent to $38,204 for 2007 as an increase in loan volume was more than offset by increases in deposit and borrowing rates. The average yield on earning assets increased 14 basis points, while the average rate on interest-bearing liabilities increased 30 basis points. The net interest spread, which is the difference between the yield earned on assets and the rate paid on liabilities, declined to 2.50 percent from 2.66 percent a year earlier. Net interest margin, which is tax-equivalent net interest income as a percent of average earning assets, was 3.28 percent in 2007, down from 3.38 percent in 2006. During most of 2007, the yield curve was flat or inverted, which means that long-term rates were similar to or lower than short-term rates. While the yield curve had begun to return to a more traditional slope by the end of 2007 (meaning that long-term rates are higher than short-term rates), the Federal Reserve's 125 basis point drop in the targeted fed funds rate in January 2008 will continue to put pressure on the net interest margin. In the short term (less than six months), the Company has more assets with variable interest rates than it has liabilities with variable interest rates. Generally, this means net interest income will decline in the short run.

Loan Growth/Loan Quality

At December 31, 2007, total loans increased approximately $81 million to $985 million from $904 million a year earlier. Most of the growth came in commercial and commercial real estate loans. Non-performing loans at December 31, 2007, totaled $5,877 or 0.60 percent of total loans. At December 31, 2006, non-performing loans totaled $650 or 0.07 percent of total loans. Non-performing loans include loans on non-accrual status, loans that have been renegotiated to below market interest rates or terms (of which there were none), and loans past due 90 days or more. As discussed further under the "Summary of the Allowance for Loan Losses" section of this report, three borrowers accounted for the majority of the increase in non-accrual loans.

The allowance for loan losses, which totaled $8,935, represented 152.0 percent of non-accrual loans and loans past due more than 90 days at the end of 2007, compared to 1,307 percent for 2006. The provision for loan losses totaled $2,350 for 2007, up from $1,725 for 2006. The Company’s net charge-offs as a percent of average loans were 0.20 percent for 2007 compared to 0.09 percent for 2006. The amount of loans charged off in 2007 totaled $2,142 compared to $1,140 in 2006. Recoveries in 2007 from loans previously charged off were $233, down from $294 in the prior year.

The allowance for loan losses represents a reserve available to absorb probable loan losses within the loan portfolio as of December 31, 2007. The allowance is based on management’s judgment after considering various factors such as the current and anticipated economic environment, historical loan loss experience, and evaluation of individual loans.

Management believed the allowance for loan losses at December 31, 2007, was sufficient to absorb probable loan losses within the portfolio.

Noninterest Income

The following table shows the variance from the prior year in the noninterest income categories shown in the Consolidated Statements of Income. In addition, accounts within the “Other income” category that represent significant variances are shown.

(in thousands)

	Years ended December 31			
Noninterest income:	2007	2006	Change	Change-%
Service charges on deposit accounts	$ 4,794	$ 4,821	$ (27)	-0.56%
Trust services	758	767	(9)	-1.17%
Investment advisory fees	7,920	8,040	(120)	-1.49%
Increase in cash value of bank-owned life insurance	890	857	33	3.85%
Net realized gains (losses) on sales of securities	5	(171)	176	102.92%
Other income:				
Debit card usage fees	346	237	109	45.99%
VISA/MasterCard income	199	166	33	19.88%
Check printing fees	131	150	(19)	-12.67%
Gain on sale of residential mortgages	161	81	80	98.77%
Other loan fees	49	69	(20)	-28.99%
Gain on sale of fixed assets	15	112	(97)	-86.61%
All other income	784	742	42	5.66%
Total other income	1,685	1,557	128	8.22%
Total noninterest income	$ 16,052	$ 15,871	$ 181	1.14%

Service charges on deposit accounts declined slightly because of a lower amount of fees collected from the retail sector. Return check charges, while increasing overall for 2007 compared to 2006, declined in the last half of 2007 as some customers more closely monitored their account balances to avoid fees.

Investment advisory fees are fees earned by WB Capital. The decline in investment advisory fees during 2007 compared to 2006 was primarily due to lower fees from the Vintage mutual funds as a result of lower asset levels in the funds.

The Company recognized losses from the sale of investment securities in 2006 as lower yielding investments were sold with the proceeds being reinvested at higher yields. Debit card usage fees continued to increase as a result of higher usage of this convenient payment method. The Company is developing additional product offerings which are expected to add to this revenue source. VISA/MasterCard income increased as a result of the fees earned on an additional volume of cards issued, along with a rate increase in July 2006 on lower performing merchants. Check printing fees declined as customers continue to increase utilization of all forms of electronic payments, thus reducing the frequency of ordering checks.

The volume of originations of residential mortgages sold into the secondary market began to increase in 2007 because one experienced staff member was hired in May 2007, and is devoted to this line of business on a full-time basis. As a result, the average income per residential loan increased approximately 36 basis points in 2007 compared to 2006. The volume in this line of business is expected to continue to grow in 2008 due to this staff member's continued efforts, the hiring of an additional experienced originator in January, 2008, and the drop in market rates for residential mortgages in January, 2008. The volume of homeowners refinancing their current home mortgage debt is expected to grow as consumers take advantage of lower rates.

Other loan fees for 2006, included a one-time fee for the origination of a loan on behalf of an insurance company. The gain on sale of fixed assets in 2006 consisted of the gain recognized on the sale of one of the Bank's branch offices. The office was relocated to a new leased facility in a higher traffic area of the Des Moines metropolitan area. Other income for 2007 included $36 of discounts received on the purchase of Iowa wind energy and enterprise zone tax credits. This source of revenue is expected to increase in 2008.

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 expense" category that represent significant variances are shown.

(in thousands)

	Years ended December 31			
Noninterest expense:	2007	2006	Change	Change-%
Salaries and employee benefits	$ 13,560	$ 13,937	$ (377)	-2.71%
Occupancy	3,579	3,433	146	4.25%
Data processing	1,912	1,920	(8)	-0.42%
Other expenses:				
Insurance	266	253	13	5.14%
Marketing	457	554	(97)	-17.51%
Business development	348	287	61	21.25%
Professional fees	703	672	31	4.61%
Consulting fees	228	206	22	10.68%
Director fees	270	155	115	74.19%
Loss on disposal of fixed assets	50	15	35	233.33%
Other real estate owned expense	(259)	(1)	(258)	N/A
Intangible amortization	856	884	(28)	-3.17%
Recruitment fees	77	37	40	108.11%
All other expenses	2,463	2,326	137	5.89%
Total other expenses	5,459	5,388	71	1.32%
Total noninterest expense	$ 24,510	$ 24,678	$ (168)	-0.68%

The decline in salaries and employee benefits resulted from a reduction in full-time equivalent employees due to certain positions that were eliminated and other positions experiencing turnover, and a reduction in certain benefit expenses. Several business development staff members were hired during the third quarter of 2007, which is expected to result in higher salary and benefits expenses in 2008.

Occupancy expenses were higher in 2007 because of the relocation of one of the Des Moines metropolitan branches to a rented facility during the third quarter of 2006 and the rental of additional space for certain West Bank operational departments. The Company continues to market excess space available in the facility in which WB Capital is located in West Des Moines. There were savings realized by relocating the Cedar Rapids office of WB Capital to the Coralville bank office during the second quarter of 2007. A site for a new office in the Des Moines metropolitan area has been identified and a lease is under negotiation.

Insurance expense increased as the Company's directors and officers policy renewed in the third quarter of 2007. Marketing expenses for 2006 included costs related to the previously mentioned relocation of a branch office and several targeted advertising campaigns. Business development costs during the same time period increased due to continued efforts to increase and expand current and new customer relationships.

Professional fees increased in 2007 as fees for external and outsourced internal audit fees continued to increase. Consulting fees grew due to the retention of a firm to advise the Company's Compensation Committee of the Board of

Directors on executive compensation issues. Director fees increased in 2007 compared to 2006 as the result of an increase in quarterly retainer and meeting fees, which had not increased for several years. The loss on disposal of fixed assets in 2007 was primarily related to relocating the Cedar Rapids office of WB Capital. Other real estate owned expense has declined as a result of selling several repossessed properties at gains. One sale of farmland in eastern Iowa resulted in a gain of $272. Due to the current tight job market, recruitment fees were paid to executive search firms in 2007 related to the hiring of the business development staff members mentioned above.

Noninterest expense for 2008 is expected to increase as a result of the re-establishment of the FDIC assessment. In 2007, a one-time assessment credit was allocated to all eligible financial institutions. The Company expects West Bank’s credit to be fully utilized prior to the end of the first quarter of 2008. The expected increase in expense for 2008 is approximately $385.

Income Taxes

The Company records a provision for income taxes currently payable, along with a provision for those taxes payable in the future. Such deferred taxes arise from differences in the timing of certain items for financial statement reporting compared to income tax reporting. The effective income tax rate differs from the federal statutory income tax rate primarily due to tax-exempt interest income, the tax-exempt increase in cash value of bank-owned life insurance, disallowed interest expense, tax deductible dividends paid into the employee savings and stock ownership plan, and state income taxes. In 2007, the effective tax rate was also impacted by West Bank's investment in a qualified community development entity which allowed the Bank to be eligible for a Federal new market tax credit. The credit, which totals $2,730, will be recognized over a seven-year period. The effective rate of income tax expense as a percent of income before income taxes was 30.9 percent for 2007, compared to 32.0 percent for 2006. The federal income tax expense was approximately $7,378 and $7,783 for 2007 and 2006, respectively, while state income tax expense was approximately $1,098 and $1,345, respectively.

RESULTS OF OPERATIONS – 2006 COMPARED TO 2005

OVERVIEW

For the year ended December 31, 2006, the Company recorded net income of $19,407, a decline of 3.3 percent from net income of $20,075 in 2005. Earnings per share were $1.11 in 2006 compared to $1.14 in 2005. The decline was primarily due to lower net income from WB Capital and the interest expense associated with the debt incurred to fund the acquisition of IMG.

The Company's ROE was 18.08 percent, compared to 20.00 percent in 2005. The ROA was 1.49 percent in 2006, compared to 1.68 percent for the prior year.

The flattening yield curve during 2006 caused the net interest margin to decline 24 basis points from 2005. The decline was the result of the cost of short-term borrowings and jumbo certificates of deposit rising more than the yields on the loan and investment portfolios.

Year-to-date noninterest income was higher than the prior year, primarily due to investment advisory fees associated with acquiring IMG.

Year-to-date noninterest expense was 32 percent higher than 2005, primarily due to expenses associated with IMG.

For the year ended December 31, 2006, the Company's efficiency ratio was 43.42 percent, up from the prior year's ratio of 36.22 percent.

Net Interest Income

Net interest income increased 1.8 percent to $39,067 for 2006, primarily due to the increase in loan volume. Average loans grew by 17 percent. The average yield on earning assets increased 86 basis points, while the average rate on interest-bearing liabilities increased 127 basis points. The net interest spread declined to 2.66 percent from 3.07 percent a year earlier. Net interest margin was 3.38 percent in 2006, down from 3.62 percent in 2005.

Loan Growth/Loan Quality

At December 31, 2006, total loans increased approximately $36 million to $904 million, from $868 million a year earlier. Most of the growth came in commercial, construction, and commercial real estate loans. Loan quality was good with non-performing loans at December 31, 2006, totaling $650 or .07 percent of total loans. At December 31, 2005, non-performing loans totaled $4,912 or 0.57 percent of total loans.

The allowance for loan losses, which totaled $8,494, represented 1,307 percent of non-accrual loans and loans past due more than 90 days at the end of 2006, compared to 155 percent for 2005. The provision for loan losses totaled $1,725 for 2006, down from $1,775 for 2005. The Company's net charge-offs as a percent of average loans were 0.09 percent for 2006, the same as 2005. The amount of loans charged off in 2006 totaled $1,140 compared to $823 in 2005. Recoveries in 2006 from loans previously charged off were $294, up from $136 in the prior year.

Management considered the allowance for loan losses at December 31, 2006, sufficient to absorb probable loan losses within the portfolio.

Noninterest Income

The following table shows the variance from the prior year in the noninterest income categories shown in the Consolidated Statements of Income. In addition, accounts within the "Other income" category that represent significant variances are shown.

(in thousands)

	Years ended December 31			
Noninterest income:	2006	2005	Change	Change-%
Service charges on deposit accounts	$ 4,821	$ 4,660	$ 161	3.45%
Trust services	767	820	(53)	-6.46%
Investment advisory fees	8,040	3,349	4,691	140.07%
Increase in cash value of bank-owned life insurance	857	843	14	1.66%
Net realized gains (losses) on sales of securities	(171)	291	(462)	-158.76%
Other income:				
Debit card usage fees	237	194	43	22.16%
VISA/MasterCard income	166	132	34	25.76%
ATM surcharge fees	69	86	(17)	-19.77%
Check printing fees	150	142	8	5.63%
Gain on sale of residential mortgages	81	119	(38)	-31.93%
Other loan fees	69	178	(109)	-61.24%
Gain on sale of fixed assets	112	-	112	N/A
All other income	673	703	(30)	-4.27%
Total other income	1,557	1,554	3	0.19%
Total noninterest income	$ 15,871	$ 11,517	$ 4,354	37.80%

Service charges on deposit accounts increased slightly because of implementation of pricing changes for returned check charges in the third quarter of 2006. Service charges collected on commercial accounts declined slightly from the prior year as higher earnings credits reduced those fees. Income from trust services was down. Certain types of trusts, such as estates, can cause fluctuations in earned fees.

The significant increase in investment advisory fees in the current year was due to the acquisition of IMG on the last day of 2005. The two subsidiaries were merged in the fourth quarter of 2006. Revenue from the combined company did not meet expectations, as the time involved in merging the two companies detracted from new sales efforts. Combining the two companies will allow for more effective client service.

The Company recognized losses from the sale of investment securities in 2006 as lower yielding investments were sold, with the proceeds being reinvested at higher yields. The increase in VISA/MasterCard income was due to increases in customer usage. The increase in debit card usage fees was the result of higher volumes. The decline in the ATM card usage fees was due to changes in behavior as non-customers seek to avoid surcharges when using an ATM. Gains from sale of residential mortgages originated for sale in the secondary market were down because increases in market interest rates have reduced the volume of originations. Noninterest-related loan fees in 2005 included the recognition of a fee for a loan commitment that was terminated by a customer. The gain on the sale of fixed assets represents the gain recognized in the fourth quarter of 2006 on the sale of one of the Bank's branch offices, which was relocated to a new leased facility.

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 expense” category that represent significant variances are shown.

(in thousands)

	Years ended December 31			
Noninterest expense:	2006	2005	Change	Change-%
Salaries and employee benefits	$ 13,937	$ 10,308	$ 3,629	35.21%
Occupancy	3,433	2,497	936	37.48%
Data processing	1,920	1,428	492	34.45%
Other expenses:				
Insurance	253	160	93	58.13%
Marketing	554	369	185	50.14%
Business development	287	250	37	14.80%
Professional fees	672	531	141	26.55%
Consulting fees	206	284	(78)	-27.46%
Intangible amortization	884	339	545	160.77%
All other expenses	2,532	2,479	53	2.14%
Total other expenses	5,388	4,412	976	22.12%
Total noninterest expense	$ 24,678	$ 18,645	$ 6,033	32.36%

The increase in salaries and employee benefits included compensation and benefits for approximately 24 employees related to the acquisition of IMG, approximately 15 more employees at West Bank in 2006 than in the prior year due to growth of the bank, annual compensation adjustments, and higher medical insurance premiums.

Occupancy expenses were higher in 2006 because of one additional location related to IMG and increased depreciation expense related to remodeling projects, including furniture and equipment purchases throughout the Company. Early in the year the Clive office of WB Capital was relocated to the same facility as IMG, and began using space that was already leased. A charge of approximately $32 was recorded to occupancy expense in the second quarter of 2006 as a result of terminating the former Clive office lease. In the third quarter, one of the Des Moines metropolitan branches was relocated to a new leased facility in a higher traffic location.

Data processing expense and insurance expense were higher primarily due to the acquisition of IMG. Marketing and business development related costs increased as a result of significant efforts to increase and expand current and new customer relationships at the Bank and at WB Capital.

Professional fees increased due to the acquisition of IMG, higher audit fees, and higher legal fees. Consulting fees for 2006 included expenses incurred by IMG, but have declined as 2005 expense included fees for implementation of software programs to assist with asset-liability management and profitability measurement. Intangible amortization increased as the result of recording client base and employment/noncompete intangibles in the acquisition of IMG.

Income Taxes

The effective rate of income tax expense as a percent of income before income taxes was 32.0 percent for 2006, compared to 31.9 percent for 2005. The federal income tax expense was approximately $7,783 and $8,089 for 2006 and 2005, respectively, while state income tax expense was approximately $1,345 and $1,306, respectively. During

2005, management determined that with the acquisition of IMG, the Company will be able to utilize the existing state operating loss carryforwards. The valuation allowance was recognized as a reduction in tax expense in December 2005.

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 tables show average balances and interest income or interest expense, with the resulting average yield or rate by category of average earning assets or interest-bearing liability. Interest income and the resulting net interest income are shown on a fully taxable basis.

(dollars in thousands)

	2007			2006			2005		
	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate	Average Balance	Revenue/ Expense	Yield/ Rate
Assets									
Interest-earning assets:									
Loans: (2) (3)									
Commercial	$ 352,176	$ 27,574	7.83%	$ 343,659	$ 26,534	7.72%	$ 278,135	$ 18,078	6.50%
Real estate (1)	579,249	41,890	7.23%	560,673	39,971	7.13%	492,283	31,624	6.42%
Consumer and other loans	14,244	1,034	7.26%	14,660	1,026	7.00%	14,746	962	6.53%
Total loans	945,669	70,498	7.45%	918,992	67,531	7.35%	785,164	50,664	6.45%
Investment securities:									
Taxable	165,683	7,758	4.68%	172,265	7,925	4.60%	210,966	8,957	4.25%
Tax-exempt (1)	86,794	4,581	5.28%	98,219	5,105	5.20%	102,049	5,317	5.21%
Total investment securities	252,477	12,339	4.89%	270,484	13,030	4.82%	313,015	14,274	4.56%
Federal funds sold and other short-term investments	14,534	752	5.17%	17,465	903	5.17%	12,211	412	3.37%
Total interest-earning assets (1)	1,212,680	83,589	6.89%	1,206,941	81,464	6.75%	1,110,390	65,350	5.89%
Noninterest-earning assets:									
Cash and due from banks	29,766			28,831			34,393		
Premises and equipment, net	5,303			5,511			4,632		
Other, less allowance for loan losses	61,370			57,127			42,793		
Total noninterest-earning assets	96,439			91,469			81,818		
Total assets	$ 1,309,119			$ 1,298,410			$ 1,192,208		

Liabilites and Stockholders' Equity									
Interest-bearing liabilities:									
Deposits:									
Savings, interest-bearing demand, and money markets	$ 304,138	8,948	2.94%	$ 306,254	7,912	2.58%	$ 333,507	5,482	1.64%
Time deposits	418,869	21,203	5.06%	498,455	23,557	4.73%	333,912	10,459	3.13%
Total deposits	723,007	30,151	4.17%	804,709	31,469	3.91%	667,419	15,941	2.39%
Other borrowed funds	274,721	13,672	4.98%	189,967	9,200	4.84%	223,346	9,161	4.10%
Total interest-bearing liabilities	997,728	43,823	4.39%	994,676	40,669	4.09%	890,765	25,102	2.82%
Noninterest-bearing liabilities:									
Demand deposits	180,965			186,894			194,957		
Other liabilities	13,743			9,495			6,094		
Stockholders' equity	116,683			107,345			100,392		
Total liabilities and stockholders' equity	$ 1,309,119			$ 1,298,410			$ 1,192,208		
Net interest income/net interest spread (1)		$ 39,766	2.50%		$ 40,795	2.66%		$ 40,248	3.07%
Net interest margin (1)			3.28%			3.38%			3.62%

1 Tax-exempt income has been adjusted to a tax-equivalent basis using an incremental rate of 35% and is adjusted to reflect the effect of the nondeductible interest expense associated with owning tax-exempt investments.
2 Average loan balances include non-accrual loans. Interest income on non-accrual loans has been excluded.
3 Interest income on loans includes amortization of loan fees and costs, which are not material.

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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 earning assets that are primarily loans and investments and interest paid on interest-bearing liabilities that are primarily 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 action of regulatory authorities. Tax-equivalent net interest income divided by average earning assets is referred to as net interest margin. For the years ending December 31, 2007, 2006 and 2005, the Company's net interest margin was 3.28 percent, 3.38 percent and 3.62 percent, respectively.

Analysis of Changes in Interest Differential

The following table sets forth, on a tax-equivalent basis, a summary of the changes in net interest income due to changes in asset and liability volumes and due to changes in interest rates.

VOLUME AND YIELD/RATE VARIANCE (1)
(in thousands and on a tax-equivalent basis)

	2007 Compared to 2006			2006 Compared to 2005		
	Volume	Rate	Total	Volume	Rate	Total
Interest Income						
Loans: (2)						
Commercial	$ 663	$ 377	$ 1,040	$ 4,704	$ 3,752	$ 8,456
Real estate (3)	1,338	581	1,919	4,663	3,684	8,347
Consumer and other loans	(30)	38	8	(6)	70	64
Total loans (including fees)	1,971	996	2,967	9,361	7,506	16,867
Investment securities:						
Taxable	(306)	139	(167)	(1,737)	705	(1,032)
Tax-exempt (3)	(602)	78	(524)	(199)	(13)	(212)
Total investment securities	(908)	217	(691)	(1,936)	692	(1,244)
Federal funds sold and other short-term investments	(152)	1	(151)	219	272	491
Total interest income (3)	911	1,214	2,125	7,644	8,470	16,114
Interest Expense						
Deposits:						
Savings, interest-bearing demand, and money markets	(55)	1,091	1,036	(480)	2,910	2,430
Time deposits	(3,946)	1,592	(2,354)	6,444	6,654	13,098
Total deposits	(4,001)	2,683	(1,318)	5,964	9,564	15,528
Other borrowed funds	4,211	261	4,472	(1,481)	1,520	39

Total interest expense		210		2,944		3,154		4,483		11,084	15,567
Net interest income (3)	$	701	$	(1,730)	$	(1,029)	$	3,161	$	(2,614)	$ 547

1 The change in interest that is due to both volume and rate changes have 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.

2 Balances of non-accrual loans have been included for computational purposes.

3 Tax-exempt income has been converted to a tax-equivalent basis using a federal income tax rate of 35% and is adjusted for the effect of the nondeductible interest expense associated with owning tax-exempt investments.

The Company’s tax-equivalent net interest income for 2007 was $1,029 or 2.5 percent lower than in 2006, as the relatively flat yield curve, where short-term interest rates are not significantly lower than long-term rates, negatively impacted the net interest margin. In addition, the Federal Reserve reduced the federal funds rate by 50 basis points in September 2007, 25 basis points in October 2007, and 25 basis points in December 2007. These reductions caused the first market changes in prime rate since June 2006, when rates were increased. West Bank’s prime rate was lowered accordingly. Approximately one half of the bank’s loan portfolio is priced on a variable basis using the prime rate benchmark. Interest paid on deposits generally declines more gradually.

As seen in the tables above, rates paid on deposits in 2007 increased to 4.17 percent from 3.91 percent in 2006. This rate increase was primarily the result of the shift in funds from money market and savings accounts to a market rate interest-bearing checking account and certificates of deposits. Customers have made these transfers to maximize earnings. The reduction in average time deposits in 2007 compared to 2006 was primarily due to using fewer wholesale certificates of deposit as a source of funding loan growth.

The average rate paid on other borrowed funds increased 14 basis points compared to 2006, while the average balance increased approximately $84.8 million and the mix of borrowings changed significantly. Overnight borrowings in the form of federal funds purchased from correspondent banks and securities sold under agreements to repurchase averaged $55.9 million more in 2007 than in 2006. A portion of this increase was due to relying less on wholesale certificates of deposits as a funding source. The average volume of long-term borrowings increased $23.0 million in 2007 compared to 2006.

When comparing 2006 to 2005, the largest factors affecting the net interest margin were the $133.8 million increase in average loans, rising market rates for deposits, and an increased reliance on wholesale certificates of deposit. This combination caused the tax-equivalent net interest income for 2006 to increase $547 or 1.4 percent compared to 2005.

The high level of competition in the local markets and the January 2008, 125 basis point decline in the federal funds rate by the Federal Reserve is expected to continue to put downward pressure on the net interest margin of the Company.

INVESTMENT PORTFOLIO

The following table sets forth the composition of the Company’s securities available for sale for the past three years ending December 31, 2007, 2006 and 2005.

(dollars in thousands)

	As of December 31		
	2007	2006	2005
U.S. Government agencies and corporations	$ 120,829	$ 137,620	$ 147,047
States of the United States and political subdivisions	89,566	97,162	103,947
Corporate notes and other investments	21,032	21,949	19,340
Total	$ 231,427	$ 256,731	$ 270,334

The investments below are presented at carrying value and reported by contractual maturity. Expected maturities may differ from contractual maturities because issuers may have the right to call or prepay obligations with or without prepayment penalties.

December 31, 2007
(dollars in thousands)

	Within one year	After one year but within five years	After five years but within ten years	After ten years	Total
U.S. Government agencies and corporations	$ 14,379	$ 84,039	$ 19,411	$ 3,000	$ 120,829
States of the United States and political subdivisions	4,383	12,481	24,353	48,349	89,566
Corporate notes and other investments	3,994	1,982	4,241	10,815	21,032
Total	$ 22,756	$ 98,502	$ 48,005	$ 62,164	$ 231,427
Weighted average yield:					
U.S. Government agencies and corporations	3.74%	4.38%	4.84%	4.10%	
States of the United States and political subdivisions (1)	4.61%	5.05%	5.54%	5.53%	
Corporate notes and other investments	3.87%	6.25%	3.35%	6.38%	
Total	3.93%	4.51%	5.04%	5.62%	

1 Yields on tax-exempt obligations have been computed on a tax-equivalent basis using an incremental tax rate of 35% and are adjusted to reflect the effect of the nondeductible interest expense associated with owning tax-exempt investments.

Investments in States of the United States and political subdivisions represent purchases of municipal bonds issued by municipalities located primarily in the State of Iowa.

Investments in corporate notes and other investments include corporate debt obligations of companies located and doing business throughout the United States. The debt obligations were all within the credit ratings acceptable under West Bank’s investment policy.

As of December 31, 2007, the Company did not have securities from a single issuer, except for the United States government or its agencies, which exceeded 10 percent of consolidated stockholders’ equity.

LOAN PORTFOLIO

Types of Loans

The following table sets forth the composition of the Company’s loan portfolio for the past five years ending December 31, 2007.

(dollars in thousands)

	As of December 31				
	2007	2006	2005	2004	2003
Commercial	$ 364,994	$ 327,985	$ 311,086	$ 260,706	$ 233,035
Real Estate:					

Construction, land and land development	153,184	143,928	134,581	90,115	48,681
1-4 family residential	93,572	89,114	86,485	79,580	76,853
Commercial	360,255	328,514	321,561	281,956	211,853
Consumer and other loans	13,790	15,752	14,957	14,545	29,643
Total loans	985,795	905,293	868,670	726,902	600,065
Deferred loan fees, net	372	871	1,166	1,057	710
Total loans, net of deferred fees	$ 985,423	$ 904,422	$ 867,504	$ 725,845	$ 599,355

The Company's loan portfolio primarily consists of commercial, commercial real estate, real estate construction, land and land development, residential real estate, and consumer loans. As of December 31, 2007, gross loans totaled approximately $986 million, which equals approximately 108 percent of total deposits and 74 percent of total assets. As of December 31, 2007, the majority of all loans were originated directly by West Bank to borrowers within the Bank's principal market areas. There were no non-U.S. loans outstanding during the years presented.

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 rates, and are either unsecured or secured by inventory, accounts receivable, and/or equipment.

Real estate loans include various types of loans for which West Bank holds real property as collateral, and consist of loans on commercial properties and single and multi-family residences. Real estate loans typically have fixed rates for up to seven years, with the bank's loan policy having a maximum amortization period of up to 30 years. The majority of construction loan volume is to contractors and developers to construct commercial buildings or develop residential real estate, and generally have maturities of up to 24 months. West Bank originates residential real estate loans for its portfolio and for sale in the secondary market for a fee.

Consumer loans include loans extended to individuals for household, family, and other personal expenditures not secured by real estate. The majority of West Bank's consumer lending is for vehicle