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WEST BANCORPORATION INC

Form ARS

March 07, 2006

(GRAPHIC)

FINANCIAL SOLUTIONS THAT ADD VALUE

(WEST BANCORPORATION LOGO)

West Bancorporation, Inc. | 2005 Annual Report

WEST BANCORPORATION, INC. & SUBSIDIARIES

FINANCIAL HIGHLIGHTS

(dollars in thousands, except per share amounts)

	2005	2004	2003	2002	2001
	-----	-----	-----	-----	-----
YEAR-END BALANCES					
Assets	\$1,244,380	\$1,148,435	\$1,000,612	\$886,116	\$815,970
Investment securities	274,718	347,052	274,913	212,292	189,473
Loans	867,504	725,845	599,355	488,453	493,399
Non-performing loans	4,912	860	1,793	1,899	1,274
Deposits	944,893	865,932	705,074	613,099	571,730
Stockholders' equity	104,521	97,620	92,896	85,824	79,012
AVERAGE BALANCES					
Assets	1,192,208	1,066,511	932,907	837,938	837,798
Investment securities	313,015	301,718	246,823	213,361	203,137
Loans	785,164	645,875	531,033	482,013	495,825
Deposits	862,376	764,741	608,544	568,625	547,247
Stockholders' equity	100,392	94,209	88,742	81,904	74,977
RESULTS OF OPERATIONS					
Net interest income	38,373	35,647	32,322	30,990	29,662
Provision for loan losses	1,775	1,200	850	910	1,063
Noninterest income	11,517	10,706	9,305	6,614	6,314
Noninterest expense	18,645	16,968	14,694	11,220	10,480
Income before taxes	29,470	28,185	26,083	25,474	24,433
Net income	20,075	18,614	17,283	16,376	15,736
PER COMMON SHARE(1)					
Net income	1.20	1.11	1.02	0.97	0.93
Dividend	0.640	0.625	0.610	0.590	0.571
Book value	6.26	5.84	5.51	5.09	4.69
Closing price	18.70	17.61	16.46	14.46	11.24
RATIOS					
Return on average equity	20.00%	19.76%	19.48%	19.99%	20.99%
Return on average assets	1.68%	1.75%	1.85%	1.95%	1.88%
Efficiency ratio	36.22%	35.78%	34.78%	29.19%	28.23%
Net interest margin	3.62%	3.71%	3.77%	3.97%	3.81%
Average equity as % of average assets	8.42%	8.83%	9.51%	9.77%	8.95%
Allowance for loan losses as % of average loans	0.97%	1.01%	1.13%	0.93%	0.86%
Net charge-offs as %					

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of average loans	0.09%	0.10%	0.05%	0.14%	0.21%
Non-performing loans as % of loans	0.57%	0.12%	0.30%	0.39%	0.26%

- (1) In July 2004, the Company's Board of Directors authorized a 5% common stock dividend. Per share numbers in this report have been adjusted for that stock dividend.

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Shareholders' Letter

DEAR SHAREHOLDERS:

2005 was another successful year for West Bancorporation, Inc. Net income for the Company was \$20,075,000 or \$1.20 per share, up 7.8 percent from \$18,614,000 or \$1.11 per share in 2004. Return on average equity was 20 percent and return on average assets was 1.68 percent. The overall efficiency ratio was 36.22 percent, while the efficiency ratio for our subsidiary West Bank was 32.19 percent.

We continue to believe that working in partnership with each of our four stakeholders is the key to our success. In 2005 we accomplished the following.

OUR SHAREHOLDERS. We paid a cash dividend of \$.64 per share for a dividend yield of 3.42 percent based on the year end closing stock price of \$18.70. The total return on an investment in our stock from January 1, 2005 through December 31, 2005 was 10 percent compared to the total return of the SNL Midwest Bank Index of -3.6 percent. In 2005 we expanded the use of our new profitability and asset liability management system which will allow us to make better use of our income-producing assets for the benefit of our shareholders.

OUR EMPLOYEES. 2005 was noteworthy for the installation of systems to create and manage checking and savings accounts for our clients in a manner that will allow our employees to spend more time assisting our clients and less time managing paperwork. We completed the remodeling of our 22nd Street bank, which included the expansion of our employee break room, the creation of our conference center and new trust facilities, and updating the first floor client area. Our employee mission continues to be to provide a quality work environment in which our employees can serve our clients in a fun, competitive and efficient manner.

OUR CLIENTS. The entities profiled in this report, Lutheran Services in Iowa and The Mansion typify the close relationships we have with our many clients. Client surveys, conducted in 2005, reinforced the concept that close relationships and excellent service are expected by our clients. To improve our client service we implemented a mystery shopping program in all of our branch offices. We saw immediate results. As our mystery shopping results improved we experienced fewer client problems and an increase in positive survey results from our clients.

OUR COMMUNITY. In 2005, we continued our focus on funding charitable contributions and community service. Through the West Bancorporation Foundation, we funded 56 charitable grants totaling \$204,000. Several community projects were accomplished as our employees contributed approximately 7,500 hours to community service in our markets. As described on page six of our Annual Report, these efforts were recognized by the United Way of Central Iowa with its 2005 Impact Award. Receipt of the Impact Award was a proud moment for all of us.

On December 30th, we completed the purchase of Investors Management Group, Ltd.

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(IMG). IMG is a registered investment advisor headquartered in West Des Moines. It currently manages approximately \$3.8 billion for a variety of investors. In late 2006 IMG will combine with VMF Capital, our other registered investment advisor. The combined company will allow us to expand asset management solutions for our clients and to make progress toward our vision of being the best financial solutions company in our markets. We describe this latest acquisition in more detail on page four of our Annual Report.

In 2006, we will focus on building client relationships and providing financial solutions through superior service and a collaborative approach from each of our business lines. We will also focus on enhancing the work experience of our employees in a manner that will provide better solutions for our clients and increase our shareholder value. Our market share expansion in both community banking and the asset management business will continue as we deepen the relationships with our current clients.

2006 will be a challenging year. We expect the increase in short-term interest rates to abate early in the year and the rate of inflation to remain relatively low. We also anticipate the level of foreign investment in the U.S. Treasury market will keep the yield curve flat or inverted throughout the year, which will reduce the largest driver of our net income - the net interest income from the bank. We have implemented steps to reduce expenses in all business lines. This expense reduction, when combined with the non-interest income from the bank and our asset management companies, should produce positive results for us in 2006.

All of us at West Bank, VMF Capital and IMG look forward to delivering exceptional service and financial solutions to our clients, and providing the financial results that you, our shareholders, expect.

Very truly yours,

/s/ Thomas E. Stanberry

Thomas E. Stanberry
Chairman, President and Chief
Executive Officer

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Adding value to our relationships with our customers

"IMG HAS CONSISTENTLY DELIVERED SOLID PERFORMANCE"

The acquisition of Investors Management Group (IMG) in 2005 has added an important component to West Bancorporation's ability to offer customers a complete, one-stop financial solutions resource. The acquisition, which became final in December of 2005, complements the money management services currently offered by the West Bank trust department and through our wholly-owned subsidiary WB Capital Management Inc., doing business as VMF Capital.

"This transaction expands our comprehensive asset management solutions for business and high net worth individual customers," explained Thomas E. Stanberry.

(GROUP PHOTO)

(1 to r) Tom Stanberry, West Bancorporation chairman, president and

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CEO; Jeff Lorenzen, president and chief investment officer of IMG; and Scott Eltjes, managing director and head of VMF Capital, gather at IMG's West Des Moines office.

With assets under management of more than \$3.8 billion, IMG's strength is in managing fixed income assets. VMF Capital, which specializes in equity asset management, has an additional \$800 million in assets under management. IMG currently has 26 employees in its West Des Moines Office. The company was purchased from Rockford, Illinois-based AMCORE Financial, Inc. AMCORE Chairman, President and CEO Kenneth E. Edge said, "IMG consistently has delivered solid fixed-income performance and will be a good fit for West Bancorporation. Headquartered in Iowa, West Bancorporation can better facilitate the expansion of Des Moines-based IMG's institutional investment business."

Agreeing with that assessment, Stanberry further commented, "For over 20 years, IMG has been serving customers in the upper midwest, and we are pleased to bring its ownership back home to Iowa. We have great respect for IMG's business and team."

The acquisition fits nicely into the wealth management structure being built by West Bancorporation. The West Bank trust department specializes in helping individuals and families maximize their financial resources through financial planning, asset management, trust administration and estate planning. VMF Capital specializes in portfolio management services for individual investors, retirement plans, corporations, foundations and endowments primarily through domestic equity and fixed income strategies.

IMG will enhance the wealth management structure already in place, focusing on long-term relationships with insurance companies, foundations and endowments, public agencies, institutional financial consultants, and high net worth individuals by managing portfolios primarily comprised of investment-grade fixed-income assets.

"West Bancorporation's growth will continue to be driven by the addition of products and services that add value to our customers," said Stanberry. "IMG fits perfectly into that profile."

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(GROUP PHOTO)

(l to r) Tina Gordinier, VMF Capital; Carol Stone, West Bank trust department; Deb Gay and Mike Buck, Luthern Services in Iowa.

"THEY'VE BEEN QUICK TO UNDERSTAND OUR NEEDS AND BRING US SOLUTIONS"

Lutheran Services in Iowa (LSI) is the state's largest private non-profit provider of human services. LSI improves the lives of more than 40,000 Iowans every year with residential treatment, services to families, home health care, early childhood programs, adoption services, refugee resettlement, services for persons with disabilities, disaster response, and economic development community programs. All this is accomplished with 750 employees in locations throughout Iowa.

LSI's ability to continue to provide these crucial services year-to-year is dependent upon being good financial stewards. To that end, they have turned to the West Bank trust department and VMF Capital for asset management assistance.

"VMF Capital helps manage a portion of our investment portfolio," explained

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Deb Gay, LSI's director of finance. "Our board establishes an investment policy which we share with VMF. In turn, VMF invests our assets according to the parameters of the policy for the best possible return."

Deb says working with Scott Eltjes and Tina Gordinier at VMF has been a pleasure. "We recently had some statement and reporting problems," she said. "Tina and Scott brought us technical solutions for the problems that have resulted in better, more precise, more understandable summaries for our board and investment committee to use."

They even presented LSI's investment committee with suggestions for modifying and improving the organization's investment policy. "They've been quick to understand our needs and bring us solutions," she said.

The organization and VMF also work with Carol Stone in West Bank's trust department, which maintains custody of the securities and provides reporting services. "We're glad they continue to place their confidence in us," commented Carol Stone who heads the West Bank trust department. "We look forward to working with them for many years to come."

"THEY'RE VERY PROACTIVE IN ANTICIPATING OUR NEEDS"

The Mansion is a fine furnishings and interior design firm that has a long, successful track record. Originally opened in Iowa City in 1980 by Chuck Skaugstad, Jr., The Mansion has now expanded into the Des Moines market with a second location, owned and operated by Ted Irvine. Skaugstad describes the second location as the "same business under the same name" which runs as a partnership between Skaugstad and Irvine.

The expansion into the Des Moines market necessitated a new approach to the company's banking requirements. Skaugstad credits the technology West Bank brought to them for making it easier for his company to do business in two markets.

"West Bank offered us the flexibility and structuring we needed to transact business in both locations," he said. "They're very proactive in anticipating our needs and presenting us with solutions we may not have even realized existed."

Says Lynn Rowat, West Bank Eastern Iowa market president, "The Mansion is a truly extraordinary place with which we have forged strong personal and business relationships. If you build strong enough relationships, it really does make a difference."

"We didn't shop around for a bank when we opened in Des Moines," said Irvine. "I knew West Bank was the bank. They've always had a strong reputation for local service and fair dealing with businesses like ours."

Irvine works with West Bank vice-president John Humeston. Both Skaugstad and Irvine had worked with West Bank President Brad Winterbottom for many years. "We bank at West Bank because of the people," says Irvine. "We tap into the expertise of Humeston, Rowat and Winterbottom every chance we get."

"I've known Brad Winterbottom and Lynn Rowat for years and so has Ted," says Skaugstad. "They're personal friends and exceptional bankers... business partners in the best sense."

(GROUP PHOTO)

(l to r) Chuck Skaugstad, Jr., owner of The Mansion of Iowa City; Lynn Rowat, West Bank Eastern Iowa market president; Ted Irvine, owner of The Mansion of Des Moines; John Humeston, West Bank vice president,

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Des Moines. The four work together to keep The Mansion growing.

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Adding value to the communities we serve

"A GREAT UNITED WAY PARTNER AND SUPPORTER FOR MANY YEARS"

The United Way of Central Iowa awarded West Bank its Impact Award for the bank's outstanding results and effort in the employee fundraising campaign. The award was presented at the United Way's annual awards luncheon attended by more than 400 people representing more than 100 companies that support the United Way.

"West Bank has been a great United Way partner and supporter for many years," said Tim Henkel, United Way of Central Iowa vice president of resource development. "The participation by their employees is among the highest in the community. The company and its employees also give freely of their time to reach out to the community."

(GROUP PHOTO)

Displaying the United Way Impact Award are (l to r) Brad Winterbottom, West Bank president; Marc Meyer, West Bank senior vice president; and Tom Stanberry, West Bancorporation chairman, president and CEO.

According to Henkel, the awards were developed to recognize the most outstanding efforts of the nearly 1,000 companies that participate in the annual United Way campaign. The panel of judges is made up of employees who coordinate their campaign efforts at their various companies and have won these awards in the past.

Impact Award winners were chosen from a group of community peers from nearly 40 local firms for their creative and successful campaign practices.

"This award recognizes the caring nature and community spirit of our employees," said Tom Stanberry. "I think one of the most important factors in our winning this award is the 7,500 hours of volunteer time our employees gave to the community and that's just in the greater Des Moines area."

The West Bank branches in Iowa City and Coralville are also making significant contributions of both time and resources. "We're committed to helping United Way of Johnson County be successful and effective," said Lynn Rowat, West Bank Eastern Iowa market president. "We do this by providing significant corporate gifts and by providing a forum for our employees to learn more about the United Way agencies in Johnson County."

Rowat has a long history of personal involvement with United Way, having served as volunteer treasurer for the organization for more than nine years in the past. Iowa City and Coralville West Bank staff members also currently serve on several boards of various United Way of Johnson County organizations.

"MORE COMMITTED THAN EVER TO GIVING BACK TO THE COMMUNITY"

The West Bancorporation Foundation, Inc. is primarily focused on community activities that further the well-being of children and young adults through initiatives that address issues of health, education, housing and the arts. We have had a very long, vested interest in maximizing the health and well-being of the communities where we do business and the citizens who live there. We remain more committed than ever to giving back to the communities that have contributed

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to our success. During 2005, the Foundation awarded grants to the following organizations:

- AIB College of Business Foundation
- American Diabetes Association 2005 Walk
- American Red Cross Central Iowa & Grant Wood Chapters for Hurricane Relief
- Beacon of Life
- Bernie Lorenz Recovery, Inc.
- Camp Courageous of Iowa
- Children and Families of Iowa
- Coralville Public Library
- Des Moines Art Center
- Des Moines Art Festival
- Des Moines Library Foundation
- Des Moines Metro Opera
- Des Moines Public School Library Support Group
- Des Moines Symphony Muggles Making Music
- Dollars for Scholars
- Domestic Violence Intervention Program
- Dowling Catholic High School - Project Intercept
- Eddie Davis Community Center, Inc.
- Englert Theater
- Freedom for Youth Ministries
- Friends of the Botanical Center
- Goodwill Industries of Central Iowa
- Goodwill Industries of Southeast Iowa
- Greater Des Moines Habitat for Humanity / Greater Des Moines Leadership Institute - Raise the Roof Project
- Hawthorne Hill
- Hope Ministries
- Housing Trust Fund of Johnson County
- Iowa College Foundation Minority Scholarship
- Iowa Senior Games

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- Iowa Valley Habitat for Humanity
- Iowa Women's Foundation
- Iowa Youth Chorus
- Junior Achievement
- Junior Service League Holiday Home Tour
- Link Associates
- Mentor Holiday Parties
- Metro Arts Alliance
- Oakridge Neighborhood
- Old Brick
- Old Capitol Museum Renovation
- Phenix Elementary School
- Prevent Blindness Iowa
- Safe Schools for All (GLBT)
- St. Joseph Emergency Family Shelter
- Salisbury House Foundation
- Science Center of Iowa
- Tools for Schools
- United Way (Corporate Gift)
- Variety Club of Iowa
- Winefest 2005
- WOI Radio Group
- World Food Prize
- Young Women's Resource Center
- Youth Homes of Mid-America

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DIRECTORS & EXECUTIVE OFFICERS

WEST BANCORPORATION BOARD OF DIRECTORS

(GROUP PHOTO)

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JACK G. WAHLIG President, Integrus Financial, L.C.	1
STEVEN G. CHAPMAN Chairman, President & CEO, ITAGroup, Inc.	2
THOMAS E. STANBERRY Chairman, President, & CEO	3
FRANK W. BERLIN President, Frank W. Berlin & Associates	4
MICHAEL A. COPPOLA President, Coppola Enterprises, Inc.	5
GEORGE D. MILLIGAN President, The Graham Group, Inc.	6
CONNIE WIMER Publisher, Business Publications	7
ROBERT G. PULVER President & CEO, All State Industries, Inc.	8
ORVILLE E. CROWLEY President, Linden Lane Farms	9
EXECUTIVE OFFICERS	
(GROUP PHOTO)	
THOMAS E. STANBERRY Chairman, President & CEO	1
JOYCE A. CHAPMAN Executive Vice President, West Bank	2
SCOTT D. ELTJES Head of VMF Capital	3
SHAREN K. SURBER Executive Vice President, West Bank	4
BRAD L. WINTERBOTTOM President, West Bank	5
DOUGLAS R. GULLING Chief Financial Officer	6
	7

WEST BANCORPORATION, INC. & SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2005 & 2004

2005

2004

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ASSETS

Cash and due from banks	\$ 39,424,270	\$ 18,686,360
Federal funds sold and other short-term investments	1,241,044	11,193,099
	-----	-----
CASH AND CASH EQUIVALENTS	40,665,314	29,879,459
Securities available for sale	270,333,846	281,110,020
Securities held to maturity	--	59,419,549
Federal Home Loan Bank stock, at cost	4,384,400	6,522,800
Loans	867,504,620	725,845,003
Allowance for loan losses	(7,615,188)	(6,526,824)
	-----	-----
LOANS, NET	859,889,432	719,318,179
Premises and equipment, net	5,650,009	4,309,597
Accrued interest receivable	7,861,647	6,505,047
Goodwill and other intangible assets	27,116,287	16,561,810
Bank-owned life insurance	22,099,259	21,256,138
Other assets	6,380,103	3,551,911
	-----	-----
	\$1,244,380,297	\$1,148,434,510
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Deposits:		
Noninterest bearing demand	\$ 207,492,888	\$ 186,710,245
Savings and interest bearing demand	343,697,862	422,560,048
Time, in excess of \$100,000	269,057,298	193,716,248
Other time	124,645,285	62,945,833
	-----	-----
TOTAL DEPOSITS	944,893,333	865,932,374
Federal funds purchased and securities sold under agreements to repurchase	84,748,150	74,543,033
Other short-term borrowings	4,732,124	4,668,451
Long-term borrowings	99,187,766	101,892,773
Accrued expenses and other liabilities	6,298,408	3,777,903
	-----	-----
TOTAL LIABILITIES	1,139,859,781	1,050,814,534
	-----	-----

STOCKHOLDERS' EQUITY

Common stock, no par value; authorized 50,000,000 shares; 16,701,843 shares issued and outstanding at December 31, 2005 and 2004	3,000,000	3,000,000
Additional paid-in capital	32,000,000	32,000,000
Retained earnings	71,950,620	62,565,046
Accumulated other comprehensive income (loss)	(2,430,104)	54,930
	-----	-----
TOTAL STOCKHOLDERS' EQUITY	104,520,516	97,619,976
	-----	-----
	\$1,244,380,297	\$1,148,434,510
	=====	=====

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WEST BANCORPORATION, INC. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME(1) Years Ended December 31, 2005, 2004 & 2003

	2005	2004	2003
	-----	-----	-----
INTEREST INCOME:			
Loans	\$50,361,321	\$37,168,986	\$32,633,000
Securities:			
U.S. Treasury, government agencies and corporations	6,902,778	6,408,522	4,727,000
States and political subdivisions	4,098,811	2,399,378	1,725,000
Other	1,699,978	2,673,791	3,111,000
Federal funds sold and other short-term investments	411,866	947,993	1,263,000
	-----	-----	-----
TOTAL INTEREST INCOME	63,474,754	49,598,670	43,461,000
INTEREST EXPENSE:			
Demand and savings deposits	5,482,295	3,681,439	3,084,000
Time deposits	10,458,667	3,759,910	2,665,000
Federal funds purchased and securities sold under agreements to repurchase	2,484,291	857,050	1,503,000
Other short-term borrowings	1,682,784	444,120	800,000
Long-term borrowings	4,993,772	5,209,148	3,877,000
	-----	-----	-----
TOTAL INTEREST EXPENSE	25,101,809	13,951,667	11,139,000
	-----	-----	-----
NET INTEREST INCOME	38,372,945	35,647,003	32,321,000
PROVISION FOR LOAN LOSSES	1,775,000	1,200,000	850,000
	-----	-----	-----
NET INTEREST INCOME AFTER PROVISION FOR LOAN LOSSES	36,597,945	34,447,003	31,471,000
	-----	-----	-----
NONINTEREST INCOME:			
Service charges on deposit accounts	4,659,509	4,968,077	4,984,000
Trust services	820,292	631,500	507,000
Investment advisory fees	3,349,386	2,682,690	503,000
Increase in cash value of bank-owned life insurance	843,122	869,423	666,000
Proceeds from bank-owned life insurance	--	--	821,000
Net realized gains from securities available for sale	290,941	198,877	299,000
Other income	1,553,693	1,355,342	1,522,000
	-----	-----	-----
TOTAL NONINTEREST INCOME	11,516,943	10,705,909	9,305,000
	-----	-----	-----
NONINTEREST EXPENSE:			
Salaries and employee benefits	10,307,508	9,680,139	7,700,000
Occupancy	2,497,104	2,056,755	1,582,000
Data processing	1,428,509	1,360,724	1,130,000
Charitable contributions	146,990	147,584	1,483,000
Other expenses	4,264,663	3,722,923	2,797,000
	-----	-----	-----
TOTAL NONINTEREST EXPENSE	18,644,774	16,968,125	14,694,000
	-----	-----	-----
INCOME BEFORE INCOME TAXES	29,470,114	28,184,787	26,082,000
INCOME TAXES	9,395,361	9,570,310	8,800,000
	-----	-----	-----

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NET INCOME	\$20,074,753	\$18,614,477	\$17,282,628
	=====	=====	=====
EARNINGS PER SHARE:			
Basic	\$ 1.20	\$ 1.11	\$ 1.07
	=====	=====	=====

WEST BANCORPORATION, INC. & SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY(1)

Years Ended December 31, 2005, 2004 & 2003

	COMPREHENSIVE INCOME	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAIN EARNIN
	-----	-----	-----	-----
BALANCE, DECEMBER 31, 2002		\$3,000,000	\$32,000,000	\$ 49,792,628
COMPREHENSIVE INCOME				
Net income	\$17,282,628	--	--	17,282,628
Other comprehensive income, unrealized gains on securities, net of reclassification adjustment, net of tax	68,127	--	--	

TOTAL COMPREHENSIVE INCOME	\$17,350,755			
	=====			
Cash dividends declared, \$0.610 per share		--	--	(10,278,628)
		-----	-----	-----
BALANCE, DECEMBER 31, 2003		3,000,000	32,000,000	56,796,628
COMPREHENSIVE INCOME				
Net income	\$18,614,477	--	--	18,614,477
Other comprehensive loss, unrealized (losses) on securities, net of reclassification adjustment, net of tax	(1,044,643)	--	--	

TOTAL COMPREHENSIVE INCOME	\$17,569,834			
	=====			
Cash dividends declared, \$0.625 per share		--	--	(10,483,628)
Purchase of fractional shares resulting from stock dividend		--	--	(2,360,628)
Shares reacquired under the common stock repurchase plan		--	--	(2,360,628)
		-----	-----	-----
BALANCE, DECEMBER 31, 2004		3,000,000	32,000,000	62,565,628
COMPREHENSIVE INCOME				
Net income	\$20,074,753	--	--	20,074,753
Other comprehensive loss, unrealized (losses) on securities, net of reclassification adjustment, net of tax	(2,485,034)	--	--	

TOTAL COMPREHENSIVE INCOME	\$17,589,719			
	=====			

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Cash dividends declared, \$0.640 per share	--	--	(10,689
	-----	-----	-----
BALANCE, DECEMBER 31, 2005	\$3,000,000	\$32,000,000	\$ 71,950
	=====	=====	=====

FORM 10-K

A copy of the Company's annual report to the Securities and Exchange Commission on Form 10-K will be mailed when available without charge to shareholders upon written request to the Chief Financial Officer. The annual report will also be available on the Securities and Exchange Commission's website at <http://www.sec.gov/edgar/searchedgar/webusers.htm> and through a link on the Company's investor relations web page at www.westbankiowa.com.

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WEST BANCORPORATION, INC. & SUBSIDIARIES

STOCK INFORMATION

West Bancorporation, Inc. common stock is traded on the NASDAQ National Market and quotations are furnished by the NASDAQ System. There were 314 common stockholders of record on December 31, 2005, and an estimated 800 additional beneficial holders whose stock was held in street name by brokerage houses.

MARKET AND DIVIDEND INFORMATION (1) (2)

	HIGH	LOW	DIVIDENDS
	-----	-----	-----
2005			
1st quarter	\$19.25	\$15.93	\$0.160
2nd quarter	19.09	15.34	0.160
3rd quarter	20.02	17.25	0.160
4th quarter	19.95	17.50	0.160
2004			
1st quarter	\$17.14	\$15.40	\$0.152
2nd quarter	17.14	13.93	0.152
3rd quarter	17.54	14.76	0.160
4th quarter	18.15	16.21	0.160

- (1) In July 2004, the Company's Board of Directors authorized a 5% common stock dividend. Per-share numbers in this report have been adjusted for that stock dividend.
- (2) The prices shown are the high and low sale prices for the Company's common stock. The market quotations, reported by NASDAQ, do not include retail markup, markdown or commissions.

NASDAQ SYMBOL: WTBA

WALL STREET JOURNAL AND OTHER NEWSPAPERS: WestBcp

TRANSFER AGENT/DIVIDEND PAYING AGENT

Illinois Stock Transfer Company

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209 West Jackson Boulevard, Suite 903
Chicago, Illinois 60606-6905
800-757-5755
www.illinoisstocktransfer.com

GENERAL COUNSEL

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Suite 600
Des Moines, Iowa 50309

INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

McGladrey & Pullen, LLP
400 Locust Street
Suite 640
Des Moines, Iowa 50309

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors of West Bancorporation, Inc.:

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of West Bancorporation, Inc. and subsidiaries as of December 31, 2005, and 2004, and the related consolidated statements of income, stockholders' equity, and cash flows (not presented herein) for each of the three years in the period ended December 31, 2005 and in our report dated February 7, 2006, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements appearing in this report is fairly presented, in all material respects, in relation to the consolidated financial statements from which it has been derived.

/s/ MCGLADREY & PULLEN, LLP

Des Moines, Iowa
February 7, 2006

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WEST BANCORPORATION, INC. AND SUBSIDIARIES' BOARDS OF DIRECTORS

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Neurosurgeon

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Vice President, West Bancorporation, Inc.

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Chief Financial Officer, West Bank Treasurer, WB
Capital Management Inc. Treasurer, Investors
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President & Chief Investment Officer,
Investors Management Group, Ltd.

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EUGENE T. MEYER (2)
Director, Division of Criminal Investigation, State of Iowa
Mayor of West Des Moines

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President, The Graham Group, Inc.

AMY MITCHELL (4)
Vice President & Secretary, Investors Management Group, Ltd.

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Chairman, WB Capital Management Inc.

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Vice Chairman, West Bancorporation

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Senior Vice President, West Bank

CONNIE WIMER (1,2,6)

Publisher, Business Publications

BRAD L. WINTERBOTTOM (2,3,4)

President, West Bank

Vice President, West Bancorporation

(1) Director of West Bancorporation, Inc.

(2) Director of West Bank

(3) Director of WB Capital Management Inc.

(4) Director of Investors Management Group, Ltd.

(5) Director Emeritus of West Bank

(6) Audit Committee

(7) Compensation Committee

(8) Nominating & Corporate Governance Committee

WEST BANK OFFICERS

EXECUTIVE OFFICERS

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LYNN E. ROWAT

SENIOR VICE PRESIDENTS

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RONALD H. DEGEN

CATHERINE L. MACKAY

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SENIOR TRUST OFFICER

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WEST BANK LOCATIONS

DES MOINES MARKET

Main Bank
1601 22nd - West Des Moines

Grand
125 Grand Ave - West Des Moines

Urbandale
3255 99th St - Urbandale

North
3839 Merle Hay Rd - Des Moines

City Center
809 6th Ave - Des Moines

Skywalk
501 Locust #214 - Des Moines

East
2742 Hubbell - Des Moines

South
SW 9th & Watrous - Des Moines

EASTERN IOWA MARKET

Downtown
229 S. Dubuque Street - Iowa City

East
1910 Lower Muscatine Road - Iowa City

Coralville
1150 5th Street - Coralville

CUSTOMER SERVICE

Des Moines: 515.222.2360
Iowa City/Coralville: 319.351.4121
24 Hour Telephone Banking:
515.222.0314 / toll free 866.815.7858

VMF CAPITAL
1415 28th Street
Suite 200
West Des Moines, IA 50266

118 Third Ave SE
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West Des Moines, IA 50266

Phone: 800.798.1819

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Phone: 515.222.2300

WWW.WESTBANKIOWA.COM

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