

WEST BANCORPORATION INC
Form DEF 14A
March 07, 2012

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

Filed by the Registrant x

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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
- o Definitive Additional Materials
- o Soliciting Material Under Rule 14a-12

WEST BANCORPORATION, INC.
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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- x No fee required.
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WEST BANCORPORATION, INC.

NOTICE OF ANNUAL SHAREHOLDERS' MEETING TO BE HELD APRIL 26, 2012

Dear Fellow Shareholders:

The West Bancorporation, Inc. (the "Company") Annual Meeting of Shareholders will be held in the David L. Miller Conference Center on the second floor of the West Bank building at 1601 22nd Street, West Des Moines, Iowa on Thursday, April 26, 2012, at 4:00 p.m. Central Time. We will review the progress of the Company and answer questions during the meeting. If a quorum of shareholders is represented at the meeting, in person or by proxy, the following matters will be presented for votes:

- Item 1. The election of eleven 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;
- Item 2. The approval, on a non-binding basis, of the 2011 compensation of the named executive officers disclosed in the proxy statement;
- Item 3. A non-binding advisory vote as to the frequency (every one, two, or three years) of the non-binding shareholder vote to approve the compensation of the named executive officers;
- Item 4. The approval of the West Bancorporation, Inc. 2012 Equity Incentive Plan; and
- Item 5. The ratification of the appointment of McGladrey & Pullen, LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2012.

The Board of Directors has fixed the close of business on February 23, 2012, as the record date for determination of shareholders entitled to notice of and to vote at the Annual Meeting. A list of shareholders entitled to notice will be available for inspection, upon written request, at the Company's offices at 1601 22nd Street, West Des Moines, Iowa, beginning two business days after this notice is first mailed.

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.

Important Notice Regarding the Availability of Proxy Materials for the Shareholders' Meeting to be held on April 26, 2012:

Copies of the documents included in this mailing, the proxy statement, Form 10-K, and summary annual report, are also available at www.sn1.com/irweblinkx/docs.aspx?iid=1021570.

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

For the Board of Directors,

/s/ David R. Milligan

David R. Milligan

Chairman
West Bancorporation, Inc.

March 7, 2012

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WEST BANCORPORATION, INC.

1601 22nd Street
West Des Moines, Iowa 50266

PROXY STATEMENT
2012 ANNUAL MEETING OF SHAREHOLDERS
To Be Held on April 26, 2012

INTRODUCTION

This proxy statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of West Bancorporation, Inc. (the "Company") of proxies to be used at the Annual Meeting of Shareholders (the "Annual Meeting"). The meeting will be held in the David L. Miller Conference Center at the Company's headquarters, 1601 22nd Street, West Des Moines, Iowa, on April 26, 2012, at 4:00 p.m. Central Time, and at any and all adjournments thereof. A copy of the Company's 2011 summary annual report to shareholders and Form 10-K containing the annual report to shareholders, including our consolidated financial statements for the fiscal year ended December 31, 2011, accompany this proxy statement. This proxy statement, form of proxy, and other accompanying materials are first being mailed to shareholders on or about March 7, 2012.

Only shareholders of record at the close of business on February 23, 2012 (the "Shareholders"), 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. Shareholders are entitled to one vote per share outstanding in their names on the record date on all matters that properly come before the meeting. A quorum is necessary to conduct business at the Annual Meeting. A majority of the outstanding shares of the corporation, represented in person or by proxy, shall constitute a quorum.

The five proposals described in this proxy statement are as follows: (i) the election of eleven directors, (ii) the non-binding vote on the 2011 compensation of the named executive officers, (iii) the non-binding advisory vote as to the frequency of the non-binding shareholder vote to approve compensation of the named executive officers, (iv) a vote on the West Bancorporation, Inc. 2012 Equity Incentive Plan, and (v) a vote on ratification of the Company's independent registered public accounting firm. Directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. Accordingly, the eleven nominees for election as directors at the Annual Meeting who receive the greatest number of votes cast for election will be the duly elected directors. Votes withheld from any nominee have no legal effect on the election of directors due to the fact that such elections are by a plurality of the votes cast. The frequency with which future non-binding votes on the compensation of named executive officers will be held will also be decided by a plurality of the votes cast, with the frequency receiving the most votes being considered the choice of Shareholders. Passage of the proposals concerning the 2011 compensation of the named executive officers, approval of the West Bancorporation, Inc. 2012 Equity Incentive Plan, and the appointment of the independent registered public accounting firm requires the number of votes cast for the proposals to exceed the number of votes cast against the proposals. Please note, however, that because the votes on the 2011 compensation of named executive officers and the frequency of future votes on compensation of named executive officers are advisory, the outcome of such votes will not be binding on the Board or the Company. Abstentions and any "broker non-votes," which occur when brokers are prohibited from exercising voting authority for beneficial owners who have not provided voting instructions or otherwise do not vote on a proposition, will not be counted for the purpose of determining the number of votes cast.

If any matters not described in this proxy statement are properly presented at the Annual Meeting, the proxies (Messrs. D. Milligan or Nelson) will use their personal judgment to determine how to vote your shares. The Company is not aware of any matters to be presented at the Annual Meeting other than the proposals described above.

If the Annual Meeting is adjourned and reconvened, the proxies can vote your shares at the reconvened meeting (within eleven months of the date of your proxy) 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, your broker is not permitted to vote on your behalf in the election of directors, on the 2011 compensation of the named executive officers, on the frequency of the shareholder advisory vote on the compensation of the named executive officers, and on the West Bancorporation, Inc. 2012 Equity Incentive Plan. Your broker is generally permitted to vote your shares in its discretion on all other routine matters.

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A holder of stock in the Company's Employee Savings and Stock Ownership Plan can direct the Trustee of the Employee Savings and Stock Ownership Plan how to vote the number of shares held in the Employee Savings and Stock Ownership Plan for the benefit of such holder as of the record date for any matter put to the vote of the Shareholders. If a holder of such shares does not provide timely voting directions to the Trustee, then the Trustee shall vote the shares held for the benefit of the holder in the same proportion as those shares of stock held in the Employee Savings and Stock Ownership Plan for which the Trustee has received proper directions for voting.

A form of proxy is enclosed. 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. 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, returned, and not withdrawn or revoked, then the shares represented thereby will be voted in accordance with your instructions. **IF YOU DO NOT INDICATE A CHOICE FOR ANY PARTICULAR ITEM ON THE PROXY, YOUR SHARES WILL BE VOTED FOR THE ELECTION OF THE NOMINEES FOR DIRECTORS NAMED HEREIN, FOR APPROVAL OF THE 2011 COMPENSATION OF THE NAMED EXECUTIVE OFFICERS DISCLOSED HEREIN, FOR A PERIOD OF ONE-YEAR FOR THE FREQUENCY OF THE SHAREHOLDER ADVISORY VOTE ON THE COMPENSATION OF NAMED EXECUTIVE OFFICERS, FOR THE WEST BANCORPORATION, INC. 2012 EQUITY INCENTIVE PLAN, 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. If you hold your shares in the name of your broker or other fiduciary and desire to revoke your proxy, you will need to contact that party to revoke your 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, email, 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

Item 1. Election of Directors.

The Board recommends a vote FOR each of the nominees listed in the table on the following page.

The Bylaws of the Company provide that the number of directors of the Company shall not be less than 5 or greater than 15. The Board currently consists of eleven members. For reasons explained below in the Report of the Nominating and Corporate Governance Committee, the Board has set the number of directors for 2012 at eleven. Proxies cannot be voted for more than eleven persons.

The term for directors is until the next Annual Meeting of Shareholders and until their successors are duly elected and qualified or until their earlier resignation, removal from office, death, or incapacitation.

Properly executed 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 size of the Board will be reduced accordingly. Any Shareholder has the option to withhold authority to vote for any or all nominees or to withhold authority to vote for individual nominees. Votes withheld from any nominee have no legal effect on the election of directors due to the fact that such elections are by a plurality of the votes cast.

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Information concerning the nominees, including their ages, year first elected as director, and business experience during the previous five years as of February 23, 2011, is set forth below. All of the nominees are currently serving as directors of the Company and its wholly-owned bank subsidiary, West Bank.

Name (Age)	Has Served as Director Since	Principal Occupation and/or Position with Company and its Subsidiary
Frank W. Berlin (Age 66)	1995	President, Frank W. Berlin & Associates, and Director of the Company and West Bank West Des Moines, Iowa
Thomas A. Carlstrom (Age 66)	2009	Neurosurgeon, private practice, and Director of the Company and West Bank Des Moines, Iowa
Joyce A. Chapman (Age 67)	2009	Retired, and Director of the Company and West Bank Des Moines, Iowa
Steven K. Gaer (Age 51)	2011	Chief Operating Officer and General Counsel, R&R Realty Group, and Director of the Company and West Bank West Des Moines, Iowa
Kaye R. Lozier (Age 66)	2009	Director of Donor Relations, Community Foundation of Greater Des Moines, and Director of the Company and West Bank Des Moines, Iowa
David R. Milligan (Age 64)	2009	Chairman and Director of the Company and Director of West Bank
George D. Milligan (Age 55)	2005	President, The Graham Group, Inc., and Director of the Company and West Bank Des Moines, Iowa
David D. Nelson (Age 51)	2010	Chief Executive Officer, President, and Director of the Company; Chairman, Chief Executive Officer, and Director of West Bank
James W. Noyce (Age 56)	2009	Retired, and Director of the Company and West Bank West Des Moines, Iowa
Robert G. Pulver (Age 64)	1984	President and Chief Executive Officer, All-State Industries, Inc., and Director of the Company and West Bank West Des Moines, Iowa
Lou Ann Sandburg (Age 63)	2011	Retired, and Director of the Company and West Bank Clive, Iowa

The particular experiences, qualifications, attributes, and skills that led the Board to conclude that each nominee should serve as a director are as follows.

Frank W. Berlin has served as a Director of West Bank since 1995. Mr. Berlin is President of Frank W. Berlin & Associates, a West Des Moines company specializing in employee benefits. He has extensive knowledge of and familiarity with the Central Iowa business community. He also has extensive knowledge and experience with executive compensation programs.

Thomas A. Carlstrom has served as a Director of West Bank since 1996. Dr. Carlstrom is a neurosurgeon in private practice in Des Moines. He has extensive knowledge of and familiarity with the Central Iowa business community.

Joyce A. Chapman has served as a Director of West Bank since 1975. Mrs. Chapman served as an officer of West Bank from 1971 until she retired as Executive Vice President in 2006. During her career at West Bank, she served in a variety of capacities, covering virtually all aspects of bank administration and operation. Mrs. Chapman is also a

board member of the public company American Equity Investment Life Holding Company. She has extensive knowledge and experience with bank regulation as well as practices and procedures. She also has extensive knowledge of and familiarity with the Central Iowa business community.

Steven K. Gaer has served as a Director of West Bank since April 2011. Mr. Gaer is Chief Operating Officer and General Counsel for R&R Realty Group, one of Central Iowa's largest commercial real estate development, management, and investment companies. He has extensive knowledge of commercial real estate structuring, financing and underwriting. He is also currently serving as the Mayor of the City of West Des Moines, Iowa, a position he has held since April 2007. Mr. Gaer is currently serving on the following boards: Greater Des Moines Partnership; Choose Des Moines Communities; Metropolitan Planning Organization; and the County Assessor Boards for Polk, Dallas, Madison, and Warren counties. Mr. Gaer has familiarity with the Central Iowa business community.

Kaye R. Lozier has served as a Director of West Bank since 2005. Mrs. Lozier is the Director of Donor Relations for the Community Foundation of Greater Des Moines. She is involved in the Des Moines area, serving as Chair for the Des Moines Enterprise Zone Commission. She has extensive knowledge of and familiarity with the Central Iowa business community.

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David R. Milligan has served as a Director of West Bank since 2000. Mr. Milligan has served as Chairman of the Company since April 2010. Mr. Milligan joined West Bank in 1980 and served in various capacities, including General Counsel. He retired as Executive Vice President of the Company, and as Chairman and Chief Executive Officer of West Bank on December 31, 2004. He served as a Director of the Company from 2002 through 2004, and as Vice Chairman of West Bank until December 2006. He was a self-employed attorney and “Of Counsel” with Ahlers & Cooney, P.C. of Des Moines, Iowa, from March 2007 through February 2009. Mr. Milligan resumed part-time employment with West Bank in February 2009 and full-time employment in May 2009. Mr. Milligan was elected interim Chief Executive Officer of the Company and interim Chief Executive Officer and Chairman of West Bank in July 2009 and served in those positions until April 1, 2010. He then served as Executive Vice President of West Bank from April 1, 2010, through April 30, 2010. He has extensive knowledge of bank regulatory matters, loan portfolio management, corporate governance, and the Central Iowa business community.

George D. Milligan has served as a Director of West Bank since 1994. Mr. Milligan is President of the Graham Group, Inc., a Des Moines, Iowa-based real estate development and investment company. He has extensive knowledge of commercial real estate financing and underwriting and familiarity with the Central Iowa business community. He is also a board member of the public company, United Fire & Casualty Company of Cedar Rapids, Iowa.

David D. Nelson has served as a Director of West Bank since April 2010. Mr. Nelson joined the Company on April 1, 2010, as Chief Executive Officer and President and as Chairman and Chief Executive Officer of West Bank. Mr. Nelson has more than 25 years of experience in commercial banking. Prior to joining the Company, he was the President of Southeast Minnesota Business Banking and President, Wells Fargo Bank Rochester, in Rochester, Minnesota. He has strong backgrounds in customer relationship building, credit, and leadership development.

James W. Noyce has served as a Director of West Bank since July 2009. Mr. Noyce has nearly three decades of experience in the financial services industry, most recently as Chief Executive Officer of FBL Financial Group, Inc. and Farm Bureau Financial Services Companies from January 2007 through April 2009, and Chief Financial Officer from January 1996 through December 2006. Prior to that, Mr. Noyce held various positions with FBL Financial Group, Inc. and Farm Bureau Financial Services Companies, including Controller and Vice President. He served on the Advisory Committee to Farm Bureau Bank for approximately seven years until May 2009. Mr. Noyce served as the Senior Advisor and Major Gifts Officer for Drake University Athletics from August 2009 to November 2010. Mr. Noyce is a board member of the public company United Fire & Casualty Company of Cedar Rapids, Iowa. He is also a board member of the registered investment company Berthel Fisher Financial Services, Inc. of Marion, Iowa. He is an audit committee financial expert and serves as chair of the Audit Committee. Mr. Noyce is a certified public accountant (inactive), a Fellow of the Casualty Actuarial Society, and an Associate of the Society of Actuaries.

Robert G. Pulver has served as a Director of West Bank since 1981. He has also served as Vice Chairman of the Board since July 2009. Mr. Pulver is the President and Chief Executive Officer of All-State Industries, Inc., an industrial rubber products manufacturer, which he founded and has operated for 35 years. He has extensive knowledge of and familiarity with the Central Iowa business community.

Lou Ann Sandburg has served as a Director of West Bank since April 2011. Mrs. Sandburg served as Vice President of Investments at FBL Financial Group, a publicly traded financial services company located in West Des Moines, Iowa, from 1998 until her retirement in 2008. From 1980 through 1998, Mrs. Sandburg managed various fixed-income portfolios at FBL. Mrs. Sandburg is a board member of the registered investment company Berthel Fisher Financial Services, Inc. of Marion, Iowa. She is also a chartered financial analyst.

As noted above, with the exception of Mrs. Chapman, who is a Director of American Equity Investment Life Holding Company, Mr. G. Milligan, who is a Director of United Fire & Casualty Company, Mr. Noyce, who is a Director of

United Fire & Casualty Company and Berthel Fisher Financial Services, Inc., and Mrs. Sandburg, who is a Director of Berthel Fisher Financial Services, Inc., 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 of 1934, as amended (the "Exchange Act"), or registered as an investment company under the Investment Company Act of 1940. Additionally, those are the only directorships which require disclosure that have been held by the nominees in 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.

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Item 2. Approve the 2011 Compensation of the Company's Named Executive Officers.

The Board recommends a vote FOR approval of the 2011 compensation of the named executive officers. Proxies in the accompanying form will be voted FOR approval of the 2011 compensation of the named executive officers unless contrary instructions are given.

Section 14A of the Exchange Act, as created by Section 951 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act"), enacted in July 2010, and the rules and regulations promulgated thereunder by the Securities and Exchange Commission (the "SEC"), require publicly traded companies, such as the Company, to conduct an advisory shareholder vote to approve compensation of named executive officers. This proposal, commonly known as a "Say-on-Pay" proposal, gives shareholders the opportunity to endorse or not endorse the Company's pay program for its named executive officers. The Company is requesting Shareholder approval, on an advisory basis, of the compensation of the Company's named executive officers for 2011 as listed in the Summary Compensation Table (appearing on page 28 of this proxy statement) and as described in more detail in the Compensation Discussion and Analysis section of this proxy statement. The Company believes that its executive compensation programs, as explained in the Executive Compensation section of this proxy statement, are straightforward and reasonable. As explained in the Compensation Discussion and Analysis section, the general objectives and important factors for the Company's executive compensation program include significant emphasis on the long-term success of the Company through long-term performance of its executives. Shareholders are urged to read carefully the Compensation Discussion and Analysis section of this proxy statement, as well as the Summary Compensation Table and narrative disclosures that describe the compensation of our named executive officers in 2011. The Board has previously approved the 2011 compensation.

The following resolution is submitted for Shareholder approval:

"RESOLVED, that West Bancorporation, Inc.'s Shareholders approve, on an advisory basis, its executive compensation as described in the section captioned 'Compensation Discussion and Analysis' and the tabular disclosure regarding named executive officer compensation under 'Executive Compensation' contained in the West Bancorporation's proxy statement dated March 7, 2012."

Approval of this resolution requires the number of votes cast for the proposal to exceed the number of votes cast against the proposal at the Annual Meeting. While this Say-on-Pay vote is required, as provided in Section 14A of the Exchange Act, it is not binding on the Board and may not be construed as overruling any decision by the Board. However, the Compensation Committee will take into account the outcome of the votes when considering future compensation arrangements.

Item 3. Provide a Non-Binding Advisory Vote as to the Frequency (Every One, Two or Three Years) of the Non-Binding Shareholder Vote to Approve the Compensation of the Company's Named Executive Officers.

The Board recommends a vote FOR a one-year frequency for the non-binding Shareholder vote to approve the compensation of our named executive officers. Proxies in the accompanying form will be voted FOR approval of the one-year frequency unless contrary instructions are given.

Section 14A of the Exchange Act, as created by Section 951 of the Dodd-Frank Act, and the rules and regulations promulgated thereunder, require publicly traded companies, such as the Company, to provide a resolution to determine whether shareholder votes on the compensation of the named executive officers, such as the proposal contained in Item 2 above, will occur every one, two, or three years. In accordance with these requirements we are providing Shareholders with an advisory vote on the frequency with which our Shareholders will vote on the compensation of the named executive officers.

The advisory vote on the frequency of Say-on-Pay votes is a non-binding vote as to how often Say-on-Pay votes should occur: every year, every two years or every three years. In addition to those choices, Shareholders may also abstain from voting. Section 14A of the Exchange Act requires us to hold an advisory vote on the frequency of Say-on-Pay votes at least once every six years.

After careful consideration, the Board is recommending that future shareholder Say-on-Pay votes be conducted annually. The Board values and encourages constructive input from our shareholders regarding the Company's compensation philosophy, policies and practices, and believes it is important that such policies and practices are aligned with the best interests of our shareholders. An annual Say-on-Pay vote will provide the Board and the Compensation Committee with useful information on shareholder sentiment about these important matters on the most frequent and consistent basis.

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Although the Board recommends a Say-on-Pay vote every year, Shareholders are not voting to approve or disapprove the Board's recommendation. Rather, Shareholders are being asked to vote on the following resolution:

“RESOLVED, that the Shareholders of West Bancorporation determine, on an advisory basis, that the frequency with which the shareholders shall have an advisory vote on the compensation of the named executive officers set forth in West Bancorporation's proxy statement for its annual meeting of shareholders, beginning with the 2012 Annual Meeting of Shareholders, is (i) every year, (ii) every two years, or (iii) every three years.”

The choice which receives the highest number of votes will be deemed the choice of the Shareholders.

While this advisory vote is required, as provided in Section 14A of the Exchange Act, it is not binding on the Board and may not be construed as overruling any decision by the Board. However, the Board will take into account the outcome of the vote when determining the frequency of future Say-on-Pay votes.

Item 4. Approve the West Bancorporation, Inc. 2012 Equity Incentive Plan.

The Board recommends a vote FOR approval of the West Bancorporation, Inc. 2012 Equity Incentive Plan.

On January 25, 2012, the Board approved the West Bancorporation, Inc. 2012 Equity Incentive Plan (the “2012 Plan”) for the Company and its subsidiary, subject to Shareholder approval. A summary of the material provisions of the 2012 Plan is set forth below. A copy of the 2012 Plan is attached to this proxy statement as Exhibit A.

Purpose

The 2012 Plan was established by the Board to promote the Company's long-term financial success, to attract, retain and reward persons who can and do contribute to the Company's success, and to further align the 2012 Plan participants' interests with those of the Company's shareholders. The 2012 Plan will be administered by a committee selected by the Board (the "Committee"). Currently the Compensation Committee shall serve as the Committee under the 2012 Plan, which will select award recipients from the eligible participants, determine the types of awards to be granted, the number of shares covered by the awards, and the applicable terms, conditions, performance criteria, restrictions and other provisions of such awards, including any vesting or accelerated vesting requirements or conditions applicable to an award or awards.

General

The 2012 Plan incorporates a broad variety of equity-based and cash-based incentive compensation elements to provide the Committee with significant flexibility to address the requirements and limitations of applicable legal, regulatory, and financial accounting standards in a manner mutually consistent with the purposes of the 2012 Plan and shareholder interests.

The maximum number of shares of the Company's common stock that could be issued and delivered to participants, or their beneficiaries, under the 2012 Plan is 800,000 shares, subject to permitted adjustments for certain corporate transactions and for forfeited shares. This equals approximately 4.6 percent of the current outstanding common shares as of the date of this proxy statement.

If the Shareholders approve the 2012 Plan, the West Bancorporation, Inc. Restricted Stock Compensation Plan (the “Restricted Stock Compensation Plan”) will be terminated as of the date of Shareholder approval of the 2012 Plan. The Restricted Stock Compensation Plan allowed the Company to purchase 300,000 shares for grants to participants, however, there are no outstanding awards under the Restricted Stock Compensation Plan as of the date of this proxy

statement.

To the extent that any shares covered by an award under the 2012 Plan are forfeited or are not delivered for any reason, including because the award is forfeited, canceled or settled in cash, or shares are withheld to satisfy tax withholding requirements, the shares will not be deemed to have been delivered for purposes of determining the maximum number of shares available for delivery under the 2012 Plan. For stock appreciation rights (“SARs”) that are settled in stock, only the actual shares delivered will be counted for purposes of these limitations. If any option granted under the 2012 Plan is exercised by tendering shares, only the number of shares issued net of the shares tendered will be counted for purposes of these limitations. If the withholding tax liabilities arising from an award under the 2012 Plan are satisfied by the tendering of shares of Company common stock to the Company or by the withholding of shares by the Company, such shares will not be deemed to have been delivered for purposes of determining the maximum number of shares available for delivery under the 2012 Plan.

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The 2012 Plan's effective date is January 25, 2012, subject to approval by the Company's Shareholders. If approved, the 2012 Plan will continue in effect until terminated by the Board; provided, however, that no awards may be granted under the 2012 Plan after the 10-year anniversary of its effective date. Any awards that are outstanding after the 10th anniversary of the effective date will remain subject to the terms of the 2012 Plan.

The following additional limits apply to awards under the 2012 Plan:

The maximum number of shares that may be covered by options or SARs that are intended to be "performance-based compensation" under Section 162(m) of the Internal Revenue Code of 1986 (the "Code") that are granted to any one participant during any calendar year is 50,000 shares;

The maximum number of shares that may be covered by stock awards that are intended to be "performance-based compensation" under Code Section 162(m) that are granted to any one participant during any calendar year is 50,000 shares; and

The maximum amount of cash incentive awards or cash-settled stock awards that are intended to be "performance-based compensation" under Code Section 162(m) payable to any one participant with respect to any calendar year is \$500,000.

The Committee may use shares available under the 2012 Plan as the form of payment for grants or rights earned or due under any compensation plans or arrangements of the Company or a subsidiary, including the plans and arrangements of the Company or a subsidiary assumed in business combinations.

In the event of a corporate transaction involving the stock of the Company (such as a stock dividend, stock split, recapitalization, reorganization or merger), the foregoing share limitations and all outstanding awards will automatically be adjusted proportionally and uniformly to reflect such event to the extent that the adjustment will not affect an award's status as "performance-based compensation" under Code Section 162(m). However, the Committee may adjust awards, or prevent the automatic adjustment of awards, to preserve the benefits or potential benefits of awards under the 2012 Plan.

Awards granted under the 2012 Plan generally will not be transferable except as designated by the participant by will or by the laws of descent and distribution or pursuant to a "qualified domestic relations order," as defined in the Code and the Employee Retirement Income Security Act of 1974; provided, however, that the Committee has the discretion to permit the transfer of awards under the 2012 Plan to immediate family members of participants, trusts and partnerships established for the primary benefit of such family members or to charitable organizations; provided, further, that such transfers are made without consideration to the participant.

Eligibility

Selected employees and directors of, and service providers to, the Company and its subsidiaries are eligible to become participants in the 2012 Plan, except that non-employees may not be granted incentive stock options. The Committee will determine the specific individuals who will be granted awards under the 2012 Plan and the type and amount of any such awards.

Options

The Committee may grant incentive stock options and nonqualified stock options to purchase stock at a specified exercise price. Each award must be pursuant to an award agreement setting forth the terms of the individual award. Awards of options must expire no later than ten years from the date of the grant (and no later than five years for incentive stock options granted to a person that beneficially owns ten percent or more of the Company's common stock).

The exercise price for any option may not be less than the fair market value of the Company's common stock on the date the option is granted. In addition, the exercise price of an incentive stock option granted to a person that beneficially owns ten percent or more of the Company's common stock at the time of grant may not be less than 110 percent of the fair market value of the stock on the date the option is granted. The exercise price of an option may, however, be higher or lower than the fair market value for an option granted in replacement of an existing award held by an employee or director of, or service provider to, a third party that is acquired by the Company or one of its subsidiaries. The exercise price of an option may not be decreased after the date of grant nor may an option be surrendered to the Company as consideration for the grant of a replacement option with a lower exercise price, except as approved by the Company's shareholders, as adjusted for corporate transactions described above, or in the case of options granted in replacement of existing awards granted under a predecessor plan.

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Options awarded under the 2012 Plan will be exercisable in accordance with the terms established by the Committee. Any incentive stock option granted under the 2012 Plan that fails to continue to qualify as an incentive stock option will be deemed to be a nonqualified stock option and the Committee may unilaterally modify any incentive stock option to disqualify it as an incentive stock option. The full purchase price of each share of stock purchased upon the exercise of any option must be paid at the time of exercise of an option. Except as otherwise determined by the Committee, the purchase price of an option may be paid in cash, by personal, certified or cashiers' check, in shares of the Company's common stock (valued at fair market value as of the day of exercise) either via attestation or actual delivery, by net exercise, by other property deemed acceptable by the Board, by irrevocably authorizing a third party to sell shares of the Company's common stock and remit a sufficient portion of the proceeds to the Company to satisfy the exercise price (sometimes referred to as a "cashless exercise") or in any combination of the foregoing methods deemed acceptable by the Committee. In a net exercise, the person exercising the option does not pay any cash and the net number of shares received will be equal in value to the number of shares as to which the option is being exercised, multiplied by a fraction, the numerator of which is the fair market value less the exercise price, and the denominator of which is fair market value.

Stock Appreciation Rights

SARs entitle the participant to receive cash or stock equal in value to, or based on the value of, the amount by which the fair market value of a specified number of shares on the exercise date exceeds an exercise price established by the Committee. Except as described below, the exercise price for a SAR may not be less than the fair market value of the stock on the date the SAR is granted. However, the exercise price may be higher or lower than fair market value for a SAR granted in replacement of an existing award held by an employee, director or service provider of a third party that is acquired by the Company or one of its subsidiaries, or for SARs granted under a predecessor plan. SARs will be exercisable in accordance with the terms established by the Committee.

Stock Awards

A stock award is a grant of shares of the Company's common stock or a right to receive shares of the Company's common stock, an equivalent amount of cash or a combination thereof in the future. Awards may include, but are not limited to, bonus shares, stock units, performance shares, performance units, restricted stock or restricted stock units, or any other equity-based award as determined by the Committee. Any specific performance measures, performance objectives, or period of service requirements are set by the Committee in its discretion.

Cash Incentive Awards

A cash incentive award is the grant of a right to receive a payment of cash, determined on an individual basis or as an allocation of an incentive pool (or the Company's common stock having a value equivalent to the cash otherwise payable) that is contingent on the achievement of performance objectives established by the Committee. The Committee may grant cash incentive awards (including the right to receive payment of cash or the Company's common stock having the value equivalent to the cash otherwise payable) that may be contingent on achievement of performance objectives over a specified period established by the Committee. The grant of cash incentive awards may also be subject to such other conditions, restrictions and contingencies, as determined by the Committee.

Forfeiture

Unless specifically provided to the contrary in the applicable award agreement, if a participant's service is terminated for cause, any outstanding award held by the participant will be forfeited immediately and the participant will have no further rights under the award.

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Further, except as otherwise provided by the Committee, if a participant breaches a non-competition, non-solicitation, non-disclosure, non-disparagement or other restrictive covenant in any agreement between the participant and the Company or a subsidiary, whether during or after the participant's termination of service, the participant will forfeit or pay the following to the Company:

• All outstanding awards granted to the participant under the 2012 Plan, including awards that have become vested or exercisable;

• Any shares held by the participant in connection with the 2012 Plan that were acquired after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service; The profit realized by the participant from the exercise of any stock options and SARs that the participant exercised after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service; and

The profit realized by the participant from the sale or other disposition of any shares received by the participant in connection with the 2012 Plan after the participant's termination of service and within the 12-month period immediately preceding the participant's termination of service, where such sale or disposition occurs in such similar time period.

\$1 Million Limit

Code Section 162(m)

A U.S. income tax deduction for the Company generally will be unavailable for annual compensation in excess of \$1 million paid to a "covered employee" (our Chief Executive Officer and three other most highly compensated executive officers other than the Chief Financial Officer). However, amounts that constitute "performance-based compensation" under Code Section 162(m) are not counted toward the \$1 million limit. It is generally expected that options and SARs granted under the 2012 Plan will satisfy the requirements for "performance-based compensation." The Committee may designate whether any stock awards or cash incentive awards granted to any participant are intended to be "performance-based compensation." Any such awards designated as intended to be "performance-based compensation" will be conditioned on the achievement of one or more performance measures, to the extent required by Code Section 162(m).

Performance Measures

The performance measures that may be used for awards designated as intended to be "performance-based compensation" will be based on any one or more of the following performance measures as selected by the Committee: earnings (such as earnings before interest and taxes, earnings before interest, taxes, depreciation and amortization, or earnings per share); financial return ratios (such as return on investment, return on invested capital, return on equity or return on assets); "Texas Ratio"; expense ratio; efficiency ratio; increase in revenue or operating or net cash flows; cash flow return on investment; total shareholder return; market share; net operating income, operating income or net income; debt load reduction; loan and lease losses; expense management; economic value added; stock price; book value; overhead; assets; asset quality level; charge offs; loan loss reserves; nonperforming assets; loans; deposits; growth of loans, deposits or assets; interest sensitivity gap levels; regulatory compliance; improvement of financial rating; achievement of balance sheet or income statement objectives; improvements in capital structure; profitability; profit margins; budget comparisons or strategic business objectives, consisting of one or more objectives based on meeting specific cost targets, business expansion goals, or goals relating to acquisitions or divestitures. Performance measures may be based on the performance of the Company as a whole or of any one or more subsidiaries, business units of the Company or a subsidiary, or a specific, or group of, product lines, and may be measured relative to a peer group, an index or a business plan. The terms of any award may provide that partial achievement of performance criteria may result in partial payment or vesting of the award. Additionally, in establishing the performance measures,

the Committee may provide for the inclusion or exclusion of certain items.

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Change In Control

Unless otherwise provided in an award agreement, upon the occurrence of a change in control, all stock options and SARs under the 2012 Plan then held by a participant will become fully exercisable immediately, and all stock awards and cash incentive awards will become fully earned and vested immediately, if (i) the 2012 Plan is not fully assumed in the change in control or (ii) the 2012 Plan is fully assumed in the change in control and the participant incurs a termination of service without cause or for good reason following the change in control. Notwithstanding the immediately preceding sentence, if the vesting of an award is conditioned upon the achievement of performance measures, then such vesting will be subject to the following: if, at the time of the change in control, the performance measures are less than 50 percent attained (based upon a pro rata determination through the change in control), the award will become vested and exercisable on a fractional basis with the numerator being equal to the percentage of attainment and the denominator being 50 percent; and if, at the time of the change in control, the performance measures are at least 50 percent attained (based upon a pro rata determination through the change in control), the award will become fully earned and vested immediately upon the change in control.

For purposes of the 2012 Plan, a “change in control” generally will be deemed to occur when (i) any person acquires the beneficial ownership of 51 percent or more of the voting stock of the Company, except that the acquisition of such an interest by a benefit plan sponsored by the Company or through a corporate restructuring in which another member of the Company's control group acquires such an interest generally will not be a change in control for purposes of the 2012 Plan, (ii) during any 12-month period, a majority of the board members serving as of the 2012 Plan's effective date, or whose election was approved by a vote of a majority of the directors then in office, no longer serves as directors, (iii) the Company combines or merges with another company and, immediately after the combination, the shareholders of the Company immediately prior to the combination hold, directly or indirectly, 51 percent or less of the voting stock of the resulting company or (iv) the consummation of a complete liquidation or dissolution or an agreement for the disposition of all or substantially all of the assets of the Company occurs. In the event an award under the 2012 Plan constitutes “deferred compensation” for purposes of Code Section 409A, and the settlement or distribution of the award is triggered by a change in control, then such settlement or distribution will be subject to the event constituting the change in control also constituting a “change in control event” for purposes of Code Section 409A.

Amendment and Termination

The Board may at any time amend or terminate the 2012 Plan or any award granted under the 2012 Plan, but no amendment or termination may impair the rights of any participant without the participant's written consent. The Board may not amend any provision of the 2012 Plan to materially increase the original number of shares that may be issued under the 2012 Plan (other than as provided in the 2012 Plan), materially increase the benefits accruing to a participant or materially modify the requirements for participation in the 2012 Plan without approval of the Company's shareholders. Notwithstanding the foregoing, the Board may amend the 2012 Plan at any time, retroactively or otherwise, to ensure that the 2012 Plan complies with current or future law without shareholder approval, and the Board may unilaterally amend the 2012 Plan and any outstanding award, without participant consent, in order to avoid the application of, or to comply with, Code Section 409A.

Clawback Policy

All awards, amounts and benefits received under the 2012 Plan will be subject to potential cancellation, recoupment, rescission, payback or other action in accordance with the terms of any applicable Company clawback policy.

U.S. Federal Income Tax Considerations

The following is a summary of the current U.S. federal income tax consequences that may arise in conjunction with participation in the 2012 Plan.

Nonqualified Stock Options

The grant of a nonqualified stock option generally will not result in taxable income to the participant. Except as described below, the participant generally will realize ordinary income at the time of exercise in an amount equal to the excess of the fair market value of the shares acquired over the exercise price for those shares and the Company generally will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

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Incentive Stock Options

The grant of an incentive stock option generally will not result in taxable income to the participant. The exercise of an incentive stock option generally will not result in taxable income to the participant, provided that the participant was, without a break in service, an employee of the Company or a subsidiary during the period beginning on the date of the grant of the option and ending on the date three months prior to the date of exercise (one year prior to the date of exercise if the participant is disabled, as that term is defined in the Code).

The excess of the fair market value of the shares at the time of exercise of an incentive stock option over the exercise price generally will be an adjustment that is included in the calculation of the participant's alternative minimum taxable income for the tax year in which the incentive stock option is exercised. For purposes of determining the participant's alternative minimum tax liability for the year of disposition of the shares acquired pursuant to the incentive stock option exercise, the participant generally will have a basis in those shares equal to the fair market value of the shares at the time of exercise.

If the participant does not sell or otherwise dispose of the shares within two years from the date of the grant of the incentive stock option or within one year after the transfer of such stock to the participant, then, upon disposition of such shares, any amount realized in excess of the exercise price generally will be taxed to the participant as capital gain. A capital loss generally will be recognized to the extent that the amount realized is less than the exercise price.

If the foregoing holding period requirements are not met, the participant generally will realize ordinary income at the time of the disposition of the shares, in an amount equal to the lesser of (i) the excess of the fair market value of the shares on the date of exercise over the exercise price, or (ii) the excess, if any, of the amount realized upon disposition of the shares over the exercise price, and the Company generally will be entitled to a corresponding deduction. If the amount realized exceeds the value of the shares on the date of exercise, any additional amount generally will be capital gain. If the amount realized is less than the exercise price, the participant generally will recognize no income, and a capital loss will be recognized equal to the excess of the exercise price over the amount realized upon the disposition of the shares.

Stock Appreciation Rights

The grant of a SAR generally will not result in taxable income to the participant. Upon exercise of a SAR, the fair market value of shares received generally will be taxable to the participant as ordinary income and the Company will be entitled to a corresponding deduction. Gains and losses realized by the participant upon disposition of any such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of exercise.

Stock Awards

A participant who has been granted a stock award generally will not realize taxable income at the time of grant, provided that the stock subject to the award is not delivered at the time of grant, or if the stock is delivered, it is subject to restrictions that constitute a "substantial risk of forfeiture" for U.S. income tax purposes. Upon the later of delivery or vesting of shares subject to an award, the holder generally will realize ordinary income in an amount equal to the then fair market value of those shares and the Company will be entitled to a corresponding deduction. Gains or losses realized by the participant upon disposition of such shares generally will be treated as capital gains and losses, with the basis in such shares equal to the fair market value of the shares at the time of delivery or vesting. Dividends paid to the holder during the restriction period, if so provided, generally will also be compensation income to the participant and the Company will be entitled to a corresponding deduction.

Cash Incentive Awards

A participant who has been granted a cash incentive award generally will not realize taxable income at the time of grant, provided that no cash is actually paid at the time of grant. Upon the payment of any cash in satisfaction of the cash incentive award, the participant generally will realize ordinary income in an amount equal to the cash award received and the Company will be entitled to a corresponding deduction.

Withholding of Taxes

The Company may withhold amounts from participants to satisfy withholding tax requirements with respect to awards under the 2012 Plan. Except as otherwise provided by the Committee, participants may have shares withheld from awards or may tender previously owned shares to the Company to satisfy tax withholding requirements. The shares withheld from awards may only be used to satisfy the Company's minimum statutory withholding obligation.

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Change in Control

Any acceleration of the vesting or payment of awards under the 2012 Plan in the event of a change in control in the Company may cause part or all of the consideration involved to be treated as an “excess parachute payment” under the Code, which may subject the participant to a 20 percent excise tax and preclude deduction by the Company.

Tax Advice

The preceding discussion is based on U.S. federal tax laws and regulations presently in effect, which are subject to change, and the discussion does not purport to be a complete description of the U.S. federal income tax aspects of the 2012 Plan. A participant may also be subject to state and local taxes in connection with the grant of awards under the 2012 Plan. The Company strongly encourages participants to consult with their individual tax advisors to determine the applicability of the tax rules to the awards granted to them in their personal circumstances.

* * * * *

The number and types of awards to be made pursuant to the 2012 Plan are subject to the discretion of the Committee and are not determinable at this time. It is anticipated that the Committee will consider making grants to its named executive officers and other employees under the 2012 Plan later in the current calendar year.

Under applicable law, the adoption of the 2012 Plan requires the number of votes cast for the proposal to exceed the number of votes cast against the proposal at the Annual Meeting. In tabulating the votes, broker non-votes and abstentions on the adoption of the 2012 Plan will be disregarded and have no effect on the outcome of the vote.

EQUITY COMPENSATION PLAN INFORMATION

The Company currently maintains the West Bancorporation, Inc. Restricted Stock Compensation Plan that provides for the grant of Company common stock to officers, other employees and directors. The Restricted Stock Compensation Plan was approved by our shareholders in 2005. If the Shareholders approve the 2012 Plan, the Restricted Stock Compensation Plan will be terminated with no awards outstanding. The following table sets forth information regarding outstanding options and shares available for future issuance under these plans as of December 31, 2011:

Plan Category	Number of shares to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of shares remaining available for future issuance under equity compensation plans (excluding shares reflected in column (a)) (c)
Equity compensation plans approved by shareholders	—	—	300,000
Equity compensation plans not approved by shareholders	—	—	—
Total	—	—	300,000

Item 5. Ratify the Appointment of Independent Registered Public Accounting Firm.

The Board recommends a vote FOR the ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the year ending December 31, 2012. 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, 2012, unless contrary instructions are given.

The Audit Committee of the Board has selected 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, 2012. McGladrey & Pullen, LLP will conduct the audit examination of the Company and its subsidiary for 2012. McGladrey & Pullen, LLP was also the independent registered public accounting firm and performed the Company's audit for the years ending December 31, 2011 and 2010. 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 2011 and 2010, 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.

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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 future determination regarding McGladrey & Pullen, LLP. Even 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 if it determines that such a change would be in the best interests of the Company and its shareholders.

Under applicable law, the ratification of the appointment of McGladrey & Pullen, LLP requires the number of votes cast for the proposal to exceed the number of votes cast against the proposal at the Annual Meeting. In tabulating the votes, broker non-votes and abstentions on the ratification of the appointment of McGladrey & Pullen, LLP will be disregarded and have no effect on the outcome of the vote.

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

General

Generally, the Board oversees our business and monitors the performance of our management. In accordance with our corporate governance procedures, the Board does not involve itself in the day-to-day operations of the Company, which is monitored by our executive officers and management. Our directors fulfill their duties and responsibilities by attending regular meetings of the full Board, which are generally held on a quarterly basis, special meetings held from time to time and through committee membership, which is discussed below. Our directors also discuss business and other matters with our key executives and our principal external advisors, such as our legal counsel, auditors, and other consultants.

The Board currently has eleven directors and will have eleven directors after the Annual Meeting if all nominees stand for election. The Board has determined that the following nine existing directors are “independent” as defined by the Nasdaq Listing Rule 5605(a)(2) and Item 407 of Regulation S-K, and the Board has determined that the independent directors do not have other relationships with us that prevent them from making objective, independent decisions.

Frank W. Berlin
Thomas A. Carlstrom
Joyce A. Chapman
Steven K. Gaer
Kaye R. Lozier
George D. Milligan
James W. Noyce
Robert G. Pulver
Lou Ann Sandburg

In 2011, the Board held four regularly scheduled quarterly meetings, one organizational meeting, two special meetings, and two Executive Committee meetings. Each director is required to attend at least 75 percent of the full Board meetings and the meetings of any committees on which the director serves. This requirement was satisfied by all directors. Board members are encouraged to attend the Annual Shareholders' Meeting, and all Board members attended the 2011 Annual Meeting, except Mr. Gaer.

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, Corporate Governance section of the Company's website (www.westbankiowa.com). The membership and primary responsibilities of the committees are described below. The 2011 report of each committee follows its description.

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Board Leadership Structure

The Board believes that having a non-chief executive officer director serve as Chairman of the Board is in the best interests of shareholders. The Board intends to maintain the leadership structure of a non-chief executive officer chairman for at least the foreseeable future. The Board and its Nominating and Corporate Governance Committee believe that this structure will continue to be particularly useful in providing consistent oversight and strategic direction to the Company. The Board does not intend to micro-manage the Company and expects Mr. Nelson to take the lead in developing strategic plans and day-to-day leadership and performance of the Company. The Board intends to periodically review its leadership structure and make changes as dictated by the circumstances and the best interests of the shareholders.

Board's Role in Risk Oversight

The Board has historically performed its risk oversight function primarily through its three standing committees (Audit, Compensation, and Nominating and Corporate Governance), which report to the whole Board and are comprised solely of independent directors. The Board also uses an Executive Committee comprised of four independent directors, the Chairman, and the Chief Executive Officer for updates and consultations on an as needed basis. This structure has provided greater day-to-day Board awareness of policy and operational issues at the Company.

The Board's Audit Committee, which also functions as West Bank's Audit Committee, is charged with reviewing with management the Company's financial, credit, market, liquidity, reputation, transaction, and operational risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies. These reviews are completed at least annually. The Audit Committee receives quarterly reports of the securities in West Bank's investment portfolio. In addition, the Audit Committee has quarterly executive sessions with both the Company's independent and internal auditors concerning any topic of concern to the auditors. Internal auditing is done by an independent public accounting firm retained by the Audit Committee. The Audit Committee also retains and receives an annual report from an independent public accounting firm employed specifically to review West Bank's Trust Department.

The Compensation Committee is charged in its charter with at least annually reviewing all compensation policies, practices, and plans of the Company to determine whether they encourage excessive risk-taking or pose any other threat to the safety and soundness of the Company or West Bank or are otherwise inconsistent with the shareholders' long-term best interests.

Code of Ethics

We have a Code of Conduct in place that applies to all of our directors, officers and employees. The Code of Conduct sets forth the standard of ethics that we expect all of our directors, officers and employees to follow, including our Chief Executive Officer and Chief Financial Officer. The Code of Conduct may be viewed on the Company's website (www.westbankiowa.com) under Investor Relations, Corporate Governance. We intend to satisfy the disclosure requirements under Item 5.05 of Form 8-K regarding any amendment to or waiver of the Code of Conduct with respect to our Chief Executive Officer and Chief Financial Officer, and persons performing similar functions, by posting such information on our website. The Audit Committee reviewed the Company's Code of Conduct during 2011 and recommended changes to the Board which were implemented.

Audit Committee. The members of the Audit Committee are James W. Noyce, Chair, Joyce A. Chapman, George D. Milligan, and Lou Ann Sandburg. Each of the Audit Committee Members is considered "independent" according to Nasdaq listing requirements and Rule 10A-3 of the Exchange Act, as required for audit committee membership. Mr.

Noyce is an "audit committee financial expert" as defined in the Sarbanes-Oxley Act of 2002 and related regulations based on his level of education and work experience, as described previously in this proxy statement. The Audit Committee selects the independent auditors; reviews with the independent and internal auditors the plan, scope, and results of the auditors' services; approves their fees; and reviews the Company's financial reporting and internal control functions and risk assessment. Additionally, the Audit Committee reviews all policies of the Company and its subsidiaries, except the West Bank loan and trust policies, prior to submission of the policies to the Board for approval. The Audit Committee has authority to retain special legal, accounting, or other consultants as it deems appropriate or necessary. The Audit Committee also performs the other duties set forth in its charter. The Audit Committee is 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 reviews its charter at least annually and recommends changes when deemed necessary. The Audit Committee met four times during 2011, and also met with the Company's management and internal and independent auditors four times in executive session. Messrs. G. Milligan and Noyce are members of the Audit Committee who also serve on the audit committee of another listed company (United Fire & Casualty Company). Mrs. Sandburg also serves on the audit committee of Berthel Fisher Financial Services, Inc. The functions of the Audit Committee are detailed at length in its charter, which may be viewed on the Company's website (www.westbankiowa.com) under Investor Relations, Corporate Governance.

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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 states as follows:

It has reviewed and discussed the audited financial statements as of and for the year ended December 31, 2011, with management;

It has discussed with the independent auditors the matters required to be discussed by the statement on Auditing Standards No. 61, as amended, (AICPA, Professional Standards, Vol. 1, AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

It has received the written disclosures and the letter from our independent accountant, McGladrey & Pullen, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the Audit Committee concerning independence, and has discussed with the independent accountant the independent accountant's independence;

Based on the review and discussions referred to immediately above, it recommended to the Board that the audited financial statements be included in the Company's annual report on Form 10-K for the year ended December 31, 2011, for filing with the SEC;

It has reviewed and approved or ratified all related party transactions between the Company and its directors; and

The Board has approved the Audit Committee Charter.

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

James W. Noyce, Chair

Joyce A. Chapman

George D. Milligan

Lou Ann Sandburg

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Compensation Committee. The Compensation Committee consists of Robert G. Pulver, Chair, Frank W. Berlin, Thomas A. Carlstrom, and Steven K. Gaer, each of whom is an independent director as defined by Nasdaq listing requirements, an "outside" director pursuant to Section 162(m) of the Code, and a "non-employee" director under Section 16 of the Exchange Act. As required by the Compensation Committee's charter, the members of the Compensation Committee are elected annually by the independent directors of the Board. The Compensation Committee annually reviews the Company's compensation and benefit programs, including compensation for the named executive officers. The Compensation Committee makes compensation recommendations to the Board concerning amounts and the form of executive and director compensation. The independent directors of the Board determine the compensation. The Compensation Committee has authority to retain consultants and advisors, which it does periodically. The Compensation Committee did use a compensation consultant in 2011. The Compensation Committee retained Frederic W. Cook & Co., Inc. (the "Consultant") in July 2011 to provide the Compensation Committee with independent, objective analysis and professional opinions on executive compensation matters. This Consultant is independent, reports directly to the Chair of the Compensation Committee and performs no other work for the Company. The Consultant assisted the Compensation Committee in the review of the total compensation program conducted in 2011, including gathering and analyzing market data for compensation paid for similar positions at companies with which we compete for executive talent. The Consultant also provided input on marketplace trends and best practices relating to competitive pay levels as well as developments in regulatory and technical matters. The Compensation Committee may delegate any of its authorities to a sub-committee but has not done so to date. The Compensation Committee considers input from the executive officers concerning executive and other compensation but is not required to do so. The Compensation Committee met four times during 2011. Although the Company exited the Capital Purchase Program ("CPP") during 2011, it was the role of the Compensation Committee to monitor and certify the risk assessment process for CPP purposes during the Company's participation in the program. The Compensation Committee also took a number of other actions since 2008 to comply with the provisions of the CPP rules and is responsible for certain remaining obligations of the Company under the rules until such obligations expire (as described in the Compensation of Named Executive Officers section of this proxy statement). The members of the Compensation Committee have reviewed the senior executive officer compensation plans and have made all reasonable efforts to ensure that these plans do not encourage the senior executive officers to take unnecessary and excessive risks that threaten the value of the Company; they have reviewed the employee compensation plans and have made reasonable efforts to limit any unnecessary risks these plans pose to the Company; and they have reviewed the employee compensation plans to ensure features of these plans would not encourage the manipulation of reported earnings to enhance the compensation of any employee. The functions of the Compensation Committee are detailed at length in its charter, which may be viewed on the Company's website (www.westbankiowa.com) under Investor Relations, Corporate Governance. Additional details about the Compensation Committee's processes and procedures are discussed in the Compensation Discussion and Analysis below.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee are identified above. No Compensation Committee members have ever been officers or employees of the Company or West Bank. No executive officer served as a director or member of the compensation committee of another entity, one of whose directors or executive officers served as a member of our Board or a member of the Compensation Committee.

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 states as follows:

• It has reviewed and discussed the Compensation Discussion and Analysis section of this proxy statement with management, and

• Based on the review and discussion referred to immediately above, it recommended to the Board that the Compensation Discussion and 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

Thomas A. Carlstrom

Steven K. Gaer

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Nominating and Corporate Governance Committee. The Nominating and Corporate Governance Committee members are Frank W. Berlin, Chair, Steven K. Gaer, Kaye R. Lozier, and Robert G. Pulver, all of whom are independent directors as defined by Nasdaq listing requirements. As required by the Nominating and Corporate Governance Committee's charter, the members of the Nominating and Corporate Governance Committee are elected annually by the independent directors of the Board. During 2011, the Nominating and Corporate Governance Committee met one time. This Nominating and Corporate Governance 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. This Nominating and Corporate Governance Committee will consider for nomination at the 2013 Annual Meeting, as part of its nomination process, any director candidate recommended by a shareholder who follows the procedures shown under the heading 2013 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 West Bank;
- c) Solicit input from existing directors and executive officers; and
- 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 challenges; and
Directors who will represent the balanced, best interests of the shareholders as a whole rather than special interest
3. groups or constituencies, while also taking into consideration the assessment of overall composition and needs of the Board.

A majority of the Board's directors shall be independent directors under the criteria for independence as stated by the SEC and Nasdaq. The Nominating and Corporate Governance Committee has historically considered diversity in its director nomination process without a formally developed policy. The Nominating and Corporate Governance Committee anticipates that it will continue to consider diversity expansively to include differences of viewpoint, professional experience, education, skill and other individual qualities and attributes as well as characteristics such as race, gender and national origin.

- b) Selection Criteria

In considering possible candidates for nomination as a director, the Nominating and Corporate Governance Committee and other directors consider the following general guidelines and criteria:

- 1.

- Each 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. Each 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. Each 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 nominated to be directors, but Board membership is not necessary or a prerequisite for senior executive positions.

The Nominating and Corporate Governance Committee evaluates all candidates in the same way, reviewing the aforementioned factors, among others, regardless of the source of such candidate, including shareholder recommendation. Because of this, there is no separate policy with regard to consideration of candidates recommended by shareholders.

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Nominating and Corporate Governance Committee Report

During 2011, the Nominating and Corporate Governance Committee reviewed the existing Board composition giving specific attention to the questions of the desirable size of the Board and how many insiders should be on the Board. The Nominating and Corporate Governance Committee decided that it was in the best interest of the shareholders to continue the model of having only one member of management, the Chief Executive Officer, on the Board in order to clearly differentiate the roles of the Board and management. In addition, the Nominating and Corporate Governance Committee decided to keep the size of the Board at eleven directors. The full Board adopted the Nominating and Corporate Governance Committee's recommendations.

The Nominating and Corporate Governance Committee evaluated the qualifications and performance of each of the other members of the Board. In its evaluation, the Nominating and Corporate Governance Committee compared each of the current directors to the qualifications and characteristics of a director set forth in the Nominating and Corporate Governance Committee's charter. The Nominating and Corporate Governance 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 Nominating and Corporate Governance Committee did not receive any shareholder recommendations for 2012 director nominees in 2011. No third party was retained, in any capacity, to provide assistance in either identifying or evaluating potential director nominees for 2012.

Based on the foregoing, the Nominating and Corporate Governance Committee recommended to the Board that Frank W. Berlin, Thomas A. Carlstrom, Joyce A. Chapman, Steven K. Gaer, Kaye R. Lozier, David R. Milligan, George D. Milligan, David D. Nelson, James W. Noyce, Robert G. Pulver, and Lou Ann Sandburg should be nominated for re-election to the Board at the Annual Meeting. The Board accepted the recommendation.

During 2011, the Nominating and Corporate Governance Committee reviewed its charter and no changes were recommended to the Board. The charter may be reviewed on the Company's website (www.westbankiowa.com) under Investors Relations, Corporate Governance.

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

Frank W. Berlin, Chair
Steven K. Gaer
Kaye R. Lozier
Robert G. Pulver

2011 Directors' Compensation

For 2011, 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. Chairman D. Milligan also received a monthly fee of \$5,000 for his service as Chairman of the Board. He maintains an office at the Company's headquarters and works regular office hours on Board matters and special assignments for West Bank. Directors of the Company who also served as directors of West Bank received fees of \$450 through May 2011 and \$500 beginning in June 2011 for each West Bank board meeting attended (ten meetings held) plus an annual retainer of \$6,500, and \$500 for loan committee meetings attended. Directors of the Company also received \$400 through May 2011 and \$500 beginning in June 2011 for other committee meetings attended. Mr. Nelson does not receive directors' fees.

The Chairs of the Audit Committee, Compensation Committee, and Nominating and Corporate Governance Committee receive an additional meeting fee of \$100 per meeting.

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The following table sets forth all compensation earned or paid to the directors for services rendered in the fiscal year ended December 31, 2011.

Name	Fees Paid by Company	Fees Paid by West Bank	All Other Compensation (1)	Total
Frank W. Berlin	\$ 15,100	\$ 17,300	\$—	\$32,400
Thomas A. Carlstrom	12,500	18,150	2,101	32,751
Joyce A. Chapman	16,400	12,300	—	28,700
Steven K. Gaer	8,833	10,741	—	19,574
Kaye R. Lozier	11,500	13,650	—	25,150
David R. Milligan	72,500			