

WEST BANCORPORATION INC

Form 10-Q

July 26, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended June 30, 2018

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 0-49677

WEST BANCORPORATION, INC.

(Exact Name of Registrant as Specified in its Charter)

IOWA 42-1230603

(State of Incorporation) (I.R.S. Employer Identification No.)

1601 22nd Street, West Des Moines, Iowa 50266

(Address of principal executive offices) (Zip Code)

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

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

Yes  No

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

Yes  No

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

Large accelerated filer   
Accelerated filer   
  
(Do not  
check if a  
Non-accelerated filer  smaller  
reporting  
company)  
Smaller reporting company   
Emerging growth company

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

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

Yes  No

As of July 25, 2018, there were 16,295,494 shares of common stock, no par value, outstanding.

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## PART I - FINANCIAL INFORMATION

## Item 1. Financial Statements

## West Bancorporation, Inc. and Subsidiary

## Consolidated Balance Sheets

(unaudited)

(in thousands, except share and per share data)	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
Cash and due from banks	\$36,964	\$ 34,952
Federal funds sold	28,139	12,997
Cash and cash equivalents	65,103	47,949
Investment securities available for sale, at fair value	526,793	444,219
Investment securities held to maturity, at amortized cost (fair value \$45,890 at December 31, 2017)	—	45,527
Federal Home Loan Bank stock, at cost	9,202	9,174
Loans	1,534,404	1,510,500
Allowance for loan losses	(16,518 )	(16,430 )
Loans, net	1,517,886	1,494,070
Premises and equipment, net	22,053	23,022
Accrued interest receivable	7,864	7,344
Bank-owned life insurance	33,928	33,618
Deferred tax assets, net	5,826	4,645
Other assets	8,511	4,809
Total assets	\$2,197,166	\$ 2,114,377
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Deposits:		
Noninterest-bearing demand	\$381,281	\$ 395,888
Interest-bearing demand	326,567	395,052
Savings	1,004,926	850,216
Time of \$250 or more	29,382	16,965
Other time	149,773	152,692
Total deposits	1,891,929	1,810,813
Federal funds purchased	860	545
Subordinated notes, net	20,418	20,412
Federal Home Loan Bank advances, net	77,124	76,382
Long-term debt	19,611	22,917
Accrued expenses and other liabilities	4,872	5,210
Total liabilities	2,014,814	1,936,279
<b>COMMITMENTS AND CONTINGENCIES (NOTE 8)</b>		
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock, \$0.01 par value; authorized 50,000,000 shares; no shares issued and outstanding at June 30, 2018 and December 31, 2017	—	—
Common stock, no par value; authorized 50,000,000 shares; 16,295,494 and 16,215,672 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	3,000	3,000

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Additional paid-in capital	23,653	23,463
Retained earnings	161,867	153,527
Accumulated other comprehensive loss	(6,168 )	(1,892 )
Total stockholders' equity	182,352	178,098
Total liabilities and stockholders' equity	\$2,197,166	\$2,114,377

See Notes to Consolidated Financial Statements.

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

(in thousands, except per share data)	Three Months		Six Months Ended	
	Ended June 30, 2018	2017	June 30, 2018	2017
Interest income:				
Loans, including fees	\$17,168	\$16,042	\$33,642	\$31,011
Investment securities:				
Taxable	1,886	1,239	3,699	2,266
Tax-exempt	1,306	815	2,668	1,593
Federal funds sold	177	70	258	87
Total interest income	20,537	18,166	40,267	34,957
Interest expense:				
Deposits	3,798	1,781	6,810	2,976
Federal funds purchased	52	23	79	69
Subordinated notes	284	223	532	435
Federal Home Loan Bank advances	907	948	1,739	1,865
Long-term debt	197	98	392	130
Total interest expense	5,238	3,073	9,552	5,475
Net interest income	15,299	15,093	30,715	29,482
Provision for loan losses	—	—	150	—
Net interest income after provision for loan losses	15,299	15,093	30,565	29,482
Noninterest income:				
Service charges on deposit accounts	627	631	1,276	1,231
Debit card usage fees	433	458	832	898
Trust services	575	436	1,020	828
Increase in cash value of bank-owned life insurance	152	163	310	317
Gain from bank-owned life insurance	—	—	—	307
Realized investment securities gains (losses), net	(25)	229	(25)	226
Other income	261	399	523	669
Total noninterest income	2,023	2,316	3,936	4,476
Noninterest expense:				
Salaries and employee benefits	4,775	4,449	9,288	8,786
Occupancy	1,258	1,131	2,481	2,228
Data processing	674	708	1,350	1,396
FDIC insurance	165	150	327	363
Professional fees	178	248	412	541
Director fees	261	246	510	457
Write-down of premises	333	—	333	—
Other expenses	1,314	1,240	2,544	2,444
Total noninterest expense	8,958	8,172	17,245	16,215
Income before income taxes	8,364	9,237	17,256	17,743
Income taxes	1,600	2,872	3,108	5,272
Net income				