



NEWSLETTER

Western Illinois Bancshares Inc.

Dear Shareholder:

We hope all of you are having a good start to the new year. For the company, 2023 is now in the books and we are looking forward to better results in 2024. It is beginning to sound like a broken record, but margins continue to be a challenge for us. However, we are starting to see improvements that should continue each quarter as we move forward.

During the fourth quarter, we recorded earnings of \$619,574 compared to \$1,180,926 last quarter and \$1,409,068 for the fourth quarter of 2022. Earnings per share were \$0.47 for the period versus \$0.89 for last quarter and \$1.06 for the same quarter last year. Year-to-date earnings were \$3,805,521 versus \$5,346,494 for 2022. Earnings per share were at \$2.86 versus \$4.02 a year ago.

Year-to-date Midwest Bank had a ROA of 0.64%, compared to our local peer group of 0.89%. Our net interest margin (NIM) was at 2.85% versus 3.29% for our peers. Our Leverage (Capital) Ratio was at 9.13% versus 10.09% for the group. Strategic initiatives to position our balance sheet for the expected declining rate environment have been made to enhance our overall profitability.

Average loans were up for the quarter and stood at \$377.2 million versus \$372.9 million for the prior quarter and \$341.6 million for the same period last year. We had another excellent quarter for loan growth, which will have a positive impact going forward.

Investments were down with an average of \$207.6 million versus \$220.2 million for the prior quarter and \$230.1 for the same period last year. The decrease is due to cashflow from the portfolio not being reinvested and an increase in the unrealized loss on the portfolio. We continue our strategy to use the future cashflows from our portfolio to fund loan growth.

Average deposits were down at \$521.3 million compared to \$531.8 million last quarter and from the \$534.0 million for the same period last year. Our team continues to work diligently in both competing for local deposits and managing our overall cash position. This has included the use of multiple funding sources that help control funding costs and reduce interest rate risk.

Credit quality remains strong and metrics are in line with our goals. Non-accrual Loans to Loans were at 0.31% and below peer of 0.54%. Charge-offs to Loans were at 0.05% for the quarter versus peer of 0.06%. Loan loss reserve balance was at 1.13% of total loans compared with our peers at 1.34%.

Porter-Hay Insurance recently announced the acquisition of North-And Company located in Galva, Illinois. They offer both crop insurance and grain marketing advisory services and are led by David North and Jim Anderson. We are excited to have them as part of agricultural insurance team.

We had 100 shares trade during the quarter at \$37.50 per share. As always if you have an interest in selling or buying, please contact Brooke Robinson (309-457-6284 / brooke.robinson@mbwi.com) or Chris (309-457-6227 / cgavin@mbwi.com) with the number of shares and the selling or offering price.

Please mark your calendars for our annual shareholder meeting and reception, which is to be held April 24th. Invitations, including additional details and proxies, will be sent out later next month. We look forward sharing our strategic and growth initiatives with you at this event.

Best regards,

Gus & Chris

Western Illinois Bancshares, Inc. Financial Results

| | 2023 4th Quarter | 2023 Year-to-Date | 2022 Year-to-Date |
|-------------------------------|---------------------|----------------------|----------------------|
| Earnings | \$619,574 | \$3,805,521 | \$5,346,494 |
| Return on Common Equity | 6.82% | 10.49% | 14.86% |
| Common Dividends Paid | \$332,114 | \$1,662,694 | \$1,329,955 |
| Dividends per Share | \$0.25 | \$1.25 | \$1.00 |
| Tangible Book Value per Share | \$19.69 | \$19.69 | \$14.12 |