



# Investor News

## First Quarter 2018 Financial Report

Dear Shareholder:

Earnings for our company were \$836,554 for the quarter. This compares to earnings of \$651,797 last quarter and \$1,101,955 for the first quarter of 2017. Earnings per share were \$0.88 and our dividend was \$0.25 per share. Our first quarter results were slightly ahead of our budgeted numbers.

Year-to-date the bank had an ROA of 0.83%, compared to our local peer group of 0.95%. Our net interest margin (NIM) was at 3.55% versus, 3.22% for our peers. Our Leverage (Capital) Ratio was at 9.56%, versus 10.68% for the group. Our Efficiency Ratio, where the lower the percentage, the better, was 65.93% compared to local peers of 60.96%.

Loans were down from our year-end seasonal high at \$254.1 million, versus \$259.8 million for the prior quarter and were very close to last year at \$255.7. Loan demand remains somewhat weaker, but we are also focusing on reducing problem loans. The combination has resulted in zero growth. However, based on our projected funding and prospective loans, we are still targeting loan growth of around 5% for 2018.

Total investments were at \$140.1 million at quarter end, versus \$140.6 million for the prior quarter and \$139.7 million a year ago. We have been reinvesting our cash flows coming from the portfolio and making slight adjustments as funding and loan demand fluctuates.

Total deposits were unchanged at \$349.6 million, compared to \$349.3 million last quarter and \$348.6 million last year at this time. Deposit growth remains sluggish due to both the farm economy and increased competition. We have increased our focus on deposit growth in recent months and will continue to do so.

Credit quality metrics improved during the quarter but are still above our internal thresholds. Non-accrual Loans to Loans were at 1.53%, which is above peer of 0.74%. Charge-offs to Loans ratio was at 0.23%, versus 0.04% for our peers. Our Texas Ratio was above peer at 19.84% versus 8.54%. Our credit issues can be attributed to several larger credits that we are working through. While our non-accrual loans may remain high for the next several quarters, we should continue to make progress.

We are excited to announce that our subsidiary, Porter-Hay Insurance, has entered into an agreement to purchase the James Insurance Agency in Oquawka, Illinois. This has been a very good market for us on the banking side and we look forward to adding insurance services. It is expected to close prior to June 30<sup>th</sup>.

Recent common stock trades have averaged around \$33.50 per share. If you have an interest in selling or buying, please contact Kim (309-457-6267 / kim@mbwi.com) or Chris (309-457-6227 / cgavin@mbwi.com) with the number of shares and the selling or offering price.

Thanks to all of those who attended our annual meeting. Those who were able to attend noticed that Gus was wearing his bib overalls – a telltale sign of a good year! Also, a big thank you to Monmouth College for being such gracious host. The Morgan Room in Poling Hall was a great venue for our meeting.

Sincerely,  
*Gus & Chris*

### Western Illinois Bancshares, Inc. Financial Results

	<u>2018 1st Quarter</u>	<u>2018 Year-to-Date</u>	<u>2017 Year-to-Date</u>
Earnings	\$ 836,554	\$ 836,554	\$ 1,101,955
Preferred Dividends	\$ -	\$ -	\$ 96,509
Earnings After Preferred Dividends	\$ 836,554	\$ 836,554	\$ 1,005,446
Return on Common Equity	7.47%	7.26%	11.11%
Common Dividends Paid	\$ 238,480	\$ 238,480	\$ 238,480
Dividends per Share	\$ 0.25	\$ 0.25	\$ 1.00
Earnings per Share	\$ 0.88	\$ 0.88	\$ 1.05

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