

Q1
2020



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We have some good news to share during this pandemic! Mushroom hunting is being considered essential (at least by Gus) and can be accomplished while complying with all social distancing rules. Also, if we were able to have our annual meeting in person, Gus would be wearing his bibs, once again indicating a successful year.

During the first quarter we recorded earnings of \$965,733, compared to \$817,115 for the first quarter of 2019. Earnings per share were \$0.72 for the period versus \$0.61 for last year. While we had a good quarter, we may see a negative impact on earnings as the year progresses due to lower interest rate margins and lower transaction-based income. We also anticipate higher loan loss provisions as result of the economic climate.

Year-to-date the bank had a ROA of 0.85%, compared to our local peer group of 1.02%. Our net interest margin (NIM) was at 3.25%, versus 3.15% for our peers. Our Leverage (Capital) Ratio was at 9.55%, versus 10.85% for the peer group.

Loans were up slightly for the quarter and stood at \$313.4 million, versus \$312.4 million for the prior quarter. Loan demand has slowed somewhat due to COVID-19, but we have originated over \$20 million in the Paycheck Protection Program (PPP) loans so far in April and May. These will be reflected in second quarter results.

Total investments were reported at \$132.3 million, versus \$140.0 million for the prior quarter. During the quarter we sold bonds with unrealized gains, both to offset credit losses and to increase our liquidity. We will look to replace a portion of these bonds, while still maintaining higher levels of liquidity.

Total deposits remained steady at \$390.7 million, compared to \$393.4 million last quarter. They were \$388.8 million last year at this time. Recently we have seen a significant increase due to PPP loans and individual stimulus checks. It will be interesting to see how long those deposits stay with us.

Credit quality continues to be our primary focus. Non-accrual Loans to Loans improved over last quarter and were at 3.21%, but above peer of 0.69%. Charge-offs to Loans were at 0.67% for the quarter, versus peer of 0.02%. Loan loss reserve balance was at 1.17% of total loans, compared with our peers at 1.18%.

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The most recent common stock trade was at \$35.00 per share. We have not had any trades in 2020 thus far. 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.

As already announced, our annual shareholder meeting will be held through a webex on May 27th at 1:00 pm that can be accessed through your phone or computer. Please submit any questions you have ahead of time to kim@mbwi.com.

Best regards,

Gus & Chris

Western Illinois Bancshares, Inc. Financial Results

	2020 1st Quarter	2020 Year-to-Date	2019 Year-to-Date
Earnings	\$ 965,733	\$ 965,733	\$ 817,115
Earnings After Preferred Dividends	\$ 965,733	\$ 965,733	\$ 817,115
Return on Common Equity	7.72%	7.72%	7.12%
Common Dividends Paid	\$ 334,989	\$ 334,989	\$ 334,989
Dividends per Share	\$ 0.25	\$ 0.25	\$ 0.25
Tangible Book Value per Share	\$ 24.06	\$ 24.06	\$ 22.62

annual meeting reminder

Due to COVID-19 social distancing restrictions, our annual meeting will be a **VIRTUAL** meeting only.

1:00pm on
Wednesday, May 27th

Contact kim@mbwi.com to participate



Q2
2020



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

During the second quarter we recorded earnings of \$743,481 compared to \$1,143,589 for the second quarter of 2019 and \$965,733 last quarter. Earnings per share were \$0.55 for the period, versus \$0.85 for last year and \$0.72 last quarter.

Year-to-date earnings were \$1,709,214, or \$1.28 per share, versus 2019 earnings of \$1,958,704, or \$1.46 per share. The lower earnings are mainly attributed to the bank's loan loss provisions, which are \$575,000 higher than in 2019. This amounts to approximately a \$0.34 per share increase in our provision expense on a tax adjusted basis.

Year-to-date the bank had a ROA of 0.74%, compared to our local peer group of 1.01%. Our net interest margin (NIM) was at 3.37% versus, 3.20% for our peers. Our Leverage (Capital) Ratio was at 9.19%, versus 10.67% for the group. Our lower than peer ROA is primarily due to increased credit provisions.

Loans were up for the quarter and ended at \$326.9 million, versus \$313.4 million for the prior quarter. Loan demand has slowed somewhat due to Covid-19, but to date we have originated over \$15 million in Paycheck Protection Program (PPP) loans.

Total investments were up and stood at \$154.9 million, versus \$129.3 million for the prior quarter. During the quarter we replaced bonds that were sold during first quarter. This was part of a strategy to decrease our concentration of Texas municipal securities and to invest a portion of additional liquidity that had been established in response to the pandemic.

Total deposits were up significantly at \$414.8 million, compared to \$390.8 million last quarter. We have seen an increase due to PPP loans and individual stimulus checks. In addition, we have picked up several new large deposit customers. While this is very positive for the bank, it has been challenging to control the rapid growth and to deploy these funds effectively.

Non-accrual Loans to Loans improved again last quarter and were at 3.00%, but above peer of 1.02%. Charge-offs to Loans were at 0.85% for the quarter, versus peer of 0.07%. Loan loss reserve balance was at 1.10% of total loans, compared with our peers at 1.14%.

The management team is working diligently to improve the bank's performance and is focusing on three specific areas – credit quality, non-interest income and operating efficiency. Our goal for the remainder of the year is to clean-up our

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balance sheet and position the bank for 2021. While both operating expenses and credit losses have been higher than we would like, we are fortunate to have multiple non-interest income platforms that we look to build on.

The most recent common stock trade was at \$35.00 per share. We have not had any trades in 2020 thus far. 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.

Best regards,

Gus & Chris

Western Illinois Bancshares, Inc.
Financial Results

	2020 2nd Quarter	2020 Year-to-Date	2019 Year-to-Date
Earnings	\$ 743,481	\$ 1,709,214	\$ 1,958,759
Earnings After Preferred Dividends	\$ 743,481	\$ 1,709,214	\$ 1,958,759
Return on Common Equity	5.77%	6.63%	8.18%
Common Dividends Paid	\$ 334,989	\$ 669,978	\$ 670,477
Dividends per Share	\$ 0.25	\$ 0.50	\$ 0.50
Tangible Book Value per Share	\$ 27.83	\$ 27.83	\$ 25.63

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Q3
2020



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

During the third quarter we recorded earnings of \$831,458 compared to \$1,081,111 for the third quarter of 2019 and \$743,481 last quarter. Earnings per share were \$0.62 for the period, versus \$0.81 for last year and \$0.55 last quarter.

Year-to-date earnings were \$2,540,673, or \$1.90 per share, versus 2019 earnings of \$3,039,815 or \$2.27 per share. The lower earnings can be attributed to the bank's loan loss provisions, which are \$1,075,00 higher than in 2019. Without the additional provisions, we would have earnings of approximately \$2.50 per share year-to-date.

Year-to-date the bank had a ROA of 0.71%, compared to our local peer group of 0.99%. Our net interest margin (NIM) was at 3.25% versus, 3.10% for our peers. Our Leverage (Capital) Ratio was at 9.07%, versus 10.33% for the group. Our lower than peer ROA is primarily due to increased credit provisions.

Loans were up for the quarter and ended at \$329.6 million, versus \$326.9 million for the prior quarter. Loan demand continues to be slowed due to Covid-19. We originated over \$15 million in Paycheck Protection Program (PPP) loans and are now starting to get paid off on these through the forgiveness process.

Total investments were up and stood at \$161.3 million, versus \$154.9 million for the prior quarter. We will continue to increase our portfolio in the coming quarters as we invest excess funds from our substantial deposit growth.

Total deposits were up significantly again at \$437.7 million, compared to \$414.8 million last quarter. We have seen an increase due to PPP loans and individual stimulus checks. In addition, we have picked up several new large deposit customers. While this is very positive for the bank, it remains a challenge to deploy these funds.

Non-accrual Loans to Loans improved again last quarter and were at 2.57%, but still above peer of 0.73%. Charge-offs to Loans were at 0.74% for the quarter, versus peer of 0.01%. Loan loss reserve balance was at 1.19% of total loans, compared with our peers at 1.23%.

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The management team is working diligently to improve the bank's performance by focusing on three specific areas – credit quality, non-interest income and operating efficiency. Our goal is to clean-up our balance sheet and position the bank for 2021. While both operating expenses and credit losses have been higher than we would like, we are fortunate to have multiple non-interest income platforms to build on.

The most recent common stock trade was at \$35.00 per share. We have not had any trades in 2020 thus far. 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 for your continued support!

Gus & Chris

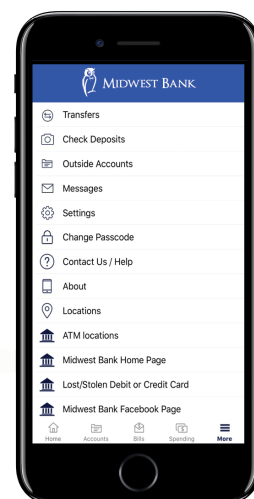
Western Illinois Bancshares, Inc. Financial Results			
	2020 3rd Quarter	2020 Year-to-Date	2019 Year-to-Date
Earnings	\$ 831,458	\$ 2,540,673	\$ 3,039,815
Earnings After Preferred Dividends	\$ 831,458	\$ 2,540,673	\$ 3,039,815
Return on Common Equity	6.09%	6.47%	8.31%
Common Dividends Paid	\$ 334,989	\$ 1,004,966	\$ 1,005,466
Dividends per Share	\$ 0.25	\$ 0.75	\$ 0.75
Tangible Book Value per Share	\$ 28.72	\$ 28.72	\$ 26.76

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Q4
2020



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We are happy to be looking at 2020 in the rear-view mirror. There are obvious reasons for this, as we all struggled with the pandemic. For Western Illinois Bancshares it was about what could have been in terms of earnings and shareholder returns.

During the fourth quarter the company recorded earnings of \$690,371 compared to \$831,458 third quarter and \$614,928 for the fourth quarter of 2019. For the year we earned \$3,231,044 compared to \$3,654,743 in 2019. Earnings per share were \$2.41 and total dividends \$1.00 per share.

Year-to-date the bank had a ROA of 0.67%, Our net interest margin (NIM) was at 3.13%. Our Leverage (Capital) Ratio was at 9.09%. We were able to raise \$5,895,000 in sub-debt allowing us to retire higher paying debt and increase the capital at the bank level to accommodate our significant growth. This sets us up for a stronger balance sheet in 2021 and beyond.

The bank had a strong year in terms of earnings with significant fees from the PPP program and our mortgage operations. Unfortunately we also had high charge-offs, primarily attributed to one loan. This resulted in a loan loss provision of \$2.52 million and this was in addition to a \$1.85 million provision in 2019. While this has been painful, our credit metrics have significantly improved, which should result in fewer losses going forward. Below is a chart of our loan loss allowance for the year:

Allowance for Loan Loss	31-Dec-20	30-Sep-20	30-Jun-20	31-Mar-20	12/31/2019 YTD
Beginning Balance	\$3,905,795	\$3,601,903	\$3,659,200	\$3,962,319	\$2,997,631
Provision	750,000	746,708	800,000	225,000	1,850,000
Loans Charged Off	838,902	469,593	873,785	539,084	937,754
Loan Recoveries	30,336	26,777	16,488	10,965	52,442
Net Charge-Offs	808,566	442,816	857,297	528,117	885,312
Ending Balance	\$3,847,229	\$3,905,795	\$3,601,903	\$3,659,200	\$3,962,319

Loans were up slightly for the year and stood at \$322.6 million, versus \$312.4 million a year ago. The increase can be attributed to our commercial and ag borrowings. In 2020 we originated \$18MM in PPP loans, of which \$12MM were forgiven by year-end. Management was able to identify loans affected by the pandemic and work with borrowers throughout this crisis. Our pipeline for new

loans remains relatively strong with both our Quad City and Peoria markets increasing in volume.

As mentioned previously, our credit metrics have improved. Our Texas Ratio, which measures the level of non-performing assets and past due loans, improved from 38.97% last year and 23.43% last quarter to 11.09% at year-end. This was close to peer at 8.99%. After the last two-years of high charge-offs, we look for them to be lower and in line with our peers going forward.

Total investments increased significantly in 2020 to \$206.5 million from \$140 million at year-end 2019. Management planned to increase the bank's investment portfolio modestly during 2020 until the unexpected and unprecedented liquidity created by economic stimulus and PPP loan programs in response to the COVID-19 pandemic.

Total deposits were up considerably at \$450.9 million, compared to \$393.8 million at year-end 2019. Fourth quarter 2020 deposits were at \$444,489 versus third quarter \$429,470. We saw the organic deposit growth challenge of 2019 disappear due to COVID-19 and the increase in 2020 from PPPs and the stimulus package. We will continue our attention on deploying deposit strategies.

The last and most recent common stock trade is still at \$35.00 per share. No trades were made in 2020. 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.

Our annual shareholder meeting will be held on May 26th, at the newly renovated Patton Block Building on the square in Monmouth. Invitations and proxies will be sent out later next month. We hope to see many of you there!

Best regards,

Gus & Chris

Western Illinois Bancshares, Inc. Financial Results

	2020 4th Quarter	2020 Year-to-Date	2019 Year-to-Date
Earnings	\$ 690,371	\$ 3,231,044	\$ 3,654,743
Earnings After Preferred Dividends	\$ 690,371	\$ 3,231,044	\$ 3,654,743
Return on Common Equity	4.95%	6.02%	7.31%
Common Dividends Paid	\$ 334,989	\$ 1,339,995	\$ 1,339,955
Dividends per Share	\$ 0.25	\$ 1.00	\$ 1.00
Tangible Book Value per Share	\$ 29.62	\$ 29.62	\$ 25.18