

Q1
2021



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We are off and running in 2021, with the first quarter in the books. It is great that things are somewhat feeling normal again as we approach summer.

During the first quarter we recorded earnings of \$1,152,136, compared to \$965,733 for the first quarter of 2020. Earnings per share were \$0.86 for the period versus \$0.72 for last year. This was a record quarter for the company. While net interest margins are compressed due to the low rates, PPP loan fees and lower loan loss provisions have more than offset the margin reduction.

For comparison purposes, we have developed a new peer group to use going forward. There are 18 banks in this group that are mostly similar in size, asset mix and number of locations. This group performs higher than our previous peer group, which was based solely on banks in our market areas. In essence, we have raised the bar for our performance goals.

| Bank Name | City | State |
|---|-------------|--------------|
| Bank & Trust Co. | Litchfield | IL |
| Bank of Pontiac | Pontiac | IL |
| BankOrion | Orion | IL |
| Citizens Community Bank | Mascoutah | IL |
| Citizens National Bank | Albion | IL |
| Community State Bank | Rock Falls | IL |
| CBI Bank & Trust (includes F&M Galesburg) | Muscatine | IA |
| First Savings Bank | Robinson | IL |
| First Trust Bank of Illinois | Kankakee | IL |
| Fortress Bank | Peoria | IL |
| Hickory Point Bank and Trust | Decatur | IL |
| MidAmerica National Bank | Canton | IL |
| Peoples National Bank | Kewanee | IL |
| Sauk Valley Bank & Trust Co. | Sterling | IL |
| The First National Bank | Ottawa | IL |
| The FNB Community Bank | Vandalia | IL |
| The Havana National Bank | Havana | IL |
| The Peoples State Bank | Newton | IL |

Year-to-date the bank had a ROA of 0.79%, compared to our local peer group of 1.05%. Our net interest margin (NIM) was at 2.89% versus, 3.15% for our peers. Our Leverage (Capital) Ratio was at 8.86%, versus 9.90% for the group.

Loans were up for the quarter and stood at \$331.8 million, versus \$322.6 million for the prior quarter. Overall loan demand has slowed due to Covid-19 effects on the economy and the liquidity created by stimulus. The increase for the quarter can be attributed to Paycheck Protection Program (PPP) loans during the quarter.

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Total investments were up significantly at \$223.6 million, versus \$206.6 million for the prior quarter and \$148.6 million year-over-year. It continues to be a challenge for banks to keep pace with deposit growth. Our strategy is to build on our investment portfolio for now, with the expectation of funding loan growth as demand increases.

Total deposits were also up significantly at \$484.8 million, compared to \$450.9 million last quarter and \$388.0 million for the same period last year. This represents an unprecedented 25% annual growth rate! The question that we are struggling with is how long will these deposits be retained. Will they be spent as the economy continues to improve post Covid?

Credit quality is much improved. Non-accrual Loans to Loans were at 1.08%, and below peer of 1.10%. Charge-offs to Loans were at -0.08% for the quarter, versus peer of 0.04%. Recoveries actually exceeded charge-offs during the quarter. Loan loss reserve balance was at 1.23% of total loans, compared with our peers at 1.40%.

The most recent common stock trade was 4,000 shares at \$32.00 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.

We are excited to be hosting our annual shareholder meeting in person on May 26th and look forward to seeing many of you there.

Best regards,

Gus & Chris

| Western Illinois Bancshares, Inc. Financial Results | | | |
|--|---------------------|----------------------|----------------------|
| | 2021 1st Quarter | 2021 Year-to-Date | 2020 Year-to-Date |
| Earnings | \$ 1,152,136 | \$ 1,152,136 | \$ 965,733 |
| Return on Common Equity | 8.30% | 8.30% | 7.72% |
| Common Dividends Paid | \$ 334,989 | \$ 334,989 | \$ 334,989 |
| Dividends per Share | \$ 0.25 | \$ 0.25 | \$ 0.25 |
| Tangible Book Value per Share | \$ 27.24 | \$ 27.24 | \$ 24.06 |

Q2
2021



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We are pleased to report that this is the second straight quarter we have set a new earnings record for the company. While net interest margins are compressed due to the low rates, PPP loan fees and lower loan loss provisions have more than offset the margin reduction.

During the second quarter we recorded earnings of \$1,334,100, compared to \$1,152,136 last quarter and \$743,481 for the second quarter of 2020. Earnings per share were \$1.00 for the period versus \$0.86 for last quarter and \$0.55 for the same quarter last year. Year-to-date earnings are \$2,486,236, versus \$1,709,214 for 2020.

As a reminder, we have developed a new peer group to use going forward. There are 18 banks in this group that are mostly similar in size, asset mix and number of locations. This group performs higher than our previous peer group, which was based solely on banks in our market areas. In essence, we have raised the bar for our performance goals.

Year-to-date the bank had a ROA of 0.86%, compared to our local peer group of 1.03%. Our net interest margin (NIM) was at 3.05% versus, 3.14% for our peers. Our Leverage (Capital) Ratio was at 8.65%, versus 9.84% for the group. While our profitability metrics are still below peer, we have made significant improvement the last two quarters.

Loans were down for the quarter and stood at \$321.0 million, versus \$331.8 million for the prior quarter. Overall loan demand has slowed due to Covid-19 effects on the economy and the liquidity created by stimulus. The recent decrease is largely attributed to Paycheck Protection Program (PPP) loans being forgiven during the quarter.

Total investments were up at \$226.3 million, versus \$223.6 million for the prior quarter and \$146.9 million year-over-year. It continues to be a challenge for banks to keep pace with deposit growth. Our strategy is to build on our investment portfolio for now, with the expectation of funding loan growth as demand increases.

Total deposits were also up significantly at \$509.7 million, compared to \$484.8 million last quarter and \$402.7 million for the same period last year. We have grown over \$100 million year-over-year. While we do expect a portion of this to be spent or invested by our customers, we believe much of it will be retained and are planning accordingly.

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Some of our credit quality metrics slipped during the quarter, but are still much improved. Non-accrual Loans to Loans were at 1.48%, and above peer of 0.87%. Charge-offs to Loans were at -0.05% for the quarter, versus peer of 0.09%. Recoveries exceed charge-offs year-to-date. Loan loss reserve balance was at 1.43% of total loans, compared with our peers at 1.39%.

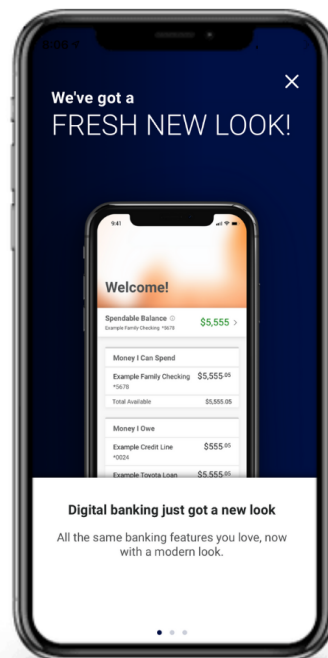
The most recent common stock trade was 4,000 shares at \$32.00 per share. If you have an interest in selling or buying, please contact Kim (309.457.6267 or kim@mbwi.com) or Chris (309.457.6227 or cgavin@mbwi.com) with the number of shares and the selling or offering price.

Best regards,

Gus & Chris

| Western Illinois Bancshares, Inc. Financial Results | | | |
|--|---------------------|----------------------|----------------------|
| | 2021 2nd Quarter | 2021 Year-to-Date | 2020 Year-to-Date |
| Earnings | \$ 1,334,100 | \$ 2,486,236 | \$ 1,709,214 |
| Return on Common Equity | 9.75% | 9.02% | 6.65% |
| Common Dividends Paid | \$ 334,989 | \$ 669,978 | \$ 669,978 |
| Dividends per Share | \$ 0.25 | \$ 0.50 | \$ 0.50 |
| Tangible Book Value per Share | \$ 28.95 | \$ 28.95 | \$ 27.83 |

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Q3
2021



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We are pleased to report that this is the third straight quarter we have set a new earnings record for the company. Despite compressed interest margins due to the low rates, PPP loan fees and lower loan loss provisions continue to drive profitability. The revenue from the PPP fees will start to diminish in the fourth quarter, so unfortunately it is unlikely we will hit another record – the PPP party is about over.

During the third quarter we recorded earnings of \$1,868,565, compared to \$1,334,100 last quarter and \$831,458 for the third quarter of 2020. Earnings per share were \$1.44 for the period versus \$1.00 for last quarter and \$0.62 for the same quarter last year. Year-to-date earnings are \$4,354,800 versus \$2,540,673 for 2020. Earnings per share were at \$3.35, versus \$1.90 a year ago.

Year-to-date the bank had a ROA of 0.99%, compared to our local peer group of 1.05%. Our net interest margin (NIM) was at 3.09% versus, 3.17% for our peers. Our Leverage (Capital) Ratio was at 9.00%, versus 9.85% for the group. While our profitability metrics are slightly below peer, we have made significant improvements over the past three quarters.

Loans were down for the quarter and stood at \$325.8 million, versus \$328.6 million for the prior quarter. Overall loan demand remains slower due to Covid-19 effects on the economy and the liquidity created by stimulus programs.

Investments were up significantly at \$240.7 million, versus \$225.6 million for the prior quarter and \$161.3 million for the same quarter last year. A concerted effort was made to invest our excess liquidity during the quarter, as deposits remain at elevated levels. We will look to use the future cash flows from our portfolio to fund loan growth as demand increases.

Total deposits were down slightly at \$502.6 million, compared to \$509.1 million last quarter and \$429.5 million for the same period last year. As mentioned above, deposit balances remain high and while we do expect some roll-off, we believe a high percentage will be retained.

We are pleased to note that our credit quality metrics are now tracking closely to our peers. Non-accrual Loans to Loans were at 1.22%, and above peer of 0.95%. Charge-offs to Loans were at 0.02% for the quarter, versus peer of 0.08%. Loan loss reserve balance was at 1.41% of total loans, compared with our peers at 1.43%.

The most recent stock transaction was a block of 30,000 shares that traded at \$35.00 per share. If you have an interest in selling or buying, please contact

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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.

Brooke Robinson is taking over Kim McKeown's duties as Executive Secretary for the holding company, as Kim's other responsibilities with the bank have grown. We would like to recognize Kim's service, her many contributions, and especially her ability to put up with both of us for the past 7 years.

Lastly, we are pleased to report that the board, at its October meeting, approved a bonus dividend of \$0.25 a share to be paid with the year's final quarterly dividend of the same amount. This is reflective of our recent performance and will hopefully add to a joyous holiday season for you and your families!

Best regards,

Gus & Chris

Western Illinois Bancshares, Inc. Financial Results

| | 2021 3rd Quarter | 2021 Year-to-Date | 2020 Year-to-Date |
|-------------------------------|---------------------|----------------------|----------------------|
| Earnings | \$ 1,868,565 | \$ 4,354,800 | \$ 2,540,673 |
| Return on Common Equity | 13.34% | 10.48% | 6.47% |
| Common Dividends Paid | \$ 324,989 | \$ 994,966 | \$ 1,004,966 |
| Dividends per Share | \$ 0.25 | \$ 0.75 | \$ 0.75 |
| Tangible Book Value per Share | \$ 30.17 | \$ 30.17 | \$ 28.72 |



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Q4
2021



WESTERN ILLINOIS BANCSHARES, INC

Dear Shareholder:

We are pleased to report a solid finish to 2021. While the final quarter did not set another record, our earnings for the year were up 182%! As mentioned in earlier newsletters, much of this can be attributed to PPP loan fees and lower loan loss provisions.

During the fourth quarter we recorded earnings of \$1,537,382, compared to \$1,868,565 last quarter and \$690,371 for the fourth quarter of 2020. Earnings per share were \$1.16 for the period versus \$1.44 for last quarter and \$0.52 for the same quarter last year. Year-to-date earnings are \$5,892,183 versus \$3,231,044 for 2020. Earnings per share were at \$4.43, versus \$2.41 a year ago.

Year-to-date the bank had a ROA of 1.00%, compared to our local peer group of 1.01%. Our net interest margin (NIM) was at 3.07% versus, 3.16% for our peers. Our Leverage (Capital) Ratio was at 8.95%, versus 9.69% for the group. As we finished out the year, we managed to close the gap on our profitability metrics as compared to peer.

Loans were up for the quarter and stood at \$332.4 million, versus \$328.6 million for the prior quarter and \$322.6 for the same period last year. Although we saw an increase, overall loan demand remains slower due to liquidity from Covid-19 stimulus programs and higher commodity prices.

Investments were relatively unchanged at \$254.8 million, versus \$254.1 million for the prior quarter and \$206.5 million last year. Overall growth slowed during the quarter, resulting in less excess liquidity to invest. We will look to use the future cashflows from our portfolio to fund loan growth as demand increases.

Total deposits were unchanged at \$505.9 million, compared to \$506.0 million last quarter and \$450.9 million for the same period last year. Deposit balances remain high and while we do expect some roll-off, we believe a high percentage will be retained.

Credit quality metrics continue to track closer to our peers. Non-accrual Loans to Loans were at 1.40%, and above peer of 0.97%. Charge-offs to Loans were at 0.11% for the quarter, versus peer of 0.09%. Loan loss reserve balance was at 1.29% of total loans, compared with our peers at 1.42%.

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The most recent stock transaction was a block of 30,000 shares that traded at \$35.00 per share. 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 27th. Invitations, including additional details 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

| | 2021 4th Quarter | 2021 Year-to-Date | 2020 Year-to-Date |
|-------------------------------|---------------------|----------------------|----------------------|
| Earnings | \$ 1,537,382 | \$ 5,892,183 | \$ 3,231,044 |
| Return on Common Equity | 10.93% | 10.62% | 6.03% |
| Common Dividends Paid | \$ 664,978 | \$ 1,659,944 | \$ 1,339,955 |
| Dividends per Share | \$ 0.50 | \$ 1.25 | \$ 1.00 |
| Tangible Book Value per Share | \$ 29.66 | \$ 29.66 | \$ 29.32 |

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