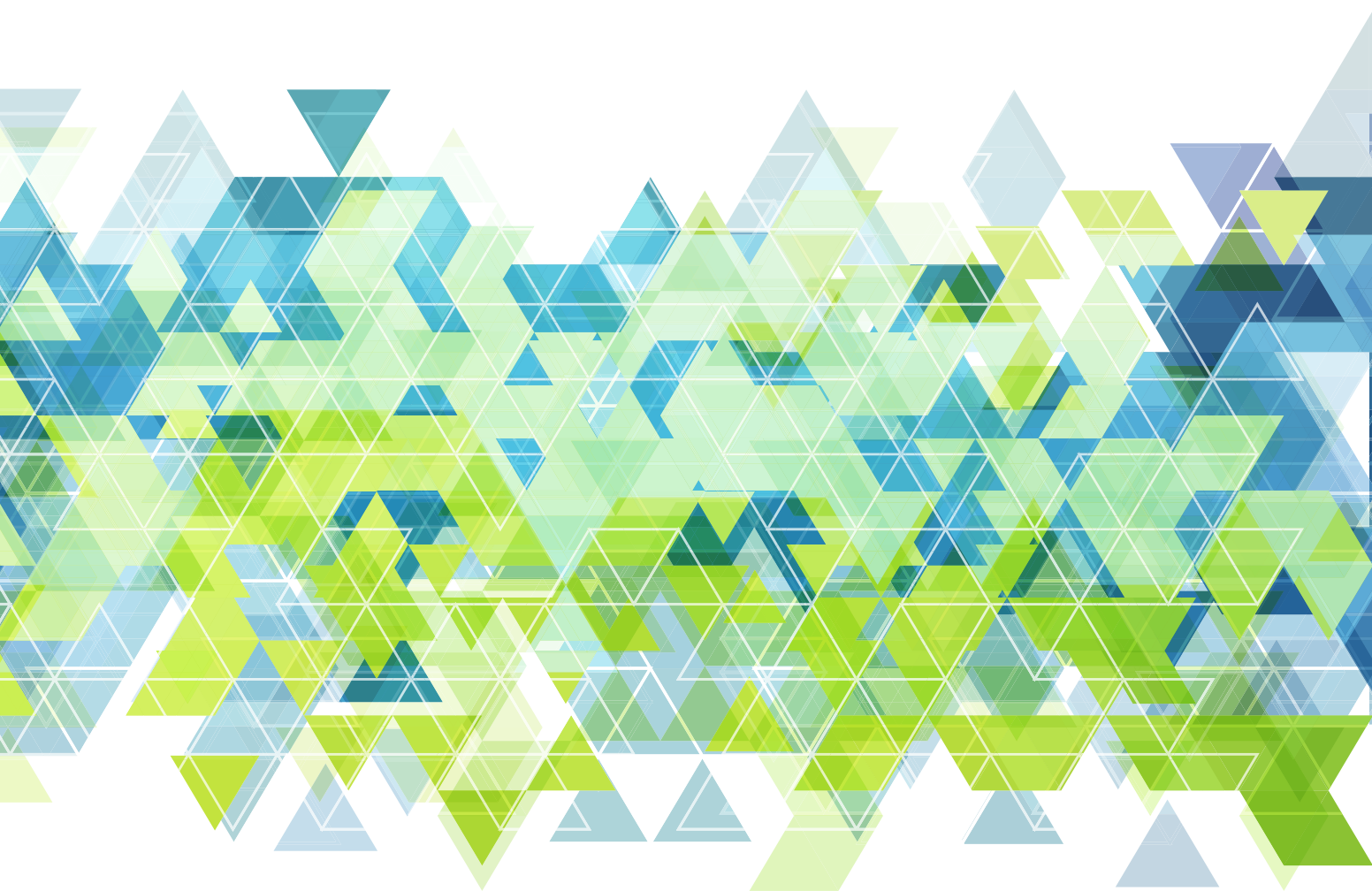




WESTERN ILLINOIS BANCSHARES, INC.



2015

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2015 HIGHLIGHTS

- ♦ New and enhanced Merchant Credit Card Services to include EMV, Apple Pay and Samsung Pay options
 - ♦ Opening of Operations Center at 91 Public Square in Monmouth to improve efficiencies and create room for growth
 - ♦ New company-wide Shortel integrated voice over IP telephone system
 - ♦ Expansion of Mortgage Service products with addition of FHA and VA loans
 - ♦ Acquisition of Chuck Hay Insurance Agency with offices in Galesburg and Galva
-

WIBI PRESIDENT'S REPORT

I want to welcome the new members of our team, the employees of the Chuck Hay Insurance Agency, who joined us at year end, and the other bank employees who came aboard throughout the year. When joined with our existing staff, they provide the best financial services available in our portion of West Central Illinois.

Many of our farm customers had a tough year in 2015 and look to be facing an even rougher year in 2016. While I have never met a farmer who couldn't find something to complain about, overall they are a pretty optimistic group. That explains why, in the face of poor prices, they are willing to perform the hard work and bear the high cost of the 2016 crops they are about to plant.

Here's hoping commodity prices raise enough by harvest to provide farm profits.

All of us in business strive to make a profit and know that if we don't we won't be around very long. Nor would we be able to pay the taxes that the politicians spend so easily. Did you ever wonder how many thousands of bushels of corn or beans it takes to pay a bureaucrat's pension or just what it is that a bureaucrat does to make your job easier? Or, just what it was that bureaucrat did to make your job easier?

The vast majority of those who regulate the banking business earn more than those they regulate. Despite what Hillary or Bernie may espouse, they do nothing to make it easier or better for our customers.

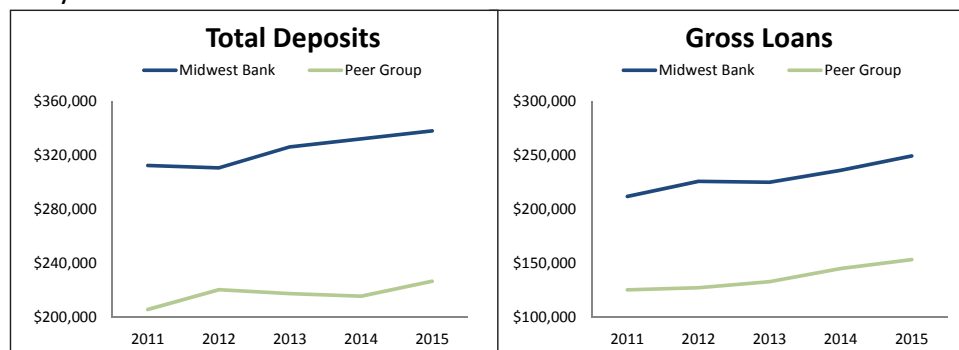
When asked last summer if I wanted to join the race for the Republican presidential nomination, I had to decline. That's because it would have taken until the end of the year to just come up with a proper list of all the things I've done wrong over the years and the first half of 2016 to record all the politically incorrect statements I've made. Then, I would have had to spend the remainder of the time before the election reviewing the evil thoughts I'd entertained about the others in the race.

I feel pretty lucky being the president of a small bank holding company in a rural region where people of opposing views remain able to talk with one another and compromise on the issues that must be dealt with.

My thanks go to our stockholders, great staff and fine collection of directors at both the bank and holding company levels that make my job so easy!

Gus

Augustin S. Hart III
President
Western Illinois Bancshares, Inc.



PRESIDENT'S REPORT

Dear Shareholder:

Western Illinois Bancshares had another solid year despite recent challenges brought on by the change in the local agricultural economy. We continued to execute our strategic plan of growing our non-interest income, while taking a more cautious approach to growing our loan portfolio. In addition, the bank remains active in exploring expansion opportunities.

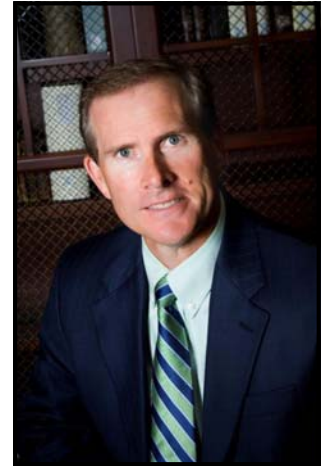
In looking at our performance for 2015, we had net earnings of \$3,459,617, or \$3.63 per share. This compares to \$3,874,864 in 2014, \$3,256,069 in 2013 and \$3,616,750 in 2012. The earnings per share of \$3.63 represent our second highest annual return recorded since forming our company in 2005.

Our return on common equity for 2015 was 8.92%. We paid \$1,375,064 in common and preferred dividends to our shareholders. The bank achieved an ROA of .89%, compared to our local peer group of 0.86%.

Credit quality metrics deteriorated this past year and remain our biggest concern. Our Texas Ratio, which measures past due and non-performing loans to our loan loss allowance, was at 16.63% compared to 13.56% in 2014 and 12.56% in 2013. Our local peer group was lower in 2015 with a ratio of 11.90%. We expect a higher portion of 2016 earnings to be allocated to loan loss reserves to address several problem loans.

In preparing to write this letter, I realized how much we ask of our staff in our efforts to be the premier community bank in our market. We consistently seek to expand and improve our services, while searching for operational efficiencies. Some results of these efforts can be found in a key highlights section included in this year's report.

The year culminated with the purchase of Chuck Hay Insurance Agency in December. We are extremely pleased to have them as part of our organization and look forward to fully integrating them into our operations in 2016. Not only are they a great fit culturally, but they also compliment Porter Insurance well with their strong commercial offerings. We believe that our expanded insurance division will be very positive for shareholder value in the coming years.



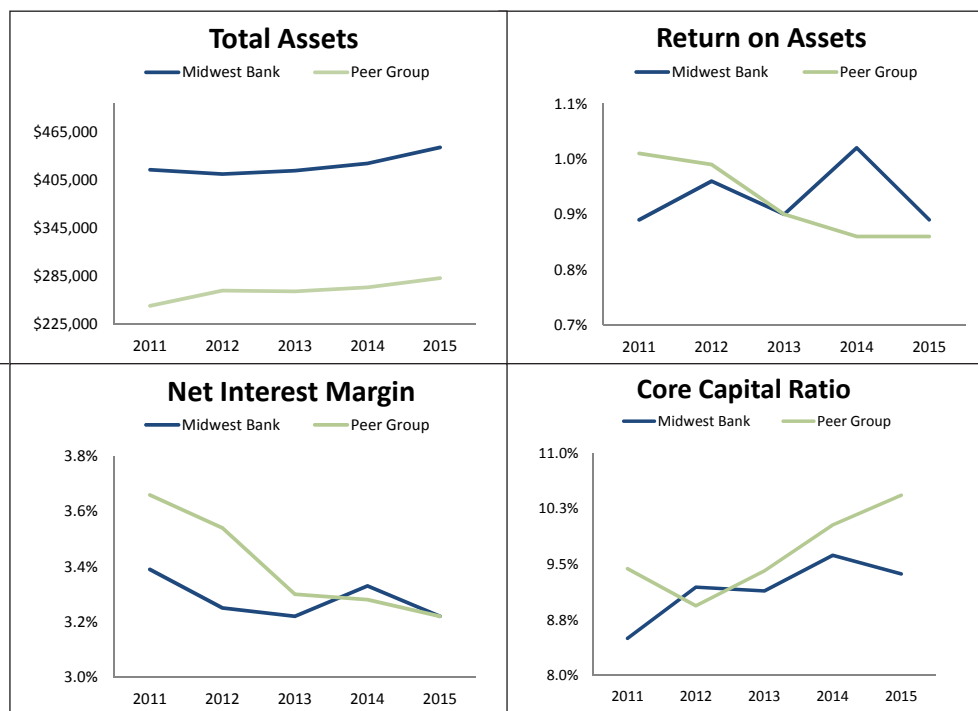
As mentioned above we ask a great deal from our staff and we are very fortunate to have such an experienced and dedicated team. Reaching to achieve our goals and dealing with ever increasing regulations keeps all of them very busy. We greatly appreciate all that they do and commend them for their achievements in 2015!

Our Directors and Staff Members wish to thank our shareholders and the many of you who are also customers for your continued support and loyalty. We greatly appreciate the opportunity to serve and look forward to the continued long-term success of the company.

Cordially,

Chris

Christopher J. Gavin
President & CEO
Midwest Bank





CONNECTING WITH OUR COMMUNITIES

- ◆ Midwest Bank donated \$50,000 to the Warren County YMCA Vision Quest III capital campaign drive to add recreational and wellness space to the current facility
- ◆ Employees raised over \$11,500 through various events and fundraisers for Relay For Life in Warren, Knox and Mercer Counties
- ◆ Employee donations combined with the bank contribution resulted in over \$11,400 given to Warren County United Way
- ◆ Over 190 Christmas gifts, 100 blankets and several children's books were collected from bank employees and community members for the Jamieson center Angel Tree
- ◆ More than \$8,500 was donated to local schools through our Chalk Up Money for Schools program in 2015 as part of our ongoing priority to support local education
- ◆ Midwest Bank partnered with Prairie Radio Communications to host the 11th annual spring and fall Ag Roundtables discussing local agriculture issues and their impact on our future
- ◆ Midwest Bank awarded Shawnee Hartman with the first annual \$1,000 Karna Foster Impact Scholarship recognizing high school seniors with a commitment to improving our communities through volunteerism and kindness
- ◆ A large donation was made to the Monmouth Roseville Greenhouse construction project which will benefit the local agriculture program

- ◆ Midwest Bank participated in the 1st Annual Warren Achievement Watermelon Festival and sponsored the Watermelon Carving Contest
- ◆ Donations of more than \$3,500 were given to multiple food pantries in the area including Pay it Forward Ministries, Henderson County Food Pantry, Jamieson Center Food Pantry, FISH Food Pantry and the Mercer County Food Pantry
- ◆ Midwest Bank hosted it's second annual Random Acts of Kindness week in December and employees were out in our communities all week paying it forward with random acts such as purchasing people's gas and groceries
- ◆ Over \$600 was donated to local FFA chapters during a "Vote for your favorite FFA Chapter" Facebook contest held in honor of National Ag Day
- ◆ Midwest Bank helped sponsored several events including the Special Olympics, Christmas for Seniors program, Knox County Humane Society Cheerfest, Galesburg Public Schools Foundation Annual Rubber Duck Race and the Discovery Depot 2015 Festival of Trees
- ◆ A cash donation was made the American Red Cross disaster relief and readiness efforts to help support Cameron Tornado Relief
- ◆ The "Bank Shots" participated in the donkey basketball tournament to help support the Warren County YMCA Childcare and Youth program



CONSOLIDATED BALANCE SHEETS

		2015	2014
Assets	Cash and due from banks	\$6,685,887	\$10,522,328
	Federal funds sold	6,247,000	1,027,000
	Interest-bearing demand deposits in banks	772,161	7,171,674
	Cash and cash equivalents	13,705,048	18,721,002
	Interest-bearing time deposits in banks	5,826,000	5,726,760
	Available-for-sale securities	139,563,185	128,930,818
	Loans held for sale	2,355,029	1,748,613
	Loans, net of allowance for loan losses of \$3,290,468 and \$3,111,133 at December 31, 2015 and 2014	243,591,619	231,147,776
	Premises and equipment, net of accumulated depreciation of \$3,240,713 and \$2,817,091 at December 31, 2015 and 2014	6,694,379	6,719,140
	Federal Reserve and Federal Home Loan Bank stock	3,317,220	3,317,220
	Foreclosed assets held for sale, net	596,839	511,080
	Cash surrender value of life insurance	10,935,951	10,433,758
	Interest receivable	3,397,938	3,056,497
	Deferred income taxes	271,773	446,153
	Mortgage servicing rights	323,879	268,734
	Goodwill	13,088,442	13,088,442
	Customer intangible	1,189,170	
	Other	964,473	923,869
	Total assets	\$445,820,945	\$425,039,862
Liabilities & Stockholders' Equity	Demand deposits	\$36,163,706	\$37,328,484
	Savings, NOW and money market deposits	200,218,882	190,282,949
	Time deposits	87,127,714	88,348,210
	Brokered deposits	14,223,934	15,893,618
	Total deposits	337,734,236	331,853,261
	Short-term borrowings	18,126,379	14,614,366
	Subordinated debentures	9,279,000	9,279,000
	Other borrowings	35,147,800	25,447,800
	Interest payable	118,933	84,187
	Other liabilities	3,046,335	1,952,873
	Total liabilities	403,452,683	383,231,487
	Preferred stock, 10,000,000 shares without par authorized; \$1,000 liquidation preference: Series D - 77,207 shares issued and outstanding	7,720,700	7,720,700
	Common stock, \$1 par value; authorized 10,000,000, 2015 - 953,920 and 2014 - 1,004,720 shares issued and outstanding	953,920	1,004,720
	Additional paid-in capital	22,168,897	23,239,537
	Retained earnings	10,511,964	8,425,162
	Accumulated other comprehensive income	1,012,781	1,418,265
	Total stockholders' equity	42,368,262	41,808,375
	Total liabilities and stockholders' equity	\$445,820,945	\$425,039,862

STATEMENTS OF INCOME

		2015	2014
Interest & Dividend Income	Loans, including fees	\$11,451,854	\$11,358,813
	Debt securities:		
	Taxable	1,694,912	1,821,254
	Tax-exempt	1,216,747	1,136,726
	Federal funds sold and other	96,098	65,866
	Dividends	89,267	87,589
	Total interest and dividend income	14,548,878	14,470,248
Interest Expense	Deposits	1,763,809	1,782,547
	Short-term borrowings	55,254	54,630
	Subordinated debentures	415,816	454,993
	Other borrowings	604,256	533,939
	Total interest expense	2,839,135	2,826,109
	Net Interest Income	11,709,743	11,644,139
	Provision for Loan Losses	650,000	650,000
	Net Interest Income After Provision for Loan Losses	11,059,743	10,994,139
Non-Interest Income	Fiduciary activities	321,486	330,975
	Customer service fees	997,254	1,017,867
	Insurance commissions and other	1,178,044	1,116,107
	Increase in cash surrender value of life insurance	302,193	300,040
	Net realized gains on sales of available-for-sale securities	241,904	122,449
	Mortgage banking, net	440,096	373,316
	Gain on sale of premises and equipment	(16,803)	260
	Other	261,100	213,615
	Total noninterest income	3,725,274	3,474,629
Non-Interest Expense	Salaries and employee benefits	6,089,328	6,039,376
	Occupancy	846,060	738,080
	Equipment	633,081	594,600
	Professional fees	398,896	278,719
	Marketing	143,590	158,510
	Printing and office supplies	106,826	112,448
	Foreclosed assets, net	108,860	(46,098)
	Deposit insurance premiums	262,265	258,828
	Other	1,377,483	1,457,051
	Total noninterest expense	9,966,389	9,591,514
	Income Before Income Taxes	4,818,628	4,877,254
	Provision for Income Taxes	1,359,010	1,002,201
	Net Income	\$3,459,618	\$3,875,053

TEAMWORK

Western Illinois Bancshares, Inc. Directors

Augustin S. Hart III, President
Raymond E. Defenbaugh, Vice President
Christopher J. Gavin, Secretary & Treasurer
Scott T. Champion, Owner MCM Media
Robert C. Fick, President of Mel Foster, Quad City Market
C. Dean Hennenfent, Agribusiness
Robert A. Riley, Retired John Deere Dealer
Mark J. Sexton, Bart Bank Group, Attorney, St. Paul, MN

Midwest Bank Directors

Raymond E. Defenbaugh, President & CEO of Big River Resources, Board Chairman
Robert A. Riley, Retired John Deere Dealer, Board Secretary
Leslie G. Allen, Retired Executive VP of Midwest Bank
Marvin Dahlberg, CPA & Treasurer for the City of Galesburg
Christopher J. Gavin, President & CEO of Midwest Bank
Augustin S. Hart III, Agribusiness and Insurance
C. Dean Hennenfent, Agribusiness
Dr. Stephen A. Johnson, Dentist
Michael G. Luna, Owner/Operator of McDonalds, Monmouth and Aledo

Midwest Bank Executive Officers

Christopher Gavin, President & CEO
Matt Gillen, Senior VP & Chief Credit Officer
Aaron Jensen, VP & Chief Operations Officer
Terri Hippen, VP Marketing & Human Resources
Amanda Campbell, VP & Chief Financial Officer

Main Bank Officers

Debbie Anderson, BSA Officer & Audit Assistant
Marcy Anderson, VP Data Processing
Sara Bockelman, VP Marketing
Laurie Bodeen, Human Resources Officer
Jackie Burnett, Internal Auditor
Kathy Cavanaugh, VP Retail Lending
Dina Chick, Bookkeeping Manager
Brent Dugan, VP Consumer Banking

Mary Dysert, Consumer Loan Officer
Jackie Flater, VP Electronic Banking
Rachel Gibson, Branch Manager
Derrick Johnston, VP Commercial Lending
Justin Johnston, VP Lending
Stephen Lanham, Network Operations Officer
Kim McKeown, Executive Administrative Assistant
Kevin Murk, AVP Consumer Lending

Monmouth Locations

Cesar Aceves
Angie Alberts
Jennifer Carlson
Susan Chase
Janet Current
Marnie Damewood
Lisa Davis
Jaime DeCrane
Amber Doss
Ashley Dye
Mary Dysert
Polly Elliott
Annie Fancher
Violet Fleming
Connie Frakes
Bethany Fredrickson
Patrick Gavin
Stefanie Gavin
Jay Grant
Cassie Griffin
Teresa Harris
Diana Mackey
Becky Moore
Ondria Moulden
Michelle Nelson
Erin Pullen
Brooke Robinson
Charmaine Shinn
Paula Sims
Paula Spence
Janet Thomas
Elisha Vancil
Debbie Von Kannon
Mary Walker
Tiffany Watkins
Marge Winebright
Jennifer Youngquist

Galesburg Locations

*Lance Oetting, VP & Market President
*Cindy Helvick, AVP & Branch Manager
*Blake Rappenecker, AVP Lending
Tracy Brown
Judi Sopher
Tara Dean
Christy Flynn
Teresa Inness
Rhonda Laake
Beau Lehnhausen
Jennifer McMurl
Jackie Telander
Amy Vancil

Aledo Location

*Rex Johnson, VP & Market President
*Christy Shelton, Consumer Loan Officer
Christy Long
Melonie McLaughlin
Kathryn Ricke
Teresa Schell
Judy Smith

Oquawka Location

*Lori Austin, AVP & Branch Manager
Molly Jones
Holly Koresko
Cheryl Newton
Robin Peel
Lisa Thompson
Judy Zielkie

Quad City Area

*Rick Lasek, VP & Market President

Wealth Management & Trust

*Dan Ashton, AVP Trust Administration
*Mark Brownlee, Sr. Investment Officer
*Adam Carlson, Trust Operations Officer
Jodi Chandler
Theresia Pettett

Porter Insurance

Kent Porter, President
Cris Hunt, VP Operations
Debbie Meeker-King (Monmouth)
Kristen Brownlee
Heidi Lancaster
Sharon Lopeman

Chuck Hay Insurance

Larry Morse, President
Chad Morse, Vice President
William Mergenthal, Director of Marketing
Julie Ericson, Office Manager
Steve Mendonsa
Dan Ingersoll
Jeremy Eagle
Jason Vargas
Stacey Kendall
Jackie Cain
Amy Ruhl
Lynn Gibbs

** denotes bank officer*



MIDWEST BANK LOCATIONS

Monmouth:

200 East Broadway

1120 North 6th Street

1150 North 6th Street, Suite A

Oquawka:

Sixth and Schuyler Street

Galesburg:

612 West Main Street

2558 North Seminary Street

Aledo:

200 SE 13th Avenue Court

Kirkwood:

106 South Kirk

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www.westernilbancshares.com

