

November 22, 2021

Dear Shareholder:

Northwest Bank earned \$11.4 million, a 1.46% ROAA, and grew Total Assets by 5.5% to \$1.1 billion during the first nine months of 2021. While we operate in markets that are among the most vibrant in the nation, we remain keenly aware of areas of concerns that could impact economic activity that include, among other things, COVID-19 variants, supply chain issues, and inflation.

While we remain focused on excellent service to our customers, the safety and well-being of our customers and employees comes first. As a result, we have not established a date by which 100% of our employees will return to our local offices.

Financial results for the quarter showed strong profitability and capital ratios. Highlights for the nine months ending September 30, 2021 are as follows:

- Total assets increased \$57.3 million, or 5.4%, to \$1.11 billion, compared to \$1.05 billion one year earlier.
- Loans declined \$202.1 million, or 24.93%, to \$608.5 million compared to \$810.6 million one year ago. \$154 million of this decline is from forgiveness of Payment Protection Plan (PPP) loans. At 9/30/20 there was \$190 million in Round 1 PPP loans and at 9/30/21 there was \$7.1 million of Round 1 loans and \$28.9MM of Round 2 loans. Core loan growth this year has been a challenge due to limited business demand, however, the current loan pipeline indicates that loan demand among our customers is returning.
- PPP loans reduced to \$36.0 million at quarter end as the majority customers have had their loans forgiven.
- Total deposits increased \$54.3 million, or 6.1%, to \$947.3 million compared to \$893.1 million a year ago. This increase included a 16%, or \$53.1million, increase in noninterest-bearing demand deposit accounts to \$385.5million, and a 60%, or \$16.2 million, increase in interest-bearing checking accounts to \$43.2 million.
- Net income was \$11.4 million, or \$1.88 per share, for the nine months ending September 30, 2021 compared to \$5.8 million, or \$0.95 per share, for the same period in 2020. Improving asset quality and strong expense control have driven this rebound.
- Net Interest Margin (NIM) declined to 3.67% for the nine months ending September 30, 2021 compared to 3.78% for the same period in 2020. The decline in NIM was primarily driven by a decline in yield on earning assets as a result of the significant increase in low yielding cash balances to \$400.1 million at September 30, 2021 (36% of total assets) from \$138.6 million at September 30, 2020 (13% of total assets). The yield on earning assets was 4.01% for the nine months ending September 30, 2021 compared to 4.37% for the same period in 2020. The decline in yield is the result of the Bank's loans that are tied to the Prime rate which decreased by 2.25% since March 2019.
- Return on Average Assets (ROAA) and Return on Average Equity (ROAE) have improved. ROAA was 1.46% for the nine months ending September 30, 2021, up from 0.78% for the same period in 2020. ROAE was 12.93% for the period ending September 30, 2021 compared to 7.39% for the same period in 2020.

- The efficiency ratio (non-interest expense as a percent of net interest income plus non-interest income) was 51% for the nine months ending September 30, 2021 as compared to 53% for the same period in 2020. This improvement is the result of strong expense controls.
- Book value per share increased \$2.43 to \$20.15 on September 30, 2021 from \$17.72 on the same date in 2020.
- Tier 1 capital ratio is 10.69% as of September 30, 2021. The Tier 1 capital ratio continues to be well in excess of regulatory minimums.

Stock Buyback Plan:

The WCC Board of Directors previously approved a share buyback program of up to 90,000 shares through March 2022 at a price established monthly by the Board of Directors. If you are interested in selling your shares, you may contact the individuals below for more information:

Connie Yenne, Controller
Wester Capital Corporation
206.621.8721
connie.yenne@northwest-bank.com

David Robinson, Corporate Secretary
Western Capital Corporation
503.906.3952
david.robinson@northwest-bank.com

Although the pandemic and resulting economic challenges have impacted us all, we believe our actions to control expenses and credit quality have provided a positive result for both our customers and the Bank. Our team continues to work with both existing and new customers on opportunities that provide meaningful risk adjusted returns for all parties. As always, we welcome business referrals from our shareholders in 2021.

Thank you for your continued support of Western Capital Corporation and Northwest Bank.

Sincerely,



Jeff Gow
Chairman, President & Chief Executive Officer, Northwest Bank
Chairman, Western Capital Corporation

Enclosure

This communication contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from the results expressed in forward-looking statements. Factors that might cause such a difference include changes in interest rates and interest rate relationships; demand for products and services; the degree of competition by traditional and non-traditional competitors; changes in banking regulation; changes in tax laws; changes in prices; levies and assessments; the impact of technological advances; governmental and regulatory policy changes; the outcomes of contingencies; trends in customer behavior as well as their ability to repay loans; changes in the national and local economy and other factors. Western Capital Corporation undertakes no obligation to update or clarify forward-looking statements, whether as a result of new information, future events or otherwise.

Western Capital Corp.

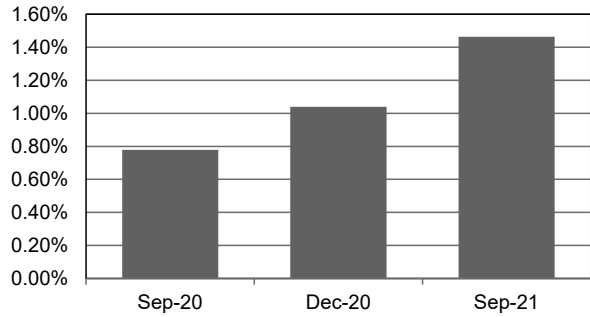
Unaudited
\$ in Thousands

Statement of Condition	30-Sep-20	31-Dec-20	30-Sep-21
Assets			
Cash and Due from Banks	138,634	120,028	400,808
Investment Securities	102,577	122,774	99,148
Loans	810,584	733,836	608,465
Allowance for Loan Losses	(13,356)	(12,712)	(12,573)
Loans, net of Allowance for Loan Losses	797,228	721,124	595,892
Deferred Tax Asset, net	5,623	5,249	5,391
Accrued Interest & Other Assets	11,744	14,530	11,921
Total Assets	1,055,806	983,705	1,113,160
Liabilities			
Deposits			
Noninterest-Bearing Demand Deposits	332,412	317,398	385,465
Interest-Bearing Checking	27,020	27,849	43,205
Money Market & Savings Accounts	385,007	337,377	394,466
Certificates of Deposit	148,606	132,698	124,165
Total Deposits	893,045	815,322	947,301
Borrowings	51,256	50,842	39,814
Other Liabilities	4,163	5,535	3,938
Total Liabilities	948,464	871,699	991,053
Stockholders' Equity			
Common Stock, \$1 par value	6,058	6,068	6,059
Surplus & Retained Earnings	95,522	95,515	104,667
Net Income YTD	5,762	10,423	11,381
Total Stockholders' Equity	107,342	112,006	122,107
Total Liabilities and Stockholders' Equity	1,055,806	983,705	1,113,160

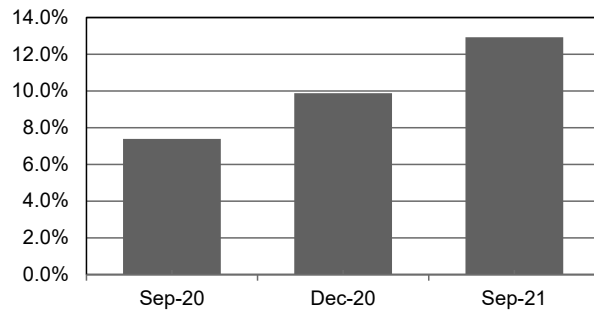
Statement of Income	For the nine months ending	
	30-Sep-20	30-Sep-21
Interest Income		
Loans	29,941	29,590
Investments	1,939	851
Total Interest Income	31,880	30,441
Interest Expense		
Deposits	3,878	2,157
Borrowings	374	371
Total Interest Expense	4,252	2,528
Net Interest Income before Provision for Loan Losses	27,628	27,913
Provision for Loan Losses	6,138	-
Net Interest Income after Provision for Loan Losses	21,490	27,913
Noninterest Income		
Gain on Sale of Government Guaranteed Loans	848	1,507
Other Noninterest Income	1,002	1,290
Total Noninterest Income	1,850	2,797
Noninterest Expense		
Salaries & Employee Benefits	10,471	10,239
Occupancy & Equipment	1,592	1,849
Data Processing & Telecom	1,256	1,349
Professional Fees	578	723
Other	1,660	1,362
Total Noninterest Expense	15,557	15,522
Net Income Before Tax	7,783	15,188
Income Tax Expense	2,020	3,807
Net Income	5,763	11,381

Western Capital Corporation - Current Financial Performance

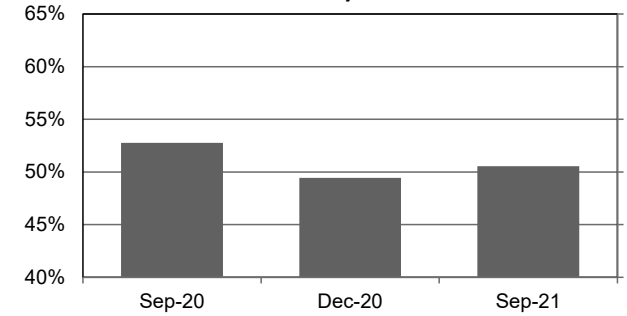
Annualized Return on Average Assets



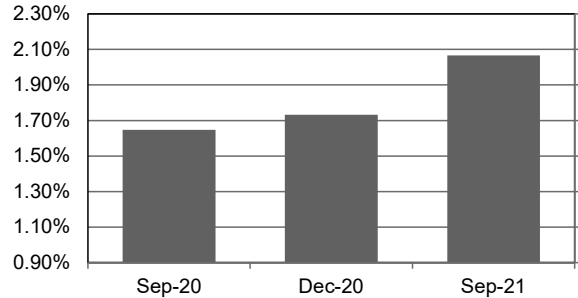
Annualized Return on Average Equity



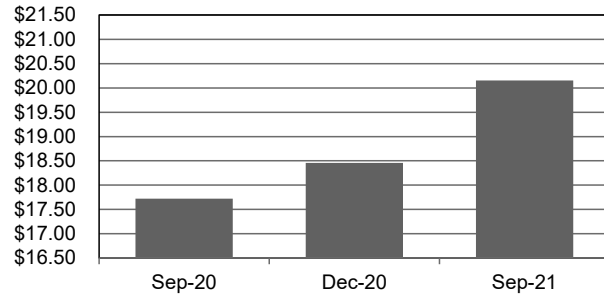
Efficiency Ratio



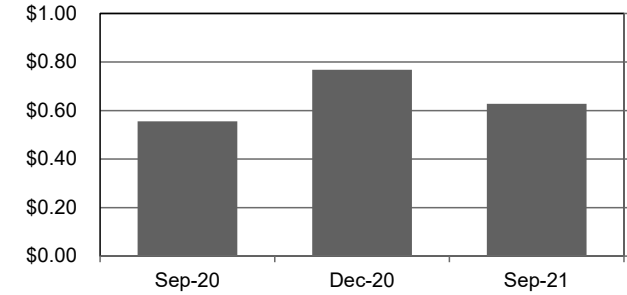
Loan Loss Allowance to Loans



Book Value per Share



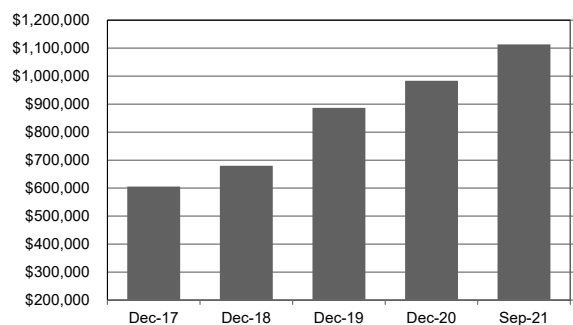
Quarterly Earnings per Share



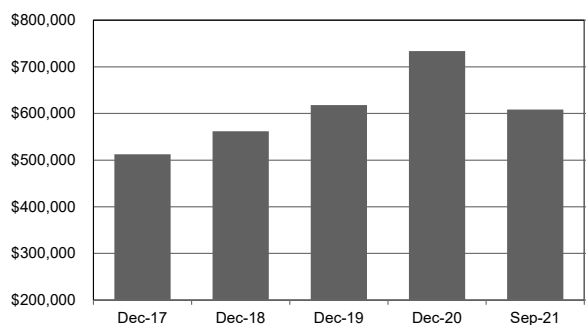
	Sep-20	Dec-20	Sep-21	Sep-20	Dec-20	Sep-21
Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED				Key Ratios @ Quarter-End		
Return on Avg Equity	7.39%	9.87%	12.93%	Loans (Net of Allowance) to Deposits	89.27%	88.45%
Return on Avg Assets	0.78%	1.04%	1.46%	Loan Loss Allowance to Loans	1.65%	1.73%
Net Income (\$000's)	\$ 5,763	\$ 10,423	\$ 11,381	Nonperforming Assets/Assets	1.23%	1.90%
Efficiency Ratio	53%	49%	51%	Net Chg Offs/(Recoveries) to Loans	0.15%	0.28%
Book Value per Share	\$ 17.72	\$ 18.46	\$ 20.15	Quarterly Capital Ratio - Northwest Bank (estimate for most current quarter-end)		
Quarterly Earnings per Share	\$ 0.56	\$ 0.77	\$ 0.63	Tier 1 Capital Ratio	9.32%	10.69%
Net Interest Margin	3.78%	3.87%	3.67%			
Yield on Earning Assets	4.37%	4.40%	4.01%			
Cost of Int-Bearing Liabilities	0.96%	0.89%	0.59%			

Western Capital Corporation - Historical Financial Performance

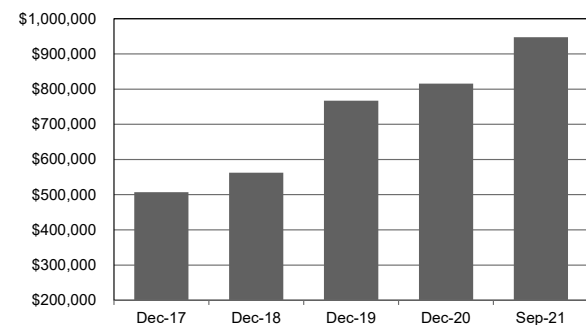
Assets



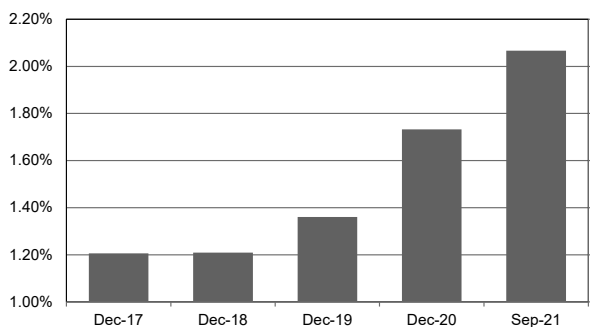
Loans (Gross)



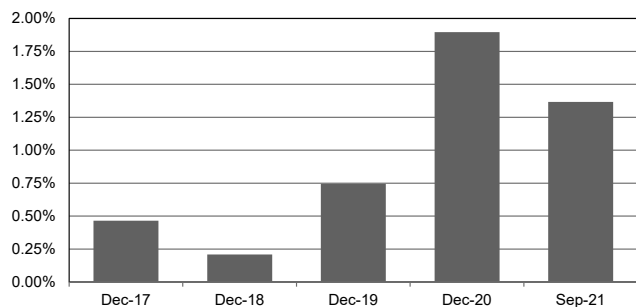
Deposits



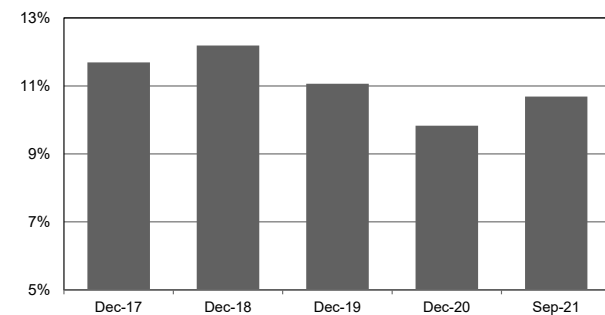
Loan Loss Allowance / Loans



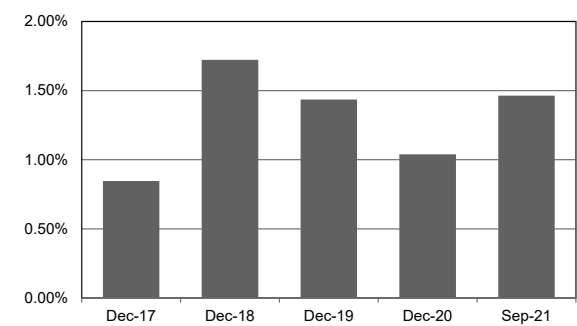
Nonperforming Assets / Assets



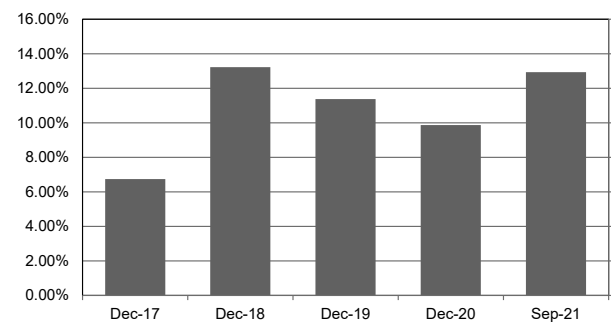
Tier 1 Leverage Capital Ratio (NB)



Return on Average Assets (YTD)



Return on Average Equity (YTD)



Book Value per Share

