Western Capital Corp.

Northwest Bank

September 4, 2026

Dear Shareholder:

Western Capital Corporation (WCC) is pleased to share our financial performance for the second quarter ended June 30, 2026.

Second quarter results reflect the resilience of the franchise, achieving an ROAA of 1.26%, while remaining selective in pursuing growth opportunities that meet our risk and return objectives. Performance was supported by a strong capital position, ample liquidity, improving funding costs, and continued oversight of credit and interest rate risk.

We continue to take a disciplined approach in deploying our balance sheet, the $15.5 million year-to-date decline in loan balances understates the volume of new high-quality customer acquisition across our lending platform. Our lenders generated over $80.0 million of new originations, reflecting meaningful activity beneath the headline number. We have remained steadfast in allowing loans to pay off when competitive pricing or structure falls outside our risk and return parameters. While this measured approach tempered asset growth, it strengthened the overall portfolio and reinforced our long-standing commitment to prudent risk management. Balance sheet growth was also affected by the securities portfolio. We did not identify securities purchases that offered an attractive risk-adjusted return and, similar to the loan portfolio, a number of securities were redeemed before their expected maturities. The combination of accelerated loan payoffs and declining securities balances resulted in essentially flat balance sheet growth. As yields at the longer end of the yield curve moved higher, we are pleased with our disciplined approach to loan duration and limited securities purchases, which preserved flexibility and reduced the risk of committing capital at less attractive levels.

We are encouraged by the progress made in reducing problem assets during the quarter. Nonperforming asset balances declined from year-end levels as several criticized relationships were successfully resolved, restructured, or exited. This progress contributed to a modest loan loss provision of $48 thousand in the second quarter, while maintaining a conservatively funded allowance for credit losses equal to 1.49% of total loans. While credit challenges remain elevated relative to historical norms, these improvements reflect the effectiveness of our proactive portfolio management strategy and continued focus on early identification and resolution of emerging credit concerns.

As of June 30, 2026, Northwest Bank reported a Tier 1 Leverage Ratio of 16.57%, well above the regulatory requirement of 9.0% for a Well Capitalized Bank. Our liquidity position remains strong, with cash and overnight investments of $303.9 million, representing 20.9% of total assets.

Importantly, the Company's capital and balance sheet position continued to strengthen during the second quarter. Total stockholders' equity increased to $206.5 million, while book value per share increased to $33.66 from $32.75

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at December 31, 2025. These results provide meaningful flexibility to navigate economic uncertainty, capitalize on attractive growth opportunities, and maintain a strong balance sheet through varying credit and interest rate cycles.

Key performance and balance sheet highlights for the period ended June 30, 2026, include:

- Quarterly net income of $4.5 million and year-to-date net income of $8.6 million.
- Quarterly return on average assets of 1.26%, and return on average equity of 8.70%.
- Year-to-date return on average assets of 1.20%, and return on average equity of 8.47%.
- Total assets of $1.45 billion.
- Total loans of $863.2 million, reflecting a deliberate focus on disciplined structure, pricing, and portfolio quality.
- Total deposits of $1.07 billion.
- Year-to-date net interest margin remained strong at 4.20%.
- Cost of funds decreased to 2.93%, compared to 3.26% at June 30, 2025.
- Book value per share increased to $33.66, compared to $32.75 at year-end 2025.
- Northwest Bank's Tier 1 Leverage Ratio strengthened to 16.57%, while the Allowance for Credit Losses remained conservatively funded at 1.49% of total loans.

Looking ahead, we expect 2026 profitability to remain sound but below 2025 levels, primarily reflecting our conservative outlook for the lending environment and interest rates. We believe maintaining discipline around credit structure, pricing, asset duration, and securities purchases is the appropriate course, even where that discipline limits near-term earnings and balance sheet growth.

While we remain mindful of ongoing uncertainty in the broader banking industry, we are confident in our ability to grow responsibly. Our strong capital position, ample liquidity metrics, declining funding costs, and disciplined credit culture continue to differentiate Northwest Bank in the marketplace. We believe our decision to prioritize pricing discipline and credit quality over short-term loan growth positions the Company well for long-term shareholder value creation. As competitors remain selective or constrained, we continue to see opportunities to expand relationships with high-quality clients who value certainty of execution, local decision-making, and prudent banking practices.

We extend sincere gratitude to our shareholders, clients, and community partners. Your support enables us to deliver consistent value through stock appreciation and dividends.

We invite you to continue engaging with our team and sharing the benefits of banking with Northwest Bank. By referring friends, family, and associates, you play a vital role in expanding our client base and reinforcing the community-focused values that define us.

Western Capital Corp.

Northwest Bank

Sincerely,

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

Kyle Leyendecker
President and Chief Operating Officer, Northwest Bank
Director, Northwest Bank | Western Capital Corporation

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.

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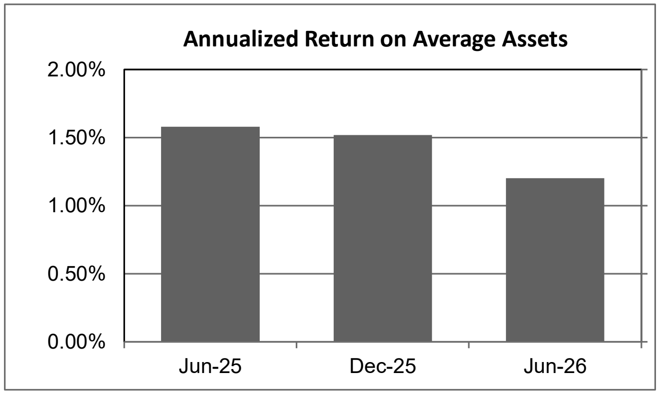
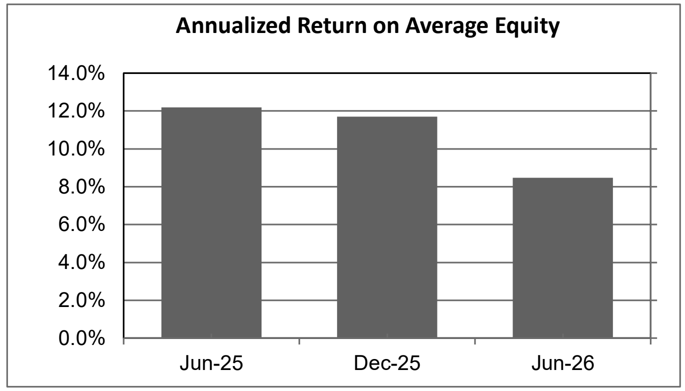
*Unaudited*
*$ in Thousands*

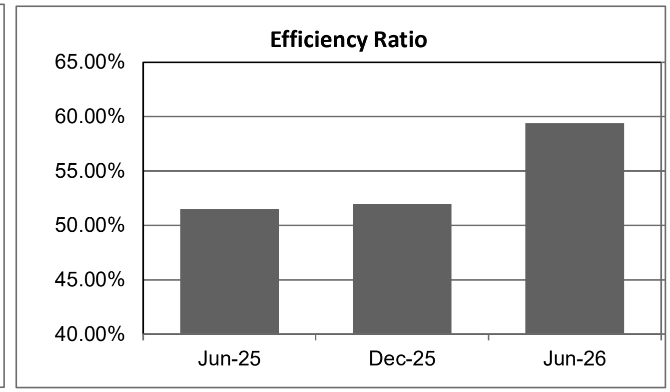
| **Statement of Condition** | **30-Jun-25** | **31-Dec-25** | **30-Jun-26** | YTD change | |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Cash and due from banks | $ 234,853 | $ 401,986 | $ 303,853 | $ (98,134) | -24.4% |
| Investment securities | 295,789 | 178,048 | 269,449 | 91,401 | 51.3% |
| Loans | 920,148 | 878,722 | 863,217 | (15,505) | -1.8% |
| Allowance for credit losses | (15,205) | (15,025) | (12,901) | 2,124 | -14.1% |
| Loans, net of Allowance for credit losses | 904,943 | 863,696 | 850,316 | (13,380) | -1.5% |
| Deferred tax asset, net | 6,397 | 6,429 | 6,369 | (59) | -0.9% |
| Accrued interest & other assets | 29,191 | 24,672 | 23,740 | (932) | -3.8% |
| **Total assets** | **$ 1,471,172** | **$ 1,474,832** | **$ 1,453,727** | (21,105) | -1.4% |
| **Liabilities** | | | | | |
| Deposits | | | | | |
| Noninterest-bearing demand deposits | $ 248,092 | $ 248,806 | $ 220,824 | (27,981) | -11.2% |
| Interest-bearing checking | 80,710 | 152,639 | 108,724 | (43,915) | -28.8% |
| Money market & savings accounts | 323,243 | 314,597 | 378,160 | 63,564 | 20.2% |
| Certificates of deposit | 473,325 | 390,684 | 366,964 | (23,720) | -6.1% |
| Total deposits | 1,125,369 | 1,106,725 | 1,074,672 | (32,053) | -2.9% |
| Borrowings | 143,799 | 153,941 | 154,044 | 103 | 0.1% |
| Other liabilities | 13,829 | 14,348 | 18,494 | 4,146 | 28.9% |
| **Total liabilities** | **1,282,997** | **1,275,014** | **1,247,210** | (27,804) | -2.2% |
| **Stockholders' equity** | | | | | |
| Common stock, $1 par value | $ 6,129 | $ 6,102 | $ 6,135 | 34 | 0.6% |
| Surplus & retained earnings | 170,678 | 171,603 | 191,781 | 20,177 | 11.8% |
| Net income YTD | 11,369 | 22,113 | 8,601 | (13,512) | -61.1% |
| **Total stockholders' equity** | **188,175** | **199,818** | **206,517** | 6,699 | 3.4% |
| **Total liabilities and stockholders' equity** | **$ 1,471,172** | **$ 1,474,832** | **$ 1,453,727** | (21,105) | -1.4% |

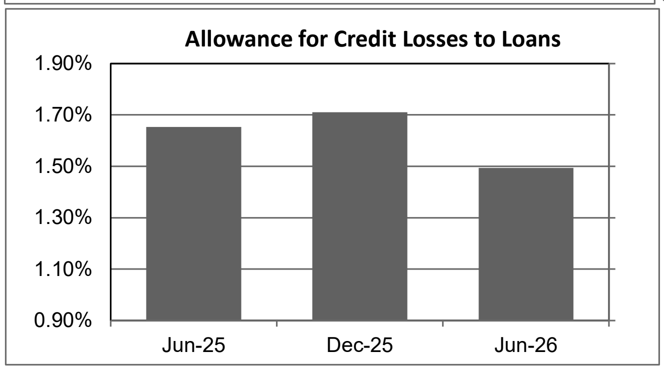
| **Statement of income** | **For the six months ending 30-Jun-25** | **30-Jun-26** |
|---|---|---|
| **Interest income** | | |
| Loans | $ 37,930 | $ 35,095 |
| Investments | 13,908 | 12,356 |
| **Total interest income** | **51,838** | **47,451** |
| **Interest expense** | | |
| Deposits | 16,774 | 13,751 |
| Borrowings | 3,502 | 4,045 |
| **Total interest expense** | **20,276** | **17,797** |
| **Net interest income before provision for credit losses** | **31,562** | **29,655** |
| Provision for credit losses | 1,907 | 1,751 |
| **Net interest income after provision for credit losses** | **29,654** | **27,904** |
| **Noninterest income** | | |
| Gain on sale of government guaranteed loans | 474 | 1,462 |
| Other noninterest income | 1,751 | 1,113 |
| **Total noninterest income** | **2,225** | **2,575** |
| **Noninterest expense** | | |
| Salaries & employee benefits | 12,364 | 12,872 |
| Occupancy & equipment | 1,110 | 1,023 |
| Data processing & telecom | 1,186 | 1,324 |
| Professional fees | 949 | 1,099 |
| Other | 1,791 | 2,826 |
| **Total noninterest expense** | **17,399** | **19,144** |
| **Net income before tax** | **14,480** | **11,335** |
| Income tax expense | 3,111 | 2,734 |
| **Net income** | **$ 11,369** | **$ 8,601** |

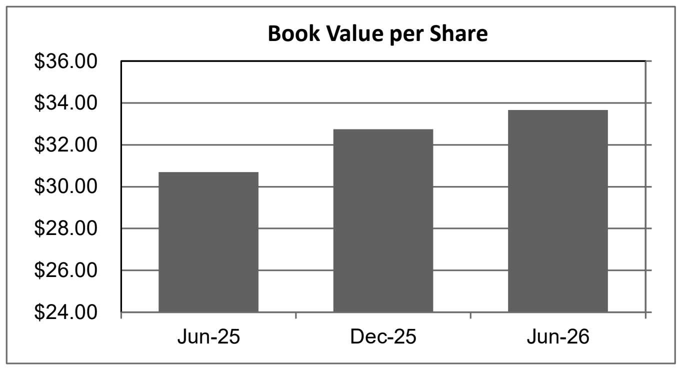
# Western Capital Corporation - Current Financial Performance

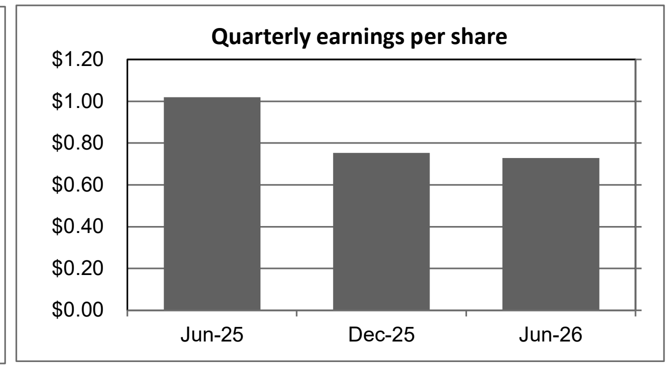



| | Jun-25 | Dec-25 | Jun-26 |
|---|---|---|---|
| **Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED** | | | |
| Return on avg equity | 12.19% | 11.70% | 8.47% |
| Return on avg assets | 1.58% | 1.52% | 1.20% |
| Quarterly net income ($000's) | $ 6,256 | $ 4,600 | $ 4,469 |
| Efficiency ratio | 51.50% | 51.95% | 59.40% |
| Book value per share | $ 30.70 | $ 32.75 | $ 33.66 |
| Quarterly earnings per share | $ 1.02 | $ 0.75 | $ 0.73 |
| Net interest margin | 4.45% | 4.34% | 4.20% |
| Yield on earning assets | 7.31% | 7.15% | 6.71% |
| Cost of int-bearing liabilities | 3.96% | 3.94% | 3.60% |

| | Jun-25 | Dec-25 | Jun-26 |
|---|---|---|---|
| **Key Ratios @ Quarter-End** | | | |
| Total loans to deposits | 81.76% | 79.40% | 80.32% |
| Allowance for credit losses to loans | 1.65% | 1.71% | 1.49% |
| Nonperforming assets/assets | 1.36% | 2.38% | 2.25% |
| Net chg-offs (recoveries) to loans | 0.20% | 0.41% | 0.44% |
| **Quarterly capital ratio - Northwest Bank** | | | |
| Tier 1 leverage ratio | 14.26% | 15.27% | 16.57% |

# Western Capital Corporation - Historical Financial Performance