

August 20, 2025

Dear Shareholder:

We are pleased to share Western Capital Corporation's (WCC) financial results for the six months ended June 30, 2025. Our performance during this period reflects our continued trajectory of disciplined growth, prudent risk management, and strategic focus in navigating a complex and evolving economic environment.

For the first half of 2025, WCC reported net income of \$11.40 million, representing a 1.58% return on average assets (ROAA). Pre-tax, pre-provision income increased 10.2% year-over-year to \$16.4 million, reflecting solid core earnings performance. This performance was largely driven by an expanding loan portfolio and disciplined balance sheet management.

Key performance and balance sheet highlights for the six months ended June 30, 2025, include:

- Net Income: \$11.40 million, up \$979 thousand from the prior year, driven by a \$1.5 million increase in net interest income.
- Net Interest Margin: Held strong at 4.45%, down modestly from 4.56% as of December 31, 2024.
- Return on Equity: 12.19%.
- Total Assets: Increased 2.3% to \$1.47 billion.
- Total Loans: Grew 9.7% to \$920 million, an annualized growth rate of 19.3%.
- Total Deposits: Grew 3.1% to \$1.13 billion.
- Cost of Interest-Bearing Liabilities: Declined to 3.96%, down from 4.21% at year-end.
- Efficiency Ratio: Improved to 51.50%, from 52.62% as of June 30, 2024.
- Total Equity: Remains strong, with a Tier 1 Leverage Ratio of 14.26%.
- Allowance for Credit Losses (ACL): Remains sufficiently funded at 1.65% of total loans.

These results demonstrate the strength of our core earnings, supported by our intentional and conservative approach to managing both growth and risk.

Our balance sheet remains highly liquid and well-capitalized, reflecting our disciplined capital and liquidity management strategy. For more than 17 years, this conservative approach has consistently reinforced our ability to deliver stable returns, navigate economic cycles, and maintain a strong long-term outlook.

As of June 30, 2025, we reported a Tier 1 Leverage Ratio of 14.26%, well above the regulatory requirement of 9.0% for a Well Capitalized Bank. Our liquidity position remains strong, with liquid assets comprising cash and short-term U.S. Treasuries totaling \$334.8 million, representing 22.8% of total assets and 29.8% of total deposits.

We continue to emphasize risk-adjusted returns while limiting exposure to broad-based interest rate volatility. This commitment to prudent balance sheet management remains central to our long-term resilience.

In the first half of the year, we recognized \$1.9 million in provision for credit losses, primarily related to two commercial real estate exposures. We believe this reflects our proactive and prudent approach to credit risk management. Our total non-performing assets increased to \$20.0 million, or 1.36% of total assets, and our ACL remains well-funded at 1.65% of total loans. Importantly, our commercial real estate (CRE) exposure remains below regulatory guideline thresholds and is broadly diversified. Our disciplined credit strategy emphasizes early identification of loan stress, enabling us to address issues proactively and maintain long-term asset quality.

While we remain mindful of the ongoing uncertainties in the broader banking industry, we are confident in our ability to grow responsibly. We anticipate continued opportunity as competitors scale back their lending activity, creating space for WCC to expand its presence with strategic, high-quality relationships.

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.

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

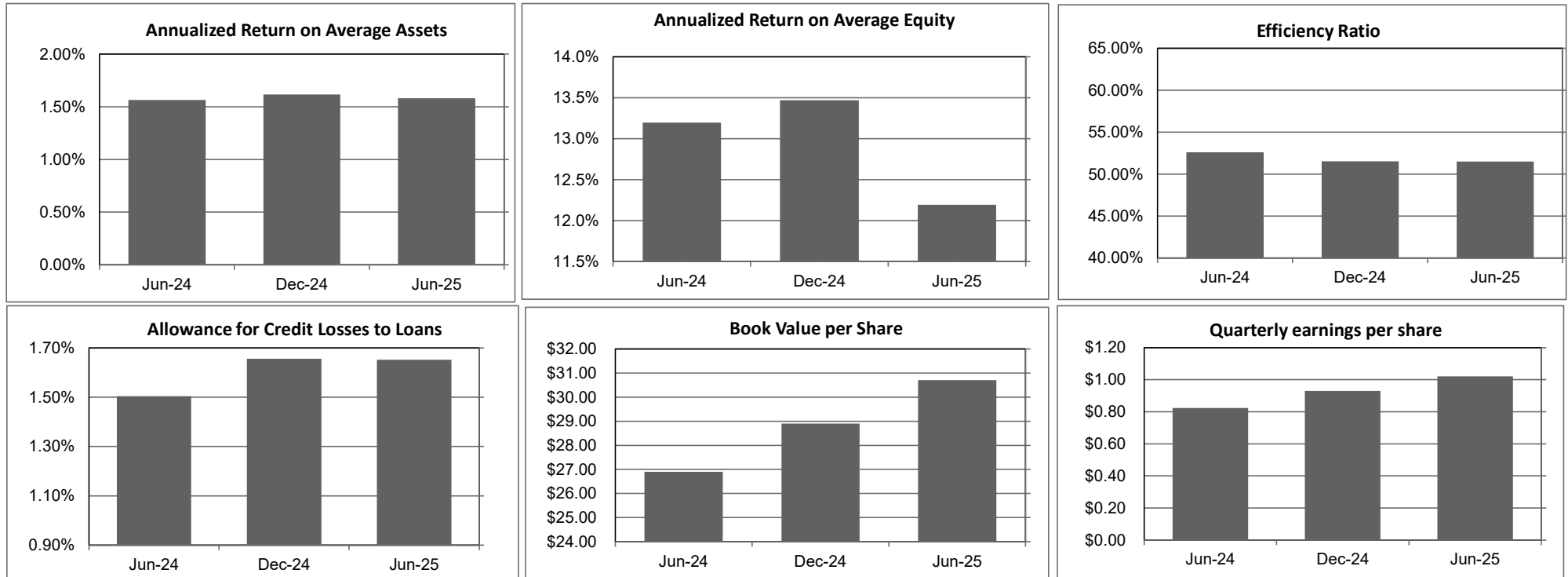
This communication contains comments or information that constitutes forward-looking statements (within the meaning of the Private Securities Litigation Reform Act of 1995) that are based on current expectations that involve a number of risks and uncertainties. Actual results may differ materially from 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.

# Western Capital Corp.

Unaudited  
\$ in Thousands

Statement of Condition				YTD change	Statement of income	For the six months ending	
	30-Jun-24	31-Dec-24	30-Jun-25			30-Jun-24	30-Jun-25
<b>Assets</b>					<b>Interest income</b>		
Cash and due from banks	\$ 136,877	\$ 254,447	\$ 234,853	\$ (19,594) -7.7%	Loans	\$ 33,070	\$ 37,930
Investment securities	377,797	322,294	295,789	(26,505) -8.2%	Investments	16,168	13,908
Loans	809,626	839,065	920,148	81,083 9.7%	<b>Total interest income</b>	<b>49,238</b>	<b>51,838</b>
Allowance for credit losses	(12,183)	(13,898)	(15,205)	(1,307) 9.4%	<b>Interest expense</b>		
Loans, net of Allowance for credit losses	797,443	825,167	904,943	79,776 9.7%	Deposits	16,262	16,774
Deferred tax asset, net	7,434	7,067	6,397	(671) -9.5%	Borrowings	2,942	3,502
Accrued interest & other assets	29,411	29,619	29,191	(428) -1.4%	<b>Total interest expense</b>	<b>19,204</b>	<b>20,276</b>
<b>Total assets</b>	<b>\$ 1,348,962</b>	<b>\$ 1,438,594</b>	<b>\$ 1,471,172</b>	32,578 2.3%	<b>Net interest income before provision for credit losses</b>	<b>30,034</b>	<b>31,562</b>
					Provision for credit losses	1,013	1,907
<b>Liabilities</b>					<b>Net interest income after provision for credit losses</b>	<b>29,021</b>	<b>29,654</b>
Deposits					<b>Noninterest income</b>		
Noninterest-bearing demand deposits	\$ 217,453	\$ 230,001	\$ 248,092	18,091 7.9%	Gain on sale of government guaranteed loans	981	474
Interest-bearing checking	86,994	91,495	80,710	(10,785) -11.8%	Other noninterest income	371	1,751
Money market & savings accounts	406,117	358,999	323,243	(35,757) -10.0%	<b>Total noninterest income</b>	<b>1,352</b>	<b>2,225</b>
Certificates of deposit	345,122	410,971	473,325	62,354 15.2%	<b>Noninterest expense</b>		
Total deposits	1,055,686	1,091,466	1,125,369	33,903 3.1%	Salaries & employee benefits	11,987	12,364
Borrowings	113,533	153,367	143,799	(9,568) -6.2%	Occupancy & equipment	1,051	1,110
Other liabilities	16,690	17,504	13,829	(3,675) -21.0%	Data processing & telecom	1,142	1,186
<b>Total liabilities</b>	<b>1,185,909</b>	<b>1,262,337</b>	<b>1,282,997</b>	20,660 1.6%	Professional fees	466	949
					Other	1,870	1,791
<b>Stockholders' equity</b>					<b>Total noninterest expense</b>	<b>16,516</b>	<b>17,399</b>
Common stock, \$1 par value	\$ 6,060	\$ 6,098	\$ 6,129	31 0.5%	<b>Net income before tax</b>	<b>13,857</b>	<b>14,480</b>
Surplus & retained earnings	146,604	147,999	170,678	22,679 15.3%	Income tax expense	3,467	3,111
Net income YTD	10,389	22,160	11,369	(10,791) -48.7%	<b>Net income</b>	<b>\$ 10,390</b>	<b>\$ 11,369</b>
<b>Total stockholders' equity</b>	<b>163,053</b>	<b>176,257</b>	<b>188,175</b>	11,918 6.8%			
<b>Total liabilities and stockholders' equity</b>	<b>\$ 1,348,962</b>	<b>\$ 1,438,594</b>	<b>\$ 1,471,172</b>	32,578 2.3%			

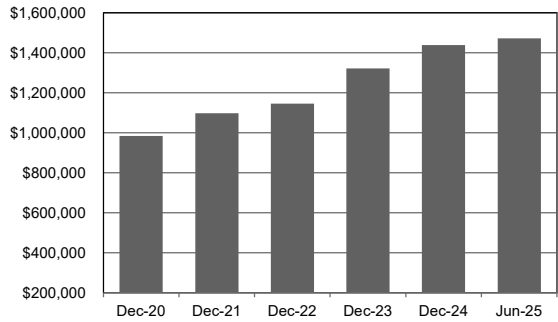
## Western Capital Corporation - Current Financial Performance



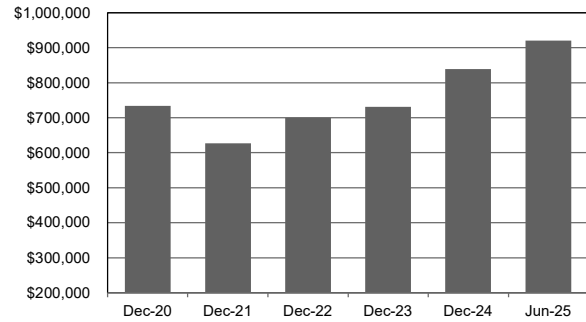
	Jun-24	Dec-24	Jun-25		Jun-24	Dec-24	Jun-25
<b>Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED</b>				<b>Key Ratios @ Quarter-End</b>			
Return on avg equity	13.20%	13.47%	12.19%	Loans (net of allowance) to deposits	75.54%	75.60%	80.41%
Return on avg assets	1.56%	1.62%	1.58%	Allowance for credit losses to loans	1.50%	1.66%	1.65%
Quarterly net income (\$000's)	\$ 4,992	\$ 5,670	\$ 6,256	Nonperforming assets/assets	0.81%	0.65%	1.36%
Efficiency ratio	52.62%	51.54%	51.50%	Net chg-offs(recoveries) to loans	-0.04%	-0.07%	0.20%
Book value per share	\$ 26.91	\$ 28.90	\$ 30.70	<b>Quarterly capital ratio - Northwest Bank</b>			
Quarterly earnings per share	\$ 0.82	\$ 0.93	\$ 1.02	Tier 1 leverage ratio	13.67%	13.79%	14.26%
Net interest margin	4.61%	4.56%	4.45%				
Yield on earning assets	7.56%	7.56%	7.31%				
Cost of int-bearing liabilities	4.18%	4.21%	3.96%				

## Western Capital Corporation - Historical Financial Performance

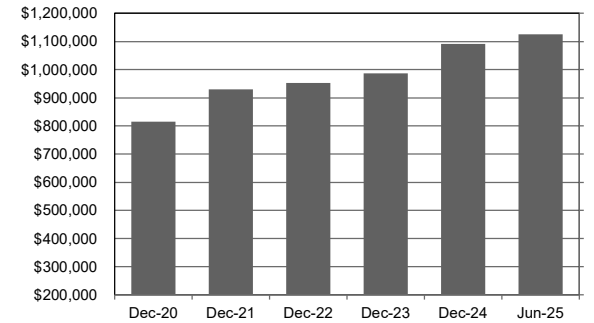
**Assets**



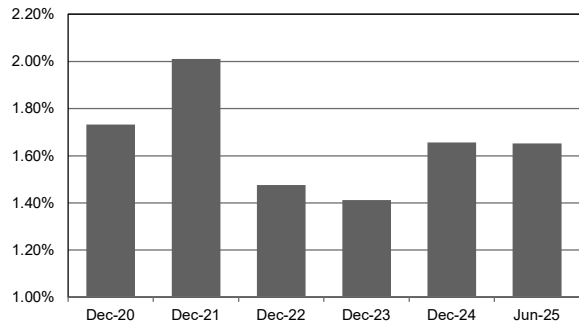
**Loans (Gross)**



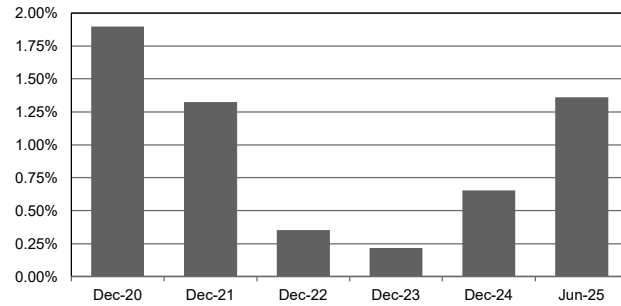
**Deposits**



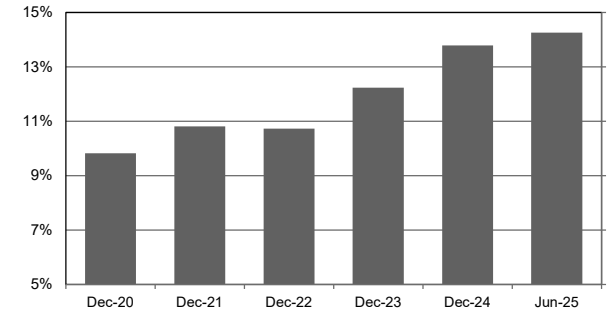
**Allowance for Credit Losses / Loans**



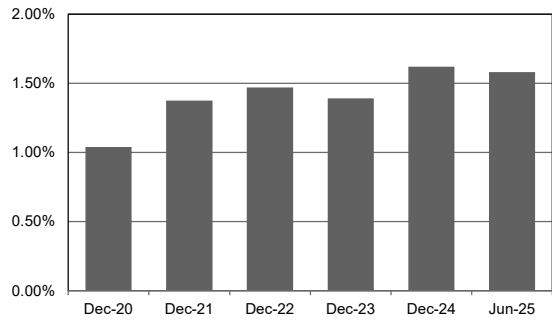
**Nonperforming Assets / Assets**



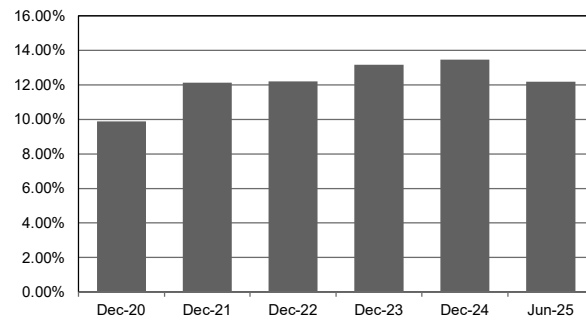
**Tier 1 Leverage Capital Ratio (NB)**



**Return on Average Assets (YTD)**



**Return on Average Equity (YTD)**



**Book Value per Share**

