

May 22, 2025

Dear Shareholder:

Western Capital Corporation (WCC) is pleased to share our financial performance for the first quarter ending, March 31, 2025.

This quarter's financial performance demonstrates our continued trajectory of steady growth, rooted in our strong balance sheet structure, diversified income sources, proactive management of capital and liquidity, and disciplined oversight of credit and interest rate risk. WCC realized earnings of \$5.11 million, a 1.44% return on average assets (ROAA), primarily driven by an expansion in our loan portfolio.

Our approach to managing WCC's balance sheet remains conservative, with a strategic focus on securing higher quality, risk-adjusted returns from our loans and securities portfolios, and minimizing broad-based interest rate risks. Our financial performance demonstrates the disciplined execution of our strategic priorities, as we continue to leverage our strengths to drive sustainable growth while maintaining a cautious approach to risk and capital management.

WCC's balance sheet remains highly liquid and strongly capitalized, as evidenced by a Tier 1 Leverage Ratio of 14.27%, meeting the regulatory requirement of 4.5% (Common Equity Tier 1 (CET1) capital ratio). Liquid assets, including cash and U.S. Treasury securities maturing within six months, total \$344.2million, representing 23.0% of total assets and 29.8% of total deposits.

During the quarter, we recognized \$1.7 million in provision for credit losses, primarily associated with two commercial buildings. While commercial real estate (CRE) markets, particularly in the larger urban office space sector, remain under pressure, we continue to adopt a disciplined and proactive approach to credit risk identification and have limited exposure to this sector.

Our loan portfolio management strategy focuses on early identification of stress, allowing us to appropriately mitigate potential issues before they escalate. We believe that recognizing these losses at this time reflects a proactive and disciplined approach by management and better positions us for long-term stability and resilience.

Importantly, our overall CRE concentration remains below regulatory guidelines and is well-diversified across property types and geographies. Commercial office exposure represents 5.51% of total assets, reflecting a contained level of exposure and impact of this segment on our broader financial position.

Key performance and balance sheet highlights for the quarter ended, March 31, 2025, include:

- Net Income of \$5.11 million was \$285 thousand lower than the prior year, March 31, 2024, as a result of \$1.65 million in provision for credit losses. Pretax and provision Income grew 11.3% to \$8.01 million.
- Net interest margin remained strong at 4.37%.
- Return on average assets and average equity equated to 1.44% and 11.29%.

- Total assets grew \$56.9 million, or 3.95%, to \$1.49 billion, as compared to \$1.44 billion at December 31, 2024.
- Total deposits grew \$62.6 million, or 5.74%, to \$1.15 billion, as compared to \$1.09 billion at December 31, 2024.
- Cost of interest-bearing liabilities decreased to 3.91%, compared to 4.21% for the quarter ended December 31, 2024, as deposit rates and market competition decreased during the period.
- Net Interest Margin decreased to 4.37%, compared to 4.56% for the quarter ended December 31, 2024.
- Total equity remained very strong, with a tier 1 leverage ratio of 14.27%.
- Efficiency ratio improved to 51.63% compared to March 31, 2024, of 53.17%, reflects a strong emphasis on prudent control of expenses.
- Non-performing assets increased to \$14.2 million on March 31, 2025, from \$13.8 million on December 31, 2024. As a percentage of total assets, non-performing assets accounted for 0.95% as of March 31, 2025.
- The Allowance for Credit Losses (ACL) was sufficiently funded at 1.55% of total loans.

As we move forward in 2025, we anticipate continued growth and sustainable financial performance, driven by our disciplined approach and commitment to our core fundamentals. Given the volatility in the banking industry in recent years, we remain cautious and are actively managing our credit portfolio with an emphasis on early identification of risk and maintaining appropriate capital and ACL levels. We expect many of our competitors to have elevated lending apprehension, reducing competition, which should create new opportunities for us to expand our market presence.

We appreciate your continued support and remain dedicated to delivering long term value to our shareholders through both stock appreciation and dividends. Our conservative approach to all aspects of our balance sheet, particularly capital and liquidity, has served us well over the past 17 years.

We encourage you to connect personally with our team members or refer your family, friends, and business associates to explore the many advantages of banking with Northwest Bank. Our team is dedicated to providing personalized service and tailored lending and deposit solutions that meet the unique needs of each customer. By sharing the benefits of our offerings, you help us expand our community of satisfied clients, reinforcing the strong foundation upon which our future growth is built. Your support is instrumental in our success, and we look forward to fostering long-term relationships that benefit everyone involved.

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.

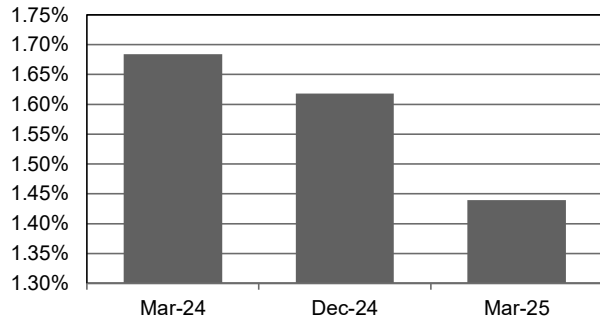
Western Capital Corp.

Unaudited
\$ in Thousands

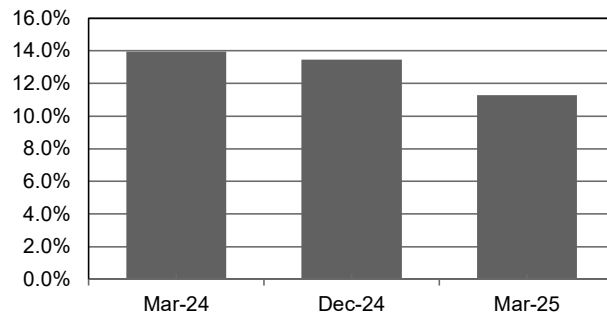
Statement of Condition						Statement of income	For the twelve months ending	
	31-Mar-24	31-Dec-24	31-Mar-25	YTD change			31-Mar-24	31-Mar-25
Assets						Interest income		
Cash and due from banks	200,902	254,447	244,351	(10,096)	-4.0%	Loans	15,815	18,142
Investment securities	398,811	322,294	305,189	(17,105)	-5.3%	Investments	7,659	6,997
Loans	766,155	839,065	924,915	85,850	10.2%	Total interest income	23,474	25,139
Allowance for credit losses	(10,610)	(13,898)	(14,315)	(417)	3.0%	Interest expense		
Loans, net of Allowance for credit losses	755,545	825,167	910,600	85,433	10.4%	Deposits	7,382	8,099
						Borrowings	1,525	1,753
Deferred tax asset, net	6,859	7,067	7,226	159	2.2%	Total interest expense	8,907	9,851
Accrued interest & other assets	29,091	29,619	28,090	(1,529)	-5.2%			
						Net interest income before provision for credit losses	14,567	15,288
Total assets	1,391,208	1,438,594	1,495,455	56,861	4.0%	Provision for credit losses	46	1,653
						Net interest income after provision for credit losses	14,521	13,635
Liabilities						Noninterest income		
Deposits						Gain on sale of government guaranteed loans	420	199
Noninterest-bearing demand deposits	244,175	230,001	212,296	(17,705)	-7.7%	Other noninterest income	376	1,069
Interest-bearing checking	73,508	91,495	94,906	3,411	3.7%	Total noninterest income	796	1,268
Money market & savings accounts	470,620	358,999	364,785	5,786	1.6%			
Certificates of deposit	306,046	410,971	482,075	71,104	17.3%	Noninterest expense		
Total deposits	1,094,349	1,091,466	1,154,062	62,596	5.7%	Salaries & employee benefits	5,945	6,123
Borrowings	123,615	153,367	143,883	(9,484)	-6.2%	Occupancy & equipment	540	593
Other liabilities	14,606	17,504	15,503	(2,001)	-11.4%	Data processing & telecom	557	633
						Professional fees	277	342
Total liabilities	1,232,570	1,262,337	1,313,448	51,111	4.0%	Other	850	858
						Total noninterest expense	8,169	8,548
Stockholders' equity						Net income before tax	7,148	6,354
Common stock, \$1 par value	6,069	6,098	6,098	(0)	0.0%	Income tax expense	1,750	1,241
Surplus & retained earnings	147,171	147,999	170,796	22,797	15.4%			
Net income YTD	5,398	22,160	5,113	(17,047)	-76.9%	Net income	5,398	5,113
Total stockholders' equity	158,638	176,257	182,007	5,750	3.3%			
Total liabilities and stockholders' equity	1,391,208	1,438,594	1,495,455	56,861	4.0%			

Western Capital Corporation - Current Financial Performance

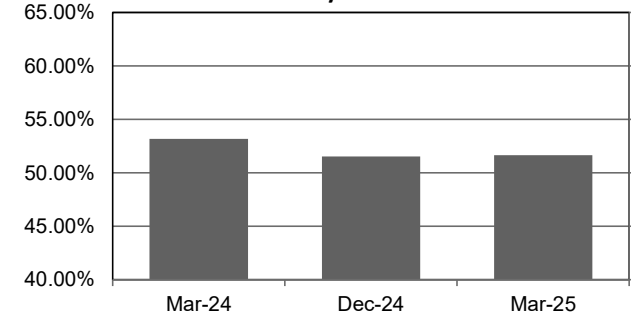
Annualized Return on Average Assets



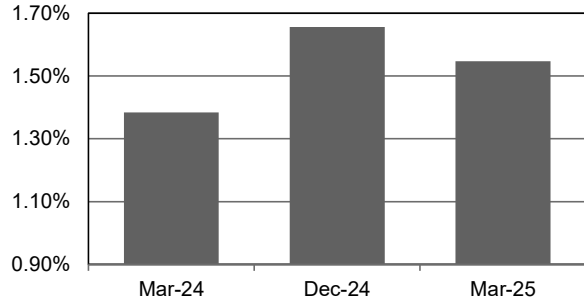
Annualized Return on Average Equity



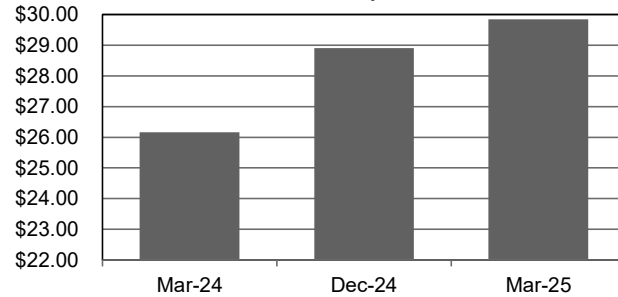
Efficiency Ratio



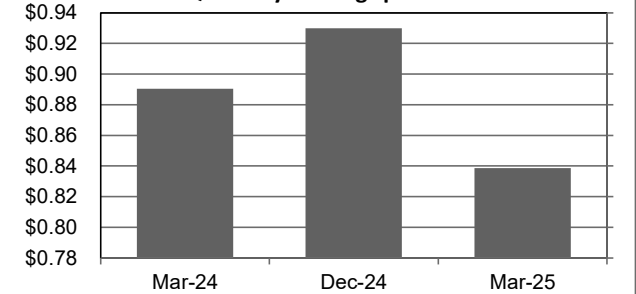
Allowance for Credit Losses to Loans



Book Value per Share



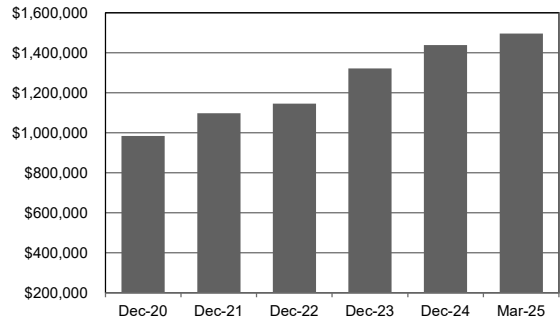
Quarterly earnings per share



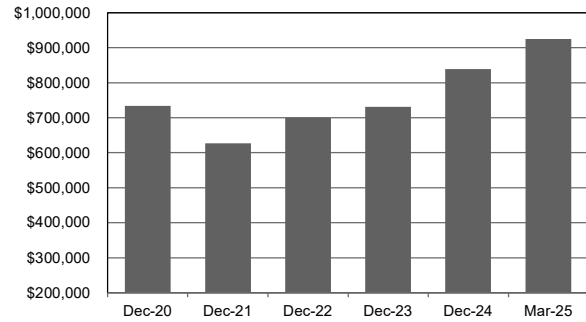
	Mar-24	Dec-24	Mar-25		Mar-24	Dec-24	Mar-25
Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED				Key Ratios @ Quarter-End			
Return on avg equity	13.95%	13.47%	11.29%	Loans (net of allowance) to deposits	69.04%	75.60%	78.90%
Return on avg assets	1.68%	1.62%	1.44%	Allowance for credit losses to loans	1.38%	1.66%	1.55%
Quarterly net income (\$000's)	\$ 5,398	\$ 5,670	\$ 5,113	Nonperforming assets/assets	0.80%	0.65%	0.95%
Efficiency ratio	53.17%	51.54%	51.63%	Net chg-offs(recoveries) to loans	-0.01%	-0.07%	0.20%
Book value per share	\$ 26.16	\$ 28.90	\$ 29.85	Quarterly capital ratio - Northwest Bank			
Quarterly earnings per share	\$ 0.89	\$ 0.93	\$ 0.84	Tier 1 leverage ratio	13.69%	13.79%	14.27%
Net interest margin	4.63%	4.56%	4.37%				
Yield on earning assets	7.46%	7.56%	7.18%				
Cost of int-bearing liabilities	4.09%	4.21%	3.91%				

Western Capital Corporation - Historical Financial Performance

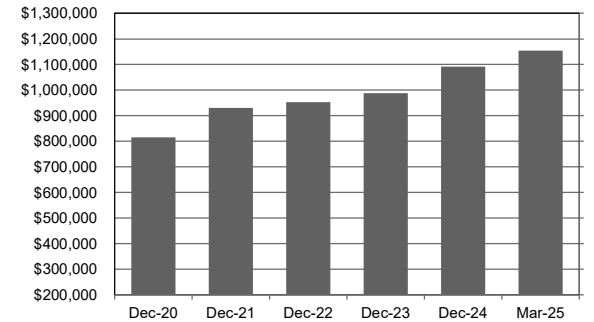
Assets



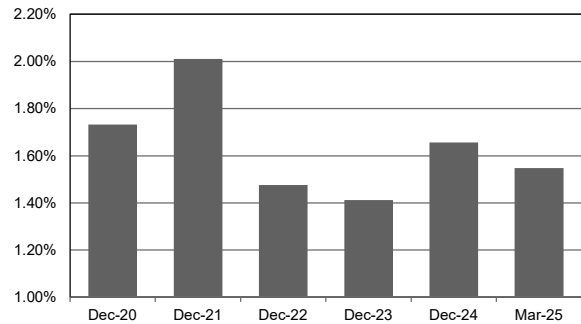
Loans (Gross)



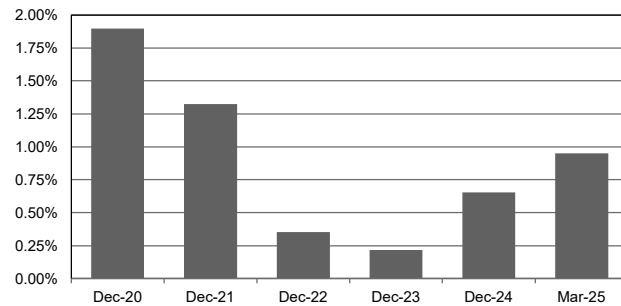
Deposits



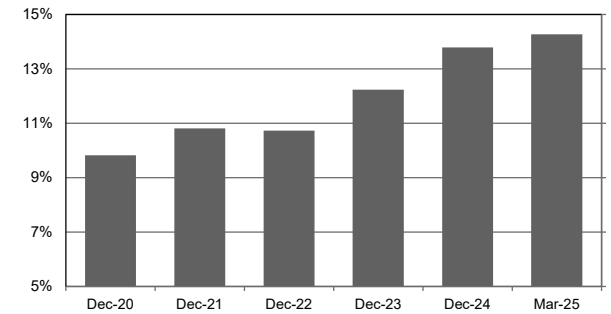
Allowance for Credit Losses / Loans



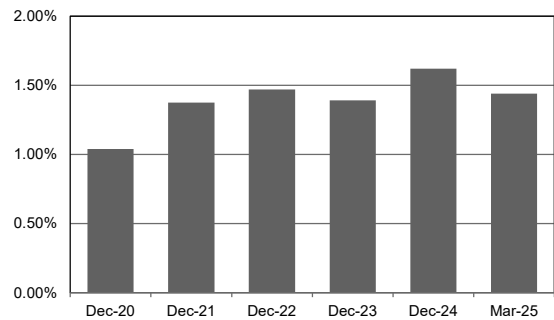
Nonperforming Assets / Assets



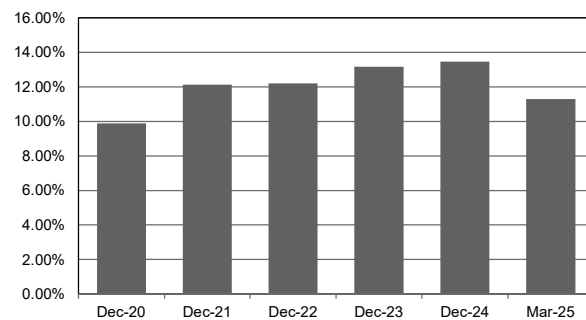
Tier 1 Leverage Capital Ratio (NB)



Return on Average Assets (YTD)



Return on Average Equity (YTD)



Book Value per Share

