

April 26, 2017

Dear Shareholder:

As the first quarter of 2017 closes, Western Capital Corporation (WCC) is pleased to make several announcements regarding leadership and financial results.

Effective April 19, 2017, Jamie Shulman was appointed as President & Chief Executive Officer of Northwest Bank, and elected to the Board of Directors for both WCC and Northwest Bank. He replaces Steve Wasson, who will continue to serve as President & CEO of WCC, and Vice-Chairman of Northwest Bank. Shulman is a four-year veteran of Northwest Bank, and has 22 years of banking and management experience. He most recently served as Northwest Bank's President & Chief Operating Officer, and previously as the Bank's President, Oregon Division. A graduate of the University of Denver, Shulman resides in the Portland area.

With this transition, Northwest Bank maintains a continuity of business strategy, while positioning itself for long-term growth with leadership that understands and embraces the bank's strong customer-centric focus. That approach is led by Shulman overall, and locally by Presidents for the Idaho, Oregon, Washington and SBA Divisions.

Cash Dividend:

Following a record 2016 financial performance, during which WCC achieved \$5.5 million in net income, the WCC Board of Directors has declared a dividend of \$.06 per share, a 50% increase over 2016. The dividend, approved at our board meeting on April 19th, will be paid on May 15, 2017 to shareholders of record of May 1, 2017. The dividend allows WCC to reward its shareholders while retaining sufficient earnings for investment in the continued growth of Northwest Bank.

2017 First Quarter Highlights:

We are pleased to report that as of March 31, 2017, WCC has, once again, achieved positive financial results. In the first quarter of 2017, WCC recorded net income after-tax of \$1.654 million, or \$0.32 per share, as compared to \$1.073 million or \$0.21 per share for the same period in 2016.

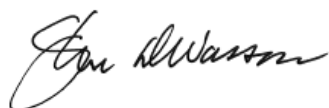
Additional highlights include:

- Total assets grew \$63.9 million, or 14%, to \$533.7 million compared to \$469.8 million a year ago.
- Total loans grew \$47.3 million, or 12%, to \$453.3 million compared to \$406.0 million a year ago.
- Total deposits grew \$64.3 million, or 17%, to \$441.1 million compared to \$376.8 million a year ago. The growth included an 8% increase in non-interest bearing demand accounts to \$115.3 million.
- Borrowings decreased \$7.7 million to \$18.7 million from the quarter-end a year ago.

- Annualized return on average assets was 1.29% for first quarter 2017 as compared to 0.94% for the same period in 2016; annualized return on average equity was 9.58% and 6.73% for first quarter 2017 and 2016, respectively.
- Stockholders' Equity increased 10% to \$70.5 million at March 31, 2017, up from \$64.3 million a year earlier.
- Book value per share at March 31, 2017 was \$13.50, an increase from \$12.12 for the same quarter-end a year ago.
- Net interest income before the provision for loan losses was \$6.139 million, an increase of \$653,000, or 12%, from the first quarter of 2016 and net interest margin was 4.86% for the first quarter, down slightly from 4.91% for the quarter one year ago.
- Non-interest income of \$641,000 was recorded in the quarter and was \$326,000 higher than the prior year quarter. The increase was due to higher gains on the sale of government-guaranteed loans resulting from increased volume of loan sales in the first quarter of 2017 as compared to the year-earlier quarter.
- The efficiency ratio (non-interest expense as a percent of net interest income before the loan loss provision plus non-interest income) improved to 61% for the quarter as compared to 64% for the year-earlier quarter – an indication of improved efficiencies and expense control relative to revenue growth.
- Tier 1 leverage capital was 13.1%; and, total risk-based capital was 13.5%, both well in excess of regulatory minimums.
- Asset quality, liquidity, and capital ratios are strong and remain better than our peers in the Northwest region and nationwide.
- Northwest Bank continues to earn the highest rating (five-star "Superior") from independent bank rating agency Bauer Financial™, S&P Global Intelligence rated Northwest Bank in the top 2% of all banks nationwide with assets under \$1 Billion.

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

Sincerely,



Steven D. Wasson
Chief Executive Officer
Western Capital Corporation
503-905-3232



Jeff Gow
Chairman
Western Capital Corporation

Enclosure

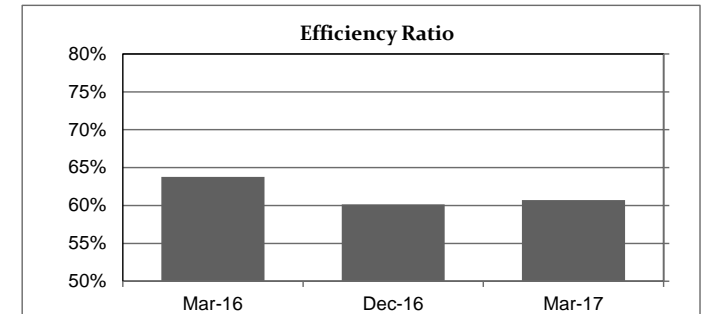
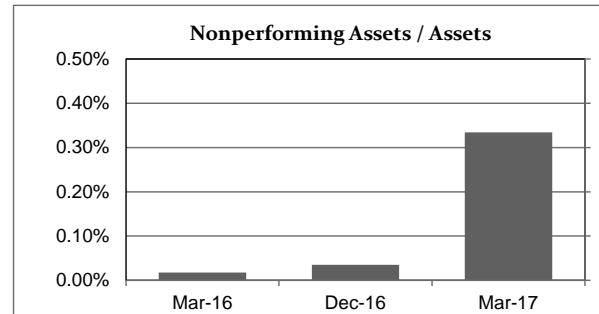
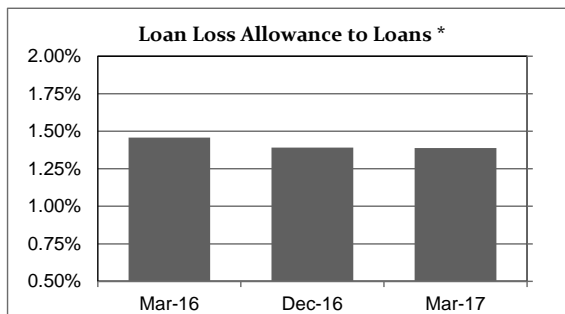
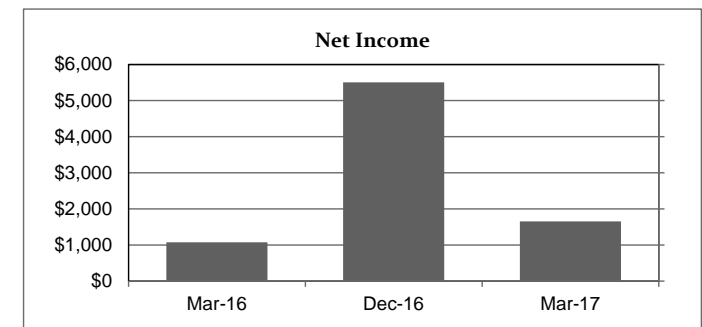
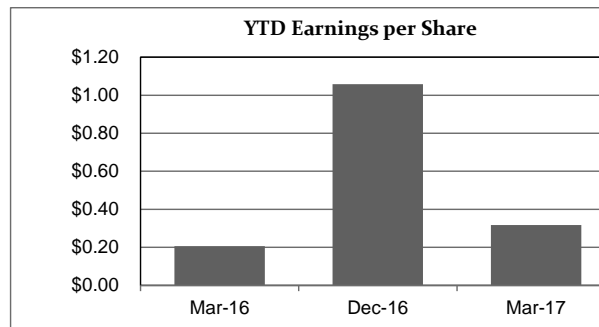
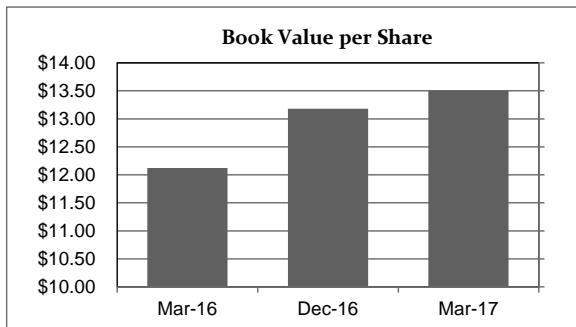
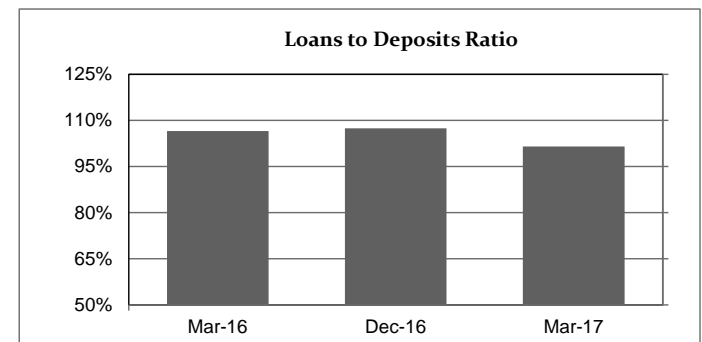
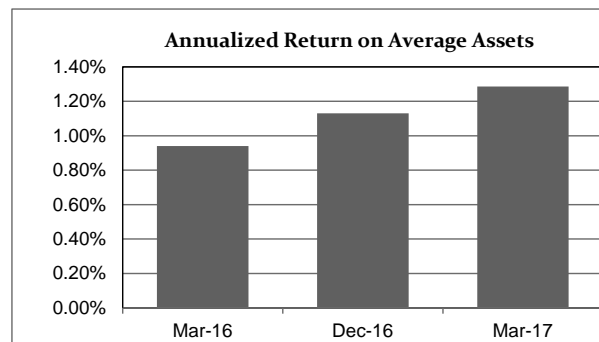
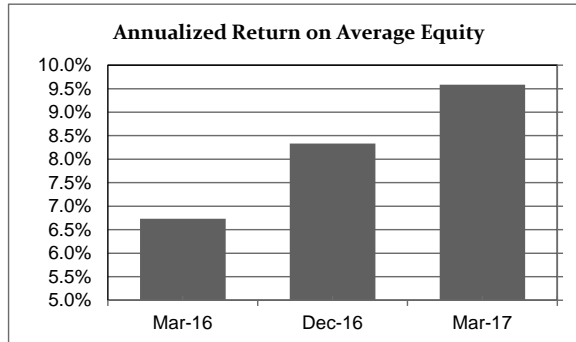
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\$ in Thousands

| <u>Statement of Condition</u> | | | | <u>Statement of Income</u> | <u>For the Quarterly Periods ending</u> | |
|---|------------------|------------------|------------------|-----------------------------------|---|------------------|
| | <u>31-Mar-17</u> | <u>31-Dec-16</u> | <u>31-Mar-16</u> | | <u>31-Mar-17</u> | <u>31-Mar-16</u> |
| Assets | | | | Interest Income | | |
| Cash and Due from Banks | \$50,586 | \$34,220 | \$33,335 | Loans | \$6,569 | \$5,813 |
| Investment Securities | 23,651 | 24,746 | 24,162 | Investments | 189 | 145 |
| Loans | 453,298 | 456,145 | 405,993 | Total Interest Income | 6,758 | 5,958 |
| Allowance for Loan Losses | (5,372) | (5,370) | (4,515) | Interest Expense | | |
| Loans, net of Allowance for Loan Losses | 447,926 | 450,775 | 401,478 | Deposits | 493 | 360 |
| | | | | Borrowings | 125 | 112 |
| Real Estate Owned | 0 | 0 | 0 | Total Interest Expense | 618 | 472 |
| Deferred Tax Asset, net | 5,585 | 5,536 | 5,991 | Net Interest Income before | | |
| Accrued Interest & Other Assets | 6,005 | 6,263 | 4,856 | Provision for Loan Losses | 6,139 | 5,486 |
| | | | | Provision for Loan Losses | 0 | 310 |
| Total Assets | 533,753 | 521,540 | 469,822 | Net Interest Income after | | |
| | | | | Provision for Loan Losses | 6,139 | 5,176 |
| Liabilities | | | | Noninterest Income | | |
| Deposits | | | | Gain on Sale of Government | | |
| Noninterest-Bearing Demand Deposits | 115,332 | 123,116 | 107,252 | Guaranteed Loans | 443 | 118 |
| Interest-Bearing Checking | 9,497 | 10,696 | 9,413 | Other Noninterest Income | 198 | 197 |
| Money Market & Savings Accounts | 193,085 | 184,568 | 187,432 | Total Income | 6,780 | 5,491 |
| Certificates of Deposit | 123,240 | 100,898 | 72,719 | Noninterest Expense | | |
| Total Deposits | 441,154 | 419,278 | 376,815 | Salaries & Employee Benefits | 2,968 | 2,578 |
| Borrowings | 18,708 | 29,579 | 26,383 | Occupancy & Equipment | 336 | 369 |
| Other Liabilities | 3,439 | 4,078 | 2,360 | Data Processing & Telecom | 284 | 284 |
| | | | | Marketing, Business Development | 52 | 79 |
| Total Liabilities | 463,301 | 452,935 | 405,558 | Professional Fees | 115 | 104 |
| | | | | Other | 362 | 324 |
| Stockholders' Equity | | | | Total Noninterest Expense | 4,116 | 3,736 |
| Common Stock, \$1 par value | 5,217 | 5,206 | 5,203 | Net Income Before Tax | 2,664 | 1,755 |
| Surplus & Retained Earnings | 63,581 | 57,892 | 57,987 | Income Tax Expense | 1,011 | 682 |
| Net Income YTD | 1,654 | 5,507 | 1,073 | | | |
| Total Stockholders' Equity | 70,451 | 68,604 | 64,263 | Net Income | \$1,654 | \$1,073 |
| Total Liabilities and Stockholders' Equity | \$533,753 | \$521,540 | \$469,822 | | | |

Quarterly Financial Highlights



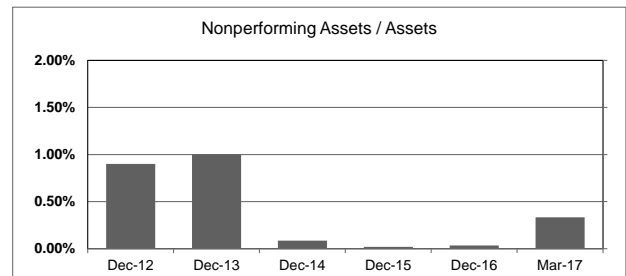
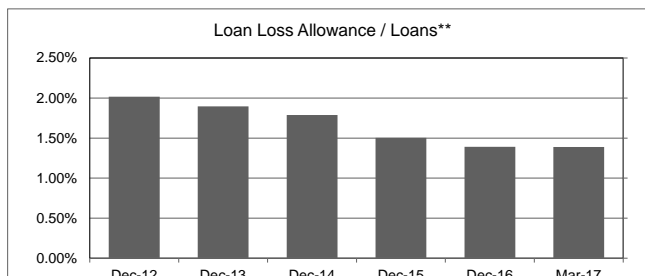
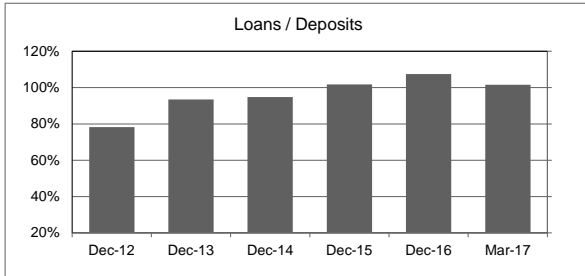
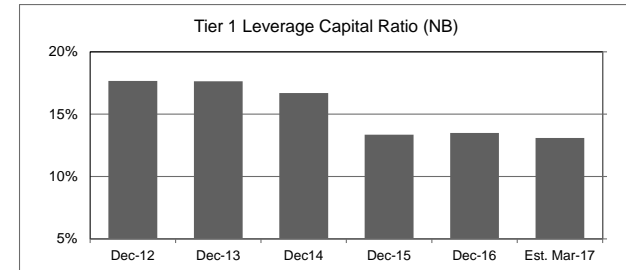
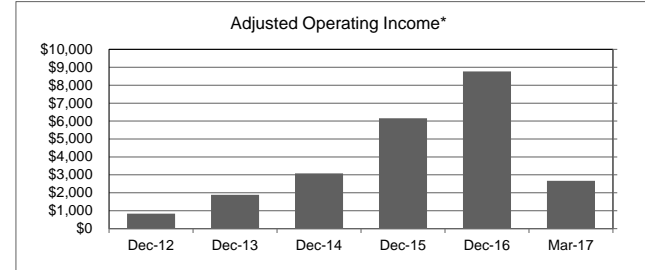
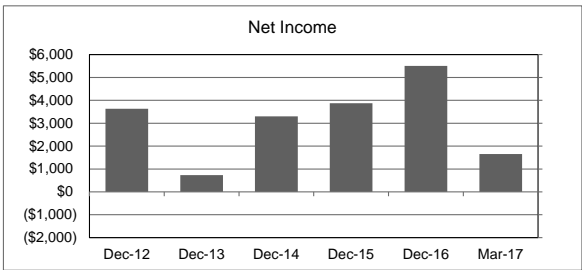
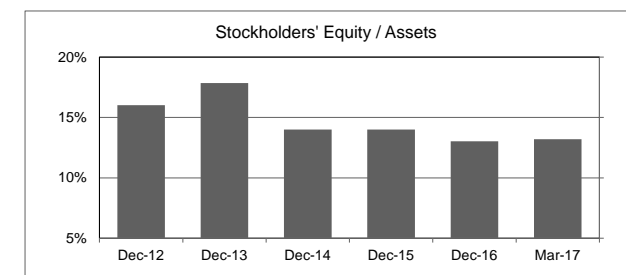
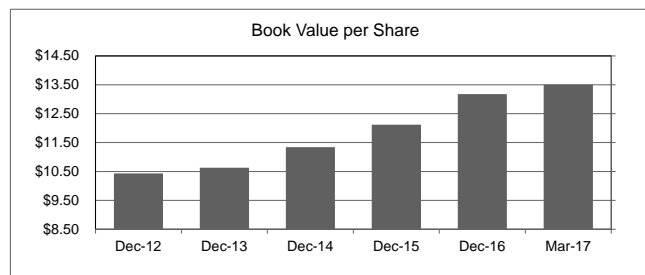
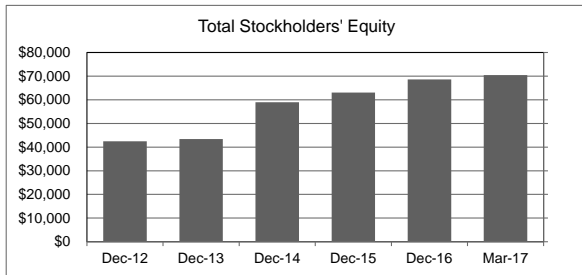
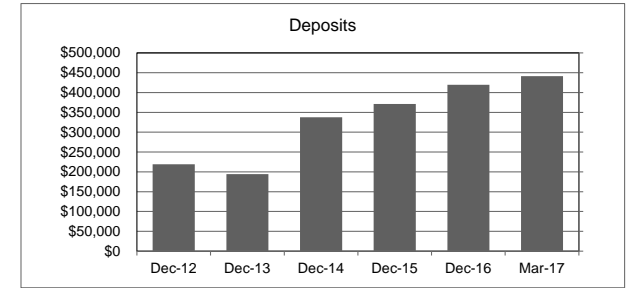
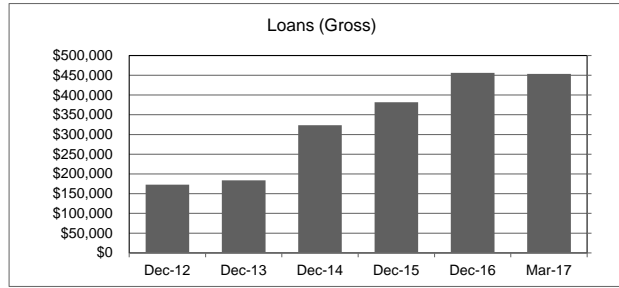
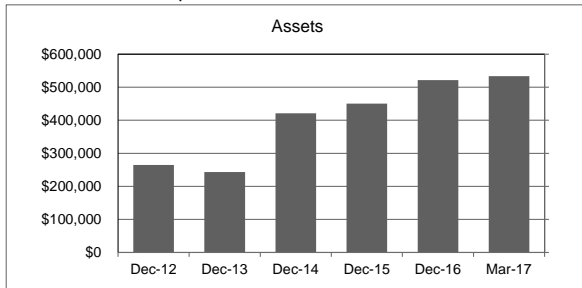
| | Mar-16 | Dec-16 | Mar-17 |
|---|---------|---------|---------|
| Operating Results/Ratios - Quarterly | | | |
| Return on Avg Equity | 6.73% | 8.33% | 9.58% |
| Return on Avg Assets | 0.94% | 1.13% | 1.29% |
| Net Income (\$000's) | \$1,073 | \$5,507 | \$1,654 |
| Efficiency Ratio | 64% | 60% | 61% |
| Book Value per Share | \$12.12 | \$13.18 | \$13.50 |
| Earnings per Share | \$0.21 | \$1.06 | \$0.32 |
| Net Interest Margin | 4.91% | 4.88% | 4.86% |
| Yield on Earning Assets | 5.34% | 5.32% | 5.35% |
| Cost of Int-Bearing Liabilities | 0.68% | 0.70% | 0.83% |

| | Mar-16 | Dec-16 | Mar-17 |
|--|--------|--------|--------|
| Key Ratios @ Quarter-End | | | |
| Loans to Deposits | 106.5% | 107.4% | 101.5% |
| Loan Loss Allowance to Loans* | 1.46% | 1.39% | 1.39% |
| Nonperforming Assets/Assets | 0.02% | 0.03% | 0.33% |
| Net Chg Offs/(Recoveries) to Loans | 0.02% | 0.02% | 0.00% |
| Quarterly Capital Ratios - Northwest Bank (estimate for most current quarter) | | | |
| Leverage Capital Ratio | 13.6% | 13.0% | 13.1% |
| Total Risk Based Capital Ratio | 13.6% | 13.5% | 13.5% |

* Includes loans acquired and related FV adjustments in acquisitions of former Regal Financial Bank (Dec 2014) and former Northwest Bank (Aug 2012).

Western Capital Corporation Historical Highlights

\$ in Thousands except Book Value Per Share



* Adjusted Operating Income exclude merger related income and expense, Bargain Purchase Gain and gains/losses on securities.

** Includes loans acquired and related FV adjustments in acquisitions of former Regal Financial Bank (Dec 2014) and former Northwest Bank (Aug 2012).