

March 12, 2025

Dear Shareholder:

Western Capital Corporation (WCC) is pleased to present our financial performance for the twelve-month period ended December 31, 2024.

Our annual results demonstrate sustained growth momentum, driven by the strength and resilience of our balance sheet, disciplined credit risk administration, prudent capital and liquidity management, and diversified revenue streams. Despite a conservative approach to liquidity and capital management, we continue to deliver industry-leading returns on equity.

Our financial performance reflects the disciplined execution of our strategic priorities. We will continue to leverage our strengths to drive sustainable growth while maintaining a prudent approach to risk and capital management.

WCC earned \$22.2 million, achieving a 1.62% return on average assets (ROAA) for the twelve-month period ended December 31, 2024, primarily driven by growth in the loan portfolio amid an elevated interest rate environment. Total assets grew 8.92% over the past twelve months to \$1.44 billion. Overall, we are pleased with our risk-adjusted returns, which allowed us to exceed 2024 budgeted net income and conservatively fund the Allowance for Credit Losses (ACL) to 1.66% of total loans.

We continue to manage WCC's balance sheet conservatively, with a focus on asset growth that prioritizes high-quality, risk-adjusted returns within our loan and securities portfolios while limiting enterprise-level interest rate risk. Our balance sheet remains highly liquid and well-capitalized, with a Tier 1 Leverage Ratio of 13.79%, 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 nine months, total \$354.3 million, representing 24.6% of total assets and 32.5% of total deposits.

Key performance and balance sheet highlights for the twelve-month period ended December 31, 2024.

- Net Income of \$22.2 million was \$2.8 million, or 14.18% higher than December 31, 2023.
- Net interest margin remained strong, increasing by 31 basis points during the year to 4.56%.
- ROAA of 1.62% increased from 1.39% at December 31, 2023, and return on average equity of 13.47% increased from 13.17% at December 31, 2023.
- Total assets grew \$117.8 million, or 8.92%, to \$1.44 billion, as compared to \$1.32 billion on December 31, 2023.
- Total loans grew \$107.5 million, or 14.70%, to \$839.1 million, as compared to \$731.5 million on December 31, 2023.

- Total deposits grew \$104.2 million, or 10.56%, to \$1.09 billion, as compared to \$987.2 million on December 31, 2023.
- Cost of interest-bearing liabilities increased to 4.21% for the twelve-months ended, December 31, 2024, compared to 3.36% for same period in 2023, as deposit rates and market competition increased during the period.
- Efficiency ratio of 51.54% reflects a continued emphasis on prudent control of expenses.
- Asset quality improved during the quarter, however declined slightly as compared to December 31, 2023, with non-performing assets increased to \$9.4 million from \$2.9 million, primarily attributed to one commercial real estate loan. Non-performing assets as a percentage of total assets represents 0.65%, as of December 31, 2024.
- The Allowance for Credit Losses was conservatively funded at 1.66% of total loans.

As we enter 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 expect many of our competitors to have elevated lending apprehension, reducing competition, which should create new opportunities for us to expand our market presence.

Our annual financial results benefited from current year loan growth and securities purchased in 2023. However, as securities within the portfolio mature over the next four quarters, replacing them with assets of similar volume and yield may present challenges. Nevertheless, our strong financial position enables us to navigate these conditions strategically.

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 continue to focus on growing our community of satisfied clients and strengthening our foundation for sustained success.

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.

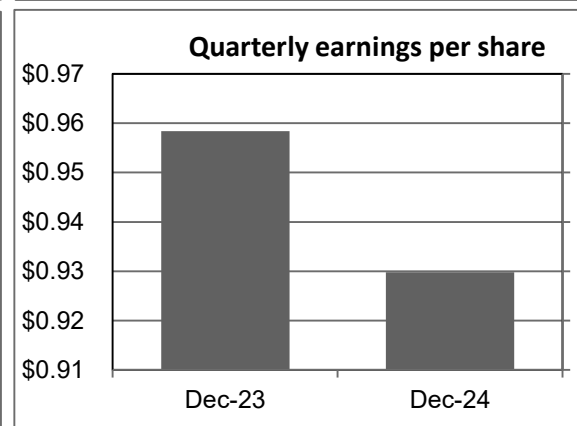
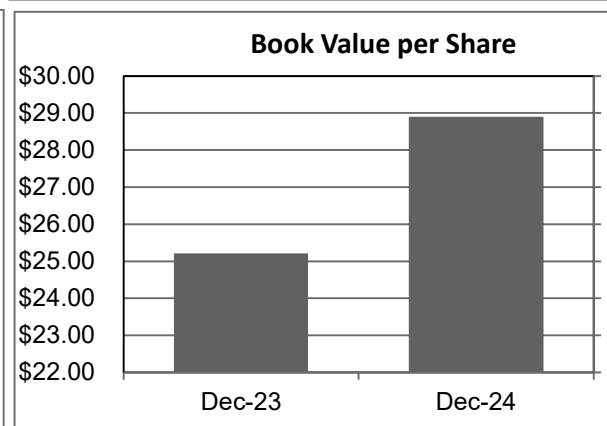
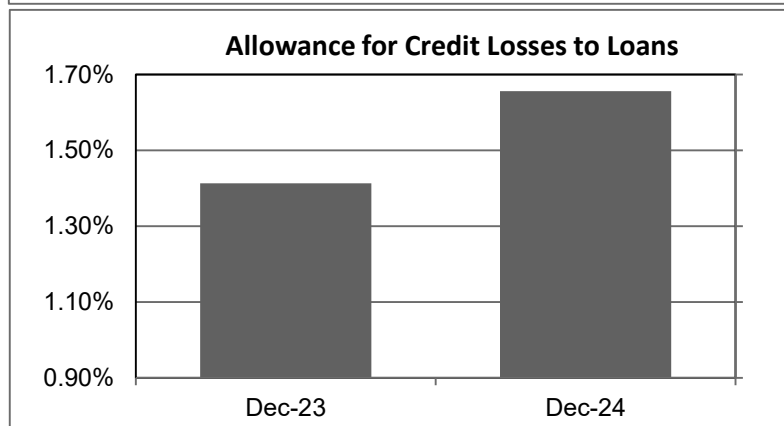
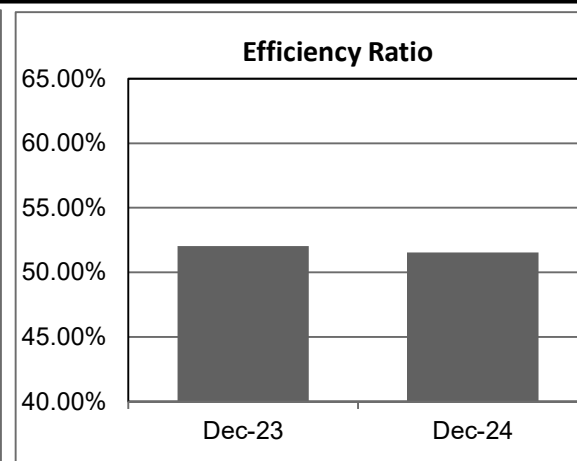
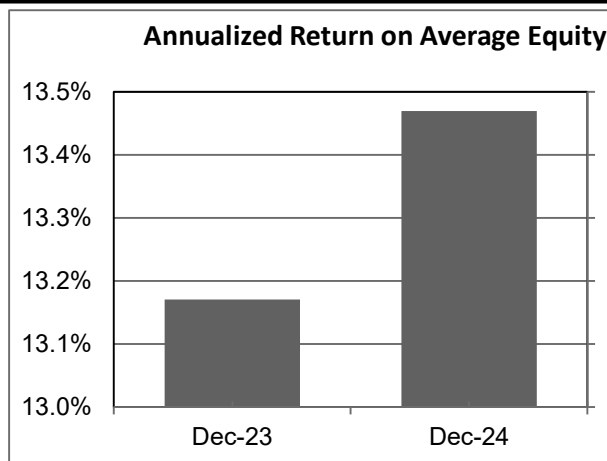
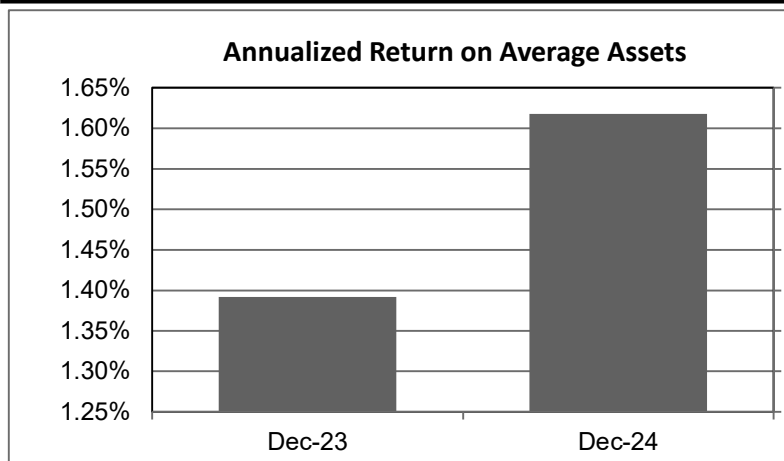
Unaudited

\$ in Thousands

<u>Statement of Condition</u>	<u>31-Dec-23</u>	<u>31-Dec-24</u>
Assets		
Cash and due from banks	136,017	254,447
Investment securities	427,083	322,294
Loans	731,546	839,065
Allowance for credit losses	(10,333)	(13,898)
Loans, net of Allowance for credit losses	721,213	825,167
Deferred tax asset, net	7,210	7,067
Accrued interest & other assets	29,276	29,619
Total assets	1,320,799	1,438,594
Liabilities		
Deposits		
Noninterest-bearing demand deposits	231,497	230,001
Interest-bearing checking	80,864	91,495
Money market & savings accounts	407,539	358,999
Certificates of deposit	267,337	410,971
Total deposits	987,237	1,091,466
Borrowings	163,697	153,367
Other liabilities	17,067	17,504
Total liabilities	1,168,001	1,262,337
Stockholders' equity		
Common stock, \$1 par value	6,060	6,098
Surplus & retained earnings	127,331	147,999
Net income YTD	19,407	22,160
Total stockholders' equity	152,798	176,257
Total liabilities and stockholders' equity	1,320,799	1,438,594

<u>Statement of income</u>	<u>For the twelve months ending</u>	
	<u>31-Dec-23</u>	<u>31-Dec-24</u>
Interest income		
Loans	60,019	69,860
Investments	29,770	31,648
Total interest income	89,789	101,508
Interest expense		
Deposits	29,109	33,996
Borrowings	3,709	6,239
Total interest expense	32,818	40,235
Net interest income before provision for credit losses	56,971	61,273
Provision for credit losses	2,628	2,656
Net interest income after provision for credit losses	54,343	58,617
Noninterest income		
Gain on sale of government guaranteed loans	1,073	1,597
Other noninterest income	515	1,580
Total noninterest income	1,588	3,177
Noninterest expense		
Salaries & employee benefits	21,244	23,305
Occupancy & equipment	1,909	2,131
Data processing & telecom	2,122	2,380
Professional fees	1,649	1,082
Other	3,560	4,319
Total noninterest expense	30,484	33,217
Net income before tax	25,447	28,577
Income tax expense	6,039	6,417
Net income	19,408	22,160

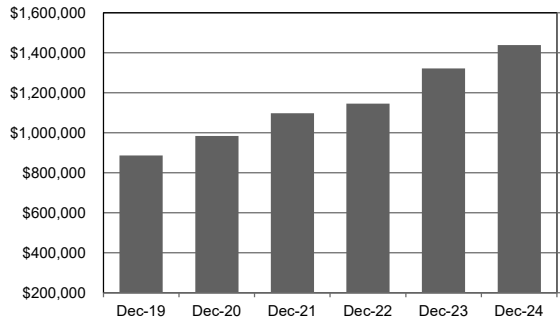
Western Capital Corporation - Current Financial Performance



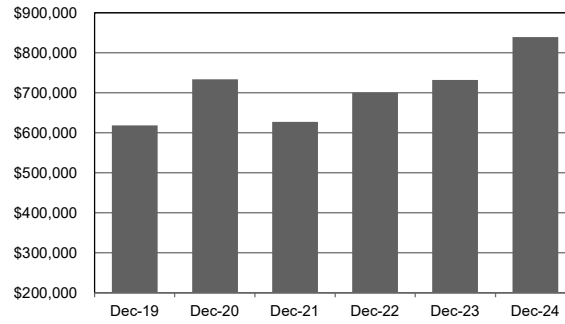
	Dec-23	Dec-24		Dec-23	Dec-24
Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED			Key Ratios @ Quarter-End		
Return on avg equity	13.17%	13.47%		Loans (net of allowance) to deposits	73.05% 75.60%
Return on avg assets	1.39%	1.62%		Allowance for credit losses to loans	1.41% 1.66%
Quarterly net income (\$000's)	\$ 5,808	\$ 5,670		Nonperforming assets/assets	0.22% 0.65%
Efficiency ratio	52.06%	51.54%		Net chg-offs(recoveries) to loans	0.21% -0.07%
Book value per share	\$ 25.21	\$ 28.90		Quarterly capital ratio - Northwest Bank	
Quarterly earnings per share	\$ 0.96	\$ 0.93		Tier 1 leverage ratio	12.23% 13.79%
Net interest margin	4.25%	4.56%			
Yield on earning assets	6.70%	7.56%			
Cost of int-bearing liabilities	3.36%	4.21%			

Western Capital Corporation - Historical Financial Performance

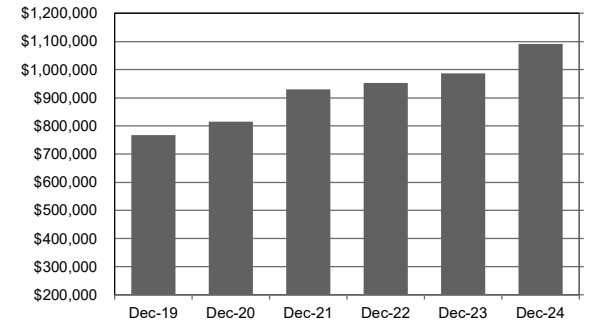
Assets



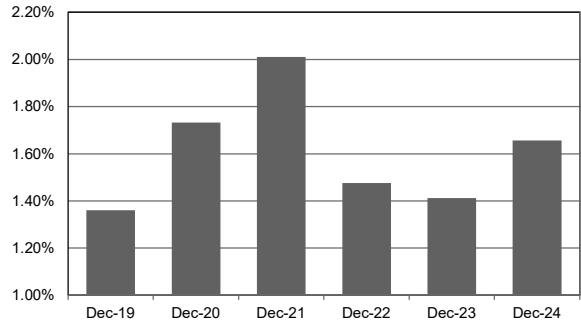
Loans (Gross)



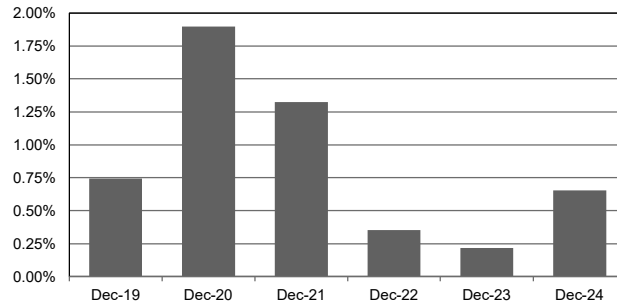
Deposits



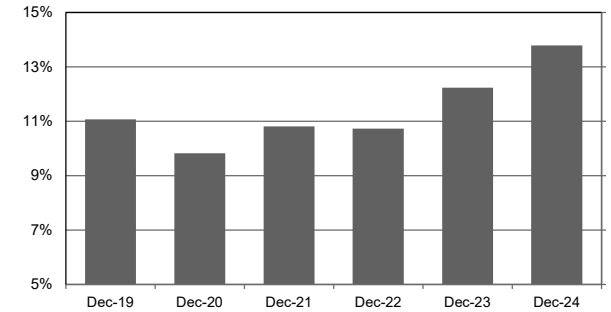
Allowance for Credit Losses / Loans



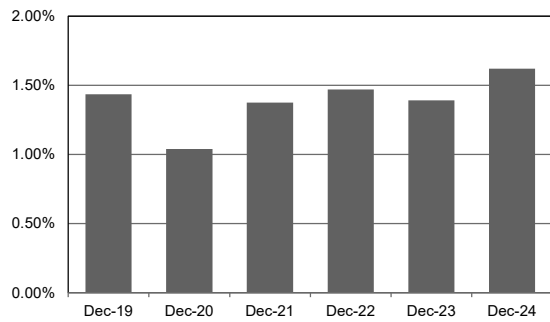
Nonperforming Assets / Assets



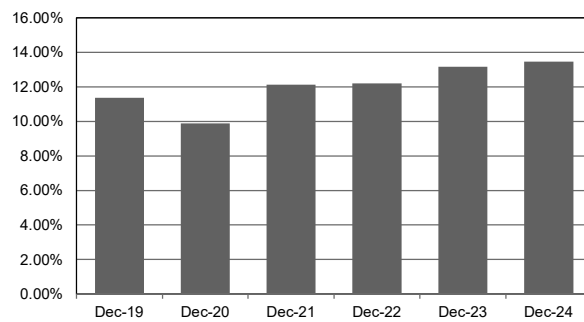
Tier 1 Leverage Capital Ratio (NB)



Return on Average Assets (YTD)



Return on Average Equity (YTD)



Book Value per Share

