

May 16, 2024

Dear Shareholder:

Western Capital Corporation (WCC) is pleased to share our financial performance for the first quarter ending, March 31, 2024.

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 \$5.4 million, a 1.68% return on average assets (ROAA), primarily driven by an expansion in our loan portfolio in the current high interest rate climate. Over the last year, total assets have increased by 14.8%, reaching \$1.4 billion.

Our approach to managing WCC's balance sheet remains prudent, with a strategic focus on securing higher quality, risk-adjusted returns from our loans and securities portfolios, and minimizing broad-based interest rate risks.

WCC's balance sheet is both highly liquid and strongly capitalized, as evidenced by a Tier 1 Leverage Ratio of 13.69%, comfortably surpassing regulatory standards of 5%. Additionally, WCC has experienced consistent growth in deposits, with an increase of 17.61% since 2022, resulting in a total of \$1.1 billion in deposits as of March 31, 2024. Our current liquid assets, including cash and U.S. Treasury securities maturing within 17 months, amount to \$300.7 million, which accounts for 21.6% of total assets.

Key performance and balance sheet highlights for the quarter ended, March 31, 2024, include:

- Net Income of \$5.4 million was \$1.1 million higher than the prior year, March 31, 2023. Net interest margin remained strong, increasing by 38 basis points during the quarter to 4.63%.
- ROAA of 1.68% increased from 1.39% for the quarter end December 31, 2023, and return on average equity of 13.95% increased from 13.17% for the same period.
- Total assets grew \$70 million, or 5.3%, to \$1.4 billion, as compared to \$1.3 billion at December 31, 2023.
- Total deposits grew \$107.1 million, or 10.8%, to \$1.1 billion, as compared to \$987.2 million at December 31, 2023.
- Cost of interest-bearing liabilities increased to 4.09%, compared to 3.36% for the quarter end December 31, 2023, as deposit rates and market competition increased during the period.
- Net Interest Margin increased to 4.63%, compared to 4.25% for the quarter end December 31, 2023.
- Total equity remained very strong with a tier 1 leverage ratio of 13.69%.

- Efficiency ratio improved to 53.17% compared to March 31, 2023, of 54.67%, reflects a strong emphasis on prudent control of expenses.
- Non-performing assets increased to \$3.7 million on March 31, 2024, from \$2.9 million on December 31, 2023. As a percentage of total assets, non-performing assets accounted for 0.27% as of March 31, 2024.
- The allowance for credit losses was adequately funded at 1.38% of total loans.

As we move forward in 2024, we expect to see continued growth and stable financial performance, while adhering to a disciplined strategy and focusing intently on our fundamental principles to navigate anticipated market variations. The banking industry experienced notable volatility in 2023, and we predict that these conditions will persist in 2024, potentially increasing cautiousness in the lending environment. This environment, however, presents us with significant opportunities as other banks may see regulatory or financial constraints to service their clients.

Thanks to our solid capital base, sound financial health, and operational stability, WCC continues to stand as a strong and reliable bank for our customers. We offer competitively priced deposit products and create customized deposit structures tailored to meet the specific needs of our clients, ensuring that our offerings align with each depositor's unique financial goals and requirements.

We deeply value and appreciate your support and are dedicated to delivering continued value to our shareholders through long-term stock appreciation and dividends. We encourage you to personally reach out or refer your family, friends, and business associates to our team members, who are ready to discuss the advantages of banking with 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.

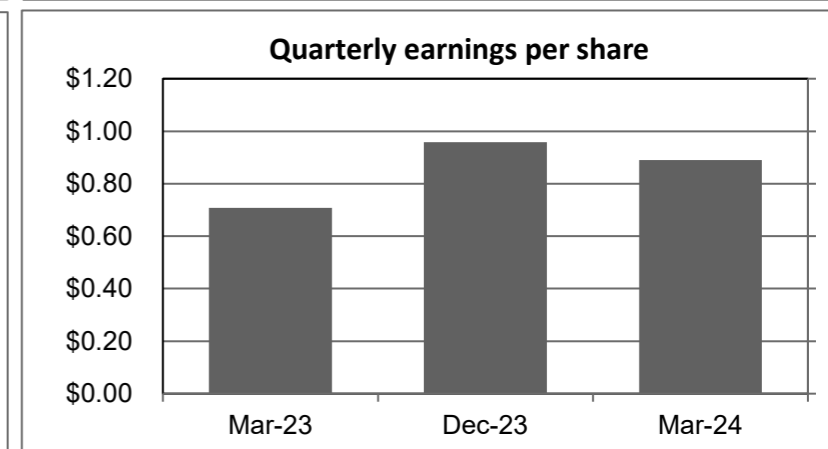
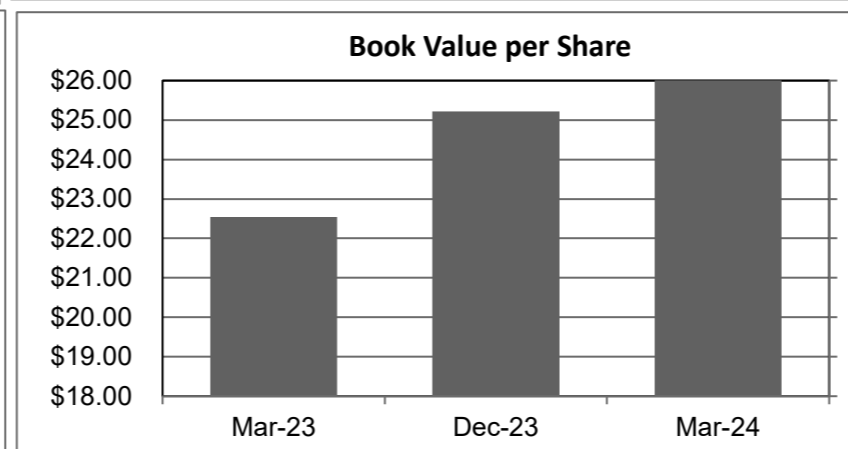
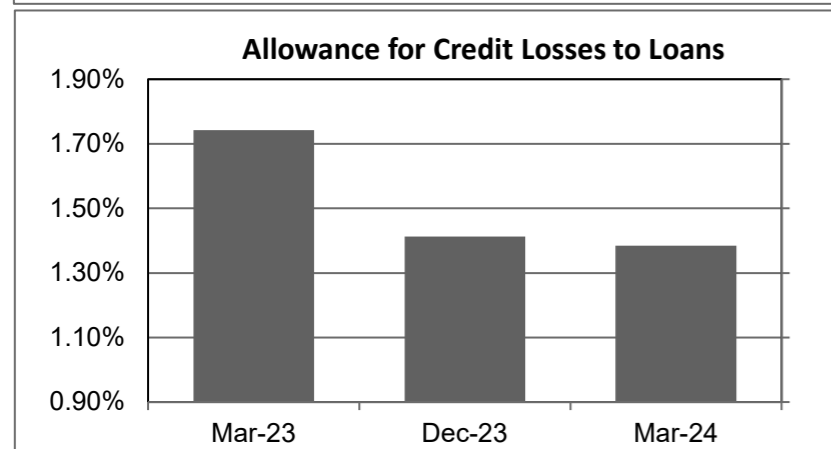
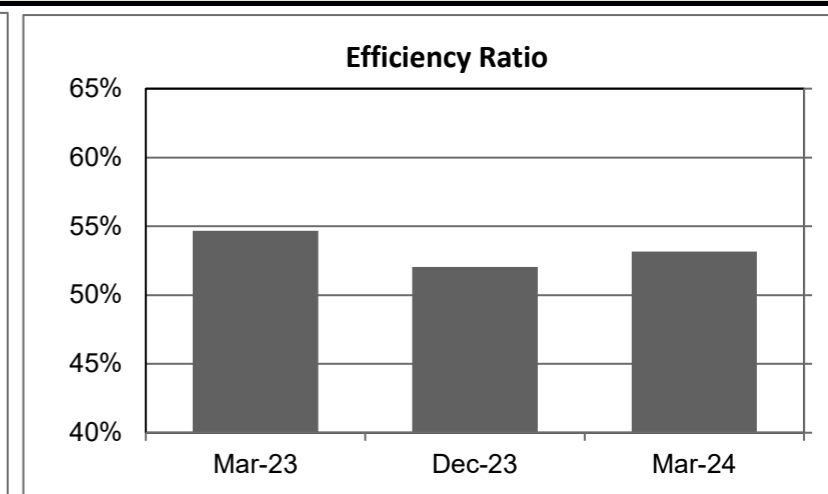
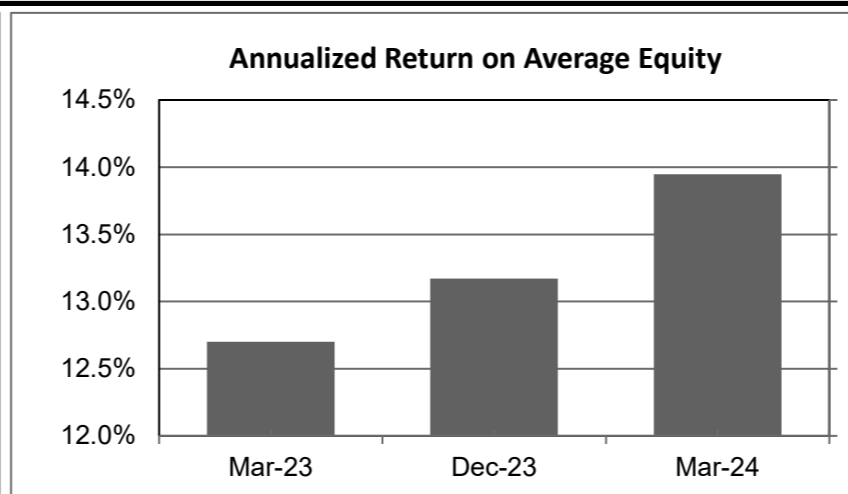
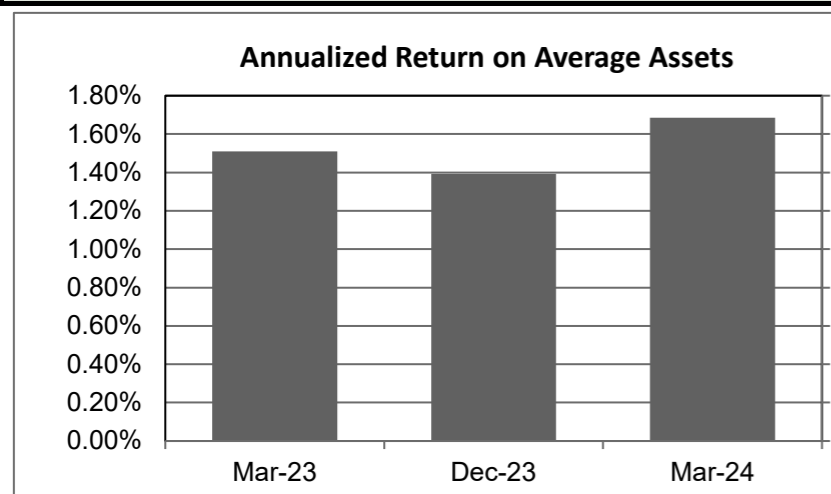
Western Capital Corp.

Unaudited
\$ in Thousands

Statement of Condition	31-Mar-23	31-Dec-23	31-Mar-24
Assets			
Cash and due from banks	203,936	136,017	200,902
Investment securities	309,160	427,083	398,811
Loans	683,383	731,546	766,155
Allowance for credit losses	(11,907)	(10,333)	(10,610)
Loans, net of Allowance for credit losses	671,476	721,213	755,545
Deferred tax asset, net	6,683	7,210	6,859
Accrued interest & other assets	20,294	29,276	29,091
Total assets	1,211,549	1,320,799	1,391,208
Liabilities			
Deposits			
Noninterest-bearing demand deposits	267,524	231,497	244,175
Interest-bearing checking	81,554	80,864	73,508
Money market & savings accounts	327,358	407,539	470,620
Certificates of deposit	331,271	267,337	306,046
Total deposits	1,007,707	987,237	1,094,349
Borrowings	49,180	163,697	123,615
Other liabilities	18,818	17,067	14,606
Total liabilities	1,075,705	1,168,001	1,232,570
Stockholders' equity			
Common stock, \$1 par value	6,026	6,060	6,069
Surplus & retained earnings	125,554	127,331	147,171
Net income YTD	4,264	19,407	5,398
Total stockholders' equity	135,844	152,798	158,638
Total liabilities and stockholders' equity	1,211,549	1,320,799	1,391,208

Statement of income	For the three months ending	
	31-Mar-23	31-Mar-24
Interest income		
Loans	13,580	15,815
Investments	5,133	7,659
Total interest income	18,713	23,474
Interest expense		
Deposits	5,117	7,382
Borrowings	283	1,525
Total interest expense	5,400	8,907
Net interest income before provision for credit losses	13,313	14,567
Provision for credit losses	599	46
Net interest income after provision for credit losses	12,714	14,521
Noninterest income		
Gain on sale of government guaranteed loans	224	420
Other noninterest income	306	376
Total noninterest income	530	796
Noninterest expense		
Salaries & employee benefits	5,525	5,945
Occupancy & equipment	456	540
Data processing & telecom	531	557
Professional fees	422	277
Other	634	850
Total noninterest expense	7,568	8,169
Net income before tax	5,676	7,148
Income tax expense	1,411	1,750
Net income	4,265	5,398

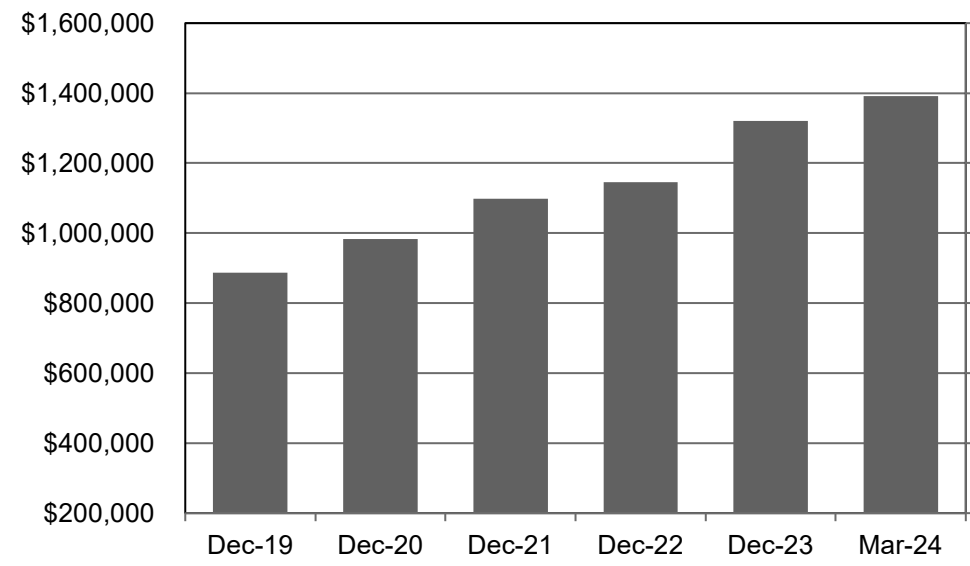
Western Capital Corporation - Current Financial Performance



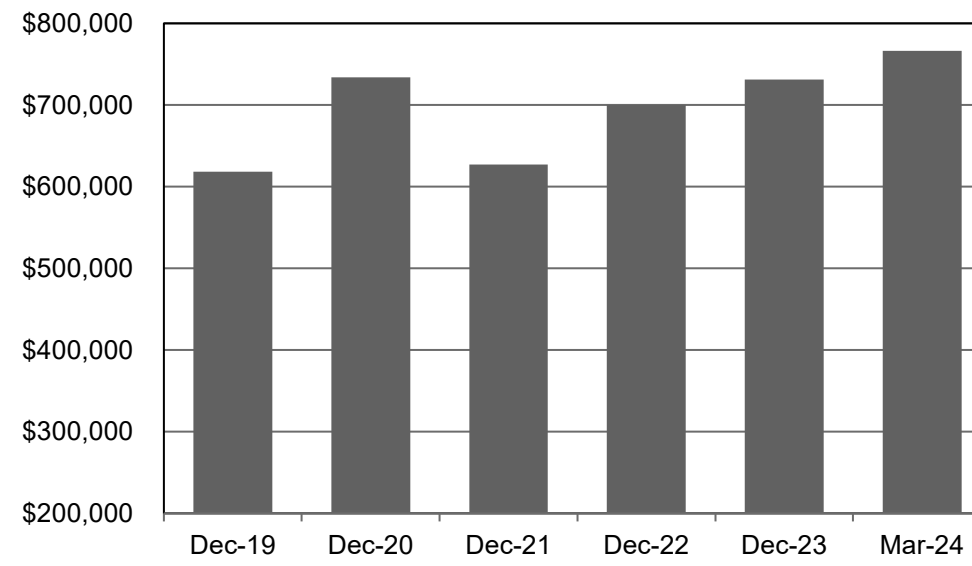
	Mar-23	Dec-23	Mar-24		Mar-23	Dec-23	Mar-24
Operating Results/Ratios - YEAR-TO-DATE UNLESS OTHERWISE NOTED				Key Ratios @ Quarter-End			
Return on avg equity	12.70%	13.17%	13.95%	Loans (net of allowance) to deposits	66.63%	73.05%	69.04%
Return on avg assets	1.51%	1.39%	1.68%	Allowance for credit losses to loans	1.74%	1.41%	1.38%
Quarterly net income (\$000's)	\$ 4,265	\$ 5,808	\$ 5,398	Nonperforming assets/assets	0.32%	0.22%	0.27%
Efficiency ratio	55%	52%	53%	Net chg-offs(recoveries) to loans	0.00%	0.21%	-0.01%
Book value per share	\$ 22.54	\$ 25.21	\$ 26.16	Quarterly capital ratio - Northwest Bank			
Quarterly earnings per share	\$ 0.71	\$ 0.96	\$ 0.89	Tier 1 leverage ratio	11.43%	12.23%	13.69%
Net interest margin	4.84%	4.25%	4.63%				
Yield on earning assets	6.80%	6.70%	7.46%				
Cost of int-bearing liabilities	3.22%	3.36%	4.09%				

Western Capital Corporation - Historical Financial Performance

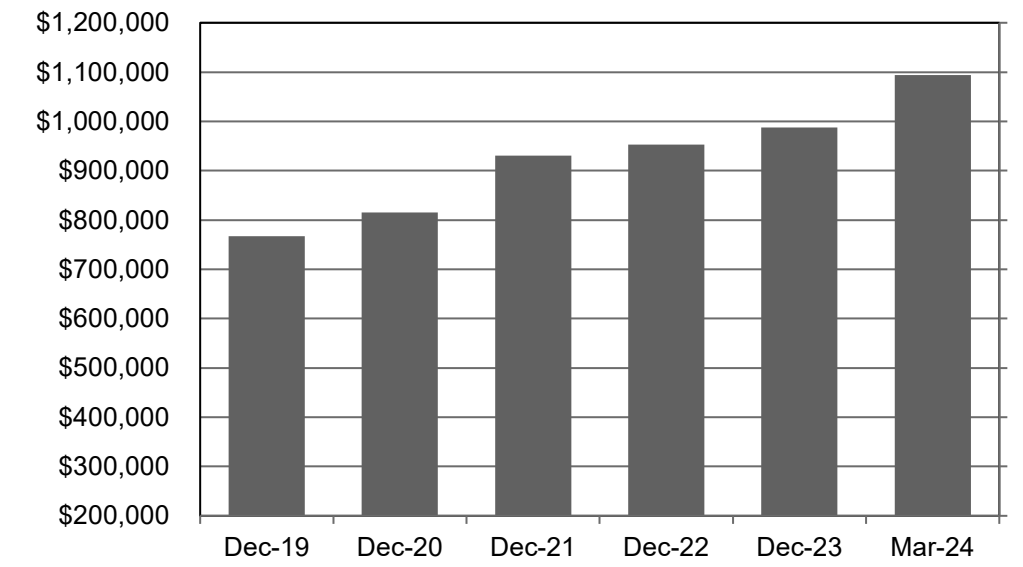
Assets



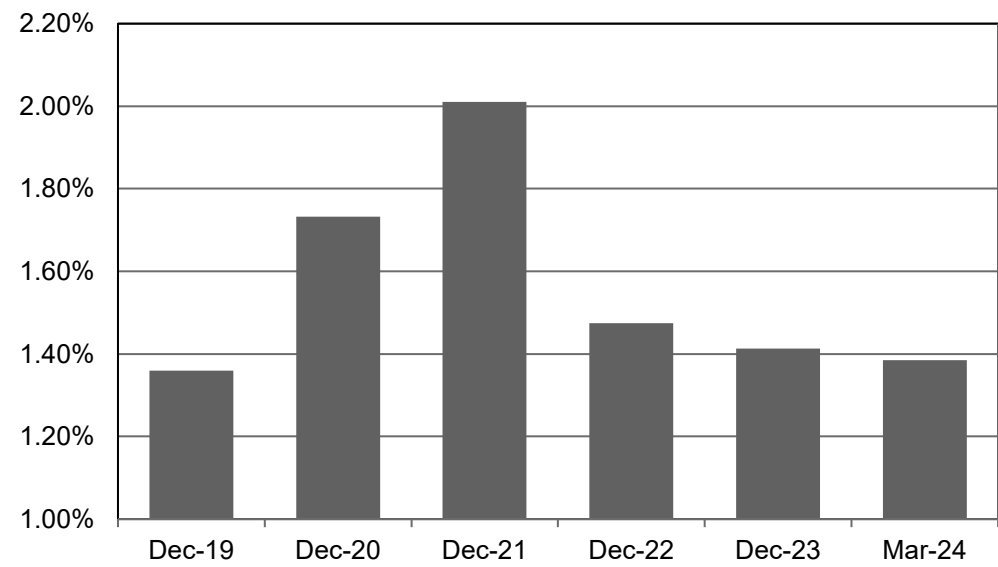
Loans (Gross)



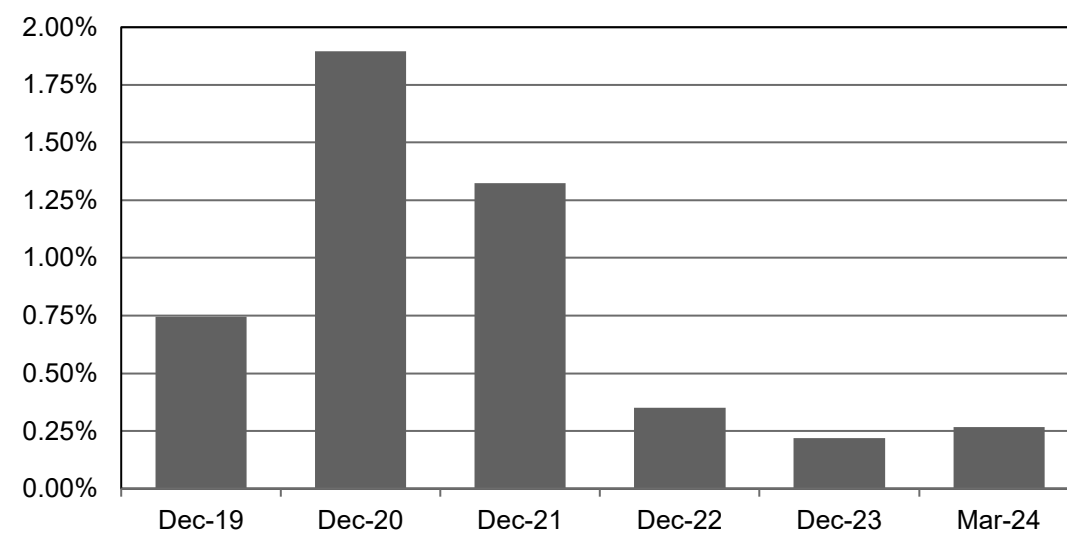
Deposits



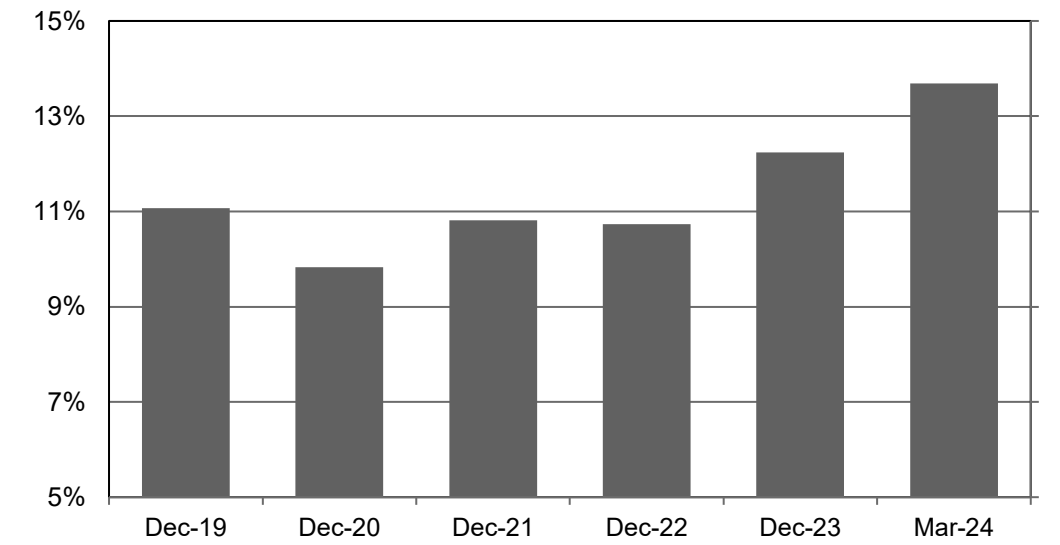
Allowance for Credit Losses / Loans



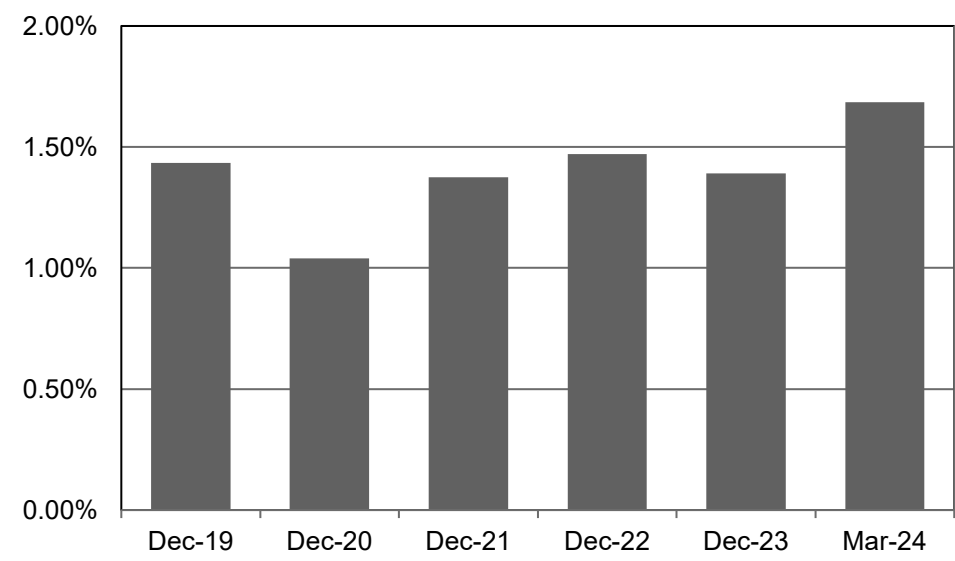
Nonperforming Assets / Assets



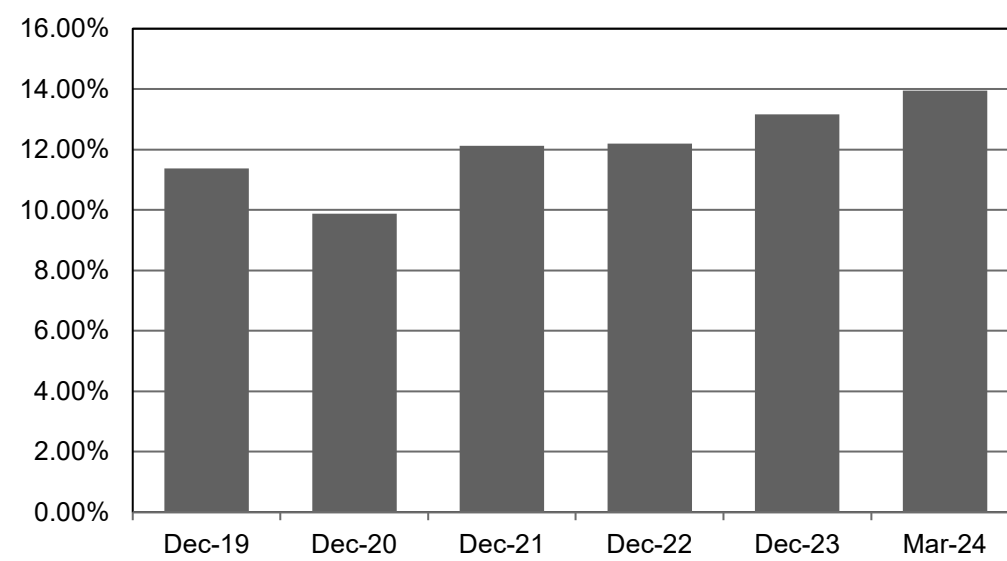
Tier 1 Leverage Capital Ratio (NB)



Return on Average Assets (YTD)



Return on Average Equity (YTD)



Book Value per Share

