

Calling all business owners: Why hand over your monthly rent to your landlord, when you can be paying yourself, through your company?

Here at Western National Bank, we have a wide array of loan products designed to assist you, the small business owner, in acquiring real estate for your business. Whether you're in need of a 10% down loan, or you have 1031 money exchanging out of another piece of real estate, we can design the perfect loan for you.

Please feel free to call us and start the process today. We can help make that switch in a matter of months, and turn you into a landlord thereafter. Then we can talk about raising your rent.

We look forward to working with you soon.

Sincerely,

William D. Hinz II  
Chairman, CEO and President

### Greater Phoenix Building Permits

Authorized Units Privately Owned - NSA

	Total	Y-Y Change
June-06	4,538	
June-07	4,095	-10%
July-06	3,325	
July-07	2,574	-22%
August-06	2,861	
August-07	2,519	-12%

Source: U.S. Census Bureau  
NSA = not seasonally adjusted

### Arizona Economic Indexes

	Sep-06	Sep-07
Arizona Price Index 50 = Neutral	71.8	61.5
Arizona Business Conditions < 50 = Contraction > 50 = Expansion	62.7	55.3

Source: Arizona State University

### Greater Phoenix Unemployment

National Average 4.7% - September 2007 - NSA

June-06	3.7%
June-07	3.0%
July-06	3.8%
July-07	3.3%
August-06	3.4%
August-07	3.2%

Source: Bureau of Labor Statistics  
NSA = not seasonally adjusted

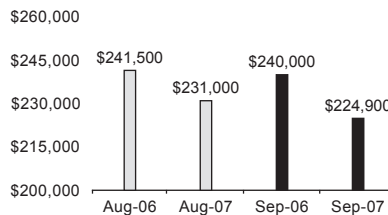
## Contact WNB

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## Greater Phoenix\* Economic Benchmarks

### Greater Phoenix Median Home Price

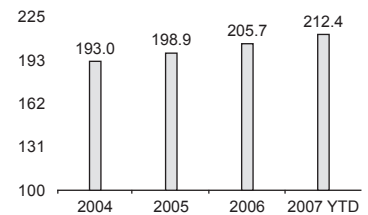
Current U.S. Median: \$224,500



Source: Arizona Regional Multiple Listing Service

### Greater Phoenix Consumer Price Index\*\*

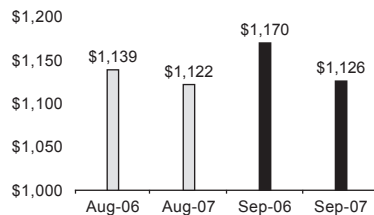
Dec. 2001 = 100 (U.S. Avg 207.9)



Source: Bureau of Labor Statistics  
\*\*West Urban Region U.S. CPI based on 1982-84

### Greater Phoenix Retail Sales

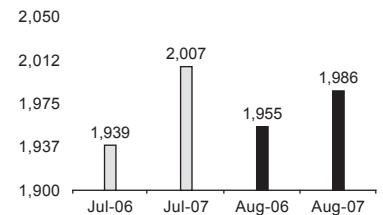
In Millions (000,000s) NSA



Source: Arizona Department of Revenue  
NSA = not seasonally adjusted

### Greater Phoenix Employment

In Thousands (000s) NSA



Source: Bureau of Labor Statistics  
NSA = not seasonally adjusted

### Western National Bank Contacts

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## National Economic Briefs

- September posted 110,000 new jobs, the biggest gain in the past four months. The service industry was the largest contributor with 143,000 new jobs created while the goods producing industry lost 33,000. Hourly earnings increased 0.4% for a year-over-year gain of 4.1%. Unemployment in September reached 4.7%, the highest level since August 2006.
- Housing starts in August reached a 12-year low as construction needs to wait for inventories to decline. The reduction in housing starts is also being impacted by the defaults stemming from the sub-prime and other mortgage borrowers. The National Association of Realtors expects the market to hit bottom sometime in mid-2008.
- Existing homes sales are down 5.3% from the prior month, a sixth consecutive decline and a new five-year low for resales. Even with the declines, the median price for an existing home is up 0.2% year-over-year. The expectation is that prices will show a 5%-10% decline to absorb the existing inventory (condos/coops make up 12.5% of the resales).
- The consumer confidence index fell 5.5% in September to 99.8., a two-year low (after a six-year high in July '07). This was not expected and seems to be due to the impact of the sub-prime situation and higher oil prices.
- Durable good orders were down 4.9% from the prior month, following a two month gain of 8%; this is very volatile to business investment which appears to have slowed. Transportation was the largest factor for the decrease, with an August decline of 11% after a two-month gain of 21%.

# Local Trends

## Greater Phoenix GDP Total GDP in Millions (000,000s)

2001	\$125,295
2002	\$130,751
2003	\$138,293
2004	\$147,358
2005	\$160,028
Five-year average	\$140,345
Five-year increase	27%

Source: Bureau of Economic Analysis

## Per Capita Income Personal Income - Phoenix

2004	\$30,892
2005	\$32,414
2006	\$33,911
Three-year average	\$32,405
Change 2004-2005	4.9%
Change 2005-2006	4.6%
U.S. rank*	131

Source: Bureau of Economic Analysis  
\*Rank out of 364 cities

## Phoenix Employment Total Annual Employment

2001	1,648,613
2002	1,686,637
2003	1,721,880
2004	1,782,421
2005	1,848,368
2006	1,945,927
2007 YTD	1,986,677

Source: Bureau of Labor Statistics

## Arizona - Business Leaders Confidence Index (BLCI)

	Q1-2007	Q2-2007	Q3-2007	Q4-2007
Arizona BLCI	51.9	53.0	50.5	42.5
Expectations for national economy	45.9	44.6	45.6	34.7
Expectations for state economy	52.4	55.3	50.8	40.4
Industry sales expectations	55.2	58.2	55.6	48.7
Industry profits	53.3	53.3	49.9	44.0
Industry hiring plans	52.0	53.4	49.6	44.3
Industry capital expenditures	52.6	53.1	51.4	42.9

Index above 50 = expansion Index below 50 = contraction

Source: The University of Arizona

## Quick Fact

According to the most recent data, the average hourly wage in Phoenix is \$18.39.

The national average is \$19.29 per hour.

Source: Bureau of Labor Statistics

# National Trends

## United States Employment Outlook

	Increase	Decrease	No Change	Don't Know	Net Employment Outlook
Fourth quarter 2007	27%	9%	58%	6%	18%
Third quarter 2007	29%	7%	58%	6%	22%
Second quarter 2007	28%	7%	59%	6%	21%
First quarter 2007	23%	11%	60%	6%	12%
Fourth quarter 2006	28%	8%	58%	6%	20%

Source: Manpower Survey October 2007.

Data is based on interviews with 16,000 employers, who were asked how the current employment situation will change in the next three months.

## U.S. Job Openings

Survey Date	Job Openings (000s)
August 2007	4,146
July 2007 (r)	4,186
June 2007	4,280
May 2007	4,095
April 2007	4,170
March 2007	4,176
February 2007	4,149
January 2007	4,222
December 2006	4,401

Source: Bureau of Labor Statistics (r) = revised

## Housing Starts, SAAR

	Units (000s)	Percent Change
July-06	1,746	
July-07 (r)	1,389	-20%
August-06	1,731	
August-07	1,307	-24%

Source: U.S. Census Bureau

SAAR = seasonally adjusted annual rate (r) = revised

## New Home Sales, SAAR

	Units (000s)	Percent Change
July-06	969	
July-07 (r)	867	-10%
August-06	1,009	
August-07	795	-21%

Source: U.S. Census Bureau

SAAR = seasonally adjusted annual rate (r) = revised

## Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
July-06	338.7	458.0	786.8
July-07 (r)	345.2	410.3	880.2
August-06	359.3	441.4	801.8
August-07	328.2	428.8	868.4

Source: Bureau of Economic Analysis

(r) = revised

## Personal Income

In Billions of Dollars, SAAR

	Mar-07 (r)	Apr-07 (r)	May-07 (r)	Jun-07 (r)	Jul-07 (r)	Aug-07
Personal income	11,564 ▲	11,565 ▲	11,620 ▲	11,672 ▲	11,734 ▲	11,774 ▲
Disposable personal income	10,095 ▲	10,088 ▼	10,134 ▲	10,177 ▲	10,238 ▲	10,275 ▲
Personal consumption expenditures	9,573 ▲	9,631 ▲	9,684 ▲	9,705 ▲	9,742 ▲	9,797 ▲

Source: Bureau of Economic Analysis SAAR = seasonally adjusted annual rate (r) = revised

## Gross Domestic Product % change from prior quarter

Q2-06	2.6%
Q3-06	2.0%
Q4-06	2.5%
Q1-07	0.6%
Q2-07(r)	3.8%

Source: Bureau of Economic Analysis (r) = revised

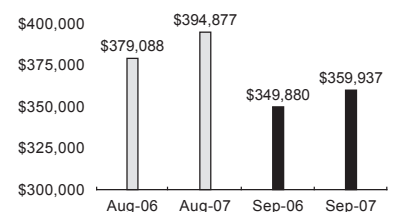
## Consumer Confidence Index 1985 = 100

May-07	108.5
Jun-07	105.3
Jul-07	111.9
Aug-07(r)	105.6
Sep-07(p)	99.8

Source: Conference Board (p) = preliminary (r) = revised

## Total U.S. Retail Sales

In Millions (000,000s) NSA



Source: U.S. Department of Commerce NSA = not seasonally adjusted