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Greater Phoenix Building Permits

Single-Family Homes - NSA

	Total	Y-Y Change
May-07	3,188	
May-08	1,950	-38.8%
June-07	4,095	
June-08	2,341	-42.8%

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

Arizona Economic Indexes*

	Jun-07	Jun-08
Arizona Price Index 50 = Neutral	63.9	77.9
Arizona Business Conditions < 50 = Contraction > 50 = Expansion	57.9	46.7

Source: Arizona State University *most recent data available

Greater Phoenix Employment

National Unemployment Average 5.7% - July 2008 - NSA

	Employment Change*	Unemployment Rate
May-07	+4,320	2.7%
May-08 (r)	-7,413	3.5%
June-07	+8,401	3.1%
June-08	-1,328	4.3%

Source: Bureau of Labor Statistics NSA = not seasonally adjusted
*Change from prior month (r) = revised data

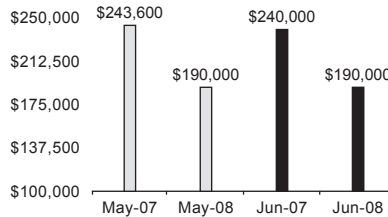
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Greater Phoenix* Economic Benchmarks

Greater Phoenix Median Home Price

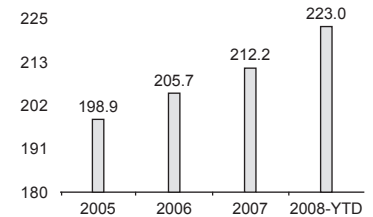
Current U.S. Median: \$215,100



Source: Arizona Regional Multiple Listing Service

Greater Phoenix* Consumer Price Index

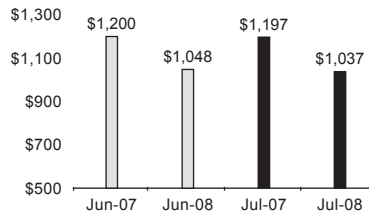
1982-84 = 100 (U.S. Avg 219.9)



Source: Bureau of Labor Statistics *West Urban Region

Greater Phoenix Retail Sales

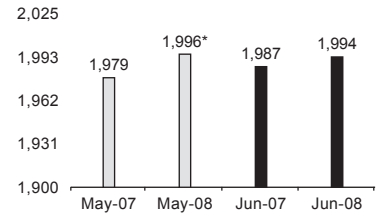
In Millions (000,000s) NSA



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 *revised data

Inside the Economy

94.3%

That is the employment rate in the U.S. right now. In contrast, the unemployment rate is 5.7%. With employment hitting over 94%, why do economists focus so much on the unemployment rate, which is a relatively small number?

Answer: It is the trend in unemployment that concerns economists. Employment is defined as those workers over the age of 16 who are available and either employed or actively seeking work. This excludes those who are in institutions (e.g., hospitals, prisons) and those who are "discouraged" (have given up). In July 2008, 154.6 million people were in the workforce, with about 8.8 million out of work (5.7%, up 0.2% since May).

The rising unemployment rate, even in tenths of a percentage point, indicates continued weakening of the economy. Not surprisingly, employment in the construction industry continued to drop, losing 557,000 jobs since September 2006. Temporary help services, probably one of the most vulnerable sectors of the labor force, lost 186,000 jobs since January 2008. Manufacturing, wholesale trade, information services and retailing also contributed to recent declines. Again, not surprisingly, employment in health care and mining (oil and gas) actually gained.

How does the U.S. compare with other countries in terms of unemployment? The Bureau of Labor Statistics publishes data series for other industrial countries approximating the methodology used to calculate U.S. unemployment. France and Germany had the highest unemployment rates at the end of 2007, 8.6% and 8.7% respectively, while Japan (3.9%) and the Netherlands (3.2%) are at the low end of the scale. Should we conclude that Japan and the Netherlands are better off? Not necessarily. If we compare gross domestic product per capita, the United States still seems to dominate this category, even with a higher unemployment rate: U.S., \$46,000 per capita; Japan, \$34,000 per capita; and the Netherlands, \$39,000 per capita.

Local Trends

Average Weekly Wage Q4-07 Avg. County Weekly Wage

Gila	\$665
Graham	\$635
Maricopa	\$875
Pima	\$770
Pinal	\$721
Yavapai	\$649
Yuma	\$575

Source: Bureau of Labor Statistics

Phoenix Employment Leisure and Hospitality Jobs

2002	153,500
2003	156,000
2004	161,900
2005	170,400
2006	180,500
2007	186,400
2008-YTD	190,200

Source: Bureau of Labor Statistics

Phoenix Employment Health and Education Services

2002	153,000
2003	163,200
2004	173,600
2005	184,100
2006	196,300
2007	204,900
2008-YTD	214,300

Source: Bureau of Labor Statistics

Phoenix Occupational Employment and Wage Estimates Major Occupational Groups in Phoenix-Mesa-Scottsdale, AZ

	Employment	Median Hourly Wage	Mean Hourly Wage	Mean Annual Salary
General and operations managers	28,110	\$40.64	\$47.62	\$99,060
Architecture and engineering	43,730	\$29.56	\$31.01	\$64,500
Registered nurses	22,800	\$29.25	\$29.18	\$60,700
Police and sheriff's patrol officers	7,410	\$24.74	\$24.94	\$51,870
Construction occupations	148,570	\$15.75	\$17.05	\$35,460
All occupations	1,189,210	\$14.52	\$18.44	\$38,360

Source: Bureau of Labor Statistics May 2007 Survey

Quick Fact

3.8% | The increase in Arizona's personal income between first quarter 2007 and first quarter 2008. Nationally, the increase in personal income was 4.8%.

Source: Bureau of Labor Statistics

National Trends

Business Outlook - U.S. Firms' Growth Expectations During the Next 12 Months

Monthly Averages	June 2008	March 2008	December 2007	September 2007
Earnings growth	2.9%	8.7%	6.7%	8.8%
Capital spending	2.3%	3.3%	4.1%	3.2%
Marketing spending	0.2%	2.5%	3.3%	2.5%
Technology spending	3.4%	3.2%	5.4%	4.1%
Employment	-0.2%	0.6%	0.5%	0.0%

Source: Duke's Fuqua School of Business/CFO Magazine Business Outlook June 2008 Results for U.S. firms expecting growth in their own businesses during the next 12 months

U.S. Job Openings

Survey Date	Job Openings (000s)
June 2008	3,627
May 2008 (r)	3,631
April 2008	3,612
March 2008	3,672
February 2008	3,799
January 2008	3,889
December 2007	3,974
November 2007	3,972
October 2007	4,044

Source: Bureau of Labor Statistics (r) = revised Seasonally adjusted rate

Housing Starts, SAAR

	Units (000s)	Percent Change
May-07	1,436	
May-08 (r)	977	-31.9%
June-07	1,458	
June-08	1,066	-26.8%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

New Home Sales, SAAR

	Units (000s)	Percent Change
May-07	857	
May-08 (r)	533	-37.8%
June-07	793	
June-08	530	-33.2%

Source: U.S. Census Bureau SAAR = seasonally adjusted annual rate (r) = revised

Domestic Automotive Units (000s)

	U.S. Production	Unit Sales	Inventory Level
May-07 (r)	314.8	456.5	988.3
May-08 (r)	301.3	439.1	795.7
June-07	333.1	436.8	977.8
June-08	310.9	406.3	791.2

Source: Bureau of Economic Analysis (r) = revised

Personal Income

In Billions of Dollars, SAAR

	Jan-08 (r)	Feb-08 (r)	Mar-08 (r)	Apr-08 (r)	May-08 (r)	Jun-08
Personal income	11,948 ▲	11,975 ▲	12,019 ▲	12,047 ▲	12,266 ▲	12,273 ▲
Disposable personal income	10,413 ▲	10,434 ▲	10,472 ▲	10,506 ▲	11,102 ▲	10,891 ▼
Personal consumption expenditures	9,984 ▲	9,982 ▼	10,039 ▲	10,074 ▲	10,150 ▲	10,207 ▲

Source: Bureau of Economic Analysis

SAAR = seasonally adjusted annual rate

(r) = revised

Gross Domestic Product

Q2-07	3.8%
Q3-07	4.9%
Q4-07 (r)	-0.2%
Q1-08 (r)	0.9%
Q2-08	1.9%

Source: Bureau of Economic Analysis Percent change from prior qtr. (r) = revised

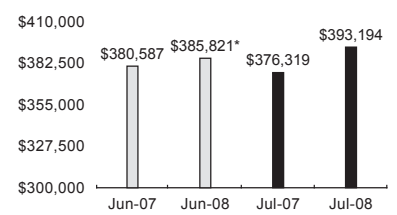
Consumer Confidence Index

Mar-08	65.9
Apr-08	62.8
May-08	58.1
Jun-08 (r)	51.0
Jul-08 (p)	51.9

Source: The Conference Board 1985 = 100 (p) = preliminary (r) = revised

Total U.S. Retail Sales

In Millions (000,000s) NSA



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