

West Virginia, A Surprise Leader



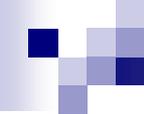
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Small Business Credit and Lending Forum
Wheeling, West Virginia
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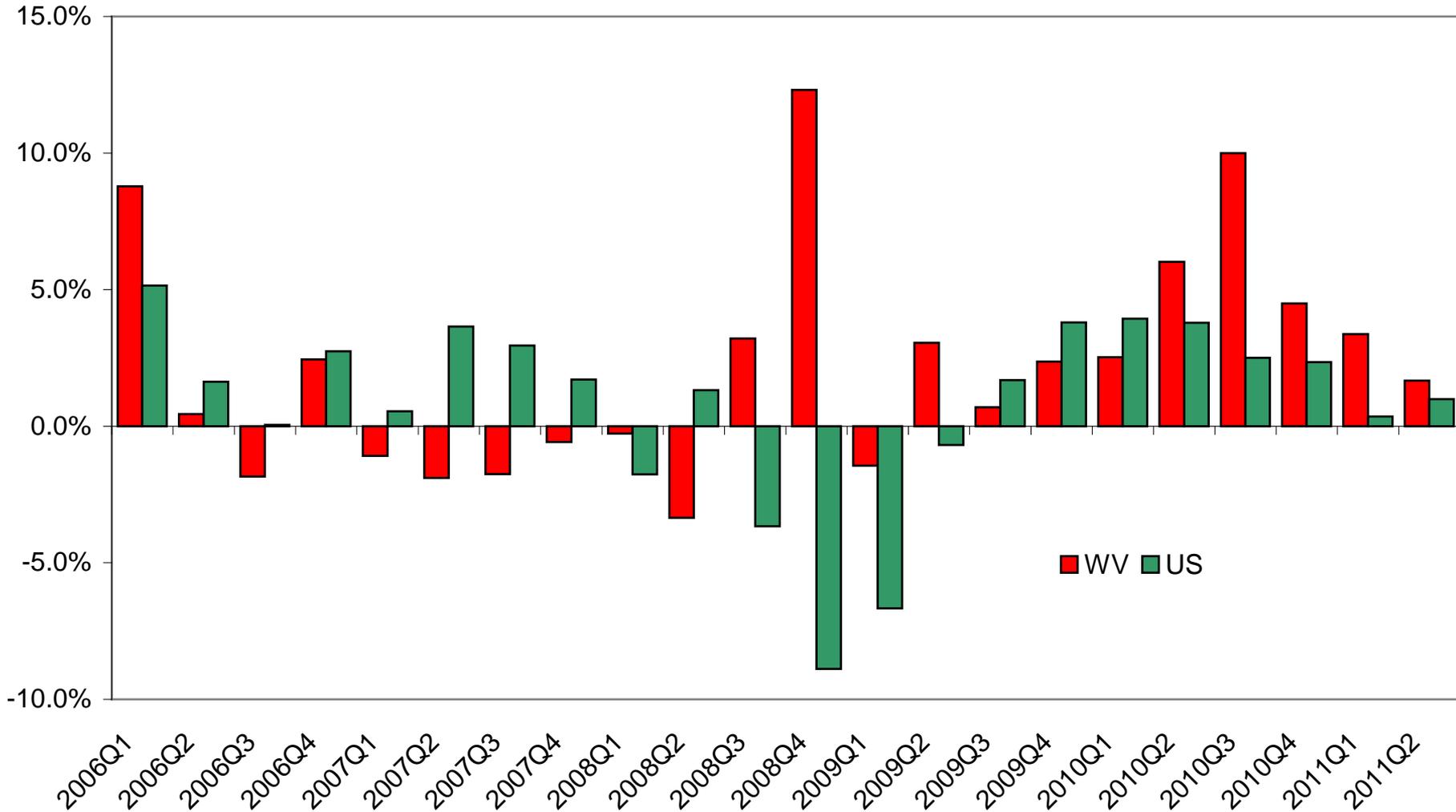




The State Of The National Economy

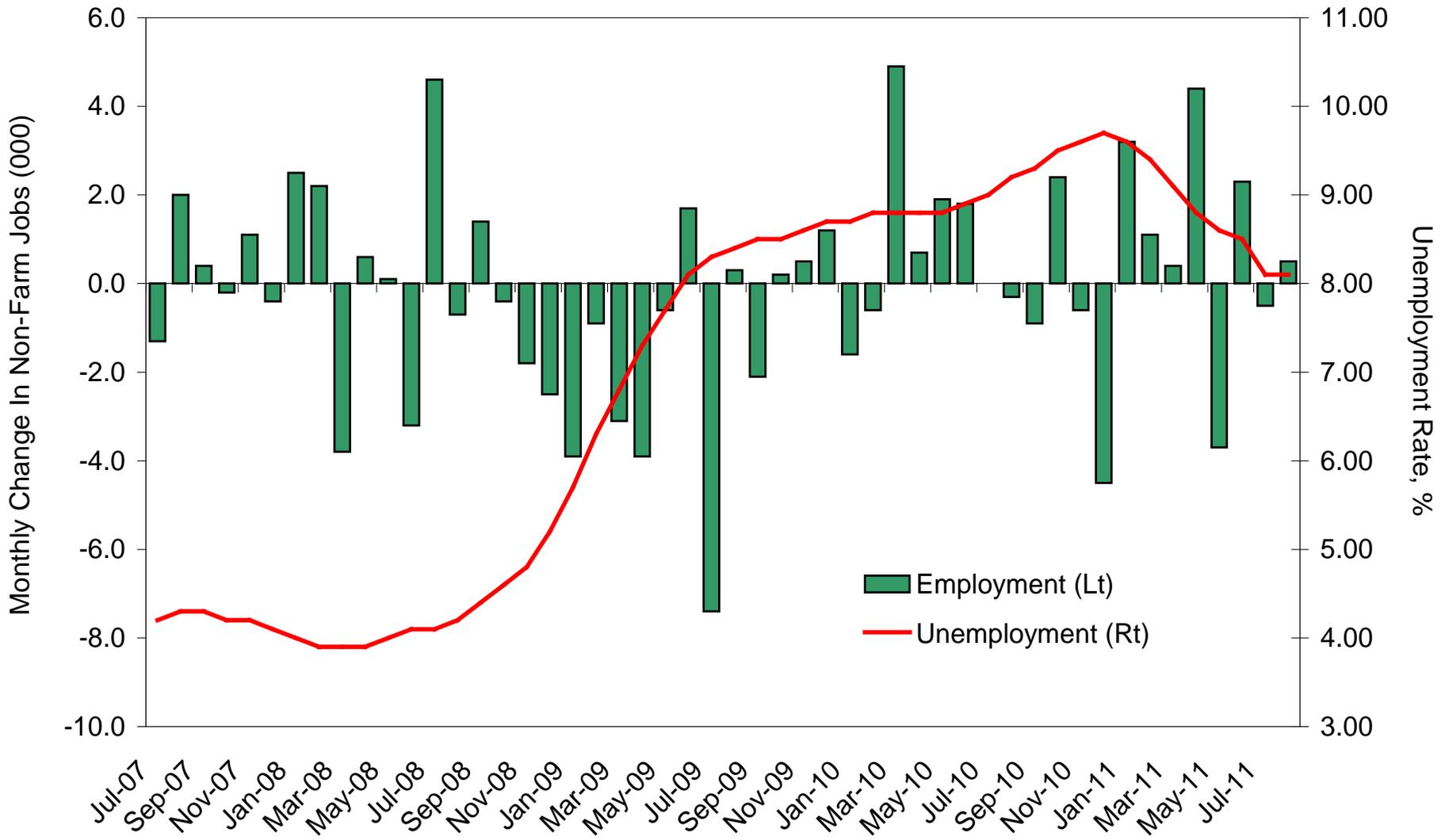
- The economy has slowed significantly.
- Labor markets are deeply troubled.
- Consumers not spending enough.
- Housing and CRE weakness continues.
- PIGS debt crisis.

West Virginia Output Growth Is Exceeding The Nation's (Percent Change Real GSP & GDP, Annual Rate)



Source: Bureau of Economic Analysis; Moody's Analytics.

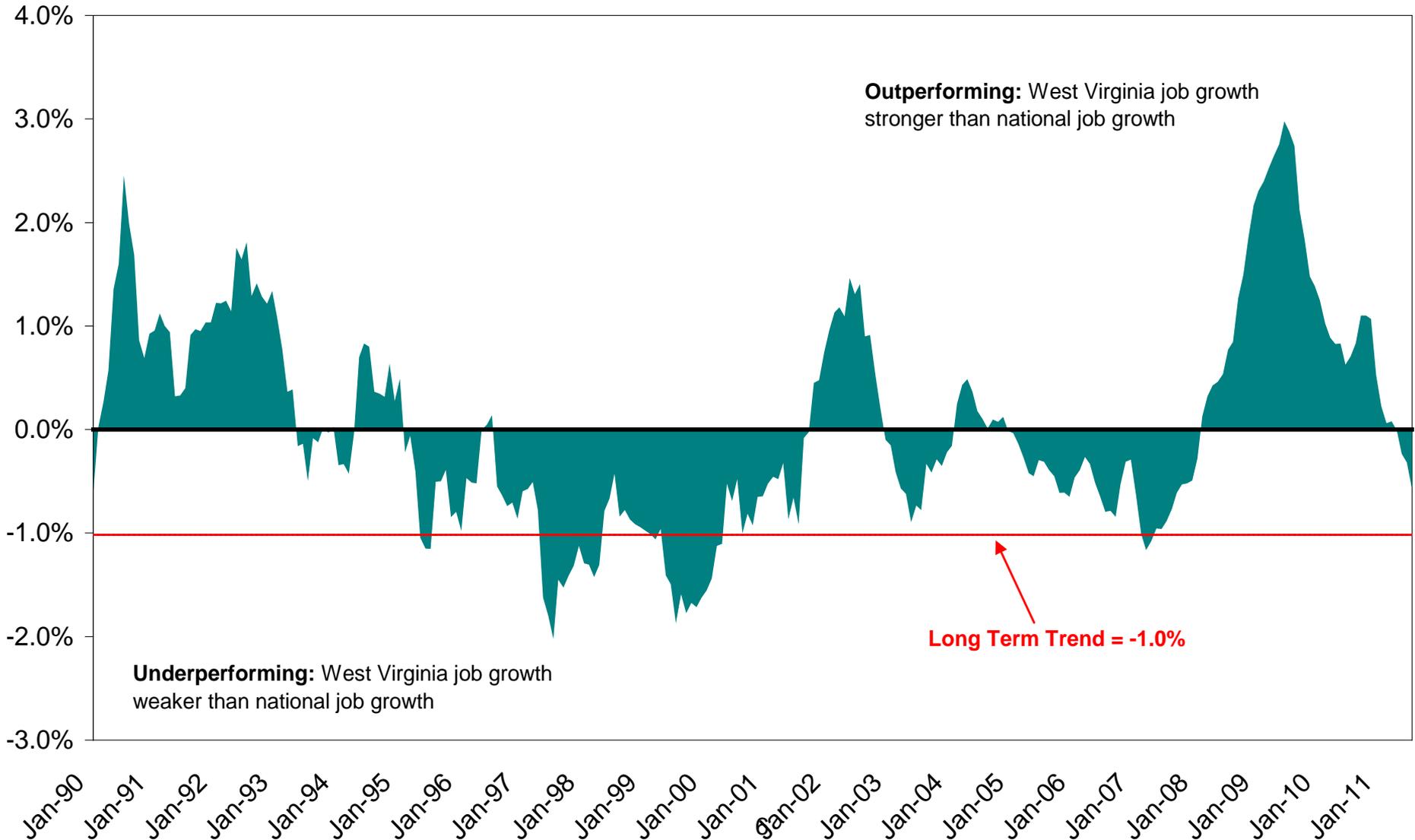
The West Virginia Labor Market Is Recovering



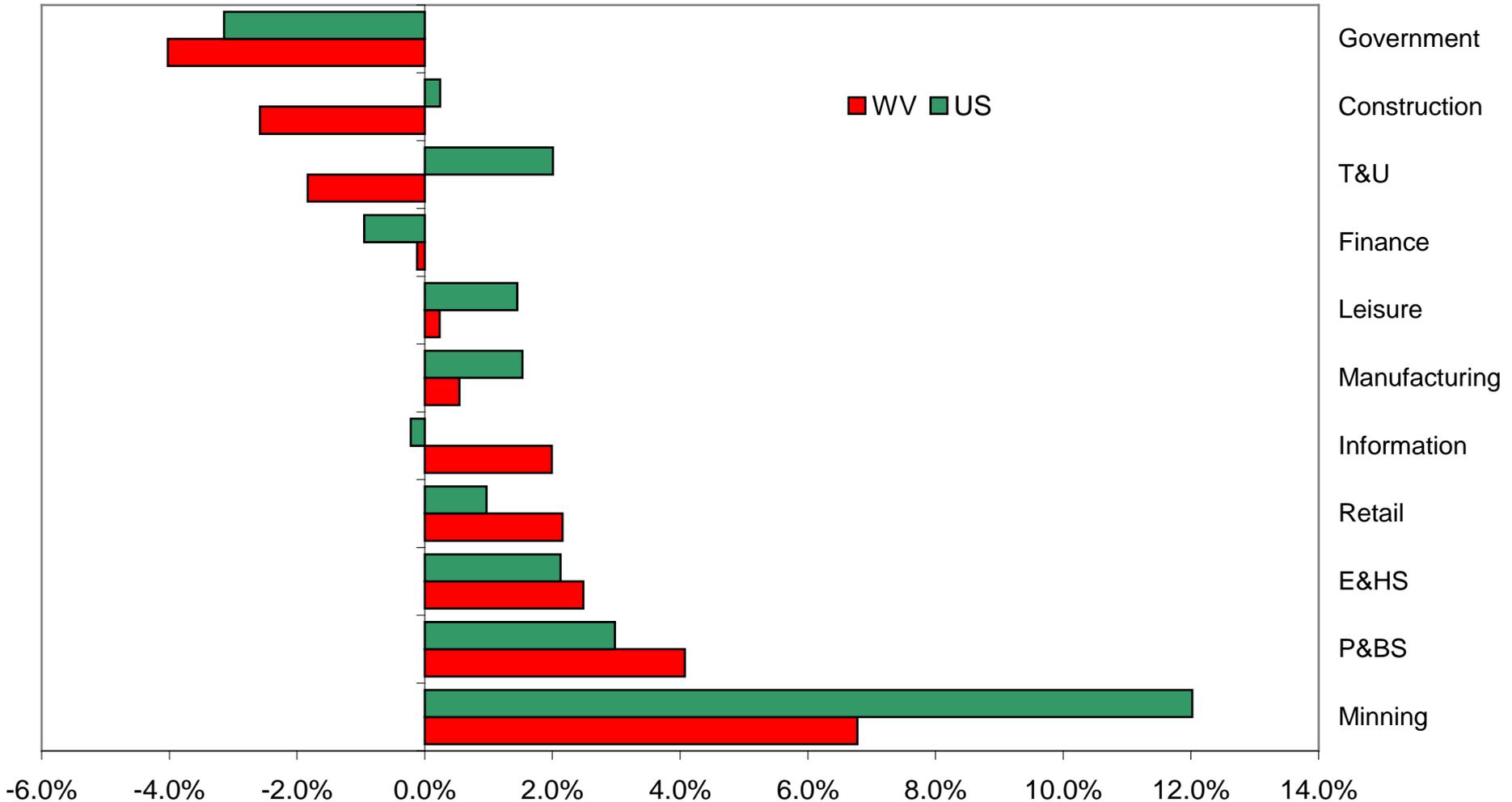
Source: Bureau of Labor Statistics.

Employment Growth: West Virginia vs US

(West Virginia YOY % Ch - US YOY % ch, 3mo MA)

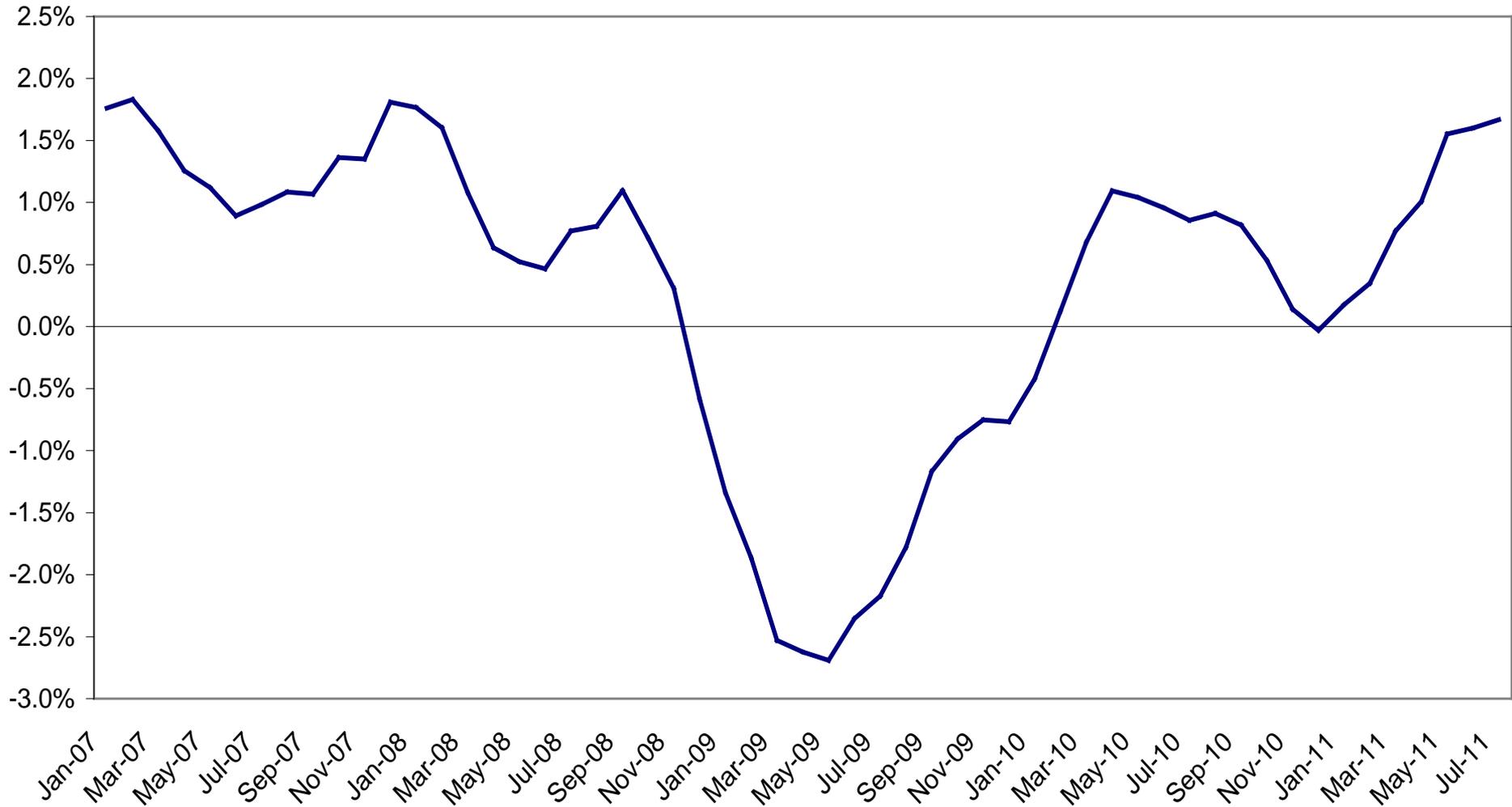


The Majority Of West Virginia Sectors Are Growing (Non-Farm Jobs YOY Percent Change 3-month MA)



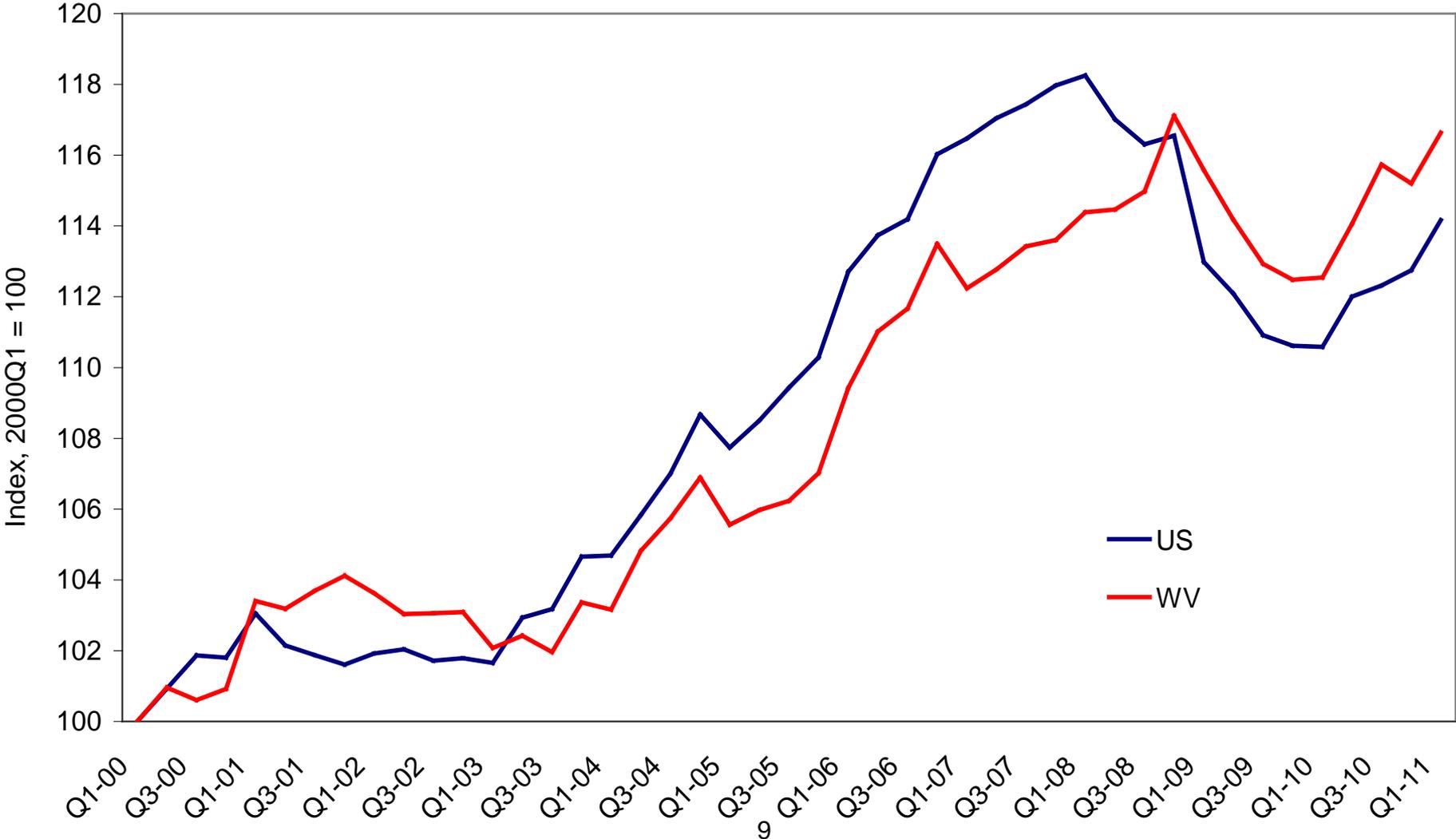
Source: Bureau of Labor Statistics.

The West Virginia Coincident Index Indicates The Economy Is Expanding: Percent Change From 3 Months Ago



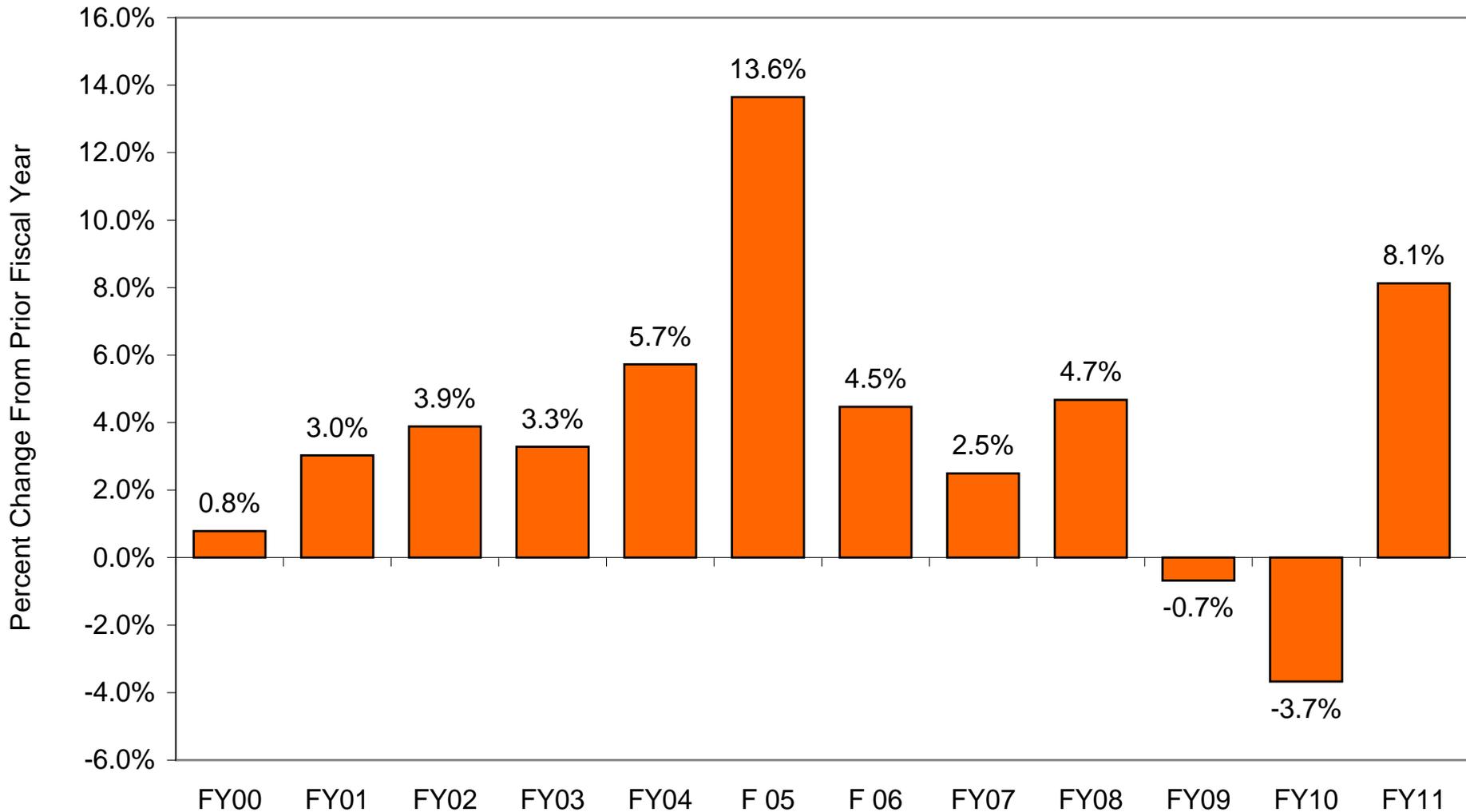
Source: Federal Reserve Bank of Philadelphia

West Virginia Real Personal Income Less Transfer Payments Is Leading The Nation

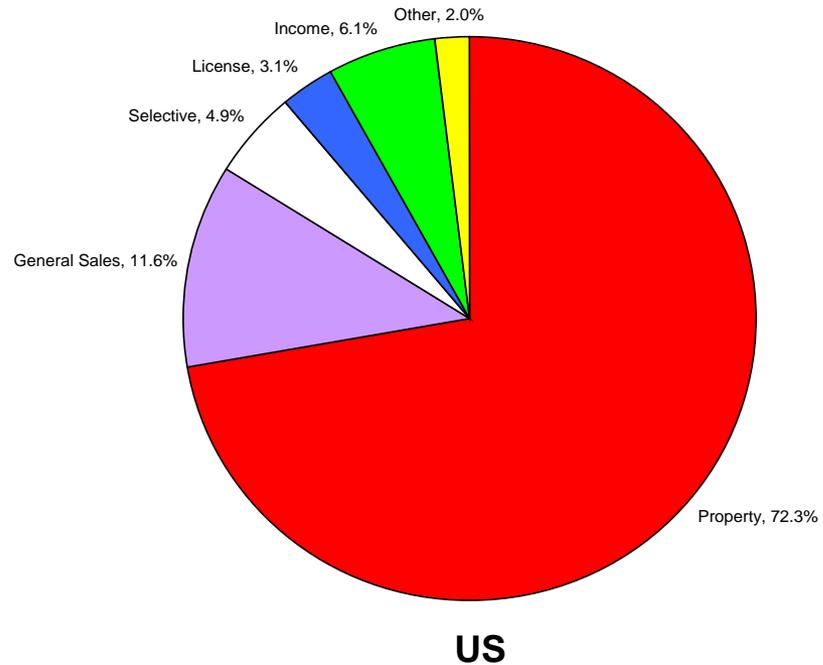
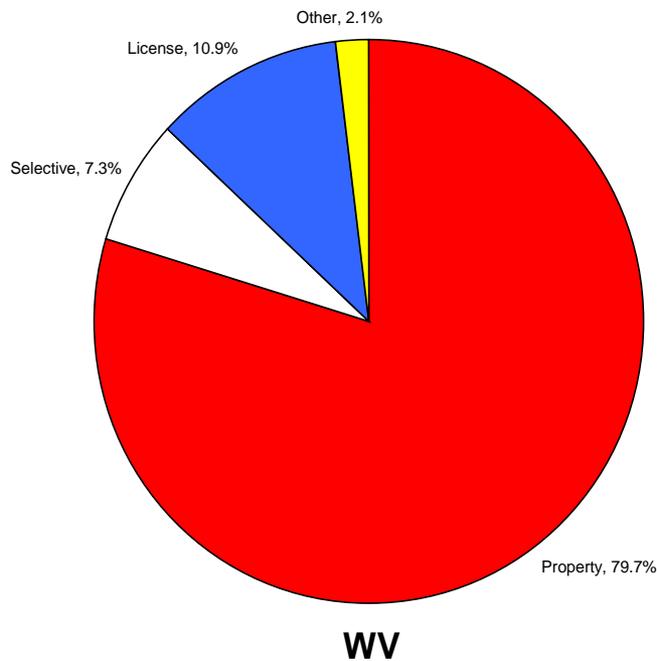


Source: Bureau of Economic Analysis.

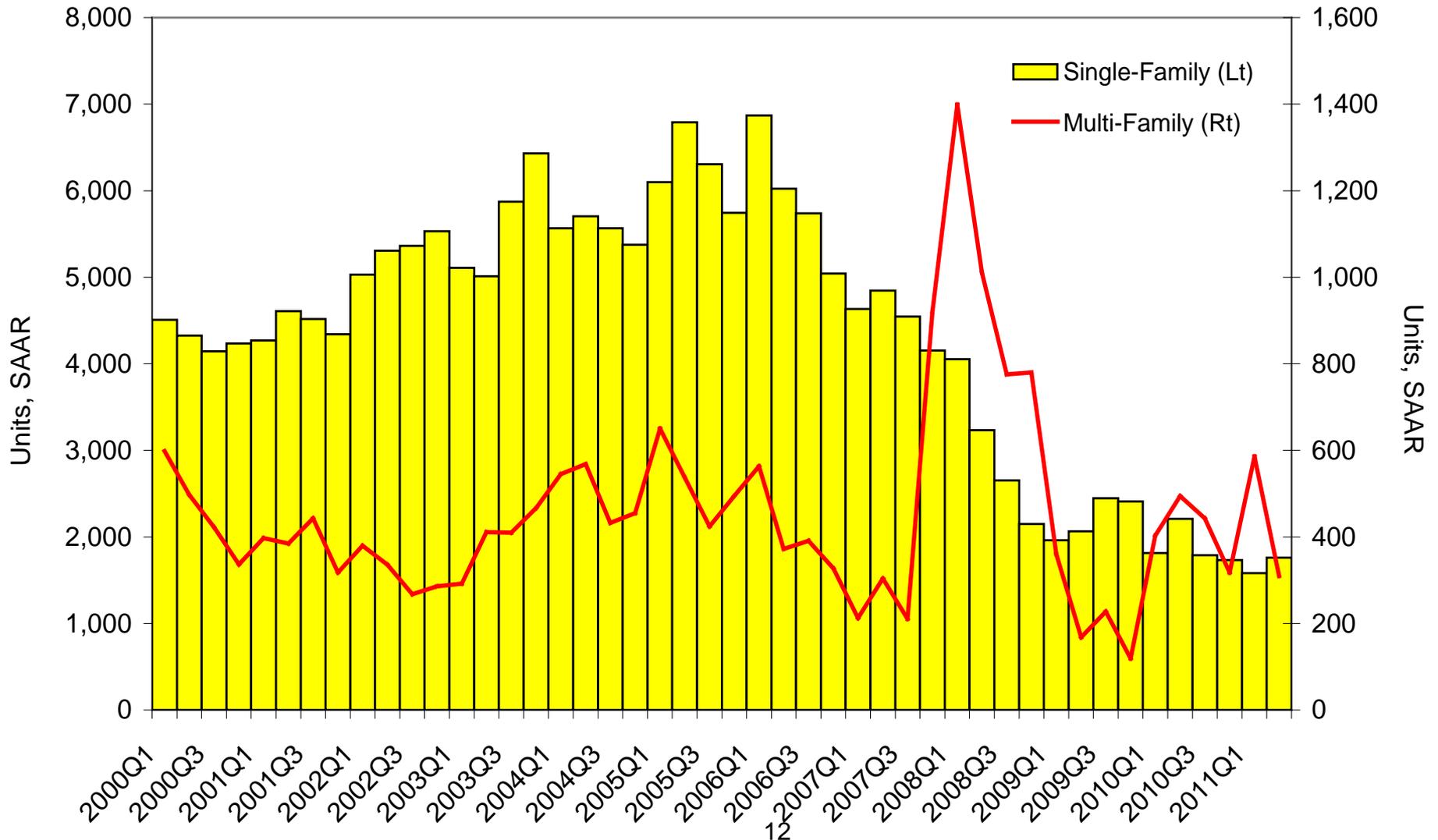
After A Two Year Decline, West Virginia State Level Tax Collections Have Snapped Back And Now Stand At A Record High



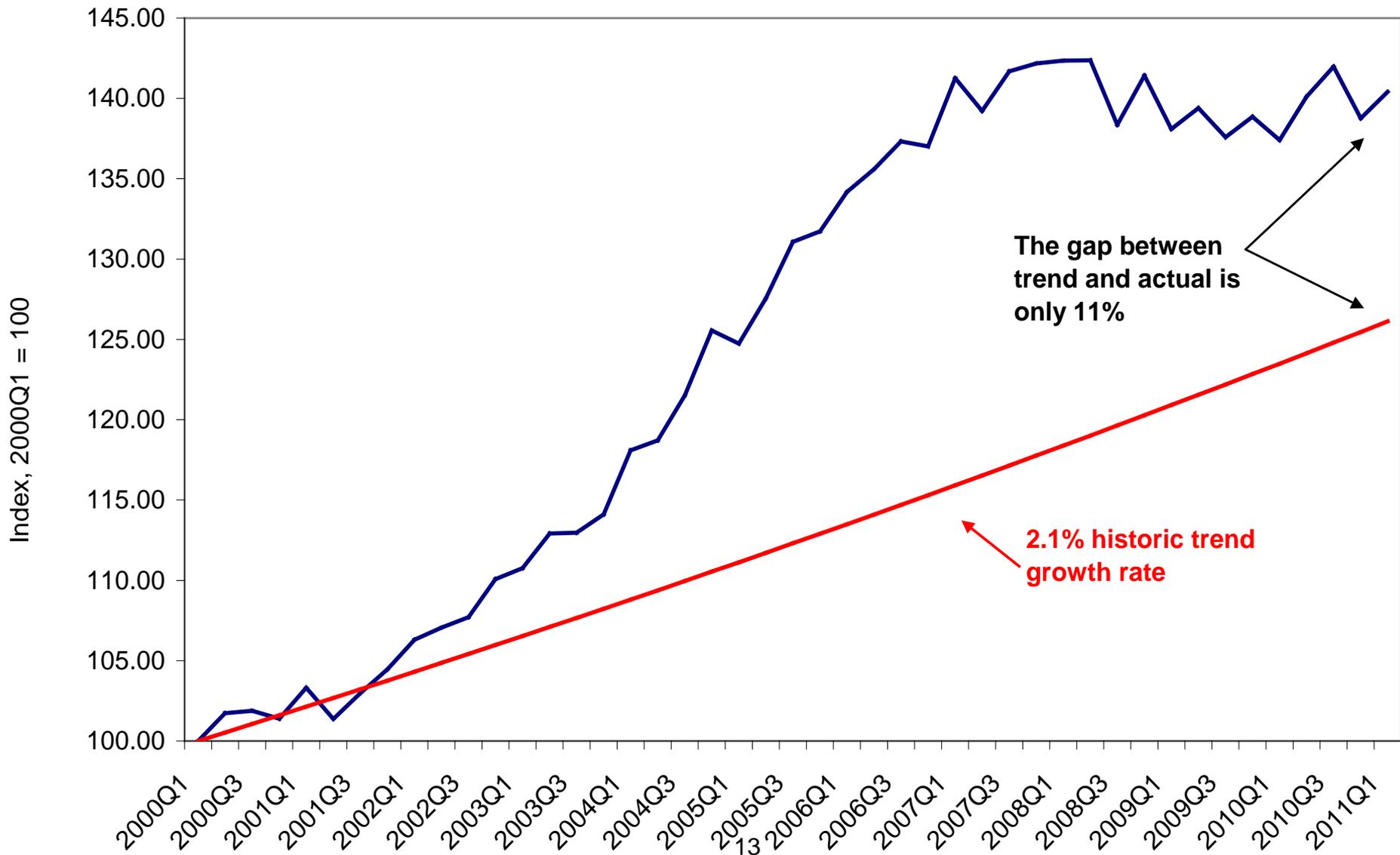
West Virginia Local Governments Are Heavily Reliant On Property Taxes



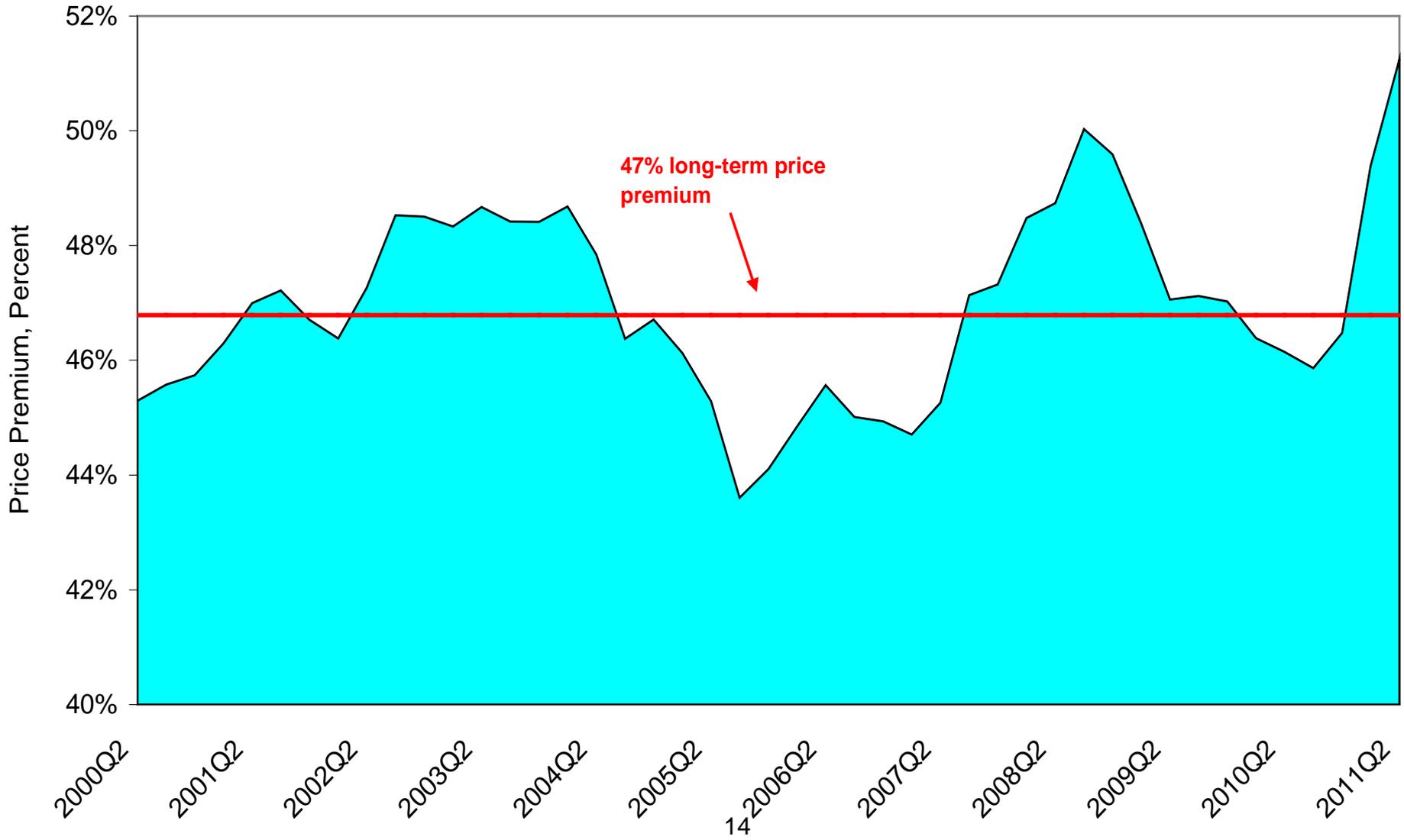
As In The Nation, West Virginia Housing Starts Remain Near Historic Lows



West Virginia Had A Mild Home Price Run-Up

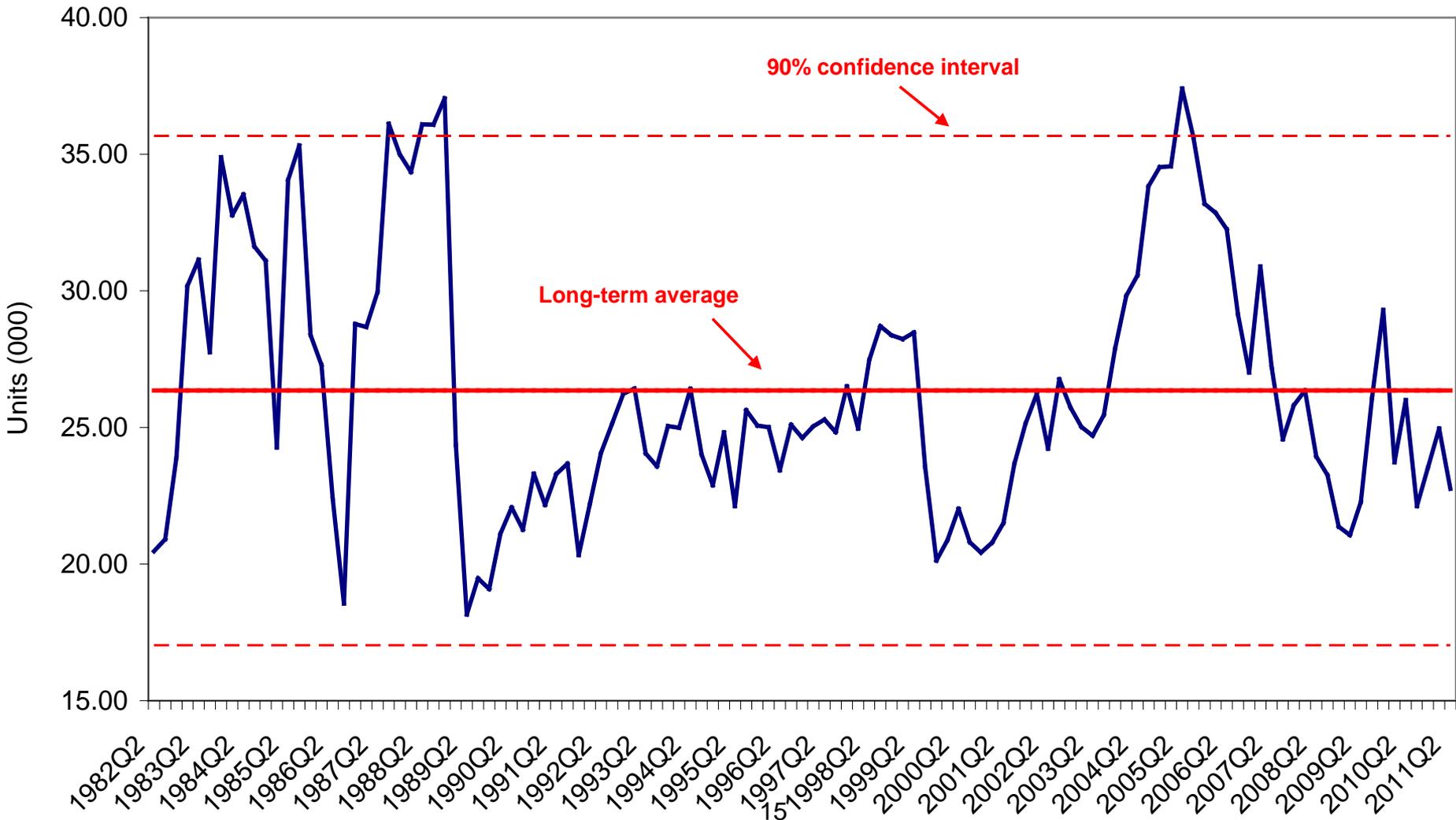


The New Home Price Premium Has Always Been High In West Virginia

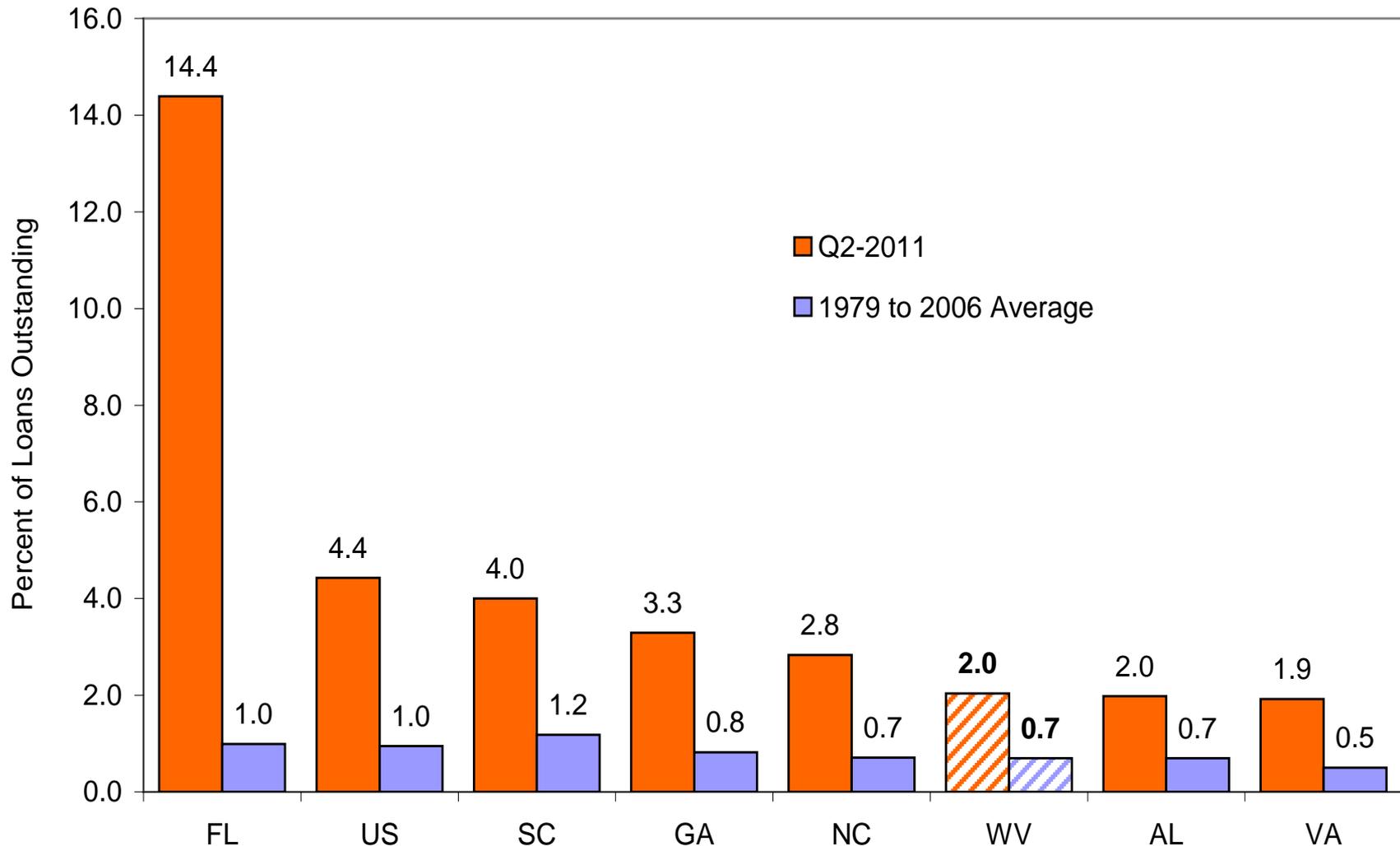


Source: Moody's Analytics.

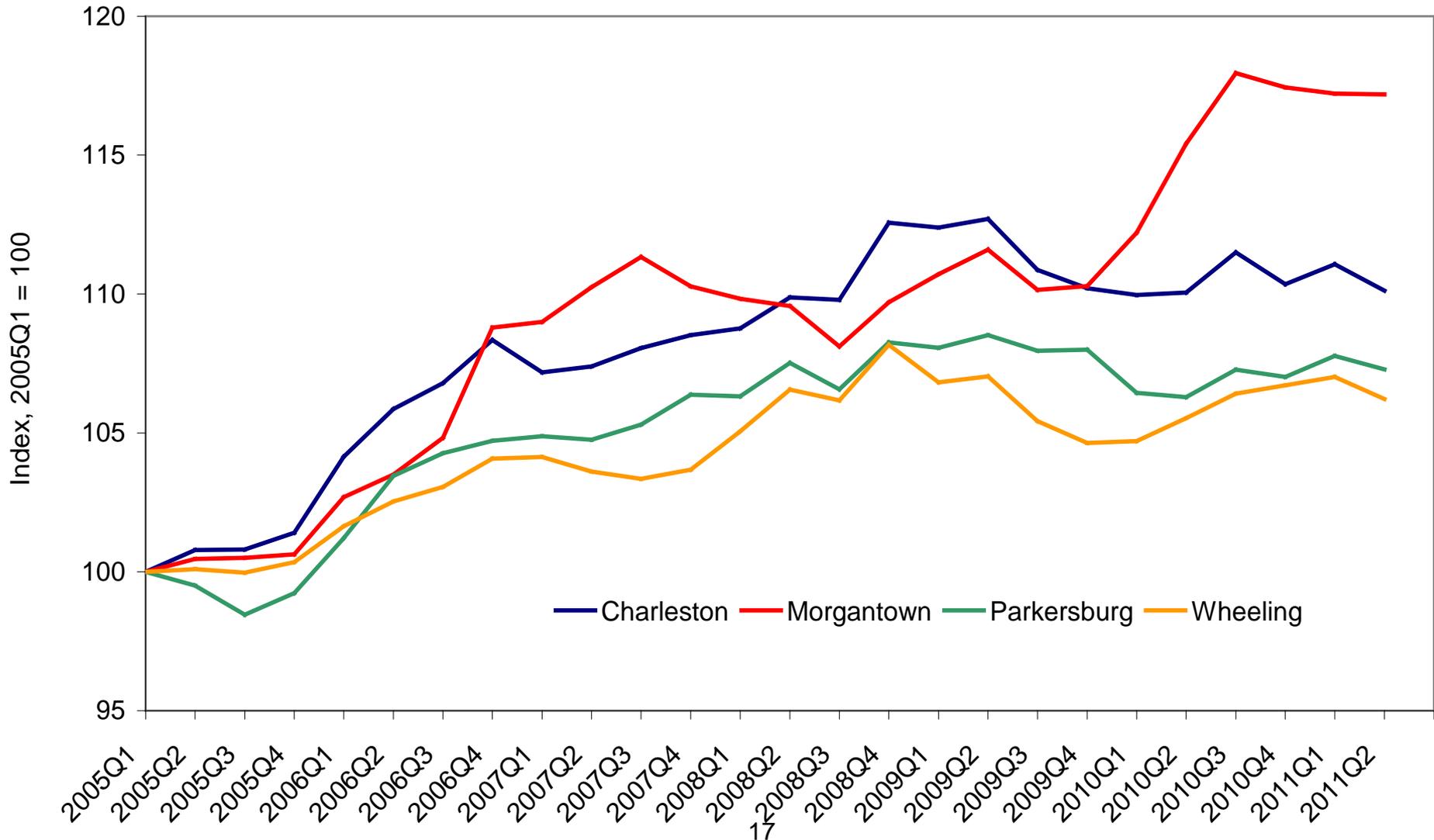
West Virginia Existing Single-Family Home Sales Pressured Prices Only Slightly



West Virginia Foreclosure Inventories Are Among The Most Manageable In The Nation

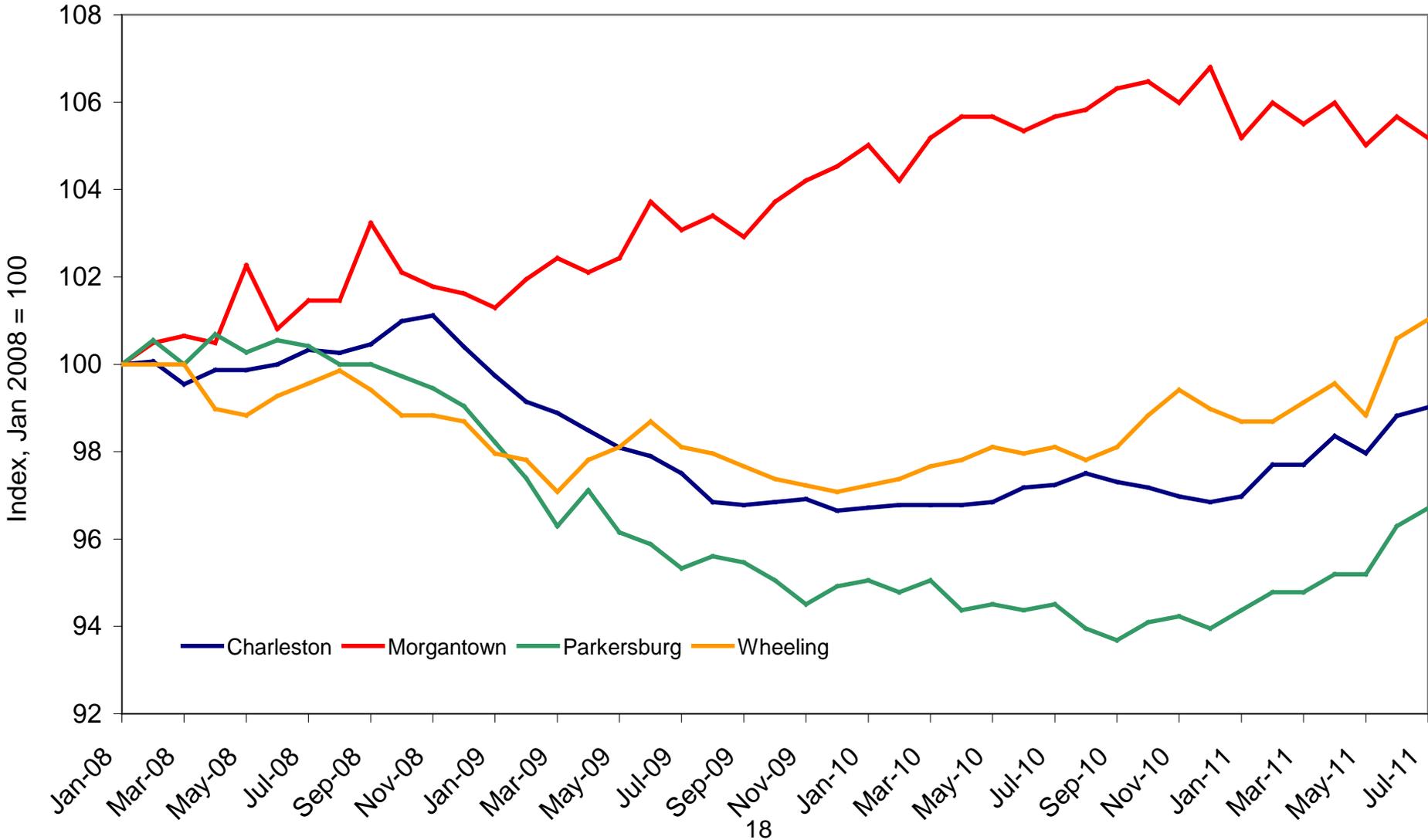


Improvement In Real Per Capita Income Appears To Have Stalled



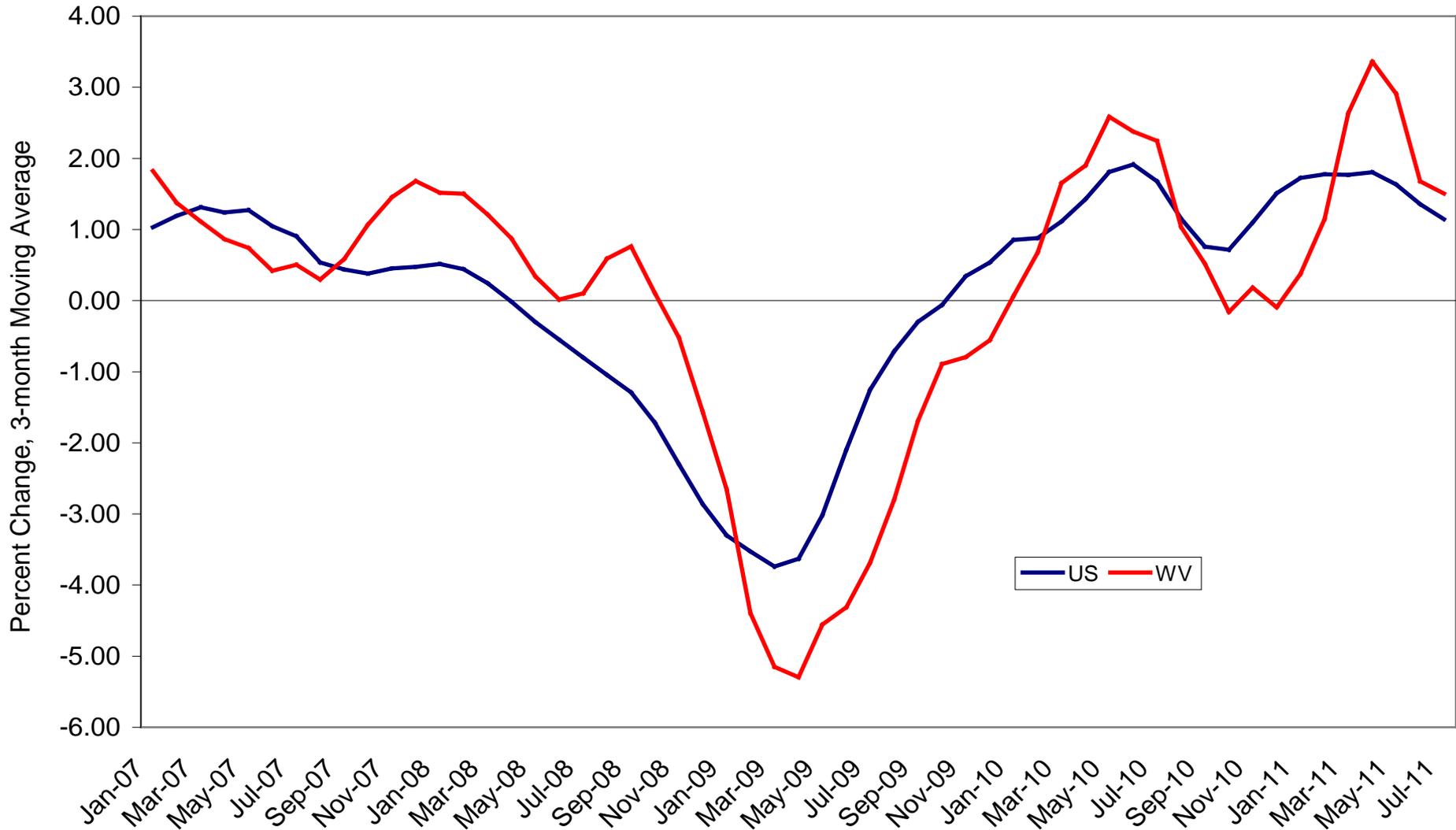
Source: Bureau of Economic Analysis; Census Bureau; Moody's Analytics.

West Virginia Labor Market Growth Has Been Wide Spread



Source: Bureau of Labor Statistics.

West Virginia's Leading Index Is Signaling Ongoing Expansion



Source: Federal Reserve Bank of Philadelphia.

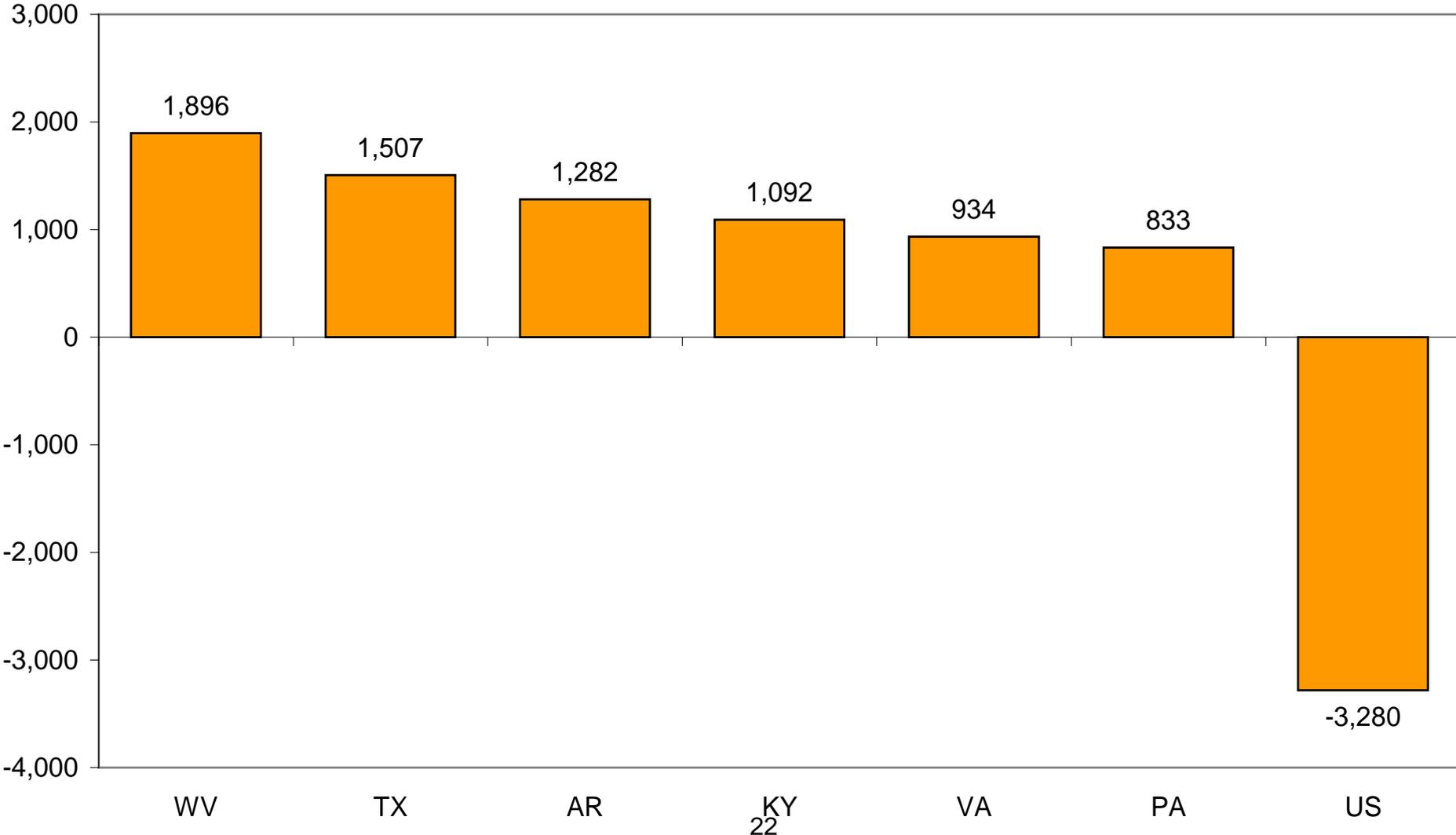
Moody's Analytics' West Virginia Outlook

- After an 0.9% increase in 2011, non-farm payrolls expand 0.8% in 2012.
- Real GSP to increase 4.1% in both 2011 and 2012.
- Leading will be mining, manufacturing, federal government infrastructure spending and exports.
- Housing permits should increase by more than 70% in 2012 after very modest gains in 2011.
- Home prices to remain stable but no improvement is expected over the next year.
- Population growth to remain anemic but net-migration should pick up in 2012 from the weak reading in 2011.

The Promise Of Marcellus Shale Natural Gas

- 2009 total impact: business volume, \$2.35 billion; 7,600 jobs; employee compensation, \$298 million; Assorted, non-severance taxes, \$14.5 million.
- 2015 high-side potential: nearly 20,000 jobs; employee compensation, \$890 million.
- Drilling in 45 of 55 counties; 2009 drilling associated property taxes more than \$88 million, up from \$35 million in 2006.
- 2009 natural gas severance taxes \$56 million of which \$7.7 million was distributed to local governments.
- Potential for 3 “cracker” plants; 2,000 to 3,000 construction jobs and 300 permanent jobs per plant. Associated smaller plants would spring around the “cracker” plant.
- The specter of increased regulation could bring the industry to a standstill; will the Morgantown movement spread?

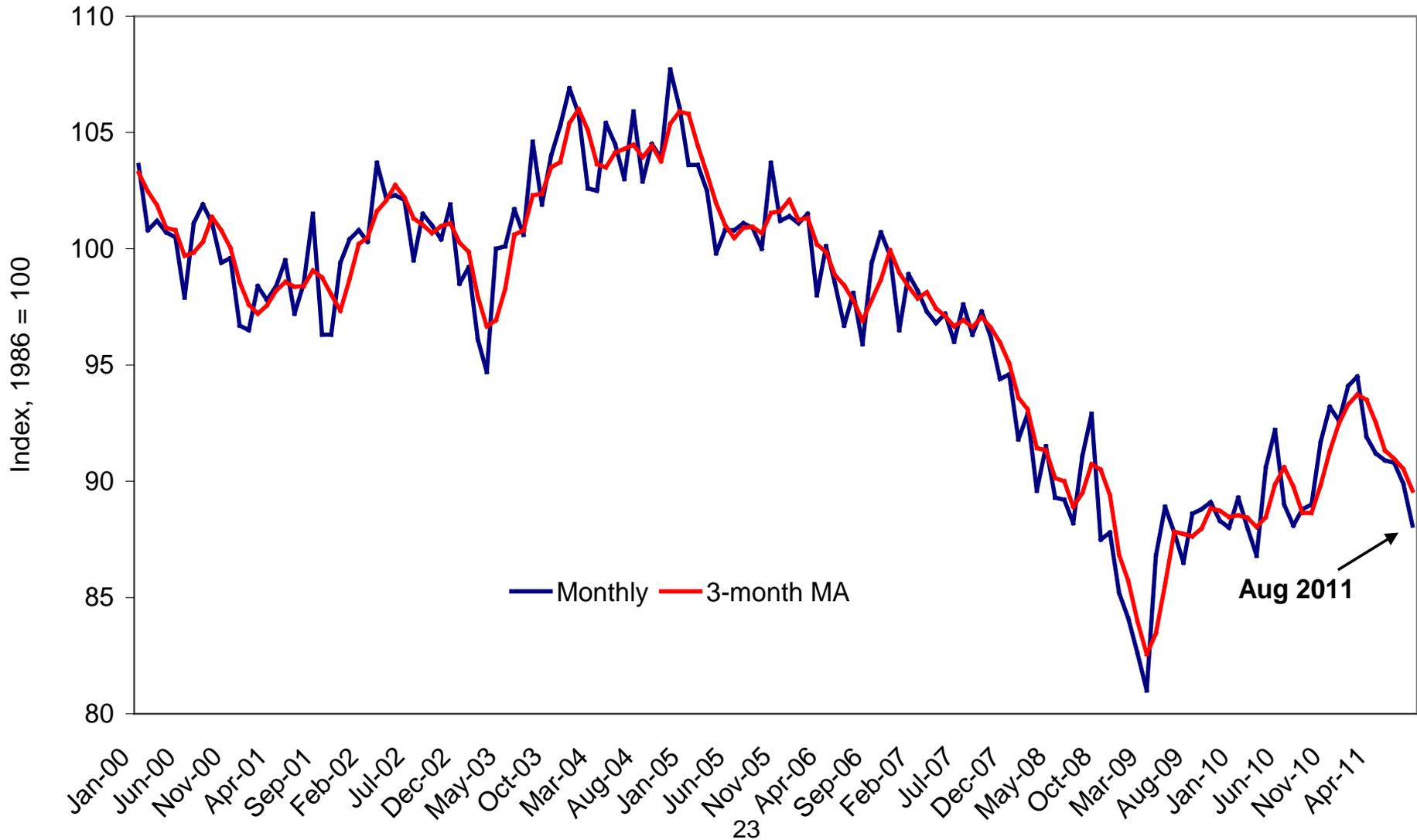
In 2010 West Virginia Added The Most New Natural Gas Wells In The Nation



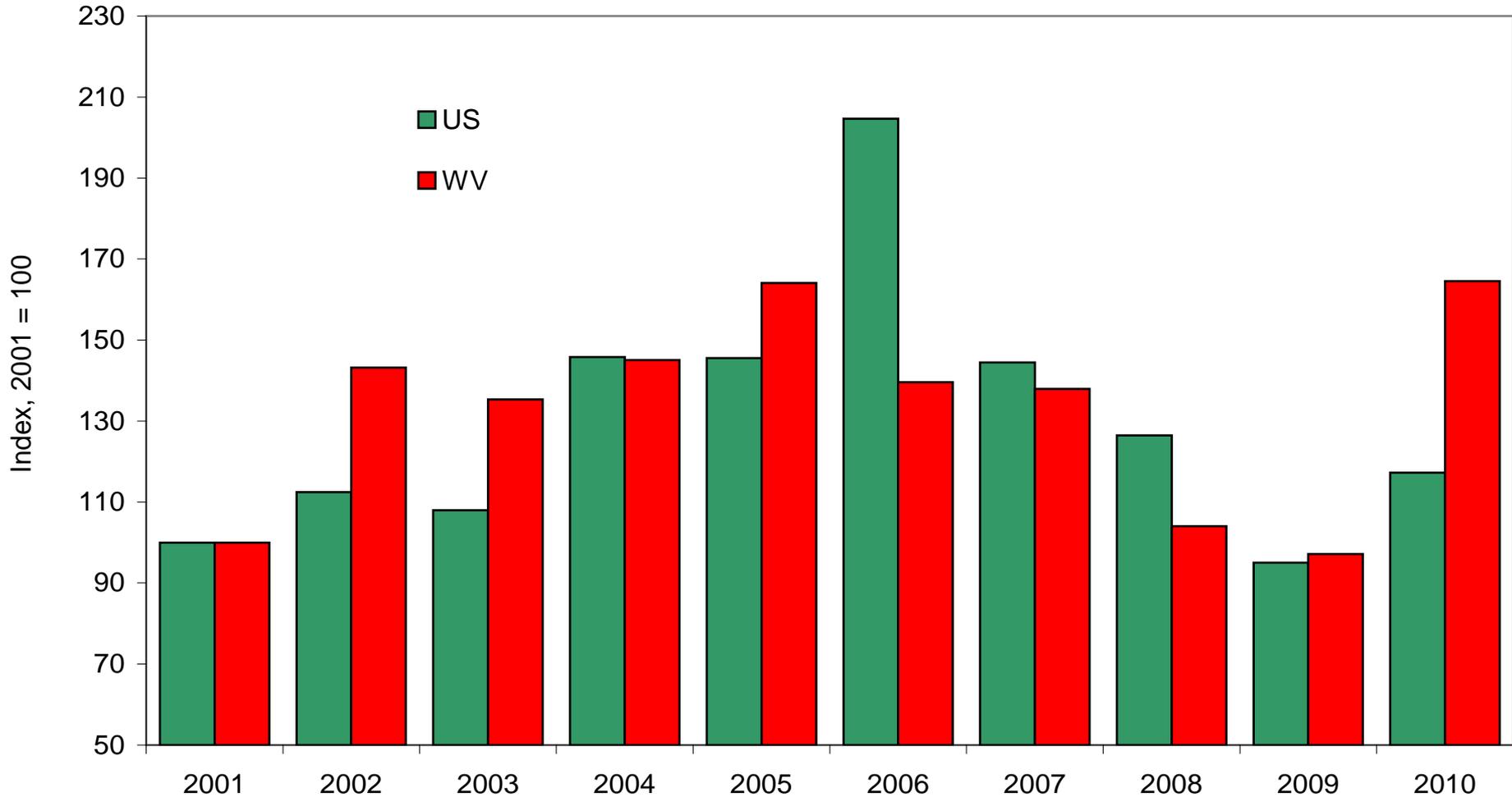
Source: World Oil Online.

Small Businesses Remain Depressed

National Federation Of Independent Businesses Survey



West Virginia Small Business \$ Loan Volume Has Picked Up And Is Now Outpacing The Nation



Source: Small Business Administration

What Does Small Business Look Like?

Percent Of Total Small Businesses In 2008

<u>Industry</u>	<u>US</u>	<u>WV</u>
Construction	12.1%	12.0%
Professional	13.9%	10.0%
Retail	9.4%	12.3%
Administrative Support	7.9%	6.8%
Health Care	8.9%	9.5%
Transportation	4.4%	4.5%
Arts & Entertainment	4.5%	3.6%
Finance	3.6%	3.0%
Real Estate	8.8%	7.5%
All Other	26.5%	30.8%

What Does Small Business Look Like?

Percent Of Small Business Employers In 2008

<u>Industry</u>	<u>US</u>	<u>WV</u>
Construction	12.9%	12.3%
Professional	13.0%	8.7%
Retail	11.7%	13.9%
Administrative Support	5.6%	4.2%
Health Care	10.5%	11.7%
Transportation	2.9%	3.9%
Arts & Entertainment	1.9%	1.9%
Finance	4.3%	3.9%
Real Estate	4.8%	3.9%
All Other	42.9%	46.3%

West Virginia FY 2010 Small Business Lender Ranking

<u>Lender</u>	<u>\$ Amount</u>	<u># of Loans</u>
Main Street Bank	\$2,651,700	44
Huntington Bank	\$4,809,400	33
BB&T	\$6,209,000	31
First State Bank	\$3,023,100	13
JP Morgan Chase	\$2,338,900	13
Community Trust Banc, Inc.	\$ 722,819	13
Superior Financial Group, LLC.	\$ 92,500	9
OVI BDC CDC, Inc	\$5,558,000	8
Pendleton Community Bank, Inc.	\$ 932,447	8
The Citizens Savings Bank	\$1,332,800	7