PORTFOLIO MANAGER's REPORT

Wednesday June 30, 2010 8:49 AM

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CURRENT OFFERING YIELDS - Wednesday: 06/30/2010 8:49 AM

	Trsy (Last Price)	Change (From Yest)	Agcy NC (Bullets)	Muni - TEY (A1; GO; BQ)	CMO (Avg Life)	MBS (Avg Life)
3 mo	0.172%	+ 3.50 bp's	0.130%	0.420%		
6 mo	0.218%	+ 0.70 bp's	0.058%	0.511%		
12 mo	0.309%	+ 0.0 32'ds	0.416%	0.723%		
2 yr	0.617%	-1.5 32'ds	0.761%	1.253%	1.517%	1.567%
3 yr	1.009%		1.161%	1.859%	2.009%	2.109%
5 yr	1.793%	-2.5 32'ds	1.959%	3.071%	2.643%	2.943%
10 yr	2.969%	-2.5 32'ds	3.193%	5.086%	3.919%	3.969%
30 yr	3.933%	-5.5 32'ds	4.529%	6.950%		

TODAY'S ECONOMIC DATA

30-Jun	MBA Mortgage Applications Prior: -5.9% Actual: 8.8%	
30-Jun	ADP Employment Change Prior: 55K Actual: 13K	
30-Jun	Chicago Purchasing Manager Prior: 59.7 Actual: 59.1	
DJIA	9,887.16	16.86
NASDAQ	2,149.71	14.53
S & P 500	1,045.55	4.31

Source: Bloomberg Fair Value Curve or Last Price (Treasury only); ALL yields and spreads are "representative", not actual. Spreads change as the market changes, actual offerings may be higher or lower than

TODAY'S NEWS

Treasuries Pare Drop as Report Shows Companies Hired Fewer Than Forecast

June 30 (Bloomberg) -- Treasuries pared their drop after a private report showed U.S. companies added fewer jobs this month than economists forecast. U.S. debt was poised for the biggest first-half rally in 15 years on concern the European sovereign-debt crisis will get worse and America's economic recovery is stalling. The two-year note's yield was at almost a record low as economists said the nonfarm payrolls report later this week will show employers eliminated 125,000 jobs in June.

Today's Topic: This is Easy to Miss Each Month…Monthly Bond Portfolio Pricing

Each month bond portfolios are priced on a best efforts basis by bond accounting providers. There is a statement provided below that outlines how securities are priced. The most accurately priced bonds are Treasury bills, notes and bonds. The more esoteric a security, the less likely the bond accounting pricing is indicative of market value.

Just be aware that bond accounting values and market values can vary, and sometimes significantly.

Country Club Bank Capital Markets Group
Investment Portfolio
Security Pricing Notice

The market prices shown on the Investment Portfolio Reports reflect approximate market levels, are not adjusted for odd-lot size, do not constitute actual bids, and are not guaranteed. Country Club Bank assumes no responsibility or liability other than to exercise ordinary care in the pricing of securities, and shall not be liable for any resultant loss or damages.

The majority of non-municipal securities are priced by Bloomberg Finance L.P., a global securities evaluation provider used by financial institutions and investment funds. Municipal securities are priced by the Country Club Bank Capital Markets municipal traders through a series of matrices using benchmark yields, reported trades, issuer spreads, and other relevant market data. Occasionally, Country Club Bank Capital Markets traders will individually price securities using benchmark yields, reported trades, issuer spreads, and other relevant market data.

Special Notice for Clients Who Have Elected to Adopt FASB Statement No. 157

(Reporting effective in the first fiscal quarter of the institution's first fiscal year beginning after November 15, 2007)

In response to FASB Statements 157 & 159, an additional Intention Code (F) was added to facilitate the new Fair Value Option (FVO). If your institution has adopted FAS 157/159, please send a notification to the Country Club Bank Bond Accounting Department.

FAS 157 Fair Value Measurements of Assets

Level 1 - Inputs are "quoted prices (unadjusted) in active markets for identical assets" for the security to be valued.

Level 2 - Inputs are "observable for the asset or liability, either directly or indirectly". For Country Club Bank's own investment portfolio, we consider Interactive Data pricing, Country Club Bank municipal trader matrix pricing, and other Country Club Bank trader pricing to be Level 2. All three pricing sources apply available "observable" information through processes such as benchmark yields, reported trades, issuer spreads, and model processes, such as the Option Adjusted Spread models for prepayment and interest rate scenarios.

Level 3 - Inputs are "unobservable" and may contain assumptions of the party fair-valuing the asset. Level 3 allows for situations in which there is little or no market activity. **Certain debt securities for which no reliable market price data is readily available are valued at book value and will be considered Level 3.**

Correspondent Client Responsibility

It is the ultimate responsibility of the correspondent client, including the client's accounting advisors, on how they will apply the Financial Accounting Standards Board, *Statement of Financial Accounting Standards No. 157: Fair Value Measurements*. As stated above in **FAS 157 Fair Value Measurement of Assets**, Level 2, the fair value from Interactive Data and the Country Club Bank Capital Markets traders, either by matrix or individual pricing, are considered Level 2 for the Country Club Bank investment portfolio. Each client must make their own fair value level determination for their own portfolio.

We very much appreciate your business and remain committed to providing you the highest quality of service. If you have any questions, call Evelyn Richards at (800) 765-4202.

April 12, 2010