



Public Disclosure

October 2, 2000

Community Reinvestment Act Performance Evaluation

TeamBank, National Association
Charter Number 3350
1 South Pearl
Paola, Kansas 66071

Comptroller of the Currency
Kansas City South Field Office
6700 Antioch Road, Suite 450
Merriam, Kansas 66204-1200

Note: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

General Information

The Community Reinvestment Act (CRA) requires each federal financial supervisory agency to use its authority when examining financial institutions subject to its supervision, to assess the institution's record of meeting the credit needs of its entire community, including low- and moderate- income neighborhoods, consistent with safe and sound operation of the institution. Upon conclusion of such examination, the agency must prepare a written evaluation of the institution's record of meeting the credit needs of its community.

This document is an evaluation of the CRA performance of TeamBank, National Association (TeamBank) prepared by The Office of the Comptroller of the Currency (OCC), the institution's supervisory agency, as of October 2, 2000. The agency rates the CRA performance of an institution consistent with the provisions set forth in Appendix A to 12 C.F.R. Part 25.

CRA RATING FOR THE INSTITUTION AND THE KANSAS CITY, MISSOURI-KANSAS METROPOLITAN STATISTICAL AREA: OUTSTANDING

- The distribution of consumer and commercial loans reflects excellent penetration among individuals of different income levels and businesses of different sizes.
- Geographic distribution of loans shows excellent penetration in moderate-income tracts for the Kansas City, Missouri-Kansas Metropolitan Statistical Area (Kansas City MSA)
- A substantial majority of the bank's loans, 85 percent by number and dollar volume, were made within the bank's assessment areas.
- The bank's loan-to-deposit ratio is very good. This ratio has averaged 72 percent, and increased 16 percent, since the last evaluation.
- TeamBank has made community development loans and investments that provide housing and other benefits to low- and moderate-income individuals.

Our conclusions are based on a review of TeamBank's CRA efforts during 1999. We also evaluated community development investments and services from September 14, 1998 to October 2, 2000. For the assessment areas reviewed during this evaluation period, our loan samples included 83 percent of real estate loan originations reported under the Home Mortgage Disclosure Act (HMDA). We also reviewed 60 consumer loans and 60 commercial loans. The volume of agricultural lending is not significant.

Lending within the Kansas City MSA is strong, particularly to businesses with gross annual revenues less than \$1 million. Consumer lending to low- and moderate-income persons is also strong. Geographic distribution for consumer and real estate loans is excellent in moderate-income tracts. There are no low-income tracts within assessment areas reviewed during this examination.

Our primary focus of the bank's performance is based on our analysis within the Kansas City MSA since a majority of lending is from bank locations in this area. We used small bank CRA examination procedures since the bank has not collected a full year of CRA data under large bank guidelines. The bank began collecting CRA data in 2000.

CRA RATING FOR THE STATE OF KANSAS: SATISFACTORY

The bank has three branches located in a non-MSA in the State of Kansas. Two of the branches are located in Labette County and were merged in to TeamBank on June 26, 2000. The other branch is located in Franklin County. Since our analysis is based on 1999 performance, the rating for the State of Kansas is based on performance in Franklin County, Kansas.

The bank's lending to businesses with gross annual revenues less than \$1 million is excellent and exceeds demographics. The number of consumer loans to moderate-income persons is comparable to demographics. While the number of consumer loans to low-income persons is below demographics, the bank's performance is satisfactory given that 9 percent of the families in this assessment area (AA) are below the poverty level.

Residential real estate loans to low- and moderate-income people are significantly below demographics. Competition for real estate loans is strong and provided by three national banks, four state banks, and one savings and loan institution. Four of these institutions have 77 percent of the deposit market share. TeamBank has eight percent of the deposit market share. TeamBank acquired this branch in March 1998. Prior to acquisition, the bank changed names 4-5 times. Bank efforts continue to penetrate the real estate loan market.

This assessment area has no low- or moderate-income block numbering areas (BNAs), so geographic distribution was not considered.

CRA RATING FOR THE STATE OF MISSOURI: OUTSTANDING

The bank has two branches located in a non-MSA in the State of Missouri. Lending to businesses with gross annual revenues less than \$1 million is excellent and exceeds demographics. The number of consumer loans to low-income individuals exceeds demographics. The dollar amount of consumer loans to low-income individuals is comparable to demographics given that 8 percent of families in the AA are below the poverty level. Both the number and dollar amount of consumer loans to moderate-income individuals exceeds demographics. The number of real-estate loans to low- and moderate-income individuals is comparable to demographics given the number of families below poverty level. The AA's are all middle-income BNAs. Therefore, we did not perform a geographic distribution analysis.

The bank has three branches located in the Omaha, Nebraska-Iowa Metropolitan Statistical Area (MSA). Two branches are in Sarpy County and one branch is in Douglas County. The banks were merged in to TeamBank on June 24, 1999. We did not rate the MSA and State of Nebraska due to insufficient information for the entire year of 1999.

DESCRIPTION OF INSTITUTION

TeamBank is a \$372 million institution owned by Team Financial, Inc. (TFI), a multi-bank holding company with \$540 million in total assets. Net loans represent 64 percent of total assets. In addition to TeamBank, TFI owns 100 percent of the following banks:

- Iola Bank & Trust, Iola, Kansas,
- Community Bank, Chapman, Kansas, and
- Fort Calhoun State Bank, Fort Calhoun, Nebraska

TeamBank is chartered in Paola, Kansas (Miami County), where the main office is also located. The bank has 13 branches in the following locations:

- Two in Miami County, Kansas (Paola and Osawatomie)
- Two in Johnson County, Kansas (DeSoto and Spring Hill)
- One in Cass County, Missouri (Freeman)
- Two in Labette County, Kansas (Parsons)
- One in Franklin County, Kansas (Ottawa)
- One in Barton County, Missouri (Lamar)
- One in Vernon County, Missouri (Nevada)
- Two in Sarpy County, Nebraska (Bellevue)
- One in Douglas County, Nebraska (Omaha)

Cass, Miami, and Johnson Counties are located within the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). Sarpy and Douglas Counties are located within the Omaha, Nebraska-Iowa MSA. TeamBank has fourteen automated teller machines (ATMs) in each County location, with the exception of Cass and Barton Counties.

The following branch locations were acquired since the last CRA examination: Labette, Sarpy, and Douglas Counties. Prior to the acquisition, these banks were separate charters under TFI and were subsequently merged in to TeamBank. Sarpy and Douglas County banks were acquired June 24, 1999. The Labette County bank was acquired June 26, 2000.

TeamBank is a full-service banking institution and offers a full range of both lending and deposit services at all locations. As of June 30, 2000, the dollar volume of TeamBank's loan portfolio consists of 44 percent residential real estate loans, including multi-family; 29 percent commercial and commercial real estate loans; 16 percent consumer loans; and 11 percent agricultural loans. There are no legal or financial constraints that impede its CRA efforts.

Primary loan products, based on 1999 loan originations, are consumer loans (61 percent by number), real estate loans (52 percent by dollar), and commercial loans (38 percent by dollar).

TeamBank was rated "Outstanding" at its last CRA evaluation in September 1998.

DESCRIPTION OF ASSESSMENT AREAS

Teambank has designated five separate assessment areas, which meet regulatory requirements.

ASSESSMENT AREA	CENSUS TRACT INFORMATION
Assessment Area #1 All of Miami County, KS Parts of Johnson County, KS Parts of Cass County, MO	17 Census Tracts - 2 moderate-income - 13 middle-income - 2 upper-income
Assessment Area #2 All of Franklin County, KS	5 BNA's - 5 middle-income
Assessment Area #3 All of Cherokee County, KS All of Crawford County, KS All of Labette County, KS All of Montgomery County, KS All of Neosho County, KS	42 BNAs - 10 moderate-income - 30 middle-income - 2 upper-income
Assessment Area #4 All of Barton County, MO All of Vernon County, MO	9 BNAs - 9 middle-income
Assessment Area #5 Parts of Douglas County, NE Parts of Sarpy County, NE	25 Census Tracts - 1 low-income - 6 moderate-income - 13 middle-income - 15 upper-income

Data Source: 1990 U.S. Census

Assessment area number one is in the Kansas City, Missouri-Kansas MSA. Assessment areas two, three, and four are in non-MSAs, and assessment area number five is in the Omaha, Nebraska-Iowa MSA.

The following table contains demographic information on the bank's assessment areas:

ASSESSMENT AREA	HUD* updated 1999 median family income	Family income demographics	Population (1990 census)
<u>Assessment Area #1</u> Miami Co. Johnson Co. Cass Co,	\$57,700	Low-income - 15.1% * Moderate-income - 19.8% Middle-income - 28.4% Upper-income - 36.7% * Below poverty level - 4.4%	74,709
<u>Assessment Area #2</u> Franklin Co.	\$38,700	Low-income - 17.3% * Moderate-income - 16.0% Middle-income - 24.9% Upper-income - 41.8% * Below poverty level - 9%	21,994
<u>Assessment Area #3</u> Cherokee, Crawford, Lafayette, Montgomery, and Neosho Counties	\$38,700	Low-income - 21.7% Moderate-income - 19.7% Middle-income - 24.0% Upper-income - 34.6%	131,008
<u>Assessment Area #4</u> Barton Co. Vernon Co.	\$37,400	Low-income - 18.0% * Moderate-income - 18.3% Middle-income - 24.0% Upper-income - 39.5% * Below poverty level - 8%	30,353
<u>Assessment Area #5</u> Douglas and Sarpy Counties	\$53,600	Low-income - 12.1% Moderate-income - 16.7% Middle-income - 26.8% Upper-income - 44.5%	162,118

*HUD - U.S. Department of Housing and Urban Development
Data Source - 1990 U.S. Census

We evaluated TeamBank's performance during 1999 in AAs number one, two and four. We focused our evaluation on AA number one (Kansas City MSA) since this is where the main bank is located and where a majority of lending occurs. We did not review AA number five since it was acquired during 1999 and due to the minimal amount of information available. The bank did not acquire branches in AA number three until 2000.

Assessment area number one is growing rapidly as more people move out of the metropolitan area of Kansas City. One of the community contacts we talked with stated that 34 percent of Miami County residents commute to the Johnson County or Kansas City area to work, and that Johnson County residents continue to move south and west. A substantial majority of the businesses have annual gross incomes of less than \$1 million.

The Osawatomie State Hospital is the largest employer in the area; however, there is also an ironworks company, asphalt company, and trucking company that transact business nationwide. Service, manufacturing and retail businesses comprise the primary business establishments within this AA. The economy is stable. For September 2000, unemployment rates in Johnson, Miami, and Cass Counties are 2.3 percent, 2.5 percent, and 2.2 percent, respectively (AA #1).

Major employers in AA #2 are retail and service industries. Major employers in AA #4 are service, agriculture, and retail industries. Economies in both areas are stable. The September 2000 unemployment rate in Franklin County (AA #2) is 2.9 percent. The September 2000 unemployment rates in Barton and Vernon Counties are 1.9 percent and 2.4 percent, respectively (AA #4).

Competition is very strong. There are thirty-two financial institutions in the bank's Kansas City, Missouri/Kansas MSA, nine in Franklin County, and fifteen in Vernon and Barton Counties that comprise AA #4.

During the evaluation, we made two community contacts and reviewed reports from two previous contacts by various regulators to assess community credit needs. These contacts were made in the Kansas City MSA. We talked with a representative of a county government agency that focuses on business development, and a city government employee knowledgeable about area housing needs, especially for low- and moderate-income people. According to community contacts, primary credit needs are real estate and small business loans. The contacts felt that, overall, the needs of the community are being met.

Conclusions about Performance Criteria

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

TeamBank's lending to borrowers of different income levels and businesses of different sizes is excellent. Primary focus is placed on the bank's performance in AA #1 since this is where a majority of lending occurs.

The bank's lending to businesses of different sizes is excellent. The number of commercial loans to businesses with revenues less than \$1 million is above demographics in all AAs reviewed. The dollar amount of commercial loans in AAs #2 and #4 are also above demographics. In addition, a majority of loans in all AAs are made to businesses with revenues of \$100 thousand or less.

Residential real estate lending to borrowers of different income levels is satisfactory. The number of loans to moderate-income borrowers in AAs #1 and #4 are comparable to demographics. In AA #1, lending to low-income individuals is below demographics. In AA #4, lending to low-income families is comparable to demographics with 8 percent of families below poverty level. Real estate lending to low- and moderate-income individuals is below demographics in AA #2. Competition for real estate loans is very strong and four competitor banks have 77 percent of the deposit market share in AA #2. TeamBank has eight percent of the deposit market share and acquired this branch in March 1998. Prior to acquisition, the bank changed names 4-5 times. Bank efforts continue to penetrate the real estate loan market in AA number two.

Consumer lending to borrowers of different income levels is excellent. The number and dollar volume of loans to low- and moderate-income borrowers in AAs #1 and #4 are above demographics. In AA #2, the number of loans to low- and moderate-income individuals is comparable to demographics considering that nine percent of families are below the poverty level. The dollar volume of loans to low- and moderate-income individuals is also comparable to demographics.

We reviewed sixty commercial loans (twenty from each AA) originated in 1999. The following tables summarize the bank's performance compared to the percentage of small businesses in each AA.

BUSINESS LOANS BY ANNUAL GROSS REVENUES										
AA	\$0 - \$100,000		\$100,001 - \$250,000		\$250,001 - \$500,000		\$500,001 - \$1,000,000		> \$1 Million	
	#	\$	#	\$	#	\$	#	\$	#	\$
#1 - KC MSA	60%	3.0%	25%	16.9%	10%	2.0%	-0-	-0-	5%	78.1%
#2 - Franklin	60%	50.1%	25%	32.6%	10%	13.7%	-0-	-0-	5%	3.6%
#4 - MO.	60%	41.4%	25%	16.5%	5%	21.9%	-0-	-0-	10%	20.2%

Source: Loan Sample

BUSINESS DEMOGRAPHICS			
AA	< \$1,000,000	> \$1,000,00	Not Reported
#1 - KC MSA	75.1%	7.8%	17.1%
#2 - Franklin	74.5%	6.8%	18.7%
#3 - MO.	74.3%	7.0%	18.7%

Source: 1990 U.S. Census Report

We reviewed 83 percent of TeamBank's HMDA loan originations in 1999. We also reviewed sixty consumer loans (twenty from each AA) in 1999. The following tables summarize the bank's performance compared to the percentage of families in each AA.

BORROWER DISTRIBUTION - REAL ESTATE LOANS								
AA	Low %		Moderate %		Middle %		Upper %	
	#	\$	#	\$	#	\$	#	\$
#1 - KC MSA	5.2%	2.1%	15.6%	9.2%	36.0%	32.7%	43.2%	56.0%
#2 - Franklin	3.0%	0.8%	3.0%	.1%	22.4%	18.2%	71.6%	80.0%
#4 - MO.	8.4%	4.0%	15.9%	9.3%	27.1%	24.5%	48.6%	62.2%

Source: 1999 HMDA report

BORROWER DISTRIBUTION - CONSUMER LOANS								
AA	Low %		Moderate %		Middle %		Upper %	
	#	\$	#	\$	#	\$	#	\$
#1 - KC MSA	21.1%	6.5%	36.8%	26.0%	15.8%	8.4%	36.8%	59.1%
#2 - Franklin	10.0%	12.5%	15.0%	8.0%	35.0%	19.9%	30.0%	59.6%
#4 - MO.	21.1%	12.5%	47.3%	49.1%	15.8%	25.8%	15.8%	12.6%

Source: Loan Sample

Percentage of Families by Income Level				
AA	Low	Moderate	Middle	Upper
#1 - KC MSA	15.1%	19.8%	28.4%	36.7%
#2 - Franklin	17.2%	16.0%	25.0%	41.8%
#4 - MO.	18.0%	18.3%	24.0%	39.5%

Source-1990 U.S. Census Data

Geographic Distribution of Loans

TeamBank's geographic distribution of loans is excellent. Only a review of performance in AA #1 is meaningful for this analysis. There are two moderate-income tracts in this AA. Since AAs #2 and #4 have only middle-income BNAs, a geographic distribution of these loans is not meaningful.

The number and dollar amount of real estate lending in moderate-income tracts is above demographics. The number of consumer loans in moderate-income tracts is comparable to demographics. For commercial loans, the number of loans in moderate-income tracts is comparable to demographics. There are no low-income tracts.

The following table summarizes the bank's performance for real estate loans compared to the percentage of owner occupied housing for each tract category.

	Moderate		Middle		Upper	
	#	\$	#	\$	#	\$
% of owner-occupied housing	8.35%		83.5%		8.2%	
Real Estate Loans	13.0%	11.17%	78.5%	89.6%	8.5%	10.4%

Source: 1999 HMDA information and bank records

The following table summarizes the bank's performance for consumer loans compared to the percentage of population in each tract category.

	Moderate		Middle		Upper	
	#	\$	#	\$	#	\$
% of population	10.96%		81.45%		7.59%	
Consumer Loans	10.5%	5.9%	79.0%	82.9%	10.5%	11.2%

Source: 1999 HMDA information and bank records

The following table summarizes the bank's performance for commercial loans compared to the percentage of businesses in each tract category.

	% MODERATE	% MIDDLE	% UPPER
% Total Businesses	20.3%	57.8%	21.9%
Commercial Loans	17.6% - # 3.8% - \$	76.5% - # 86% - \$	5.9% - # 10.2% - \$

Source: 1990 U.S. Census and Loan Sample

Loan-to-Deposit Ratio

The bank's loan-to-deposit (LTD) ratio is very good, particularly considering the competition in the bank's assessment areas. The bank's quarterly average loan-to-deposit ratio since the last evaluation is 72.12 percent. The bank's LTD has increased from 61.08 percent to 77.20 percent since the last evaluation, which demonstrates its strong commitment to meeting the credit needs of its communities. The seven community banks in the assessment areas we used for comparison had average quarterly loan-to-deposit ratios from 35 percent to 86 percent. The average ratio of those other seven banks is 62 percent.

Lending in Assessment Area

Lending within the assessment area is excellent. A substantial majority of TeamBank's loan originations, both by number and dollar amount, are in its assessment areas. We sampled 60 commercial and consumer loans. We also reviewed 83 percent of HMDA loan originations. The following table represents our findings.

	In the Assessment Area		Out of the Assessment Area	
	#	\$ (in 000s)	#	\$ (in 000s)
Real Estate Loans	504	\$45,654	103	\$8,597
Commercial Loans	57	4,117	3	41
Consumer Loans	58	1,705	2	171
Total # and \$ volumes	619	\$51,476	108	\$8,809
Total percentages	85%	85%	15%	15%

Qualified Investments and CD Services

TeamBank made significant contributions in AA number one to provide affordable housing to low- and moderate-income individuals.

TeamBank made a qualified investment of \$100 thousand to purchase certificates of participation used to construct low-income housing for handicapped persons. TeamBank also partnered with two other entities to provide funding for a \$220 thousand direct subsidy to rehabilitate 48 low-income housing units, of which 38 percent are for special needs individuals.

The bank donated \$23.6 thousand since the last evaluation to organizations that provide services to low- and moderate-income (LMI) individuals. Of this amount, \$17 thousand was for low-income housing.

TeamBank is also very active in providing financial expertise for community projects directed toward assisting low- and moderate-income individuals. According to one community contact we talked with, TeamBank is often the leader of community projects, especially those that assist LMI individuals.

Responses to Complaints

TeamBank has not received any complaints about its performance in helping to meet community credit needs during this evaluation period.

Fair Lending Review

An analysis of recent HMDA, small business, and small farm lending data, public comments, and consumer complaint information was performed according to the OCC's risk based analysis approach. The analysis of the lending data revealed no significant differences for applicants by prohibited basis. In addition, an analysis of the consumer complaint data and public comments revealed no substantive fair lending issues that warrant a more detailed review.