



PUBLIC DISCLOSURE

September 14, 1998

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

**TeamBank, National Association
Charter Number 3350
100 West Main
Freeman, Missouri 64746**

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

NOTE: 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 Community Reinvestment Act (CRA) performance of **TeamBank, N.A.** prepared by the **Office of the Comptroller of the Currency**, the institution's supervisory agency, as of September 14, 1998. 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 HMDA and consumer loan originations to low- and moderate-income persons is excellent;
- A substantial majority of commercial loans are to small business;
- The distribution of HMDA and consumer loan originations in moderate-income tracts is very good;
- TeamBank's loan volume is good and a majority of loans are within the bank's assessment areas.
- TeamBank has made community development loans which benefit low- and moderate-income persons.

We reviewed 100% of HMDA loan originations. We also reviewed 50 consumer loans and 17 commercial loans originated in the bank's assessment areas during our evaluation period. The volume of agriculture lending is not significant.

Lending within the MSA assessment area is strong, particularly to moderate-income persons for HMDA loans and low-income persons for consumer loans. Consumer lending is also strong in moderate-income tracts. There are no low-income tracts within this assessment area. The primary focus on the bank's performance is based on our analysis within the MSA assessment area since this area includes approximately 92% of loans originated within our evaluation period. Primary loan products, based on originations during our evaluation period, are consumer loans (65% by number) and real estate loans (55% by dollar).

CRA RATING FOR THE STATE OF KANSAS: SATISFACTORY

The bank has one branch located in a non-MSA in the State of Kansas. This new branch, located in Franklin County, Kansas, opened in March 1998. Loans total 0.32% of total loans originated within our evaluation period. Consumer loan originations are primarily to moderate-income people. However, due to the limited volume of loan originations and since the bank has only been located in this assessment area for less than one year, we placed little weight on the bank's performance in this assessment area.

CRA RATING FOR THE STATE OF MISSOURI: SATISFACTORY

The bank has two branches located in a non-MSA in the State of Missouri. These branches were acquired in August 1997 and are located in Vernon County and Barton County. Loans total 7.85% of total loans originated within our evaluation period. A majority of commercial loans are made to small businesses. Due to the limited volume of loan originations and since the bank has been located in this assessment area for less than one year, we placed little weight on the bank's performance in this assessment area.

DESCRIPTION OF INSTITUTION

TeamBank, N.A. (TeamBank) is a \$258 million dollar institution owned by Team Financial, Inc., a multi-bank holding company. Prior to March 31, 1998, total bank assets were under \$250 million. TeamBank is located in Freeman, Missouri (Cass County). The bank has eight branches in the following locations:

- Three in Miami County, Kansas (Paola and Osawatomie);
- Two in Johnson County, Kansas (Spring Hill and DeSoto);
- One in Franklin County, Kansas (Ottawa);
- One in Barton County, Missouri (Lamar); and
- One in Vernon County, Missouri (Nevada).

Cass, Miami, and Johnson Counties are located within the Kansas City, Missouri-Kansas Metropolitan Statistical Area (MSA). TeamBank has seven 24-hour automated teller machines (ATMs) located in Paola, Osawatomie, Spring Hill, DeSoto, Ottawa, and Nevada.

The following branch locations were opened since the last CRA examination: Cass, Franklin, Barton, and Vernon Counties. The bank built the Cass County branch in 1997. TeamBank acquired the remaining branches from other banks. The bank obtained all deposits but only a portion of the loans at each branch. The dollar amount of loans and deposits acquired are as follows:

	<u>Date acquired</u>	<u>Loans</u>	<u>Deposits</u>
- Franklin County	3-12-98	\$ 2.8 million	\$33.6 million
- Vernon County	8-15-97	\$17.3 million	\$30.3 million
- Barton County	8-15-97	\$395.3 thousand	\$39.2 million

There are no impediments which hamper TeamBank's ability to help meet the credit needs in its assessment area. As of June 30, 1998, the dollar volume of TeamBank's loan portfolio consists of real estate loans (51%), commercial loans (27%), individual loans (16%), and other miscellaneous loans (6%). The bank offers a full range of traditional banking services at all locations.

Our conclusions are based on a review of TeamBank's CRA efforts from March 1, 1996 through September 14, 1998. Emphasis is placed on the bank's performance in 1996 and 1997. The following table details loan originations by loan type from March 1, 1996 to August 31, 1998:

LOAN TYPE	#	%	\$ (in 000s)	%
Real Estate*	1,810	18.15	110,161	55.37
Home Equity	381	3.82	5,176	2.61
Commercial	960	9.63	33,849	17.01
Agriculture	338	3.39	6,233	3.13
Consumer	6,483	65.01	43,518	21.88
TOTAL	9,972	100.00	198,937	100.00

MAJOR PRODUCTS - CONSUMER, REAL ESTATE, AND COMMERCIAL LOANS

* HMDA LOANS REPRESENT APPROXIMATELY 87% OF TOTAL REAL ESTATE LOANS

Based on the bank's analysis of loan reports, 91.83% of the total dollar amount of originations is in Miami, Johnson, and Cass Counties, 0.32% is in Franklin County, and 7.85% is in Barton and Vernon Counties.

TeamBank was rated "Outstanding record of meeting community credit needs" at its last CRA examination in February 1996.

DESCRIPTION OF ASSESSMENT AREA

TeamBank has designated the following three separate assessment areas.

ASSESSMENT AREA	CENSUS TRACT INFORMATION
<u>ASSESSMENT AREA #1</u> All of Miami County, Kansas Parts of Johnson County, Kansas All of Cass County, Missouri	18 census tracts - 2 moderate-income - 14 middle-income - 2 upper-income
<u>ASSESSMENT AREA #2</u> All of Franklin County, Kansas	5 census tracts - all middle-income
<u>ASSESSMENT AREA #3</u> All of Barton County, Missouri All of Vernon County Missouri	9 census tracts - all middle-income

Assessment area #1 is within the Kansas City, Missouri-Kansas MSA. Assessment areas #2 and #3 are in non-MSA locations. Assessment areas meet all regulatory requirements. Demographic information on the bank's assessment areas are detailed in the following table:

ASSESSMENT AREA	HUD* updated 1998 median family income	Family income demographics	Population
<u>ASSESSMENT AREA #1</u> All of Miami County, Kansas Parts of Johnson County, Kansas All of Cass County, Missouri	52,600	Low-income = 15.62% Moderate-income = 20.10% Middle-income = 28.45% Upper-income = 35.82%	82,041
<u>ASSESSMENT AREA #2</u> All of Franklin County, Kansas	38,200	Low-income = 17.28% Moderate-income = 15.99% Middle-income = 24.93% Upper-income = 41.82%	21,994
<u>ASSESSMENT AREA #3</u> All of Barton County, Missouri All of Vernon County Missouri	34,000	Low-income = 17.97% Moderate-income = 18.54% Middle-income = 24.02% Upper-income = 39.48%	30,353

HUD - U.S. Department of Housing and Urban Development.

Data Source - 1990 U.S. Census

A substantial majority of all businesses have annual gross revenues of less than \$1 million. Unemployment is low and the economy is stable. Service, retail, and manufacturing industries are the primary business establishments within the bank's community.

Several financial institutions provide competition for the bank. Nine community banks used for comparison purposes range in asset size from \$31 million to \$81 million and represent all of the bank's assessment areas.

We made a community contact during the examination with an economic development organization. We also used three community contacts made within the last year by various regulators to assess community credit needs. These contacts included various real estate agencies and commercial business organizations. All contacts stated local banks are doing a good job meeting community credit needs. Primary credit needs include real estate loans to aid low- and moderate-income people and short-term loans for small businesses.

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA:

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

TeamBank's lending to borrowers of different income levels and business of different sizes is excellent. Primary focus is placed on the bank's performance in assessment area #1 since that is where a majority of lending occurs. Also, branches in assessment areas #2 and #3 have only been in existence since March 1998 and August 1997, respectively.

In assessment area #1, a majority of home purchase loans are made to moderate-income people. The volume of lending is above demographics for both home purchase and refinancings to moderate-income persons in 1997. The volume of home improvement lending is minimal; however, loan originations to low-income and moderate-income borrowers is above demographics in 1996 and 1997, respectively.

Based on our sample, consumer loan originations to low-income persons is above demographics in both assessment areas #1 and #2. In addition, the bank's lending is very strong and above demographics regarding consumer loans to moderate-income persons in assessment area #2.

The bank is doing a very good job of lending to business of different sizes. A substantial majority of commercial loans are to businesses with revenues less than \$1 million. This compares favorably to area demographics.

We reviewed 100% of HMDA loan originations. Real estate loans is a primary product line as it represents 18% and 55% by number and dollar amount of loans originated during our evaluation period, respectively. HMDA loans are approximately 87% of the real estate loan portfolio. The following tables summarize the bank's performance for HMDA originations during our evaluation period.

Assessment Area #1 - HMDA LOAN ORIGINATIONS

Income Level	Home Purchase		Refinancings		Home Improvement		% Families in AA						
	1996 #	1996 %	1997 #	1997 %	1996 #	1996 %		1997 #	1997 %				
Low-income	16	14.04%	12	12.37%	29	15.59%	20	10.31%	5	17.24%	4	18.18%	15.62%
Moderate-income	39	34.21%	33	34.02%	34	18.28%	41	21.13%	2	6.90%	5	22.73%	20.10%
Middle-income	25	21.93%	21	21.65%	64	34.41%	77	39.69%	11	37.93%	4	18.18%	28.45%
Upper-income	34	29.82%	31	31.96%	59	31.72%	56	28.87%	11	37.93%	9	40.91%	35.82%

Our focus is on 1996 and 1997 for this assessment area (AA).

Assessment Area #2- HMDA LOAN ORIGINATIONS

Income Level	Home Purchase		Refinancings		Home Improvement		% Families in AA
	1/30/98 - 6/30/98 #	1/30/98 - 6/30/98 %	1/30/98 - 6/30/98 #	1/30/98 - 6/30/98 %	1/30/98 - 6/30/98 #	1/30/98 - 6/30/98 %	
Low-income	0	0	1	4.17%	0	0	17.28%
Moderate-income	0	0	2	8.33%	0	0	15.99%
Middle-income	3	42.86%	3	12.50%	0	0	24.93%
Upper-income	4	57.14%	18	75.00%	1	100.00%	41.82%

The branch in this assessment area was not purchased until 3/98; therefore this table only includes information on loan originations generated as of 6/30/98.

Assessment Area #3 - HMDA LOAN ORIGINATIONS

Income Level	Home Purchase		Refinancings		Home Improvement		% Families in AA						
	1997 #	1/1-6/30/98 %	1997 #	1/1-6/30/98 %	1997 #	1/1-6/30/98 %							
Low-income	3	12.50%	0	0	3	3.95%	2	3.51%	1	100.00%	0	0	17.97%
Moderate-income	2	8.33%	2	11.11%	4	5.26%	5	8.77%	0	0	0	0	18.54%
Middle-income	7	29.17%	5	27.78%	17	22.37%	10	17.54%	0	0	0	0	24.02%
Upper-income	12	50.00%	11	61.11%	52	68.42%	40	70.18%	0	0	1	100.00%	39.48%

The branches in this assessment area were not purchased until 8/97; therefore this table only includes information on loan originations generated in 1997 and as of 6/30/98

We reviewed 50 consumer loans and 17 commercial loans originated in the bank’s assessment area during our evaluation period. Based on the total number of loans originated during this period, our sample represents .77% of consumer and 1.77% of commercial loan originations.

Consumer loans are a major product line as it represents 65% of the number and 22% of the dollar amount of loans originated during our evaluation period. The following table summarizes the bank's performance compared to the percentage of families in the bank's assessment areas.

Consumer Loans

Income Level	Assessment Area #1		Assessment Area #2		Assessment Area #3				
	#	%	% of families	#	%	% of families			
Low-income	8	30.77%	15.62%	4	25.00%	17.28%	1	12.50%	17.97%
Moderate-income	5	19.23%	20.10%	7	43.75%	15.99%	1	12.50%	18.54%
Middle-income	8	30.77%	28.45%	2	12.50%	24.93%	4	50.00%	24.02%
Upper-income	5	19.23%	35.82%	3	18.75%	41.82%	2	25.00%	39.48%

Commercial loans represent 10% of the number and 17% of the dollar volume of loans originated during our evaluation period. The following table summarizes the bank's performance.

Commercial Loans

Business Revenue	Assessment Area #1		Assessment Area #2		Assessment Area #3	
	% of sampled bank loans	% of businesses	% of sampled bank loans	% of businesses	% of sampled bank loans	% of businesses
Sales <= \$1 million	80.00%	77.27%	100%	77.11%	100%	74.09%
Sales >= \$1 million	20.00%	7.43%	0	7.63%	0	6.87%
Revenue not reported	0	15.30%	0	15.26%	0	19.04%

% of business = the percent of businesses located in the assessment area.

In assessment area #1, sales are further segregated in the following categories:

- under \$250 thousand 13.33%
- \$250 - 500 thousand 20.00%
- \$500 - 750 thousand 20.00%
- \$750 - 1 million 26.67%
- over \$1 million 20.00%

Geographic Distribution of Loans

The geographic distribution of loans is good in Assessment area #1, especially for home purchase and consumer loans in moderate-income tracts. A majority of commercial loans are to businesses in middle-income tracts.

A geographic distribution analysis for Assessment Areas #2 and #3 is not meaningful as all census tracts within these boundaries are designated as middle-income.

The following tables summarize the bank's loan performance for HMDA originations and our sample of consumer and commercial loans during our evaluation period for Assessment Area #1. Data is based on the number of loans reviewed.

HMDA LOAN ORIGINATIONS

Income Level of Tract	Home Purchase		Refinancings		Home Improvement		% of Tracts in AA	% of owner-occupied housing in AA						
	1996 #	1996 %	1997 #	1997 %	1996 #	1996 %			1997 #	1997 %				
Low-income	0	0	0	0	0	0	0	0						
Moderate-income	27	23.68%	28	28.87%	22	11.83%	35	18.04%	4	13.79%	3	13.64%	11.11%	56.61%
Middle-income	85	74.56%	68	70.10%	153	82.26%	149	76.80%	24	82.76%	19	86.36%	77.78%	72.33%
Upper-income	2	1.75%	1	1.03%	11	5.91%	10	5.15%	1	3.45%	0	0	11.11%	85.83%

Our focus is on 1996 and 1997 for this assessment area.

Consumer Loans

Income Level of Tract	Consumer Loan Sample		% of Families in each Tract
	#	%	
Low-income	0	0	0
Moderate-income	7	26.92%	8.96%
Middle-income	16	61.54%	83.98%
Upper-income	3	11.54%	7.95%

Commercial Loans

Income Level of Tract	Commercial Loan Sample		% of Businesses in each Tract
	#	%	
Low-income	0	0	0
Moderate-income		6.67%	8.01%
Middle-income		86.66%	83.71%
Upper-income		6.67%	8.28%

Loan-to-Deposit Analysis

The bank's lending volume is good. TeamBank's loan to deposit ratio is 61.08% as of June 30, 1998. The last CRA examination is dated February 1996. Therefore, we calculated the average loan to deposit ratio since March 31, 1996 to compare with other banks. We compared the bank's average ratio with nine other competitor banks in its assessment areas. The following table summarizes the performance of TeamBank and the other banks used for comparison:

Bank	Average Loan to Deposit Ratio
The State Bank of Spring Hill, Spring Hill, Ks.	39.59%
The Kansas State Bank, Ottawa, Ks.	43.53%
The First National Bank of Nevada, Nevada, Mo.	48.43%
Peoples National Bank & Trust, Ottawa, Ks.	56.55%
Lamar Bank and Trust Company, Lamar, Mo.	62.77%
Citizens State Bank, Paola, Ks.	64.90%
Heritage Bank, Nevada, Mo.	69.05%
TeamBank, N.A., Freeman, Mo.	73.01%
First National Bank & Trust, Osawatomie, Ks.	75.57%
The First National Bank, Lamar, Mo.	88.75%

The national peer average, which uses similar sized banks from across the country, is 76.06%. Prior to the acquisition of branches in 1997 and 1998, TeamBank's average loan to deposit ratio from March 31, 1996 to June 30, 1997 is 81.07%. The bank obtained a majority of deposits in its acquisitions of other financial institutions. This contributed to the decline in the bank's loan to deposit ratio. However, TeamBank's average ratio is still good in relation to competitor banks.

Comparison of Credit Extended Inside and Outside of the Assessment Area

A majority of loans are within the bank's assessment areas. Our findings are summarized in the following tables based on our review of 100% of HMDA loans and a sample of consumer and commercial loans.

HMDA LOAN ORIGINATIONS (1996, 1997, AND Y-T-D 1998)

	Home Purchase		Refinancings		Home Improvement	
	#	%	#	%	#	%
In the assessment area	340	59.75%	725	78.46%	60	77.92%
Out of the assessment area	229	40.25%	199	21.54%	17	22.08%

SAMPLED LOANS

	Consumer Loans		Commercial Loans	
	#	%	#	%
In the assessment area	50	50.00%	17	77.27%
Out of the assessment area	50	50.00%	5	22.73%

Community Development Lending

During 1997 and 1998, the bank made two community development loans which total \$221,475. The purposes of these loans were to build an apartment complex and duplex for low- and moderate-income persons. Community development loans must meet the community development definition as stated in the new CRA regulation.

Community Development Investments

The bank made qualified investments during our evaluation period which total \$2,775. These investments consisted of donations to help support low-income individuals. To qualify for consideration, an investment must take the form of an investment security, deposit, membership share or grant that has as its primary purpose community development.

Compliance with Antidiscrimination Laws and Regulations

The scope of our fair lending examination included a comparison of applicants for consumer loans secured by automobiles. Our file sample included a review of five denied loan applications to females. We compared these applicants to twenty approved loan applications to males. All applicants in our sample applied for credit individually from February 1998 to September 1998.

Based on the results of this examination, we did not find any evidence of disparate treatment or discrimination. The bank is in substantial compliance with all provisions of the anti-discrimination laws and regulations.