



## **INTERMEDIATE SMALL BANK**

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Comptroller of the Currency  
Administrator of National Banks  
Washington, DC 20219

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### **PUBLIC DISCLOSURE**

**June 18, 2007**

### **COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION**

**TeamBank, National Association  
Charter Number 3350**

**1 South Pearl Street  
Paola, Kansas 66701**

**Comptroller of the Currency  
Kansas City South Field Office  
7101 College Boulevard, Suite 1600  
Overland Park, Kansas 66210**

**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.**

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This document is an evaluation of the Community Reinvestment Act (CRA) performance of **TeamBank, National Association** (TBNA) prepared by the Office of the Comptroller of the Currency, the institution's supervisory agency. 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.

## **INSTITUTION'S CRA RATING: This institution is rated Outstanding.**

The Lending test is rated: Outstanding.

The Community Development test is rated: Satisfactory.

The major factors supporting this rating are:

- The bank's record of lending to businesses of different sizes and to borrowers of different income levels is excellent.
- The geographic distribution of loans is good. In general, the bank's loan penetration in low and moderate-income census tracts compares favorably to the area's demographic data.
- A significant majority of the bank's loans are in its assessment areas.
- The bank's loan-to-deposit (LTD) ratio is more than reasonable considering the level of competition in its AAs.
- The bank's performance under the Community Development Test is good. The bank's level of responsiveness is excellent in the Southern Kansas City, MO-KS Metropolitan Area (MA) assessment area (AA) and the East Central Omaha, NE MA AA. TBNA's community development activities primarily help to address affordable housing needs in targeted markets.

## **SCOPE OF EXAMINATION**

This CRA examination was conducted using the Intermediate Small Bank performance evaluation procedures. The evaluation period for the Lending Test covered a review of the bank's portfolios of residential real estate and small loans to businesses that were originated in years 2004, 2005, and 2006. We included a review of the bank's portfolio of small loans to farms for the state of Kansas and Missouri AAs evaluations. For the community development (CD) test, the evaluation period was from April 12, 2004, the date of the previous CRA Evaluation, through June 18, 2007. The CD test includes a review of investments, services, and loans provided in the bank's AA that meet the regulatory definition. Our review also included contacting local community groups in the AAs. Primary credit needs consist of affordable housing financing/assistance, working capital, start-up business loans, and financial education.

We conducted a data integrity review and found the data reliable. Management made corrections to errors in a timely manner which enabled the review of the bank's loan portfolios rather than using a sample.

## **DESCRIPTION OF INSTITUTION**

TBNA is a \$635 million interstate financial institution. TBNA is a wholly owned subsidiary of Team Financial, Inc. Employees' Stock Ownership Plan (Team Financial), a \$761 million multi-bank holding company. Both TBNA and Team Financial are headquartered in Paola, Kansas. Team Financial also owns Colorado National Bank, a \$125 million institution located in Colorado Springs, Colorado.

TBNA is a full-service banking institution offering a wide range of deposit and loan products. There are 14 banking centers throughout four AAs in three states – Kansas, Missouri, and Nebraska. The AAs consist of the southern portion of the Kansas City, Missouri-Kansas MA, the eastern central portion of the Omaha, Nebraska MA, three rural counties in Kansas and two rural counties in Missouri. Review the applicable Description of Institution's Operations sections of the performance evaluation for further details.

TBNA's primary lending focus, based on reported and loan information maintained by the bank during the evaluation period, is home mortgage lending (both by number and dollar volume). As of March 31, 2007, the bank's net loan portfolio for all loans represents 67 percent of total assets. The loan distribution by dollar volume outstanding is as follows: commercial real estate loans - 57 percent, residential real estate loans - 17 percent, commercial/industrial loans - 15 percent, agricultural loans - 9 percent, and consumer loans - 2 percent. Tier 1 capital is \$51 million, which is 8 percent of total assets.

TBNA has no legal, financial, or other factors that impede its ability to help meet the credit needs of its AAs. TBNA received a "Satisfactory" rating at its last CRA evaluation dated April 14, 2004. This is the bank's first examination using intermediate small bank CRA procedures.

## **SELECTION OF AREAS FOR FULL-SCOPE REVIEW**

In general each state and multistate MA where the bank has an office, a sample of AAs within that state/multistate MA is selected for full-scope reviews. Since TBNA only has one AA in each applicable state and multistate MA, we performed a full-scope review on all four AAs.

## **RATINGS**

The bank's overall rating is a blend of the multistate MA ratings and state ratings. Among other factors, the weight of the rating was based on the percentage of deposits and loan originations in the applicable AAs. We gave the greatest weight on the bank's performance in the Southern Kansas City, MO-KS MA AA since it represents 43 percent of the bank's total deposit base (by dollar) and 39 percent of the total number of loan originations during this evaluation period.

The state of Kansas received the next highest weight with 32 percent of total deposits and 23 percent of total loan originations. This was followed by the state of Missouri with 12 percent of deposits and 24 percent of loan originations. The state of Nebraska received the least weight with 13 percent of total deposits and 14 percent of total loan originations.

## **FAIR LENDING OR OTHER ILLEGAL CREDIT PRACTICES REVIEW**

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS**

The rating for the following two areas is bank-wide and represents the bank's performance in all AAs based on loan information reported and maintained by TBNA during the evaluation period.

### **LOAN-TO-DEPOSIT RATIO**

TBNA's LTD ratio is more than reasonable and reflects excellent performance for a bank of this size and complexity. The bank's quarterly average LTD ratio calculated since the last CRA evaluation to March 31, 2007 is 84 percent. For informational purposes, we reviewed the LTD ratio of three financial institutions similar in size and product offerings that had office locations in the AAs. These three institutions had total assets ranging from \$525 million to \$637 million and a quarterly average LTD ratio of 78 percent for the same time period.

### **LENDING IN ASSESSMENT AREA**

TBNA's record of lending within its AAs is excellent. Both by number and dollar, a substantial majority of the bank's loans are extended to businesses/farms and individuals in the AAs. The bank originated 85 percent by number and 83 percent by dollar of its loans in the AAs.

# MULTISTATE METROPOLITAN AREA RATING

## Southern Kansas City, Missouri-Kansas MA AA

CRA Rating for the Southern Kansas City, MO-KS MA AA\*: Outstanding.

The Lending test is rated: Outstanding.

The Community Development test is rated: Outstanding.

- TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.
- TBNA's distribution of loans among the various geographies in its AA is excellent.
- The bank's performance under the CD Test shows excellent responsiveness to CD needs of the AA through CD lending, investments, and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN SOUTHERN KANSAS CITY, MO-KS MA AA

The Southern Kansas City, MO-KS MA AA consists of all of Franklin, Linn, Johnson, and Miami Counties in Kansas, and 75 census tracts in southeast Jackson County, Missouri. This AA is part of the Kansas City, MO-KS MA. The AA is contiguous, complies with the regulation, and does not arbitrarily exclude any low - moderate income (LMI) geographies. TBNA has seven branches and 11 ATMs in the AA. Two of the branches and three of the ATMs are located in moderate- income census tracts; four of the branches and seven of the ATMs are in middle-income census tracts; and one branch and one ATM are in an upper-income census tract.

In the state of Kansas, Johnson, Franklin, and Miami counties are in the top ten for largest population growth. Johnson County is also one of the highest per capita income counties in the nation. Major competitors in the AA include midsize and large financial institutions. Economic conditions are good due to continued high growth and business expansions in the AA. The April 2007 unemployment rates for the AA are as follows: Franklin - 5.1 percent, Johnson - 3.6 percent, Linn - 5.1 percent, Miami - 4 percent, and Jackson - 5.1 percent. This compares to a 4.6 percent unemployment rate for the state of Kansas. Major employers in the AA include DST Systems, Hallmark Cards, Inc., Sprint, school districts, and county/state/federal government.

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\* This rating reflects performance within the multistate MA. The statewide evaluations do not reflect performance in the parts of those states contained within the multistate MA.

We conducted two community contacts in this AA. Primary credit needs are working capital loans for existing small businesses, start-up financing for new businesses, and home mortgage loans. Both community contacts stated the small - midsize financial institutions in the AA are very visible and involved with community development. Community contacts and contextual research identified numerous community development opportunities in the MA that benefit the Southern Kansas City, MO-KS MA AA.

## **SCOPE OF EVALUATION IN SOUTHERN KANSAS CITY, MO-KS MA**

We performed a full-scope review of the Southern Kansas City, MO-KS MA AA. Our analysis gave the most weight to small loans to businesses, followed by home mortgage loans. Small loans to businesses and home mortgages by number represent 46 and 41 percent of the bank's reported loans, respectively. Small loans to farms represent 13 percent of the bank's reported loan volume. Small loans to farms are not a primary credit need for this AA and were not included in the lending analysis. The 2006 Business Demographic Report shows that only 3 percent of the business entities in the Kansas City, MO-KS MA are agriculture related.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN SOUTHERN KANSAS CITY, MO-KS MA AA**

### **LENDING TEST**

The bank's performance under the lending test in Southern Kansas City, MO-KS MA AA is rated "Outstanding".

Lending activities reflect an excellent level of responsiveness in relation to the area's credit needs and the bank's deposit market share. With the Kansas City, MO-KS MA having numerous institutions, TBNA offers a variety of loan products to be competitive in the market. A majority of the top competitors are large savings and loan associations, finance, and mortgage companies. As of June 30, 2006 for deposit market share, TBNA ranked number 20 out of 96 institutions in the area with 1.13 percent. The top five institutions had 6 percent or more of the deposit market share.

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

TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data. Based on a review of the bank's loan portfolio, the following table illustrates the bank's distribution of commercial loans by revenue category compared to reported revenue information of businesses in the AA as a percentage by number.

<b>Southern Kansas City, MO-KS MA-Borrower Distribution of Loans to Businesses in AA</b>				
Business Revenues/Sales	< 1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses by #	<b>64.06%</b>	6.14%	29.80%	100.00%
<b>% of Bank Loans in AA by #</b>	<b>72.92%</b>	13.76%	13.32%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 76 percent by number were originated at loan amounts of \$100 thousand or less.

For residential real estate loans, the bank's lending to borrowers of different income levels is excellent. Management responded favorably to the credit needs of its AA by originating home loans to borrowers at all income levels including low- and moderate-income borrowers. The bank's performance for lending to borrowers at the moderate-income level exceeds area demographic data for all three real estate related products: home purchase, home improvement, and refinance loans.

For borrowers at the low-income level, the bank's performance exceeds area demographic data for home improvement loans and is only slightly below area demographic data for home purchase loans.

The bank's performance is below area demographic data for refinance loans at the low-income level. This is not a concern considering the competitive environment of the AA. With the median family-income level being at \$67,600 for the year 2006, a low-income borrower would have income of \$33,800 or less, which makes it difficult to qualify for home loans. In addition, approximately 3 percent of the families in the AA live below the poverty level.

The following table illustrates the bank's distribution of residential real estate loans based on the income level of the borrower.

Southern Kansas City, MO-KS MA-Borrower Distribution of Residential RE Loans in AA								
Borrower Income Level	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Residential Real Estate Loans:	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
<b>Home Purchase</b>	12.16%	12.00%	16.32%	18.86%	23.59%	32.00%	47.94%	37.14%
<b>Home Improvement</b>		12.82%		20.51%		20.51%		46.15%
<b>Refinance</b>		9.20%		20.11%		23.85%		46.84%

Source: 2000 US Census; bank and examiner generated reports

## Geographic Distribution of Loans

TBNA's distribution of loans among the various geographies in its AA is excellent for both commercial and residential real estate loans. The bank's lending in moderate-income geographies exceeded demographic data. According to the 2000 U.S. Census data, the AA consists of 20 moderate-income, 84 middle-income, and 84 upper-income census tracts. The AA does not contain any low-income census tracts.

The bank's geographic distribution of commercial loans is excellent and exceeds area demographic data for loans originated in moderate-income census tracts. The following table illustrates the bank's geographic distribution of commercial loans originated in the bank's AA compared to area demographic data.

Southern Kansas City, MO-KS MA-Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
<b>Commercial</b>	0.00%	0.00%	9.82%	10.74%	42.52%	66.05%	47.66%	23.21%

Source: 2000 U.S. Census; bank and examiner generated reports

The bank’s geographic distribution of residential real estate loans is excellent and significantly exceeds area demographic data. The following table illustrates the bank’s geographic distribution of residential real estate loans originated in the bank’s AA compared to area demographic data.

<b>Southern Kansas City, MO-KS MA-Geographic Distribution of Residential RE Loans in AA</b>								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Residential Real Estate	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
<b>Purchase</b>	0.00%	0.00%	9.01%	18.27%	43.23%	68.02%	47.75%	13.71%
<b>Home Improvement</b>		0.00%		23.53%		62.75%		13.73%
<b>Refinance</b>		0.00%		14.17%		73.02%		12.81%

Source: 2000 US Census; bank and examiner generated reports

**Responses to Complaints**

TBNA has not received any complaints about its performance in helping to meet needs in the AA during this evaluation period.

**COMMUNITY DEVELOPMENT TEST**

The bank’s performance under the CD test in the Southern Kansas City, MO-KS MA AA is rated “Outstanding”.

**Number and Amount of CD Loans**

During the evaluation period, the bank originated three community development loans totaling \$9.7 million. The largest loan of \$8.1 million financed the expansion of an age-restricted assisted living facility. This will add 48 additional units to the facility. The facility is located in a moderate-income tract. According to the center’s director, all residents’ income is at the low-to moderate-income level based on the area median family income. Other loans originated in this category have already been included in the Lending Test analysis.

**Number and Amount of Qualified Investments**

During the evaluation period, qualified investments totaled \$1.8 million. The investments consisted of a \$1.3 million equity investment that helped to provide affordable housing assistance for low- and moderate-income individuals in the Southern Kansas City, MO-KS MA AA. The remaining \$500 thousand represents nine charitable donations to organizations within the AA that provide social services for low- and moderate-income individuals.

## **Extent to Which the Bank Provides CD Services**

For CD services, bank officers and employees continue to provide financial expertise to several nonprofit organizations through the AA. Bank officers provide their financial expertise by serving in various capacities with organizations that assist in meeting the social services, affordable housing, and/or economic development needs of the community. An example of the bank's efforts is the partnership with an organization working on a targeted project to create jobs for low-to-moderate income individuals in the community.

## **Responsiveness to CD Needs**

The bank's performance under the CD test shows excellent responsiveness to development needs of the AA through CD lending, investments, and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

## State Rating

### State of Kansas

CRA Rating for Kansas\*: Outstanding.

The Lending test is rated: Outstanding.

The Community Development test is rated: Satisfactory.

- TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.
- TBNA's distribution of loans among the various geographies in its AA is excellent.
- The bank's performance under the CD test is adequate.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN KANSAS

The Rural Kansas non-MA AA consists of all of Allen, Labette, and Neosho counties in Kansas. This AA is a non-MA. The AA is contiguous, complies with the regulation, and does not arbitrarily exclude any LMI areas. TBNA has two branches and seven stand-alone ATMs. All are in middle-income census tracts.

Other financial institutions in the AA keep the market competitive. Economic conditions are stable. In April 2007, the unemployment rates for Allen, Labette, and Neosho counties were 4.2, 5.0, and 4.1 percent, respectively. This compares to an unemployment rate of 4.6 percent for the state of Kansas. Major employers in the AA include Wal-Mart, Russell Stover Candies, Ash Grove Cement Company, and school districts. Major industries in the AA are manufacturing, agriculture, and health care.

We did not perform any new community contacts in this AA. We relied upon other demographic sources.

### SCOPE OF EVALUATION IN KANSAS

We performed a full-scope review of the Rural Kansas non-MA AA. Our analysis gave the most weight to small loans to businesses, followed by home mortgage loans, and small loans to farms. Small loans to businesses and home mortgages by number represent 39 and 34 percent of the bank's reported loans, respectively. Small loans to farms represent 27 percent of the bank's reported loan volume. Small loans to farms are not a primary credit need for this AA.

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\* For institutions with branches in two or more states in a multistate MA, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate MA. Refer to the multistate MA rating and discussion for the rating and evaluation of the institution's performance in that area.

## CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN RURAL KANSAS NON-MA AA

### LENDING TEST

The bank's performance under the lending test in Rural Kansas non-MA AA is rated "Outstanding".

Lending activities reflect an excellent level of responsiveness in relation to the area's credit needs and the bank's deposit market share. The Rural Kansas non-MA AA is competitive, and TBNA offers a variety of loan products to be competitive in the market. As of June 30, 2006, TBNA ranked third out of 15 financial institutions in the AA with 14.78 percent of the deposit market share.

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

TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data. Based on a review of the bank's loan portfolio, the following table illustrates the bank's distribution of commercial loans by revenue category compared to reported revenue information of businesses in the AA by number.

Kansas-Borrower Distribution of Loans to Businesses in AA				
Business Revenues/Sales	< 1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses by #	48.86%	03.46%	47.68%	100.00%
% of Bank Loans in AA by #	54.98%	11.90%	33.12%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 81 percent by number were originated at loan amounts of \$100 thousand or less.

For residential real estate loans, the bank's lending to borrowers of different income levels is excellent. Management responded favorably to the credit needs of its AA by originating home loans to borrowers at all income levels, including low- and moderate-income borrowers. The bank's performance for lending to borrowers at the moderate-income level exceeds area demographic data for home purchase and home improvement loans.

For home purchase and home improvement loans, the bank's performance at the low income level is below area demographic data. For refinance loans, the bank's performance at both the low- and moderate-income levels is below demographic data. This is not a concern considering the competitive environment of the AA. With the median family income level being at \$49,800 for the year 2006, a low-income borrower would have income of \$24,900 or less, which makes it difficult to qualify for home loans. The median housing value for the AA is \$45,683. In addition, approximately 10 percent of the families in the AA live below the poverty level.

The following table illustrates the bank's distribution of residential real estate loans based on the income level of the borrower.

Kansas-Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Residential Real Estate Loans:	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	20.62%	14.77%	<b>22.02%</b>	<b>24.43%</b>	26.30%	28.41%	31.06%	32.29%
Home Improvement		16.22%		<b>29.73%</b>		21.62%		32.43%
Refinance		9.38%		17.19%		28.91%		44.53%

Source: 2000 US Census; bank and examiner generated reports

For farm loans, the bank's performance is less than demographic data but not a concern when considering that 28 percent of the bank's borrowers did not report revenue information. Based on demographic data, most would fall in the less than a million dollar revenue category. The following table illustrates the bank's distribution of farm loans by revenue category compared to reported revenue information for the AA.

Kansas-Borrower Distribution of Loans to Farms in AA				
Farm Revenues/Sales	< 1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms by #	<b>97.40%</b>	1.73%	0.87%	100.00%
<b>% of Bank Loans in AA by #</b>	<b>72.00%</b>	0.00%	28.00%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 92 percent by number were originated at loan amounts of \$100 thousand or less.

### Geographic Distribution of Loans

TBNA's distribution of loans among the various geographies in its AA is good. According to the 2000 U.S. Census data, the AA consists of one moderate-income and 17 middle-income census tracts. The AA does not contain any low or upper-income census tracts.

The bank's geographic distribution of commercial loans is good and does not arbitrarily exclude low- or moderate-income areas. A review of demographic data indicates that 98 percent of the area businesses are located in middle-income census tracts. The bank's geographic distribution is consistent with the area's demographic data.

The following table illustrates the bank's geographic distribution of commercial loans compared to area demographic data.

Kansas-Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Commercial	0.00%	0.00%	2.39%	0.64%	97.61%	99.36%	0.00%	0.00%

Source: 2000 U.S. Census; bank and examiner generated reports

The bank's geographic distribution of residential real estate loans is good and does not arbitrarily exclude low- or moderate-income areas. A review of demographic data indicates that 97 percent of the owner occupied housing is located in middle-income tracts. The bank's geographic distribution is consistent with area demographic data. The following table illustrates the bank's geographic distribution of residential real estate loans compared to area demographic data.

Kansas-Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Residential Real Estate	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	0.00%	0.00%	2.98%	0.00%	97.02%	100.00%	0.00%	0.00%
Home Improvement		0.00%		0.00%		100.00%		0.00%
Refinance		0.00%		0.77%		99.23%		0.00%

Source: 2000 US Census; bank and examiner generated reports

The bank's geographic distribution of farm loans is adequate and does not arbitrarily exclude low- or moderate-income areas. A review of demographic data indicates that 98 percent of area farms are located in middle-income tracts. The bank's geographic distribution is consistent with area demographic data. The following table illustrates the bank's geographic distribution of farm loans compared to area demographic data.

Kansas-Geographic Distribution of Loans to Farms in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Farm/ Agricultural	0.00%	0.00%	1.73%	0.00%	98.27	100.00	0.00	0.00

Source: 2000 U.S. Census; bank and examiner generated reports

## **Responses to Complaints**

TBNA has not received any complaints about its performance in helping to meet needs in the AA during this evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD test in the Rural Kansas non-MA AA is rated "Satisfactory".

### **Number and Amount of CD Loans**

The bank did not originate any qualified CD CRA loans during the evaluation period. Loans originated in this category have already been included in the Lending test analysis.

### **Number and Amount of Qualified Investments**

During the evaluation period, qualified investments totaled \$6 thousand and consisted of eight charitable donations to a local agency that provides social services for low- and moderate-income individuals.

### **Extent to Which the Bank Provides CD Services**

For CD services, bank officers and employees continue to provide financial expertise to several nonprofit organizations through the AA. Bank officers provide their financial expertise by serving in various capacities with organizations that assist in meeting the social services, affordable housing, and/or economic development needs of the community.

An example of the bank's efforts is the partnership with the City of Parsons where the bank sponsored an assisted housing program (AHP) with the Federal Home Loan Bank (FHLB). This program provided subsidized down payments for low- to moderate-income borrowers. With the FHLB, the bank has sponsored a program called the "Incubator" project, which is recruiting small businesses as start-up companies that could qualify for small business programs to a site located near the community college.

The bank also works with the Parson Community Development Corporation that offers tax exempt loans to small/micro businesses in the community. The bank has a director on the board of the corporation.

### **Responsiveness to CD Needs**

The bank's performance under the CD test shows excellent responsiveness to development needs of the AA through CD investments and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

# State Rating

## State of Missouri

CRA Rating for Missouri\*: Outstanding.

The Lending test is rated: Outstanding.

The Community Development test is rated: Satisfactory.

- TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.
- TBNA's distribution of loans among the various geographies in its AA is excellent.
- The bank's performance under the CD test is adequate.

## DESCRIPTION OF INSTITUTION'S OPERATIONS IN MISSOURI

The Rural Missouri non-MA AA consists of all of Barton and Vernon counties located in the southwest area of Missouri. The AA is contiguous, complies with the regulation, and does not arbitrarily exclude LMI geographies. Both counties are designated middle-income. Vernon, however, is considered a distressed and underserved middle-income county. TBNA has two branches in the AA.

Major competitors in the AA include both local and national financial institutions. Economic conditions are fair. In April 2007, Barton and Vernon counties reported unemployment rates of 5.9 and 4.1 percent, respectively. This compares to an unemployment rate of 4.6 percent for the state of Missouri. Major industries in the AA include health care, manufacturing, service, and retail trade.

We conducted one community contact in this AA. Contextual research identified that Vernon County is considered an underserved middle income area, and that one of Barton County's largest employers is closing, which will result in 735 lost jobs. Contextual research indicates a moderate - high level of CD opportunities that benefit Barton and Vernon counties, and Barton County is designated as a local "Enterprise Zone".

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\* For institutions with branches in two or more states in a multistate MA, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate MA. Refer to the multistate MA rating and discussion for the rating and evaluation of the institution's performance in that area.

## **SCOPE OF EVALUATION IN MISSOURI**

We performed a full scope review of the Rural Missouri non-MA AA. Our analysis gave the most weight to home mortgages, followed by small loans to businesses and small loans to farms. Home mortgages and small loans to businesses and home mortgages by number represent 41 and 32 percent of the bank's reported loans, respectively. Small loans to farms represent 27 percent of the bank's reported loan volume.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN RURAL MISSOURI NON-MA AA**

### **LENDING TEST**

The bank's performance under the lending test in the Rural Missouri non-MA AA is rated "Outstanding".

Lending activities reflect an excellent level of responsiveness in relation to the area's credit needs and the bank's deposit market share. The Rural Missouri non-MA AA is competitive, and TBNA offers a variety of loan products to be competitive in the market. As of June 30, 2006, TBNA ranked third out of ten financial institutions in the AA with 12.06 percent of the deposit market share.

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

TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.

For residential real estate loans, the bank's lending to borrowers of different income levels is excellent. Management responded favorably to the credit needs of its AA by originating home loans to borrowers at all income levels, including low- and moderate-income borrowers. The bank's performance for lending to borrowers at the moderate-income level significantly exceeds area demographic data for all three real estate related products: home purchase, home improvement, and refinance loans.

For borrowers at the low-income level, the bank's performance is lower than demographic data for all three products. This is not a concern given the competitive environment of the AA. In addition, with the median family income level being at \$44,800 for the year 2006, a low-income borrower would have income of \$22,400 or less, which makes it difficult to qualify for home loans. The median housing value for the AA is \$59,357. Approximately 10.43 percent of the families in the AA live below the poverty level, which is higher than the state average of 8.56 percent.

The following table illustrates the bank's distribution of residential real estate loans based on the income level of the borrower.

Missouri-Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Residential Real Estate Loans:	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
<b>Home Purchase</b>	18.95%	14.29%	18.23%	25.00%	22.43%	21.43%	40.39%	39.29%
<b>Home Improvement</b>		13.33%		26.67%		20.00%		40.00%
<b>Refinance</b>		4.09%		23.39%		23.98%		48.54%

Source: 2000 US Census; bank and examiner generated reports

The bank's distribution of commercial loans by revenue category is excellent and significantly exceeds demographic data. Based on a review of the bank's loan portfolio, the following table illustrates the bank's distribution of commercial loans by revenue category compared to reported revenue information of businesses in the AA.

Missouri-Borrower Distribution of Loans to Businesses in AA				
Business Revenue/Sales	< 1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses by #	49.67%	3.30%	47.04%	100.00%
% of Bank Loans in AA by #	72.51%	6.55%	20.94%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 85 percent by number were originated at loan amounts of \$100 thousand or less.

For farm loans, the bank's performance is less than demographic data but not a concern when considering that 24 percent of the bank's borrowers did not report revenue information. Based on demographic data, most would fall in the less than a million dollar revenue category. The following table below illustrates the bank's distribution of farm loans by revenue category compared to reported revenue information for the AA.

Missouri-Borrower Distribution of Loans to Farms in AA				
Farm Revenue/Sales	< 1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Farms by #	96.10%	1.95%	1.95%	100.00%
% of Bank Loans in AA by #	74.90%	1.18%	23.92%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 91 percent by number were originated at loan amounts of \$100 thousand or less.

## **Geographic Distribution of Loans**

A geographic analysis is not meaningful since none of the census tracts in the Rural Missouri non-MA AA are designated as low- or moderate-income. All nine census tracts are in middle-income geographies.

## **Responses to Complaints**

TBNA has not received any complaints about its performance in helping to meet needs in the AA during this evaluation period.

## **COMMUNITY DEVELOPMENT TEST**

The bank's performance under the CD test in the Rural Missouri non-MA AA is rated "Satisfactory".

### **Number and Amount of CD Loans**

The bank did not originate any qualified CD CRA loans during the evaluation period. Loans originated in this category have already been included in the Lending test analysis.

### **Number and Amount of Qualified Investments**

During the evaluation period, qualified investments totaled \$6 thousand and consisted of four charitable donations to a local agency that provides social services for low- and moderate-income individuals.

### **Extent to Which the Bank Provides CD Services**

For CD services, bank officers and employees continue to provide financial expertise to several nonprofit organizations through the AA. Bank officers provide their financial expertise by serving in various capacities with organizations that assist in meeting the social services, affordable housing, and/or economic development needs of the community. An example of this is the Nevada Area EDC and City Revolving Loan Fund, which helps provide small loans to rural entrepreneurial businesses. These businesses must have been denied from another financial institution to qualify for this program.

### **Responsiveness to CD Needs**

The bank's performance under the CD test shows excellent responsiveness to CD needs of the AA through CD investments and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

## State Rating

### State of Nebraska

CRA Rating for Nebraska\*: Outstanding.

The Lending test is rated: Outstanding.

The Community Development test is rated: Outstanding.

- TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.
- TBNA's distribution of loans among the various geographies in its AA is excellent.
- The bank's performance under the CD test shows excellent responsiveness to CD needs of the AA through CD investments and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

### DESCRIPTION OF INSTITUTION'S OPERATIONS IN NEBRASKA

The East Central Omaha, NE MA AA consists of all of Douglas, Sarpy, and Washington counties in Nebraska. This AA is a part of the Omaha - Council Bluffs, NE-IA MA. The AA is contiguous, complies with the regulation, and does not arbitrarily exclude any LMI areas. TBNA has three branches in Douglas, Sarpy, and Washington counties. All are in middle-income census tracts.

Douglas, Sarpy, and Washington counties are the fastest growing counties in the MA. Major competitors in the AA include local and national financial institutions. Economic conditions are good. In April 2007, the unemployment rates for Douglas, Sarpy, and Washington counties were 3.0, 2.5, and 2.7 percent, respectively. This compares to an unemployment rate of 3.1 percent for the state of Nebraska. Major employers in the AA include Omaha Public Power District, Cargill, and Wilkinson Manufacturing. Major industries in the AA include health care, manufacturing, school districts, and county/state/federal government.

We conducted one community contact in this AA. Primary credit needs in this area are small business financing and home mortgage loans as the AA continues to experience high growth. The community contact explained the median household income in the AA is slightly above the dollar limit that would enable the communities to qualify for community block grants. Community contacts and contextual research indicates there are limited CD opportunities in the AA that benefit Douglas, Sarpy, and Washington counties.

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\* For institutions with branches in two or more states in a multistate MA, this statewide evaluation does not reflect performance in the parts of this state contained within the multistate MA. Refer to the multistate MA rating and discussion for the rating and evaluation of the institution's performance in that area.

## **SCOPE OF EVALUATION IN NEBRASKA**

We performed a full scope review of the East Central Omaha, NE MA AA. Our analysis gave the most weight to home mortgages, followed by small loans to businesses. Home mortgages and small loans to businesses by number represent 60 and 37 percent of the bank's reported loans, respectively. Small loans to farms only represent 3 percent of the bank's reported loan volume and are not considered a primary credit need for this AA. Only 3.35 percent of the business entities in the AA are agriculture related.

## **CONCLUSIONS WITH RESPECT TO PERFORMANCE TESTS IN EAST CENTRAL OMAHA, NE MA AA**

### **LENDING TEST**

The bank's performance under the lending test in the East Central Omaha, NE MA AA is rated "Outstanding".

Lending activities reflect an excellent level of responsiveness in relation to area credit needs and the bank's deposit market share. The East Central Omaha, NE MA AA is competitive. TBNA offers a variety of loan products to be competitive in the market. As of June 30, 2006, TBNA deposit market share for this AA is less than 1 percent. The top lender has 37 percent.

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

TBNA's lending to businesses of different sizes and to borrowers of different income levels is excellent and exceeds area demographic data.

For residential real estate loans, the bank's lending to borrowers of different income levels is excellent. Management responded favorably to the credit needs of its AA by originating home loans to borrowers at all income levels including low- and moderate-income borrowers. The bank's performance for lending to borrowers at the moderate-income level significantly exceeds area demographic data for home purchase and home improvement loans. For refinance loans, the bank's performance is only slightly below area demographic data.

For borrowers at the low-income level, the bank's performance is less than demographic data for all three real estate related products. This is not a concern considering the competitive environment of the AA. In addition, with the median family income level being at \$66,500 for year 2006, a low-income borrower would have income of \$33,250 or less, making it difficult to qualify for home loans. The median housing value for the AA is \$107,314. Approximately 6 percent of the families in the AA live below the poverty level.

The following table illustrates the bank's distribution of residential real estate loans based on the income level of the borrower.

Nebraska-Borrower Distribution of Residential Real Estate Loans in AA								
Borrower Income Level	Low-Income		Moderate-Income		Middle-Income		Upper-Income	
Residential Real Estate Loans:	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans	% of AA Families	% of Number of Loans
Home Purchase	16.96%	8.33%	18.36%	21.30%	24.09%	32.41%	40.58%	37.96%
Home Improvement		11.11%		30.56%		34.72%		23.61%
Refinance		12.50%		15.44%		28.68%		43.38%

Source: 2000 US Census; bank and examiner generated reports

The bank's distribution of commercial loans by revenue category is excellent and significantly exceeds demographic data. Based on a review of the bank's loan portfolio, the following table illustrates the bank's distribution of commercial loans by revenue category compared to reported revenue information of businesses in the AA.

Nebraska-Borrower Distribution of Loans to Businesses in AA				
Business Revenue/Sales	< 1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses by #	62.97%	7.18%	29.85%	100.00%
% of Bank Loans in AA by #	81.16%	9.18%	09.66%	100.00%

Source: 2006 Business Geo-demographic data; bank and examiner generated reports

In addition, a further analysis of the bank's loan distribution shows that 75 percent by number were originated at loan amounts of \$100 thousand or less.

### Geographic Distribution of Loans

TBNA's distribution of loans among the various geographies in its AA is good. According to the 2000 U.S. Census data, the AA consists of seven low-income, 46 moderate-income, 81 middle-income, and 51 upper-income census tracts. All of the bank's facilities and ATM are located in middle-income census tracts.

The bank's geographic distribution is good relative to the location of its facilities and is consistent with the area's demographic data. The bank's geographic distribution does not arbitrarily exclude low- or moderate-income areas. A review of demographic data indicates the majority of businesses and residential real estate properties are located in middle-income tracts.

The following table illustrates the bank’s geographic distribution of residential real estate loans compared to area demographic data.

Nebraska-Geographic Distribution of Residential Real Estate Loans in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Residential Real Estate	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Purchase	1.27%	0.00%	17.92%	10.19%	47.98%	47.22%	32.83%	42.59%
Home Improvement		0.00%		16.22%		60.81%		22.97%
Refinance		0.00%		15.03%		51.63%		33.33%

Source: 2000 US Census; bank and examiner generated reports

The following table illustrates the bank’s geographic distribution of small loans to businesses compared to area demographic data. The bank’s performance compares favorably to area demographic data.

Nebraska-Geographic Distribution of Loans to Businesses in AA								
Census Tract Income Level	Low-Income Geographies		Moderate-Income Geographies		Middle-Income Geographies		Upper-Income Geographies	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
<b>Commercial</b>	2.38%	0.00%	<b>18.53%</b>	<b>18.36%</b>	47.79%	49.76%	31.30%	31.88%

Source: 2000 U.S. Census; bank and examiner generated reports

## Responses to Complaints

TBNA has not received any complaints about its performance in helping to meet needs in the AA during this evaluation period.

## COMMUNITY DEVELOPMENT TEST

The bank’s performance under the CD test in the East Central Omaha, NE MA AA is rated “Outstanding”.

### Number and Amount of CD Loans

The bank did not originate any qualified CD CRA loans during the evaluation period. Loans originated in this category have already been included in the Lending test analysis.

### **Number and Amount of Qualified Investments**

During the evaluation period, qualified investments totaled \$1.4 million. This equity investment helped to provide affordable housing assistance for low- and moderate-income individuals in the East Central Omaha, NE MA AA.

### **Extent to Which the Bank Provides CD Services**

For CD services, bank officers and employees continue to provide financial expertise to several nonprofit organizations through the AA. Bank officers provide their financial expertise by serving in various capacities with organizations that assist in meeting the social services, affordable housing, and/or economic development needs of the community. An example of this is the bank's efforts to work with the City of Bellevue HC Loan Fund. The bank provides a single purpose loan funded by grant money to assist low-to-moderate borrowers in purchasing a home.

### **Responsiveness to CD Needs**

The bank's performance under the CD test shows excellent responsiveness to CD needs of the AA through CD lending, investments, and services. The bank's CD activities primarily help to address affordable housing needs in targeted markets.

## Appendix A: Scope of Examination

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The following table identifies the time period covered in this evaluation, affiliate activities that were reviewed, and loan products considered. The table also reflects the MAs and non-MAs that received comprehensive examination reviews (designated by the term “full scope”) and if applicable those that received a less comprehensive review (designated by the term “limited scope”).

<b>Time Period Reviewed</b>	Lending Test: January 1, 2004 to December 31, 2006 Community Development Test: April 13, 2004 to June 18, 2007	
<b>Financial Institution</b>	<b>Products Reviewed</b>	
TeamBank, National Association, Paola, KS	Home mortgages, small loans to businesses, and small loans to farms	
<b>Affiliate(s)</b>	<b>Affiliate Relationship</b>	<b>Products Reviewed</b>
Affiliates products were not included in the review.		
<b>List of Assessment Areas and Type of Examination</b>		
<b>Assessment Area</b>	<b>Type of Exam</b>	<b>Other Information</b>
Southern Kansas City, MO-KS MA	Full Scope	
Kansas Rural Kansas Non-MA	Full Scope	
Missouri Rural Missouri Non-MA	Full Scope	
Nebraska East Central Omaha, NE MA	Full Scope	

# Appendix B: Summary of Multistate Metropolitan Area and State Ratings

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OVERALL BANK:	LENDING TEST RATING	COMMUNITY DEVELOPMENT TEST RATING	OVERALL BANK/STATE/MULTISTATE RATING
<b>TBNA</b>	<b>OUTSTANDING</b>	<b>SATISFACTORY</b>	<b>OUTSTANDING</b>
<b>SOUTHERN KANSAS CITY, MO-KS MA</b>	<b>OUTSTANDING</b>	<b>OUTSTANDING</b>	<b>OUTSTANDING</b>
<b>KANSAS</b>	<b>OUTSTANDING</b>	<b>SATISFACTORY</b>	<b>SATISFACTORY</b>
<b>MISSOURI</b>	<b>OUTSTANDING</b>	<b>SATISFACTORY</b>	<b>SATISFACTORY</b>
<b>NEBRASKA</b>	<b>OUTSTANDING</b>	<b>OUTSTANDING</b>	<b>OUTSTANDING</b>