

TEAM FINANCIAL INC /KS  
Form 10-Q  
May 15, 2003

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q**

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended March 31, 2003**

**Securities and Exchange Commission File Number: 000-26335**

**TEAM FINANCIAL, INC.**

(Exact name of registrant as specified in its charter)

**KANSAS**

(State or other jurisdiction  
of incorporation or organization)

**48-1017164**

**(I.R.S. Employer Identification No.)**

**8 West Peoria, Suite 200, Paola, Kansas 66071**

(Address of principal executive offices) (Zip Code)

Registrant's telephone, including area code: **(913) 294-9667**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Edgar Filing: TEAM FINANCIAL INC /KS - Form 10-Q

Yes  No

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Exchange Act).

Yes  No

**APPLICABLE ONLY TO CORPORATE ISSUES:**

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

There were 4,094,305 shares of the Registrant's common stock, no par value, outstanding as of April 30, 2003.

---

**Part I. Financial Information**

Item 1.	Financial Statements (Unaudited)  <u>Consolidated Statements of Financial Condition as of March 31, 2003 and December 31, 2002</u>  <u>Consolidated Statements of Operations for the Three Months Ended March 31, 2003 and 2002</u>  <u>Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2003 and 2002</u>  <u>Consolidated Statements of Changes In Stockholders' Equity for the Three Months Ended March 31, 2003</u>  <u>Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2003 and 2002</u>  <u>Notes to Unaudited Consolidated Financial Statements</u>
<b><u>Item 2.</u></b>	<b><u>Management's Discussion And Analysis Of Financial Condition And Results Of Operations</u></b>
<u>Item 3.</u>	<u>Quantitative And Qualitative Disclosure About Market Risk</u>
<u>Item 4.</u>	<u>Controls and Procedures</u>

**Part II. Other Information**

<u>Item 1.</u>	<u>Legal Proceedings</u>
<u>Item 6.</u>	<u>Exhibits and Reports on Form 8-K</u>

Signature Page

Exhibit 10.2
Exhibit 10.29
Exhibit 99.1
Exhibit 99.2

## Team Financial, Inc. And Subsidiaries

## Consolidated Statements of Financial Condition

(In Thousands)

(Unaudited)

	March 31, 2003	December 31, 2002
<b>ASSETS</b>		
Cash and due from banks	\$ 16,143	\$ 18,298
Federal funds sold and interest bearing bank deposits	6,953	17,260
Cash and cash equivalents	23,096	35,558
Investment securities		
Available for sale, at fair value (amortized cost of \$226,261 and \$218,037 at March 31, 2003 and December 31, 2002, respectively)	230,987	224,052
Total investment securities	230,987	224,052
Loans receivable, net of unearned fees	346,513	340,986
Allowance for loan losses	(4,673)	(4,611)
Net loans receivable	341,840	336,375
Accrued interest receivable	4,242	4,053
Premises and equipment, net	12,910	12,219
Assets acquired through foreclosure	1,964	1,770
Goodwill	14,538	14,407
Intangible assets, net of accumulated amortization	6,303	6,579
Bank owned life insurance policies	17,190	16,968
Other assets	3,787	3,888
Total assets	\$ 656,857	\$ 655,869
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Deposits:		
Checking deposits	\$ 157,863	\$ 172,886
Savings deposits	30,695	31,212
Money market deposits	52,948	54,485
Certificates of deposit	206,056	197,022
Total deposits	447,562	455,605
Federal funds purchased and securities sold under agreements to repurchase	14,053	4,401
Federal Home Loan Bank advances	111,323	112,331
Notes payable	6,531	6,455
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures	15,525	15,525
Accrued expenses and other liabilities	10,332	9,724

Edgar Filing: TEAM FINANCIAL INC /KS - Form 10-Q

Total liabilities	605,326	604,041
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, no par value, 10,000,000 shares authorized, no shares issued		
Common stock, no par value, 50,000,000 shares authorized; 4,448,888 and 4,442,210 shares issued; 4,094,305 and 4,107,627 shares outstanding at March 31, 2003 and December 31, 2002, respectively	27,443	27,393
Capital surplus	171	211
Retained earnings	24,037	23,290
Treasury stock, 354,583 and 334,583 shares of common stock at cost at March 31, 2003, and December 31, 2002, respectively	(3,239)	(3,034)
Accumulated other comprehensive income	3,119	3,968
Total stockholders' equity	51,531	51,828
Total liabilities and stockholders' equity	\$ 656,857	\$ 655,869

*See accompanying notes to the unaudited consolidated financial statements*

**Team Financial, Inc. And Subsidiaries**  
**Consolidated Statements of Operations**  
(Dollars In Thousands, Except Per Share Data)  
(Unaudited)

	Three Months Ended March 31	
	2003	2002
<b>Interest Income:</b>		
Interest and fees on loans	\$ 5,965	\$ 6,971
Taxable investment securities	1,954	2,384
Nontaxable investment securities	247	215
Other	48	109
<b>Total interest income</b>	<b>8,214</b>	<b>9,679</b>
<b>Interest Expense:</b>		
Deposits		
Checking deposits	173	286
Savings deposits	70	168
Money market deposits	169	236
Certificates of deposit	1,468	2,328
Federal funds purchased and securities sold under agreements to repurchase	11	14
FHLB advances payable	1,240	880
Notes payable	55	89
Company obligated mandatorily redeemable preferred securities of subsidiary trust holding solely subordinated debentures	377	377
<b>Total interest expense</b>	<b>3,563</b>	<b>4,378</b>
<b>Net interest income before provision for loan losses</b>	<b>4,651</b>	<b>5,301</b>
Provision for loan losses	345	156
<b>Net interest income after provision for loan losses</b>	<b>4,306</b>	<b>5,145</b>
<b>Non-Interest Income:</b>		
Service charges	805	854
Trust fees	129	142
Insurance agency commissions	1,136	
Gain on sales of mortgage loans	651	545
Gain (loss) on sales of investment securities	1	26
Other	682	589

Edgar Filing: TEAM FINANCIAL INC /KS - Form 10-Q

Total non-interest income	3,404	2,156
<b>Non-Interest Expenses:</b>		
Salaries and employee benefits	3,444	2,939
Occupancy and equipment	717	578
Data processing	470	470
Professional fees	311	323
Marketing	91	52
Supplies	108	89
Intangible asset amortization	329	136
Conversion		4
Other	907	811
Total non-interest expenses	6,377	5,402
Income before income taxes	1,333	1,899
Income taxes	342	541
Net income	\$ 991	\$ 1,358
Shares applicable to basic income per share	4,105,809	4,181,195
Basic income per share	\$ 0.24	\$ 0.32
Shares applicable to diluted income per share	4,133,404	4,191,475
Diluted income per share	\$ 0.24	\$ 0.32

*See accompanying notes to the unaudited consolidated financial statements*

## Team Financial, Inc. And Subsidiaries

## Consolidated Statements of Comprehensive Income

(In Thousands)

(Unaudited)

	Three Months Ended March 31	
	2003	2002
Net Income	\$ 991	\$ 1,358
Other comprehensive income, net of tax:		
Unrealized (losses) on investment securities available for sale net of tax of \$(440) and \$(161) for the three months ended March 31, 2003 and March 31, 2002, respectively	(848)	(403)
Reclassification adjustment for (losses) included in net income net of tax of \$0 and \$(9) for the three months ended March 31, 2003 and March 31, 2002, respectively	(1)	(17)
Other comprehensive income, net	(849)	(420)
Comprehensive income	\$ 142	\$ 938

*See accompanying notes to the unaudited consolidated financial statements*



## Team Financial, Inc. And Subsidiaries

## Consolidated Statements of Changes In Stockholders' Equity

Three Months Ended March 31, 2003

(In Thousands)

(Unaudited)

	Common stock	Capital surplus	Retained earnings	Treasury stock	Accumulated Other comprehensive income	Total stockholders' equity
BALANCE, December 31, 2002	\$ 27,393	\$ 211	\$ 23,290	\$ (3,034)	\$ 3,968	\$ 51,828
Treasury stock purchased (20,000 shares)				(205)		(205)
Common stock issued in connection with compensation plans (6,678 shares)	50					50
Decrease in capital surplus in connection with compensation plans		(40)				(40)
Net Income			991			991
Dividends (\$0.06 per share)			(244)			(244)
Other comprehensive income net of \$440 in taxes					(849)	(849)
BALANCE, March 31, 2003	\$ 27,443	\$ 171	\$ 24,037	\$ (3,239)	\$ 3,119	\$ 51,531

*See accompanying notes to the unaudited consolidated financial statements*

**Team Financial, Inc. And Subsidiaries**  
**Consolidated Statements Of Cash Flows**  
**(In thousands)**

**Three Months Ended March 31,**  
**2003**                      **2002**