

TEAM FINANCIAL INC /KS
Form 10-Q
May 11, 2007

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2007

OR

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

For the transition period from _____ to _____

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.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

There were 3,653,359 shares of the Registrant's common stock, no par value, outstanding as of May 10, 2007.

Part I. Financial Information

	Page
Item 1.	3
	Financial Statements
	<u>Unaudited Consolidated Statements of Financial Condition as of March 31, 2007 and December 31, 2006</u>
	3
	<u>Unaudited Consolidated Statements of Operations for the Three Months Ended March 31, 2007 and 2006</u>
	4
	<u>Unaudited Consolidated Statements of Comprehensive Income for the Three Months Ended March 31, 2007 and 2006</u>
	5
	<u>Unaudited Consolidated Statements of Changes in Stockholders' Equity for the Three Months Ended March 31, 2007</u>
	6
	<u>Unaudited Consolidated Statements of Cash Flows for the Three Months Ended March 31, 2007 and 2006</u>
	7
	<u>Notes to Unaudited Consolidated Financial Statements</u>
	9
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	14
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosure About Market Risk</u>
	24
<u>Item 4.</u>	<u>Controls and Procedures</u>
	24

Part II. Other Information

<u>Item 1.</u>	<u>Legal Proceedings</u>	25
<u>Item 1A.</u>	<u>Risk Factors</u>	25
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	25
<u>Item 6.</u>	<u>Exhibits</u>	25
<u>Signature Page</u>		28
Exhibit 10.1	Employment Agreement Between Team Financial, Inc. and Robert J. Weatherbie effective January 1, 2007	
Exhibit 10.2	Employment Agreement Between TeamBank N.A. and Carolyn S. Jacobs effective January 1, 2007	
Exhibit 10.3	Employment Agreement Between TeamBank N.A. and Sandra J. Moll effective January 1, 2007	
Exhibit 31.1	Certification of Chief Executive Officer Pursuant to Section 302 of Sarbanes- Oxley Act of 2002	
Exhibit 31.2	Certification of Chief Financial Officer Pursuant to Section 302 of Sarbanes- Oxley Act of 2002	
Exhibit 32.1	Certification of Chief Executive Officer Pursuant to 18 U.S.C. 1350	

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Exhibit 32.2

Certification of Chief Financial Officer Pursuant to 18 U.S.C. 1350

2

TEAM FINANCIAL, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Financial Condition

(Dollars in thousands)

	March 31, 2007	December 31, 2006
Assets		
Cash and due from banks	\$ 14,082	\$ 14,529
Federal funds sold and interest bearing bank deposits	1,505	22,621
Cash and cash equivalents	15,587	37,150
Investment securities:		
Available for sale, at fair value (amortized cost of \$184,661 and \$171,301 at March 31, 2007 and December 31, 2006, respectively)	174,692	170,079
Non-marketable equity securities (amortized cost of \$9,220 and \$9,061 at March 31, 2007 and December 31, 2006, respectively)	9,220	9,061
Total investment securities	183,912	179,140
Loans receivable, net of unearned fees	504,167	486,497
Allowance for loan losses	(5,833)	(5,715)
Net loans receivable	498,334	480,782
Accrued interest receivable	5,336	5,558
Premises and equipment, net	19,234	17,628
Assets acquired through foreclosure	602	817
Goodwill	10,700	10,700
Intangible assets, net of accumulated amortization	2,529	2,659
Bank-owned life insurance policies	20,130	19,926
Other assets	1,975	2,068
Total assets	\$ 758,339	\$ 756,428
Liabilities and Stockholders Equity		
Deposits:		
Checking deposits	\$ 174,929	\$ 194,979
Savings deposits	28,351	28,536
Money market deposits	61,659	57,123
Certificates of deposit	299,355	282,244
Total deposits	564,294	562,882
Federal funds purchased and securities sold under agreements to repurchase	6,109	6,215
Federal Home Loan Bank advances	108,058	108,069
Notes payable	108	200
Subordinated debentures	22,681	22,681
Accrued expenses and other liabilities	5,645	5,864
Total liabilities	706,895	705,911
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; 4,502,791 and 4,501,516 shares issued; 3,573,459 and 3,594,784 shares outstanding at March 31, 2007 and December 31, 2006, respectively	27,916	27,901
Capital surplus	748	680
Retained earnings	35,330	34,449
Treasury stock, 929,332 and 906,732 shares of common stock at cost at March 31, 2007, and December 31, 2006, respectively	(12,055)	(11,707)
Accumulated other comprehensive loss	(495)	(806)

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Total stockholders equity	51,444	50,517
Total liabilities and stockholders equity	\$ 758,339	\$ 756,428

See accompanying notes to the unaudited consolidated financial statements

3

TEAM FINANCIAL, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Operations

(Dollars in thousands, except share data)

	Three Months Ended March 31	
	2007	2006
Interest Income:		
Interest and fees on loans	\$ 9,930	\$ 7,923
Taxable investment securities	2,003	1,886
Nontaxable investment securities	287	269
Other	209	137
Total interest income	12,429	10,215
Interest Expense:		
Deposits:		
Checking deposits	544	460
Savings deposits	52	53
Money market deposits	514	239
Certificates of deposit	3,544	2,173
Federal funds purchased and securities sold under agreements to repurchase	37	36
FHLB advances payable	1,113	1,134
Notes payable and other borrowings	4	4
Subordinated debentures	402	388
Total interest expense	6,210	4,487
Net interest income before provision for loan losses	6,219	5,728
Provision for loan losses	230	275
Net interest income after provision for loan losses	5,989	5,453
Non-Interest Income:		
Service charges	817	847
Trust fees	169	176
Gain on sales of mortgage loans	145	191
Bank-owned life insurance income	237	216
Other	367	349
Total non-interest income	1,735	1,779
Non-Interest Expenses:		
Salaries and employee benefits	3,130	3,083
Occupancy and equipment	735	768
Data processing	737	697
Professional fees	450	374
Marketing	110	80
Supplies	81	101
Intangible asset amortization	140	147
Other	786	809
Total non-interest expenses	6,169	6,059

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Income before income taxes	1,555	1,173
Income tax expense	387	274
Net income	\$ 1,168	\$ 899
Basic income per share	\$ 0.32	\$ 0.22
Diluted income per share	\$ 0.32	\$ 0.22
Shares applicable to basic income per share	3,595,103	4,025,563
Shares applicable to diluted income per share	3,697,358	4,078,114

See accompanying notes to the unaudited consolidated financial statements

4

TEAM FINANCIAL, INC. AND SUBSIDIARIES

Unaudited Consolidated Statements of Comprehensive Income

(In thousands)

	Three Months Ended	
	March 31,	
	2007	2006
Net income	\$ 1,168	\$ 899
Other comprehensive income (loss), net of tax:		
Unrealized gains (losses) on investment securities available for sale net of tax of \$162 and \$(197) for the three months ended March 31, 2007 and March 31, 2006, respectively	311	(382)