GOLD BANC CORP INC
Form 10-K/A
March 24, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

(Mark One)

[X] **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2004

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 0-28936

GOLD BANC CORPORATION, INC.

(Exact name of registrant as specified in its charter)

Kansas	**48-1008593**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**

11301 Nall Avenue
Leawood, Kansas 66211
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code:
(913) 451-8050

Securities registered pursuant to section 12 (b) of the Act:

None

Securities registered pursuant to section 12 (g) of the Act:

Title of Each Class
Common Stock, $1.00 par value

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 [X]   No [   ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.   [   ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).
Yes [X]   No [   ]

The aggregate market value of the 36,580,625 shares of common stock, par value $1.00 per share, of the registrant held by non-affiliates of the registrant as of June 30, 2004 was $566,999,688, computed based on the $15.50 closing sale price of such common stock on that date. As of March 2, 2005, the registrant had 39,656,968 shares of its common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to the registrant's 2004 Annual Meeting of Stockholders is incorporated by reference in Part III to the extent described therein.

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PART I

ITEM 1. BUSINESS

Significant Developments in 2004

Challenges. 2004 was a tumultuous year for Gold Banc Corporation, Inc. We faced many challenges that diverted management's attention from our core business and adversely affected our financial performance:

- We continued to deal with the aftermath of the discovery in 2002 that our former CEO had misappropriated funds from our subsidiary bank. Throughout 2004, we continued to strengthen our internal controls, improve the internal audit function, enhance our information technology controls and security and take other actions required by our written agreement, dated August 26, 2003 (the "Written Agreement") with the Federal Reserve Board of Kansas City (the "FRB-KC") and the Kansas Office of the State Bank Commissioner (the "OSBC").

- Our clean-up of the misappropriations included a final agreement with the Securities and Exchange Commission (the "SEC"). On March 5, 2004, we voluntarily submitted to the SEC a settlement offer to consent to the entry of an order providing that we cease and desist from committing violation of Section 13(a) and 13(b)(2) of the Securities Exchange Act of 1934 and Rules 13a-1 and 13a-3 thereunder. On May 4, 2004, the SEC accepted our settlement offer and issued the order. No fines or penalties were levied against us, or any of our current directors, officers or employees.

- We spent extensive time and incurred significant expenses in 2004 exploring and pursuing strategic alternatives. Most of this time and expense was incurred in evaluating a proposed business combination with Silver Acquisition Corp. ("Silver"), gathering information for Silver's due diligence review, and negotiating and seeking to implement the merger agreement with Silver that was executed on February 24, 2004. Under the merger agreement, Silver would have acquired all of our outstanding common stock for $16.60 per share in cash, plus an additional $.0023 per share each day after July 23, 2004 that the closing of the merger was delayed. The merger was subject to various conditions, including regulatory approval. On October 11, 2004, we terminated the merger agreement with Silver. Our termination was based in large part upon Silver's statements that it could not obtain regulatory approval of the merger at the purchase price per share set forth in the merger agreement.

- We also recorded a $10.8 million impairment charge related to the write down on three high-yield, tax-free investments. There are no such remaining high-yield, tax-free investments in our portfolio.

Unforeseen Litigation. During 2004, we had to defend unforeseen litigation, some of which we won, some of which we settled and some of which remains pending:

- On March 10, 2004, we and nine of our directors were sued in a class action case in the District Court of Johnson County, Kansas for alleged breaches of fiduciary duty and conflicts of interest related to our repurchase of 530,000 shares from our former CEO and the proposed merger with Silver. On July 7, 2004, the case was dismissed with prejudice, with no payment to the plaintiff.

- On June 14, 2004, we were notified that a *qui tam* lawsuit was pending against us in United States District Court in Oklahoma City, Oklahoma alleging violations of the False Claims Act relating to payments we received under the Farm Service Agency ("FSA") guaranteed loan program. On November 19, 2004, the court approved a settlement of that case in which we paid $16 million to the federal government but admitted no wrongdoing.

- On September 10, 2004, a class action case was filed against us in the District Court of Kingfisher County, Oklahoma. On September 23, 2004, a second class action case was filed against us in United States District Court for the Western District of Oklahoma. Both class actions were brought on behalf of farm borrowers under our FSA guaranteed loan program and contained various claims related to our operation of such loan program. The federal case was dismissed on January 26, 2005, but on February 2, 2005, the same plaintiffs refiled their claims in the District Court of Washita County, Oklahoma. Both state cases remain pending.

Refinancings. On the positive side, we completed several significant refinancings that repositioned our balance sheet, lowered the interest rates on our trust-preferred securities and increased our borrowing capacity:

- On March 15, 2004, we issued to investors through subsidiary trusts $46.0 million of new trust-preferred securities. On April 22, 2004, we used the proceeds to redeem approximately $45.0 million of our outstanding higher cost trust-preferred securities.

- On October 1, 2004, we entered into a new $25.0 million line of credit with Bank One, N.A. This replaced a $10.0 million line of credit from LaSalle Bank.

- On November 10, 2004, we issued through a subsidiary trust $38.0 million of new trust-preferred securities. On November 15, 2004 we used the proceeds to redeem $37.6 million of our outstanding higher cost trust-preferred securities.

Repositioning. We took definitive steps in 2004 to implement our franchise repositioning strategy by consolidating our subsidiary banks, divesting rural branches which were not located in metropolitan statistical area ("MSA") markets and focusing our capital and human resources in high-growth metropolitan markets:

- On April 2, 2004, we merged our Oklahoma bank with and into our Kansas bank.

- On August 31, 2004, we merged our Florida bank with and into our Kansas bank.

- During 2004, we sold 8 rural Kansas branches and 3 rural Oklahoma branches in 3 separate transactions. We recorded gains of approximately $20.6 million from the sale of these branches.

- We disposed of CompuNet Engineering, Inc. as well as most of our merchant banking investments.

- We negotiated the sale of 5 additional Oklahoma branches in a pending sale, which we announced on January 18, 2005.

Examinations. Our business and its operations underwent intensive internal and external examination and review during 2004:

- In late 2004, federal and state bank examiners conducted a comprehensive examination of our bank. Based upon such examination, the regulators were satisfied with the condition of our bank and concluded that we were in substantial compliance with the terms of our Written Agreement.

- In 2004 and 2005, we conducted a comprehensive review of our internal control procedures as required by Section 404 of the Sarbanes-Oxley Act.

Notwithstanding the challenges we faced in 2004, the tremendous time and effort of our management and employees during the year has made us a stronger and more focused company. Our repositioning is nearly completed. We are well prepared to execute our business that is designed to achieve our Vision and Mission, which are described below.

Bottom line, 2004 was difficult, but great progress was made repositioning our company for growth in 2005 and beyond.

Renewed, Refined and Intense Focus in 2005

With our repositioning nearly complete and the aforementioned distractions behind us, we have a renewed, refined and intense focus on our direction for the future.

Our Vision. We will be known as a focused and efficient financial services holding company exhibiting superior growth and a strong capital base. Gold Bank will offer Business Banking, Asset Management and Personal Banking through a "Super Community Business Bank," operating in select high-growth markets with superior demographics.

Our Mission and Values. We will become a "Super Community Business Bank" by creating success through the quality of our associates, the quality of the services and products they offer our customers and their businesses, and the return we will achieve for our stockholders.

We are updating our "More Than Money" trademark with a new credo, "We're Here for You." This credo simply states our philosophy that we are here for our customers, our associates and our stockholders.

We will achieve our mission and demonstrate our values by:

- operating as a market-driven organization, sensitive to the customers and markets we serve;
- offering profitable, specialized financial products and superior customer service to individuals and small and medium-sized businesses;
- providing our associates an environment of respect, paying a fair wage and providing access to a competitive array of benefits;
- holding all associates to the highest ethical and corporate governance standards;
- trusting each other to perform our duties in a professional and ethical manner;
- working together in a positive and effective manner to attain our common goals;
- making all decisions for the good of our company and its stockholders, as opposed to the benefit of a particular subsidiary, division, location or individual;
- enhancing shareholder value through share appreciation by being the bank of choice throughout the markets we serve and by striving for productivity and operating efficiency at all levels, while maintaining high standards of quality and customer service;
- allocating our capital to those products and markets which will allow us to consistently achieve superior returns while managing risks; and
- encouraging corporate and employee support for the markets we serve.

Strategic Focused Growth. We plan to grow through de novo branching in our high-growth metropolitan markets. Organic growth in existing locations is our primary objective; however, we may consider selected acquisition of established branches or companies, especially in our primary markets. Our criteria for new branch locations are (1) high-growth metropolitan market, (2) attractive demographics, and (3) strong local management.

Excess Regulatory Capital. As a result of the divestiture of our rural branches and the issuance of our new trust-preferred securities, we are comfortably above the "well-capitalized" level for both the bank and holding company. We plan to maintain the bank's regulatory capital in excess of minimum "well-capitalized" regulatory requirements. Overall, we plan to monitor and manage our capital to maximize long-term stockholder value in the manner described in Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Company and Subsidiaries

Gold Banc Corporation, Inc. Our company, Gold Banc Corporation, Inc., is a Kansas corporation, a registered bank holding company under the Bank Holding Company Act and a financial holding company under the Graham-Leach-Bliley Act. We are subject to regulation by the Federal Reserve Board (the "FRB"). Our principal executive offices are located at 11301 Nall Avenue, Leawood, Kansas 66211, and our telephone number is (913) 451-8050.

As a financial holding company, we are eligible to engage in a broad range of financial activities. "Financial activities" include not only banking and securities activities, but also investment advisory and additional activities that the FRB determines to be financial in nature or complementary to such activities.

We own all of the outstanding stock of a commercial bank with 38 branches in 18 communities in Kansas, Missouri, Oklahoma and Florida. At the beginning of the year we operated primarily through three subsidiary banks: Gold Bank-Kansas, Gold Bank-Oklahoma and Gold Bank-Florida. As a result of mergers completed during 2004, we have consolidated our subsidiary banks into a single Kansas-chartered bank operating as "Gold Bank." In addition to our bank, we also own five non-bank financial services subsidiaries. Our financial services subsidiaries provide securities brokerage, investment management and trust services. The remaining two, our insurance agency and investment advisory services businesses, are largely inactive.

We and Gold Bank are headquartered in Johnson County, Kansas. Johnson County is a suburban community near Kansas City, Missouri. Johnson County has a competitive banking environment. Its robust economic growth has enabled Gold Bank to rapidly grow its loans and deposits in the county. Gold Bank has eleven branches in the growing areas of Johnson County and 6 branches in the remainder of the Kansas City metropolitan area. We entered the Kansas City, Missouri market with our acquisition in 2000 of First Business Bank of Kansas City. We promptly merged that bank into Gold Bank-Kansas and then into Gold Bank.

We entered the Tulsa, Oklahoma market in 1998 with the acquisition of Citizens Bank of Tulsa, which was subsequently merged into Gold Bank-Oklahoma and then merged into Gold Bank. The Tulsa location serves a growing area in southeastern Tulsa, a light-industrial district that is home to more than 5,000 small businesses, and is a mature residential area of Tulsa. A third branch was opened in a developing residential area of south Tulsa during the second quarter of 1999.

We entered the Oklahoma City market and the communities in central and western Oklahoma with the acquisition of CountryBanc Holding Company in March 2000. CountryBanc's two subsidiary banks, People First and American Heritage, were merged along with Citizens Bank of Tulsa to create Gold Bank-Oklahoma. Gold Bank-Oklahoma was then merged into Gold Bank and serves selected markets in central and northeastern Oklahoma.

We entered the Bradenton and Sarasota, Florida market on the highly popular and rapidly growing west coast of the state between Tampa Bay and Naples with the acquisition of American Bank in March 2000. The American Bank acquisition provided us with access to a diversified market that has been one of the fastest growing population areas in the United States for the past ten years. The demographics and per capita income levels are believed to be very promising for the development of our wealth and asset management services. In 2002, we opened a new branch in Tampa Bay and a new branch in downtown Sarasota. In 2002, we changed the bank's name to Gold Bank-Florida, and in 2004 it was merged into Gold Bank.

Financial services, including traditional and on-line banking, brokerage, trust, mortgage and investment management, are offered to customers of Gold Bank, either directly through representatives located in bank offices or through telecommunication links with the non-bank offices.

Our Subsidiary Bank

Gold Bank, which we formerly referred to as Gold Bank-Kansas, is a Kansas state bank that began 2004 with 18 branches located throughout the State of Kansas as well as 5 Missouri branches in the greater Kansas City area. During 2004, we merged our wholly-owned subsidiaries Gold Bank-Oklahoma and Gold Bank-Florida into Gold Bank-Kansas. The resulting entity we now refer to solely as Gold Bank. As a result of the mergers of the bank charters, Gold Bank currently has 13 branches located in the State of Kansas, 6 Missouri branches in the greater Kansas City area, 8 branches in Oklahoma, and 11 branches in the Tampa Bay, Sarasota and Bradenton, and Port Charlotte areas of Florida.

Gold Bank is a full service bank that conducts a general banking and trust business, offering its customers checking and savings accounts, debit cards, certificates of deposit, trust services, safe deposit boxes and a wide range of lending services, including: credit card accounts, commercial and industrial loans, single payment personal loans, installment loans, construction and development loans and commercial and residential real estate loans. The Bank's loan portfolio consists primarily of commercial and industrial and commercial real estate loans.

Our Active Financial Services Subsidiaries

Gold Financial Services, Inc. Gold Financial Services is a wholly-owned subsidiary of Gold Banc Corporation and serves as an intermediate holding company for our financial services subsidiaries engaged in insurance, trust, brokerage, investment advisory services and merchant banking.

Gold Capital Management, Inc. Gold Capital Management is registered with the SEC as a securities broker-dealer and investment advisor, and is a member of the National Association of Securities Dealers (NASD). It is also licensed in Florida, Kansas, Misouri and Oklahoma as an insurance agency. Gold Capital Management's customers consist mostly of financial institutions located throughout the Midwest. Gold Capital Management manages a wide variety of fixed income portfolios for clients that currently include a significant number of commercial banks located primarily in Kansas, Missouri, Oklahoma, Nebraska and Iowa. Gold Capital Management also provides services to trusts, pension plans, insurance companies, commercial businesses, government entities, foundations and high-net-worth individuals. Gold Capital Management is headquartered in Overland Park, Kansas, and is a wholly-owned subsidiary of Gold Financial Services.

Gold Trust Company. Gold Trust Company is a Missouri non-depository trust company that is headquartered in St. Joseph, Missouri. Gold Trust Company provides trust services at Gold Bank branch locations in Missouri,

Kansas, Florida and Oklahoma. As of December 31, 2004, Gold Trust Company had approximately $825 million in discretionary trust assets under management and approximately $424 million in non-discretionary trust assets under administration. Gold Trust Company is a wholly-owned subsidiary of Gold Financial Services.

Dispositions and Consolidations During 2004 and Early 2005

Pursuant to our strategy to increase our presence in higher growth metropolitan areas, we have sold most of our rural branches and redeployed our capital to acquire deposits in metropolitan areas. We believe that the transactions described below will have a positive impact on our business, capital and liquidity.

Sale of Seven Gold Bank-Kansas branches. On September 16, 2003, we announced that we had entered into an agreement for the sale of 7 Gold Bank-Kansas branches. An employee-investor group led by the regional Gold Bank-Kansas president in Marysville, Kansas, agreed to purchase the Gold Bank-Kansas branches. The sale of the Gold Bank-Kansas branches closed on February 13, 2004. As of the date of closing, the deposits and loans of the 7 Gold Bank-Kansas branches were approximately $333.4 million and $194.8 million, respectively. Total property, plant and equipment net of accumulated depreciation was $3.8 million. In addition, goodwill of $0.6 million was allocated to these branches. Such are shown as assets and liabilities held for sale as of December 31, 2003. In connection with the sale of these branches, we recorded a gain of approximately $16.2 million.

Sale of Elkhart branch. On August 28, 2003, Gold Bank-Oklahoma entered into an agreement for the sale of its branch location in Elkhart, Kansas to ColoEast Bankshares. The sale of this Gold Bank-Oklahoma branch closed on February 5, 2004. As of the date of closing, the deposits and loans of this Gold Bank-Oklahoma branch were approximately $30.0 million and $3.2 million, respectively. Total property, plant and equipment net of accumulated depreciation was $0.3 million. Such are shown as assets and liabilities held for sale as of December 31, 2003. In connection with the sale of this branch, we recorded a gain of approximately $0.9 million.

Sale of CompuNet Engineering On January 15, 2004, we entered into a letter of understanding for the sale of our wholly-owned subsidiary, CompuNet Engineering, which provided information technology, e-commerce services and networking solutions for banks and other businesses, including the design, implementation and administration of local and wide area networks. This sale was made to Computer Source, Inc. and closed on February 4, 2004. In connection with the expected sale of our interest in CompuNet Engineering, we recorded a loss of approximately $4.1 million in 2003. The financial after-tax impact of CompuNet operations in 2004 until the sale resulted in an additional loss of discontinued operations of $0.6 million.

Merger of Gold Bank-Kansas and Gold Bank-Oklahoma*.* On August 11, 2003, Gold Bank-Kansas filed an application with the Federal Reserve Bank of Kansas City (the "FRB-KC") and the Office of the Kansas State Bank Commissioner (the "OSBC") to merge Gold Bank-Oklahoma and Gold Bank-Kansas, with Gold Bank-Kansas being the surviving entity. In October 2003, Gold Bank-Kansas received approval of its application and the merger was consummated on April 2, 2004.

Sale of Weatherford, Geary and Cordell, Oklahoma branches. On February 13, 2004, Gold Bank-Oklahoma entered into an agreement for the sale of its branch locations in Weatherford, Geary and Cordell, Oklahoma to Bank of Western Oklahoma of Elk City. The sale of these Gold Bank-Oklahoma branches closed on May 7, 2004. As of the date of closing, the deposits and loans of these Gold Bank-Oklahoma branches were approximately $63.0 million and $18.6 million, respectively. In connection with the sale of these branches, we recorded a gain of approximately $3.6 million.

Merger of Gold Bank-Kansas and Gold Bank-Florida*.* On March 31, 2004, Gold Bank-Kansas filed an application with the FRB-KC and the OSBC to merge Gold Bank-Florida and Gold Bank-Kansas, with Gold Bank-Kansas being the surviving entity. In May 2004, Gold Bank-Kansas received approval of its application, and the merger was consummated on August 31, 2004.

Sale of Five Gold Bank branches. On January 12, 2005, Gold Bank entered into an agreement for the sale of 5 branch locations in Oklahoma. The deposits and loans of these Gold Bank branches were approximately $350.2 million and $383.4 million, respectively, as of December 31, 2004. The sale of these branches is expected to close in the second quarter of 2005 with an expected approximate gain of $33.0 million. Total property, plant and equipment net of accumulated depreciation was $4.1 million. Such are shown as assets and liabilities held for sale as of December 31, 2004.

Community Banking Style

We serve the needs and cater to the economic strengths of the metropolitan areas where the offices of our bank and other subsidiaries are located. We strive to provide a high level of personal and professional customer service focusing on business and personal banking and asset and wealth management in a community bank setting. Associate participation in community affairs is encouraged in order to build long-term banking relationships with established businesses and individual customers in our market areas.

We have applied our community banking style to the affluent communities in the rapidly developing Johnson County suburbs southwest of Kansas City, in affluent areas of Kansas City and Independence, Missouri, in the high-growth market areas of Tampa Bay, Sarasota and Bradenton, Florida and in the growing Tulsa, Oklahoma market area. We believe there are great opportunities in these markets for us to attract and retain, as loan customers, those owner-operated businesses

that require flexibility and responsiveness in lending decisions and that desire a personal banking relationship. We believe that we have been able to meet these customers' expectations without compromising credit standards. The success of this strategy is reflected in our growth in the suburban communities of Leawood, Shawnee, Olathe and Overland Park, Kansas, the urban communities of Kansas City and Independence, Missouri and in markets such as Tampa Bay, Sarasota and Bradenton, Florida and Tulsa, Oklahoma.

Operating Strategy

Our operating strategy is focused on business banking, personal banking and asset and wealth management. This operating strategy is to provide a focused range of financial products and services to small and medium-sized businesses and consumers in each of our markets. We emphasize personal relationships with customers, involvement in local community activities and responsive lending decisions. We strive to maintain responsive community branches with local decision makers, allowing senior management at each banking location, within certain limitations, to make their own credit and pricing decisions allowing us to retain a local identity in each of our market areas.

Our goals include long-term customer relationships and a high quality of service and responsiveness to specific customer needs. The principal elements of our operating strategy are:

- *Emphasize Personalized Customer Service.* We believe that in most of our market areas customer loyalty and service are the most important competitive factors. Our primary goal is to provide exceptional customer service. Gold Bank's management and associates participate actively in a wide variety of community activities and organizations in order to develop and maintain customer relationships. Gold Bank seeks to retain and recruit the best available banking talent to deliver the quality of personal banking services required to meet customer expectations and to permit us to meet our goals for long-term profitable growth.

- *Capitalize on Changing Market Conditions.* Our management continually monitors economic developments in our market areas in order to tailor our operations to the evolving strengths and needs of the local communities. For example, we have opened service locations in the high-growth sections of the Kansas City area to fill the niche of a community bank with extensive products and services. Our market area in Florida is a strong market for business banking, personal banking and asset and wealth management services. To further serve this area, we have opened new branches in Tampa and Sarasota.

- *Centralize and Streamline Operations to Achieve Economies of Scale.* In order to minimize duplication of functions, we have centralized certain management and administrative functions, including data processing, human resources, internal audit, loan administration and regulatory compliance. This includes the ongoing centralization of operations at the services center in Overland Park, Kansas. In 2004, we completed a company-wide conversion to common platforms for loans and deposits for all locations pending the sale of 5 Oklahoma branches. Such centralization is designed to reduce operating expenses, enhance standardization and controls, and enable our bank personnel to become even more focused on customer service. The merger of Gold Bank-Oklahoma and Gold Bank-Florida into Gold Bank-Kansas will allow us to achieve additional standardization of processes and economies of scale.

Acquisition/Growth Strategy

Regional bank acquisitions of community banks in the Midwest and Florida have created what our management perceives to be a shortage of "Super Community Business Banks." Management believes that it has been the practice of regional banking institutions to convert the banks they acquire into branches of the acquiring institution without the retention of local decision making. Management believes this practice detracts from the delivery of quality, personalized services to the existing customer base of those branches. Management believes our branching activities are distinguished from those of other regional banking institutions by the high degree of autonomy given each branch location.

This expansion activity has allowed us to grow and diversify our loan portfolio. Furthermore, we believe additional opportunities exist in our metropolitan markets due to heavy residential and small business development. The loan demand in the suburban Johnson County, Kansas communities, as well as Tampa Bay, Bradenton and Sarasota, Florida, is generally greater in contrast to national averages. We intend to continue to pursue opportunities in these metropolitan markets.

Lending Activities

General. In each market area we serve, we strive to provide a full range of financial products and services to small and medium-sized businesses and consumers. We target owner-operated businesses. Our bank has an established loan committee for each lending region which has authority to approve credits within established guidelines. Concentrations in

excess of those guidelines must be approved by a corporate loan committee comprised of the Chief Executive Officer, the Chief Credit Officer, the Director of Commercial Lending and senior lending officers of the various states. When lending to an entity, we generally obtain a guaranty from the principals of such entity. The loan mix within the bank is subject to the discretion of the bank's board of directors and the demands of the local marketplace.

Real Estate Lending. Loans secured by real estate represent the largest class of our loans. On December 31, 2004, real estate and real estate construction and development loans totaled $1.3 billion and $792.1 million, respectively, or 42.03% and 25.50% of gross loans, respectively. Our large portfolio of real estate loans carries with it credit risk, which is managed through proper credit administration and underwriting. Generally, residential loans are written on a variable-rate basis with adjustment periods of five years or less and amortized over terms not exceeding 30 years. We retain, in our portfolio, some adjustable rate mortgages having an adjustment period of five years or less. Commercial real estate loans are generally amortized over 20 years or less. We also generate long-term, fixed-rate residential real estate loans, which we sell in the secondary market. We take a security interest in the real estate. Commercial real estate, construction and agricultural real estate loans are generally limited, by policy, to 80% of the appraised value of the property. Commercial real estate and agricultural real estate loans also are supported by an analysis demonstrating the borrower's ability to repay. Residential loans that exceed 80% of the appraised value of the real estate generally are required, by policy, to be supported by private mortgage insurance; although, on occasion, we will retain non-conforming residential loans to known customers at premium pricing.

Commercial Lending. Loans in this category principally include loans to service, retail, wholesale and light manufacturing businesses including agricultural service businesses. Commercial loans are made based on the financial strength and repayment ability of the borrower, as well as the collateral securing the loans. As of December 31, 2004, commercial loans represented our second largest class of loans at $908.3 million, or 29.25% of gross loans. Commercial loans can contain risk factors unique to the business of each customer. In order to mitigate these risks, we target owner-operated businesses as our customers and make lending decisions based upon a cash flow analysis of the borrower as well as value of collateral pledged to secure the loan. Working capital loans generally have a one-year renewable term and those for equipment generally have a term of seven years or less. We generally take a blanket security interest in all assets of the borrower. Equipment loans are generally limited to the lesser of the cost or appraised value of the equipment. Inventory loans generally are limited to 50% of the value of the inventory, and accounts receivable loans generally are limited to 75% of a predetermined eligible base.

Consumer and Other Lending. Loans classified as consumer and other include automobile, credit card, boat, home improvement and home equity loans, the latter two secured principally through second mortgages. We generally take a purchase-money-security interest in goods for which we provide the original financing. The terms of the loans range from one to five years depending upon the use of the proceeds, and range from 75% to 90% of the value of the collateral. The majority of these loans are installment loans with fixed interest rates. As of December 31, 2004, consumer and other loans amounted to $31.8 million, or 1.02% of gross loans. We implemented a credit card program in late 1994 and targeted our Bank's existing customer base as potential consumers. During 2004, we sold our credit card portfolio.

Agricultural Lending. We provide short-term credit for operating loans and intermediate-term loans for farm product, livestock and machinery purchases and other agricultural improvements. Agricultural loans were $62.8 million as of December 31, 2004, or 2.02% of total loans. Farm product loans have generally a one-year term, and machinery and equipment and breeding livestock loans have generally five to seven-year terms. Extension of credit is based upon the ability to repay as well as the existence of federal guarantees and crop insurance coverage. These loans are generally secured by a blanket lien on livestock, equipment, feed, hay, grain and growing crops. Equipment and breeding livestock loans are generally limited to 75% of the appraised value of the collateral.

Loan Origination and Processing

Loan originations are derived from a number of sources. Loan originations result from real estate broker referrals, mortgage loan brokers, direct solicitation by our bank loan officers, present savers and borrowers, builders, attorneys, walk-in customers, and in some instances, other lenders. Residential loan applications, whether originated through our bank or through mortgage brokers, are underwritten and closed based on the same standards, which generally meet Fannie Mae underwriting guidelines.

The loan underwriting procedures followed by our bank are designed to assess both the borrower's ability to make principal and interest payments and the value of any assets or property serving as collateral for the loan. Generally, as part of the process, a loan officer meets with each applicant to obtain the appropriate employment and financial information as well as any other required loan information. Our bank then obtains reports with respect to the borrower's credit record and orders and reviews an appraisal of any collateral for the loan (prepared for our bank through an independent appraiser). The loan information supplied by the borrower is independently verified.

Loan applicants are notified promptly of the decision of our bank by telephone and letter. If the loan is approved, the commitment letter specifies the terms and conditions of the proposed loan including the amount of the loan, interest rate, amortization term, a brief description of the required collateral, and required insurance coverage. Prior to closing any long-term loan, the borrower must provide proof of fire and casualty insurance on the property serving as collateral, and such insurance must be maintained during the full term of the loan. Title insurance is required on loans collateralized by real property. Interest rates on committed loans are normally locked in at the time of application or for a 30 to 45 day period.

Mortgage Banking Operations

We are engaged through Gold Bank in the production of residential mortgage loans. We originate residential mortgage loans, which are generally sold with servicing released. Income is generated from origination fees and the gain on sale of loans.

Brokerage Services

We provide securities brokerage and investment management services through Gold Capital Management, a wholly-owned subsidiary, which operates as a broker dealer in securities. Gold Capital Management is registered with the SEC as a broker dealer and investment advisor and is a member of the NASD.

Trust Services

We provide trust and investment advisory services, primarily to individuals, corporations and employee benefit plans, through Gold Trust Company, a Missouri chartered non-depository trust company and wholly-owned, non-bank subsidiary.

Merchant Banking

Although we are authorized as a financial holding company in merchant banking activities, to engage through Gold Merchant Banc, a wholly-owned, non-bank subsidiary, we have ceased being active in making any new investments of this type.

Insurance Agency Services

We provided insurance agency services through Gold Insurance Agency, a wholly-owned, non-bank subsidiary. During 2001, we sold most of our agency locations and substantially reduced the activities of Gold Insurance Agency to offering life insurance and annuity products to Gold Banks' clients. This entity was inactive in 2004.

Investment Portfolio

Our bank's investment portfolio is used to meet its liquidity needs while endeavoring to maximize investment income. Additionally, management augments the quality of the loan portfolio by maintaining a high-quality investment portfolio. The portfolio is comprised of U.S. Treasury securities, U.S. government agency instruments and a modest amount of obligations of state and political subdivisions. In managing our interest rate exposure, we also invest in mortgage backed securities and collateralized mortgage obligations. Investment securities were $916.0 million, or 21.2% of total assets, on December 31, 2004. Federal funds sold and certificates of deposit are not classified as investment securities.

Deposits and Borrowings

Deposits are the major source of our bank's funds for lending and other investment purposes. In addition to deposits, including local public fund deposits and demand deposits of commercial customers, we derive funds from loan principal repayments, maturing investments, Federal funds borrowings from commercial banks, borrowings from the FRB-KC and the Federal Home Loan Bank, and from repurchase agreements. Loan repayments and maturing investments are a relatively stable source of funds while deposit inflows are significantly influenced by general interest rates and money market conditions. Borrowings may be used on a short-term basis to compensate for reductions in the availability of funds from other sources. They also may be

used on a long-term basis for funding specific loan transactions and for general business purposes.

Our bank offers a variety of accounts for depositors designed to attract both short-term and long-term deposits. These accounts include certificates of deposit, savings accounts, money market accounts, checking and individual retirement accounts. Deposit accounts generally earn interest at rates established by the asset liability committee with input from local management, and at rates based on competitive market factors and management's desire to increase or decrease certain types or maturities of deposits.

Competition

The deregulation of the banking industry, the widespread enactment of state laws permitting multi-bank holding companies, and the availability of nationwide interstate banking has created a highly competitive environment for financial service providers. This is particularly true for financial institutions in the suburban areas in which we operate, especially in Shawnee, Leawood, Olathe and Overland Park, Kansas; Kansas City and Independence, Missouri; Tulsa and Oklahoma City, Oklahoma; and Tampa Bay, Bradenton and Sarasota, Florida. In these communities we compete for deposits and loans with other commercial banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking companies and other financial intermediaries. Some of these competitors have substantially greater resources and lending limits and may offer certain services that we do not currently provide at these locations. In addition, some of our non-bank competitors are not subject to the same extensive federal regulations that govern our bank.

We believe that we have been able to compete successfully because of our emphasis on local control and the autonomy of bank management, allowing our bank to meet what is perceived to be the preference of community residents and businesses to deal with a "local" bank. Management believes that we will continue to compete successfully in these communities, but increased competition could adversely affect our earnings.

Associates

We maintain a corporate staff of approximately 68 persons. At December 31, 2004, our bank and non-bank subsidiaries had approximately 749 associates. None of our associates or any of the associates of our bank or non-bank subsidiaries is covered by a collective bargaining agreement. We, along with our bank and our non-bank subsidiaries, believe that our associate relations are satisfactory.

Where to Find Additional Information

Additional information about us can be found on our Web site at www.goldbanc.com We also provide on our Web site our filings with the SEC, including our annual reports, quarterly reports, and current reports along with any amendments thereto, as soon as reasonably practicable after we have electronically filed such material with the SEC.

Regulation and Supervision

Regulations Applicable to Bank Holding Companies and Financial Holding Companies. As a registered bank holding company and a financial holding company under the Bank Holding Company Act (the "BHC Act") and the Gramm-Leach-Bliley Act (the "GLB Act"), we are subject to the supervision and examination by the FRB. The FRB has authority to issue cease and desist orders against bank holding companies if it determines that their actions represent unsafe and unsound practices or violations of law. In addition, the FRB is empowered to impose civil money penalties for violations of banking statutes and regulations. Regulation by the FRB is intended to protect depositors of Gold Bank, not our stockholders.

Limitation on Acquisitions. The BHC Act requires a bank holding company to obtain prior approval of the FRB before:

- taking any action that causes a bank to become a controlled subsidiary of the bank holding company;
- acquiring direct or indirect ownership or control of voting shares of any bank or bank holding company, if the acquisition results in the acquiring bank holding company having control of more than 5% of the outstanding shares of any class of voting securities of such bank or bank holding company, and such bank or bank holding company is not majority-owned by the acquiring bank holding company prior to the acquisition;
- acquiring substantially all of the assets of a bank; or
- merging or consolidating with another bank holding company.

Limitation on Activities. The activities of bank holding companies are generally limited to the business of banking, managing or controlling banks, and other activities that the FRB has determined to be so closely related to banking or managing or controlling banks as to be a proper incident thereto. In addition, under the GLB Act, a bank holding company, all of whose controlled depository institutions are "well-capitalized" and "well-managed" (as defined in federal banking regulations) and which obtains "satisfactory" Community Reinvestment Act ratings, may declare itself to be a "financial holding company" and engage in a broader range of activities.

A financial holding company may affiliate with securities firms and insurance companies and engage in other activities that are financial in nature or incidental or complementary to activities that are financial in nature. "Financial in nature" activities include:

- securities underwriting, dealing and market making;
- sponsoring mutual funds and investment companies;
- insurance underwriting and insurance agency activities;
- merchant banking; and
- activities that the FRB determines to be financial in nature or incidental to a financial activity, or which is complementary to a financial activity and does not pose a safety and soundness risk.

A financial holding company that desires to engage in activities that are financial in nature or incidental to a financial activity but not previously authorized by the FRB must obtain approval from the FRB before engaging in such activity. Also, a financial holding company may seek FRB approval to engage in an activity that is complementary to a financial activity, if it shows that the activity does not pose a substantial risk to the safety and soundness of insured depository institutions or the financial system.

A financial holding company may acquire a company (other than a bank holding company, bank or savings association) engaged in activities that are financial in nature or incidental to activities that are financial in nature without prior approval from the FRB. Prior FRB approval is required, however, before the financial holding company may acquire control of more than 5% of the voting shares or substantially all of the assets of a bank holding company, bank or savings association. In addition, under the FRB's merchant banking regulations, a financial holding company is authorized to invest in companies that engage in activities that are not financial in nature, as long as the financial holding company makes its investment with the intention of limiting the duration of the investment, does not manage the company on a day-to-day basis, and the company does not cross market its products or services with any of the financial holding company's controlled depository institutions.

If any subsidiary bank of a financial holding company receives a rating under the Community Reinvestment Act of less than "satisfactory", then the financial holding company is prohibited from engaging in new activities or acquiring companies other than bank holding companies, banks or savings associations, until the rating is raised to at least "satisfactory."

Regulatory Capital Requirements. The FRB has promulgated capital adequacy guidelines for use in its examination and supervision of bank holding companies. If a bank holding company's capital falls below minimum required levels, then the bank holding company must implement a plan to increase its capital, and its ability to pay dividends and make acquisitions of new bank subsidiaries may be restricted or prohibited.

The FRB's capital adequacy guidelines provide for the following types of capital:

- Tier 1 capital, also referred to as core capital, calculated as:

  - common stockholders' equity;
  - plus, non-cumulative perpetual preferred stock and any related surplus;
  - plus, minority interests in the equity accounts of consolidated subsidiaries;
  - less, all intangible assets (other than certain mortgage servicing assets, non-mortgage servicing assets and purchased credit card relationships);
  - less, certain credit-enhanced interest only strips and nonfinancial equity investments required to be deducted from capital; and
  - less, certain deferred tax assets.

- Tier 2 capital, also referred to as supplementary capital, calculated as:

- allowances for loan and lease losses (limited to 1.25% of risk-weighted assets);
- plus, unrealized gains on certain equity securities (limited to 45% of pre-tax net unrealized gains);
- plus, cumulative perpetual and long-term preferred stock (original maturity of 20 years or more) and any related surplus;
- plus, auction rate and similar preferred stock (both cumulative and non-cumulative);
- plus, hybrid capital instruments (including mandatory convertible debt securities); and
- plus, term subordinated-debt and intermediate-term preferred stock with an original weighted average maturity of five years or more (limited to 50% of Tier 1 capital).

The maximum amount of supplementary capital that qualifies as Tier 2 capital is limited to 100% of Tier 1 capital.

- Total capital, calculated as:

- Tier 1 capital;
- plus, qualifying Tier 2 capital;
- less, investments in banking and finance subsidiaries that are not consolidated for regulatory capital purposes;
- less, intentional, reciprocal cross-holdings of capital securities issued by banks; and
- less, other deductions (such as investments in other subsidiaries and joint ventures) as determined by supervising authority.

The FRB's capital adequacy guidelines require that a bank holding company maintain a Tier 1 leverage ratio equal to at least 4% of its average total consolidated assets, a Tier 1 risk-based capital ratio equal to 4% of its risk-weighted assets and a total risk-based capital ratio equal to 8% of its risk-weighted assets. On December 31, 2004, we were in compliance with all of the FRB's capital adequacy guidelines. Our capital ratios on December 31, 2004 are shown on the following chart.

	Leverage Ratio (4% minimum requirement)	Tier 1 Risk-based Capital Ratio (4% minimum requirement)	Total Risk-based Capital Ratio (8% minimum requirement)
Company	7.75%	9.32%	11.08%

Interstate Banking and Branching. Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"), a bank holding company is permitted to acquire the stock or substantially all of the assets of banks located in any state regardless of whether such transaction is prohibited under the laws of any state. The FRB will not approve an interstate acquisition if, as a result of the acquisition, the bank holding company would control more than 10% of the total amount of insured deposits in the United States or would control more than 30% of the insured deposits in the home state of the acquired bank. The 30% of insured deposits state limit does not apply if the acquisition is the initial entry into a state by a bank holding company or if the home state waives such limit. The Riegle-Neal Act also authorizes banks to merge across state lines, thereby creating interstate branches. Banks are also permitted to acquire and to establish de novo branches in other states where authorized under the laws of those states.

Under the Riegle-Neal Act, individual states may restrict interstate acquisitions in two ways. A state may prohibit an out-of-state bank holding company from acquiring a bank located in the state unless the target bank has been in existence for a specified minimum period of time (not to exceed five years). A state may also establish limits on the total amount of insured deposits within the state which are controlled by a single bank holding company, provided that such deposit limit does not discriminate against out-of-state bank holding companies.

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Source of Strength. FRB policy requires a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. Under this "source of strength doctrine," a bank holding company is expected to stand ready to use its available resources to provide adequate capital funds to its subsidiary banks during periods of financial stress or adversity, and to maintain resources and the capacity to raise capital that it can commit to its subsidiary banks. Furthermore, the FRB has the right to order a bank holding company to terminate any activity that the FRB believes is a serious risk to the financial safety, soundness or stability of any subsidiary bank.

Liability of Commonly Controlled Institutions. Under cross-guaranty provisions of the Federal Deposit Insurance Act (the "FDIA"), bank subsidiaries of a bank holding company are liable for any loss incurred by the Bank Insurance Fund (the "BIF"), the federal deposit insurance fund for banks, in connection with the failure of any other bank subsidiary of the bank holding company.

Kansas Bank Holding Company Regulation. A bank holding company that owns, controls or has the power to vote 25% or more of any class of voting securities of a Kansas bank or a Kansas bank holding company must file an application with the Office of the Kansas State Bank Commissioner. Kansas prohibits any bank holding company from acquiring ownership or control of any bank that has Kansas deposits if, after such acquisition, the bank holding company would hold or control more than 15% of total Kansas deposits.

Regulations Applicable to Gold Bank. Gold Bank, a Kansas state member bank, is subject to regulation and examination by the Office of the Kansas State Bank Commissioner and the FRB. Gold Bank is also regulated by the Federal Deposit Insurance Corporation (the "FDIC"). The FRB and the FDIC are each empowered to issue cease and desist orders against Gold Bank if they determine that activities of the bank represent unsafe and unsound banking practices or violations of law. In addition, the FRB and the FDIC have the power to impose civil money penalties for violations of banking statutes and regulations. Regulation by these agencies is designed to protect the depositors of Gold Bank, not our stockholders.

Bank Regulatory Capital Requirements. The FRB has adopted minimum capital requirements applicable to state member banks which are substantially similar to the capital adequacy guidelines established by the FRB for bank holding companies. Special risk-based capital requirement (including a new Tier 3 capital component) applies to certain large banks whose trading activity (on a worldwide consolidated basis) equals 10% or more of their total assets or $1 billion or more. Gold Bank is not subject to such special capital requirement.

Federal banking laws classify an insured financial institution in one of the following five categories, depending upon the amount of its regulatory capital:

- "well-capitalized" if it has a total Tier 1 leverage ratio of 5% or greater, a Tier 1 risk-based capital ratio of 6% or greater and a total risk-based capital ratio of 10% or greater (and is not subject to any order or written directive specifying any higher capital ratio);
- "adequately capitalized" if it has a total Tier 1 leverage ratio of 4% or greater (or a Tier 1 leverage ratio of 3% or greater, if the bank has a CAMELS rating of 1), a Tier 1 risk-based capital ratio of 4% or greater and a total risk-based capital ratio of 8% or greater;
- "undercapitalized" if it has a total Tier 1 leverage ratio that is less than 4% (or a Tier 1 leverage ratio that is less than 3%, if the bank has a CAMELS rating of 1), a Tier 1 risk-based capital ratio that is less than 4% or a total risk-based capital ratio that is less than 8%;
- "significantly undercapitalized" if it has a total Tier 1 leverage ratio that is less than 3%, a Tier 1 risk-based capital ratio that is less than 3% or a total risk-based capital ratio that is less than 6%; and
- "critically undercapitalized" if it has a Tier 1 leverage ratio that is equal to or less than 2%.

Federal banking laws require the federal regulatory agencies to take prompt corrective action against undercapitalized financial institutions.

Gold Bank must be well-capitalized and well-managed for us to remain a financial holding company. The capital ratios and classifications of Gold Bank as of December 31, 2004 are shown on the following chart.

	Leverage Ratio (4% minimum requirement)	Tier 1 Risk-based Capital Ratio (4% minimum requirement)	Total Risk-based Capital Ratio (8% minimum requirement)	Classification
Gold Bank	8.14%	9.89%	10.81%	Well-Capitalized

Deposit Insurance and Assessments. The deposits of Gold Bank are insured by the BIF administered by the FDIC, in general up to a maximum of $100,000 per insured depositor. Certain deposits of Gold Bank are insured by the Savings Association Insurance Fund (the "SAIF"). Under federal banking regulations, insured banks are required to pay semi-annual assessments to the FDIC for deposit insurance. The FDIC's risk-based assessment system requires BIF members to pay varying assessment rates depending upon the level of the institution's capital and the degree of supervisory concern over the institution. The FDIC's assessment rates range from zero cents to 27 cents per $100 of insured deposits. The FDIC has authority to increase the annual assessment rate and there is no cap on the annual assessment rate which the FDIC may impose.

Limitations on Interest Rates and Loans to One Borrower. The rate of interest a bank may charge on certain classes of loans is limited by state and federal law. At certain times in the past, these limitations have resulted in reductions of net interest margins on certain classes of loans. Federal and state laws impose additional restrictions on the lending activities of banks. The maximum amount that a Kansas state bank may loan to one borrower generally is limited to 25% of the bank's capital, plus an additional 10% for loans fully secured by certain kinds of real estate collateral.

Payment of Dividends. Gold Bank is subject to federal and state laws limiting the payment of dividends. Under the FDIA, an FDIC-insured institution may not pay dividends while it is undercapitalized or if payment would cause it to become undercapitalized. State banking laws also prohibit the declaration of a dividend out of the capital and surplus of a bank, without prior regulatory approval.

Community Reinvestment Act. Gold Bank is subject to the Community Reinvestment Act (the "CRA") and implementing regulations thereunder. CRA regulations establish the framework and criteria by which the bank regulatory agencies assess an institution's record of helping to meet the credit needs of its community, including low and moderate-income neighborhoods. CRA ratings are taken into account by regulators in reviewing certain applications made by us and our bank subsidiary.

Limitations on Transactions with Affiliates. We and our non-bank subsidiaries are "affiliates" within the meaning of the Federal Reserve Act. The amount of loans or extensions of credit which a bank may make to non-bank affiliates, or to third parties secured by securities or obligations of the non-bank affiliates, are substantially limited by the Federal Reserve Act and the FDIA. Such acts further restrict the range of permissible transactions between a bank and an affiliated company. A bank and subsidiaries of a bank may engage in certain transactions, including loans and purchases of assets, with an affiliated company only if the terms and conditions of the transaction, including credit standards, are substantially the same as, or at least as favorable to the bank as, those prevailing at the time for comparable transactions with non-affiliated companies or, in the absence of comparable transactions, on terms and conditions that would be offered to non-affiliated companies.

Other Banking Activities. The investments and activities of Gold Bank are also subject to regulation by federal banking agencies regarding: investments in subsidiaries, investments for their own account (including limitations on investments in junk bonds and equity securities), loans to officers, directors and their affiliates, security requirements, anti-tying limitations, anti-money laundering, financial privacy and customer identity verification requirements, truth-in-lending, the types of interest bearing deposit accounts which it can offer, trust department operations, brokered deposits, audit requirements, issuance of securities, branching, and mergers and acquisitions.

Regulations Applicable to Our Non-bank Financial Service Subsidiaries.

General. Our non-bank financial service subsidiaries are subject to the supervision of the FRB and may be subject to the supervision of other regulatory agencies including the SEC, the NASD, state securities and insurance regulators and the Missouri Division of Finance.

Securities Broker/Dealer and Investment Advisor. As a securities broker/dealer, a registered investment advisor and member of the NASD, Gold Capital is subject to extensive regulation under federal and state securities laws. The SEC administers the federal securities laws but has delegated to self-regulatory organizations, principally the NASD, and the national securities exchanges much of the regulation of securities broker/dealers. Securities broker/dealers and certain investment advisors are also subject to regulation by state securities commissions in the states in which they are registered.

Securities broker/dealers and investment advisors are subject to regulations covering all aspects of the securities business, including sales methods, trade practices among broker/dealers, capital structure of securities firms, uses and safekeeping of customers' funds and securities, recordkeeping, and the conduct of directors, officers and associates. The SEC and the self-regulatory organizations may conduct administrative proceedings that can result in censure, fines, suspension or expulsion of a broker/dealer, its directors, officers and associates. The principal purposes of regulation of securities broker/dealers and investment advisors is the protection of customers and the securities markets rather than the protection of stockholders of broker/dealers and investment advisors.

Trust Company. As a Missouri non-depository trust company, Gold Trust Company is subject to regulation and supervision by the FRB and the Missouri Division of Finance. The purpose of such regulation is the protection of trust customers and beneficiaries, not the protection of stockholders of trust companies.

Insurance Agency. As licensed insurance agencies, Gold Capital Management and Gold Insurance Agency are subject to licensing, regulation and examination by the state insurance departments of each state in which they operate. State insurance regulations protect consumers and customers, not the stockholders of insurance agencies.

Changes in Laws and Monetary Policies

Future Legislation. Various legislation, including proposals to substantially change the financial institution regulatory system, is from time to time introduced in Congress. This legislation may change banking statutes and our operating environment in substantial and unpredictable ways. If enacted, this legislation could increase or decrease the cost of doing business, limit or expand permissible activities or affect the competitive balance among banks, savings associations, credit unions and other financial institutions. We cannot predict whether any of this potential legislation will be enacted and, if enacted, the effect that it, or any implementing regulations, could have on our business, results of operations or financial condition.

Fiscal Monetary Policies. Our business and earnings are affected significantly by the fiscal and monetary policies of the federal government and its agencies. We are particularly affected by the policies of the FRB, which regulates the supply of money and credit in the United States. Among the instruments of monetary policy available to the FRB are:

- conducting open market operations in United States government securities;
- changing the discount rates of borrowings of depository institutions;
- imposing or changing reserve requirements against depository institutions' deposits; and
- imposing or changing reserve requirements against certain borrowings by banks and their affiliates.

These methods are used in varying degrees and combinations to directly affect the availability of bank loans and deposits, as well as the interest rates charged on loans and paid on deposits. The policies of the FRB have a material effect on our business, results of operations and financial condition.

The references in the foregoing discussion to various aspects of statutes and regulations are merely summaries which do not purport to be complete and which are qualified in their entirety by reference to the actual statutes and regulations.

ITEM 2. PROPERTIES

Our subsidiary, Gold Bank, owns most of its banking facilities. Certain of Gold Bank's branch locations are in leased facilities. Our financial services subsidiaries have entered into short-term leases for their properties. We believe each of the facilities is in good condition, adequately covered by insurance and sufficient to meet the needs at that location for the foreseeable future. Our headquarters and Gold Bank's Leawood, Kansas location are contained in a 25,000 square foot building that opened in 1996, all of which we occupy.

ITEM 3. LEGAL PROCEEDINGS

United States of America ex rel. Roger L. Ediger v. Gold Banc Corporation, Inc., Gold Bank Oklahoma and Gold Bank Kansas (United States District Court for the Western District of Oklahoma) ("*Qui Tam* Lawsuit")

On June 15, 2004, we issued a press release announcing that a *qui tam* lawsuit was pending in the United States District Court for the Western District of Oklahoma against us, Gold Bank-Oklahoma and Gold Bank-Kansas. A *qui tam* lawsuit is an action brought by a private party (known as a "relator") seeking to represent the interests of the U.S. government. The suit was filed under the federal False Claims Act ("FCA"), which provides for recovery of treble damages, penalties and attorneys fees.

In the suit, the relator alleged that we, and our subsidiary banks, Gold Bank-Oklahoma and Gold Bank-Kansas, and their predecessors, violated the FCA by submitting false certifications and claims to the Farm Service Agency ("FSA") and charging excessive interest rates and fees on agricultural loans subject to the FSA's Guaranteed Loan Program and Interest Assistance Program. The relator alleged that we knowingly charged interest rates and fees on FSA guaranteed loans in excess of the interest rates and fees we charged to our average agricultural customers, in violation of FSA regulations.

On November 10, 2004, to avoid the litigation risk of trebled damages plus statutory penalties, we signed a settlement agreement with the United States, under the terms of which we paid $16.0 million to the United States government. On October 29, 2004, we signed a separate settlement agreement with the relator, under the terms of which we paid $0.5 million to cover the relator's legal fees and expenses.

On November 19, 2004, the United States District Court for the Western District of Oklahoma issued its Order approving the settlement with the United States and dismissed the claims against the defendants with prejudice.

Wayne K. Janzen, Dustin E. Cole and Michael Ross, v. Gold Banc Corporation, Inc., GBC Kansas, Inc., and Gold Bank, a Kansas bank (District Court of Kingfisher County, State of Oklahoma)

This case was filed in the District Court of Kingfisher County, Oklahoma on September 10, 2004. The plaintiffs bring the case on behalf of themselves and on behalf of the putative class of all those similarly situated. The putative class is composed of all those agricultural borrowers with loans that are or were guaranteed by the United States of America through the FSA guaranteed loan program. The plaintiffs generally allege that our subsidiary banks have engaged in a pattern of charging interest rates and fees in excess of what they charge their average agricultural customer. The petition contains six counts against us. The counts are for breach of contract, negligence in the performance of servicing the FSA guaranteed loans, unjust enrichment by realizing increased profits caused by not disclosing to borrowers that our subsidiary banks were charging excessive interest rates and fees, a claim for usury, and an injunction for preventing our subsidiary banks from continuing their alleged practice of charging excessive interest rates and fees. No specific damage amounts are specified other than more than $10,000 is sought on each count. Plaintiffs also seek punitive damages and their costs and attorneys' fees. An answer denying the allegations in the petition was filed on behalf of Gold Banc Corporation, Inc. and GBC Kansas, Inc. only.

This case was removed on October 1, 2004 to the United States District Court for the Western District of Oklahoma. Plaintiffs filed a motion to remand the case back to state court and the federal district court granted such motion.

The plaintiffs have filed a motion for class certification. A class certification hearing is scheduled for April 13, 2005. Discovery on class certification issues has been initiated. We will object to a class certification.

We believe we have valid defenses to plaintiffs' claims and intend to vigorously defend this lawsuit.

H.D. Young, Troy Boelte, Misti Boelte, Larry M. Boelte, Neacha Boelte, Mark Lorenzen, Denniece Lorenzen, Harold I. Mason, and Jaynee L. Mason, v. Gold Banc Corporation, Inc., Gold Bank-Oklahoma, Gold Bank-Kansas, GBC Oklahoma, Inc., GBC Kansas, Inc., and Gold Bank (United States District Court for the Western District of Oklahoma)

On September 23, 2004, we received notice of this case, which was originally filed in the United States District Court for the Western District of Oklahoma on behalf of the plaintiffs as individuals and on behalf of persons similarly situated. The putative class was composed of all who entered into loan agreements with our subsidiary banks, which loans were in turn guaranteed by the FSA under the FSA's federally sponsored guaranteed loan program. The complaint generally alleged that our subsidiary banks charged their average farm customer a lesser interest rate than was charged to FSA guaranteed borrowers. The plaintiffs claimed that charging the higher interest rate is usurious.

In addition to the usury cause of action, the complaint alleged that because our subsidiary banks have made no refunds to the plaintiff class, they converted said unspecified funds. Plaintiffs claimed that our subsidiary banks committed fraud by materially misrepresenting to the class that they would honestly and faithfully abide by the FSA rules and regulations although they knew they were not going to follow such rules and regulations. The complaint also alleged that (i) we owed a fiduciary duty to the class and breached such duty; (ii) our subsidiary banks failed to perform their obligations and failed to properly credit the plaintiff class with the sums of money otherwise due under the guaranteed loan program; (iii) our subsidiary banks received money from the federal government that was to be paid to the plaintiffs for the use and benefit of the class, but instead was converted by our subsidiary banks for their own use; (iv) our subsidiary banks charged a 1% origination fee on all guaranteed loans and that requiring the fee to be paid was a contract of adhesion; (v) our subsidiary banks did not charge similar fees on non-guaranteed loans and violated the applicable federal regulations; (vi) the acts of our subsidiary banks were deceitful and done with intent to defraud the class of borrowers; and (vii) because the conduct of our subsidiary banks was fraudulent, the class was entitled to a contract reformation to the extent the promissory notes and renewals of interest failed to express the true intent of the parties to follow the terms of the guaranteed loan program. The plaintiffs wanted to recover for the class all sums paid to us for usurious interest, which amount should be doubled, forgiveness of all future interest otherwise due under any note, punitive damages, and costs of the suit, including reasonable attorneys' fees. No specific amounts of monetary damages were alleged.

An answer was filed on behalf of Gold Banc Corporation, Inc., GBC Kansas, Inc. and Gold Bank, a Kansas bank. On December 2, 2004, we filed a Motion for Judgment on the Pleadings requesting dismissal of plaintiffs' claims with prejudice and plaintiffs filed their responses to the motion. On January 26, 2005, the federal district court dismissed the plaintiffs' claims that our subsidiary banks overcharged borrowers under the FSA guaranteed loan program. The court determined that with respect to the plaintiffs' federal law claims we were entitled to judgment on the pleadings because the applicable federal statutes and regulations did not provide a private right of action for the plaintiffs. The court also entered judgment for us on the plaintiffs' usury claim. Finally, the court dismissed the plaintiffs' state law claims, without prejudice, based upon a lack of jurisdiction.

H.D. Young, Troy Boelte, Misti Boelte, Larry M. Boelte, Neacha Boelte, Mark Lorenzen, Denniece Lorenzen, Harold I. Mason, and Jaynee L. Mason, v. Gold Banc Corporation, Inc., Gold Bank-Oklahoma, Gold Bank-Kansas, GBC Oklahoma, Inc., GBC Kansas, Inc., and Gold Bank (District Court of Washita County, Oklahoma)

On February 2, 2005, the same plaintiffs whose federal claims were dismissed re-filed their claims in the District Court for Washita County, Oklahoma, again seeking to assert claims individually and on behalf of persons similarly situated. The putative class consists of all who entered into loan agreements with our subsidiary banks, which loans were in turn guaranteed by the FSA under the FSA's federally sponsored guaranteed loan program. The petition generally alleges that our subsidiary banks charged their average farm customer a lesser interest rate than was charged to FSA guaranteed borrowers. The plaintiffs claim that charging the higher interest rate is usurious.

In addition to the usury cause of action, the petition alleges that our subsidiary banks converted unspecified funds belonging to plaintiffs. Plaintiffs claim that our subsidiary banks committed fraud by materially misrepresenting to the class that they would honestly and faithfully abide by the FSA rules and regulations although they knew they were not going to follow such rules and regulations. The complaint also alleges that (i) our subsidiary banks charged a 1% origination fee on all guaranteed loans and that the fee was illegal and excessive; (ii) our subsidiary banks did not charge similar fees on non-guaranteed loans and violated the applicable federal regulations; (iii) plaintiffs are third-party beneficiaries of our subsidiary banks' contracts with the Farm Service Agency and that our subsidiary banks breached those contracts and harmed the plaintiffs; (iv) the acts of our subsidiary banks were deceitful and done with intent to defraud the class of borrowers; (v) our subsidiary banks received money from the federal government that was to be paid to the plaintiffs for the use and benefit of the class, but instead was converted by our subsidiary banks for their own use; (vi) because the conduct of our subsidiary banks was allegedly fraudulent, the class is entitled to a reformation of their loan contracts to conform to law and equity; and (vii) our subsidiary banks were unjustly enriched and should be required to provide restitution to plaintiffs. The plaintiffs want to recover for the class all sums paid to us for usurious interest, which amount should be doubled, forgiveness of all future interest otherwise due under any note, punitive damages, and costs of the suit, including reasonable attorneys' fees. No specific amounts of monetary damages are alleged.

We believe we have valid defenses to plaintiffs' claims and intend to vigorously defend this lawsuit.

Written Agreement dated August 26, 2003

As initially reported in a Form 8-K that we filed on August 27, 2003, we are party to a Written Agreement dated August 26, 2003, with the Kansas OSBC and the FRB. Our compliance committee believes that we have taken all corrective actions required by such agreement. Based upon their recent examination of our bank, the Kansas OSBC and the FRB concluded that we are in substantial compliance with the terms of the Written Agreement. Since we have been through two

satisfactory regulatory examinations and taken all required corrective actions, we believe that the Kansas OSBC and FRB may soon be willing to terminate the Written Agreement. Termination of the Written Agreement would require the approval of both the FRB and the Kansas OSBC, and we do not know when or whether such regulators will agree to such a termination.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted to a vote of the stockholders of the Company during the fourth quarter of the fiscal year ended December 31, 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Our common stock, par value $1.00 per share, trades on the Nasdaq National Market tier of The Nasdaq Stock Market under the symbol "GLDB."

Information relating to market prices of common stock and cash dividends declared on our common stock is set forth in the table below.

	Market Price		
	High	Low	Cash Dividends
2003 Quarters			
First	$ 11.19	$ 7.89	$ 0.03
Second	10.72	7.45	0.03
Third	12.32	10.27	0.03
Fourth	14.75	12.11	0.03
2004 Quarters			
First	$ 16.34	$ 13.15	$ 0.03
Second	16.55	15.00	0.03
Third	16.01	13.47	0.03
Fourth	15.25	13.00	0.03

During the fourth quarter of 2004, no purchases of our common stock were made by or on behalf of us or any affiliated purchaser.

As of March 2, 2005, there were approximately 656 holders of record of our common stock.

The FRB and state regulators have the authority to prohibit or limit the payment of dividends to us by our banking subsidiaries. The FRB has the authority to prohibit or limit the payment of dividends by us to our stockholders.

Under the terms of the junior subordinated indentures associated with our trust-preferred securities, we are prohibited from declaring or paying a dividend to our stockholders in the event we either are in default under the terms of the indenture or have elected to defer payment of our obligations due thereunder.

The following table presents information as of December 31, 2004 relating to our 1996 Equity Compensation Plan and the stock option plans that we succeeded to in the acquisition of American Bank, Bradenton, Florida. It includes (i) the number of securities to be issued upon the exercise of outstanding options, (ii) the weighted average exercise price of the outstanding options, and (iii) the number of securities remaining available for future issuance under the 1996 Equity Compensation Plan.

Plan category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in

				column (a))
Equity compensation plans approved by security holders	895,060	$	8.67	609,874
Equity compensation plans not approved by security holders	—		—	—
Total	895,060	$	8.67	609,874

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The information included in the table above includes outstanding options issued under the American Bancshares, Inc. and American Bank of Bradenton Incentive Stock Option Plan of 1996 (the "1996 Plan"), the American Bancshares, Inc. 1997 Nonqualified Share Option Plan for Non-Employee Directors (the "1997 Plan") and the American Bancshares, Inc. 1999 Stock Option and Equity Incentive Plan (the "1999 Plan") (each of which was assumed by the Company in connection with the acquisition of American Bank, Bradenton, Florida on March 20, 2000) and our 1996 Equity Compensation Plan. We have not issued any additional options under any plan other than our 1996 Equity Compensation Plan since March 20, 2000. The number and weighted-average exercise price for the outstanding options issued under the 1996 Plan, the 1997 Plan and the 1999 Plan, as adjusted as part of the acquisition of American Bancshares, is 124,520 shares with a weighted-average exercise price of $6.08. These options and corresponding exercise prices are incorporated in the table above. Excluding the options previously granted under the 1996 Plan, the 1997 Plan and the 1999 Plan, the aggregate number of securities to be issued upon the exercise of our outstanding options, warrants and rights and the weighted-average exercise price of these options, warrants and rights, under our 1996 Equity Compensation Plan, are 770,540 shares and $9.09, respectively.

ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

This selected consolidated information should be read in conjunction with our consolidated financial statements and notes included elsewhere in this Amended Report.

	At or for the Years Ended December 31,				
	2004	2003	2002	2001	2000
	(Dollars in thousands, except per share data)				
Earnings					
Net interest income	$ 115,394	$ 118,054	$ 99,503	$ 89,083	$ 93,456
Provision for loan losses	5,895	13,064	19,420	15,314	4,673
Non-interest income	39,319	41,558	45,487	31,674	24,452
Non-interest expense (1)	118,294	100,102	88,455	78,645	112,196
Income taxes	10,886	13,644	11,372	3,982	5,294
Net earnings (loss) from continuing operations, net of tax	19,638	32,802	25,743	22,816	(5,253)
Net earnings (loss) from discontinued operations, net of tax	(551)	(3,392)	474	465	135
Net earnings (loss)	19,087	29,410	26,217	23,281	(5,118)
Financial Position					
Total assets	$ 4,330,376	$ 4,322,625	$ 3,814,276	$ 3,017,508	$ 2,719,756
Loans receivable, net	2,684,592	2,776,732	2,671,778	2,124,973	1,785,907
Allowance for loan losses	32,108	34,017	33,439	26,097	26,180
Goodwill and other intangibles, net	35,820	36,568	37,917	34,637	30,401
Investment securities	916,021	986,084	736,085	588,778	525,981
Assets held for sale	387,510	204,973			
Deposits	2,786,774	2,817,274	2,716,556	2,163,866	2,133,877
Long-term borrowings	661,534	631,526	548,824	416,366	200,539
Subordinated debt	116,599	114,851	115,691	114,302	85,102
Liabilities held for sale	350,186	347,169			
Stockholders' equity	270,384	249,717	227,774	164,540	169,211
Per Share Data					
Net earnings (loss) per share from continuing operationsbasic and diluted	$ 0.50	$ 0.86	$ 0.76	$ 0.66	$ (0.14)
Net earnings (loss) from discontinued operation per sharebasic and diluted	(0.01)	(0.09)	0.02	0.01	0.00
Net earnings (loss) per sharebasic and diluted	0.49	0.77	0.78	0.67	(0.14)
Book value per share	6.73	6.28	5.77	4.85	4.51
Cash dividends declared	$ 0.12	$ 0.12	$ 0.08	$ 0.08	$ 0.08
Average shares outstanding	38,723	37,961	33,588	34,802	37,113
Ratios					
Return (loss) on average assets	0.45%	0.72%	0.77%	0.82%	(0.19)%
Return (loss) on average equity	7.13%	12.36%	14.25%	13.75%	(2.76)%
Stockholders' equity to total assets	6.24%	5.78%	5.97%	5.46%	6.23%
Dividend payout (2)	25.20%	16.05%	10.72%	12.15%	%
Net interest margin (3)	2.94%	3.13%	3.33%	3.57%	3.96%
Allowance for loan losses to non-performing loans	204.60%	105.08%	210.75%	113.42%	126.34%
Non-performing assets to total assets	0.45%	0.90%	0.58%	1.08%	0.90%
Non-performing loans to total loans	0.51%	1.07%	0.58%	1.06%	1.14%
Net loan charge-offs to average loans	0.19%	0.41%	0.44%	0.78%	0.24%
Efficiency ratio (4)	66.48%	59.24%	56.16%	64.84%	83.77%

Capital Ratios					
Tier 1 risk-based capital ratio	9.32%	8.87%	8.61%	7.76%	8.89%
Total risk-based capital ratio	11.08%	10.78%	11.02%	11.35%	11.38%
Leverage ratio	7.75%	7.01%	6.96%	6.20%	7.13%

(1) Includes losses and expenses resulting from misapplication of bank funds, net of recoveries, of ($1,868), $136, $1,099 and $1,252 for 2003, 2002, 2001 and 2000, respectively.

(2) No dividend payout ratio was calculated for 2000 because of the net loss for the year.

(3) Net interest margin is on a fully tax-equivalent basis.

(4) Efficiency ratio is calculated as follows: Non-interest expense less *qui tam* settlement, discontinued operation and prepaid offering costs written off; divided by the sum of net interest income before provision for loan losses, plus non-interest fee income, less discontinued operation, gain on branch sales and bond impairment.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of financial condition and results of operations should be read in conjunction with our consolidated financial statements and the notes to such consolidated financial statements, which are included elsewhere in this Annual Report. All comparisons and references in this Annual Report to the results of the years ended December 31, 2002 and 2001 are to the restated results. See "Item 1 Business" and Note 2 to the consolidated financial statements contained in "Item 8 Financial Statements and Supplementary Data" in the 2002 Annual Report.

Overview

Repositioning Our Franchise and Refining our Focus. We are a financial services holding company that has grown from the acquisition of a single bank with $2.9 million in assets in 1978 to $4.3 billion in assets as of December 31, 2004. Throughout this period our primary focus has been on delivering business banking, personal banking and asset and wealth management services with a community banking orientation that is built upon long-term relationships with our customers. As a result of the actions described below to reposition our franchise, refine our focus and integrate our business banking services with our personal and private banking services, we can legitimately hold ourselves out as a "Super Community Business Bank" with the scale, geographic reach, expertise and service orientation needed to deliver, in a highly personalized and effective manner, all of the financial services desired by our targeted customer base. Our principal business banking customers are small and mid-sized businesses and real estate developers and investors that are typically local owner-operators. In addition, we have placed increasing emphasis on personal and private banking as well as managing the investment assets of these businesses, their owner-operators and employees, as well as other individuals with significant investable assets, that can benefit from the sophisticated expertise we provide to increase the return on those assets.

Our customers demand, and we believe have a right to receive, exceptional and personalized service, prompt and flexible decision-making on their loan requests and responsiveness and expertise in meeting their other banking and asset management needs. This market niche has been expanded due to the consolidation of financial institutions in our markets, which has resulted in decision-making being centralized away from the local markets that the formerly locally-owned banks served. We have been able to attract and retain these types of customers by having multiple branch locations in our targeted market areas with local decision-makers who are empowered to make credit and loan pricing decisions within prescribed limits, and delivering a focused range of financial products and services with a personal touch. We encourage our associates to participate in community affairs to create a local identity and foster the development of personal relationships with our customers who also tend to be civic-minded and active in their communities.

During the period from 2001 through 2005, we refined our strategy to reposition our franchise away from non-MSAs in order to concentrate solely on MSAs with attractive income and growth demographics. We acquired or established 11 branches in high-growth metropolitan markets during this time period. Also during this time period, we sold 22 branches in rural Kansas and Oklahoma, with 11 of those branches being sold in 2004. We also executed an agreement for the sale of 5 additional Oklahoma branches, which is expected to close in the second quarter of 2005. Upon the closing of the sale of these 5 Oklahoma branches, virtually all of our loans and deposits will be located in our MSA markets. The branch sales in 2004 and 2005 will position us to have approximately $60.0 million in equity in excess of the required amount to be well capitalized.

This additional equity and capital strength will be used to support our organic growth as well as to open de novo branches and possibly acquire attractive branches in our key MSA growth markets which are Johnson County, Kansas, the counties of Manatee, Charlotte, Sarasota and Hillsborough in Florida and the faster growing parts of Jackson County, Missouri. Johnson County and three of these Florida counties are among the fastest growing in the U.S. We have the second largest deposit market share in Johnson County, Kansas which is the third fastest growing county in the country and represents 38% of our franchise as of December 31, 2004. Johnson County, Kansas is also the most affluent county in Kansas with an average household income of $88,369 and with more than 69% of households having an income of more than $50,000. The four county area we serve in Florida has experienced a 9.7% increase in households since 2000 and is projected to increase by 11.2% by 2009. The average household income for the four counties we serve in Florida is $61,406 which is well above the state and national average. (The source for all demographic data is Claritas, Inc.).

Some of the non-recurring events described under "Item 1. Business" prevented management from fully implementing and realizing all the benefits of repositioning our franchise. Now that those events are substantially behind us, we have renewed, refined and intensified our focus on our core strengths business and personal banking and asset and wealth management in high-growth metropolitan markets. We have shed the dilution in our focus by liquidating most of the investments in our merchant banking subsidiary, deactivating our insurance brokerage subsidiary and exiting the information

technology and e-commerce services business through the sale of CompuNet Engineering, Inc., which previously conducted that business. We brought greater clarity to our refined focus for our customers, associates and investors by articulating our vision, mission, values and objectives, which are set forth under "Item 1. Business". Our organizational structure was also recently revamped to ensure that our most experienced and skilled associates are in the best positions to utilize their talents in achieving our growth and performance objectives. In addition, we are enhancing the strength of our team by hiring additional experienced bankers in our high-growth markets who are involved in the communities they serve, who subscribe to our credit culture and operating philosophy, and who bring banking relationships that are seasoned and well known to them.

To ensure that our management team's incentives are properly aligned with achieving these objectives and thus the interests of our stockholders, we restructured our long-term compensation programs to award significant amounts of restricted stock, which will pay out over approximately a five-year period. In addition, by making clear to our management team and our other associates that we are focused on implementing our strategy as an independent company for the foreseeable future, there is a renewed sense of energy and commitment to building long-term stockholder value. Our associates have exhibited a remarkable sense of resiliency, loyalty and pride in our organization, which has been forged by successfully transcending the setbacks described under "Item 1. Business". The high ethical and governance standards, which have guided our collective course throughout these trying times, are codified in our Mission Statement, our Code of Business Conduct and Ethics and our Corporate Governance Guidelines.

Continue Building a Strong Loan Portfolio. A central element of our strategic focus on business banking is the continued development of a strong, diversified loan portfolio. We emphasize commercial and real estate lending in each of our metropolitan markets and have enjoyed strong loan demand, attractive yield opportunities and high asset quality in our lending activities. Even though we sold 11 branches in 2004 with loans of $216.6 million, our commercial loans and combined real estate and real estate construction loans as of December 31, 2004 grew by $15.0 million and $147.1 million, respectively, as compared to 2003. We also finished 2004 with significant momentum in loan growth, producing $185.3 in loan growth during the last quarter of 2004. We also have a strong pipeline for loan growth going into 2005 with budgeted growth in loans of $350.0 million.

With the completion of the sale of the five Oklahoma branches, we will have more than $60.0 million of capital above that needed to qualify as well capitalized. We plan to use a major part of that capital to support as much loan growth as we can generate, consistent with our credit quality standards.

Because of this loan growth, we are seeing an improvement in net interest margin. We are well positioned to benefit from the rising interest rate environment due to the sensitivity of our loan portfolio to rising rates. Over 50% of our loans re-price daily and our loans do not have floors or caps on the interest rates we charge. Based on the most likely interest rate environment we foresee, we expect our net interest margin to increase 15 to 20 basis points in 2005.

The quality of the loans in our portfolio has also shown marked improvement. Our non-performing loans decreased by $16.7 million in 2004, and our provision for loan losses declined by 54.9% with the provision decreasing from $13.1 million in 2003 to $5.9 million in 2004.

Increasing Retail Deposits. The 11 rural branches that were sold in 2004 had $209.8 million of core deposits in excess of outstanding loans at those branches. We nevertheless expect to grow our core deposits sufficiently to fund our loan growth in 2005 while also continuing to reduce our reliance upon brokered deposits. We reduced our brokered deposits from $602.3 million as of December 31, 2003, to $536.6 as of December 31, 2004, while increasing our Federal Home Loan Bank and other borrowings by $86.9 million of which most are short-term in nature. We will aggressively seek deposits in Johnson County, Kansas and Manatee County, Florida where we have the second and third largest market shares in deposits, respectively, as well as in our other metropolitan markets. While the funding costs for attracting these additional retail deposits may be somewhat higher than brokered deposits, we are committed to developing this source of funding to provide the liquidity needed for our robust loan growth, and allow us additional cross-selling opportunities for all our products.

Increasing Our Efficiency. We have also taken significant steps to reduce our operating expenses and increase our efficiency in an effort to achieve our goal of having a consolidated efficiency ratio in the low 60% range by the end of 2005. To this end, we consolidated our Florida and Oklahoma banking charters into Gold Bank-Kansas, which is now known simply as Gold Bank. This consolidation has enabled us to achieve greater centralization of management and administrative functions, including data processing, human resources, internal

audits, loan administration and regulatory compliance. These efforts include the ongoing centralization of operations at our services center in Overland Park, Kansas and a company-wide conversion to common information management and processing platforms for both loans and deposits. The approach we have taken to centralization is not only designed to reduce operating expenses and enhance standardization and

controls, but also, and more importantly, to enable our associates to become even more focused on, and better able to provide, outstanding customer service and responsiveness.

Increasing Emphasis on Asset Management. We have added private banking services to our traditional personal banking and asset management services and placed all of them under the leadership of Jerry Neff, Chief Personal Banking and Asset Management Officer. We are confident that his proven skills in this area will better enable us to effectively integrate and package our service offerings in a personalized manner that will be appealing to high-net worth individuals as well as businesses that need sophisticated asset management. The investment assets that we are managing for our customers grew by 17.3% last year, and we expect that growth to continue with our more customer-focused and one-stop shopping service approach.

Investment Portfolio. We held $916.0 million in investment securities in our portfolio as of December 31, 2004. The composition of our investment portfolio as of December 31, 2004 was 62.5% U.S. Government-sponsored enterprise obligations, 3.6% state and municipal securities, 24.0% mortgage-backed securities, 0.6% trading securities and 9.3% other securities, which are primarily trust-preferred pools and individual trust-preferred securities. The average maturity of these securities is approximately 3.8 years, or 3.0 years excluding trust-preferred securities. Held-to-maturity securities total $411.8 million and available-for-sale securities total $498.8 million. We believe that the amount of securities in the held-to-maturity category provides desirable insulation to our tangible equity level in a rising interest rate environment and fits our balance sheet needs.

We implemented a strategy in the fourth quarter of 2004 to sell $38.5 million of non-asset-backed Fannie Mae and other investments, which resulted in losses of $0.5 million. To the extent we can liquidate our investment securities without incurring a further loss, we plan to reduce our available-for-sale securities to provide funding for our anticipated significant growth in loans where we believe we can generate higher returns. We also recorded a $10.8 million impairment charge primarily related to the write down on three high-yield, tax-free investments. There are no remaining high-yield securities in our portfolio. In addition, we liquidated most of the investments in our merchant banking subsidiary and do not expect to be active in making merchant banking investments in the future.

Enhancing Stockholder Value. We believe that the intense focus we are giving to execution of our refined strategy will produce substantial organic growth in our revenue and net income as well as our market share. Since we are comfortably above the "well-capitalized" level for both the bank and the holding company, we can use our excess capital to fund this organic growth and create de novo branches and acquire attractive branches in our metropolitan markets. We are considering increasing our share repurchase program above the $12 million previously authorized by our Board of Directors (pursuant to which we have purchased 697,114 shares totaling $10.0 million at an average cost per share of $14.38 as of March 15, 2005), particularly after we complete the sale of our Oklahoma branches. We also are considering increasing our quarterly dividends. We will continue to responsibly consider any proposals from credible bidders to acquire our franchise, but we feel that having the opportunity to execute our refined strategy and generate consistently high returns, as an independent entity for the foreseeable future, is the best way to maximize stockholder value.

Earnings Drivers

Our net earnings depends upon the combined results of operations of Gold Bank, which conducts commercial and consumer banking business by attracting deposits from the general public and deploying those funds in earning assets, and our non-bank subsidiaries, each of which generate income from management fees and commissions.

Gold Bank's profitability depends primarily on net interest income, which is interest income on interest-earning assets less interest expense on interest-bearing liabilities. Interest-earning assets include loans, investment securities and other earning assets such as Federal Funds sold. Interest-bearing liabilities include customer deposits, time and savings deposits and other borrowings such as Federal Funds purchased, short-term borrowings and long-term debt, including junior subordinated deferrable interest debentures. Besides the balances of interest-earning assets and interest-bearing liabilities, net interest income is affected by the bank's interest rate spread. This spread is the difference between the bank's average yield on interest-earning assets and the average rate paid on interest-bearing liabilities. The interest rate spread is affected by changes in interest rates, deposit flows and loan demand, among other factors.

The levels of non-interest income and non-interest expense also affect our profitability. A significant portion of our revenue is non-interest income of our bank and non-bank subsidiaries consisting of investment trading fees and commissions, service fees, gains on the sale of mortgage loans and investment securities, and other fees. Non-interest expense consists of compensation and benefits, occupancy related expenses, deposit insurance premiums, expenses of opening bank branches, acquisition-related expenses and other operating expenses. Our profitability is also affected by our effective tax rate, the Bank's provision for loan losses, and various non-recurring items.

Our approach to management of the spread between interest income and interest expense is described below under "Results of Operations."

Critical Accounting Policies

Our accounting policies are fundamental to understanding management's discussion and analysis of results of operations and financial condition. Many of our accounting policies require significant judgment regarding valuation of assets and liabilities. A summary of significant accounting policies is listed in Note 1 to the consolidated financial statements included elsewhere in this Annual Report. Critical accounting policies are both important to the portrayal of our financial condition and results of operations, and require management's most difficult, subjective or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

Allowance for Loan Losses. Our most critical accounting policy relates to the allowance for loan losses and involves significant management valuation judgments. We perform periodic and systematic detailed reviews of the bank's lending portfolio to assess overall collectability. The level of the allowance for loan losses reflects our estimate of the collectability of the loan portfolio. Further discussion of the methodologies used in establishing this reserve is set forth below under "Results of Operations Provision for Loan Losses" and "Financial Condition Allowance for Loan Losses".

We make various assumptions and judgments about the collectability of our loan portfolio and provide an allowance for losses based on a number of factors. If our assumptions are wrong, our allowance for loan losses may not be sufficient to cover loan losses. We may have to increase or decrease the allowance in the future. Material additions to our allowance for loan losses would have a material adverse effect on our net earnings.

We actively manage our past due and non-performing loans in an effort to minimize credit losses and monitor asset quality to maintain an adequate loan loss allowance. Although management believes our allowance for loan losses is adequate, there can be no absolute assurance that the allowance will prove sufficient to cover future loan losses. Further, although management uses the best information available to make determinations with respect to the allowance for loan losses, future adjustments may be necessary if economic conditions differ substantially from the assumptions used, or adverse developments arise with respect to non-performing or performing loans. Accordingly, there can be no assurance that the allowance for loan losses will be adequate to cover loan losses or that significant increases or decreases to the allowance will not be required in the future if economic conditions should worsen or improve.

Impairment of Goodwill Analysis. As required by the provisions of Financial Accounting Standards Board (FASB) Statement No. 142, we review goodwill for impairment at least annually or more frequently based upon facts and circumstances related to a particular reporting unit. Based upon our most recent analysis on December 31, 2004, our goodwill related to our bank subsidiary is not impaired.

The fair value of our non-bank financial subsidiaries (Gold Capital Management and Gold Trust Company) fluctuates significantly based upon, among other factors, the net operating income of these subsidiaries. If these subsidiaries experience a sustained deterioration in their cash flow from operations, then we may have to record goodwill impairment charges related to the goodwill for these entities.

During 2002 and 2003, CompuNet Engineering did not earn a majority of its revenue from providing services to financial institutions. As a result, we were required under the BHC Act to divest of CompuNet. During the fourth quarter of 2003, we announced our intent to dispose of CompuNet. As a result of the expected disposition of this business, we recorded additional impairment charges of $0.8 million and $3.3 million in the third and fourth quarters of 2003, respectively, to reduce the carrying value of the net assets (including the remaining goodwill) to their fair value. We sold CompuNet on February 4, 2004. During the first quarter of 2004, we recorded a loss of $0.6 million from this discontinued operation.

Deferred Income Taxes. FASB Statement No. 109, "Accounting for Income Taxes, " establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity's financial statements or tax returns related to deferred income. Judgment is required in assessing the future tax consequences of events

that have been recognized in our financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences due to IRS or state agency examination or other factors could materially impact our financial position or its results of operations.

Derivatives. We have entered into interest rate swap agreements to hedge certain variable-rate prime-based loans. We pay a variable rate of interest on the interest rate swaps tied to prime and receive a fixed rate of interest. The swaps are currently designated as cash flow hedges. The formula for computing net settlements under the swaps is the same for each

net settlement, and the re-pricing dates of the swaps match those of the variable-rate loans on which the hedged transactions are based. Ineffectiveness will be recognized in earnings and mark-to-market revaluation will be recognized in the other comprehensive income segment of stockholders equity.

Before undertaking the hedges, management formally documented its risk management objectives, strategy and the relationship between the interest rate swap agreements and the hedged variable-rate prime-based loans. At the inception of the hedges and on an ongoing basis, management assesses whether the hedging relationship is expected to be highly effective in offsetting interest rate risk. If it is determined that the hedges are not highly effective, changes in the fair value of the interest rate swaps will be recorded in earnings.

Results of Operations

Overview. Our net earnings from continuing operations for the year ended December 31, 2004 totaled $19.6 million, or $0.50 per basic and diluted share. Net earnings from continuing operations for the year ended December 31, 2003 totaled $32.8 million, or $0.86 per basic and diluted share. Net earnings from continuing operations for the year ended December 31, 2002 totaled $25.7 million, or $0.76 per diluted share.

The $13.2 million decrease in net earnings from continuing operations in 2004 was primarily the result of increased non-interest expenses of $18.2 million, which included $16.5 million for settlement of *qui tam* litigation and prepaid offering costs that were expensed due to refinancing of subordinated debt. In 2003 we recovered from our former CEO $1.9 million of misappropriated bank funds with no further recovery in 2004. This recovery was part of the settlement agreement with our former CEO. In addition, in 2004 there was a net decrease in non-interest income of $2.2 million which was comprised mainly of a change of $13.2 million in realized losses on investment securities offset by a change of $14.8 million in the gain on branch sales. We also had a decrease in the provision for loan losses of $7.2 million, a decrease in net interest income of $2.7 million and a decrease in income taxes of $2.8 million.

The $7.1 million increase in net earnings from continuing operations in 2003 was the result of increased net interest income of $18.6 million, accompanied by a decrease in the provision for loan losses of $6.4 million. We also had a decrease in other income of $3.9 million, which was offset by an increase in non-interest expense of $11.6 million. Income tax expense in 2003 also increased by $2.3 million.

During the year ended December 31, 2004, we sold eight branches in rural Kansas with aggregate deposits of $363.4 million and recorded a gain of $17.0 million on the transactions. We also sold three locations in Oklahoma with aggregate deposits of $63.0 million and recorded a gain of $3.6 million on the transactions. We further merged Gold Bank - Oklahoma and Gold Bank - Florida into Gold Bank - Kansas. We also sold our technology subsidiary, CompuNet Engineering, Inc., in a transaction that was consummated on February 4, 2004. In connection with our sale of CompuNet, we recorded a loss from this discontinued operation of $0.6 million in 2004 and $3.4 million in 2003.

During the year ended December 31, 2003, we sold two branches in rural Kansas with aggregate deposits of $38.0 million and recorded a gain of $1.8 million on the transaction. In 2003, we also sold five locations in Oklahoma with aggregate deposits of $98.0 million and recorded a gain of $3.9 million on the transactions

During the year ended December 31, 2002, we acquired four branch locations from a banking institution with deposits aggregating $149 million. This purchase also resulted in the recording of an intangible asset of $3.4 million for core deposit premium. We also purchased a trust company for a cash price of $1.8 million. In 2002, we sold four branches in rural Kansas locations with aggregate deposits of $66.7 million and recorded a gain of $2.4 million on the transaction.

Net Interest Income. The following table presents our average balances, interest income and expense on a tax equivalent basis, and the related yields and rates on major categories of our interest-earning assets and interest-bearing liabilities for the periods indicated on a fully taxable equivalent basis:

	Year Ended December 31,								
	2004			2003			2002		
	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid
	(Dollars in thousands)								
Assets:									
Loans and loans held for sale, net(1)	$ 2,920,149	$ 166,098	5.69%	$ 2,864,052	$ 170,526	5.95%	$ 2,391,253	$ 160,633	6.72%
Investment securities-taxable	921,810	32,235	3.50%	783,330	30,043	3.84%	557,933	29,790	5.34%
Investment securities-nontaxable(2)	42,511	5,440	12.80%	75,619	8,751	11.57%	68,834	8,497	12.34%
Other earning assets	99,247	2,170	2.19%	98,325	1,921	1.95%	81,337	2,275	2.80%
Total earning assets	3,983,717	205,943	5.17%	3,821,326	211,241	5.53%	3,099,357	201,195	6.49%
Noninterest-earning assets	262,154			276,313			285,228		
Total assets	$ 4,245,871			$ 4,097,639			$ 3,384,585		
Liabilities and stockholders' equity:									
Savings deposits and interest-bearing checking	$ 846,004	$ 8,927	1.06%	$ 914,915	$ 10,187	1.11%	$ 809,875	$ 12,093	1.49%
Time deposits	1,885,656	50,117	2.66%	1,693,859	49,041	2.90%	1,408,577	52,887	3.75%
Short-term borrowings	133,179	1,484	1.11%	144,845	1,930	1.33%	133,400	2,451	1.84%
Long-term borrowings	746,977	28,214	3.78%	773,679	30,499	3.94%	561,793	30,593	5.45%
Total interest-bearing liabilities	3,611,816	88,742	2.46%	3,527,298	91,657	2.60%	2,913,645	98,024	3.36%
Non-interest-bearing liabilities	366,289			332,371			285,992		
Stockholders' equity	267,766			237,970			184,948		
Total liabilities and stockholders' equity	$ 4,245,871			$ 4,097,639			$ 3,384,585		
Net interest income(3)		$ 117,201			$ 119,584			$ 103,171	

Net interest spread	2.71%	2.93%	3.13%
Net interest margin(4)	2.94%	3.13%	3.33%

(1) Non-accruing loans, loans for sale and investments are included in the computation of average balance.

(2) Yield is adjusted for the tax effect of tax exempt securities and loans. The tax effects in 2004, 2003, and 2002 were $1,807,000, $1,534,000, and $3,674,000, respectively.

(3) We include loan fees and costs in interest income. Such fees, net of costs, totaled $1,225,000, $2,480,000, and $1,040,000, in 2004, 2003, and 2002, respectively. Fees on loans held for sale are also included.

(4) The net interest margin on average earning assets is the net interest income divided by average interest-earning assets.

Total Interest Income. For 2004, total interest income decreased $5.3 million, or 2.5%, on a fully taxable equivalent basis. The $5.3 million decrease was due to a 36 basis point decrease in the average rate earned on earning assets partially offset by an increase in the balance of earning assets. Interest income on loans decreased $4.4 million, or 2.6%. For 2004, the average loan balance increased $56.1 million, or 2.0%, and the yield earned on loans decreased from 5.95% in 2003 to 5.69% in 2004. Interest income on investments decreased $1.1 million, or 2.9%. For 2004, the average investment balance (taxable and non-taxable) increased $105.4 million, or 12.3%. Interest income on taxable investments was positively impacted by the increase in the average balance outstanding, but was negatively impacted by the decrease in average rates earned.

For 2003, total interest income increased $10.0 million, or 5.0%, on a fully taxable equivalent basis. The $10.0 million increase was the result of an increase in the balance of earning assets. The increase was partially offset by a 96 basis

point decrease in the average rate earned on earning assets. Interest income on loans increased $9.9 million, or 6.2%. For 2003, the average loan balance increased $472.8 million, or 19.8%, and the yield earned on loans decreased from 6.72% in 2002 to 5.95% in 2003. Interest income on investments increased $0.5 million, or 1.3%. For 2003, the average investment balance (taxable and non-taxable) increased $232.2 million, or 37.0%. Interest income on non-taxable investments was positively impacted by the increase in the average balance outstanding, but was negatively impacted by the decrease in average rates earned.

Total Interest Expense. Total interest expense was $88.7 million for 2004 compared to $91.7 million for 2003, a 3.2% decrease. Interest expense on savings and interest-bearing checking for 2004 decreased $1.3 million, or 12.4%, as a result of a decrease in the rate to 1.06% in 2004 compared to 1.11% in 2003. The decrease was also impacted by the $68.9 million decrease in the average balance from 2003. Interest expense on time deposits increased $1.1 million, or 2.2%, in spite of a rate decrease to 2.66% compared to 2.90% for 2003, which was more than offset by an increase in the average balance of such deposits of $191.8 million, or 11.3%. Interest expense on combined short-term and long-term borrowings decreased $2.7 million, or 8.4%, primarily as a result of a decrease in the average balance of such borrowings of $38.4 million, or 4.2%, in 2004 compared to 2003. In addition, there was a decline in the rate of short-term borrowings from 1.33% in 2003 to 1.11% in 2004. Interest rates on long-term borrowings declined as well from 3.94% in 2003 to 3.78% in 2004.

Total interest expense was $91.7 million for 2003 compared to $98.0 million for 2002, a 6.5% decrease. Interest expense on savings and interest-bearing checking for 2003 decreased $1.9 million, or 15.8%, as a result of a decrease in the rate to 1.11% in 2003 compared to 1.49% in 2002. The decrease in the rate was partially offset by the $105.0 million increase in the average balance from 2002. Interest expense on time deposits decreased $3.8 million, or 7.3%, primarily as a result of a rate decrease to 2.90% compared to 3.75% for 2002, which was partially offset by an increase in the average balance of such deposits of $285.3 million, or 20.3%. Interest expense on combined short-term and long-term borrowings decreased $0.6 million, or 1.9%, primarily as a result of a decrease in the average rates paid in 2003 compared to 2002.

Net Interest Income. As a result of the changes described above on a fully taxable equivalent basis, net interest income decreased $2.4 million, or 2.0%, for 2004 compared on a fully taxable equivalent basis to 2003. Net interest income increased $16.4 million, or 15.9%, for 2003 compared to 2002.

The following table summarizes the changes in net interest income on a tax-equivalent basis, by major category of interest-earning assets and interest-bearing liabilities, identifying changes related to volumes and rates. Changes not solely due to volume or rate changes are allocated to rate. Management believes this allocation method, applied on a consistent basis, provides meaningful comparisons between periods.

	Year Ended December 31,					
	2004 compared to 2003			**2003 compared to 2002**		
	Volume	**Average Rate**	**Total Changes**	**Volume**	**Average Rate**	**Total Changes**
	(Dollars in thousands)					
Interest Income:						
Loans(1)	$ 3,340	$ (7,768)	$ (4,428)	$ 31,760	$ (21,868)	$ 9,892
Investment securities-taxable	5,311	(3,119)	2,192	12,035	(11,782)	253
Investment securities-non-taxable	(3,832)	521	(3,311)	838	(583)	255
Other earning assets	18	231	249	475	(829)	(354)
Total interest income	4,837	(10,135)	(5,298)	45,108	(35,062)	10,046
Interest expense:						
Savings deposits and interest-bearing checking	(767)	(493)	(1,260)	1,568	(3,474)	(1,906)
Time deposits	5,553	(4,477)	1,076	10,711	(14,557)	(3,846)
Short-term borrowings	(155)	(290)	(445)	210	(731)	(521)
Long-term borrowings	(1,053)	(1,233)	(2,286)	11,538	(11,632)	(94)
Total interest expense	3,578	(6,493)	(2,915)	24,027	(30,394)	(6,367)
Increase (decrease) in net interest income	$ 1,259	$ (3,642)	$ (2,383)	$ 21,081	$ (4,668)	$ 16,413

(1) We include loan fees and costs in interest income. Such fees, net of costs, totaled $1,225,000, $2,480,000, and $1,040,000 in 2004, 2003, and 2002, respectively. Fees on loans held for sale are also included.

Provision for Loan Losses. The provision for loan losses is a charge to earnings recorded to maintain the allowance for loan losses at a level consistent with management's assessment of anticipated losses inherent in the loan portfolio in light of economic conditions, market trends and other factors, at a given point in time. The allowance for loan losses is based on a regular analysis of historical loss rates, specific reserves for loans separately identified and general reserves.

The provision for loan losses was $5.9 million for 2004 compared to $13.1 million for 2003, or a 54.9% decrease. These provisions were made to reflect management's assessment of the change in the risk of certain loans and loan categories and for growth in outstanding loans. Our non-performing loans also decreased by $16.7 million in 2004. During 2004, gross loans, excluding mortgage loans held for sale, increased $88.9 million or 3.0%. The majority of the loan growth occurred in the real estate and commercial loan portfolios. This loan growth was substantially less than in 2003 which contributed to the decline in the provision along with the decline in non-performing loans.

The provision for loan losses was $13.1 million for 2003 compared to $19.4 million for 2002 or a 32.7% decrease. Provisions for 2003 primarily reflect allowances for an $8.2 million commercial/retail development, two loans of $5.7 million on two convenience stores and a commercial office building, and a $3.5 million residential

development and construction loan. During 2003, gross loans, excluding mortgage loans held for sale, increased $305.8 million or 11.2%. The majority of the loan growth occurred in the real estate and commercial loan portfolios. This loan growth accounted for more than one third of the increase in the provision for loan losses in 2003. Non-performing loans increased to $32.4 million as of December 31, 2003 as compared to $15.9 million at December 31, 2002.

Non-Interest Income. The following table presents the components of our non-interest income for the years indicated:

	Year Ended December 31,		
	2004	**2003**	**2002**
	(Dollars in thousands)		
Service fees	$ 15,618	$ 17,626	$ 17,457
Investment trading fees and commissions	2,824	5,004	5,649
Net gains on sales of mortgage loans	1,447	2,746	2,201
Unrealized gains (losses) on securities	(53)	30	(42)
Realized gains (losses) on securities	(11,359)	1,847	9,542
Gain on sale of branch facilities	20,574	5,738	2,380
Gain on sale of credit card portfolio	1,156	—	—
Trust fees	4,249	3,721	2,414
Bank-owned life insurance	3,766	3,717	3,463
Other income	1,097	1,129	2,423
Total non-interest income	$ 39,319	$ 41,558	$ 45,487
Non-interest income as a percentage of average total assets	0.93%	1.01%	1.34%

Non-interest income was $39.3 million for 2004 compared to $41.6 million for 2003, a 5.4% decrease. Service fees declined $2.0 million due primarily to a $2.3 million decrease in deposit account service charges partially offset by an increase in underwriting and other fees. Investment trading fees and commissions declined by $2.2 million due to declining activity in managed assets. Gains on the sales of mortgage loans decreased $1.3 million, or 47.3%, in 2004 due to the decreased activity in mortgage refinancing and subsequent sales to the secondary market. Realized and unrealized gains on securities changed from a gain of $1.9 million to a loss of $11.4 million in 2004. The loss in 2004 was primarily the result of a write-down on three high yield tax-free investments that we determined to be impaired. The impairment charge recorded in the third quarter was $10.8 million. We also implemented a strategy in the fourth quarter to sell certain low yield investments, which resulted in losses of $0.5 million. The largest item of non-interest income was derived from the sale of branch facilities, which resulted in gains of $20.6 million compared to $5.7 million in 2003. During 2004, we sold our credit card portfolio which resulted in a gain of $1.2 million. Trust fees increased by $0.9 million in 2004 due to higher activity in the asset management area of the trust company. Other income decreased by $0.4 million.

Non-interest income was $41.6 million for 2003 compared to $45.5 million for 2002, an 8.6% decrease. This was due to a decrease in investment trading fees and commissions of $0.6 million as a result of declining activity in the stock and bond markets. Gains on the sales of mortgage loans increased $0.5 million, or 24.8%, in 2003 due to increased activity in mortgage refinancing and subsequent sales to the secondary market. Realized and unrealized gains on securities decreased from $9.5 million to $1.9 million. Approximately $2.9 million of such realized gains in 2002 came from the sale of an equity security that was an investment of our merchant banking subsidiary. The remainder of such realized gains in 2002 was primarily from the sale of a substantial portion of Gold Bank-Oklahoma's portfolio of mortgage-backed securities, which had an average yield of approximately 7.5%. Faced with increasing prepayments on these higher yielding mortgage-backed securities, we decided to liquidate them and capture our gain on these securities. This situation did not exist in 2003 and therefore the gains on sales of securities were reduced. Gain on sale of branches increased from $2.4 million in 2002 to $5.7 million in 2003, which was related to the sale of more branches in 2003 than in 2002. Trust fees increased by $1.3 million due to increased marketing of trust services and the revenues derived from the George K. Baum acquisition. Other income decreased by $1.3 million primarily due to a decrease in the gain on sale of bank premises and equipment.

Non-Interest Expense. The following table presents the components of our non-interest expense for the years indicated:

	Year Ended December 31,		
	2004	2003	2002
	(Dollars in thousands)		
Salaries and employee benefits	$ 50,683	$ 52,044	$ 44,174
Expenses for the settlement of *qui tam* litigation, net	16,500	—	—
Data processing	8,131	8,214	6,651
Net occupancy expense	7,316	7,652	6,218
Depreciation expense	6,505	6,653	6,250
Professional services	6,384	5,697	6,067
Amortization of prepaid offering expenses	3,365	136	136
Losses and expenses resulting from misapplication of bank funds, net of recoveries	—	(1,868)	136
Marketing and advertising	2,995	2,735	2,748
Postage, delivery and supplies	2,651	3,306	3,374
Loan and real estate owned expenses	2,051	2,235	2,646
Telephone	1,921	2,076	2,161
Regulatory assessments and taxes	1,575	1,278	1,003
Acquisition expenses	1,265	—	—
Travel	1,219	1,258	1,433
Insurance	776	707	634
Core deposit intangible amortization	751	751	500
Director's fees and expenses	525	579	512
Dues and subscriptions	518	592	560
Other expenses	3,163	6,057	3,252
Total non-interest expense	$ 118,294	100,102	$ 88,455
Efficiency ratio	66.48%	59.24%	56.16%

Total non-interest expense was $118.3 million for 2004 compared to $100.1 million for 2003, an 18.2% increase. Salaries and employee benefits decreased $1.4 million due to branch sales. Settlements and other expenses associated with the *qui tam* lawsuit amounted to $16.5 million in 2004. Occupancy expenses decreased $0.3 million as a result of the sale of branch facilities. Depreciation remained fairly constant with a slight reduction of $0.1 million. Professional services increased from $5.7 million to $6.4 million due to an increase of $0.5 million in legal fees and an increase of $0.4 million in consulting fees offset by a decrease of $0.2 million in accounting fees. These increases were attributable among other things to Sarbanes-Oxley compliance and the *qui tam* litigation. Amortization of prepaid offering expenses increased $3.2 million due to the calling of our trust-preferred debt issuances. In 2004, there were no additional recoveries or losses from misapplication of bank funds. Postage, delivery and supplies declined $0.7 million primarily due to the reduced number of branches. Acquisition expenses were incurred in 2004 related to the proposed Silver acquisition. Other expenses decreased due to a change from miscellaneous net recoveries to net losses, swap expenses in 2003, a decline in automobile expenses and a decline in investor relations expenses.

Total non-interest expense was $100.1 million for 2003 compared to $88.5 million for 2002, a 13.2% increase. This increase is primarily the result of increases in salaries and employee benefits of $7.9 million and increases in occupancy expenses of $1.4 million. The increase in salaries and benefits is directly due to the opening of new branch facilities and staffing them accordingly, and the recording of $1.6 million associated with our restricted stock awards. Data processing expenses increased $1.6 million due to adding facilities. The increase in occupancy expense is due to the opening of new branch facilities in 2003, as well as branch facilities that were opened

during 2002. Professional services decreased from $6.1 million to $5.7 million. A significant portion of this decrease was that the costs of litigation in 2002 seeking protection of our "More Than Money" trademark declined in 2003. In 2003, the amount of improper credits and expenses related to the

misappropriations of our former CEO were reimbursed through negotiated restitution agreements. This resulted in a decrease in non-interest expense of $1.9 million because the net amount received through restitution exceeded expenses associated with the recovery.

Income Tax Expense. Income tax expense was $10.9 million for 2004 compared to $13.6 million for 2003, a $2.8 million, or 20.2%, decrease. Income tax expense for 2003 was $13.6 million or $2.3 million more than the income tax expense of $11.4 million for 2002, an increase of 20.0%. The effective tax rates for 2004, 2003 and 2002 were 35.7 %, 29.4% and 30.6%, respectively. The 2004 effective rate differs from the expected rate and is increased from 2003 due to a decline in tax-exempt securities interest as well as the portion of the *qui tam* settlement which was non-deductible. The 2003 and 2002 effective tax rates differ from the expected rate of 35% due primarily to the non-taxable income recorded from our investment in bank-owned life insurance policies and tax-exempt securities.

Discontinued Operation. During 2002 and 2003, CompuNet Engineering, Inc. did not earn a majority of its revenue from providing services to financial institutions. As a result, we were required under the Bank Holding Company Act to divest our interest in CompuNet. On January 15, 2004, we entered into a letter of understanding for the sale of our interest in CompuNet. This sale closed on February 4, 2004. We recorded a net loss from this discontinued operation of $0.6 million in 2004, $3.4 million in 2003 and net income of $0.5 million in 2002. The 2003 loss included impairment charges of $4.1 million to reduce the carrying value of CompuNet's net assets (primarily goodwill) to estimated fair values.

Financial Condition

Lending Activities

Commercial Loans. This category includes loans to service, retail, wholesale and light manufacturing businesses, including agricultural service businesses. Commercial loans were $908.3 million as of December 31, 2004, or 29.2% of total loans, as compared to $893.3 million as of December 31, 2003, or 29.7% of total loans. This increase of $15.0 million, or 1.7%, can be attributed to a continued increase in market share in the Kansas City metro area and contributions from our expansion into the Sarasota and Tampa, Florida markets.

Real Estate Construction. Real estate construction loans totaled $792.1 million at December 31, 2004, compared to $656.2 million at December 31, 2003, an increase of $135.9 million, or 20.7%. This increase primarily reflects the continual increase in residential and commercial construction activity in Johnson County, Kansas, as well as an increased presence in our Florida market area.

Real Estate Loans. Real estate loans represent the largest class of our loans. We categorize real estate loans as follows:

- *Commercial*. Commercial real estate loans increased to $1,086.2 million at December 31, 2004 compared to $996.7 million at December 31, 2003, an increase of $89.5 million, or 9.0%. This increase was the direct result of increased market share in the Kansas City metro area and continued expansion into the Sarasota and Tampa, Florida markets.

- *1 to 4 Family Residential*. Residential real estate loans totaled $186.0 million at December 31, 2004, compared to $224.0 million at December 31, 2003, a decrease of $38.0 million, or 17.0%. Loans in this category consist primarily of owner-occupied residential loans. This decrease is due to the sale of loans held in our portfolio and to significant decline in refinancing activity due to the upward trend in interest rates in the home mortgage market.

- *Agricultural*. This category consists of loans secured by agricultural real estate. Agricultural real estate loans totaled $33.0 million at December 31, 2004, compared to $73.2 million at December 31, 2003, a decrease of $40.2 million, or 54.9%. This decrease in loans corresponds with a similar decrease in agricultural loans (discussed below) as the bank sold several of its rural bank locations and the agricultural real estate loans that were included in their asset base.

- *Mortgage Loans Held for Sale*. Mortgage loans held for sale represent residential loans intended to be sold to secondary investors and in the process of being delivered. Mortgage loans held for sale totaled $5.7 million at December 31, 2004, compared to $5.9 million at December 31, 2003, a decrease of $0.2

million, or 2.7%. This decrease was the result of the timing of the sale of individual loans and the low volume of refinancings at the end of 2004.

Agricultural Loans. Agricultural loans are typically made to farmers, small corporate farms, and feed and grain dealers. Agricultural loans were $62.8 million as of December 31, 2004, as compared to $113.6 million as of December 31, 2003, a decrease of $50.9 million, or 44.8%. Agricultural loans as a percent of total loans decreased from 3.8% in 2003 to 2.0% in 2004. The decrease in agricultural loans was due to management's decision to sell rural branches and the agricultural loans that were included in their base.

As of December 31, 2004, we had approximately $15.1 million of agricultural loans that were guaranteed by the Farm Service Agency ("FSA"). Approximately $4.9 million of such loans were part of the FSA's interest assistance program, pursuant to which the FSA pays us 400 basis points of interest payments annually. Currently, substantially all of our FSA guaranteed loans are located in Enid, Oklahoma and related rural Oklahoma branches. We have a pending contract to sell these branches, but we plan to retain all of the FSA guaranteed loans and our staff that services those loans. Currently, we do not plan to make any new FSA guaranteed loans to borrowers that are not existing customers of Gold Bank.

During the first quarter of 2005, we submitted approximately $0.3 million of claims to the FSA for interest assistance payments due to Gold Bank on FSA guaranteed loans (substantially all of which was recognized in 2004). The FSA denied our claims on the grounds that our certifications submitted with such claims were not in the form required by its regulations. We dispute the FSA's denial of our claims for payments due and plan to appeal its administrative decision.

For a discussion of pending litigation related to our FSA loan program, see "Item 3 Legal Proceeding" of this Form 10-K.

Consumer and Other Loans. Loans classified as consumer and other loans include automobile and other personal loans. The majority of these are installment loans with fixed interest rates. Consumer and other loans were $31.8 million as of December 31, 2004, compared to $54.0 million as of December 31, 2003, a decrease of $22.2 million, or 41.1%. Consumer and other loans represented 1.0% of total loans as of December 31, 2004, a decrease from 1.8% as of December 31, 2003.

The following table presents the balance of each major category of our loans as of December 31 of each year.

	2004		**2003**		**2002**		**2001**		**2000**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(Dollars in thousands)									
Commercial	$ 908,287	29.25%	$ 893,317	29.61%	$ 816,542	29.91%	$ 629,572	29.12%	$ 535,258	27.50%
Real estate construction	792,063	25.50%	656,163	21.75%	357,351	13.09%	203,785	9.42%	188,118	9.67%
Real estate(1)	1,305,186	42.03%	1,293,942	42.88%	1,300,940	47.64%	1,008,694	46.65%	769,118	39.51%
Mortgage loans held for sale	5,724	0.18%	5,883	0.20%	25,134	0.92%	11,335	0.52%	134,081	6.89%
Agricultural	62,774	2.02%	113,641	3.77%	159,950	5.86%	196,612	9.09%	202,714	10.42%
Consumer and other loans	31,754	1.02%	53,975	1.79%	70,434	2.58%	112,407	5.20%	116,879	6.01%
Total loans	3,105,788	100.00%	3,016,921	100.00%	2,730,351	100.00%	2,162,405	100.00%	1,946,168	100.00%
Less loans held for sale	383,364		200,289							
Total	$ 2,722,424		$ 2,816,632		$ 2,730,351		$ 2,162,405		$ 1,946,168	

(1) Includes commercial real estate loans, agriculture real estate loans and 1 to 4 family residential real estate loans.

The following table sets forth the re-pricing of our portfolio loans and the amount of loans with predetermined interest rates and floating rates outstanding as of December 31, 2004.

	0-3 Months(1)	4 Months to 12 Months	Over 1 to 5 Years	Over 5 Years	Total
			(Dollars in thousands)		
Loan category:					
Commercial	$ 529,598	$ 67,480	$ 203,004	$ 12,536	$ 812,618
Real estate construction	683,438	23,636	77,196	7,793	792,063
Real estate	264,354	202,041	515,837	82,446	1,064,678
Mortgage loans held for sale	1,543	—	—	4,181	5,724
Agricultural loans	9,190	1,912	8,894	78	20,074
Consumer and other loans	3,575	7,632	12,572	3,488	27,267
Total Loans	$ 1,491,698	$ 302,701	$ 817,503	$ 110,522	$ 2,722,424

(1) Loans repricing in 3 months or less exclude loans held for sale.

As of December 31, 2004, loans re-pricing after one year include approximately $695 million in fixed rate loans and $233 million in floating or adjustable rate loans.

Asset Quality. We follow regulatory guidelines in placing loans on a non-accrual basis and place loans with doubtful principal repayment on a non-accrual basis, whether current or past due. We consider non-performing assets to include all non-accrual loans, other loans 90 days or more past due as to principal and interest, other real estate owned ("OREO") and repossessed assets. We do not return a loan to accrual status until it is brought current with respect to both principal and interest and future principal payments are no longer in doubt. When a loan is placed on non-accrual status, any previously accrued and uncollected interest income is reversed against current income. We would have recorded additional interest in the amounts of $1.5 million, $1.5 million and $0.8 million, for the years ended December 31, 2004, 2003, and 2002, respectively, if non-accrual loans had been current during these periods. Restructured and impaired loans, other than non-accrual loans, are considered insignificant for all years presented.

Our non-performing assets are summarized in the following table:

	December 31,				
	2004	2003	2002	2001	2000
	(Dollars in thousands)				
Loans:					
Loans past due 90 days or more still accruing	$ 593	$ 9,239	$ 790	$ 5,270	$ 869
Non-accrual loans	15,100	23,131	15,077	17,737	19,853
Non-performing loans	15,693	32,370	15,867	23,007	20,722
Other assets	137	300	4,366	5,288	141
Foreclosed assets held for sale	3,737	6,362	1,993	4,217	3,573
Non-performing assets	$ 19,567	$ 39,032	$ 22,226	$ 32,512	$ 24,436
Non-performing loans as a percentage of total loans (excluding mortgage loans held for sale)	0.51%	1.07%	0.58%	1.06%	1.14%
Non-performing assets as a percentage of total assets	0.45%	0.90%	0.58%	1.08%	0.90%
Non-performing assets as a percentage of total loans and OREO (excluding mortgage loans held for sale)	0.63%	1.29%	0.81%	1.50%	1.25%

The decrease during 2004 in non-performing loans can be largely attributed to three specific credits, which can be summarized as follows:

- An $8.2 million commercial/retail development loan that was past due over 90 days at the end of 2003 was returned to performing status in the first quarter of 2004.
- Two related credits totaling $5.7 million, which were placed on non-accrual status in 2003, were secured by two convenience stores and a commercial office building. In 2004, two of the properties were sold and the proceeds were used to reduce the total outstanding balance by $2.6 million. The remaining commercial building was foreclosed upon and was subsequently purchased by the Bank.
- A $3.5 million residential development and construction loan which was included in non-performing loans at December 31, 2003 was foreclosed on in 2004. The properties were sold with the exception of one property that is now included in OREO with a valuation of $0.3 million.
- The increase during 2003 in non-performing loans can be largely attributed to the three specific credits described above

Allowance for Loan Losses. The success of a bank depends to a significant extent upon the quality of its assets, particularly loans. This is highlighted by the fact that net loans, including loans held for sale, were 71.0% of our total assets as of December 31, 2004. Credit losses are inherent in the lending business. The risk of loss will vary with general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and the quality of the collateral in the case of a collateralized loan, among other things. Management maintains an allowance for loan losses based on industry standards, management's experience, historical experience, an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, management makes various assumptions and judgments about the ultimate collectability of the loan portfolio and provides an allowance for probable loan losses.

We review our loan portfolio on a monthly basis specifically analyzing loans which are internally classified as having above-average risk. We determine the level of allowance to be established for each type of loan based on our historical losses, adjusted for current economic conditions. For specific high risk loans, we analyze the

collateral securing such loans to determine if adequate collateral value is available to cover the indebtedness in the event of default and liquidation of such collateral. If we determine that the principal amount of the high risk loan minus the estimated liquidation value of the collateral is less than the specific loan loss allowance assigned to such loan, then we record an additional specific loan loss allowance for such loan. In general, increasing or decreasing risks in a certain industry type, or changes in the collateral value of specifically identified high risk loans, will impact negatively or positively on our allowance for loan losses.

We actively manage our past due and non-performing loans in an effort to minimize credit losses and monitor asset quality to maintain an adequate loan loss allowance. Although management believes our allowance for loan losses is adequate, there can be no assurance that the allowance will prove sufficient to cover future loan losses. Further, although management uses the best information available to make determinations with respect to the allowance for loan losses, future adjustments may be necessary if economic conditions differ substantially from the assumptions used, or adverse developments arise with respect to non-performing or performing loans. Accordingly, there can be no assurance that our allowance for loan losses will be adequate to cover loan losses or that significant increases to the allowance will not be required in the future if economic conditions should worsen. Material additions to the allowance for loan losses would result in a decrease of our net income and capital and could result in an inability to pay dividends, among other adverse consequences.

The allowance for loan losses on December 31, 2004 totaled $32.1 million, or 1.03% of outstanding loans, compared to $34.0 million, or 1.13% of outstanding loans, at December 31, 2003. The decrease in our allowance for loan losses during 2004 reflects the $16.7 million decrease in non-performing loans. Our non-performing loans as a percentage of our total loans decreased from 1.07% at December 31, 2003 to 0.51% at December 31, 2004. See discussion in the provision for loan losses section for additional detail on the provision for loan losses and charge-offs. Charge-offs were $7.0 million, recoveries were $1.1 million and provisions charged to expense were $5.9 million in 2004.

The allowance for loan losses on December 31, 2003 totaled $34.0 million, or 1.13% of outstanding loans, compared to $33.4 million, or 1.23% of outstanding loans, at December 31, 2002. The increase in our allowance for loan losses during 2003 reflects the $286.6 million or 10.5% increase in our loan portfolio. Our non-performing loans as a percentage of our total loans increased from 0.58% at December 31, 2002 to 1.07% at December 31, 2003. See discussion in the provision for loan losses section for additional detail on the provision for loan losses and charge-offs. Charge-offs were $13.5 million, recoveries were $1.0 million and provisions charged to expense were $13.1 million in 2003.

The following table sets forth activity in our allowance for loan losses during the periods indicated.

	Year Ended December 31,				
	2004	**2003**	**2002**	**2001**	**2000**
	(Dollars in thousands)				
Total net loans outstanding at the end of the year (including loans and mortgage loans held for sale)	$ 3,073,680	$ 2,982,904	$ 2,696,912	$ 2,136,308	$ 1,919,988
Average net loans outstanding during the year	2,885,974	2,829,594	2,391,261	1,965,761	1,868,494
Allowance for loan losses, beginning of the year	34,017	33,439	26,097	26,180	26,038
Charge-offs:					
Commercial	3,973	8,780	6,842	13,101	4,112
Real estate					
Commercial	556	355	1,596	448	251
Construction	1,221	1,102	1,202	16	—
One to four family residential	292	709	858	584	309
Agricultural	52	184	1,212	817	186
Total real estate	2,121	2,350	4,868	1,865	746
Agricultural	150	1,380	828	658	213
Consumer and other	709	1,012	1,299	1,476	1,404
Total charge-offs	6,953	13,522	13,837	17,100	6,475
Recoveries:					
Commercial	613	497	801	798	774
Real estate					
Commercial	10	39	309	55	54
Construction	33	50	—	—	—
One to four family residential	52	59	15	105	91
Agricultural	19	3	27	16	105
Total real estate	114	151	351	176	250
Agricultural	138	72	203	210	391
Consumer and other	204	316	404	519	529
Total recoveries	1,069	1,036	1,759	1,703	1,944
Net charge-offs	5,884	12,486	12,078	15,397	4,531
Provision charged to operations	5,895	13,064	19,420	15,314	4,673
Adjustment for sale of credit card portfolio	(100)	—	—	—	—
Adjustments due to sold branches	(1,820)	—	—	—	—
Allowance for loan losses, end of year	$ 32,108	$ 34,017	$ 33,439	$ 26,097	$ 26,180

Ratios:

Allowance as a percentage of total gross

loans	1.03%	1.13%	1.23%	1.21%	1.35%
Net charge-offs to average loans outstanding	0.20%	0.41%	0.44%	0.78%	0.24%
Allowance as a percentage of non-performing loans	204.60%	105.08%	210.75%	113.42%	126.34%

The following table sets forth the allocation of our allowance for loans losses among categories of loans and the percentage of each loan category to total loans outstanding (including loans held for sale) as of December 31, 2004, 2003, 2002, 2001 and 2000:

	Dec. 31, 2004 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2003 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2002 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2001 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2000 Amount	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)									
Commercial	$ 12,682	29.25%	$ 10,584	29.61%	$ 11,408	29.91%	$ 7,598	29.12%	$ 10,498	27.50%
Real estate construction	5,551	25.50%	6,477	21.75%	4,114	13.09%	2,459	9.42%	1,463	9.67%
Real estate	11,726	42.03%	14,578	42.88%	14,976	47.64%	12,173	46.65%	9,161	39.51%
Mortgage loans held for sale	35	0.18%	295	0.20%	289	0.92%	137	0.52%	609	6.89%
Agricultural	1,160	2.02%	1,273	3.77%	1,841	5.86%	2,373	9.09%	2,844	10.42%
Consumer and other	954	1.02%	810	1.79%	811	2.58%	1,357	5.20%	1,605	6.01%
Total	$ 32,108	100.00%	$ 34,017	100.00%	$ 33,439	100.00%	$ 26,097	100.00%	$ 26,180	100.00%

The allocation percentages assigned to each category of loans have been developed based on an analysis of historical loss rates, specific reserves and general reserves. The amount of real estate construction loans increased as a result of significant activity in the major metropolitan areas the bank serves. Agricultural loans decreased due to the sale of our rural branches.

Investment Activities. Our investment portfolio serves three important functions: first, it facilitates the adjustment of the balance sheet's sensitivity to changes in interest rate movements; second, it provides an outlet for investing excess funds; and third, it provides liquidity. The investment portfolio is structured to maximize the return on invested funds within conservative risk management guidelines. During 2004, we executed an investment strategy whereby a total of $312.5 million of investment securities were reclassified from available-for-sale to held-to-maturity to better reflect the nature of the investment securities within our overall interest rate risk management objectives. We believe that the amount of securities in the held-to-maturity category provides desirable insulation to our tangible equity level in a rising interest rate environment and fits our balance sheet needs.

The portfolio is comprised of available-for-sale securities, which includes U.S. Treasury securities, U.S. government sponsored enterprise obligations, state and municipal obligations, Federal Reserve Bank stock, FNMA stock, and Federal Home Loan Bank stock. The U.S. government sponsored enterprise obligations include Federal Home Loan Mortgage Corporation ("FHLMC") notes, FNMA notes and mortgage-backed securities, Federal Home Loan Bank notes and Government National Mortgage Association ("GNMA") mortgage-backed securities. As of December 31, 2004, the available-for-sale portfolio totaled $498.8 million, including a net unrealized loss of $6.7 million.

The portfolio is also comprised of held-to-maturity securities, which includes U.S. Treasury securities, U.S. government sponsored enterprise obligations, mortgage-back securities, state and municipal obligations, and trust-preferred securities. As of December 31, 2004, the held-to-maturity portfolio totaled $411.8 million and was carried at amortized cost.

The investment portfolio decreased $70.1 million, or 7.1%, during 2004. During 2003, the investment portfolio increased $250.0 million, or 34.0%. The investment portfolio increased $147.3 million, or 25.0%, during 2002. We examined our portfolio for any impairment in value and took a $10.8 million impairment charge primarily related to the write down on 3 high-yield, tax-free investments in 2004. There are no such remaining high-yield securities in our portfolio

The composition of the investment portfolio as of December 31, 2004 was 62.5% U.S. government sponsored enterprise obligations, 3.6% state and municipal securities, 24.0% mortgage-backed securities, 0.6% trading securities and 9.3% other securities. The comparable distribution for December 31, 2003 was 60.8% U.S. government sponsored enterprise obligations, 5.0% state and municipal securities, 24.5% mortgage-backed securities, 1.0% trading securities and 8.7% other securities. The investment portfolio represented 21.2% and 22.8% of total assets at December 31, 2004 and 2003, respectively.

The following table sets forth the composition of our investment portfolio at the dates indicated.

	At December 31,		
	2004	2003	2002
	(Dollars in thousands)		
Securities held to maturity (1):			
U.S. government-sponsored enterprise obligations	$ 251,770	$ —	$ —
Mortgage-backed securities	95,881	87,329	155,754
Other (2)	44,495	45,208	44,565
Obligations of states and political subdivisions	19,656	955	1,244
Total	$ 411,802	$ 133,492	$ 201,563
Securities available for sale (3):			
U.S. government sponsored enterprise obligations	$ 321,023	$ 599,576	$ 143,705
Mortgage-backed securities	123,632	153,859	269,197
Other (4)	40,474	40,852	42,029
Obligations of states and political subdivisions	13,634	48,613	76,106
Total	498,763	842,900	531,037
Securities held for trading (5)	5,456	9,692	3,485
Total investment securities	$ 916,021	$ 986,084	$ 736,085

(1) Held-to-maturity securities are carried at amortized cost.
(2) Includes trust-preferred securities and U.S. Treasury obligations.
(3) Available-for-sale securities are carried at fair value.
(4) Includes Federal Home Loan Bank stock, Federal Reserve stock, FNMA stock and U.S. Treasury obligations.
(5) Trading securities are carried at fair value.

The following table sets forth a summary of maturities in the investment portfolio at December 31, 2004:

	One year or less		Over One Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 years		Total	
	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield
	(Dollars in thousands) (At carrying value)									
U.S. government sponsored enterprise obligations	$ 769	2.13%	$ 527,730	2.91%	$ 39,352	3.05%	$ 4,938	5.08%	$ 572,789	2.93%
Obligations of states and political subdivisions	5,628	2.15%	9,939	3.83%	13,038	4.06%	4,685	6.52%	33,290	3.98%
Mortgage-backed securities	—	—	5	7.11%	—	—	219,508	3.71%	219,513	3.71%
Other	67	3.01%	3,761	7.71%	—	—	42,046	7.12%	45,874	7.16%
Total	$ 6,464	2.16%	$ 541,435	2.95%	$ 52,390	3.30%	$ 271,177	4.31%	$ 871,466	3.39%

The above table does not include trading securities of $5.5 million and investments without stated maturities of $39.1 million, which consists principally of Federal Home Loan Bank stock.

Deposit and Borrowing Activities. Deposits are the major source of our funds for lending and other investment purposes. In addition to deposits, we derive funds from interest payments, loan principal payments, loan and securities sales, and funds from operations. Scheduled loan repayments are a relatively stable source of funds while deposit inflows are significantly influenced by general interest rates and money market conditions. We may use borrowings on a short-term basis, if necessary, to compensate for reductions in the availability of other sources of funds, or borrowings may be used on a longer-term basis for general business purposes.

Deposits are attracted principally from within our primary market areas through the offering of a broad variety of deposit instruments including: checking accounts, money market accounts, savings accounts, certificates of deposit

(including jumbo certificates in denominations of $100,000 or more), and retirement savings plans. We have aggressively attempted to obtain deposits in selected markets to increase market share or meet particular liquidity needs. We have used brokered deposits and have sought to attract deposits outside our market areas. On December 31, 2004, we had approximately $536.6 million of deposits, compared with $602.3 million on December 31, 2003, which were obtained through brokers. Brokered deposits represented 17.1% of our total deposits as of December 31, 2004.

We establish maturity terms, service fees and withdrawal penalties on a periodic basis. Our determination of rates and terms is predicated on funds transaction and liquidity requirements, rates paid by competitors, growth goals and federal obligations.

During 2004, average balances of non-interest-bearing demand deposits increased $23.5 million, or 7.7%; average balances of savings and interest-bearing deposits decreased $68.9 million, or 7.5%; and average balances of time deposits increased $191.8 million, or 11.3%. As of December 31, 2004, the balance of total deposits, including deposits held for sale, had decreased $27.5 million compared to December 31, 2003. This decrease is due to an increase of $355.0 million in time deposits less than $100,000, a $345.2 million decrease in time deposits greater than $100,000, a $53.0 million decrease in savings and NOW accounts and a $15.8 million increase in non-interest-bearing accounts. Approximately $65.7 million of the decrease was the direct result of decreases in brokered deposits, and approximately $426.4 million deposits were disposed of in branch sales in 2004.

During 2003, average balances of non-interest-bearing demand deposits increased $48.8 million, or 18.8%; average balances of savings and interest-bearing deposits increased $105.0 million, or 13.0%; and average balances of time deposits increased $285.3 million, or 20.3%. As of December 31, 2003, the balance of total deposits, including deposits held for sale, had increased $447.9 million compared to December 31, 2002. This increase is due to an increase of $47.7 million in time deposits less than $100,000, a $335.2 million increase in time deposits greater than $100,000, a $10.0 million increase in savings and NOW accounts and a $55.0 million increase in non-interest-bearing accounts. Approximately $352.7 million of the increase was the direct result of increases in brokered deposits offset by approximately $131.5 million in deposits that were disposed of in branch sales in 2003.

The following table sets forth the average balances and weighted average rates for our categories of deposits at the dates indicated, including deposits held for sale.

	Year Ended December 31,								
	2004			**2003**			**2002**		
	Average Balance	**Average Rate**	**% of Total Deposits**	**Average Balance**	**Average Rate**	**% of Total Deposits**	**Average Balance**	**Average Rate**	**% of Total Deposits**
	(Dollars in thousands)								
Non-interest-bearing demand	$ 331,220	—	10.81%	$ 307,690	—	10.55%	$ 258,897	—	10.45%
Savings and interest-bearing demand deposits	846,004	1.06%	27.62%	914,915	1.11%	31.37%	809,875	1.49%	32.69%
Time deposits	1,885,656	2.66%	61.57%	1,693,859	2.90%	58.08%	1,408,577	3.75%	56.86%
Total	$ 3,062,880		100.00%	$ 2,916,464		100.00%	$ 2,477,349		100.00%

The aggregate average balance of brokered time deposits was $615.7 million, $418.6 and $205.6 million for the years ended December 31, 2004, 2003 and 2002, respectively.

We do not have a concentration of deposits from any one source of which the loss would have a material adverse effect on our business.

The following table sets forth a summary of our deposits at the dates indicated.

	December 31,		
	2004	2003	2002
	(Dollars in thousands)		
Non-interest-bearing	$ 371,380	$ 355,637	$ 300,679
Interest-bearing:			
Savings and NOW accounts	862,206	915,212	905,154
Time deposits less than $100,000			
Brokered	512,183	154,245	85,951
Retail	863,600	866,541	887,114
Time deposits greater than $100,000			
Brokered	24,415	448,031	163,661
Retail	503,176	424,777	373,997
Less deposits held for sale	350,186	347,169	—
Total deposits	$ 2,786,774	$ 2,817,274	$ 2,716,556

The increase in interest-bearing brokered deposits in 2003 was a result of the need of additional deposits to fund the increase in loans in our higher-growth metropolitan markets. In 2004, brokered deposits declined as we grew retail time deposits.

The following table summarizes at December 31, 2004, our certificates of deposit of $100,000 or more (excluding brokered deposits) by time remaining until maturity (dollars in thousands).

Maturity Period:	
Less than three months	$ 169,983
Over three months through six months	86,750
Over six months through twelve months	46,781
Over twelve months	199,662
Total	$ 503,176

We have no other time deposits in excess of $100,000 (excluding brokered deposits).

Short-term borrowings consist of federal funds purchased and securities sold under agreements to repurchase. Balances for securities sold under agreements to repurchase outstanding at year end 2004 were $112.2 million, a $15.6 million decrease from $127.8 million outstanding at year end 2003. The balance at year end 2002 was $153.6 million. Balances in these accounts, which generally have overnight maturities, can fluctuate significantly on a day-to-day basis. The average balance of securities sold under agreements to repurchase was $133.5 million in 2004, $140.6 million in 2003, and $128.8 million in 2002. The average rate paid on these borrowings was 1.80%, 1.34% and 1.10% during 2004, 2003 and 2002, respectively. Federal funds purchased and other short-term borrowings were $2.5 million, $7.3 million and $25.7 million at year end 2004, 2003 and 2002, respectively.

Our subsidiary bank also borrows from the Federal Home Loan Bank (FHLB). At year end 2004 these advances totaled $576.8 million, of which $165.6 million is due in 2005. The debt maturing in 2005 may be refinanced or may be repaid with funds generated by the loan and securities portfolios. At year end 2003, these advances

totaled $489.9 million, and at year end 2002, these advances totaled $536.4 million. The weighted average interest rate on FHLB borrowings was 4.44%, 4.50% and 4.30% as of 2004, 2003 and 2002, respectively. Long-term debt for 2004 also includes an $80.0 million long-term repurchase agreement and a $9.7 million note payable on our Employee Stock Ownership Plan.

Derivative Financial Instruments. We utilize derivative instruments as part of our overall interest rate sensitivity management strategy to mitigate exposure to interest rate risk.

Subordinated-Debt Securities Swaps. In 2003, we had three interest rate swap agreements (initiated during 2002) with an aggregate notional amount of $82.5 million. The interest rate swaps are derivative financial instruments and were designated as fair value hedges of our subordinated-debt securities. Each swap had a notional amount equal to the outstanding principal amount of the related subordinated-debt securities, together with the same payment dates, maturity

date and call provisions as the related subordinated-debt securities. Under each of the swaps, we paid interest at a variable rate equal to a spread over 90-day LIBOR, adjusted quarterly, and we received a fixed rate equal to the interest that we are obligated to pay on the related trust-preferred securities. A $28.7 million notional amount swap agreement was called by the counter-party and terminated on April 7, 2003. A $16.3 million notional amount swap agreement was called by the counter party and terminated on June 30, 2003. The third and final swap for $37.6 million was called by the counter party and terminated on November 1, 2004. Under these swap agreements, no payments were due between the parties and we recognized no gain or loss when they were called during 2003 and 2004.

FHLB Debt Swaps. We entered into seven interest rate swap agreements with an aggregate notional amount of $190 million for the purpose of effectively converting $190 million of fixed-rate FHLB borrowings into floating rate obligations. These interest rate swaps are derivative financial instruments and were designated as fair value hedges of the FHLB borrowings. Each swap had a notional amount equal to the outstanding principal amount of the related FHLB borrowings, together with the same payment dates, maturity dates and call provisions as the related FHLB borrowings. Under each of the swaps, we paid interest at a variable rate equal to a spread over 30-day LIBOR, adjusted monthly, and we receive a fixed rate equal to the interest that we were obligated to pay on the related FHLB borrowings. As a result of the issuance of FASB Statement No. 133 Issue G25- "Cash Flow Hedges: Using the First-Payments-Received Technique in Hedging the Variable Interest Payments on a Group of Non-Benchmark-Rate-Based Loans" (G25) in July 2004, we opted to close-out these fair value hedges on November 30, 2004, for new cash flow swaps based on pools of prime-based loans (discussed below) now permitted under G25. As a result of the termination of these hedges, we made a cash payment of $5.4 million to our counterparty. A loss of $0.6 million due to hedging ineffectiveness was recognized in earnings during 2004 for these derivatives. The carrying value of the mark-to-market asset for the hedged FHLB debt is approximately $4.9 million, which will be amortized to earnings over the life of the related FHLB debt, using the straight-line method which is not materially different from the effective interest method required under APB 21-"Interest on Receivables and Payables". The annual expense recorded in earnings will be $0.8 million over the term of the underlying debt.

Variable Rate Loans Swaps. On December 1, 2004, we entered into three interest rate swap agreements with an aggregate notional amount of $190 million for the purpose of effectively converting variable-rate prime-based loans interest streams into fixed-rate interest streams. Pools of prime-based loans have been designated under the swaps, the principal amount of these pools corresponding to the hedged transactions equal to 102% of the notional amount of the swaps. The formula for computing net settlements under the swaps is the same for each net settlement; that is, the fixed rate is the same throughout the term of the swap and the variable rate is the prime rate. The re-pricing dates of the swaps match those of the variable-rate assets on which the hedged transactions are based. These interest rate swaps are derivative financial instruments and have been designated as cash flow hedges of prime-based pools of loans. The first swap has a notional value of $60 million and will effectively fix our interest rate at 6.841% plus the credit spread over Prime, if any, with a maturity date of December 2009. The second swap has a notional value of $60 million and will effectively fix our interest rate at 7.0% plus the credit spread over Prime, if any, with a maturity date of December 2010. The third swap has a notional value of $70 million and will effectively fix our interest rate at 7.14% plus the credit spread over Prime, if any, with a maturity date of December 2011.

Cash Flows from Swaps. During the year ended December 31, 2004, we received net cash flows of $1.5 million under the trust-preferred securities related fair value swaps and $3.5 million on the FHLB debt related fair value swaps for a total of $5.0 million, which was recorded as a reduction of interest expense on borrowings. During the year ended December 31, 2004, we received net cash flows of $0.3 million on the seven prime-based loan pools related cash value swaps, which was recorded in interest income on loans. During the year ended December 31, 2004, no losses were recognized in earnings on the cash flow hedges due to hedging ineffectiveness. While approximately $0.7 million of mark-to-market revaluation was recognized in the Other Comprehensive Income segment of Stockholders Equity, with approximately $0.3 million recognized as a deferred tax liability, the carrying value of the mark-to-market asset for the swaps is reported in Accrued interest and other assets in the Consolidated Balance Sheets.

The use of derivative financial instruments is intended to reduce our interest rate exposure. Derivative financial instruments held by us for purposes of managing interest rate risk are summarized as follows:

December 31

	2004		2003	
	Notional amount	**Credit exposure**	**Notional amount**	**Credit Exposure**
	(Dollars in thousands)			
Interest rate swaps	$190,000	1,300	$227,550	443

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The notional amounts of derivative financial instruments do not represent amounts exchanged by the parties and, therefore, are not a measure of our credit exposure through our use of these instruments. The credit exposure represents the accounting loss we would incur in the event the counterparties failed completely to perform according to the terms of the derivative financial instruments and the collateral held to support the credit exposure was of no value.

Capital and Liquidity

Sources of Liquidity. Liquidity defines our ability, and the ability of Gold Bank, to generate funds to support asset growth, satisfy other disbursement needs, meet deposit withdrawals and other fund reductions, maintain reserve requirements and otherwise operate on an ongoing basis. Our immediate liquidity needs are met primarily by Federal Funds sold, short-term investments, deposits and the generally predictable cash flow (primarily repayments) from our assets. Intermediate term liquidity is provided by our investment portfolios. We also have established credit facilities with several Federal Home Loan Banks, under which we are eligible for short-term advances and long-term borrowings secured by real estate loans or mortgage-related investments. Our liquidity needs and funding are provided through non-affiliated bank borrowing, cash dividends and tax payments from our subsidiaries.

Cash provided by operating activities for 2004 was $41.4 million, consisting primarily of net earnings adjusted for non-cash items, loan loss provision (which was offset by origination of loans held for sale), losses on securities sales and gains on branch sales, and increase in accrued interest and other assets, an increase in bank-owned life insurance, and a decrease in accrued interest and other liabilities. Cash used in investing activities was $459.3 million, consisting primarily of increased loans of $141.4 million, cash paid of $184.7 million from branch sales, increased assets held for sale of $183.1 million, a net decrease of held-to-maturity securities of $35.0 million, and a decrease in available-for-sale securities of $12.6 million. Net activity in financing consisted of an increase in deposits of $398.6 million, a decrease in securities sold under agreements to repurchase of $15.6 million and net proceeds on issuances of long-term debt of $30.8 million, which resulted in net cash provided of $409.1 million.

The principal source of funds at the holding company level is dividends from Gold Bank. The payment of dividends is subject to restrictions imposed by federal and state banking laws and regulations. At December 31, 2004, Gold Bank could pay $28.4 million in dividends to us and still remain well-capitalized. Management believes funds generated from the dividends from our subsidiaries and our existing lines of credit will be sufficient to meet our current cash requirements.

LaSalle Line of Credit. We chose not to renew our revolving line of credit with LaSalle Bank National Association ("LaSalle Credit Line"). On July 1, 2003, we entered into an amendment with LaSalle Bank to reduce the maximum amount that we could borrow from $25 million to $10 million and extended the maturity date from July 1, 2003 to July 1, 2004 (later extended to September 30, 2004). Interest accrued on advances under the LaSalle Credit Line, at our option, was at a rate equal to either LIBOR plus 1.25% per annum or LaSalle Bank's prime rate (but in no event would the interest rate under the LaSalle Credit Line be less than 3.5% per annum). We drew on the LaSalle Credit Line from time to time to fund various corporate matters. As of December 31, 2003, we had an outstanding balance of approximately $1.5 million on the LaSalle Credit Line, which was paid off in the first quarter of 2004.

Bank One, NA Line of Credit. On October 1, 2004, we entered into a new line of credit with Bank One, NA ("Bank One Credit Line") that allows us to borrow up to $25 million. The Bank One Credit Line matures on October 1, 2005. We anticipate that the line will be renewed at that time. Interest accrues on advances under the Bank One Credit Line, at our option, at a rate equal to either LIBOR plus 1.25% per annum or Bank One's prime rate. We may draw on the Bank One Credit Line from time to time to fund various corporate matters. As of December 31, 2004, we had no outstanding balance on the Bank One Credit Line.

LaSalle ESOP Loan Agreement. Under our Amended and Restated Loan Agreement, dated as of February 8, 2002 ("Prior ESOP Loan Agreement"), between our Employees' Stock Ownership Plan (the "ESOP") and LaSalle Bank, our ESOP could borrow up to $15 million. Loans under the Prior ESOP Loan Agreement bore interest, at the ESOP's option, at either LaSalle Bank's Prime Base Rate or LIBOR plus 1.75%. As of December 31, 2003, our ESOP had approximately $11.6 million outstanding under the Prior ESOP Loan Agreement, which it borrowed to purchase our common stock. We guaranteed the ESOP's obligations under the Prior ESOP Loan Agreement. The LaSalle ESOP loan was repaid on September 30, 2004.

Bank One, NA ESOP Loan Agreement. Under a new Loan Agreement, dated as of October 1, 2004 ("ESOP Loan Agreement"), between our ESOP and Bank One, NA, our ESOP may borrow up to $10.1 million. Loans under the ESOP Loan Agreement bear interest, at the ESOP's option, at either Bank One's Prime Base Rate or LIBOR plus 1.70%. As of December 31, 2004, our ESOP had approximately $9.7 million outstanding under the ESOP Loan Agreement, which it borrowed to pay off the Prior ESOP loan. We have guaranteed the ESOP's obligations under the ESOP Loan Agreement. We do not anticipate that the ESOP will borrow any further amounts under the ESOP Loan Agreement.

Federal Home Loan Banks of Des Moines, Topeka and Atlanta. As of December 31, 2004, we had $10.0 million outstanding under our credit agreement with Federal Home Loan Bank of Des Moines ("FHLB-Des Moines"), $496.8 million of advances outstanding under our credit agreement with the Federal Home Loan Bank of Topeka ("FHLB-Topeka"), and $70.0 million of advances outstanding under our credit agreement with the Federal Home Loan Bank of Atlanta ("FHLB-Atlanta").

Capital. We actively monitor our compliance with regulatory capital requirements. The elements of capital adequacy standards include strict definitions of core capital and total assets, which include off-balance sheet items such as commitments to extend credit. Under the risk-based capital method of capital measurement, the ratio computed is dependent on the amount and composition of assets recorded on the balance sheet and the amount and composition of off-balance sheet items, in addition to the level of capital. Historically, we have increased core capital through retention of earnings or capital infusions. The primary source of funds available to us is dividends by our subsidiaries, in particular Gold Bank. The bank's ability to pay dividends is subject to regulatory requirements. At December 31, 2004, our subsidiaries could pay dividends of $90.5 million including $28.4 million from Gold Bank. To be "well-capitalized" a company's total risk-based capital ratio, tier 1 risk-based capital ratio and tier 1 leverage ratio would be at least 10.0%, 6.0% and 5.0%, respectively. Our total risk-based capital ratio, tier 1 risk-based capital ratio and tier 1 leverage ratio at December 31, 2004 were 11.08%, 9.32% and 7.75%, respectively. These same ratios at December 31, 2003 were 10.78%, 8.87% and 7.01%, respectively.

BOLI Policies. Gold Bank has purchased bank-owned life insurance ("BOLI") policies with death benefits payable to the Bank on the lives of certain officers. These single-premium, whole-life policies provide favorable tax benefits, but are illiquid investments. Federal guidelines limit a bank's aggregate investment in BOLI to 25% of the bank's capital and surplus, and its aggregate investment in BOLI policies from a single insurance company to 15% of the bank's capital and surplus. All Gold Bank BOLI investments comply with federal guidelines. As of December 31, 2004, Gold Bank had $83.0 million of BOLI (equal to 22.4% of its capital and surplus) compared to $80.2 million (24.5% of its capital and surplus) as of December 31, 2003, an increase of $2.8 million or 3.5%.

We monitor the financial condition and credit rating of each of the three life insurance companies that issued the BOLI policies. We believe that these BOLI investments will not have any significant impact on the capital or liquidity of Gold Bank.

CompuNet Activities. CompuNet Engineering, Inc. provided information technology, e-commerce services and networking solutions for banks and other businesses. On February 4, 2004, we sold CompuNet Engineering to Computer Source, Inc.

Subordinated-Debt Securities. We formed three statutory trusts during 2004 to issue a total of $84.0 million in trust-preferred securities. The three offerings were pooled private placements exempt from registration under the Securities Act pursuant to Section 4(2) thereunder. We own 100% of the common securities of all three trusts. The trusts were formed with the sole purpose of issuing the trust-preferred securities and investing the proceeds from the sale of such trust-preferred securities in subordinated debentures issued by us. The debentures held by the trusts are the sole assets of the trusts. We have provided a full, irrevocable, and unconditional subordinated guarantee of the obligations of the three trusts under the preferred securities.

We formed Gold Banc Trust III on March 11, 2004. Effective March 15, 2004, Gold Banc Trust III issued $16.0 million of trust-preferred securities to institutional investors. Gold Banc Trust III used the proceeds from the issuance of the trust-preferred securities, as well as our $495,000 capital investment in the trust, to purchase $16,495,000 of junior subordinated debt securities issued by us. The debentures mature on April 23, 2034, and may be redeemed, at our option, after April 23, 2009. The interest rate of the debentures is fixed at 5.80% for a five-year period through April 23, 2009. Thereafter, interest is at a floating rate equal to LIBOR plus 2.75%, adjustable quarterly. Interest is payable quarterly. The trust-preferred securities carry an interest rate identical to that of the related debenture.

We formed Gold Banc Trust IV on March 12, 2004. Effective March 15, 2004, Gold Banc Trust IV issued $30.0 million of trust-preferred securities to institutional investors. Gold Banc Trust IV used the proceeds from the issuance of the trust-preferred securities, as well as our $928,000 capital investment in the trust, to purchase $30,928,000 of floating rate junior subordinated-debt securities issued by us. The debentures mature on April 7, 2034, and may be redeemed, at our option, after April 7, 2009. The interest rate of the debentures is a floating rate equal to LIBOR plus 2.75%, adjustable quarterly. Interest is payable quarterly. The trust-preferred securities carry an interest rate identical to that of the related debenture.

On April 22, 2004, we used the proceeds of Gold Banc Trust III's and Gold Banc Trust IV's issuance of trust-preferred securities to redeem (i) $16,249,420 in principal amount of the 8.50% Preferred Securities issued by Gold Banc

Capital Trust, formerly ABI Capital Trust and (ii) $28,750,000 in principal amount of the 8.75% Preferred Securities issued by GBCI Capital Trust.

We formed Gold Banc Capital Trust V on November 8, 2004. Effective November 10, 2004, Gold Banc Capital Trust V issued $38.0 million of trust-preferred securities to institutional investors. Gold Banc Capital Trust V used the proceeds from the issuance of the trust-preferred securities, as well as our $1,176,000 capital investment in the trust, to purchase $39,176,000 of junior subordinated deferrable interest debentures issued by us. The debentures mature on December 15, 2034, and may be redeemed, at our option, after December 15, 2009. The interest rate of the debentures is fixed at 5.90% for a five-year period through December 15, 2009. Thereafter, interest is at a floating rate equal to LIBOR plus 2.10%. Interest is payable quarterly. The trust-preferred securities carry an interest rate identical to that of the related debenture. On November 15, 2004, we used the proceeds of Gold Banc Capital Trust V's issuance of trust-preferred securities to redeem $37,550,000 in principal amount of the 9.12% Preferred Securities issued by GBCI Capital Trust II.

We have adopted the provisions of FASB Interpretation No. 46R, "Consolidation of Variable Interest Entities." FASB Interpretation No. 46R requires, among other things, that such trusts be deconsolidated. As a result, we no longer consolidate the Trusts in our consolidated financial statements.

Total expenses associated with the issuance of the trust-preferred securities during 2004 were $0.4 million which are being amortized on a straight-line basis over the life of the related obligations. During 2004, $3.3 million of prepaid offering costs were written off related to the retirement of GBCI Capital Trust, GBCI Capital Trust II and Gold Banc Capital Trust. Amortization of issuance expenses during the years ended December 31, 2004, 2003 and 2002, included in interest expense, aggregated $0.1 million, $0.1 million and $0.1 million, respectively.

Commitments, Contractual Obligations, and Off-Balance Sheet Arrangements

Various commitments and contingent liabilities arise in the normal course of business, which are not required to be recorded on the consolidated balance sheet. The most significant of these are unfunded loan commitments totaling approximately $909.2 million and standby letters of credit, totaling approximately $97.7 million at December 31, 2004. We have various other financial instruments with off-balance sheet risk, such as commercial letters of credit and commitments to purchase and sell when-issued securities. Since many commitments expire unused or only partially used, these totals do not necessarily reflect future cash requirements. Management does not anticipate any material losses arising from commitments and contingent liabilities and believes there are no material commitments to extend credit that represent risks of an unusual nature.

A table summarizing contractual cash obligations (excluding interest) of the Company at December 31, 2004 and the expected timing of these payments follows:

(In thousands)	In One Year or Less	After One Year through Three Years	After Three Years through Five Years	After Five	Total
Long-term debt obligations	$ 166,156	$ 147,466	$ 33,987	$ 430,524	$ 778,133
Operating lease obligations	3,579	5,505	4,629	14,229	27,942
Purchase obligations	5,643	5,194	2,365	433	13,635
Time Open and C.D.'s	1,106,604	568,273	227,748	749	1,903,374
Total	$ 1,281,982	$ 726,438	$ 268,729	$ 445,935	$ 2,723,084

Impact of Inflation and Changes in Prices

The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, changes in interest rates have a more significant impact on the performance of a financial institution

than do changes in the general rate of inflation and changes in prices. Interest rate changes do not necessarily move in the same direction or have the same magnitude as changes in the prices of goods and services.

Impact of Recently Issued Accounting Standards

See note 1(o) of the Notes to Consolidated Financial Statements.

Forward Looking Information and Statements

The information included or incorporated by reference in this Report contains certain forward-looking statements with respect to our financial condition, results of operations, plans, objectives, future financial performance and business, including, without limitation:

- statements that are not historical in nature;
- statements preceded by, followed by or that include the words "believes," "expects," "may," "will," "should," "could," "anticipates," "estimates," "intends" or similar expressions; and
- statements regarding the timing of the closing of the branch sales.

Forward-looking statements are not guarantees of future performance or results. They involve risks, uncertainties and assumptions. Actual results may differ materially from those contemplated by the forward-looking statements due to, among others, the following factors:

- inability to obtain waivers of defaults under our credit facilities or find alternative financing;
- transition and strategies of new management;
- changes in interest margins on loans;
- changes in allowance for loan losses;
- changes in the interest rate environment;
- competitive pressures among financial services companies may increase significantly;
- general economic conditions, either nationally or in our markets, may be less favorable than expected;
- legislative or regulatory changes may adversely affect the business in which our Company and its subsidiaries are engaged;
- technological changes may be more difficult or expensive than anticipated;
- hedging activities may be less effective than anticipated; and
- changes may occur in the securities markets.

These risks and other risks are described in Exhibit 99.1 to this Annual Report and are incorporated herein by reference.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset/Liability Management

Asset/liability management refers to management's efforts to minimize fluctuations in net interest income caused by interest rate changes. This is accomplished by managing the re-pricing of interest rate sensitive interest-earning assets and interest-bearing liabilities. An interest rate sensitive balance sheet item is one that is able to re-price quickly through maturity or otherwise. Controlling the maturity or re-pricing of an institution's liabilities and assets in order to minimize interest rate risk is commonly referred to as gap management. Close matching of the re-pricing of assets and liabilities will normally result in little change in net interest income when interest rates change. A mismatched gap position will normally result in changes in net interest income as interest rates change.

Along with internal gap management reports, we use an asset/liability modeling service to analyze the Bank's current gap position. The system simulates our Bank's asset and liability base rate scenario and projects future net interest income results under several interest rate assumptions. We strive to maintain an aggregate gap position such that changes in interest rates will not affect net interest income by more than 10% in any 12-month period. We utilize interest rate swap agreements to assist in the management of interest rate sensitivity, as described in "Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations". The use of such derivative financial instruments is intended to reduce our interest rate exposure.

The following table indicates that, at December 31, 2004, if there had been a sudden and sustained increase in prevailing market interest rates, our 2005 net interest income would be expected to increase, while a decrease in rates would indicate a decrease in income.

Changes in Interest Rate	Net Interest Income	Change	Percent Change
	(Dollars in thousands)		
200 basis point rise	$ 143,449	$ 10,055	7.5%
100 basis point rise	139,303	5,909	4.4%
Base rate scenario	133,394	—	—
50 basis point decline	129,450	(3,944)	(3.0)%
100 basis point decline	125,135	(8,259)	(6.2)%

The following table sets forth the maturities of our interest-earning assets and interest-bearing liabilities outstanding at December 31, 2004.

	Interest Rate Sensitivity				
	0-3 Months	**4 Months to 12 Months**	**Over 1 to 5 Years**	**Over 5 Years**	**Total**
	(Dollars in thousands)				
Rate-Sensitive Assets:					
Loans (1)	$ 1,491,698	$ 302,701	$ 817,503	$ 110,522	$ 2,722,424
Investment securities	34,476	96,604	651,383	133,558	916,021
Other interest-bearing assets	43,286	—	—	—	43,286
Total rate-sensitive assets	$ 1,569,460	$ 399,305	$ 1,468,886	$ 244,080	$ 3,681,731
Rate-Sensitive Liabilities:					
Savings deposits and interest-bearing checking (2)	$ 737,957	$ —	$ —	$ —	$ 737,957
Time deposits (3)	234,257	696,665	797,836	749	1,729,507
Short-term borrowings	114,668	—	—	—	114,668
Long-term borrowings	272,659	60,312	212,929	232,233	778,133
Total rate-sensitive liabilities	$ 1,359,541	$ 756,977	$ 1,010,765	$ 232,982	$ 3,360,265
Interest Rate Derivatives	(190,000)	—	60,000	130,000	—
Net gap	$ 19,919	$ (357,672)	$ 518,121	$ 141,098	$ 321,466
Cumulative gap	$ 19,919	$ (337,753)	$ 180,368	$ 321,466	
Cumulative ratio of interest-earning assets to interest-bearing liabilities	115.44%	52.75%	145.32%	104.76%	
Ratio of cumulative gap to interest-earning assets	1.27%	(84.59)%	12.28%	131.71%	

(1) Loans 3 months or less exclude $383,364,000 of loans held for sale.
(2) Savings deposits and interest-bearing checking 3 months or less exclude $124,249,000 of deposits held for sale.
(3) Time deposits 3 months or less exclude $173,867,000 of deposits held for sale.

The cumulative gap value shown above indicates that a small rise or fall in interest rates would not have a material effect on net interest income. Our ability to re-price rates on savings deposits and interest-bearing checking accounts in line with our markets or need for deposits helps with the management of margins. Historically, rate changes on these deposits have not reflected the full effect of overall rate movements.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Gold Banc Corporation, Inc.:

We have audited the accompanying consolidated balance sheets of Gold Banc Corporation, Inc. and subsidiaries as of December 31, 2004 and 2003, and the related consolidated statements of operations, stockholders equity and comprehensive income, and cash flows for each of the years in the three-year period ended December 31, 2004. These consolidated financial statements are the responsibility of the Companys management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gold Banc Corporation, Inc. and subsidiaries as of December 31, 2004 and 2003, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2004, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 2 to the consolidated financial statements, the Company disposed of CompuNet Engineering, Inc., a wholly owned subsidiary of the Company in 2004. The assets, liabilities, and results of operations of CompuNet are included in discontinued operations in the accompanying consolidated financial statements.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Gold Banc Corporation, Inc.s internal control over financial reporting as of December 31, 2004, based on criteria established in *Internal ControlIntegrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 24, 2005, expressed an unqualified opinion on management s assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Kansas City, Missouri
March 24, 2005

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2004 and 2003
(Dollars in thousands)

	2004	2003
ASSETS		
Cash and due from banks	$ 65,011	$ 78,124
Federal funds sold and interest-bearing deposits	43,286	38,978
Total cash and cash equivalents	108,297	117,102
Investment securities:		
Available-for-sale, at fair value	498,763	842,900
Held-to-maturity (fair market value of $411,232 and $138,093 as of December 31, 2004 and 2003, respectively)	411,802	133,492
Trading, at fair value	5,456	9,692
Total investment securities	916,021	986,084
Loans	2,716,700	2,810,749
Allowance for loan losses	(32,108)	(34,017)
Loans, net	2,684,592	2,776,732
Mortgage loans held for sale, net	5,724	5,883
Premises and equipment, net	51,613	59,045
Goodwill	30,484	30,484
Other intangible assets, net	5,336	6,084
Accrued interest and other assets	57,807	52,117
Cash surrender value of bank-owned life insurance, net of surrender charges	82,992	80,218
Assets held for sale	387,510	204,973
Assets of discontinued operation	—	3,903
Total assets	$ 4,330,376	$ 4,322,625

See accompanying notes to consolidated financial statements.

	2004	2003
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$ 2,786,774	$ 2,817,274
Securities sold under agreements to repurchase	112,205	127,789
Federal funds purchased and other short-term borrowings	2,463	7,260
Subordinated debt	116,599	114,851
Long-term borrowings	661,534	631,526
Accrued interest and other liabilities	30,231	26,411
Liabilities held for sale	350,186	347,169
Liabilities of discontinued operation		628
Total liabilities	4,059,992	4,072,908
Stockholders' equity:		
Preferred stock, no par value; 50,000,000 shares authorized, no shares issued		
Common stock, $1 par value; 50,000,000 shares authorized, and 45,011,227 and 44,567,417 shares issued at December 31, 2004 and 2003, respectively	45,011	44,567
Additional paid-in capital	129,381	122,444
Retained earnings	146,360	132,082
Accumulated other comprehensive loss, net	(6,007)	(2,812)
Unearned compensation	(10,072)	(12,275)
	304,673	284,006
Less treasury stock (4,824,575 shares at December 31, 2004 and 2003)	(34,289)	(34,289)
Total stockholders' equity	270,384	249,717
Commitments and contingent liabilities		
Total liabilities and stockholders' equity	$ 4,330,376	$ 4,322,625

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2004, 2003, and 2002
(Dollars in thousands)

	2004	2003	2002
Interest income:			
Loans, including fees	$ 166,051	$ 170,439	$ 160,634
Investment securities	35,915	37,346	34,613
Other	2,170	1,921	2,275
Total interest income	204,136	209,706	197,522
Interest expense:			
Deposits	59,044	59,229	64,980
Borrowings and other	29,698	32,423	33,039
Total interest expense	88,742	91,652	98,019
Net interest income	115,394	118,054	99,503
Provision for loan losses	5,895	13,064	19,420
Net interest income after provision for loan losses	109,499	104,990	80,083
Other income:			
Service fees	15,618	17,626	17,457
Investment trading fees and commissions	2,824	5,004	5,649
Net gains on sales of mortgage loans	1,447	2,746	2,201
Unrealized gains (losses) on trading securities	(53)	30	(42)
Realized gains (losses) on securities	(11,359)	1,847	9,542
Gain on sales of branch facilities	20,574	5,738	2,380
Gain on sale of credit card portfolio	1,156	—	—
Bank-owned life insurance	3,766	3,717	3,463
Trust fees	4,249	3,721	2,414
Other	1,097	1,129	2,423
Total other income	39,319	41,558	45,487
Other expense:			
Salaries and employee benefits	50,683	52,044	44,174
Expenses for the settlement of *qui tam* litigation	16,500	—	—
Data processing	8,131	8,214	6,651
Net occupancy expense	7,316	7,652	6,218
Depreciation expense	6,505	6,653	6,250
Professional services	6,384	5,697	6,067
Amortization of prepaid offering expenses	3,365	136	136
Losses and expenses resulting from misapplication of bank funds, net of			

recoveries		(1,868)	136
Other expenses	19,410	21,574	18,823
Total other expense	118,294	100,102	88,455

See accompanying notes to consolidated financial statements.

Net earnings from continuing operations before income taxes	30,524	46,446	37,115
Income tax expense	10,886	13,644	11,372
Net earnings from continuing operations	19,638	32,802	25,743
Net earnings (loss) from discontinued operation, net of tax	(551)	(3,392)	474
Net earnings	$ 19,087	$ 29,410	$ 26,217
Net earnings from continuing operations per sharebasic	0.50	0.86	0.76
Net earnings (loss) from discontinued operation per sharebasic	(0.01)	(0.09)	0.02
Net earnings per share basic	$ 0.49	$ 0.77	$ 0.78
Net earnings from continuing operations per share diluted	0.50	0.86	0.76
Net earnings (loss) from discontinued operation per sharediluted	(0.01)	(0.09)	0.02
Net earnings per share diluted	$ 0.49	$ 0.77	$ 0.78

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME (LOSS)
Years ended December 31, 2004, 2003, and 2002
(Dollars in thousands)

	Preferred stock	Common Stock	Additional paid-in capital	Retained earnings	Accumulated Other Comprehensive Income (loss)	Unearned compensation	Treasury stock	Total
Balance at December 31, 2001	$ —	38,352	76,584	83,987	(8)	(3,440)	(30,935)	$ 164,540
Net earnings for 2002	—	—	—	26,217	—	—	—	26,217
Change in unrealized gain on available-for-sale securities	—	—	—	—	3,497	—	—	3,497
Total comprehensive income for 2002	—	—	—	26,217	3,497	—	—	29,714
Exercise of 86,310 stock options	—	86	188	—	—	—	—	274
Issuance of 5,750,000 shares of common stock	—	5,750	41,295	—	—	—	—	47,045
Allocation of 105,378 shares held by Employee Stock Ownership Plan	—	—	190	—	—	568	—	758
Acquisition of 304,500 shares of treasury stock	—	—	—	—	—	—	(2,185)	(2,185)
Increase in unearned compensation	—	—	—	—	—	(9,560)	—	(9,560)
Dividends paid ($0.08 per common share)	—	—	—	(2,812)	—	—	—	(2,812)
Balance at December 31, 2002	$ —	44,188	118,257	107,392	3,489	(12,432)	(33,120)	$ 227,774
Net earnings for 2003	—	—	—	29,410	—	—	—	29,410
Change in unrealized gain on available-for-sale securities	—	—	—	—	(6,301)	—	—	(6,301)