GOLD BANC CORP INC
Form 10-K
March 15, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

(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, 2003

OR

o **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 o

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. o

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

The aggregate market value of the 36,419,159 shares of common stock, par value $1.00 per share, of the registrant held by non-affiliates of the registrant as of June 30, 2003 was $381,308,595, computed based on the $10.47 closing sale price of such common stock on that date. As of February 25, 2004, the registrant had 39,495,182 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.

INDEX

PART I

ITEM 1. BUSINESS

Proposed Acquisition of Gold Banc

On February 27, 2004, the Company filed a Form 8-K and issued a press release announcing that it has entered into an Agreement and Plan of Merger (the Merger Agreement) by and among the Company, Silver Acquisition Corp. (Silver), and SAC Acquisition Corp. Pursuant to the Merger Agreement. Silver will acquire all of the outstanding shares of common stock of the Company for $16.60 per share in cash. The merger is expected to be completed in the third quarter of 2004. If the merger is not completed by July 23, 2004, the Company s stockholders will receive an additional $0.0023 per share for each day elapsing thereafter through the closing date of the merger.

The holders of a majority of Gold Banc s outstanding shares must approve the merger. It is also subject to the receipt of required regulatory approvals and the receipt by Silver of necessary financing. Silver has obtained written commitments for approximately 80% of the planned $455 million in common equity and expects to receive commitments for the balance of the required financing within 60 days.

Under the Merger Agreement, Gold Bank-Kansas, Gold Bank-Florida and Gold Bank-Oklahoma would be consolidated into a single Kansas bank and then converted into a federal savings bank established by Silver for that purpose. Following those transactions and the merger, the surviving parent would be a privately held savings and loan holding company regulated by the Office of Thrift Supervision.

THE COMPANY AND SUBSIDIARIES

Gold Banc Corporation, Inc.

Our Company, Gold Banc Corporation, Inc., a Kansas corporation, is 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).

We are engaged in a wide 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. As a financial holding company, we are eligible to engage in a broad range of financial activities.

We own all of the outstanding stock of three commercial banks with 40 offices in 21 communities in Kansas, Missouri, Oklahoma and Florida. Our Banks are Gold Bank-Kansas, Gold Bank-Oklahoma and Gold Bank-Florida.

In addition to our Banks, we also own six non-bank financial services subsidiaries. Our financial services subsidiaries provide securities brokerage, investment management, trust, insurance agency, investment advisory, title insurance services, and merchant banking services. Since December 1978, we have grown internally and through acquisitions from a one-bank holding company with $2.9 million in total assets to a financial services holding company offering diversified financial services with total assets as of December 31, 2003 of $4.3 billion. Our principal executive offices are located at 11301 Nall Avenue, Leawood, Kansas 66211, and our telephone number is (913) 451-8050.

During 2003, in connection with our strategy to increase our presence in higher growth metropolitan areas while maintaining the ability to provide personal services to our customers, we have:

- sold two Gold Bank-Kansas branches;
- entered into an agreement to sell seven Gold Bank-Kansas branches (consummated on February 13, 2004);
- sold five Gold Bank-Oklahoma branches;
- entered into an agreement to sell one Gold Bank-Oklahoma branch (consummated on February 6, 2004); and
- entered into an agreement for the sale of our interest in CompuNet Engineering, Inc. (consummated on February 4, 2004).

As a result, our assets as of March 1, 2004 are approximately $4.2 billion. These transactions are described more fully below under Dispositions and Consolidations During 2003 and Early 2004.

Our Subsidiary Banks

Gold Bank-Kansas. Gold Bank-Kansas is a Kansas state bank that has 13 banking offices located throughout the state of Kansas as well as five Missouri locations in greater Kansas City. Gold Bank-Kansas 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, brokerage 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 and commercial and residential real estate loans. This Bank s loan portfolio consists primarily of commercial, real estate and agricultural loans. As of December 31, 2003, Gold Bank-Kansas had total assets of approximately $2.4 billion.

Gold Bank-Oklahoma. Gold Bank-Oklahoma is an Oklahoma state bank that has 11 banking offices located in western and central Oklahoma. Its headquarters are located in Oklahoma City, Oklahoma. Gold Bank-Oklahoma 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, brokerage 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 and commercial and residential real estate loans. Gold Bank-Oklahoma s loan portfolio consists primarily of commercial, real estate and agricultural loans. As of December 31, 2003, Gold Bank-Oklahoma had total assets of approximately $1.1 billion. On August 11, 2003 the Company filed an application for the merger of Gold Bank Oklahoma with Gold Bank Kansas. This merger is expected to be consummated in the second quarter of 2004.

Gold Bank-Florida. Gold Bank-Florida is a Florida state bank that has eight banking offices located in Sarasota and Manatee counties, one office in Tampa, and two in other surrounding communities. Gold Bank-Florida is a full service bank that conducts a general banking business, offering its customers checking and savings accounts, debit cards, certificates of deposit, brokerage services, 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 and commercial and residential real estate loans. Gold Bank-Florida s loan portfolio consists primarily of commercial, real estate, personal and agricultural loans. As of December 31, 2003, Gold Bank-Florida had total assets of approximately $822.5 million.

Our Financial Services Subsidiaries

Gold Financial Services, Inc. Gold Financial Services is our wholly-owned subsidiary that serves as the division for our financial holding company activities of insurance, trust, brokerage, investment advisory services, merchant banking, and title insurance services.

Gold Capital Management, Inc. Gold Capital Management is a securities broker dealer and investment advisor that is registered with the National Association of Securities Dealers. Gold Capital Management s customers consist mostly of financial institutions located throughout the Midwest. Gold Capital Management manages a wide variety of stock, bond and money market 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 its 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 also provides trust services at each Gold Bank-Kansas affiliate location. On October 31, 2002, the Company acquired the trust company business of George K. Baum Trust Company through a merger involving Gold Trust Company and George K. Baum Trust Company. The surviving entity operates under the name Gold Trust Company. As of December 31, 2003, Gold Trust Company had approximately $703 million in discretionary trust assets under management and approximately $694 million in non-discretionary trust assets under administration. Gold Trust Company is a wholly-owned subsidiary of Gold Financial Services.

Gold Insurance Agency, Inc. Gold Insurance Agency is a Kansas insurance agency which sells a full line of insurance products, including life insurance, annuities, disability insurance and credit life insurance. During 2002, we sold several of Gold Insurance Agency s agency locations and substantially reduced the scope of its operations.

Gold Merchant Banc, Inc. Gold Merchant Banc was established at the end of December 2000 and is a wholly-owned subsidiary of Gold Financial Services. Gold Merchant Banc engages in merchant banking activities.

Gold Investment Advisors, Inc. We formed Gold Investment Advisors as a wholly-owned subsidiary of Gold Financial Services in December 2000 to perform investment advisory services.

GBS Holding Company, LLC. GBS Holding was formed in September 2001 as a joint venture with Stewart Title Agency. GBS Holding is 75% owned by Gold Financial Services and 25% owned by Stewart Title Agency. GBS Holding owns 100% of its subsidiary, Gold Title Agency, LLC, which acts as a title insurance agent. During 2003, the decision was made to sell Gold Title Agency. This transaction is expected to close the first quarter of 2004.

Gold Reinsurance Company, Ltd. Gold Reinsurance Company, Ltd. was formed in November 2001 and is owned by Gold Banc Corporation, Inc. This company provides reinsurance services for credit life insurance sold through the bank affiliates.

CompuNet Engineering, Inc. CompuNet Engineering provides information technology, e-commerce services and networking solutions for banks and other businesses, including the design and implementation and administration of local and wide area networks. CompuNet Engineering was a wholly-owned subsidiary of Gold Banc Corporation, Inc. and was headquartered in Overland Park, Kansas. On February 4, 2004, we sold our interest in CompuNet Engineering to Computer Source, Inc.

Dispositions and Consolidations During 2003 and Early 2004

Pursuant to the Company s strategy to increase its presence in higher growth metropolitan areas, the Company has sold some of its rural branches and redeployed such assets to acquire deposits in metropolitan areas. We do not believe that the transactions described below will have a material adverse impact on our business, results of operations, capital or liquidity.

Sale of Guymon Branch. On December 24, 2002, Gold Bank-Oklahoma entered into an agreement for the sale of its Guymon, Oklahoma branch location to City National Bank and Trust Company of Guymon, Oklahoma. The deposits and loans of this branch were approximately $36 million and $5.5 million, respectively, at the closing date. The sale of this branch closed on April 11, 2003, following receipt of regulatory approvals. In connection with the sale of the Guymon branch location, we recorded a gain of approximately $839 thousand.

Sale of Wakita & Helena Branches. On March 4, 2003, Gold Bank-Oklahoma entered into an agreement for the sale of its Helena and Wakita, Oklahoma branch locations to Farmers Exchange Bank of Cherokee, Oklahoma. The aggregate deposits and loans of these Gold Bank-Oklahoma branches were approximately $17 million and $3 million, respectively, at the closing date. The sale of these branches closed on May 30, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, we recorded a gain of approximately $334 thousand.

Sale of LaCygne and Pleasanton Branches. On June 10, 2003, Gold Bank-Kansas entered into an agreement for the sale of its LaCygne and Pleasanton, Kansas branch locations to Labette Bank. The aggregate deposits and loans of these Gold Bank-Kansas branches were approximately $38 million and $15 million, respectively, at the closing date. The sale of these branches closed on August 15, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, we recorded a gain of approximately $1.8 million.

Consolidation of Gold Bank-Kansas and Gold Bank-Oklahoma. On August 11, 2003, Gold Bank-Kansas filed an application with the FRB-KC and 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 expects the merger to be consummated in the second quarter of 2004. Gold Bank-Kansas expects to realize approximately $1.3 million in annual cost savings as a result of the merger due to a more efficient workforce and standardization of products and operating procedures. In addition, the merger will allow Gold Bank-Kansas to consolidate its efforts for future growth of its Midwestern franchises under one unified banking organization.

Sale of Elkhart branch. On August 28, 2003, Gold Bank-Oklahoma entered into an agreement for the sale its branch location in Elkhart, Kansas to ColoEast Bankshares. As of December 31, 2003, the deposits and loans of this Gold Bank-Oklahoma branch were approximately $28.1 million and $4.3 million, respectively. The sale of this Gold Bank-Kansas branch closed on February 5, 2004. In connection with the sale of this branch, we recorded a gain of approximately $852 thousand.

Sale of Hobart & Lone Wolf Branches. On September 16, 2003, Gold Bank-Oklahoma entered into an agreement for the sale of its Hobart & Lone Wolf, Oklahoma branch locations to BancFirst of Oklahoma City, Oklahoma. The aggregate deposits and loans of these Gold Bank-Oklahoma branches were approximately $40.5 million and $14.8 million**,** respectively, at the closing date. The sale of these branches closed on November 13, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, we recorded a gain of approximately $2.7 million.

Sale of Other Gold Bank-Kansas branches. On September 16, 2003, we announced that we had entered into agreements for the sale of seven Gold Bank-Kansas branches. An employee-investor group led by Leonard Wolfe, the regional Gold Bank-Kansas president in Marysville, Kansas, agreed to purchase the Gold Bank-Kansas branches. As of December 31, 2003, the deposits and loans of the seven Gold Bank-Kansas branches were approximately $317.3 million and $197.1 million, respectively. The sale of the Gold Bank-Kansas branches closed on February 13, 2004. In connection with the sale of these branches, we will record a gain of approximately $15.0 million.

Sale of CompuNet Engineering. On January 15, 2004, we entered into a letter of understanding for the sale of our interest in CompuNet Engineering to Computer Source, Inc. This sale closed on February 4, 2004. In connection with the sale of our interest in CompuNet, we recorded a loss of approximately $4.1 million in 2003, of which $845,000 was recorded in the third quarter of 2003 as a goodwill impairment charge.

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. As of December 31, 2003, the aggregate deposit and loans of the branches were approximately $64.5 million and $27.3 million respectively. The sale of these branches is expected to close in the second quarter of 2004.

BUSINESS

Community Banking Style

We serve the needs and cater to the economic strengths of the metropolitan areas where our Banks are located. We strive to provide a high level of personal and professional customer service focusing on commercial banking and assets and wealth management in a community bank setting. Employee 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, the growing Tulsa and Oklahoma City, Oklahoma market areas and in the high growth market areas of Tampa Bay/Sarasota/Bradenton, Florida markets. We believe the recent wave of regional bank acquisitions of local banks in those communities and metropolitan areas, and the subsequent conversion of some of those acquired banks to branch locations, have alienated the customers of those locations. This has created an opportunity for us to attract and retain as loan customers those owner-operated businesses that require flexibility and responsiveness in lending decisions and desire a more 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 Tulsa and Oklahoma City, Oklahoma and Tampa Bay/Sarasota/Bradenton, Florida.

Operating Strategy

Our operating strategy is focused on commercial banking 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 banking offices 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, a high quality of service and responsiveness to specific customer needs. The principal elements of our operating strategy are:

Emphasize Personalized Customer Service and Community Involvement. 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, turning the Gold Banc relationship into More Than Money . Our Banks management and other employees participate actively in a wide variety of community activities and organizations in order to develop and maintain customer relationships. Our Banks seek 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, Gold Bank-Kansas has opened service locations in the high-growth sections of the Kansas City area to fill the void of community banks that has been created by the recent consolidation of regional banking institutions. Gold Bank-Oklahoma also has opened a facility in the high-growth area of northwestern Oklahoma City. Florida s market area is a strong market for commercial banking and wealth management services. To further serve this area, we opened new branches in Tampa and Sarasota.

Centralize and Streamline Operations to Achieve Economies. In order to minimize duplication of functions, we have centralized certain management and administrative functions, including data processing, human resources, internal audit, loan and regulatory administration. This includes the ongoing centralization of operations at the services center in Overland Park, Kansas. In 2004, we plan to complete a company-wide conversion to common platforms for loans and deposits. 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 and community involvement. The merger of Gold Bank-Oklahoma with and into Gold Bank-Kansas will allow us to achieve additional standardization of processes and economies of scale.

Acquisition/Growth Strategy

The wave of regional bank acquisitions of community banks in the Midwest has created what our management perceives to be a void in the community banking market. It is management s belief 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 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/Sarasota, Florida, is generally greater than that experienced in our rural market areas. If we remain independedent, we intend to continue to pursue such 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 to consumers. We target owner-operated businesses. Our Banks participate in credits originated within the organization but generally do not participate in loans from non-affiliated lenders. Each of our Banks has an established loan committee 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 Director of Loan Policy and Administration and senior lending officers from all three affiliate banks. When lending to an entity, we generally obtain a guaranty from the principals of such entity. The loan mix within the individual Banks is subject to the discretion of the Bank s board of directors and the demands of the local marketplace.

Residential loans are priced consistently with the secondary market, and commercial and consumer loans generally are issued at or above the prime rate. We have no potential negative amortization residential loans. The following is a brief description of each major category of our lending activity along with the relative risk associated with each category:

Real Estate Lending. Loans secured by real estate represent the largest class of our loans. On December 31, 2003, real estate and real estate construction loans totaled $1.3 billion and $656.2 million, respectively, or 42.95% and 21.79% of gross loans, respectively. Our large portfolio of real estate loans carries with it 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 either 15 or 30 years. We retain in our portfolio some adjustable rate mortgages having an adjustment period of five years or less. Agricultural and commercial real estate loans are amortized over 15 or 20 years. 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, 2003, commercial loans represented our second largest class of loans at $893.3 million, or 29.61% 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 loans 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, 2003, consumer and other loans amounted to $54.0, or 1.81% of gross loans. We implemented a credit card program in late 1994 and targeted our Banks existing customer base as potential consumers. As of December 31, 2003, we had issued 10,750 cards having an aggregate outstanding balance of $6.6 million. We have not marketed credit cards other than to existing customers.

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 $113.6 million as of December 31, 2003, or 3.77% of total loans. Farm product loans have generally a one-year term, and machinery and equipment and breeding livestock loans generally have 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. Farm Credit Services guarantees are pursued wherever appropriate. Gold Bank holds a Preferred Lender Status from Farm Credit Services, a guarantee program similar to the Small Business Administration, that minimizes the credit exposure of our Banks through partial transfer of the credit risk to the federal government. Preferred Lender Status expedites the processing of loan applications. These loans are generally secured by a blanket lien on livestock, equipment, feed, hay, grain and growing crops. Equipment and breeding livestock loans generally are limited to 75% of the appraised value of the collateral.

Loan Origination and Processing

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

The loan underwriting procedures followed by our Banks 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.

Consumer loan applicants are notified promptly of the decision of our Bank by telephone and a 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 our Banks in the production of residential mortgages. Our Banks originate residential mortgage loans in their respective market areas, which are generally sold servicing-released. Income is generated from origination fees and the gain on sale of loans.

Residential loan business is generated primarily through networking with, and referrals from, real estate brokers, builders, developers and prior customers.

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 National Association of Securities Dealers.

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

We engage in merchant banking activities, as authorized for financial holding companies, through Gold Merchant Banc, a wholly-owned non-bank subsidiary.

Technology and E-Commerce Services

Through CompuNet Engineering, Inc., we provided technology and e-commerce services. On February 4, 2004, we sold our interest in CompuNet to Computer Source, Inc. because CompuNet s revenues exceeded the limits set forth in the Federal Reserve regulations. See Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations Capital and Liquidity CompuNet Activities below.

Insurance 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 the Banks clients. This entity was mostly inactive in 2002 and 2003.

Title Insurance Services

In September 2001, we entered into a joint venture agreement with Stewart Title Agency to form GBS Holding Company, LLC. Through its subsidiary, Gold Title Agency, LLC, GBS Holding operates a title insurance agency business and generates fee income for the owners of the joint venture. During 2003, the decision was made to sell Gold Title Agency. This transaction is expected to close the second quarter of 2004.

Investment Portfolio

Our Banks investment portfolios are used to meet our Banks 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 $986.1 million, or 22.8% of total assets, on December 31, 2003. Federal funds sold and certificates of deposit are not classified as investment securities.

Deposits and Borrowings

Deposits are the major source of our Banks funds for lending and other investment purposes. In addition to deposits, including local public fund deposits and demand deposits of commercial customers, our Banks 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 Banks offer 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 management 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 institutions in suburban areas such as Gold Bank-Kansas Shawnee, Leawood, Olathe and Overland Park, Kansas locations, and its Kansas City and Independence, Missouri locations, Gold Bank-Oklahoma s Tulsa and Oklahoma City locations and Gold Bank-Florida s Tampa Bay/Bradenton/Sarasota locations. These locations 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 the non-bank competitors are not subject to the same extensive federal regulations that govern our Banks.

Our management believes that our Banks generally have been able to compete successfully in their respective communities because of our emphasis on local control and the autonomy of Bank management, allowing our Banks to meet what is perceived to be the preference of community residents and businesses to deal with local banks. While management believes our Banks will continue to compete successfully in their communities, increased competition could adversely affect our Banks earnings.

Employees

We maintain a corporate staff of approximately 50 persons. At December 31, 2003, our Banks and non-bank subsidiaries had approximately 883 full time equivalent employees including corporate staff. None of our employees nor any of the employees of our Banks or non-bank subsidiaries are covered by a collective bargaining agreement. We, along with our Banks and our non-bank subsidiaries, believe that our employee relations are satisfactory.

Where To Find Additional Information

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

SUPERVISION AND REGULATION

Regulations Applicable to Bank Holding Companies and Financial Holding Companies

General. 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), the Company is subject to the supervision and examination by the Federal Reserve Board (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 the Banks, not the shareholders of the Company.

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 ceases to be well-capitalized or well-managed, the financial holding company will not be in compliance with the requirements of the BHC Act regarding financial holding companies. If a financial holding company is notified by the FRB of such a change in the ratings of any of its subsidiary banks, it must take the following actions:

- promptly prepare and submit, within 20 days after the receipt of such notice, a written corrective action plan to the FRB detailing the specific actions, and a timetable for each action, that the financial holding company will take to restore its subsidiary bank to a well-managed or well-capitalized condition, as applicable, within 180 days after the receipt of such notice, and
- if the corrective action plan is acceptable to the FRB, within 45 days after the receipt of such notice, the financial holding company may sign a written agreement with the FRB in which the financial holding company will agree to take the action steps listed in the action plan to correct the management or capitalization deficiencies.

Until the FRB determines that the financial holding company has corrected the conditions described in the notification from the FRB, the financial holding company may not, directly or indirectly, or through any of its non-bank subsidiaries, engage in any financial activities other than those in which the financial holding company was engaged prior to receipt of such notice or activities authorized for bank holding companies without financial holding company status, without the written approval of the FRB. The financial holding company will not be considered to be in compliance with the statutes and regulations related to financial holding companies until the management or capitalization rating of the subsidiary bank has been upgraded to well-managed or well-capitalized (as applicable) by the bank regulators. After issuing a notification and during any period of noncompliance, the FRB may also impose other limitations or conditions on a financial holding company s conduct or activities, or the conduct or activities of its affiliates.

If the subsidiary bank does not become well-managed or well-capitalized within 180 days after the receipt of such notification from the FRB, the FRB may take additional actions against the financial holding company, including requiring it to divest its ownership or control of any subsidiary banks or cease engaging, directly or indirectly, in all activities other than those permissible for a bank holding company without financial holding company status.

As an alternative to proposing a plan and entering into an agreement to correct management or capitalization deficiencies, the financial holding company may choose to forego any attempt to remedy the management or capitalization deficiencies and instead voluntarily terminate its status as a financial holding company and terminate any and all financial activities authorized only for financial holding companies. Thereafter, the financial holding company would be limited to engaging only in those activities permitted for a bank holding company.

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, which includes:
  - common shareholders equity;
  - qualifying noncumulative perpetual preferred stock and related surplus;
  - qualifying cumulative perpetual preferred stock and related surplus (limited to a maximum of 25% of Tier 1 capital elements); and
  - minority interests in the equity accounts of consolidated subsidiaries.

Goodwill is excluded from Tier 1 capital. Most intangible assets are also deducted from Tier 1 capital.

- Tier 2 capital, also referred to as supplementary capital, which includes:
  - allowances for loan and lease losses (limited to 1.25% of risk-weighted assets);
  - most perpetual preferred stock and any related surplus;
  - certain hybrid capital instruments, perpetual debt and mandatory convertible debt securities; and
  - intermediate-term preferred stock and intermediate-term subordinated debt instruments (subject to limitations).

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

- Total capital, which includes:
  - Tier 1 capital;
  - *plus,* qualifying Tier 2 capital;
  - *minus,* investments in unconsolidated subsidiaries, reciprocal holdings of bank holding company capital securities, and deferred tax assets and other deductions.

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, 2003, the Company was in compliance with all of the FRB s capital adequacy guidelines. The Company s capital ratios on December 31, 2003 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	7.01%	8.87%	10.78%

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.

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 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 the Banks

General. Gold Bank-Kansas, a Kansas state member bank, is subject to regulation and examination by the Kansas State Bank Commissioner and the FRB. Gold Bank-Oklahoma, an Oklahoma state member bank, is subject to regulation and examination by the Oklahoma State Banking Department and the FRB. Gold Bank-Kansas and Gold Bank-Oklahoma are also regulated by the Federal Deposit Insurance Corporation (the FDIC). Gold Bank-Florida, a Florida state non-member bank, is subject to regulation and examination by the Florida Department of Banking and Finance and the FDIC. Each of the FRB and the FDIC is empowered to issue cease and desist orders against the Banks if it determines that activities of any of the Banks represents 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 the Banks, not shareholders of the Company.

Bank Regulatory Capital Requirements. The FRB and the FDIC have adopted minimum capital requirements applicable to state member banks and state non-member banks, respectively, which are similar to the capital adequacy guidelines established by the FRB for bank holding companies. Federal banking laws classify an insured financial institution in one of the following five categories, depending upon the amount of its regulatory capital:

13

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.

All of the Banks must be well-capitalized and well-managed for the Company to remain a financial holding company. To be well-capitalized, a bank must maintain 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. The capital ratios and classifications of each of the Banks as of December 31, 2003 are shown on the following chart.

	Leverage Ratio	**Tier 1 Risk-based Capital Ratio**	**Total Risk-based Capital Ratio**	**Classification**
Gold Bank-Kansas	7.49%	9.10%	10.13%	Well-Capitalized
Gold Bank-Oklahoma	7.29%	10.31%	11.39%	Well-Capitalized
Gold Bank-Florida	7.16%	9.15%	10.04%	Well-Capitalized

Deposit Insurance and Assessments. The deposits of the Banks 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-Kansas 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. The maximum amount that an Oklahoma state bank may lend to one borrower (and certain related entities of such borrower) generally is limited to 30% of the bank s capital, less intangible assets. The maximum amount that a Florida state bank may lend to one borrower generally is limited to 15% of the bank s capital accounts, plus an additional 10% for loans fully secured by readily marketable collateral.

Payment of Dividends. The Banks are 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. Florida, Kansas and Oklahoma 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. The Banks are subject to the Community Reinvestment Act (the CRA) and implementing regulations. 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 the Company and its banking subsidiaries.

Limitations on Transactions with Affiliates. The Company and its non-bank subsidiaries are affiliates within the meaning of the Federal Reserve Act. The amount of loans or extensions of credit which the banks 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 the Banks 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 Non-bank Financial Service Subsidiaries.

General. The non-bank financial service subsidiaries of the Company are subject to the supervision of the FRB and may be subject to the supervision of other regulatory agencies including the SEC, the National Association of Securities Dealers (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 employees. 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 employees. 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-KC 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, Gold Insurance Agency and Gold Title 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 change substantially the financial institution regulatory system, is from time to time introduced in Congress. This legislation may change banking statutes and the operating environment of the Company 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. The Company 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 the Company s business, results of operations or financial condition.

Fiscal Monetary Policies. The Company s business and earnings are effected significantly by the fiscal and monetary policies of the federal government and its agencies. The Company is 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 effect 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 the Company s 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

The Company and the Banks each own most of their banking facilities. Certain of the Banks branch locations are in leased facilities. The financial services subsidiaries have entered into short-term leases for their properties. The Company believes 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. The Company s headquarters and Gold Bank s Leawood, Kansas location are contained in a 25,000 square foot building that opened in 1996, all of which is occupied by the Company.

ITEM 3. LEGAL PROCEEDINGS

Regulatory Examinations and Supervisory Actions

During the first quarter of 2003, the Kansas Office of the State Bank Commission (the OSBC) and the Federal Reserve Bank of Kansas City (the FRB-KC) conducted a joint safety and soundness examination of Gold Bank-Kansas. The FRB-KC also began a financial holding company examination of the Company. Concurrently with these examinations, we conducted an internal investigation that uncovered misappropriations and other improper conduct by our former CEO, Michael W. Gullion. The Company was subsequently notified by the SEC that it was conducting an informal investigation. For additional information relating to Mr. Gullion s misconduct, see our 2002 Annual Report.

The management and composite CAMELS ratings for Gold Bank-Kansas in the joint report of examination were less than satisfactory. Because of these CAMELS ratings, Gold Bank-Kansas was not considered a well-managed financial institution. In addition to the Gullion misconduct, the report of examination identified noncompliance or deficiencies by Gold Bank-Kansas in regard to:

- Regulation H (information technology, bank secrecy act, currency transaction reports, and suspicious activity reporting);
- Section 23A of the Federal Reserve Act (transactions with affiliates);
- Regulation O (loans to officers and directors); and
- Regulation Y and K.S.A. § 17-11-21 (appraisals).

The financial holding company examination report identified noncompliance or deficiencies by us in regard to:

- Section 23A of the Federal Reserve Act (transactions with affiliates);
- Regulation Y (information security);
- CompuNet s revenues from non-financial data processing activities; and
- Late filing of a regulatory report.

The joint examination report was based upon the condition and management of Gold Bank-Kansas as of December 31, 2002. The holding company examination report was based upon the condition and management of the Company as of March 31, 2003.

As a result of the examinations, we are subject to the following restrictions:

- We must provide 30 days prior written notice to the FRB-KC before adding or replacing any member of our board of directors, employing any person as a senior executive officer or changing the responsibilities of any senior executive officer so that the person would assume a different senior executive officer position.
- We are prohibited from making or contracting to make severance payments to any director, officer or employee in excess of the severance benefits we provided to all eligible employees without the prior written approval of the FRB-KC and the FDIC.
- We are prohibited from making indemnification payments to any institution-affiliated party to pay or reimburse such person for any civil money penalty, judgement or legal expenses resulting from any administrative or civil action instituted by any federal banking agency.

On August 26, 2003, we and Gold Bank-Kansas entered into a written agreement (a Written Agreement) with the OSBC and the FRB-KC. The Written Agreement was intended to address and remediate the deficiencies identified in the joint report of examination. The Written Agreement does not prohibit or limit the payment of dividends by Gold Bank-Kansas or us. We and Gold Bank-Kansas have completed nearly all the corrective actions set forth in the Written Agreement. As required by the Written Agreement, we and Gold Bank-Kansas submitted a plan covering the review and development of:

- written procedures to strengthen Gold Bank-Kansas internal controls;
- our internal audit program, including an assessment of the composition, independence and effectiveness of the audit committee of our Board of Directors;
- a written plan to improve the information technology function of us and all of our subsidiaries; and
- steps to comply with all appropriate laws and regulations.

In connection with the Written Agreement and the development and implementation of the plans required therein, we recently filled the positions of Director of Internal Audit, Director of Compliance, and Director of Technology Security. In addition, the Boards of Directors of both us and Gold Bank-Kansas have established a Compliance Committee to monitor and coordinate compliance with the Written Agreement. The Compliance Committee is composed entirely of independent directors who provide monthly progress reports to the Boards of Directors of both us and Gold Bank-Kansas.

As a financial holding company under the Bank Holding Company Act (the BHC Act), each of our depository institution subsidiaries must remain both well-capitalized and well-managed for us to retain our status as a financial holding company with authority to engage in expanded financial activities. On August 26, 2003, we entered into a written agreement with the FRB-KC (a BHC Agreement) under the BHC Act intended to address and remediate the deficiencies identified in the financial holding company examination report. It also set forth the corrective steps we were required to take to restore the well managed rating of Gold Bank-Kansas and bring us into compliance with the requirements for a financial holding company. The BHC Agreement also required that we take all the actions required by the Written Agreement to correct the deficiencies at Gold Bank-Kansas.

During the fourth quarter of 2003, the OSBC and the FRB KC again conducted a joint safety and soundness examination of Gold Bank Kansas. As a result of such examination, the management and composite CAMELS ratings for Gold Bank Kansas were found to be satisfactory, enabling Gold Bank Kansas to regain its well managed rating. Because Gold Bank Kansas regained its well managed rating , the Company retained its status as a financial holding company and the BHC Agreement terminated. The Written Agreement, however, is still in effect.

SEC Settlement

On March 5, 2004 the Company voluntarily submitted to the SEC a settlement offer to consent to the entry of an order providing that the Company will cease and desist from committing or causing any violations and future violations of Sections 13(a) and 13(b)(2) of the Securities Exchange Act of 1934 (Exchange Act) and Rules 12b-20, 13a-1 and 13a-3 thereunder. This settlement offer arose out of the misconduct by Michael W. Gullion, the Company s former Chief Executive Officer, which was described in the Company s Form 10-K/A filed on April 15, 2003. As a result of the misappropriations of corporate funds by Mr. Gullion, there was an overstatement of the Company s pre-tax income and earnings per share in its Forms 10-K for 2000 and 2001 and its Form 10-Q for the second and third quarters of 2002.

At the time of Mr. Gullion s misappropriations, the Company s internal controls were not adequate to prevent the activities which enabled the misappropriations to occur, including by not having written policies requiring (i) documentation, such as appraisals, purchase contracts and closing statements, authenticating the purchase price and disposition of proceeds with respect to significant real estate transactions, (ii) segregation of responsibilities for ordering, auditing and reconciling transactions and monthly reconciliations of various accounts, and (iii) limitations on Mr. Gullion s spending authority. The Company expects the SEC to accept its settlement offer because of the prompt remedial actions undertaken by the Company and the full cooperation afforded the SEC s enforcement staff, which are described below. No fines have been, or are expected to be, assessed against the Company and no violations have been, or are expected to be, alleged against any of the Company s existing officers, directors or employees.

Immediately after discovery of Mr. Gullion s misconduct, an internal inquiry was conducted and Mr. Gullion was terminated from his positions with the Company and its subsidiaries. On the following day, before the opening of trading, the Company requested the Nasdaq to halt trading in its stock and issued a press release and filed a Current Report on Form 8-K announcing Mr. Gullion s misconduct, his resulting termination and his replacement by a new Chief Executive Officer. On the same day the press release was issued, the Company s counsel contacted the SEC s enforcement staff to provide a more detailed briefing and to pledge the Company s full cooperation with the SEC s investigation. The Company also worked closely with its outside auditor to restate its 2000 and 2001 financial statements to reflect Mr. Gullion s misappropriations.

The Company also engaged in extensive efforts to obtain restitution of the loss it suffered from Mr. Guillon s misappropriation. As a result of its vigorous negotiating efforts, the Company entered into two separate restitution agreements with Mr. Gullion under which the Company received a total of $3.5 million in restitution payments in 2003. This restitution offset the adverse effect on the Company s income in 2000 and 2001.

The Company gave complete cooperation to the SEC s enforcement staff as well as bank regulatory and other law enforcement officials. Among other things, the Company voluntarily produced the details of its internal investigation and did not invoke the attorney-client privilege, work product protection or other privileges or protections with respect to any of the facts uncovered in the investigation. Approximately $1.5 million was expended by the Company to conduct its internal investigation and implement enhanced internal control and other remedial and preventative measures. These strengthened internal controls and procedures address the weaknesses which contributed to the inability to prevent Mr. Gullion s misconduct and not detect that misconduct earlier. In particular, the Company now has enhanced written policies and procedures (i) governing significant asset acquisitions, including real estate acquisitions, which require appropriate documentary support and at least dual employee review to provide assurance that the controls have been followed, (ii) disbursement limits for all officers, including a limit of $250,000 for the Chief Executive Officer and required Board approval for disbursements above that amount, (iii) segregation of responsibilities for ordering, auditing and reconciling transactions, (iv) monthly reconciliation of various accounts, including prepared expenses, other assets and accrued expenses, and (v) monthly reviews of the bank accounts of executive officers and directors.

The Company also took a number of steps on its own initiative to reinforce a corporate culture of honest, ethical and legal behavior and thus a sound internal control environment. Item 14 of the Company s Form 10-K/A filed on April 15, 2003 summarized the extensive actions taken by the Company to demonstrate its commitment to those goals. In addition, Gold Banc strengthened the independence and effectiveness of its Board of Directors by adding two new outside Board members, one of whom was selected to serve as the non-executive Chairman of the Board and the other of whom qualified as an Audit Committee Financial Expert (as defined in Item 401(h)(2) of Regulation S-K) and was selected to serve as the Chairman of the Audit Committee.

Class Action Lawsuit

On March 10, 2004, a class action lawsuit was filed by Laurie McBride on behalf of herself and all others similarly situated against the Company and nine of its directors in the District Court of Johnson County, Kansas. The lawsuit relates to a resale by the Company of 530,000 shares of the Company's common stock to five directors in the second quarter of 2003, which shares were obtained from Michael Gullion in partial satisfaction of his restitution obligations to the Company. For a more detailed discussion of the matters surrounding the misconduct of Mr. Gullion and the restitution the Company received from him, see the Company's Annual Report on Form 10-K/A for the year ended December 31, 2002 and its Form 10-Q for the quarterly period ended September 30, 2003. The complaint alleges that the Company's directors breached their fiduciary duties by approving the Agreement and Plan of Merger with Silver Acquisition Corp. and SAC Acquisition Corp., to enable those directors to sell those shares sooner than they would have otherwise been legally able to do under the federal securities laws. The Company believes the claims made by the plaintiffs are without merit and intends to vigorously defend this lawsuit.

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, 2003.

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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	Market Price Low	Cash Dividends
2002 Quarters			
First	$ 9.03	$ 6.96	$ 0.02
Second	11.29	8.90	0.02
Third	11.05	8.75	0.02
Fourth	10.36	8.50	0.02
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

As of March 10, 2004, there were approximately 788 holders of record of our common stock.

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

Pursuant to the Agreement and Plan of Merger by and among the Company, Silver Acquisition Corp., and SAC Acquisition Corp., the Company may not declare, set aside or pay any dividend on its stock in cash, stock or property or directly or indirectly redeem, purchase or otherwise acquire any of its own stock, or make any other distributions of its assets to its shareholders, or reclassify, recapitalize, split up or otherwise adjust any of its capital stock, except for the payment of the Company’s regularly quarterly cash dividend which may not exceed $0.03 per share.

Under the terms of the junior subordinated indentures associated with the Company's trust preferred securities, the Company is prohibited from declaring or paying a dividend to its stockholders in the event the Company either is in default under the terms of the indenture or has elected to defer its payment obligations due thereunder.

The following table presents information as of December 31, 2003 relating to the Company's 1996 Equity Compensation Plan and the stock option plans that the Company 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	1,283.920	$ 8.33	842,624
Equity compensation plans not approved by security holders			
Total	1,283,920	$ 8.33	842,624

20

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 the Company s 1996 Equity Compensation Plan. The Company has not issued any additional options under any plan other than the Company s 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 156,806 shares with a weighted-average exercise price of $6.47. 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 outstanding options, warrants and rights and the weighted-average exercise price of these options, warrants and rights, under the Company s 1996 Equity Compensation Plan, are 1,127,118 shares and $8.59, 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,				
	2003	2002	2001	2000	1999
	(Dollars in thousands, except per share data)				
Earnings					
Net interest income	$ 122,358	$ 103,913	$ 89,083	$ 93,456	$ 88,179
Provision for loan losses	13,064	19,420	15,314	4,673	11,586
Non-interest income	41,558	45,487	31,674	24,452	26,278
Non-interest expense (1)	104,406	92,865	78,645	112,196	80,607
Income taxes	13,644	11,372	3,982	5,294	7,735
Net earnings (loss) from continuing operations, net of tax	32,802	25,743	22,816	(5,253)	14,524
Net earnings (loss) from discontinued operations, net of tax	(3,392)	474	465	135	231
Net earnings (loss)	29,410	26,217	23,281	(5,118)	14,775
Financial Position					
Total assets	$4,322,625	$3,814,276	$3,017,508	$2,719,756	$2,553,294
Loans receivable, net	2,982,904	2,696,912	2,124,973	1,919,988	1,793,810
Allowance for loan losses	34,017	33,439	26,097	26,180	26,038
Goodwill and other intangibles, net	37,166	37,917	34,637	30,401	43,785
Investment securities	986,084	736,085	588,778	525,981	455,162
Deposits	3,164,443	2,716,569	2,163,866	2,133,877	2,006,154
Long-term borrowings	631,526	548,824	416,366	200,539	89,709
Subordinated debt	114,851	115,691	114,302	85,102	85,872
Stockholders equity	249,717	227,774	164,540	169,211	167,048
Per Share Data					
Net earnings (loss) per share from continuing operations basic and diluted	$ 0.86	$ 0.76	$ 0.66	$ (0.14)	$ 0.40
Net earnings (loss) from discontinued operations per share basic and diluted	(0.09)	0.02	0.01	0.00	0.01
Net earnings (loss) per share basic and diluted	0.77	0.78	0.67	(0.14)	0.39
Book value per share	6.28	5.77	4.85	4.51	4.48
Cash dividends declared	$ 0.12	$ 0.08	$ 0.08	$ 0.08	$ 0.08
Average shares outstanding	38,203	33,771	34,802	37,113	37,529
Ratios					
Return (loss) on average assets	0.72%	0.77%	0.82%	(0.19)%	0.63%
Return (loss) on average equity	12.36%	14.25%	13.75%	(2.76)%	8.71%
Stockholders equity to total assets	5.78%	5.97%	5.46%	6.23%	6.55%
Dividend payout (2)	16.05%	10.72%	12.15%	%	20.51%
Net interest margin	3.24%	3.47%	3.57%	3.96%	4.18%
Allowance for loan losses to non-performing loans	105.08%	210.75%	113.42%	126.34%	331.65%
Non-performing assets to total assets	0.90%	0.58%	1.08%	0.81%	0.42%
Non-performing loans to total loans	1.07%	0.58%	1.06%	1.06%	0.43%
Net loan charge-offs to average loans	0.41%	0.44%	0.78%	0.24%	0.48%
Efficiency ratio (3)	66.01%	62.19%	64.84%	83.77%	74.40%
Capital Ratios					
Tier 1 risk-based capital ratio	8.87%	8.61%	7.76%	8.89%	9.76%
Total risk-based capital ratio	10.78%	11.02%	11.35%	11.38%	12.20%
Leverage ratio	7.01%	6.96%	6.20%	7.13%	7.55%

(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) Efficiency ratio is calculated as follows: Non interest expense, divided by the sum of net interest income before provision for loan loss plus non interest fee income.

22

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" to the 2002 Annual Report.

General

We provide community banking and related financial services at locations in Kansas, Oklahoma, Florida and Missouri as of December 31, 2003. Geographic markets include Johnson County, Kansas, an affluent suburb in the Kansas City metropolitan area, Tulsa and Oklahoma City, Oklahoma, growing cities with a strong small-business sector, Tampa /Bradenton/Sarasota, Florida, a high-growth area on the west coast of the state, and a number of smaller cities.

We have focused on growth of our Banks lending and other services by cultivating relationships with small businesses and other clients. We have expanded through a strategy of internal growth supplemented by bank acquisitions that are believed to be accretive to earnings and stockholders equity and consistent with our strategy and community banking style. We have taken steps to offer traditional and on-line banking, wealth and asset management and other financial services to customers of our Banks. Since January 1, 2001, we have steadily increased our presence in the higher growth metropolitan areas in Johnson County, Kansas, Tulsa and Oklahoma City, Oklahoma, and Tampa/Bradenton/Sarasota, Florida. During this time period, we have acquired or established nine branches in these higher growth markets. In addition, we have sold 19 branches located in out state Kansas and Oklahoma.

The following table lists our Banks total assets (in millions of dollars) as of December 31, 2003.

Bank	Total Assets	Main Location and Number of Offices
Gold Bank-Kansas	$ 2,380.8	Leawood, Kansas 18
Gold Bank-Oklahoma	$ 1,102.3	Oklahoma City, Oklahoma 11
Gold Bank-Florida	$ 822.5	Bradenton, Florida 11

The following table lists our financial services subsidiaries as of December 31, 2003 which offer financial services to their own clients and to Bank customers through the offices of our Banks:

Financial Service Subsidiary	Service Focus	Headquarters Location
Gold Capital Management, Inc.	Broker/dealer and investment advisor	Overland Park, Kansas
Gold Investment Advisors, Inc.	Wealth management	Overland Park, Kansas
Gold Trust Company	Trust accounts	St. Joseph, Missouri
Gold Insurance Agency, Inc.	Insurance	Overland Park, Kansas
CompuNet Engineering, Inc.	Information technology and e-commerce	Overland Park, Kansas
Gold Title Agency, LLC	Title insurance	Overland Park, Kansas
Gold Merchant Banc, Inc.	Merchant banking	Overland Park, Kansas

We are headquartered in Johnson County, Kansas, along with Gold Bank-Kansas, our lead bank. 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 offices in the growing areas of Johnson County and five offices in the remainder of the Kansas City metropolitan area. This presence in the Kansas City area accounted for approximately 55% of our total assets at year-end 2003.

We entered the Tulsa, Oklahoma market in 1998 with the acquisition of Citizens Bank of Tulsa, which has subsequently been merged into Gold Bank-Oklahoma. 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 office 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 Country Banc in March 2000. Country Banc 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 also serves selected mature markets and rural communities in central and western Oklahoma. The Gold Bank-Oklahoma market accounted for approximately 26% of our total assets at year-end 2003.

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 provides 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. Gold Bank-Florida accounted for approximately 19% of our total assets at year-end 2003.

Other local markets where we operate generally did not experience the level of growth seen in the Johnson County, Tulsa, Oklahoma City and Tampa Bay/Sarasota/Bradenton markets, but their economies were sound with a mix of services, manufacturing and agriculture-related industries. Each of the local markets is generally a county seat and our Banks locations serve both that city and the surrounding area.

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

Influences on Earnings

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

Each 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 each 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 Banks 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 offices, acquisition-related expenses and other operating expenses. Our profitability also is affected by our effective tax rate, our Banks 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 Asset/Liability Management.

Critical Accounting Policies

The Company s accounting policies are fundamental to understanding management s discussion and analysis of results of operations and financial condition. Many of the Company s 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 the Company s financial condition and results, 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. The Company s most critical accounting policy relates to the allowance for loan losses and involves significant management valuation judgments. The Company performs periodic and systematic detailed reviews of its lending portfolio to assess overall collectability. The level of the allowance for loan losses reflects the Company s 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 .

The Company makes various assumptions and judgments about the collectability of its loan portfolio and provides an allowance for losses based on a number of factors. If the Company s assumptions are wrong, its allowance for loan losses may not be sufficient to cover loan losses. The Company may have to increase the allowance in the future. Material additions to the Company s allowance for loan losses would have a material adverse effect on its net earnings.

The Company actively manages its past due and non-performing loans in each Bank in an effort to minimize credit losses and monitor asset quality to maintain an adequate loan loss allowance. Although management believes its allowance for loan losses is adequate for each Bank and collectively, 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 the 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 the Company s net income and capital and could result in an inability to pay dividends, among other adverse consequences.

Impairment of Goodwill Analysis. As required by the provisions of SFAS 142, the Company is required to review the goodwill for impairment at least annually or more frequently based upon facts and circumstances related to a particular reporting unit. Based upon its most recent analysis on December 31, 2003, the Company s goodwill related to its banking subsidiaries is not impaired.

The fair value of the Company s non-bank financial subsidiaries (Gold Capital Management and CompuNet Engineering) 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 the Company may have to record goodwill impairment charges.

During 2002 and 2003, CompuNet Engineering did not earn a majority of its revenue from providing services to financial institutions. As a result, the Company was required under the BHC Act to divest itself of CompuNet. During the fourth quarter of 2003, the Company announced its intent to dispose of CompuNet. As a result of the expected disposition of this business, the Company recorded additional impairment charges of $845,000 and $3.3 million in the third and fourth quarters of 2003 to reduce the carrying value of the net assets (including the remaining goodwill) to their fair value. The Company sold CompuNet on February 4, 2004.

Deferred Income Taxes. SFAS 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 the Company s financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences could materially impact the Company s financial position or its results of operations.

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Results of Operations

Overview. 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. 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. We further filed an application to merge Gold Bank Oklahoma into Gold Bank Kansas. The Company also signed an agreement to sell another branch of Gold Bank Oklahoma located in Elkhart, Kansas with deposits of $28.1 million, which was consummated on February 6, 2004. We also entered into an agreement to sell seven additional rural Kansas locations with aggregate deposits of $317.3 million. This transaction was consummated on February 13, 2004. The Company further agreed to sell its technology subsidiary, CompuNet Engineering, Inc. and this transaction was consummated on February 4, 2004. In connection with the Company's decision to sell CompuNet, the Company recorded a pre-tax impairment charge of $4.1 million, of which $845,000 was recorded in the third quarter of 2003. The Company has restated their financial statements for 2002 and 2001 to reflect the operations of CompuNet as discontinued operations.

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. The Company also purchased a trust company for a cash price of $1.8 million. The Company 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.

During the year ended December 31, 2001, we acquired a branch of a savings institution, a technology services provider (Information Products, Inc.), and a securities company. The acquisitions were accounted for as purchase transactions. Total consideration paid for the 2001 acquisitions using the purchase method was $6.5 million in excess of the fair value of the assets acquired in the purchases, which was accounted for as goodwill.

Net earnings from continuing operations for 2003 totaled $32.8 million, or $0.86 per diluted share. Net earnings from continuing operations for 2002 totaled $25.7 million, or $0.78 per diluted share. Net earnings from continuing operations for 2001 totaled $22.8 million, or $0.66 per diluted share.

The $7.1 million increase in net earnings from continuing operations in 2003 was the result of increased net interest income of $18.4 million, accompanied by a decrease in the provision for loan losses of $6.4 million. The Company also had a decrease in other income of $3.9 million which was offset by an increase in non-interest expense of $11.5 million. Income tax expense also increased by $2.3 million.

The $2.9 million increase in net earnings from continuing operations in 2002 was the result of increased net interest income of $14.8 million, partially offset by an increase in the provision for loan losses of $4.1 million. The Company also had an increase in other income of $13.8 million which was accompanied by a decrease in non-interest expense of $14.2 million. Income tax expense also decreased by $7.4 million.

On January 15, 2004, we entered into a letter of understanding for the sale of our interest in CompuNet. This sale was consummated on February 4, 2004. We recorded a net loss from this discontinued operation of $3.4 million in 2003 and net income of $474 thousand in 2002.

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:

	Year Ended December 31,								
	2003			2002			2001		
	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
Assets:									
Loans, net(1)	$ 2,864,052	$ 174,830	6.10%	$ 2,391,253	$ 165,044	6.90%	$ 1,965,761	$ 167,296	8.51%
Investment securities-taxable	783,330	30,043	3.84%	557,933	29,790	5.34%	461,852	30,042	6.50%
Investment securities-nontaxable(2)	75,619	8,751	11.57%	68,834	8,497	12.34%	54,406	5,245	9.64%
Other earning assets	98,325	1,921	1.95%	81,337	2,275	2.80%	64,434	6,054	9.40%
Total earning assets	3,821,326	215,545	5.64%	3,099,357	205,606	6.63%	2,546,453	208,637	8.19%
Noninterest-earning assets	276,313			285,228			270,460		
Total assets	$ 4,097,639			$ 3,384,585			$ 2,816,913		
Liabilities and Stockholders Equity:									
Savings deposits and interest bearing checking	$ 914,915	$ 10,187	1.11%	$ 809,875	12,093	1.49%	$ 693,265	17,999	2.6%
Time deposits	1,693,859	49,041	2.90%	1,408,577	52,887	3.75%	1,178,995	67,584	5.73%
Short-term borrowings	144,845	1,930	1.33%	133,400	2,451	1.84%	84,591	5,560	6.57%
Long-term borrowings	773,679	30,499	3.94%	561,793	30,593	5.45%	424,138	26,580	6.27%
Total interest-bearing liabilities	3,527,298	91,657	2.60%	2,913,645	98,024	3.36%	2,380,989	117,723	4.94%
Non-interest-bearing liabilities	332,371			287,386			266,563		
Stockholders equity	237,970			184,948			169,361		
Total liabilities and stockholders equity	$ 4,097,639			$ 3,384,585			$ 2,816,913		
Net interest income(3)		$ 123,888			107,582			90,914	
Net interest spread			3.04%			3.27%			3.25%
Net interest margin(4)			3.24%			3.47%			3.57%

(1) Non-accruing loans 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 2003, 2002, and 2001 were $1,534,000, $3,674,000, and $1,836,000, respectively.
(3) We include loan fees in interest income. Such fees totaled $6,784,000, $5,450,000 and $6,357,000, in 2003, 2002, and 2001, respectively.
(4) The net interest margin on average earning assets is the net interest income divided by average interest-earning assets.

Total Interest Income. For 2003, total interest income increased $9.9 million, or 4.8%, on a fully taxable equivalent basis. The $9.9 million increase was the result of an increase in the balance of earning assets. The increase was partially offset by 99 basis point decrease in the average rate earned on earning assets. Interest income on loans increased $9.8 million, or 5.93%. For 2003, the average loan balance increased $472.8 million, or 19.8%, and the yield earned on loans decreased from 6.90% in 2002 to 6.10% in 2003. Interest income on investments increased $507 thousand, 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.

27

For 2002, total interest income decreased $3.0 million, or 1.5%, on a fully taxable equivalent basis. The $3.0 million decrease was primarily due to the 150 basis point decrease in the average rate earned on earning assets, which was partially offset by the increase in the balance of earning assets. Interest income on loans decreased $2.3 million, or 1.35%. For 2002, the average loan balance increased $425.5 million, or 21.6%, and the yield earned on loans decreased from 8.51% in 2001 to 6.90% in 2002. Interest income on investments increased $3.0 million, or 8.5%. For 2002, the average investment balance (taxable and non-taxable) increased $80.5 million, or 14.7%. Interest income on non-taxable investments was positively impacted by the increase in the average balance outstanding, as well as the increase in the average rate earned by 270 basis points.

For 2001, total interest income decreased $1.5 million, or 0.8%, on a fully taxable equivalent basis. The $1.5 million decrease was primarily due to lower interest rates on outstanding loans which was partially offset by an increase in loan volume. Interest income on loans decreased $8.4 million, or 4.8%. For 2001, the average loan balance increased $97.3 million, or 5.2%, and the yield earned on loans decreased from 9.40% in 2000 to 8.51% in 2001. Interest income on investments increased $4.3 million, or 14.2%. For 2001, the average investment balance (taxable and non-taxable) increased $43.9 million, or 9.3%. Interest income on non-taxable investments was negatively impacted by the decrease in the average balance outstanding.

Total Interest Expense. 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 15.76%, 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 volume increases related to 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 $615 thousand, or 1.9%, primarily as a result of an increase in the average balance of such borrowings of $223.3 million, or 32.1%, in 2003 compared to 2002.

Total interest expense was $98.0 million for 2002 compared to $117.7 million for 2001, a 16.7% decrease. Interest expense on savings and interest-bearing checking for 2002 decreased $5.9 million, or 32.80%, as a result of a decrease in the rate to 1.49% in 2002 compared to 2.60% in 2001. The decrease in the rate was partially offset by the $116.6 million increase in the average balance from 2001. Interest expense on time deposits decreased $14.7 million, or 21.7%, primarily as a result of an increase in the average balance of such deposits of $229.6 million, or 19.5%, and a rate decrease to 3.75% compared to 5.73% for 2001. Interest expense on combined short-term and long-term borrowings increased $904 thousand, or 2.8%, primarily as a result of an increase in the average balance of such borrowings of $161.8 million, or 30.2%, in 2002 compared to 2001.

Net Interest Income. As a result of the changes described above on a fully taxable equivalent basis, net interest income increased $16.3 million, or 15.2%, for 2003 compared on a fully taxable equivalent basis to 2002. Net interest income increased $16.7 million, or 18.3%, for 2002 compared to 2001 and decreased $4.3 million, or 4.5%, for 2001 compared to 2000.

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,					
	2003 compared to 2002			2002 compared to 2001		
	Volume	Average Rate	Total Changes	Volume	Average Rate	Total Changes
	(Dollars in thousands)					
Interest Income:						
Loans(1)	$32,632	$(22,846)	$9,787	$36,212	$(38,464)	$(2,252)
Investment securities-taxable	12,035	(11,782)	253	4,113	(4,365)	(252)
Investment securities-non-taxable	838	(583)	254	1,259	1,993	3,252
Other earning assets	475	(829)	(354)	2,172	(5,950)	(3,779)
Total interest income	45,980	(36,040)	9,940	43,756	(46,787)	(3,031)
Interest expense:						
Savings deposits and interest-bearing checking	1,568	(3,474)	(1,906)	3,013	(8,918)	(5,905)
Time deposits	10,711	(14,557)	(3,846)	13,160	(27,857)	(14,697)
Short-term borrowings	210	(731)	(521)	1,107	(4,216)	(3,109)
Long-term borrowings	11,538	(11,632)	(94)	8,627	(4,614)	4,013
Total interest expense	24,027	(30,394)	(6,367)	25,907	(45,605)	(19,698)
Increase (decrease) in net interest income	$21,953	$(5,646)	$16,307	$17,849	$(1,182)	$16,667

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(1) We include loan fees in interest income. Such fees totaled $6,784,000, $5,450,000, and $6,357,000 in 2003, 2002, and 2001, respectively.

Provision for Loan Losses. The provision for loan losses is a charge against income taken 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 $13.1 million for 2003 compared to $19.4 million for 2002 or a 32.7% decrease. These provisions were made to reflect management s assessment of the change in the risk of certain loans and loan categories and for significant growth in outstanding loans. Provisions for 2003 primarily reflect allowances for a $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 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.

The provision for loan losses was $19.4 million for 2002 compared to $15.3 million for 2001, a 26.8% increase. Non-performing loans increased to $15.9 million as of December 31, 2002 as compared to $23.0 million at December 31, 2001. Part of the increase in provision for loan losses in 2001 was the result of charge-offs in our Oklahoma region with smaller increases in our Kansas and Florida markets. Approximately $6.8 million of the charge-offs in Gold Bank-Oklahoma can be attributed primarily to five borrowers. This includes one borrower who had pledged publicly traded common stock as collateral to secure a $3.0 million dollar loan. The common stock became worthless when it was delisted and the corporation subsequently declared bankruptcy in November 2001. We then charged off the outstanding loan balance on this loan. The second borrower was a distributor of sports apparel whose loan was placed on non-accrual in 2000 and was liquidated in 2001.

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

	Year Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Service fees	$ 17,626	$ 17,457	$ 15,526
Investment trading fees and commissions	5,004	5,649	6,017
Net gains on sales of mortgage loans	2,746	2,201	1,848
Realized and unrealized gains (losses) on securities	1,877	9,500	1,651
Gain on sale of branch facilities	5,738	2,380	
Trust fees	3,721	2,414	2,297
Bank-owned life insurance	3,717	3,463	3,038
Other income	1,129	2,423	1,297
Total non-interest income	$ 41,558	$ 45,487	$ 31,674
Non-interest income as a percentage of average total assets	1.01%	1.34%	1.11%

Non-interest income was $41.6 million for 2003 compared to $45.5 million for 2002 an 8.6% decrease. This is due to a decrease in investment trading fees and commissions of $645,000 due to declining activity in the stock and bond markets. Gains on the sales of mortgage loans increased $545,000, or 24.8%, in 2003 due to the 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 were 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 returned to a more normal amount. Trust fees increased by $1.3 million due to increased marketing of trust services and the revenues derived from the George K. Baum acquisition. 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. Other income decreased by $1.3 million primarily due to a decrease in the gain on sale of bank premises and equipment.

Non-interest income was $45.5 million for 2002 compared to $31.7 million for 2001, a 43.6% increase. Service fees increased $1.9 million due primarily to fee income on the investments of the Company. Investment trading fees and commissions declined by $368,000 due to declining activity in the stock and bond markets. Gains on the sales of mortgage loans increased $353,000, or 19.1%, in 2003 due to the increased activity in mortgage refinancing and subsequent sales to the secondary market. Realized and unrealized gains on securities increased from $1.7 million to $9.5 million. Approximately $2.9 million of such realized gains came from the sale of an equity security that was an investment of our merchant banking subsidiary. The remainder of such realized gains were 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. Trust fees increased by $117 thousand, due to increased marketing of trust services and the revenues derived from the George K. Baum acquisition. Other income increased by $1.1 million.

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

	Year Ended December 31,		
	2003	2002	2001
	(Dollars in thousands)		
Salaries and employee benefits	$ 56,348	$ 48,584	$ 43,658
Net occupancy expense	7,652	6,218	5,627
Depreciation expense	6,653	6,250	5,774
Goodwill amortization expense			1,962
Core deposit intangible amortization expense	751	500	173
Recovery of mortgage subsidiary closing expense			(4,569)
Losses and expenses (net of recoveries) resulting from misapplication of bank funds	(1,868)	136	1,099
Professional services	5,837	6,067	4,521
Data processing expense	8,074	6,843	4,558
Advertising	2,791	2,748	1,969
Postage	1,256	1,165	1,346
Supplies	1,058	1,180	1,487
Telephone	2,208	2,161	1,721
Other	13,646	11,013	9,319
Total non-interest expense	$ 104,406	92,865	$ 78,645
Efficiency Ratio	66.01 %	62.19 %	64.84 %

Total non-interest expense was $104.4 million for 2003 compared to $92.9 million for 2002, a 12.4% increase. This increase is primarily the result of increases in salaries and employee benefits of $7.8 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 the Company s restricted stock awards. 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. The Company also adopted the accounting standard relating to goodwill in 2002 and did not record any goodwill amortization in 2003. In 2003, the amount of improper credits and expenses related to the misconduct of Mr. Gullion and Mr. Rector 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. Professional services decreased from $6.1 million to $5.8 million, or a decrease of $370 thousand. A significant portion of this decrease was from the costs of litigation in 2002 seeking protection of the Company s More Than Money trademark were much less in 2003. Data processing expenses increased $1.2 million due to adding facilities. Advertising expenses also increased $104 thousand, which was a result of increased marketing efforts at the Bank locations.

Total non-interest expense was $92.9 million for 2002 compared to $78.7 million for 2001, a 18.1% increase. Salaries and employee benefits increased $4.9 million and occupancy expenses increased $1.4 million. Both of these increases are primarily the result of opening new facilities and staffing them accordingly. The adoption of the new accounting standard decreased non-interest expense in 2002 by $1.9 million. In 2002, the amount of improper credits and expenses related to the misconduct of Mr. Gullion and Mr. Rector totaled $136,000 and are listed as Losses resulting from misapplication of bank funds. Professional services increased from $4.5 million to $6.1 million, or an increase of $1.6 million. A significant portion of this increase was from the costs of litigation seeking protection of the Company s More Than Money trademark. Data processing expenses increased $2.3 million due to adding facilities. Advertising expenses also increased $675 thousand, which was a result of increased marketing efforts at the Bank locations.

Income Tax Expense. Income tax expense was $13.6 million for 2003 compared to $11.4 million for 2002, a $2.3 million, or 20.0%, increase. Income tax expense for 2002 was $11.4 million, or $7.4 million more than 2001. Income tax expense for 2001 was $4.0 million. The effective tax rates for 2003, 2002 and 2001 were 29.4 %, 30.6% and 14.9%, respectively. The 2003 and 2002 effective tax rates differ from the expected rate of 35% due primarily to the non-taxable income recorded from the Company s investment in their bank-owned life insurance policies and tax-exempt securities. In 2001, the effective tax rate was further reduced from the expected 35% rate by the tax adjustments generated by the use of a capital loss carryforward and the Regional Holding Company arbitration settlement award.

Discontinued Operations. During 2002 and 2003, CompuNet Engineering, Inc. did not earn a majority of its revenue from providing services to financial institutions. As a result, the Company was required under the Bank Holding Company Act to divest its 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 $3.4 million in 2003 and net income of $474 thousand 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 the estimated fair values.

The following table sets forth the maturities of interest-earning assets and interest-bearing liabilities outstanding at December 31, 2003.

	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	$ 1,712,903	$ 357,906	$ 832,347	$ 113,766	$ 3,016,922
Investment securities	268,668	348,592	284,712	84,113	986,084
Other interest-bearing assets	38,693	285			38,978
Total rate sensitive assets	$ 2,020,264	$ 706,783	$ 1,117,059	$ 197,879	$ 4,041,984
Rate Sensitive Liabilities:					
Savings deposits and interest-bearing checking	$ 915,212				$ 915,212
Time deposits	561,178	653,808	677,769	839	1,893,594
Short-term borrowings	135,049				135,049
Long-term borrowings	73,872	43,275	258,564	383,404	759,115
Total rate-sensitive liabilities	$ 1,685,311	$ 697,083	$ 936,333	$ 384,243	$ 3,702,970
Interest Rate Derivatives	(227,550)	37,550		190,000	
Net gap	$ 107,403	$ 47,250	$ 180,726	$ 3,636	$ 339,015
Cumulative gap	$ 107,403	$ 154,653	$ 335,379	$ 339,015	
Cumulative ratio of interest-earning assets to interest-bearing liabilities	105.61 %	107.16 %	119.30 %	101.87 %	
Ratio of cumulative gap to interest-earning assets	5.32 %	5.67 %	8.72 %	8.39 %	

The cumulative gap value indicated above indicates that a small rise or fall in interest rates would not have a material effect on net interest income. Our ability to reprice 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.

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 $893.3 million as of December 31, 2003, or 29.7% of total loans, as compared to $816.5 million as of December 31, 2002, or 29.9% of total loans. This increase of $76.8 million, or 9.4%, can be attributable to a continued increase in market share in the Kansas City metro area, and contributions from our expansion into the Oklahoma City, Oklahoma, Sarasota and Tampa, Florida markets.

Real Estate Construction. Commercial real estate loans totaled $656.2 million at December 31, 2003, compared to $357.4 million at December 31, 2002, an increase of $298.8 million, or 83.6%. 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 $996.0 million at December 31, 2003 compared to $959.3 million at December 31, 2002, an increase of $36.7 million, or 3.8%. This increase was the direct result of increased market share in the Kansas City metro area, continued expansion into the Oklahoma City marketplace, and new expansion into the Sarasota and Tampa Bay markets.

1 to 4 Family Residential. Residential loans totaled $224.0 million at December 31, 2003, compared to $260.3 million at December 31, 2002, a decrease of $36.7 million, or 13.9%. Loans in this category consist primarily of owner-occupied residential loans. This decrease is due to the sale of loans held in our Florida charter s portfolio, and due to significant refinancing due to all time record lows in interest rates in the home mortgage market.

Agricultural. This category consists of loans secured by agricultural real estate. Agricultural loans totaled $73.2 million at December 31, 2003, compared to $81.2 million at December 31, 2002, a decrease of $8.0 million, or 9.9%. This decrease in loans corresponds with a similar decrease in agricultural loans as the bank is focusing on improving its portfolio by adding additional security in the form of real estate, and properly structuring the borrower s balance sheet to improve cash flow.

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 $5.9 million at December 31, 2003, compared to $25.1 million at December 31, 2002, a decrease of $19.3 million, or 76.6%. This decrease was the result of the timing of the sale of individual loans and the low volume of refinancing at the end of 2003.

Agricultural Loans. Agricultural loans are typically made to farmers, small corporate farms, and feed and grain dealers. Agricultural loans were $113.6 million as of December 31, 2003, as compared to $160.0 million as of December 31, 2002, a decrease of $46.4 million, or 29.0%. Agricultural loans as a percent of total loans decreased from 5.86% in 2002 to 3.77% in 2003. The decrease in agricultural loans was due to a continuing emphasis in reducing agricultural loan exposure and the sale of rural branches that contained this type of loan.

Consumer and Other Loans. Loans classified as consumer and other loans include automobile, other personal loans and credit card loans. The majority of these are installment loans with fixed interest rates. Consumer and other loans were $54.7 million as of December 31, 2003, compared to $70.4 million as of December 31, 2002, a decrease of $15.7 million, or 22.3%. Consumer and other loans represented 1.81% of total loans as of December 31, 2003, a decrease from 2.58% as of December 31, 2002.

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

	2003		**2002**		**2001**		**2000**		**1999**	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(Dollars in thousands)									
Commercial	$ 893,317	29.61%	$ 816,542	29.92%	$ 629,572	29.12%	$ 535,258	27.50 %	$ 504,393	27.72%
Real estate construction	656,163	21.75%	357,351	13.08%	203,785	9.42%	188,118	9.67 %	114,425	6.29%
Real estate(1)	1,293,943	42.86%	1,300,940	47.64%	1,008,694	46.65%	769,118	39.51 %	700,497	38.49%
Loans held for sale	5,883	0.20%	25,134	0.92%	11,335	0.52%	134,081	6.89 %	149,560	8.22%
Agricultural	113,641	3.77%	159,950	5.86%	196,612	9.09%	202,714	10.42 %	210,985	11.59%
Consumer and other loans	53,975	1.81%	70,434	2.58%	112,407	5.20%	116,879	6.01 %	139,988	7.69%
Total loans	3,016,922	100.00%	2,730,351	100.00%	2,162,405	100.00%	1,946,168	100.00 %	1,819,848	100.00%
Less allowance for loan losses	34,017		33,439		26,097		26,180		26,038	
Total	$ 2,982,905		$ 2,696,912		$ 2,136,308		$ 1,919,988		$ 1,793,810	

(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 repricing of portfolio loans and the amount of loans with predetermined interest rates and floating rates outstanding as of December 31, 2003.

	0-3 Months	4 Months to 12 Months	Over 1 to 5 Years	Over 5 Years	Total
	(Dollars in thousands)				
Loan category:					
Commercial	$ 616,733	$ 84,749	$ 184,978	$ 6,857	$ 893,317
Real estate construction	467,428	25,560	154,863	8,312	656,163
Real estate	498,824	231,424	470,366	92,567	1,293,181
Loans held for sale	2,137			3,746	5,883
Agricultural loans	104,791	5,327	3,092	431	113,641
Consumer and other loans	22,989	10,847	19,049	1,852	54,737
Total Loans	$ 1,712,903	$ 357,906	$ 832,347	$ 113,765	$ 3,016,922

As of December 31, 2003, loans repricing after one year includes approximately $679 million in fixed rate loans and $267 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 $1,454,000, $763,000, and $1,955,000, for the years ended December 31, 2003, 2002, and 2001, 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.

Non-performing assets are summarized in the following table:

	December 31,				
	2003	2002	2001	2000	1999
	(Dollars in thousands)				
Loans:					
Loans past due 90 days or more still accruing	$ 9,239	$ 790	$ 5,270	$ 869	$ 1,757
Non-accrual loans	23,131	15,077	17,737	19,853	6,094
Non-performing loans	32,370	15,867	23,007	20,722	7,851
Other assets	300	4,366	5,288	141	93
Foreclosed assets held for sale	6,362	1,993	4,217	3,573	2,749
Non-performing assets	$ 39,032	$ 22,226	$ 32,512	$ 24,436	$ 10,693

Non-performing loans as a percentage of total loans	1.07%	0.58%	1.06%	1.06%	0.43%
Non-performing assets as a percentage of total assets	0.90%	0.58%	1.08%	0.81%	0.42%
Non-performing assets as a percentage of total loans and OREO	1.29%	0.81%	1.50%	1.25%	0.60%

The increase during 2003 in non-performing loans can be largely attributed to three specific credits, which can be summarized as follows:

$8.2 million commercial/retail development loan that, due to issues that jeopardized their corporate standing, remained past due over 90 days at year end. Subsequently those issues were addressed and we anticipate that this loan will return to performing status by the end of the first quarter of 2004.

Two related credits totaling $5.7 million placed on non-accrual status. The loans are secured by two convenience stores and a commercial office building. Subsequent to December 31, 2003, two of the properties were sold and the proceeds were used to reduce the total outstanding balance by $2.57 million. The Bank maintains an allowance of $134 thousand for the remaining balance of these credits.

$3.5 million residential development and construction loan. This note matured and the borrower lacked sufficient cash reserves or backlog to support renewal. The Bank maintains a $726 thousand allocated allowance in light of the value of the collateral supporting this loan.

The substantial decrease during 2002 in non-performing loans resulted primarily through the collection or workout of five specific credits that were non-performing as of December 31, 2001. The action taken with respect to these non-performing loans can be summarized as follows:

Collection in full of a $1.3 million loan secured by a manufacturing facility in Oklahoma. As of December 31, 2001, the Bank maintained a specific allowance of $133 thousand for this secured loan.

Reduction of $1.3 million through the collection and charge-off of a loan with a company involved in the manufacturing and sales of cooling towers in Oklahoma. As of December 31, 2001, the Bank maintained an allowance of $203 thousand. During 2002, the Bank took a charge to the allowance of $440 thousand.

Collection of an $892 thousand loan secured by a nursing home facility. As of December 31, 2001, the Bank maintained an allowance of $161 thousand for this loan. Upon final settlement, the Bank took a charge to the allowance of $192 thousand.

Collection of a $1.16 million loan to a manufacturing company that was enhanced with guarantees from the State of Kansas and the Small Business Administration. As of December 31, 2001, the Bank maintained an allowance of $119 thousand for this credit, and upon final settlement in 2002 charged off $167 thousand against the allowance for loan losses.

Collection in full of a $1.5 million commercial real estate construction loan that had experienced numerous construction delays. As of December 31, 2001, the Bank maintained an allowance of $150 thousand for this credit.

The drop in non-performing assets in 2002 also can be attributed to the liquidation of two commercial properties during 2002 that were acquired through a settlement agreement in 2001 from a company involved in the distribution of sports apparel located in Oklahoma and $1.1 million of proceeds related to the condemnation of land purchased as part of a real estate transaction involving a business acquaintance of Mr. Gullion for $4.4 million. See Item 13 Certain Relationships and Related Transactions in the 2002 Annual Report.

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 were 69.0% of our total assets as of December 31, 2003. 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.

Each of the Banks, on a monthly basis, reviews its loan portfolio, and specifically analyzes loans which are internally classified as having above-average risk. Each Bank determines the level of reserves to be established for each type of loan based on historical losses, as adjusted for current economic conditions. For specific high risk loans, the Bank analyzes the collateral securing such loan to determine if adequate collateral value is available to cover the indebtedness in the event of default and liquidation of such collateral. If the Bank determines that the principal amount of the high risk loan minus the estimated liquidation value of the collateral is less than the specific loan loss reserve assigned to such loan, then the Bank records an additional specific loan loss reserve 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 the reserve for loan losses.

We actively manage our past due and non-performing loans in each Bank in an effort to minimize credit losses and monitor asset quality to maintain an adequate loan loss allowance. Although management believes its allowance for loan losses is adequate for each Bank and collectively, 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 the 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 the inability to pay dividends, among other adverse consequences.

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 loss 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 allowance for loan losses on December 31, 2002 totaled $33.4 million, a $7.3 million increase from the prior year. As part of the internal investigation and the examination by bank regulatory authorities, a careful review was made of loans made by Gold Bank-Kansas, Gold Bank-Oklahoma or Gold Bank-Florida in which Mr. Gullion had a role in initiating or approving the loans. Based on an analysis of the creditworthiness of the borrowers on those loans and the value of any collateral securing those loans, bank regulatory authorities indicated that Gold Bank-Kansas should increase its allowance for loan losses by $2.0 million as of December 31, 2002. Charge-offs were $13.8 million, recoveries were $1.8 million and provisions charged to expenses were $19.4 million in 2002.

The allowance for loan losses on December 31, 2001, totaled $26.1 million, a $83 thousand decrease from the prior year. Charge-offs were $17.1 million, recoveries were $1.7 million and provisions charged to expenses were $15.3 million in 2001.

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

	Year Ended December 31, 2003	2002	2001	2000	1999
	(Dollars in thousands)				
Total net loans outstanding at the end of the year	$ 2,982,904	$ 2,696,587	$ 2,136,308	$ 1,919,988	$1,793,810
Average net loans outstanding during the year	2,829,594	2,391,261	1,965,761	1,868,494	1,627,212
Allowance for loan losses, beginning of the year	33,439	26,097	26,180	26,038	20,141
Charge-offs:					
Commercial	8,780	6,842	13,101	4,112	4,652
Real estate					
Commercial	355	1,596	448	251	392
Construction	1,102	1,202	16		
1 to 4 family residential	709	858	584	309	265
Agricultural	184	1,212	817	186	141
Loans held for sale					
Total real estate	2,350	4,868	1,865	746	798
Agricultural	1,380	828	658	213	1,757
Consumer and other	1,012	1,299	1,476	1,404	2,371
Total charge-offs	13,522	13,837	17,100	6,475	9,578
Recoveries:					
Commercial	497	801	798	774	794
Real estate					
Commercial	39	309	55	54	68
Construction	50				
1 to 4 family residential	59	15	105	91	202
Agricultural	3	27	16	105	12
Loans held for sale					5
Total real estate	151	351	176	250	287
Agricultural	72	203	210	391	115
Consumer and other	316	404	519	529	567
Total recoveries	1,036	1,759	1,703	1,944	1,763
Net charge-offs	12,486	12,078	15,397	4,531	7,815
Provision charged to operations	13,064	19,420	15,314	4,673	11,586
Adjustments due to acquired companies					2,126
Allowance for loan losses, end of year	$ 34,017	$ 33,439	$ 26,097	$ 26,180	$26,038
Ratios:					
Allowance as a percentage of total loans	1.13%	1.23%	1.21%	1.35%	1.43 %
Net charge-offs to average loans outstanding	0.41%	0.44%	0.78%	0.24%	0.48 %
Allowance as a percentage of non-performing loans	105.08%	210.75%	113.42%	126.34%	331.65 %

The following table sets forth the allocation of our allowances for loans losses among categories of loans as of December 31, 2003, 2002, 2001 and 2000:

	Dec. 31, 2003 Amount (Dollars in thousands)	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
Commercial	$ 10,584	29.61%	$ 11,408	29.92%	$ 7,598	29.12%	$ 10,498	27.50%
Real estate construction	6,477	21.73%	4,114	13.08%	2,459	9.42%	1,463	9.67%
Real estate	14,578	42.86%	14,976	47.64%	12,173	46.65%	9,161	39.51%
Loans held for sale	295	0.20%	289	0.92%	137	0.52%	609	6.89%
Agricultural	1,273	3.77%	1,841	5.86%	2,373	9.09%	2,844	10.42%
Consumer and other	810	1.81%	811	2.58%	1,357	5.20%	1,605	6.01%
Total	$ 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 banks serve. Agricultural loans decreased due to the sale of our rural branches. In addition, the Company, upon the suggestion of the bank regulatory authorities, increased its allowance of loan losses allocated to commercial loans in 2002 to reflect those loans in which Mr. Gullion had a role in initiating or approving and either the creditworthiness of the borrower or the collateral securing such loan necessitated such additional provision. The portion of the allowance allocated to real estate and real estate construction loans increased by approximately $2.8 million and $1.7 million, respectively, primarily as a result of the increased loans in those categories.

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. The portfolio is comprised primarily of available for sale securities, which includes U.S. Treasury securities, U.S. government agency obligations, state municipal obligations, Federal Reserve Bank stock, Fannie Mae stock, and Federal Home Loan Bank stock. The U.S. government agency obligations include Federal Home Loan Mortgage Corporation (FHLMC) notes, Fannie Mae notes and mortgage-backed securities, Federal Home Loan Bank notes and Government National Mortgage Association (GNMA) mortgage-backed securities. As of December 31, 2003, the available for sale portfolio totaled $842.9 million, including a net unrealized gain of $3.4 million.

The investment portfolio increased $250.0 million, or 34.0%, during 2003. During 2002, the investment portfolio increased $147.3 million, or 25.0%. The investment portfolio increased $62.8 million, or 12.0%, during 2001.

The composition of the investment portfolio as of December 31, 2003 was 61.0% U.S. Treasury and agency securities, 5.0% state and municipal securities, 24.5% mortgage-backed securities, 1.0% trading securities and 8.5% other securities. The comparable distribution for December 31, 2002 was 19.5% U.S. Treasury and agency securities, 10.5% state and municipal securities, 57.7% mortgage-backed securities, 0.5% trading securities and 11.8% other securities. The investment portfolio represented 22.8% and 19.3% of total assets at December 31, 2003 and 2002, respectively. The composition of the investment portfolio as of December 31, 2001 was 9.6% U.S. Treasury and agency securities, 11.0% state and municipal securities, 67.5% mortgage-backed securities, 1.1% trading securities and 10.8% other securities. The estimated maturity of the investment portfolio on December 31, 2003 was three years.

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

	At December 31, 2003	2002	2001
Securities held to maturity:(1)	(Dollars in thousands)		
U.S. Treasury and other U.S. agencies and corporations	$ 698	$	$
Other	44,510	45,565	12,660
Obligations of states and political subdivisions	955	1,244	1,530
Mortgage-backed securities	87,329	155,754	174
Total	$ 133,492	$ 201,563	$ 14,364
Securities available for sale:(2)			
U.S. Treasury and other U.S. agencies and corporations	$ 600,555	$ 143,705	$ 56,793
Obligations of states and political subdivisions	48,613	76,106	63,235
Mortgage-backed securities	153,859	269,197	397,212
Held for trading(3)	9,692	3,485	6,668
Other(4)	39,873	42,029	50,506
Total investment securities	$ 986,084	$ 736,085	$ 588,778

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(1) Held to maturity securities are carried at amortized cost.
(2) Available for sale securities are carried at fair value.
(3) Trading securities are carried at fair value.
(4) Includes Federal Home Loan Bank stock, Federal Reserve stock and Fannie Mae stock.

The following table sets forth a summary of maturities in the investment portfolio at December 31, 2003.

	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
	(At carrying value) (Dollars in thousands)									
U.S. Treasury and other U.S. agencies and corporations	$ 1,675	1.47%	$ 546,190	2.91%	$ 48,777	2.92%	$ 4,911	5.09%	$ 601,253	2.92%
Obligations of states and political subdivisions	1,527	4.07%	13,241	4.17%	14,989	5.53%	19,811	23.30%	49,568	12.22%
Mortgage-backed securities			9	6.76%		%	241,179	3.14%	241,188	3.14%
Other			41	3.74%		%	45,118	7.14%	45,159	7.13%
Total	$ 3,202	2.71%	$ 559,481	2.94%	$ 63,466	3.54%	$ 311,019	5.04%	$ 937,168	3.67%

The above table does not include trading securities of $9.7 million and investments without stated maturities of $39.0 million, which consists principally of Federal Home Loan Bank stock.

Leveraging Our Capital. Because U.S. government agency securities have a risk-based capital weight of only 20% (compared to a 100% risk-based capital weight for commercial loans), we have leveraged our capital through investments in such securities. We have increased our investments in U.S. government agency issued mortgaged-backed securities financed by repurchase agreements and advances from the Federal Home Loan Bank. We have matched the expected 3 to 5-year duration of these mortgage-backed securities with repurchase agreements and Federal Home Loan Bank advances with similar maturities to achieve a favorable interest rate spread. Because these mortgage-backed securities may prepay faster or slower than we anticipate, we may not achieve our expected interest rate spread on these securities.

Deposit Activities. Deposits are the major source of our Banks funds for lending and other investment purposes. In addition to deposits, our Banks 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. Our Banks 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 Banks primary market area 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 thousand or more), and retirement savings plans. Our Banks 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, 2003, we had approximately $602.3 million of deposits, compared with $249.6 million on December 31, 2002, which were obtained through brokers. Brokered deposits represented 19.0% of our total deposits as of December 31, 2003.

Maturity terms, service fees and withdrawal penalties are established by our Banks on a periodic basis. The determination of rates and terms is predicated on funds transaction and liquidity requirements, rates paid by competitors, growth goals and federal obligations.

During 2003, average balances of non-interest bearing demand deposits increased $49.6 million, or 19.2%; 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 had increased $447.9 million compared to December 31, 2002. This increase is due to increases of $47.7 million in time deposits less than $100 thousand, a $335.2 million increase in time deposits greater than $100 thousand, and a $10.0 million increase in savings and now accounts. Approximately $352.7 million of the increase was the direct result of increases in brokered deposits.

During 2002, average balances of non-interest bearing demand deposits decreased $21.3 million, or 9.0%; average balances of savings and interest bearing deposits increased $116.6 million, or 16.8%; and average balances of time deposits increased $229.6 million, or 19.5%. As of December 31, 2002, the balance of total deposits had increased $552.7 million compared to December 31, 2001. This increase is primarily due to decreases of $189.9 million in time deposits less than $100 thousand, a $153.9 million increase in time deposits greater than $100 thousand, and a $170.4 million increase in savings and now accounts. Approximately $149 million of the increase was the direct result of purchasing four bank branches from Encore Bank in 2002.

During 2001, average balances of non-interest bearing demand deposits decreased $21.6 million, or 8.3%; average balances of savings and interest bearing deposits increased $83.4 million, or 13.7%; and average balances of time deposits increased $62.9 million, or 5.6%.

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

	Year Ended December 31,								
	2003			2002			2001		
	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	$ 307,690		10.55%	$ 258,897		10.45%	$ 237,571		11.26%
Savings deposits and Interest-bearing demand	914,915	1.11	31.37%	809,875	1.49%	32.69%	693,265	2.60%	32.86%
Time deposits	1,693,859	2.90	58.08%	1,408,577	3.75%	56.86%	1,178,995	5.73%	55.88%
Total	$2,916,464		100.00%	$2,477,349		100.00%	$2,109,831		100.00%

The aggregate average balance of brokered time deposits was $418.6 million, $205.6 and $38.0 million for the years ended December 31, 2003, 2002 and 2001, respectively.

We do not have a concentration of deposits from any one source the loss of which 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,		
	2003	2002	2001
	(Dollars in thousands)		
Non-interest-bearing	$ 355,637	$ 300,679	$ 263,296
Interest-bearing:			
Savings and NOW accounts	915,212	905,167	728,590
Time deposits less than $100,000			
Brokered	154,245	85,951	4,282
Retail	866,541	887,114	783,919
Time deposits greater than $100,000			
Brokered	448,031	163,661	53,212
Retail	424,777	373,997	330,567
Total deposits	$ 3,164,443	$ 2,716,569	$ 2,163,866

The increase in interest-bearing brokered deposits in 2003 and 2002 was a result of the need of additional deposits to fund the increase in loans in our higher growth metropolitan markets.

The following table summarizes at December 31, 2003, our certificates of deposit of $100,000 or more by time remaining until maturity (dollars in thousands).

Maturity Period:		
Less than three months	$	272,094
Over three months through six months		178,552
Over six months through twelve months		152,974
Over twelve months		427,761
Total	$	1,031,381

We have no other time deposits in excess of $100,000.

Derivative Financial Instruments

In August 2002, we entered into three interest rate swap agreements 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 the trust preferred securities. Each swap had a notional amount equal to the outstanding principal amount of the related trust preferred securities, together with the same payment dates, maturity date and call provisions as the related trust preferred 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. Under these swap agreements, no payments were due between the parties and no gain or loss was recognized by us when they were called. There are no current plans to replace these terminated swap agreements. The remaining swap agreement with a national amount of $37.6 million is also callable by the counter-party prior to its respective maturity date.

In August 2003, 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. The interest rate swaps are derivative financial instruments and have been designated as fair value hedges of the FHLB borrowings. Each swap has a notional amount equal to the outstanding principal amount of the related FHLB borrowings, together with the same payment dates, maturity date and call provisions as the related FHLB borrowings. Under each of the swaps, we pay 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 are obligated to pay on the related FHLB borrowings.

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

	December 31			
	2003		**2002**	
	Notional amount	**Credit exposure**	**Notional amount**	**Credit exposure**
	(Dollars in thousands)			
Interest rate swaps	$ 227,550	443	$ 82,550	

The notional amounts of derivative financial instruments do not represent amounts exchanged by the parties and, therefore, are not a measure of the Company s credit exposure through its use of these instruments. The credit exposure represents the accounting loss the Company 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.

During the year ended December 31, 2003, we received net cash flows of $4.3 million under the three agreements, which was recorded as a reduction of interest expense on borrowings.

Capital and Liquidity

Sources of Liquidity. Liquidity defines our ability, and the ability of our Banks, 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. The immediate liquidity needs of our Banks are met primarily by Federal Funds sold, short-term investments, deposits and the generally predictable cash flow (primarily repayments), from each Bank s assets. Intermediate term liquidity is provided by our Banks investment portfolios. Our Banks also have established a credit facility with the Federal Home Loan Bank, under which our Banks 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 subsidiary Banks.

Cash provided by operating activities for 2003 was $125.4 million, consisting primarily of net earnings adjusted for non-cash items, loan loss provision (which was offset by origination of loans held for sale) and an increase in other assets. Cash used in investing activities was $725.4 million, consisting primarily of increased loans of approximately $352.3 million, purchases of held-to-maturity securities of $70.9 million, and an increase in available for sale securities of $900.3 million. Net activity in financing consisted of an increase in deposits of approximately $580.0 million, principal payments on long-term debt of $166.0 million, and proceeds from issuance of long-term debt of $249.0 million, which resulted in net cash provided of $621.3 million.

We and our subsidiaries 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, the Banks have increased core capital through retention of earnings or capital infusions. 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, 2003 were 10.78%, 8.87% and 7.01%, respectively. These same ratios at December 31, 2002 were 11.02%, 8.61% and 6.96%, respectively.

The principal source of funds at the holding company level is dividends from the Banks. The payment of dividends is subject to restrictions imposed by federal and state banking laws and regulations. At December 31, 2003, our subsidiary banks could pay $13.7 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. However, if we continue at our current rate of internal growth, we will need to raise additional equity to remain well capitalized .

LaSalle Line of Credit. We have a 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 may borrow from $25 million to $10 million and extend the maturity date from July 1, 2003 to July 1, 2004. Interest accrues on advances under the LaSalle Credit Line at our option at a rate equal to either LIBOR plus 1.25% per annum or LaSalle Bank s prime rate (but in no event will the interest rate under the LaSalle Credit Line be less than 3.5% per annum). We draw on the LaSalle Credit Line from time to time to fund various corporate matters including making contributions to our bank subsidiaries to help them maintain their well-capitalized status. 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.

As a result of the misappropriation of funds by Mr. Gullion and the actions taken by the bank regulatory authorities in response thereto, we were in default under the LaSalle Credit Line. We have obtained a waiver from LaSalle Bank with respect to this default.

ESOP Loan Agreement. Under the Amended and Restated Loan Agreement, dated as of February 8, 2002 (ESOP Loan Agreement), of our Employees Stock Ownership Plan (the ESOP) with LaSalle Bank, the ESOP may borrow up to $15 million. Loans under the ESOP Loan Agreement bear interest, at the ESOP s option, at either LaSalle Bank s Prime Base Rate or LIBOR plus 1.75%. As of December 31, 2003, the ESOP has approximately $11.6 million outstanding under the ESOP Loan Agreement, which it borrowed to purchase our common stock. We guarantee the ESOP s obligations under the ESOP Loan Agreement. We currently do not anticipate that the ESOP will need to borrower any further amounts under the ESOP Loan Agreement.

As a result of the misappropriation of funds by Mr. Gullion and the actions taken by the bank regulatory authorities in response thereto, the ESOP was in default under the ESOP Loan Agreement. We have obtained a waiver from LaSalle Bank with respect to this default.

Federal Home Loan Banks of Des Moines, Topeka and Atlanta. Gold Bank-Kansas had approximately $16 million outstanding as of December 31, 2003 under its credit agreement with Federal Home Loan Bank of Des Moines (FHLB-Des Moines). Gold Bank-Kansas also had approximately $404.7 million of advances outstanding as of December 31, 2003 under its credit agreement with the Federal Home Loan Bank of Topeka (FHLB-Topeka). As of December 31, 2003, Gold Bank-Florida had approximately $70.0 million of advances outstanding under its credit agreement with the Federal Home Loan Bank of Atlanta (FHLB-Atlanta). The Federal Home Loan Banks of Des Moines and Topeka could assert that the events described above under Item 3 of this Annual Report under the caption Regulatory Examinations and Supervisory Actions above permit them to declare Gold Bank-Kansas in default if such events were to have a material adverse effect on Gold Bank-Kansas. We do not believe that such events have had a material adverse effect on Gold Bank-Kansas or that Gold Bank-Kansas is in default under these agreements. However, neither the FHLB-Des Moines or the FHLB-Topeka is willing to waive any potential defaults that might rise under the agreements if such events were to ultimately have a material adverse effect on Gold Bank-Kansas.

Gullion Restitution. On May 20, 2003, Gold Bank-Kansas entered into a restitution agreement with Mr. Gullion, pursuant which Gold Bank-Kansas received restitution of approximately $2.3 million. A more detailed discussion of this restitution agreement is set forth under Note 9 Gullion Restitution to the Company s Financial Statements in the Company s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2003. On November 21, 2003, the Company and Gold Bank-Kansas entered into a second Restitution and Settlement Agreement with Mr. Gullion. Pursuant to the terms and conditions of this second Restitution and Settlement Agreement, the Company received a final restitution payment from Mr. Gullion in the amount of $1.2 million on November 26, 2003. As a condition of this second agreement, the Company and Mr. Gullion released any and all claims they may have against one another.

Capital. We and our subsidiaries actively monitor the subsidiaries 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, our Banks have increased core capital through retention of earnings or capital infusions. The primary source of funds available to us is dividends by our subsidiaries. Each Bank s ability to pay dividends may be limited by regulatory requirements. At December 31, 2003, our subsidiaries could pay dividends of $74.4 million without prior regulatory approval.

BOLI Policies. The Banks have purchased bank-owned life insurance (BOLI) policies with death benefits payable to the Banks 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 banks 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 of the Banks BOLI investments comply with federal guidelines. As of December 31, 2003, Gold Bank-Kansas had $44.7 million of BOLI (equal to 23.3% of its capital and surplus) compared to $28.8 million (16.2% of its capital and surplus) as of December 31, 2002, an increase of $15.9 million or 55.2%. As of December 31, 2003, Gold Bank-Oklahoma had $21.7 million of BOLI (equal to 24.3% of its capital and surplus), compared to $16.6 million (19.9% of its capital and surplus) as of December 31, 2002, an increase of $5.1 million , or 30.7%. As of December 31, 2003, Gold Bank-Florida had $13.7 million of BOLI (equal to 24.0% of its capital and surplus), compared to $11.1 million (23.0% of its capital and surplus) as of December 31, 2002, an increase of $2.6 million, or 23.4%.

In January 2003, Gold Bank-Kansas, Gold Bank-Oklahoma and Gold Bank-Florida increased their BOLI investments by $14 million, $4 million and $2 million, respectively. The aggregate BOLI investment of each Bank is now just below the maximum regulatory limit. The Banks monitor the financial condition and credit rating of each of the three life insurance companies that issued the BOLI policies. The Company believes that these BOLI investments will not have any significant impact on the capital or liquidity of the Banks.

CompuNet Activities. CompuNet Engineering, Inc., which was acquired in March 1999, provides information technology, e-commerce services and networking solutions for banks and other businesses. Under current Federal Reserve regulations, the data processing activities of a bank holding company and its subsidiaries must be done primarily for financial companies, and non-financial data processing activities must be limited to 30% of the bank holding company s total consolidated annual data processing revenues. When the Company acquired CompuNet, the aggregate data processing activities of the Company and CompuNet complied with this 30% limitation.

On December 21, 2000, the Federal Reserve published a proposed regulation that would permit a financial holding company to generate up to 80% of its consolidated data processing revenue from non-financial data processing activities. The proposed regulation limits the investment of a financial holding company in such data processing activities to 5% of the financial holding company s tier 1 capital. The comment period on the proposed regulation expired on February 16, 2001.

In 2001, CompuNet acquired the assets of Information Products, Inc., which provides technology services, including LAN, WAN, product support, telecommunication line monitoring, hardware, maintenance and systems design and installation across all industry sectors. This acquisition significantly increased the amount of CompuNet s non-financial data processing activities. For the year ended December 31, 2003, approximately 60% of CompuNet s revenues were non-financial in nature, and thus not in compliance with the Federal Reserve s current 30% limitation. On February 4, 2004, the Company sold its interest in CompuNet Engineering to Computer Source, Inc.

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 loan commitments totaling approximately $903.9 million (including approximately $36.1 million in unused approved credit card lines) and standby letters of credit, totaling approximately $51.3 million at December 31, 2003. The Company has 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 expires 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 of the Company at December 31, 2003 and the expected timing of these payments follows:

	Payments Due By Period				
(In Thousands)	**In One Year or Less**	**After One Year Through Three Years**	**After Three Years Through Five Years**	**After Five Years**	**Total**
Long-term debt obligations	$ 13,895	$ 197,945	$ 95,146	$ 324,540	$ 631,526
Operating lease obligations	3,473	5,843	3,842	15,642	28,800
Purchase obligations	1,944	3,588	2,800	3,500	11,832
Time Open and C.D. s	1,135,190	560,201	197,364	839	1,893,594
Total	$ 1,154,502	$ 767,577	$ 299,152	$ 344,521	$ 2,565,752

Impact of Inflation and Changes 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

The Financial Accounting Standards Board (FASB) issued Interpretation No. 46R (FIN 46R), Consolidation of Variable Interest Entities , in December 2003. FIN 46R clarifies the requirements that investments in variable interest entities (VIE) be consolidated by the entity that has a variable interest that will absorb a majority of the VIE s expected losses if they occur, receive a majority of the VIE s expected returns, or both.

Public companies must apply the unmodified provisions of the Interpretation to special-purpose entities by the end of the first reporting period ending after December 15, 2003. Public companies, other than small business issuers, must apply the revised Interpretation by the end of the first reporting period beginning after December 15, 2003 to all entities that are not special-purpose entities. The Company adopted the provisions of FIN 46R at December 31, 2003. The effect of such adoption was the deconsolidation of the Trusts, which have issued Trust Preferred Securities.

The Financial Accounting Standards Board issued Statement No. 150, Accounting for Certain Financial Instruments with Characteristics of Both Liabilities and Equity , in May 2003. Statement No. 150 established standards for how an issuer classifies, measures and discloses in its financial statements certain financial instruments with characteristics of both liabilities and equity. The Statement requires that an issuer classify financial instruments that are within its scope as a liability (or an asset in some circumstances). Such financial instruments include (i) financial instruments that are issued in the form of shares that are mandatorily redeemable; (ii) financial instruments that embody an obligation to repurchase the issuer s equity shares, or are indexed to such an obligation, and that require the issuer to settle the obligation by transferring assets; and (iii) financial instruments that embody an obligation that the issuer may settle by issuing a variable number of its equity shares if, at inception, the monetary value of the obligation is predominately based on a fixed amount, variations in something other than the fair value of the issuer s equity shares, or variations inversely related to changes in the fair value of the issuer s equity shares. Statement No. 150 was effective for contracts entered into or modified after May 31, 2003, and was otherwise effective at the beginning of the first interim period beginning after June 15, 2003. Adoption of the Statement on July 1, 2003 did not have a significant impact on the Company s Consolidated financial statements.

Forward Looking Information and Statements

The information included or incorporated by reference in this Amended Report contains certain forward-looking statements with respect to the financial condition, results of operations, plans, objectives, future financial performance and business of our Company and its subsidiaries, 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, est intends or similar expressions
- 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:

- the ability to consummate the merger with SAC Acquisition Corp., a subsidiary of Silver Acquisition Corp.
- 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
- 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 repricing of interest rate sensitive interest-earning assets and interest bearing liabilities. An interest rate sensitive balance sheet item is one that is able to reprice quickly through maturity or otherwise. Controlling the maturity or repricing 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 repricing 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 and our Banks use an asset/liability modeling service to analyze each Bank s current gap position. The system simulates our Banks asset and liability base 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. The Company utilizes interest rate swap agreements to assist in the management of interest rate sensitivity as described under "Item 7 - Management's Discussion and Analysis of Results of Operation and Financial Condition." The use of such derivative financial instruments is intended to reduce the Company s interest rate exposure.

The following table indicates that, at December 31, 2003, if there had been a sudden and sustained increase in prevailing market interest rates, our 2004 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	$ 129,892	$ 5,868	4.7%
100 basis point rise	128,091	4,067	3.3%
Base rate scenario	124,024		
50 basis point decline	121,166	(2,858)	(2.3)%
100 basis point decline	115,746	(8,278)	(6.7)%

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
Independent Auditors Report

The Board of Directors
Gold Banc Corporation, Inc.:

We have audited the accompanying consolidated balance sheets of Gold Banc Corporation, Inc. and subsidiaries (the Company) as of December 31, 2003 and 2002, 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, 2003. These consolidated financial statements are the responsibility of the Company s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 in the first paragraph present fairly, in all material respects, the financial position of Gold Banc Corporation, Inc. and subsidiaries as of December 31, 2003 and 2002, and the results of their operations and their cash flows for each of the years in the three year-period ended December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, effective January 1, 2002, the Company adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 142, Goodwill and Other Intangible Assets. As discussed in Note 2 to the consolidated financial statements, during the fourth quarter of 2003, the Company announced its intent to dispose of CompuNet Engineering, Inc., a wholly-owned subsidiary of the Company. The assets, liabilities and results of operation of CompuNet are included in discontinued operations in the accompanying consolidated financial statements.

/s/ KPMG LLP

Kansas City, Missouri
March 5, 2004, except as to

Note 25, which is as of
March 10, 2004

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2003 and 2002
(Dollars in thousands)

	2003	2002
ASSETS		
Cash and due from banks	$ 78,124	$ 95,671
Federal funds sold and interest-bearing deposits	38,978	193
Total cash and cash equivalents	117,102	95,864
Investment securities:		
Available-for-sale	842,900	531,037
Held-to-maturity	133,492	201,563
Trading	9,692	3,485
Total investment securities	986,084	736,085
Mortgage loans held for sale, net	5,883	25,134
Loans, net	2,977,021	2,671,778
Premises and equipment, net	63,131	69,063
Goodwill	31,082	31,082
Other intangible assets, net	6,084	6,835
Accrued interest and other assets	52,117	114,039
Cash surrender value of bank-owned life insurance	80,218	56,501
Assets of discontinued operation	3,903	7,895
Total assets	$ 4,322,625	$ 3,814,276

	2003	2002
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities:		
Deposits	$ 3,164,443	$ 2,716,556
Securities sold under agreements to repurchase	127,789	153,595
Federal funds purchased and other short-term borrowings	7,260	25,657
Subordinated debt	114,851	115,691
Long-term borrowings	631,526	548,824
Accrued interest and other liabilities	26,411	24,950
Liabilities of discontinued operation	628	1,229
Total liabilities	4,072,908	3,586,502
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 44,567,417 and 44,188,384 shares issued at December 31, 2003 and 2002, respectively	44,567	44,188
Additional paid-in capital	122,444	118,257
Retained earnings	132,082	107,392
Accumulated other comprehensive income (loss), net	(2,812)	3,489
Unearned compensation	(12,275)	(12,432)
	284,006	260,894
Less treasury stock (4,774,575 and 4,721,510 shares at December 31, 2003 and 2002, respectively.)	(34,289)	(33,120)
Total stockholders equity	249,717	227,774
Commitments and contingent liabilities		
Total liabilities and stockholders equity	$ 4,322,625	$ 3,814,276

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Year ended December 31, 2003, 2002, and 2001
(Dollars in thousands)

	2003	2002	2001
Interest income:			
Loans, including fees	$ 174,743	$ 165,044	$ 167,296
Investment securities	37,346	34,613	33,451
Other	1,921	2,275	6,054
Total interest income	214,010	201,932	206,801
Interest expense:			
Deposits	59,229	64,980	85,583
Borrowings and other	32,423	33,039	32,135
Total interest expense	91,652	98,019	117,718
Net interest income	122,358	103,913	89,083
Provision for loan losses	13,064	19,420	15,314
Net interest income after provision for loan losses	109,294	84,493	73,769
Other income:			
Service fees	17,626	17,457	15,526
Investment trading fees and commissions	5,004	5,649	6,017
Net gains on sales of mortgage loans	2,746	2,201	1,848
Unrealized gains (losses) on trading securities	30	(42)	(51)
Realized gains on sale of securities	1,847	9,542	1,702
Gain on sales of branch facilities	5,738	2,380	
Bank-owned life insurance	3,717	3,463	3,038
Other	4,850	4,837	3,594
Total other income	41,558	45,487	31,674
Other expense:			
Salaries and employee benefits	56,348	48,584	43,658
Net occupancy expense	7,652	6,218	5,627
Depreciation expense	6,653	6,250	5,774
Goodwill amortization expense			1,788
Core deposit intangible amortization expense	751	500	173
Recovery of mortgage subsidiary closing expense			(4,569)
Losses and expenses resulting from misapplication of bank funds, net of recoveries	(1,868)	136	1,099
Other	34,870	31,177	25,095
Total other expense	104,406	92,865	78,645

Net earnings from continuing operations before income taxes		46,446		37,115		26,798
Income tax expense		13,644		11,372		3,982
Net earnings from continuing operation		32,802		25,743		22,816
Net earnings (loss) from discontinued operation, net of tax		s3,392)		474		465
Net earnings	$	29,410	$	26,217	$	23,281
Net earnings from continuing operations per share basic and diluted		0.86		0.76		0.66
Net earnings (loss) from discontinued operations per share basic and diluted		(0.09)		0.02		0.01
Net earnings per share basic and diluted	$	0.77	$	0.78	$	0.67

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME
Years Ended December 31, 2003, 2002, and 2001
(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, 2000	$	38,286	76,152	63,534	(836)	(3,802)	(5,795)	$ 169,211
Net earnings for 2001				23,281				23,281
Change in unrealized gain on available-for-sale securities					(844)			(844)
Total comprehensive income for 2001				23,281	(844)			22,437
Exercise of 66,174 stock options		66	432					498
Purchase of 3,617,010 shares of treasury stock							(25,140)	(25,140)
Allocation of 95.090 shares held by Employee Stock Ownership Plan						362		362
Dividends paid ($0.08 per common share)				(2,828)				(2,828)
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
Purchase 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)
Total comprehensive income for 2003				29,410	(6,301)			23,109
Exercise of 271,000 stock options		271	1,812					2,083
Restricted stock awards		108	1,525			(650)		983
Allocation of 284,005 shares held by Employee Stock Ownership Plan			850			1,807		2,657
Purchase of 583,065 shares of treasury stock							(6,896)	(6,896)
Sale of 530,000 shares of treasury stock							5,727	5,727
Increase in unearned compensation						(1,000)		(1,000)
Dividends paid ($0.12 per common share)				(4,720)				(4,720)
Balance at December 31, 2003	$	44,567	122,444	132,082	(2,812)	(12,275)	(34,289)	$ 249,717

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended December 31, 2003, 2002, and 2001
(Dollars in thousands)

	2003	2002	2001
Cash flows from operating activities:			
Net earnings	$ 29,410	$ 26,217	$ 23,281
Income (loss) from discontinued operation	(3,392)	474	465
Adjustments to reconcile net earnings to net cash provided by operating activities:			
Provision for loan losses	13,064	19,420	15,314
Allocation of ESOP shares	2,657	758	362
Non-cash compensation expense	1,642		
Losses on the sale of securities	(1,847)	(9,542)	(1,702)
Extinguishment of notes payable			(4,080)
Non-cash portion of recovery from restitution agreements	(2,300)		
Gains on the sale of loans	(2,746)	(2,201)	(1,848)
Depreciation and amortization	7,404	6,892	8,029
Amortization of investment securities premium, net	5,854	1,242	439
Gain on sale of branches	(5,738)	(2,380)	
Loss on the sale of assets, net	296		24
Deferred income taxes	3,801	7,806	(2,260)
Net decrease (increase) in trading securities	(6,237)	3,225	(2,615)
Change in unrealized losses on trading securities	30	42	51
Origination of loans held for sale, net of repayments	(203,980)	(118,640)	(17,488)
Proceeds from sale of loans held for sale	228,672	107,042	56,101
Other changes:			
Accrued interest and other assets	57,139	21,991	(6,850)
Accrued interest and other liabilities	(1,373)	(6,913)	(4,088)
Increase in cash surrender value of bank-owned life insurance	(3,717)	(3,463)	(3,038)
Net change in operating activities of discontinued operations	6,783	(1,083)	256
	$ 125,422	$ 50,887	$ 60,353

Net cash provided by operating activities						
Cash flows from investing activities:						
Net increase in loans	$	(352,307)	$	(599,915)	$	(309,501)
Principal collections and proceeds from sales and maturities of available-for-sale securities		579,630		1,127,759		634,808
Purchases of available-for-sale securities		(900,325)		(1,152,681)		(643,991)
Principal collections and proceeds from maturities of held-to-maturity securities		70,941		6,644		2,727
Purchases of held-to-maturity securities		(5,400)		(182,529)		(12,716)
Net additions to premises and equipment		(3,958)		(26,002)		(1,939)
Proceeds from the sale of other assets						985
Purchase of bank-owned life insurance		(20,000)				(50,000)
Cash (paid) received in acquisitions and branch sales		(90,019)		117,110		42,539
Net cash used in investing activities	$	(721,438)	$	(709,614)	$	(337,088)

(Continued)

	2003	2002	2001
Cash flows from financing activities:			
Increase (decrease) in deposits	$ 580,000	$ 470,295	$ (21,437)
Increase (decrease) in securities sold under agreements To repurchase	(25,806)	49,923	24,697
(Decrease) increase in federal funds purchased, advances, and other short-term borrowings	(18,397)	(5,250)	6,254
Proceeds from the issuance of subordinated debt			30,000
Proceeds from issuance of long-term borrowings	249,000	692,339	335,500
Principal payments on long-term borrowings	(166,037)	(568,876)	(115,206)
Purchase of treasury stock	(4,596)	(2,185)	(25,140)
Sale of treasury stock	5,727		
Proceeds from the issuance of common stock	2,083	47,319	498
Dividends paid	(4,720)	(2,812)	(2,828)
Net cash provided by financing activities	$ 617,254	680,753	232,338
Increase (decrease) in cash and cash equivalents	21,238	22,026	(44,397)
Cash and cash equivalents, beginning of year	95,864	73,838	118,235
Cash and cash equivalents, end of year	$ 117,102	$ 95,864	$ 73,838
Supplemental disclosures of cash flow information:			
Cash paid for interest	$ 93,184	$ 96,389	$ 118,899
Income taxes paid	11,322	5,715	3,628
Noncash financing activities:			
Securitization of mortgage loans held for sale			41,119
Noncash activities related to business combinations:			
Operating activities:			
Increase in investment securities			839
Increase in loans and mortgage loans held for sale		(39,070	
Increase in premises and equipment		1,124	1,026
Financing activities:			
Increase in deposits		82,408	51,426

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2003, 2002 and 2001

(1) Summary of Significant Accounting Policies

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Gold Banc Corporation, Inc. and its subsidiary banks and companies, collectively referred to as the Company. All significant intercompany accounts and transactions have been eliminated.

(b) Nature of Operations

The Company is a multi-bank holding company that owns and operates community banks located in Kansas, Missouri, Florida, and Oklahoma. The banks provide a full range of commercial and consumer financial services. The Company owns and operates a full-service broker/dealer and investment firm, an information technology services organization, and a trust company. The Company has determined that its financial services businesses are a single operating segment. As a result of the Company s decision to sell CompuNet Engineering, Inc., its information technology service subsidiary, the Company s consolidated financial statements have been reclassified to reflect CompuNet as discontinued operations for all years presented.

(c) Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(d) Investment Securities

The Company classifies investment securities in one of three categories: trading, available-for-sale, or held-to-maturity. Trading securities are bought and held principally for the purpose of selling in the near term. Held-to-maturity securities are those that the Company has the positive intent and ability to hold to maturity. All other securities are classified as available-for-sale.

Held-to-maturity securities are recorded at amortized cost. Trading and available-for-sale securities are recorded at fair value. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income until realized. Realized gains and losses upon disposition of investment securities are included in earnings using the specific identification method for determining the cost of the securities sold.

A decline in the fair value of any security below cost that is deemed other than temporary is charged to earnings, resulting in the establishment of a new cost basis for the security. Premiums and discounts are amortized or accreted over the life of the related security as an adjustment to interest income. Dividend and interest income are recognized when earned.

(e) Mortgage Loans Held for Sale

Mortgage loans held for sale are carried at the lower of cost or fair value, computed on the aggregate basis. Fair value is computed using the outstanding commitment price from investors. Loan origination and processing fees and related direct origination costs are deferred until the related loan is sold. Revenue from the sale of loans is recognized at the sale date when title passes.

The Company generally does not retain mortgage servicing rights. Sales of mortgage servicing rights are recorded when title has passed, substantially all risks and rewards of ownership have irrevocably passed to the buyer, and any recourse is minor and can be reasonably estimated. Any gains or losses from such sales are recorded at the sale date.

(f) Loans

Loans receivable that management has the intent and ability to hold for the foreseeable future or until maturity or payoff are reported at their outstanding principal balance adjusted for any charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans and unamortized premiums or discounts on purchased loans.

Interest income on loans is accrued and credited to earnings based on the principal amount outstanding. The accrual of interest on impaired loans is discontinued when, in management s opinion, the borrower may be unable to meet payments as they become due. When interest accrual is discontinued, all unpaid accrued interest is reversed against current period interest income. Interest income is subsequently recognized only to the extent cash payments are received against current period interest income. Significant loan and commitment fee income and related costs are deferred and amortized over the term of the related loan or commitment.

(g) Allowance for Loan Losses

Provisions for losses on loans receivable are based upon management s estimate of the amount required to maintain an adequate allowance for losses, reflective of the risk in the loan portfolio. This estimate is based on reviews of the loan portfolio, including assessment of the estimated net realizable value of the related underlying collateral, and upon consideration of past loss experience, current economic conditions, and such other factors which, in the opinion of management, deserve current recognition. Loans are also subject to periodic examination by regulatory agencies. Such agencies may require charge-offs or additions to the allowance based upon their judgments about information available at the time of their examination. Impaired loans include all nonaccrual loans and loans ninety days delinquent and still accruing interest.

(h) Premises and Equipment

Premises and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line and accelerated methods based on the estimated useful lives of the related assets.

(i) Goodwill

The Company adopted Statement of Financial Accounting Standards (SFAS) No. 142, *Goodwill and Other Intangible Assets*, on January 1, 2002, which establishes new accounting and reporting for acquired goodwill and other intangible assets. Under SFAS No. 142, goodwill and intangible assets that have indefinite useful lives are not amortized, but rather tested at least annually for impairment. Intangible assets that have finite useful lives continue to be amortized over their useful lives.

Prior to the adoption of SFAS No. 142, the excess of the purchase price over fair value of net assets acquired in purchase business combinations was amortized on a straight-line basis generally over twenty years, and assessed for recoverability by determining whether the amortization of the goodwill balance over its remaining life could be recovered through undiscounted future operating cash flows of the acquired business.

(j) ***Other Income and Other Expense***

Significant items included in Other Income in the consolidated statements of operations:

	2003	**2002**	**2001**
	(Dollars in thousands)		
Trust fees	$ 3,721	$ 2,414	$ 2,297
Other income	1,129	2,423	1,297
	$ 4,850	$ 4,837	$ 3,594

Significant items included in Other Expense in the consolidated statements of operations:

	2003	**2002**	**2001**
	(Dollars in thousands)		
Data processing expense	$ 8,074	$ 6,843	$ 4,558
Professional services	5,837	6,067	4,540
Marketing and advertising	2,791	2,748	1,969
Postage and supplies	2,348	2,394	2,860
Telephone	2,208	2,161	1,721
Other	13,612	11,564	9,447
	$ 34,870	$ 31,777	$ 25,095

(k) ***Income Taxes***

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the consolidated financial statement carrying amounts of existing assets and liabilities and their respective tax bases, and are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to be recovered or settled. Valuation allowances are established for deferred tax assets unless it is more likely than not that such deferred tax assets will be realized. The effect on deferred tax assets and liabilities for subsequent changes in tax rates is recognized in the period that includes the tax rate change.

(l) ***Cash and Cash Equivalents***

For purposes of the consolidated statements of cash flows, cash equivalents include cash on hand, amounts due from banks, federal funds sold, and interest-bearing deposits.

(m) Earnings Per Share

Basic earnings per share is based upon the weighted average number of common shares outstanding during the periods presented. Diluted earnings per share include the effects of all dilutive potential common shares outstanding during each year. The shares used in the calculation of basic and diluted income per share are shown below (in thousands):

	2003	**2002**	**2001**
Weighted average common shares outstanding	37,961	33,588	34,752
Stock options and unvested restricted stock	333	183	50
	38,294	33,771	34,802

The Company accounts for stock-option awards to employees using the intrinsic value method of accounting in accordance with Accounting Principles Board Opinion No. 25 *Accounting for Stock Issued to Employees*. Under the intrinsic value method, because the exercise price of the Company s employee stock options equals the market price of the underlying stock on the date of grant, compensation expense is not recognized. Had compensation cost for the Company s stock options granted been determined based upon the fair value at the grant date for awards consistent with the methodology prescribed under Statement of Financial Accounting Standards No. 123, *Accounting for Stock-Based Compensation*, the Company s net earnings and earnings per share would have been reduced to the pro forma amounts shown below:

	2003	**2002**	**2001**
	(Dollars in thousands, except per share data)		
Net earnings:			
As reported	$ 29,410	$ 26,217	$ 23,281
Stock-based compensation expense included in reported net income, net of tax	$ 1,070		
Deduct total stock-based employee compensation determined under fair value method, net of related tax effects	(1,625)	(299)	(162)
Pro forma	28,855	25,918	23,119
Basic earnings per share:			
As reported	0.77	0.78	0.67
Pro forma	0.76	0.77	0.66
Diluted earnings per share:			
As reported	0.77	0.78	0.67
Pro forma	0.75	0.77	0.66

(n) Derivatives

The Company is exposed to market risk, including changes in interest rates. To manage the volatility relating to this exposure, the Company utilizes certain derivative instruments. Derivative financial instruments are recorded at fair value, with the adjustment to fair value recorded in current earnings. Derivatives utilized in hedging relationships are designated, based on the exposure being hedged, as fair value or cash flow hedges. Under the fair value hedging model, gains or losses attributable to the change in fair value of the derivative, as well as gains and losses attributable to the change in fair value of the hedged item, are recognized in current earnings. Under the cash flow hedging model, the effective portion of the gain or loss related to the derivative is recognized as a component of other comprehensive income. The ineffective portion is recognized in current earnings.

(2) Discontinued Operation

During the fourth quarter of 2003, the Company announced its intent to dispose of CompuNet Engineering, Inc. (CompuNet). CompuNet is a wholly-owned subsidiary of the Company engaged in technology and e-commerce services. As a result of the expected disposition of this business, the Company recorded an estimated pre-tax impairment charge of $4.1 million and an after tax charge of $2.7 million, to reduce the carrying value of the net assets (including goodwill) to their fair value net of selling costs. In accordance with Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-lived Assets*, the Company has restated its consolidated statements for 2002 and 2001 to reflect CompuNet as a discontinued operation. The following table presents the net assets (carrying value) of CompuNet as of December 31:

	2003	**2002**
Cash	$ 331	$ 544
Other assets	3,389	3,495
Net property, plant and equipment	395	524
Goodwill	416	4,561
Accounts payable and accrued expenses	(599)	(1,191)
Long-term debt	(2)	(24)
Other liabilities	(27)	(14)
Total net assets	$ 3,903	$ 7,895

Summarized results of operations related to CompuNet (as reported in discontinued operations) are as follows for the years ended December 31, 2003, 2002 and 2001:

(in thousands except per share data)	**2003**	**2002**	**2001**
Operating revenue	$ 8,171	$ 18,054	$ 13,308
Operating expenses	(9,475)	(17,035)	(12,375)
Operating income (loss)	(1,304)	1,019	933
Nonoperating expenses, net	(174)	(190)	(157)
Impairment charge	(4,145)		
Income (loss) before income taxes	(5,623)	829	776
Provision for income taxes	2,231	(355)	(311)
Income (loss) from discontinued operations	$ (3,392)	$ 474	$ 465

On February 4, 2004, the Company completed the sale of CompuNet to an outside investor. During 2004, the Company recorded an additional loss, net of tax, in CompuNet of $454,000.

(3) Acquisitions

During 2002 and 2001, the Company completed the following acquisitions:

Company	**Date of acquisition**	**Total assets acquired (Dollars in millions)**	**Method of accounting**
George K. Baum Trust Company	October 2002	$ 1	Purchase
Encore Bank (Overland Park, Kansas branches)	September 2002	2	Purchase
Ott Financial Corporation	March 2001	1	Purchase
Information Products, Inc.	April 2001	1	Purchase
North America Savings (Leawood, KS branch location)	July 2001	5	Purchase

61

On October 31, 2002, the Company acquired 100% of the outstanding common shares of George K. Baum Trust Company (GKB). The operations of Gold Trust Company were merged into GKB, and the name of the surviving entity was changed to Gold Trust Company. The results of GKB s operations have been included in the consolidated financial statements since that date. The aggregate purchase price was $1.8 million and was paid in cash. In connection with the acquisition goodwill of $678,000 was recorded.

On September 30, 2002, the Company assumed from Encore Bank deposits of $148.9 million and acquired certain physical assets at four branch locations located in the Overland Park, Kansas. In connection with the transaction a core deposit intangible asset of $3.3 million was recorded.

Total consideration paid for the financial services companies acquired in 2001 using the purchase method aggregated $3,593,000. Operations of the companies acquired in 2001 have been included in consolidated net earnings of the Company since their date of acquisition with an insignificant effect on 2001 net earnings. During 2001, the Company entered into an agreement to purchase a deposit base of $51.0 million and physical assets at the North American Savings Bank branch location in Leawood, Kansas. The excess of cost over fair value of the underlying assets acquired was approximately $4.9 million.

(4) Branch Dispositions

Sale of Guymon Branch. On December 24, 2002, Gold Bank-Oklahoma entered into an agreement for the sale of its Guymon, Oklahoma branch location to City National Bank and Trust Company of Guymon, Oklahoma. The deposits and loans of this branch were approximately $36 million and $5.5 million, respectively, at the closing date. The sale of this branch closed on April 11, 2003, following receipt of regulatory approvals. In connection with the sale of the Guymon branch location, the Company recorded a gain of approximately $839 thousand.

Sale of Wakita & Helena Branches. On March 4, 2003, Gold Bank-Oklahoma entered into an agreement for the sale of its Helena and Wakita, Oklahoma branch locations to Farmers Exchange Bank of Cherokee, Oklahoma. The aggregate deposits and loans of these Gold Bank-Oklahoma branches were approximately $17 million and $3 million, respectively, at the closing date. The sale of these branches closed on May 30, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, the Company recorded a gain of approximately $334 thousand.

Sale of LaCygne and Pleasanton Branches. On June 10, 2003, Gold Bank-Kansas entered into an agreement for the sale of its LaCygne and Pleasanton, Kansas branch locations to Labette Bank. The aggregate deposits and loans of these Gold Bank-Kansas branches were approximately $38 million and $15 million, respectively, at the closing date. The sale of these branches closed on August 15, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, the Company recorded a gain of approximately $1.8 million.

Sale of other Elkhart branch. On August 28, 2003, the Company announced that Gold Bank-Oklahoma had entered into agreements for the sale of a branch location in Elkhart, Kansas. The branch was sold to ColoEast Bankshares headquartered in Lamar, Colorado. As of December 31, 2003, the deposits and loans of this branch were approximately $28.1 million and $4.3 million, respectively. The sale of the branch closed on February 5, 2004.

Sale of Hobart & Lone Wolf Branches. On September 16, 2003, Gold Bank-Oklahoma entered into an agreement for the sale of its Hobart & Lone Wolf, Oklahoma branch locations to BancFirst of Oklahoma City, Oklahoma. The aggregate deposits and loans of these branches were approximately $40.5 million and $14.8 million, respectively, at the closing date. The sale of these branches closed on November 13, 2003 upon receipt of regulatory approvals. In connection with the sale of these branches, the Company recorded a gain of approximately $2.7 million.

Sale of other Gold Bank-Kansas branches. On September 16, 2003, the Company announced that it had entered into agreements for the sale of seven Gold Bank-Kansas branches. An employee-investor group agreed to purchase the Gold Bank-Kansas branches subject to arranging sufficient financing to complete the transaction. As of December 31, 2003, the deposits and loans of the seven branches were approximately $317.3 million and $197.1

million, respectively. The financing was obtained in February 2004, and the sale of the branches closed on February 12, 2004.

Sale of Gold Bank-Oklahoma branches. On February 13, 2004, Gold Bank-Oklahoma entered into an agreement to sell three branch locations in Weatherford, Geary and Cordell, Oklahoma to Bank of Western Oklahoma of Elk City. This transaction is expected to be completed in the second quarter of 2004, pending regulatory approval. As of December 31, 2003, the deposits and loans of these branches totaled $64.5 million and $27.3 million.

(5) Losses and Expenses Resulting from Misapplication of Bank Funds, Net of Recoveries

During 2002, 2001 and 2000, Michael W. Gullion, the Company s former Chief Executive Officer diverted funds to his account for personal use, as well as the use of the Company s credit card for personal use and improper reimbursement of personal expenses. Such amounts along with the costs of an investigation which uncovered the activity aggregated $136,000 and $1.1 million during 2002 and 2001.

During the year ended December 31, 2003, the Company reached an agreement with the former chief executive officer in which the Company received approximately $3.5 million of restitution. The restitution amount consisted of $1.2 million in cash and 212,864 shares of the Company s common stock, and has been netted against the losses and expenses incurred in 2003 by the Company in connection with the investigation.

(6) Investment Securities

The amortized cost, gross unrealized gains and losses, and estimated fair value of investment securities by major security category at December 31, 2003, 2002 and 2001 are as follows (dollars in thousands):

	2003			
	Amortized cost	Gross unrealized gains	Gross unrealized losses	Estimated fair value
Available-for-sale:				