GOLD BANC CORP INC
Form 10-K
March 16, 2006

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, 2005

OR

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

For the transition period from _______________ to _______________

Commission file number 0-28936

GOLD BANC CORPORATION, INC.

(Exact name of registrant as specified in its charter)

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

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

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

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

None

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

Title of Each Class
Common Stock, $1.00 par value

Indicated by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes |_| No |X|

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes |_| No |X|

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes |X| No |_|

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.
Large Accelerated Filer |_| Accelerated Filer |X| Non-Accelerated Filer |_|

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes |_| No |X|

The aggregate market value of the 38,504,866 shares of common stock, par value $1.00 per share, of the registrant held by non-affiliates of the registrant as of June 30, 2005 was $560,425,800, computed based on the $14.55 closing sale price of such common stock on that date. As of March 13, 2006, the registrant had 38,189,279 shares of its common stock outstanding.

INDEX

ITEM 1.	BUSINESS	1
ITEM 1A.	RISK FACTORS	9
ITEM 1B.	UNRESOLVED STAFF COMMENTS	10
ITEM 2.	PROPERTIES	10
ITEM 3.	LEGAL PROCEEDINGS	11
ITEM 4.	SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS	14
ITEM 5.	MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES	15
ITEM 6.	SELECTED CONSOLIDATED FINANCIAL DATA	16
ITEM 7.	MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS	18
ITEM 7A.	QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK	43
ITEM 8.	FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA	45
ITEM 9.	CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE	86
ITEM 9A.	CONTROLS AND PROCEDURES	86
ITEM 9B.	OTHER INFORMATION	88
ITEM 10.	DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT	89

ITEM 11.	EXECUTIVE COMPENSATION	93
ITEM 12.	SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS	97
ITEM 13.	CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS	100
ITEM 14.	PRINCIPAL ACCOUNTING FEES AND SERVICES	100
ITEM 15.	EXHIBITS AND FINANCIAL STATEMENT SCHEDULES	101

PART I

ITEM 1. BUSINESS

Recent Developments

Proposed Merger with Marshall & Ilsley Corporation. On November 9, 2005, we entered into an Agreement and Plan of Merger (the Merger Agreement) with Marshall & Ilsley Corporation (M&I). Subject to the terms and conditions of the Merger Agreement, it is intended that Gold Banc Corporation (Gold Banc) will merge with and into M&I (the Merger), with M&I being the surviving corporation in the Merger. Our shareholders approved the Merger on January 25, 2006. The Merger is subject to customary closing conditions, including obtaining certain regulatory approvals, and is expected to be completed during the first or second quarter of 2006. Upon the effectiveness of the Merger, Gold Banc will no longer be a reporting company under the Exchange Act. For additional information about the Merger, see our current report on Form 8-K dated November 10, 2005 and our current report on Form 8-K dated January 25, 2006.

Due to the pendency of the Merger, our Board of Directors currently does not intend to call an annual meeting of shareholders for the election of directors in 2006.

On November 25, 2005, M&I filed an application with the Federal Reserve Bank of Chicago to approve the Merger (the Merger Application). On December 27, 2005, Inner City Press/Fair Finance Watch (ICP) submitted to the Federal Reserve Board a comment letter objecting to the Merger. On January 9, 2006, M&I filed an application with the Federal Reserve Bank (FRB) of Chicago to merge our subsidiary Gold Bank (Gold Bank or the Bank) with and into M&I Marshall & Ilsley Bank (M&I Bank) after the consummation of the Merger. On January 27, 2006, the Metropolitan Milwaukee Fair Housing Council (MMFHC) submitted to the Federal Reserve Bank of Chicago a comment letter objecting to the merger of Gold Bank and M&I Bank. On February 15, 2006, ICP submitted an additional comment letter to the FRB objecting to the Merger.

The challenges by ICP and MMFHC argue that the Merger Application should not be approved because Gold Bank and M&I Bank are allegedly not in compliance with their responsibilities under the Community Reinvestment Act (CRA). In addition, the second comment letter of ICP alleges that Gold Bank s investment in multifamily housing revenue bonds issued by the City of Lee s Summit, Missouri and described in Legal Proceedings Multifamily Housing Bond Settlement should not have been considered in evaluating Gold Bank s compliance with the CRA. Gold Bank and M&I Bank have responded to the challenges by ICP and MMFHC by providing detailed information about both institutions long standing commitment to community involvement and compliance with fair lending laws and regulations, including the CRA. The comment letters submitted by ICP and MMFHC have resulted in the FRB taking additional time to review the Merger Applications. The additional review time likely would not have occurred had the comment letters not been filed.

The Board of Governors of the Federal Reserve Bank on March 13, 2006 approved the application and notice under Sections 3 and 4 of the Bank Holding Company Act by Marshall & Ilsley Corporation, Milwaukee, Wisconsin, to acquire the Company and its Bank, both in Leawood, Kansas. The FRB also approved the applications under the Bank Merger Act and Section 9 of the Federal Reserve Act.

Sale of Oklahoma Branches. On June 17, 2005, Gold Bank sold five branch locations in Oklahoma. As of the date of closing, the deposits and loans of these branches were approximately $332.6 million and $346.0 million (net of allowance of $1.9 million), respectively. Bank premises and equipment at the date of closing were $4.3 million. These items were recorded as assets and liabilities held-for-sale as of December 31, 2004. In connection with the sale of these branches, we recorded a gain of approximately $34.4 million in 2005.

Liquidation of Subsidiaries. In December 2005, we dissolved three inactive subsidiaries:

GBS Holding Company, LLC
Gold Banc Acquisition Corporation VIII, Inc.
Gold Banc Acquisition Corporation X, Inc.

In January 2006, we dissolved three more inactive subsidiaries:

Gold Investment Advisors, Inc.
Gold Insurance Agency, Inc.
Central Oklahoma Leasing Authority, Inc.

1

Written Agreement

We were party to a Written Agreement dated August 26, 2003, with the Kansas Office of the State Bank Commissioner and the Federal Reserve Bank of Kansas City. In late 2004, federal and state bank examiners conducted a comprehensive examination of the Bank. Based upon such examination, the regulators were satisfied with the condition of the Bank and concluded that we were in substantial compliance with the terms of our Written Agreement. The regulators then lifted the Written Agreement effective April 19, 2005 based on improvements in the Bank s risk management practices and after they had concluded that we had completed the tasks required by the Written Agreement.

The Company and Subsidiaries

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

As a financial holding company, we are eligible to engage in a broad range of financial activities, including banking and securities activities, investment advisory and additional activities that the FRB determines to be financial in nature or complementary to such activities.

Gold Bank. Our principal subsidiary is Gold Bank, which has 31 branches in 19 communities in Kansas, Missouri, Oklahoma and Florida. We operate primarily through Gold Bank. In addition to our Bank, we also own non-bank financial services subsidiaries that provide securities brokerage, investment management and trust services.

Gold Bank is a full service bank that conducts a general banking and trust business, offering its customers checking and savings accounts, debit cards, certificates of deposit, trust services, safe deposit boxes and a wide range of lending services. Gold Bank s loan portfolio consists primarily of commercial and industrial loans and commercial real estate loans.

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

Gold Capital Management, Inc. Gold Capital Management is registered with the SEC as a securities broker-dealer and investment advisor, and is a member of the National Association of Securities Dealers ("NASD"). It is also licensed in Florida, Kansas, Misouri and Oklahoma as an insurance agency. Gold Capital Management s customers consist mostly of financial institutions located throughout the Midwest. Gold Capital Management manages a wide variety of fixed income portfolios for its banking clients and also provides services to trusts, pension plans, insurance companies, commercial businesses, government entities, foundations and high-net-worth individuals.

Gold Trust Company. Gold Trust Company is a Missouri non-depository trust company that provides trust services at Gold Bank branch locations. As of December 31, 2005, Gold Trust Company had approximately $899 million in discretionary trust assets under management and approximately $431 million in non-discretionary trust assets under administration.

Lending Activities

Real Estate Lending. Loans secured by real estate represent the largest class of the Bank s loans. As of December 31, 2005, real estate and real estate construction and development loans totaled $1.1 billion and $1.1 billion, respectively, or 34.14% and 33.52% of gross loans, respectively. Our portfolio of real estate loans carries with it credit risk, which is managed through proper credit administration and underwriting. Generally, residential loans are written on a variable-rate basis with adjustment periods of five years or less and amortized over terms not exceeding 30 years. We retain some adjustable rate mortgages having an adjustment period of five years or less. Commercial real estate loans are generally amortized over 20 years or less. We also generate long-term, fixed-rate residential real estate loans, which we sell in the secondary market. Commercial real estate, construction and agricultural real estate loans are generally limited, by policy, to 80% of the appraised value of the property. 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. As of December 31, 2005, commercial loans represented the Bank s third largest class of loans at $976.7 million, or 30.92% of gross loans. Commercial loans can contain risk factors unique to the business of each customer. In order to mitigate these risks, we target owner-operated businesses as our customers and make lending decisions based upon a cash flow analysis of the borrower as well as value of collateral pledged to secure the loan. Working capital loans generally have a one-year renewable term and those for equipment generally have a term of seven years or less. We generally take a blanket security interest in all assets of the borrower. Equipment loans are generally limited to the lesser of the cost or appraised value of the equipment. Inventory loans generally are limited to 50% of the value of the inventory, and accounts receivable loans generally are limited to 75% of a predetermined eligible base.

Consumer and Other Lending. Loans classified as consumer and other include automobile, credit card, boat, home improvement and home equity loans, the latter two secured principally through second mortgages. We generally take a purchase-money security interest in goods for which we provide the original financing. The terms of the loans range from one to five years depending upon the use of the proceeds, and range from 75% to 90% of the value of the collateral. The majority of these loans are installment loans with fixed interest rates. As of December 31, 2005, consumer and other loans amounted to $24.1 million, or 0.76% of gross loans.

Agricultural Lending. The Bank provides short-term credit for operating loans and intermediate-term loans for farm product, livestock and machinery purchases and other agricultural improvements. Agricultural loans were $13.1 million as of December 31, 2005, or 0.41% of total loans. Farm product loans generally have a one-year term, and machinery and equipment and breeding livestock loans generally have five to seven-year terms. These loans are generally secured by a blanket lien on livestock, equipment, feed, hay, grain and growing crops. We also rely on federal guarantees and crop insurance coverage in making these loans. Equipment and breeding livestock loans are generally limited to 75% of the appraised value of the collateral.

Investment Portfolio

The Bank s investment portfolio is used to meet its liquidity needs while endeavoring to maximize investment income. Additionally, management augments the quality of the loan portfolio by maintaining a high-quality investment portfolio. The portfolio is comprised of U.S. Treasury securities, U.S. government agency instruments and a modest amount of obligations of state and political subdivisions. In managing our interest rate exposure, we also invest in mortgage backed securities and collateralized mortgage obligations. Investment securities were $752.5 million, or 18.0% of total assets, on December 31, 2005. Federal funds sold and certificates of deposit are not classified as investment securities.

Deposits and Borrowings

Deposits are the major source of the Bank s funds for lending and other investment purposes. In addition to deposits, including local public fund deposits and demand deposits of commercial customers, we derive funds from loan principal repayments, maturing investments, Federal funds borrowings from commercial banks, borrowings from the FRB and the Federal Home Loan Bank, and 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.

The Bank offers a variety of accounts for depositors designed to attract both short-term and long-term deposits. These accounts include certificates of deposit, savings accounts, money market accounts, checking and individual retirement accounts.

Competition

The banking industry nationally and in our local markets is highly competitive. We compete for deposits and loans with other commercial banks, savings and loan associations, credit unions, finance companies, mutual funds, insurance companies, brokerage and investment banking companies and other financial intermediaries. Some of these competitors have substantially greater resources and lending limits and may offer certain services that we do not currently provide. Some of our non-bank competitors are not subject to the same extensive federal regulations that govern the Bank.

Associates

We maintain a corporate staff of approximately 85 persons. At February 15, 2006, our bank and non-bank subsidiaries had approximately 688 associates. None of our associates or any of the associates of our bank or non-bank subsidiaries is covered by a collective bargaining agreement. We believe our associate relations are satisfactory.

Regulation and Supervision

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

Limitation on 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 CRA 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 are complementary to a financial activity and do not pose a safety and soundness risk.

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

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

If any subsidiary bank of a financial holding company receives a rating under the CRA 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. Gold Bank received a satisfactory rating in its last CRA examination.

4

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

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

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

common stockholders equity;

plus, non-cumulative perpetual preferred stock and any related surplus;

plus, minority interests in the equity accounts of consolidated subsidiaries;

less, all intangible assets (other than certain mortgage servicing assets, non-mortgage servicing assets and purchased credit card relationships);

less, certain credit-enhanced interest only strips and nonfinancial equity investments required to be deducted from capital; and

less, certain deferred tax assets.

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

allowances for loan and lease losses (limited to 1.25% of risk-weighted assets);

plus, unrealized gains on certain equity securities (limited to 45% of pre-tax net unrealized gains);

plus, cumulative perpetual and long-term preferred stock (original maturity of 20 years or more) and any related surplus;

plus, auction rate and similar preferred stock (both cumulative and non-cumulative);

plus, hybrid capital instruments (including mandatory convertible debt securities); and

plus, term subordinated debt and intermediate-term preferred stock with an original weighted average maturity of five years or more (limited to 50% of Tier 1 capital).

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

Total capital, calculated as:

Tier 1 capital;

plus, qualifying Tier 2 capital;

less, investments in banking and finance subsidiaries that are not consolidated for regulatory capital purposes;

less, intentional, reciprocal cross-holdings of capital securities issued by banks; and

less, other deductions (such as investments in other subsidiaries and joint ventures) as determined by supervising authority.

The FRB s capital adequacy guidelines require that a bank holding company maintain a Tier 1 leverage ratio equal to at least 4% of its average total consolidated assets, a Tier 1 risk-based capital ratio equal to 4% of its risk-weighted assets and a total risk-based capital ratio equal to 8% of its risk-weighted assets. On December 31, 2005, we were in compliance with all of the FRB s capital adequacy guidelines. Our capital ratios on December 31, 2005 are shown on the following chart.

	Leverage Ratio (4% minimum requirement)	Tier 1 Risk-based Capital Ratio (4% minimum requirement)	Tier 1 Risk-based Capital Ratio (8% minimum requirement)
Company	8.44%	9.53%	11.15%

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 Office of the Kansas State Bank Commissioner. Kansas prohibits any bank holding company from acquiring ownership or control of any bank that has Kansas deposits if, after such acquisition, the bank holding company would hold or control more than 15% of total Kansas deposits.

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

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

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

well-capitalized if it has a total Tier 1 leverage ratio of 5% or greater, a Tier 1 risk-based capital ratio of 6% or greater and a total risk-based capital ratio of 10% or greater (and is not subject to any order or written directive specifying any higher capital ratio);

adequately capitalized if it has a total Tier 1 leverage ratio of 4% or greater (or a Tier 1 leverage ratio of 3% or greater, if the bank has a CAMELS rating of 1), a Tier 1 risk-based capital ratio of 4% or greater and a total risk-based capital ratio of 8% or greater;

undercapitalized if it has a total Tier 1 leverage ratio that is less than 4% (or a Tier 1 leverage ratio that is less than 3%, if the bank has a CAMELS rating of 1), a Tier 1 risk-based capital ratio that is less than 4% or a total risk-based capital ratio that is less than 8%;

significantly undercapitalized if it has a total Tier 1 leverage ratio that is less than 3%, a Tier 1 risk-based capital ratio that is less than 3% or a total risk-based capital ratio that is less than 6%; and

critically undercapitalized if it has a Tier 1 leverage ratio that is equal to or less than 2%.

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

Gold Bank must be well-capitalized and well-managed for us to remain a financial holding company. The capital ratios and classifications of Gold Bank as of December 31, 2005 are shown on the following chart.

	Leverage Ratio (4% minimum requirement)	**Tier 1 Risk-based Capital Ratio (4% minimum requirement)**	**Total Risk-based Capital Ratio (8% minimum requirement)**	**Classification**
Gold Bank	8.84%	9.65%	10.59%	Well-Capitalized

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

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

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

We have paid regular quarterly dividends on our common stock but we did delay the payment of a dividend for the fourth quarter of 2005 because of the pendency of the Merger. Our Board of Directors met on February 22, 2006 and declared a dividend of $0.05 per share for the fourth quarter of 2005. The dividend was paid on March 10, 2006 to holders of record as of March 4, 2006.

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

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

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

Regulations Applicable to Our Non-bank Financial Service Subsidiaries

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

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

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

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

Insurance Agency. As licensed insurance agencies, Gold Capital Management and Gold Insurance Agency are subject to licensing, regulation and examination by the state insurance departments of each state in which they operate. State insurance regulations protect consumers and customers, not the stockholders of insurance agencies. The Gold Insurance Agency was liquidated in January 2006.

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.

Where to Find Additional Information

Additional information about us can be found on our Web site at www.goldbanc.com We also provide on our Web site our filings with the SEC, including our annual reports, quarterly reports, and current reports along with any amendments thereto, as soon as reasonably practicable after we have electronically filed such material with, or furnished it to, the SEC. You may also obtain copies of the charters of the Audit, Nominating and Corporate Governance, and Compensation Committees of our Board of Directors on our website.

ITEM 1A. RISK FACTORS

There are many risks and uncertainties that can affect our business, financial performance or share price. Some of these are beyond our control. Here is a brief description of some of the important factors which could cause our future business, operating results, financial condition or share price to be materially different than our expectations. This discussion includes a number of forward-looking statements. You should refer to the description of the qualifications and limitations on forward-looking statements on page 41 of this report.

There are a number of risks and uncertainties that could impact us as an operating company if the Merger is not consummated as planned and which are omitted from this report on the assumption that the Merger will be consummated.

Our shareholders face risks in connection with the proposed Merger with M&I. Although our proposed Merger with M&I has been approved by our shareholders, the Merger must be approved by the FRB and approvals are also required from, or notices are required to, the Kansas Office of the State Bank Commissioner and the Florida Office of Financial Regulation, as well as the New York Stock Exchange, Nasdaq and other self-regulatory organizations, and may be required from or to certain other regulatory agencies before it is consummated. Although we anticipate these approvals will be received, there have been challenges to the Merger under the CRA which may delay or prevent approval of the Merger. We have terminated or lost a significant number of associates in anticipation of the Merger. These staff losses could adversely affect our ability to do business or maintain customer relationships prior to consummation of the Merger. If the Merger is not consummated for any reason, the failure to consummate the Merger and the staff losses we have experienced could adversely affect our business or customer relationships. If the Merger is consummated as planned, our stockholders will receive M&I stock in exchange for their stock in GoldBanc Corporation. There can be no assurance that M&I s stock will trade at or above the exchange rate in the Merger, nor that M&I will pay dividends on its stock at levels comparable to or higher than the dividends historically paid on our common stock. The success of the Merger may depend in part upon the ability of M&I to integrate our operations with its own, and upon M&I s ability to operate successfully and achieve growth in the markets in which we currently operate, neither of which can be assured.

Loss of key personnel could have an adverse effect on our operations. Prior to the closing of the Merger, or if the Merger is not consummated, the loss of certain key personnel could adversely affect our operations. Our success has depended in large part on the retention of a limited number of key persons, including Malcolm M. Aslin, our President and Chief Executive Officer, and Richard J. Tremblay, our Executive Vice President and Chief Financial Officer. We will likely undergo a difficult transition period if we lose the services of either of these individuals. In recognition of this risk, we own, and are the beneficiary of, insurance policies on the lives of these key employees and have entered into an employment agreement with Mr. Aslin.

In addition, Roger M. Arwood, President of the Bank and our Executive Vice President, resigned effective as of March 3, 2006. If the Merger is not consummated then we will have to replace Mr. Arwood. We also place great value on the experience of our community bank presidents in each of our markets and on their relationships with the communities they serve. The loss of these key persons could negatively impact the affected banking locations.

Our allowance for loan losses may not be adequate. As a lender, we are exposed to the risk that our customers will be unable to repay their loans according to their terms and that any collateral securing the payment of their loans may not be sufficient to cover repayment. Credit losses are inherent in the lending business and could have a material adverse effect on our operating results. We make various assumptions and judgments about the collectibility of our loan portfolio and provide an allowance for losses based on a number of factors. If our assumptions are wrong, our allowance for loan losses may not be sufficient to cover our actual loan losses, and we may have to increase the allowance in the future. Approximately 94.6% of our loan portfolio on December 31, 2005 consisted of construction loans, agricultural loans, loans secured by commercial real estate, and commercial business loans. These loans generally involve a greater degree of risk of nonpayment or late payment than home equity loans or residential mortgage loans and carry higher loan balances. 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 and value of the collateral in the case of collateralized loans, among other things. Our credit risk with respect to our commercial and consumer installment loan portfolio relates principally to the general creditworthiness of businesses and individuals within our local markets. Our credit risk with respect to our agricultural loan portfolio relates, among other factors, to commodity prices and weather patterns.

Changes in interest rates could adversely affect our profitability. We may be unable to manage interest rate risk that could reduce our net interest income. Like other financial institutions, our results of operations are impacted principally by net interest income, which is the difference between interest earned on loans and investments and interest expense paid on deposits and other borrowings. We cannot predict or control changes in interest rates, which are affected by regional and local economic conditions and the policies of regulatory authorities, including monetary policies of the FRB. While we continually take measures designed to manage the risks from changes in market interest rates, including interest rate swap agreements, changes in interest rates can still have a material adverse effect on our profitability.

Funding our substantial cash requirements with dividends from the Bank reduces the capital levels of the Bank. We are a separate legal entity from our subsidiaries and do not have significant operations of our own. We depend primarily on dividends we receive from our subsidiaries, primarily the Bank, which may be limited by statutes and regulations and our cash and liquid investments available to pay dividends on our common stock after paying operating expenses and other obligations. In addition, we had an aggregate outstanding amount of $116.6 million in subordinated debt and trust preferred securities, as compared to total equity of $277.4 million outstanding, as of December 31, 2005. Our annual interest payments due on these borrowings were approximately $7.2 million as of December 31, 2005. We are dependent on dividends from the Bank to service these and other borrowings, and ultimately for principal repayment at maturity.

Our ability to pay dividends on our common stock is limited by the ability of the Bank to pay dividends under applicable law and by contracts relating to our trust preferred securities. Our ability to pay dividends on our common stock largely depends on our receipt of dividends from the Bank. The amount of dividends the Bank may pay to us is limited by federal and state banking laws and regulations. The Bank is required to maintain capital sufficient to meet the well capitalized standard set by regulators and is able to pay dividends to us only so long as its capital continues to exceed these levels. We or the Bank may decide to limit the payment of dividends even when we or they have the legal ability to pay them in order to retain earnings for use in our or the Bank s business. Under contracts relating to our trust preferred securities, we are prohibited from paying dividends on our common stock if we have not made required payments on, or have elected to defer payments of interest on, the junior subordinated debentures that support our trust preferred securities or if an event of default has occurred and is continuing with respect to such debentures.

Local economic conditions could adversely affect our operations. Changes in local economic conditions could adversely affect our loan portfolio and results of operations. Our success depends to a certain extent upon the general economic conditions of the local markets that we serve. Unlike larger banks that are more geographically diversified, we provide banking and financial services to customers only in those markets in Kansas, Oklahoma, Missouri and Florida where the Bank operates. Our commercial, agricultural, real estate and construction loans, and the ability of the borrowers to repay these loans, and the value of the collateral securing these loans, are impacted by local economic conditions, which could fluctuate significantly from time to time.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

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

This case was filed in the District Court of Kingfisher County, Oklahoma on September 10, 2004. The plaintiffs bring the case on behalf of themselves and on behalf of the putative class of all those similarly situated. The Amended Petition proposed a class of all those agricultural borrowers with loans that are or were guaranteed by the United States of America through the Farm Service Agency (FSA) guaranteed loan program. The plaintiffs generally allege that the Bank has engaged in a pattern of charging interest rates and fees in excess of what it charges its average agricultural customer. The petition contains six counts against us. The counts are for breach of contract, negligence in the performance of servicing the FSA guaranteed loans, unjust enrichment by realizing increased profits caused by not disclosing to borrowers that the Bank was charging excessive interest rates and fees, a claim for usury, and an injunction to prevent the Bank from continuing its alleged practice of charging excessive interest rates and fees. No specific damage amounts are claimed other than more than $10,000 is sought on each count. Plaintiffs also seek punitive damages and their costs and attorneys fees. An answer denying the allegations in the petition was filed on behalf of the defendants.

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

The plaintiffs filed a motion for class certification and a class certification hearing was held on April 13, 2005. On June 3, 2005, the District Court issued an order certifying a class composed of those agricultural customers who obtained a FSA guaranteed loan between January 1, 1999 to February 29, 2004. We filed an appeal of the class certification order to the Oklahoma Court of Civil Appeals, and the briefing on that appeal is now complete. The Court of Appeals has ordered oral argument on the appeal. No date has been set for the oral argument. The District Court and the Court of Civil Appeals denied our request to stay discovery in the District Court case pending resolution of our appeal. We are awaiting the ruling of the Oklahoma Court of Civil Appeals.

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

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

On February 2, 2005, the plaintiffs filed this lawsuit in the District Court for Washita County, Oklahoma, seeking to assert claims individually and on behalf of persons similarly situated. The putative class consisted of all who entered into loan agreements with the Bank, which loans were in turn guaranteed by the FSA under the FSA s federally sponsored guaranteed loan program. The petition generally alleged that the Bank charged its average farm customer a lesser interest rate than was charged to FSA guaranteed borrowers. The plaintiffs claimed that charging the higher interest rate is usurious. Similar federal law claims asserted by the same plaintiffs against the same defendants had been dismissed with prejudice by the United States District Court for the Western District of Oklahoma on January 26, 2005.

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

We filed a motion to dismiss plaintiffs state court claims on March 16, 2005. At a hearing on May 19, 2005, the Court granted our motion to dismiss. On September 15, 2005, the Court entered a written order dismissing plaintiffs claims and entering judgment for us. Plaintiffs have appealed the dismissal of their claims to the Oklahoma Court of Civil Appeals under an accelerated procedure that provides for no additional briefing on appeal. The appeal of this case has been assigned to the same division of the Oklahoma Court of Civil Appeals that was assigned our appeal in the Janzen matter.

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

Gold Bank v. Mike Johanns, Secretary of Agriculture, in his official capacity; U.S. Department of Agriculture; and Farm Service Agency (Court of Federal Claims)

Gold Bank originally filed this lawsuit in the U.S. District Court for the District of Kansas on June 7, 2005 challenging the FSA interest rate regulation as unconstitutionally vague. The regulation, 7 C.F.R. section 762.124, provides that lenders may not charge their FSA guaranteed customers interest in excess of the interest charged to the lender s average agricultural loan customer. The regulation does not define average agricultural loan customer and gives no guidance on how to calculate the average rate. This regulation formed the basis for both the previously-settled False Claims Act qui tam lawsuit (discussed in previous filings) and the above-referenced lawsuits filed by FSA borrowers.

Gold Bank s lawsuit challenging the interest rate regulation arose in the context of requests for interest assistance subsidies that the FSA recently denied. To obtain interest assistance subsidies on eligible loans, Gold Bank is required to submit annual interest assistance request forms to the FSA. In early 2005, requests for approximately $300,000 in interest assistance claims to the FSA were due. Part of the interest assistance request form is a certification by the Bank that the request is accurate and consistent with the terms of FSA regulations, presumably including the interest rate limitation. Certifications of this sort were alleged to have been falsely made in the False Claims Act case, and the relator and United States government sought fines and treble damages for each such allegedly false certification. In light of the uncertainty over the meaning of the interest rate regulation, Gold Bank attached addenda to these requests limiting its certification to the information provided on the form itself. The FSA rejected these requests, and noted that no revisions or addenda to the standard form would be accepted. This lawsuit challenges the constitutionality of the interest rate regulation on vagueness grounds, and asks the Court to order the FSA to accept Gold Bank s interest assistance requests with the addenda.

The United States filed a motion to dismiss the complaint on September 12, 2005, and we filed our opposition to that motion on October 12, 2005. On December 23, 2005 the Kansas federal court granted the government s motion to dismiss on the ground that exclusive jurisdiction for the claims rests in the Court of Federal Claims. The Court did not address the merits of Gold Bank s claims.

Gold Bank believes the quickest way to reach the merits of its claims is to proceed in the Court of Federal Claims, rather than appeal the district court s order. Accordingly, Gold Bank re-filed the case in the Court of Federal Claims on January 10, 2006.

We believe we have a valid claim and intend to vigorously pursue the claim through the judicial process. Based on our own knowledge of the cases and consultation with third-party attorneys, we do not believe the potential gain or loss resulting from the cases, if any, can be reasonably estimated at this time and thus, Gold Bank has not recorded any asset or liability related to these cases.

Mortgage Rescission Claims in Jackson County, Missouri

Gold Bank is a defendant in four cases brought by separate borrowers in Jackson County, Missouri in connection with rental real estate mortgage loans made by the Bank in the original aggregate principal amount of approximately $1.27 million. The loans were made in 2003 and 2004 and have been declared in default by the Bank. The Bank has commenced foreclosure proceedings against the properties securing the loans. The plaintiffs are seeking to rescind the loans and quiet title to the underlying properties. Certain of the plaintiffs have also sued the Bank, one of its employees and the sellers and appraisers of the properties for fraudulent misrepresentation regarding the value, habitable and rentable condition and income potential of the properties.

The Bank denies it is liable to the plaintiffs in any way and intends to vigorously contest these cases.

Multifamily Housing Bond Settlement

As disclosed in our current report on Form 8-K dated October 17, 2005, Gold Bank entered into three settlement agreements with the Internal Revenue Service (IRS) arising from the Bank s purchase of an aggregate of $14.2 million in multi-family housing revenue bonds (the Series C Bonds) in 2001 and 2002. The Series C Bonds were issued by the City of Lee s Summit, Missouri, the Community Development Authority of the City of Manitowoc, Wisconsin, and the Oklahoma Housing Development Authority. The Series C Bonds were marketed and sold as tax-exempt investments. The IRS made a proposed determination that interest paid on the Series C Bonds was not excludable from the gross income of the Bank for tax purposes. We disputed that assertion by the IRS. On October 17, 2005, we entered into three settlement agreements with the IRS, under which we made a one-time cash payment in the aggregate amount of $3.5 million in full settlement of all claims made by the IRS. We did not admit any liability or wrongdoing in connection with the settlement. The IRS settlement payments were recorded as an additional income tax expense for the quarter ended September 30, 2005.

The trustee of the Manitowoc, Wisconsin Series C Bonds currently holds indenture account funds in the amount of approximately $1.8 million which are the subject of conflicting claims by the Bank and the issuer of the Manitowoc Series C Bonds. On February 22, 2006, the trustee filed a Petition as Trustee for Instructions in the Administration of a Trust in a special statutory proceeding in the District Court of Ramsey County, Minnesota seeking a court determination on whether such funds should be remitted to the Bank or to the issuer of the Manitowoc Series C Bonds. We believe our claim to these funds is superior to the issuer s claim and intend to continue asserting such claim in the current proceeding.

In separate but related matters, we recovered an aggregate of $4.6 million in settlement of claims we made against other participants in the Series C Bond transactions. These recoveries were recorded as an offset to other expenses.

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 2005. Our shareholders approved the Merger at a special shareholders meeting held on January 25, 2006.

PART II

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

Our common stock trades on the Nasdaq National Market under the symbol GLDB.

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

	Market Price		
	High	**Low**	**Cash Dividends**
2004 Quarters			
First	$ 16.34	$ 13.15	$ 0.03
Second	16.55	15.00	0.03
Third	16.01	13.47	0.03
Fourth	15.25	13.00	0.03
2005 Quarters			
First	$ 14.77	$ 13.56	$ 0.03
Second	14.84	13.16	0.05
Third	15.35	14.50	0.05
Fourth	18.65	14.49	0.05

During the fourth quarter of 2005, we purchased 129,000 shares of our common stock under our announced share repurchase program.

As of March 13, 2006, there were approximately 603 holders of record of our common stock.

Our Board of Directors met on February 22, 2006 and declared a dividend of $0.05 per share for the fourth quarter of 2005. The dividend was paid on March 10, 2006 to holders of record as of March 4, 2006.

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

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

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 annual report.

	At or for the Years Ended December 31,				
	2005	2004	2003	2002	2001
	(In thousands, except per share data)				
Earnings					
Net interest income	$ 122,056	$ 115,394	$ 118,054	$ 99,503	$ 89,083
Provision for loan losses	9,713	5,895	13,064	19,420	15,314
Non-interest income	56,532	39,319	41,558	45,487	31,674
Non-interest expense (1)	89,555	118,294	100,102	88,455	78,645
Income taxes	31,181	10,886	13,644	11,372	3,982
Net earnings from continuing operations, net of tax	48,139	19,638	32,802	25,743	22,816
Net earnings (loss) from discontinued operations, net of tax		(551)	(3,392)	474	465
Net earnings	48,139	19,087	29,410	26,217	23,281
Financial Position					
Total assets	$4,179,144	$4,330,376	$4,322,625	$3,814,276	$3,017,508
Loans receivable, net	3,116,157	2,684,592	2,776,732	2,671,778	2,124,973
Allowance for loan losses	35,334	32,108	34,017	33,439	26,097
Goodwill and other intangibles, net	33,837	35,820	36,568	37,917	34,637
Investment securities	752,548	916,021	986,084	736,085	588,778
Assets held for sale		387,510	204,973		
Deposits	3,034,131	2,786,774	2,817,274	2,716,556	2,163,866
Long-term borrowings	570,675	661,534	631,526	548,824	416,366
Subordinated debt	116,599	116,599	114,851	115,691	114,302
Liabilities held for sale		350,186	347,169		
Stockholders equity	277,445	270,384	249,717	227,774	164,540
Per Share Data					
Net earnings per share from continuing operations basic	$ 1.28	$ 0.50	$ 0.86	$ 0.76	$ 0.66

	At or for the Years Ended December 31,				
Net earnings per share from continuing operations diluted	1.26	0.50	0.86	0.76	0.66
Net earnings (loss) from discontinued operation per share basic and diluted		(0.01)	(0.09)	0.02	0.01
Net earnings per share basic	1.28	0.49	0.77	0.78	0.67
Net earnings per share diluted	1.26	0.49	0.77	0.78	0.67
Book value per share	7.29	6.73	6.28	5.77	4.85
Cash dividends declared	$ 0.18	$ 0.12	$ 0.12	$ 0.08	$ 0.08
Average shares outstanding	37,728	38,723	37,961	33,588	34,802

Ratios					
Return on average assets	0.91%	0.45%	0.72%	0.77%	0.82%
Return on average equity	14.13%	7.13%	12.36%	14.25%	13.75%
Stockholders equity to total assets	6.64%	6.24%	5.78%	5.97%	5.46%
Dividend payout	14.28%	25.20%	16.05%	10.72%	12.15%
Net interest margin (2)	3.08%	2.94%	3.13%	3.33%	3.57%
Allowance for loan losses to non-performing loans	171.06%	204.60%	105.08%	210.75%	113.42%
Non-performing assets to total assets	0.58%	0.45%	0.90%	0.58%	1.08%
Non-performing loans to total loans (4)	0.66%	0.51%	1.07%	0.58%	1.06%
Net loan charge-offs to average loans (4)	0.13%	0.20%	0.41%	0.44%	0.78%
Efficiency ratio (3)	64.90%	66.48%	59.24%	56.16%	64.84%
Capital Ratios					
Tier 1 risk-based capital ratio	9.53%	9.32%	8.87%	8.61%	7.76%
Total risk-based capital ratio	11.15%	11.08%	10.78%	11.02%	11.35%
Leverage ratio	8.44%	7.75%	7.01%	6.96%	6.20%

(1) Includes losses and expenses resulting from misapplication of bank funds, net of recoveries, of ($1,868), $136, and $1,099 for 2003, 2002, and 2001, respectively.
(2) Net interest margin is on a fully tax-equivalent basis.
(3) Efficiency ratio is calculated as follows: Non-interest expense less qui tam settlement, discontinued operation and prepaid offering costs written off; divided by the sum of net interest income before provision for loan losses plus non-interest income less discontinued operation, gain on branch sales and bond impairment.
(4) Total and average loans include loans within the assets held for sale at December 31, 2004 and 2003.

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 thereto included elsewhere in this annual report.

Overview

We are a financial services holding company that has grown from the acquisition of a single bank with $2.9 million in assets in 1978 to $4.2 billion in assets as of December 31, 2005. We consider ourselves a Super Community Business Bank with the scale, geographic reach, expertise and service orientation needed to deliver, in a highly personalized and effective manner, all of the financial services desired by our targeted customer base. Our principal business banking customers are small and mid-sized businesses and real estate developers and investors that are typically local owner-operators. In addition, we have placed increasing emphasis on personal and private banking as well as managing the investment assets of these businesses, their owner-operators and employees, as well as other individuals with significant investable assets.

Our strategy is to concentrate on Metropolitan Statistical Areas (MSA s) with attractive income and growth demographics. Since 2001, we have acquired or established 11 branches in high-growth metropolitan markets. Also during this time period, we sold 27 branches in rural Kansas and Oklahoma, with 11 of those branches being sold in 2004 and five of those branches sold in 2005.

We used the equity and capital strength derived from these transactions to support organic growth as well as open de novo branches in Johnson County, Kansas, the counties of Manatee, Charlotte, Sarasota and Hillsborough in Florida and the faster growing parts of Jackson County, Missouri. We have the second largest deposit market share in Johnson County, Kansas which is the third fastest growing county in the country and represents 38% of our franchise as of December 31, 2005. Johnson County, Kansas is also the most affluent county in Kansas with an average household income of $88,369 and with more than 69% of households having an income of more than $50,000. The four county area we serve in Florida has experienced a 9.7% increase in households since 2000. The average household income for the four counties we serve in Florida is $61,406 which is well above the state and national average. (The source for all demographic data is Claritas, Inc.).

To ensure that our management team s incentives were properly aligned with achieving these objectives and thus the interests of our stockholders, we restructured our long-term compensation programs to award significant amounts of restricted stock. The restricted stock and all outstanding options became fully vested on January 25, 2006 when our stockholders voted to approve the Merger.

We emphasize commercial and real estate lending in each of our metropolitan markets and have enjoyed strong loan demand, attractive yield opportunities and high asset quality in our lending activities. Even though we sold 11 branches in 2004 with loans of $216.6 million and five branches in 2005, with loans of $346.0 million, our commercial loans increased by $68.5 million and our combined real estate and real estate construction loans as of December 31, 2005 increased by $40.3 million as compared to 2004. We also produced $126.4 million in loan growth during the last quarter of 2005.

We have also seen an improvement in net interest margin. We have been well positioned to benefit from the rising interest rate environment due to the sensitivity of our loan portfolio to rising rates. Our net interest margin increased 14 basis points in 2005.

Our non-performing loans increased by $5.0 million in 2005, and our provision for loan losses increased by 64.8%, from $5.9 million in 2004 to $9.7 million in 2005.

Our Board of Directors met on February 22, 2006 and declared a dividend of $0.05 per share for the fourth quarter of 2005. The dividend was paid on March 10, 2006 to holders of record as of March 4, 2006.

Increasing Retail Deposits. We reduced our brokered deposits from $536.6 million as of December 31, 2004, to $326.2 million as of December 31, 2005, while decreasing our FHLB and other long-term borrowings by $90.9 million. We concentrated on aggressively seeking deposits in 2005 in Johnson County, Kansas and Manatee County, Florida where we have the second and third largest market shares in deposits, respectively, as well as in our other metropolitan markets. While the funding costs for attracting these additional retail deposits was somewhat higher than brokered deposits, we emphasized this source of funding to provide the liquidity needed for our growth, and allow us additional cross-selling opportunities for all our products.

Increasing Our Efficiency. We have taken significant steps to reduce our operating expenses, which resulted in an improvement in our efficiency ratio, which was 64.9% as of December 31, 2005. To this end, we have consolidated our Florida and Oklahoma banking charters into Gold Bank-Kansas, which is now known simply as Gold Bank. This consolidation enabled us to achieve greater centralization of management and administrative functions, including data processing, human resources, internal audits, loan administration and regulatory compliance. These efforts included the ongoing centralization of operations at our services center in Overland Park, Kansas and a company-wide conversion to common information management and processing platforms for both loans and deposits.

Increasing Emphasis on Asset Management. We added private banking services to our traditional personal banking and asset management services. The investment assets managed for our customers grew by 6.5% last year.

Investment Portfolio. We held $752.5 million in investment securities in our portfolio as of December 31, 2005. The composition of our investment portfolio as of December 31, 2005 was 62.0% U.S. Government sponsored enterprise obligations, 3.5% state and municipal securities, 22.6% mortgage-backed securities, 0.3% trading securities and 11.6% other securities which are primarily trust preferred pools and individual trust preferred securities. The average maturity of these securities is approximately 4.2 years, or 2.9 years excluding trust preferred securities. Held-to-maturity securities total $380.7 million and available-for-sale securities total $369.2 million. We believe that the amount of securities in the held-to-maturity category provides desirable insulation to our tangible equity level in a rising interest rate environment and fits our balance sheet needs.

We implemented a strategy in the fourth quarter of 2004 to sell $38.5 million of non-asset-backed Fannie Mae and other investments, which resulted in losses of $0.5 million. We also recorded a $10.8 million impairment charge primarily related to the write down on three high-yield investments discussed in Legal Proceedings Multifamily Housing Bond Settlement. There are no remaining high-yield securities in our portfolio.

Share Repurchases. During the first three quarters of 2005, we purchased $32 million of our common stock pursuant to stock repurchase programs previously authorized by our Board of Directors. During the fourth quarter of 2005 we purchased $1.9 million of our common stock under a new program initiated in October of 2005.

Dividends. We increased our quarterly dividend in the second quarter of 2005 from $.03 to $.05 per share.

Earnings Drivers

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

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

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

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

Critical Accounting Policies

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

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

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

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

Impairment of Goodwill Analysis. As required by the provisions of Financial Accounting Standards Board ("FASB") Statement No. 142, Goodwill and Other Intangible Assets , we review goodwill for impairment at least annually or more frequently based upon facts and circumstances related to a particular reporting unit. Based upon our most recent analysis as of December 31, 2005, our goodwill related to our Gold Bank subsidiary is not impaired.

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

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

Deferred Income Taxes. FASB Statement No. 109, Accounting for Income Taxes, establishes financial accounting and reporting standards for the effect of income taxes. The objectives of accounting for income taxes are to recognize the amount of taxes payable or refundable for the current year and deferred tax liabilities and assets for the future tax consequences of events that have been recognized in an entity s financial statements or tax returns related to deferred income. Judgment is required in assessing the future tax consequences of events that have been recognized in our financial statements or tax returns. Fluctuations in the actual outcome of these future tax consequences due to IRS or state agency examination or other factors could materially impact our financial position or results of operations.

Derivatives. We have entered into interest rate swap agreements to hedge certain variable-rate prime-based loans. We pay a variable rate of interest on the interest rate swaps tied to prime and receive a fixed rate of interest. The swaps are designated as cash flow hedges. Before undertaking the hedges, management formally documents its risk management objectives, strategy and the relationship between the interest rate swap agreements and the hedged variable-rate prime-based loans. At the inception of the hedges and on an ongoing basis, management assesses whether the hedging relationship is expected to be highly effective in offsetting interest rate risk. The formula for computing net settlements under the swaps is the same for each net settlement, and the re-pricing dates of the swaps match those of the variable-rate loans on which the hedged transactions are based. The swaps are recorded in our consolidated financial statements at their fair values. To the extent these hedges are effective, the mark to market adjustments are recorded in Accumlated Other Comprehensive Income. Ineffectiveness is recognized in earnings.

Results of Operations

Overview. Our net earnings from continuing operations for the year ended December 31, 2005 totaled $48.1 million, or $1.28 per basic share and $1.26 per diluted share. Net earnings from continuing operations for the year ended December 31, 2004 totaled $19.6 million, or $0.50 per basic and diluted share. Net earnings from continuing operations for the year ended December 31, 2003 totaled $32.8 million, or $0.86 per basic and diluted share.

The $28.5 million increase in net earnings from continuing operations in 2005 was the result of increased net interest income of $6.7 million, offset by an increase in the provision for loan losses of $3.8 million. We also had an increase in other income of $17.2 million, which was

accompanied by a decrease in non-interest expense of $28.7 million. Income tax expense in 2005 also increased $20.3 million.

We experienced a $13.2 million decrease in net earnings from continuing operations in 2004, primarily as the result of increased non-interest expenses of $18.2 million, which included $16.5 million for settlement of *qui tam* litigation and prepaid offering costs that were expensed due to refinancing of subordinated debt. In addition, in 2004 there was a net decrease in non-interest income of $2.2 million which was comprised mainly of a change of $13.2 million in realized losses on investment securities offset by a change of $14.8 million in the gain on branch sales. We also had a decrease in the provision for loan losses of $7.2 million, a decrease in net interest income of $2.7 million and a decrease in income taxes of $2.8 million.

During the year ended December 31, 2005, we sold five branches in Oklahoma with aggregate deposits of $332.6 million and recorded a gain of $34.4 million on the transaction.

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

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

	Year Ended December 31,							
	2005			2004			2003	
	Average Balance	Interest Income/Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense
	(Dollars in thousands)							
Assets:								
Loans and loans held for sale, net(1)	$3,108,221	$206,585	6.65%	$2,920,149	$166,098	5.69%	$2,864,052	$170,526
Investment securities-taxable	762,317	27,936	3.66%	921,810	32,235	3.50%	783,330	30,043
Investment securities-nontaxable(2)	23,334	1,112	4.77%	42,511	5,440	12.80%	75,619	8,751
Other earning assets	75,131	2,727	3.63%	99,247	2,170	2.19%	98,325	1,921
Total earning assets	3,969,003	238,360	6.01%	3,938,717	205,943	5.17%	3,821,326	211,241
Noninterest-earning assets	261,427			262,154			276,313	
Total assets	$4,230,430			$4,245,871			$4,097,639	
Liabilities and stockholders equity:								
Savings deposits and interest-bearing checking	$ 953,388	$ 20,801	2.18%	$ 846,004	$ 8,927	1.06%	$ 914,915	$ 10,187
Time deposits	1,800,200	58,976	3.28%	1,885,656	50,117	2.66%	1,693,859	49,041
Short-term borrowings	129,209	2,211	1.71%	133,179	1,484	1.11%	144,845	1,930
Long-term borrowings	705,189	34,032	4.83%	746,977	28,214	3.78%	773,679	30,499

	Year Ended December 31,							
Total interest-bearing liabilities	3,587,986	116,020	3.23%	3,611,816	88,742	2.46%	3,527,298	91,657
Non-interest-bearing liabilities	370,782			366,289			332,371	
Stockholders equity	271,662			267,766			237,970	
Total liabilities and stockholders equity	$4,230,430			$4,245,871			$4,097,639	
Net interest income(3)		$122,340			$117,201			$119,584
Net interest spread			2.77%			2.71%		
Net interest margin(4)			3.08%			2.94%		

(1) Non-accruing loans, loans held for sale and investments are included in the computation of average balance.
(2) Yield is adjusted for the tax effect of tax exempt securities and loans. The tax effects in 2005, 2004, and 2003 were $(284,000), $1,807,000, and $1,534,000, respectively.
(3) We include loan fees and costs in interest income. Such fees, net of costs, totaled $1,616,000, $1,225,000, and $2,480,000, in 2005, 2004, and 2003, 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 2005, total interest income increased $32.4 million, or 15.7%, on a fully taxable equivalent basis. The $32.4 million increase was the result of an increase in the rates of earning assets. The increase was an 84 basis point increase in the average rate earned on earning assets. Interest income on loans increased $40.5 million, or 24.4%. For 2005, the average loan balance increased $188.1 million, or 6.4%, and the yield earned on loans increased from 5.69% in 2004 to 6.65% in 2005. Interest income on investments decreased $8.6 million, or 22.8%. For 2005, the average investment balance (taxable and non-taxable) decreased $178.7 million, or 18.5%. Interest income on non-taxable investments was negatively impacted by the settlement of various bond investments that had previously been recorded as tax-free which were transferred to taxable investments.

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

Total Interest Expense. Total interest expense was $116.0 million for 2005 compared to $88.7 million for 2004, a 30.7% increase. Interest expense on savings and interest-bearing checking for 2005 increased $11.9 million, or 133.0%, as a result of an increase in the average rate to 2.18% in 2005 compared to 1.06% in 2004. The increase in the rate was also accompanied by a $107.4 million increase in the average balance from 2004. Interest expense on time deposits increased $8.9 million, or 17.7%, primarily as a result of an increase in the average rate to 3.28% compared to 2.66% for 2004, which was partially offset by a decrease in the average balance of such deposits of $85.5 million, or 4.5%. Interest expense on combined short-term and long-term borrowings increased $6.5 million, or 22.0%, primarily as a result of an increasein the average rates paid in 2005 compared to 2004.

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

Net Interest Income. As a result of the changes described above on a fully taxable equivalent basis, net interest income increased $5.1 million, or 4.4%, for 2005 compared on a fully taxable equivalent basis to 2004. Net interest income decreased $2.4 million, or 2.0%, for 2004 compared to 2003.

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,					
	2005 compared to 2004			2004 compared to 2003		
	Volume	Rate	Total Changes	Volume	Rate	Total Changes
	(Dollars in thousands)					
Interest Income:						
Loans(1)	$10,701	$29,786	$ 40,487	$ 3,340	$ (7,768)	$ (4,428)
Investment securities-taxable	(5,577)	1,278	(4,299)	5,311	(3,119)	2,192
Investment securities-non-taxable	(2,454)	(1,874)	(4,328)	(3,832)	521	(3,311)
Other earning assets	(527)	1,085	558	18	231	249
Total interest income	2,143	30,275	32,418	4,837	(10,135)	(5,298)
Interest expense:						
Savings deposits and interest-bearing checking	1,133	10,741	11,874	(767)	(493)	(1,260)
Time deposits	(2,271)	11,130	8,859	5,553	(4,477)	1,076
Short-term borrowings	(44)	771	727	(155)	(290)	(445)
Long-term borrowings	(1,578)	7,397	5,819	(1,053)	(1,233)	(2,286)
Total interest expense	(2,760)	30,039	27,279	3,578	(6,493)	(2,915)
Increase (decrease) in net interest income	$ 4,903	$ 236	$ 5,139	$ 1,259	$ (3,642)	$ (2,383)

(1) We include loan fees and costs in interest income. Such fees, net of costs, totaled $1,616,000, $1,225,000,and $2,480,000 in 2005, 2004, and 2003, respectively.

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

The provision for loan losses was $9.7 million for 2005 compared to $5.9 million for 2004, or a 64.8% increase. The provision for 2005 primarily reflects allowances for several commercial loans, each under $1 million, which were deemed to be non performing and under-secured. During 2005, gross loans, excluding mortgage loans held for sale, increased $88.8 million or 2.9%. During 2005, $346.0 million in loans were sold with the sale of five Oklahoma branches. Gross loan growth net of branch sales was $393.3 million or 12.7%. The majority of the loan growth occurred in the real estate and commercial loan portfolios.

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

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

	Year Ended December 31,		
	2005	2004	2003
	(Dollars in thousands)		
Gain on sale of branch facilities	$ 34,420	$ 20,574	$ 5,738
Service fees	12,475	15,618	17,626
Trust fees	4,564	4,249	3,721
Bank-owned life insurance	3,796	3,766	3,717
Investment trading fees and commissions	1,719	2,824	5,004
Net gains on sales of mortgage loans	1,295	1,447	2,746
Other income	488	1,097	1,129
Gain on sale of credit card portfolio		1,156	
Unrealized gains (losses) on securities	(239)	(53)	30
Realized gains (losses) on securities	(1,986)	(11,359)	1,847
Total non-interest income	$ 56,532	$ 39,319	$ 41,558
Non-interest income as a percentage of average total assets	1.34%	0.93%	1.01%

Non-interest income was $56.5 million for 2005 compared to $39.3 million for 2004, a 43.8% increase. Gain on sale of branches increased from $20.6 million in 2004 to $34.4 million in 2005, which was related to the sale of more branches in 2005 than in 2004. Service fees decreased $3.1 million primarily as a result of the sale of branches. Investment trading fees and commissions decreased $1.1 million as a result of declining activity in the bond market. Gains on the sales of mortgage loans decreased $0.2 million, or 10.5%, in 2005 due to increased activity in mortgage refinancing and subsequent sales to the secondary market. Realized and unrealized losses on securities decreased from an $11.4 million loss in 2004 to a $2.2 million loss in 2005. Trust fees increased by $0.3 million due to increased marketing of trust services and the revenues derived from the George K. Baum acquisition. Other income decreased by $0.6 million primarily due to a decrease in the gain on sale of bank premises

and equipment.

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

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

	Year Ended December 31,		
	2005	2004	2003
	(Dollars in thousands)		
Salaries and employee benefits	$ 47,411	$ 50,683	$ 52,044
Net occupancy expense	8,222	7,316	7,652
Depreciation expense	6,974	6,505	6,653
Data processing	6,503	8,131	8,214
Professional services	6,023	6,384	5,697
Marketing and advertising	2,196	2,995	2,735
Postage, delivery and supplies	1,955	2,651	3,306
Telephone	1,848	1,921	2,076
Loan and real estate owned expenses	1,686	2,051	2,235
Contribution to the Greater KC Community Foundation	1,500		
Travel	1,318	1,219	1,258
Regulatory assessments and taxes	855	1,575	1,278
Core deposit intangible amortization	751	751	751
Insurance	728	776	707
Other expenses	474	3,163	6,057
Dues and subscriptions	471	518	592
Directors fees and expenses	320	525	579
Amortization of prepaid offering expenses	203	3,365	136
Acquisition expenses	117	1,265	
Expenses for the settlement of *qui tam* litigation, net		16,500	
Recoveries of previous expenses resulting from misapplication of bank funds			(1,868)
Total non-interest expense	$ 89,555	118,294	$100,102
Efficiency ratio	64.90%	66.48%	59.24%

Total non-interest expense was $89.6 million for 2005 compared to $118.3 million for 2004, a 24.3% decrease. The biggest change was the result of $16.5 million in expenses related to the settlement of the qui tam litigation in 2004 with no expenses related to this in 2005. This decrease is also partially the result of decreases in salaries and employee benefits of $3.3 million, offset by increases in occupancy expenses of $0.9 million. The decrease in salaries is due to the sale of branches and the increase in occupancy is directly due to the opening of new branch facilities and the opening of our new service center. Data processing expenses decreased $1.6 million due to sales of branches. Professional services decreased from $6.4 million to $6.0 million.

Total non-interest expense was $118.3 million for 2004 compared to $100.1 million for 2003, an 18.2% increase. Settlements and other expenses associated with the *qui tam* lawsuit amounted to $16.5 million in 2004. Salaries and employee benefits decreased $1.4 million due to branch sales. Occupancy expenses decreased $0.3 million as a result of the sale of branch facilities. Depreciation remained fairly constant with a slight reduction of $0.1 million. Professional services increased from $5.7 million to $6.4 million due to an increase of $0.5 million in legal fees and an increase of $0.4 million in consulting fees offset by a decrease of $0.2 million in accounting fees. These increases were attributable, among other things, to Sarbanes-Oxley compliance and the *qui tam* litigation. Amortization of prepaid offering expenses increased $3.2 million due to the calling of our trust preferred debt issuances. Postage, delivery and supplies declined $0.7 million primarily due to the reduced number of branches. Acquisition expenses were incurred in 2004 related to a proposed acquisition that was not consummated. Other expenses decreased due to a change from miscellaneous net recoveries to net losses, swap expenses in 2003, a decline in automobile expenses and a decline in investor relations expenses.

Income Tax Expense. Income tax expense was $31.2 million for 2005 compared to $10.9 million for 2004, a $20.3 million, or 186.4% increase. Income tax expense was $10.9 million for 2004 compared to $13.6 million for 2003, a $2.8 million, or 20.2%, decrease. The effective tax rates for 2005, 2004 and 2003 were 39.3 %, 35.7% and 29.4%, respectively. The 2005 effective rate increased from 2004 due primarily to a decline in tax-exempt securities interest. On October 17, 2005, the Bank entered into three settlement agreements with the IRS arising from the Bank s purchase of $14.2 million in multifamily housing revenue bonds in 2001 and 2002. The Bank made a one-time $3.5 million cash payment in full settlement of all claims made by the IRS. The payment is reflected as additional income tax expense in 2005. The 2003 effective tax rates differ from the expected rate of 35% due primarily to the non-taxable income recorded from our investment in bank-owned life insurance policies and multi-family housing revenue bonds that were recorded at the time as tax-exempt securities.

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

Financial Condition

Lending Activities

Commercial Loans. Commercial loans were $976.7 million as of December 31, 2005, or 30.9% of total loans, as compared to $908.3 million as of December 31, 2004, or 29.2% of total loans. This increase of $68.5 million, or 7.5%, can be attributed to a continued increase in market share in the Kansas City metro area and contributions from our expansion into the Sarasota and Tampa, Florida markets.

Real Estate Construction. Real estate construction loans totaled $1,058.8 million at December 31, 2005, or 33.5% of total loans, as compared to $792.1 million at December 31, 2004, an increase of $266.7 million, or 33.7%. This increase primarily reflects the continued 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 decreased to $909.0 million at December 31, 2005 compared to $1,086.2 million at December 31, 2004, a decrease of $177.2 million, or 16.3%. This decrease was due primarily to the sale of the five Oklahoma branches.

1 to 4 Family Residential. Residential real estate loans totaled $146.2 million at December 31, 2005, compared to $186.0 million at December 31, 2004, a decrease of $39.8 million, or 21.4%. Loans in this category consist primarily of owner-occupied residential loans. This decrease is due to the sale of loans held in our portfolio and to significant decline in refinancing activity due to the upward trend in interest rates in the home mortgage market.

Agricultural. This category consists of loans secured by agricultural real estate. Agricultural real estate loans totaled $23.5 million at December 31, 2005, compared to $33.0 million at December 31, 2004, a decrease of $9.5 million, or 28.8%. This decrease in loans corresponds with a similar decrease in agricultural loans (discussed below) as the bank sold several of its rural bank locations and the agricultural real estate loans that were included in their asset base.

Mortgage Loans Held for Sale. Mortgage loans held for sale represent residential loans intended to be sold to secondary investors and in the process of being delivered. Mortgage loans held for sale totaled $7.9 million at December 31, 2005, compared to $5.7 million at December 31, 2004, an increase of $2.2 million, or 37.2%. This increase was the result of the timing of the sale of individual loans.

Agricultural Loans. Agricultural loans are typically made to farmers, small corporate farms, and feed and grain dealers. Agricultural loans were $13.1 million as of December 31, 2005, as compared to $62.8 million as of December 31, 2004, a decrease of $49.7 million, or 79.2%. Agricultural loans as a percent of total loans decreased from 2.0% in 2004 to 0.4% in 2005. The decrease in agricultural loans was due to management s decision to sell rural branches and the agricultural loans that were included in their asset base.

As of December 31, 2005, we had approximately $5.9 million of agricultural loans that were guaranteed by the FSA. Approximately $3.0 million of such loans were part of the FSA s interest assistance program, pursuant to which the FSA pays us 400 basis points of interest payments annually. During 2005 we sold five Oklahoma branches, which originated FSA loans. All FSA guaranteed loans were retained in the sale and are managed from our Enid, Oklahoma Loan Production Office ("LPO"). Currently, we do not plan to make any new FSA guaranteed loans to borrowers that are not existing customers of Gold Bank.

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

For a discussion of pending litigation related to our FSA loan program, see Item 3 Legal Proceedings.

Consumer and Other Loans. Loans classified as consumer and other loans include automobile and other personal loans. The majority of these are installment loans with fixed interest rates. Consumer and other loans were $24.1 million as of December 31, 2005, compared to $31.8 million as of December 31, 2004, a decrease of $7.7 million, or 24.0%. Consumer and other loans represented 0.8% of total loans as of December 31, 2005, a decrease from 1.0% as of December 31, 2004.

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

	2005		**2004**		**2003**		**2002**		**2**
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amoun**
					(Dollars in thousands)				
Commercial	$ 976,748	30.92%	$ 908,287	29.25%	$ 893,317	29.61%	$ 816,542	29.91%	$ 629,5
Real estate construction	1,058,847	33.52%	792,063	25.50%	656,163	21.75%	357,351	13.09%	203,7
Real estate(1)	1,078,696	34.14%	1,305,186	42.03%	1,293,942	42.88%	1,300,940	47.64%	1,008,6
Mortgage loans held for									

	2005		2004		2003		2002		2
sale	7,851	0.25%	5,724	0.18%	5,883	0.20%	25,134	0.92%	11,3
Agricultural	13,078	0.41%	62,774	2.02%	113,641	3.77%	159,950	5.86%	196,6
Consumer and other loans	24,122	0.76%	31,754	1.02%	53,975	1.79%	70,434	2.58%	112,4
Total loans	3,159,342	100.00%	3,105,788	100.00%	3,016,921	100.00%	2,730,351	100.00%	2,162,4
Less loans held for sale			383,364		200,289				
Total	$3,159,342		$2,722,424		$2,816,632		$2,730,351		$2,162,4

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

The following table sets forth the re-pricing of our portfolio loans and the amount of loans with predetermined interest rates and floating rates outstanding as of December 31, 2005

	0-3 Months(1)	4 Months to 12 Months	Over 1 to 5 Years	Over 5 Years	Total
	(Dollars in thousands)				
Commercial	$ 644,919	$ 89,365	$ 229,054	$ 13,410	$ 976,748
Real estate construction	928,283	27,628	102,936		1,058,847
Real estate	358,739	155,319	492,359	72,279	1,078,696
Mortgage loans held for sale	515			7,336	7,851
Agricultural loans	9,151	1,040	2,333	554	13,078
Consumer and other loans	7,322	5,005	8,969	2,826	24,122
Total Loans	$ 1,948,929	$ 278,357	$ 835,651	$ 96,405	$ 3,159,342

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

As of December 31, 2005, loans re-pricing after one year include approximately $706 million in fixed rate loans and $226 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 $1.7 million, $1.5 million and $1.5 million, for the years ended December 31, 2005, 2004, and 2003, respectively, if non-accrual loans had been current during these periods. Restructured and impaired loans, other than non-accrual loans, are

considered insignificant for all years presented.

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

	December 31,				
	2005	2004	2003	2002	2001
	(Dollars in thousands)				
Loans:					
Non-accrual loans	$20,305	$15,100	$23,131	$15,077	$17,737
Loans past due 90 days or more and still accruing	351	593	9,239	790	5,270
Non-performing loans	20,656	15,693	32,370	15,867	23,007
Other assets	15	137	300	4,366	5,288
Foreclosed assets held for sale	3,634	3,737	6,362	1,993	4,217
Non-performing assets	$24,305	$19,567	$39,032	$22,226	$32,512
Non-performing loans as a percentage of total loans (excluding mortgage loans held for sale)	0.66%	0.51%	1.07%	0.58%	1.06%
Non-performing assets as a percentage of total assets	0.58%	0.45%	0.90%	0.58%	1.08%
Non-performing assets as a percentage of total loans and OREO (excluding mortgage loans held for sale)	0.77%	0.63%	1.29%	0.81%	1.50%

Non-performing loans increased to $20.6 million as of December 31, 2005 as compared to $15.7 million at December 31, 2004. This increase reflects the inclusion of a $2.7 million non-accrual church loan and a $1.1 million residential non-accrual loan. Both loans were repaid in full in 2006.

Allowance for Loan Losses. Credit losses are inherent in the lending business. The risk of loss will vary with general economic conditions, the type of loan being made, the creditworthiness of the borrower over the term of the loan and the quality of the collateral in the case of a collateralized loan, among other things. Management maintains an allowance for loan losses based on industry standards, management s experience, historical experience, an evaluation of economic conditions and regular reviews of delinquencies and loan portfolio quality. Based upon such factors, management makes various assumptions and judgments about the ultimate collectability of the loan portfolio and provides an allowance for probable loan losses.

We review our loan portfolio on a monthly basis specifically analyzing loans which are internally classified as having above-average risk. We determine the level of allowance to be established for each type of loan based on our historical losses, adjusted for current economic conditions. For specific high risk loans, we analyze the collateral securing such loans to determine if adequate collateral value is available to cover the indebtedness in the event of default and liquidation of such collateral. If we determine that the principal amount of the high risk loan minus the estimated liquidation value of the collateral is less than the specific loan loss allowance assigned to such loan, then we record an additional specific loan loss allowance for such loan. In general, increasing or decreasing risks in a certain industry type, or changes in the collateral value of specifically identified high risk loans, will impact negatively or positively on our allowance for loan losses.

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

The allowance for loan losses on December 31, 2005 totaled $35.3 million, or 1.12% of outstanding loans, compared to $32.1 million, or 1.03% of outstanding loans, at December 31, 2004. The increase in our allowance for loan losses during 2005 reflects the increase in our loan portfolio and additional allowance to support perceived collateral coverage shortfall on non-performing loans. Our non-performing loans as a percentage of our total loans increased from 0.51% at December 31, 2004 to 0.66% at December 31, 2005. Charge-offs were $5.1 million, recoveries were $1.0 million and provisions charged to expense were $9.7 million in 2005.

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

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

	Year Ended December 31,				
	2005	2004	2003	2002	2001
	(Dollars in thousands)				
Total net loans outstanding at the end of the year (including loans and mortgage loans held for sale)	$3,159,342	$3,073,680	$2,982,904	$2,696,912	$2,136,308
Average net loans outstanding during the year	3,108,221	2,885,974	2,829,594	2,391,261	1,965,761
Allowance for loan losses, beginning of the year	32,108	34,017	33,439	26,097	26,180
Charge-offs:					
Commercial	3,783	3,973	8,780	6,842	13,101
Real estate					
Commercial	242	556	355	1,596	448
Construction	347	1,221	1,102	1,202	16
One to four family residential	259	292	709	858	584
Agricultural	39	52	184	1,212	817
Total real estate	887	2,121	2,350	4,868	1,865

	Year Ended December 31,				
Agricultural	210	150	1,380	828	658
Consumer and other	263	709	1,012	1,299	1,476
Total charge-offs	5,143	6,953	13,522	13,837	17,100
Recoveries:					
Commercial	616	613	497	801	798
Real estate					
Commercial	61	10	39	309	55
Construction	57	33	50		
One to four family residential	55	52	59	15	105
Agricultural		19	3	27	16
Total real estate	173	114	151	351	176
Agricultural	36	138	72	203	210
Consumer and other	134	204	316	404	519
Total recoveries	959	1,069	1,036	1,759	1,703
Net charge-offs	4,184	5,884	12,486	12,078	15,397
Provision charged to operations	9,713	5,895	13,064	19,420	15,314
Adjustment for sale of credit card portfolio		(100)			
Adjustments due to sold branches	(2,303)	(1,820)			
Allowance for loan losses, end of year	$ 35,334	$ 32,108	$ 34,017	$ 33,439	$ 26,097
Ratios:					
Allowance as a percentage of total gross loans	1.12%	1.03%	1.13%	1.23%	1.21%
Net charge-offs to average loans outstanding	0.13%	0.20%	0.41%	0.44%	0.78%
Allowance as a percentage of non-performing loans	171.06%	204.60%	105.08%	210.75%	113.42%

32

The following table sets forth the allocation of our allowance for loans losses among categories of loans and the percentage of each loan category to total loans outstanding (including loans held for sale) as of December 31, 2005, 2004 2003, 2002, and 2001:

	Dec. 31, 2005 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2004 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2003 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2002 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2001 Amount	Percent of Loans in Each Category to Total Loans

	Dec. 31, 2005 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2004 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2003 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2002 Amount	Percent of Loans in Each Category to Total Loans	Dec. 31, 2001 Amount	Percent of Loans in Each Category to Total Loans
	(Dollars in thousands)									
Commercial	$15,000	30.92%	$12,682	29.25%	$10,584	29.61%	$11,408	29.91%	$ 7,598	29.12%
Real estate construction	9,786	33.52%	5,551	25.50%	6,477	21.75%	4,114	13.09%	2,459	9.42%
Real estate	8,390	34.14%	11,726	42.03%	14,578	42.88%	14,976	47.64%	12,173	46.65%
Mortgage loans held for sale	76	0.25%	35	0.18%	295	0.20%	289	0.92%	137	0.52%
Agricultural	145	0.41%	1,160	2.02%	1,273	3.77%	1,841	5.86%	2,373	9.09%
Consumer and other	1,937	0.76%	954	1.02%	810	1.79%	811	2.58%	1,357	5.20%
Total	$35,334	100.00%	$32,108	100.00%	$34,017	100.00%	$33,439	100.00%	$26,097	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 Gold Bank serves. Agricultural loans decreased due to the sale of our rural branches.

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

The portfolio is comprised of available-for-sale securities, which includes U.S. Treasury securities, U.S. government sponsored enterprise obligations, state and municipal obligations, Federal Reserve Bank stock, FNMA stock, and Federal Home Loan Bank stock. The U.S. government sponsored enterprise obligations include Federal Home Loan Mortgage Corporation (FHLMC) notes, FNMA notes and mortgage-backed securities, Federal Home Loan Bank notes and Government National Mortgage Association (GNMA) mortgage-backed securities. As of December 31, 2005, the available-for-sale portfolio totaled $369.2 million, including a net unrealized loss of $9.1 million.

The portfolio is also comprised of held-to-maturity securities, which includes U.S. Treasury securities, U.S. government sponsored enterprise obligations, mortgage-backed securities, state and municipal obligations, and trust preferred securities. As of December 31, 2005, the held-to-maturity portfolio totaled $380.7 million and was carried at amortized cost.

The investment portfolio decreased $163.5 million, or 17.8% during 2005. The investment portfolio decreased $70.1 million, or 7.1%, during 2004. We periodically examine our portfolio for any impairment in value and took a $10.8 million impairment charge primarily related to the write down on 3 high-yield investments in 2004. There are no such remaining high-yield securities in our portfolio.

The composition of the investment portfolio as of December 31, 2005 was 62.0% U.S. government sponsored enterprise obligations, 3.5% state and municipal securities, 22.6% mortgage-backed securities, 0.3% trading securities and 11.6% other securities. The comparable distribution for December 31, 2004 was 62.5% U.S. government sponsored enterprise obligations, 3.6% state and municipal securities, 24.0% mortgage-backed securities, 0.6% trading securities and 9.3% other securities. The investment portfolio represented 18.0% and 21.2% of total assets at December

31, 2005 and 2004, respectively.

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

	At December 31,		
	2005	2004	2003
	(Dollars in thousands)		
Securities held to maturity (1):			
U.S. government sponsored enterprise obligations	$ 247,454	$ 251,770	$
Mortgage-backed securities	71,767	95,881	87,329
Other (2)	44,464	44,495	45,208
Obligations of states and political subdivisions	17,022	19,656	955
Total	$ 380,707	$ 411,802	$ 133,492
Securities available for sale (3):			
U.S. government sponsored enterprise obligations	$ 219,294	$ 321,023	$ 599,576
Mortgage-backed securities	98,128	123,632	153,859
Other (4)	42,623	40,474	40,852
Obligations of states and political subdivisions	9,113	13,634	48,613
Total	369,158	498,763	842,900
Securities held for trading (5)	2,683	5,456	9,692
Total investment securities	$ 752,548	$ 916,021	$ 986,084

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

The following table sets forth a summary of maturities in the investment portfolio at December 31, 2005:

One year or less		Over One Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 years		Total	
Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield
(Dollars in thousands) (At carrying value)									

	One year or less		Over One Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 years		Total	
U.S. government sponsored enterprise obligations	$91,484	2.33%	$354,248	3.03%	$16,074	3.04%	$ 4,942	5.08%	$466,748	2.91%
Obligations of states and political subdivisions	4,140	3.19%	10,914	3.97%	8,674	3.82%	2,408	7.75%	26,136	4.15%
Mortgage-backed securities			3	7.20%			169,893	4.22%	169,896	4.22%
Other	2,031	7.27%	998	8.47%			42,130	6.68%	45,159	6.75%
Total	$97,655	2.47%	$366,163	3.07%	$24,748	3.32%	$219,373	4.75%	$707,939	3.52%

The above table does not include trading securities of $2.7 million and investments without stated maturities of $41.9 million, which consist principally of Federal Home Loan Bank stock.

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

Deposits are attracted principally from within our primary market areas through the offering of a broad variety of deposit instruments including: checking accounts, money market accounts, savings accounts, certificates of deposit (including jumbo certificates in denominations of $100,000 or more), and retirement savings plans. We have aggressively attempted to obtain deposits in selected markets to increase market share or meet particular liquidity needs. We have used brokered deposits and have sought to attract deposits outside our market areas. On December 31, 2005, we had approximately $326.2 million of deposits, compared with $536.6 million on December 31, 2004, which were obtained through brokers. Brokered deposits represented 10.7% of our total deposits as of December 31, 2005.

During 2005, average balances of non-interest-bearing demand deposits decreased $1.5 million, or .5%; average balances of savings and interest-bearing deposits increased $107.4 million, or 12.7%; and average balances of time deposits decreased $85.5 million, or 4.5%. As of December 31, 2005, the balance of total deposits, including deposits held for sale, had increased $247.4 million compared to December 31, 2004. This increase is due to a decrease of $106.8 million in time deposits less than $100,000, a $10.8 million increase in time deposits greater than $100,000, a $22.2 million increase in savings and NOW accounts, and a $29.1 million decrease in non-interest-bearing accounts. At December 31, 2004, deposits were reduced due to $350.2 million being recorded as deposits held for sale.

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

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

	Year Ended December 31,								
	2005			2004			2003		
	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	$ 329,699		10.69%	$ 331,220		10.81%	$ 307,690		10.55%
NOW accounts	460,726	1.86%	14.94%	268,601	0.46%	8.77%	285,551	0.33%	9.79%
Non-transaction deposit accounts	492,662	2.49%	15.98%	577,403	1.33%	18.85%	629,364	1.46%	21.58%
Time deposits	1,800,200	3.28%	58.39%	1,885,656	2.66%	61.57%	1,693,859	2.90%	58.08%
Total	$3,083,287		100.00%	$3,062,880		100.00%	$2,916,464		100.00%

The aggregate average balance of brokered time deposits was $416.6 million, $615.7 million and $418.6 million for the years ended December 31, 2005, 2004 and 2003, 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,		
	2005	2004	2003
	(Dollars in thousands)		
Non-interest-bearing	$ 342,325	$ 371,380	$ 355,637
Interest-bearing:			
Savings and NOW accounts	897,537	862,206	915,212
Time deposits less than $100,000			
Brokered	326,154	512,183	154,245
Retail	929,767	863,600	866,541
Time deposits greater than $100,000			
Brokered		24,415	448,031

	December 31,		
Retail	538,348	503,176	424,777
Less deposits held for sale		350,186	347,169
Total deposits	$3,034,131	$2,786,774	$2,817,274

The following table summarizes at December 31, 2005, our certificates of deposit of $100,000 or more (excluding brokered deposits) by time remaining until maturity (dollars in thousands).

Maturity Period:	
Less than three months	$ 50,891
Over three months through six months	52,996
Over six months through twelve months	124,058
Over twelve months	310,403
Total	$ 538,348

Short-term borrowings consist of federal funds purchased and securities sold under agreements to repurchase. Balances for securities sold under agreements to repurchase outstanding at year end 2005 were $96.4 million, a $15.8 million decrease from $112.2 million outstanding at year end 2004. The balance at year end 2003 was $127.8 million. Balances in these accounts, which generally have overnight maturities, can fluctuate significantly on a day-to-day basis. The average balance of securities sold under agreements to repurchase was $121.1 million in 2005, $133.5 million in 2004, and $140.6 million in 2003. The average rate paid on these borrowings was 1.70%, 1.80% and 1.34% during 2005, 2004 and 2003, respectively. Federal funds purchased and other short-term borrowings were $52.6 million, $2.5 million and $7.3 million at year end 2005, 2004 and 2003, respectively.

Gold Bank also borrows from the Federal Home Loan Bank (FHLB). At year-end 2005 and 2004, these advances totaled $482.6 million and $571.9 million, respectively, of which $140.8 million and $165.6 million are due in 2006 and 2005, respectively. The weighted average interest rate on FHLB borrowings was 4.68%, 4.44% and 4.50% as of 2005, 2004 and 2003, respectively. Long-term debt as of December 31, 2005 also included an $80.0 million long-term repurchase agreement and an $8.1 million note payable on our Employee Stock Ownership Plan.

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

Subordinated Debt Securities Swaps. In 2003, we had three interest rate swap agreements (initiated during 2002) with an aggregate notional amount of $82.5 million. The interest rate swaps were derivative financial instruments and were designated as fair value hedges of our subordinated debt securities. Each swap had a notional amount equal to the outstanding principal amount of the related subordinated debt securities, together with the same payment dates, maturity date and call provisions as the related subordinated debt securities. Under each of the swaps, we paid interest at a variable rate equal to a spread over 90-day LIBOR, adjusted quarterly, and we received a fixed rate equal to the interest that we are obligated to pay on the related trust preferred securities. A $28.7 million notional amount swap agreement was called by the counterparty and terminated on April 7, 2003. A $16.3 million notional amount swap agreement was called by the counterparty and terminated on June 30, 2003. The third and final swap for $37.6 million was called by the counterparty and terminated on November 1, 2004. Under these swap agreements, no payments were due between the parties and we recognized no gain or loss when they were called during 2003 and 2004.

FHLB Debt Swaps. We entered into seven interest rate swap agreements in 2003 with an aggregate notional amount of $190 million for the purpose of effectively converting $190 million of fixed-rate FHLB borrowings into floating rate obligations. These interest rate swaps were also

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

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

Cash Flows from Swaps. During the year ended December 31, 2005, we received net cash flows of $1.6 million under three prime-based loan pools related cash value swaps, which was recorded as interest income on loans. During the year ended December 31, 2005, no losses were recognized in earnings on these cash flow hedges due to hedging ineffectiveness. Approximately $4.0 million of mark-to-market revaluation was recognized in the Other Comprehensive Loss segment of Stockholders Equity, with approximately $2.2 million recognized as a deferred tax liability, and the carrying value of the mark-to-market asset for the swaps is reported in Accrued Interest and Other Assets in the Consolidated Balance Sheets.

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

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

	December 31			
	2005		2004	
	Notional amount	Credit exposure	Notional amount	Credit exposure
	(Dollars in thousands)			
Interest rate swaps	$190,000		$190,000	1,300

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

Capital and Liquidity

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

Cash provided by operating activities for 2005 was $47.4 million, consisting primarily of net earnings adjusted for non-cash items, loan loss provision, losses on securities sales and gains on branch sales, and decrease in accrued interest and other assets, an increase in bank-owned life insurance, and an increase in accrued interest and other liabilities. Cash used in investing activities was $207.2 million, consisting primarily of increased loans of $442.0 million, cash received of $75.3 million from branch sales, a net decrease of assets held for sale of $37.2 million, a net decrease of held-to-maturity securities of $30.1 million, and a decrease in available for sale securities of $118.9 million. Net activity in financing consisted of an increase in deposits of $247.4 million, a decrease in securities sold under agreements to repurchase of $38.0 million and net principal payments on issuances of long-term debt of $91.7 million, which resulted in net cash provided of $127.7 million.

The principal source of funds at the holding company level is dividends from Gold Bank. The payment of dividends is subject to restrictions imposed by federal and state banking laws and regulations. At December 31, 2005, Gold Bank could pay $34.7 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.

J.P. Morgan Chase Bank, N.A. Line of Credit. On October 1, 2004, we entered into a new line of credit with J.P. Morgan Chase Bank, NA (J.P. Morgan Chase Credit Line) that allows us to borrow up to $25 million. The J.P. Morgan Chase Credit Line matured on October 1, 2005 and was renewed for an additional year on that date. Interest accrues on advances under the J.P. Morgan Chase Credit Line, at our option, at a rate equal to either LIBOR plus 1.25% per annum or J.P. Morgan Chase s prime rate. We may draw on the J.P. Morgan Chase Credit Line from time to time to fund various corporate matters. As of December 31, 2005, we had no outstanding balance on the J.P. Morgan Chase Credit Line.

J. P. Morgan Chase Bank, N.A. ESOP Loan Agreement. Under a Loan Agreement, dated as of October 1, 2004 (ESOP Loan Agreement), between our ESOP and J.P. Morgan Chase Bank, NA, our ESOP may borrow up to $10.1 million. Loans under the ESOP Loan Agreement bear interest, at the ESOP s option, at either J.P. Morgan Chase s Prime Base Rate or LIBOR plus 1.70%. As of December 31, 2005, our ESOP had approximately $8.1 million outstanding under the ESOP Loan Agreement, which it borrowed to pay off a prior ESOP loan. We have guaranteed the ESOP s obligations under the ESOP Loan Agreement. We do not anticipate that the ESOP will borrow any further amounts under the ESOP Loan Agreement.

Federal Home Loan Banks of Des Moines, Topeka and Atlanta. As of December 31, 2005, we had $10.0 million outstanding under our credit agreement with the Federal Home Loan Bank of Des Moines (FHLB-Des Moines), $402.6 million of advances outstanding under our credit agreement with the Federal Home Loan Bank of Topeka (FHLB-Topeka), and $70.0 million of advances outstanding under our credit agreement with the Federal Home Loan Bank of Atlanta (FHLB-Atlanta).

Capital. We actively monitor our compliance with regulatory capital requirements. The elements of capital adequacy standards include strict definitions of core capital and total assets, which include off-balance sheet items such as commitments to extend credit. Under the risk-based capital method of capital measurement, the ratio computed is dependent on the amount and composition of assets recorded on the balance sheet and the amount and composition of off-balance sheet items, in addition to the level of capital. Historically, we have increased core capital through retention of earnings or capital infusions. The primary source of funds available to us is dividends by our subsidiaries, in particular Gold Bank. The Bank s ability to pay dividends is subject to regulatory requirements. At December 31, 2005, the Bank could pay dividends of $34.7

million to the corporation. To be well-capitalized a company s total risk-based capital ratio, tier 1 risk-based capital ratio and tier 1 leverage ratio must 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, 2005 were 11.15%, 9.53% and 8.44%, respectively. These same ratios at December 31, 2004 were 11.08%, 9.32% and 7.75%, respectively.

BOLI Policies. Gold Bank has purchased bank-owned life insurance (BOLI) policies with death benefits payable to the Bank on the lives of certain officers. These single-premium, whole-life policies provide favorable tax benefits, but are illiquid investments. Federal guidelines limit a bank s aggregate investment in BOLI to 25% of the bank s capital and surplus, and its aggregate investment in BOLI policies from a single insurance company to 15% of the bank s capital and surplus. All Gold Bank BOLI investments comply with federal guidelines. As of December 31, 2005, Gold Bank had $86.7 million of BOLI (equal to 22.8% of its capital and surplus) compared to $83.0 million (22.4% of its capital and surplus) as of December 31, 2004, an increase of $3.7 million or 4.5%.

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

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

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

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

On April 22, 2004, we used the proceeds of Gold Banc Trust III s and Gold Banc Trust IV s issuance of trust preferred securities to redeem (i) $16,249,420 in principal amount of the 8.50% Preferred Securities issued by Gold Banc Capital Trust, formerly ABI Capital Trust and (ii) $28,750,000 in principal amount of the 8.75% Preferred Securities issued by GBCI Capital Trust.

We formed Gold Banc Capital Trust V on November 8, 2004. Effective November 10, 2004, Gold Banc Capital Trust V issued $38.0 million of trust preferred securities to institutional investors. Gold Banc Capital Trust V used the proceeds from the issuance of the trust preferred securities, as well as our $1,176,000 capital investment in the trust, to purchase $39,176,000 of junior subordinated deferrable interest debentures issued by us. The debentures mature on December 15, 2034, and may be redeemed, at our option, after December 15, 2009. The interest rate of the debentures is fixed at 6.00% for a five-year period through December 15, 2009. Thereafter, interest accrues at a floating rate equal to LIBOR plus 2.10%. Interest is payable quarterly. The trust preferred securities carry an interest rate identical to that of the related debenture. On November 15, 2004, we used the proceeds of Gold Banc Capital Trust V s issuance of trust preferred securities to redeem $37,550,000 in principal amount of the 9.12% Preferred Securities issued by GBCI Capital Trust II.

We have adopted the provisions of FASB Interpretation No. 46R, Consolidation of Variable Interest Entities. FASB Interpretation No. 46R requires, among other things, that such trusts be deconsolidated. As a result, we do not consolidate the trusts in our consolidated financial statements.

Total expenses associated with the issuance of the trust preferred securities during 2004 were $0.4 million which are being amortized on a straight-line basis over the life of the related obligations. During 2004, $3.3 million of prepaid offering costs were written off related to the retirement of GBCI Capital Trust, GBCI Capital Trust II and Gold Banc Capital Trust. Amortization of issuance expenses during the years ended December 31, 2005, 2004 and 2003, included in interest expense, aggregated $0.2 million, $0.1 million and $0.1 million, respectively.

Commitments, Contractual Obligations, and Off-Balance Sheet Arrangements

Various commitments and contingent liabilities arise in the normal course of business, which are not required to be recorded on our consolidated balance sheet. The most significant of these are unfunded loan commitments totaling approximately $1,218.8 million and standby letters of credit, totaling approximately $112.0 million at December 31, 2005. We have various other financial instruments with off-balance sheet risk, such as commercial letters of credit and commitments to purchase and sell when-issued securities. Since many commitments expire unused or only partially used, these totals do not necessarily reflect future cash requirements. Management does not anticipate any material losses arising from commitments and contingent liabilities and believes there are no material commitments to extend credit that represent risks of an unusual nature.

A table summarizing contractual cash obligations (excluding interest) of the Company at December 31, 2005 and the expected timing of these payments follows:

(In thousands)	In One Year or Less	After One Year through Three Years	After Three Years through Five Years	After Five	Total
Long-term debt obligations	$ 140,818	$ 70,233	$ 115,252	$ 276,937	$ 603,240
Operating lease obligations	3,294	5,180	4,520	9,261	22,255
Purchase obligations	2,936	2,585	1,133	112	6,766
Time Open and C.D. s	960,158	691,674	141,411	1,026	1,794,269
Total	$ 1,107,206	$ 769,672	$ 262,316	$ 287,336	$ 2,426,530

Impact of Inflation and Changes in Prices

The primary impact of inflation on our operations is reflected in increased operating costs. Unlike most industrial companies, virtually all of the assets and liabilities of a financial institution are monetary in nature. As a result, changes in interest rates have a more significant impact on the performance of a financial institution than do changes in the general rate of inflation and changes in prices. Interest rate changes do not necessarily move in the same direction or have the same magnitude as changes in the prices of goods and services.

Impact of Recently Issued Accounting Standards

On December 16, 2004, The FASB published FASB Statement No. 123 (revised 2004), Share-Based Payment (FASB 123R), requiring that the compensation cost relating to share-based payment transactions be recognized in financial statements as an expense. The Company will implement this new standard in 2006. It is not expected to have a significant impact.

On June 29, 2005, the Financial Accounting Standards Board (FASB) voted to abandon much of Emerging Issues Task Force (EITF) Issue No. 03-01 titled The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. At that time, FASB agreed to reinstate Financial Accounting Standard (FAS) 115 until a revised version of FAS 115 could be issued. The revised version, FAS 115-1 and FAS 124-1, was issued on November 3, 2005 with an effective date of December 15, 2005. The new FASB Staff Position (FSP), like EITF No. 03-01, addresses the determination as to when an investment is considered impaired, whether that impairment is other than temporary, and the measurement of an impairment loss. The FSP nullifies certain requirements of EITF No. 03-1, such as the various requirements in paragraphs

10-18 of Issue 03-1, but it carries forward the requirements of paragraphs 8 and 9 of Issue 03-1 with respect to cost-method investments (which are equity securities not accounted for by the equity method) and it carries forward the disclosure requirements in paragraphs 21 and 22 of Issue 03-1. The FSP applies to investments in debt and equity securities within the scope of Statements 115 and 124 and to all equity securities held by insurance companies.

Some of the major changes or clarifications in FAS 115-1 (as compared to FAS 115) include:

Impairment must be assessed at the individual security level,

Generally, impaired securities must be written-down to fair value,

An other-than-temporary impairment ("OTTI") must be recognized before the actual sale of an underwater security if the intent regarding that security changes. (If it is a security that the investor clearly has the ability and the intent to hold until recovery, the impairment is temporary so the loss does not have to be recognized),

An OTTI does not necessarily mean a permanent impairment, and

Additional information must be disclosed in the annual financial statements of the Company.

The FSP was not intended to change any already existing accounting principle. Instead, it is an aggregate of various sources of guidance on the temporary impairment issue, such as FAS 115, Accounting for Certain Investments in Debt and Equity Securities, EITF Issue No. D-44, The Meaning of Other-Than-Temporary Impairment upon the Planned Sale of a Security Whose Cost Exceeds Fair Value, SAB Topic 5.M, Other Than Temporary Impairment of Certain Investments on Debt and Equity Securities (previously SAB 59), and most of EITF Issue No. 03-1.

The adoption of the new FSP 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 report contains certain forward-looking statements with respect to our financial condition, results of operations, plans, objectives, future financial performance and business, including, without limitation:

statements that are not historical in nature;

statements preceded by, followed by or that include the words believes, expects, may, will, should, could, anticipates, est intends or similar expressions.

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:

our stockholders will be subject to all of the risks involved in owning common stock in M&I if the Merger is consummated;

we have experienced staff losses due to the Merger announcement that could adversely affect our business if the Merger is not consummated;

any failure or delay in closing the Merger could adversely affect our business;

the transition to new management as a result of the Merger may adversely affect our business;

there can be no assurance that new management s strategies after the Merger will be successful;

changes in interest margins on loans could affect our profitability;

changes in the allowance for loan losses could affect our profitability;

changes in the interest rate environment could increase our expenses or decrease our income;

we are subject to competitive pressures from other financial services companies;

general economic conditions, either nationally or in our markets, may be less favorable than expected;

legislative or regulatory changes may adversely affect our business;

technological changes may be more difficult or expensive than anticipated;

hedging activities may be less effective than anticipated;

changes in securities markets may adversely affect our investments.

These risks and other risks are described in Item 1A of this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset/Liability Management

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

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

The following table indicates that, at December 31, 2005, if there had been a sudden and sustained increase in prevailing market interest rates, our 2006 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	$ 142,413	$ 8,588	6.42%
100 basis point rise	138,862	5,037	3.76%
Base rate scenario	133,825		
100 basis point decline	126,668	(7,157)	(5.35)%

Changes in Interest Rate	Net Interest Income	Change	Percent Change
200 basis point decline	118,515	(15,310)	(11.44)%

The following table sets forth the maturities of our interest-earning assets and interest-bearing liabilities outstanding at December 31, 2005.

	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	$1,948,929	$ 278,357	$ 835,994	$ 96,062	$3,159,342
Investment securities	65,001	149,674	454,333	83,540	752,548
Other interest-bearing assets	301	70	427		798
Total rate-sensitive assets	$2,014,231	$ 428,101	$1,290,754	$179,602	$3,912,688
Rate-Sensitive Liabilities:					
Savings deposits and interest-bearing checking	$ 900,306	$	$	$	$ 900,306
Time deposits	322,484	636,854	833,904	1,027	1,794,269
Short-term borrowings	150,059				150,059
Long-term borrowings	315,540	120,895	239,338	10,353	686,126
Total rate-sensitive liabilities	$1,688,389	$ 757,749	$1,073,242	$ 11,380	$3,530,760
Interest Rate Derivatives	(190,000)		120,000	70,000	
Net gap	$ 135,842	$(329,648)	$ 337,512	$238,222	$ 381,928
Cumulative gap	$ 135,842	$(193,806)	$ 143,706	$381,928	
Cumulative ratio of interest-earning assets to interest-bearing liabilities	107.23%	92.65%	104.00%	110.82%	
Ratio of cumulative gap to interest-earning assets	6.74%	(7.94)%	3.85%	9.76%	

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Gold Banc Corporation, Inc. and subsidiaries (the Company) as of December 31, 2005 and 2004, and the related consolidated statements of operations, stockholders equity and comprehensive income (loss), and cash flows for each of the years in the three-year period ended December 31, 2005. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Gold Banc Corporation, Inc. and subsidiaries as of December 31, 2005 and 2004, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2005 in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Gold Banc Corporation, Inc. s internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 13, 2006 expressed an unqualified opinion on management s assessment of, and the effective operation of, internal control over financial reporting.

/s/ KPMG LLP

Kansas City, Missouri
March 13, 2006

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
December 31, 2005 and 2004
(Dollars in thousands)

	2005	2004
ASSETS		
Cash and due from banks	$ 75,413	$ 65,011
Federal funds sold and interest-bearing deposits	798	43,286
Total cash and cash equivalents	76,211	108,297

	2005	2004
Investment securities:		
Available-for-sale, at fair value	369,158	498,763
Held-to-maturity (fair value of $374,157 and $411,232 as of December 31, 2005 and 2004, respectively)	380,707	411,802
Trading, at fair value	2,683	5,456
Total investment securities	752,548	916,021
Loans	3,151,491	2,716,700
Allowance for loan losses	(35,334)	(32,108)
Loans, net	3,116,157	2,684,592
Mortgage loans held for sale, net	7,851	5,724
Premises and equipment, net	53,835	51,613
Goodwill	29,252	30,484
Other intangible assets, net	4,585	5,336
Accrued interest and other assets	51,999	57,807
Cash surrender value of bank-owned life insurance, net of surrender charges	86,706	82,992
Assets held for sale		387,510
Total assets	$ 4,179,144	$ 4,330,376

See accompanying notes to consolidated financial statements.

	2005	2004
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Deposits	$ 3,034,131	$ 2,786,774
Securities sold under agreements to repurchase	96,354	112,205
Federal funds purchased and other short-term borrowings	52,557	2,463
Subordinated debt	116,599	116,599
Long-term borrowings	570,675	661,534
Accrued interest and other liabilities	31,383	30,231
Liabilities held for sale		350,186
Total liabilities	3,901,699	4,059,992
Stockholders' equity:		

	2005	2004
Preferred stock, no par value; 50,000,000 shares authorized, no shares issued		
Common stock, $1 par value; 50,000,000 shares authorized, and 45,261,396 and 45,011,227 shares issued at December 31, 2005 and 2004, respectively	45,261	45,011
Additional paid-in capital	133,842	129,381
Retained earnings	187,479	146,360
Accumulated other comprehensive loss, net	(11,007)	(6,007)
Unearned compensation	(9,952)	(10,072)
	345,623	304,673
Less treasury stock (7,187,914 and 4,824,575 shares at December 31, 2005 and 2004, respectively)	(68,178)	(34,289)
Total stockholders' equity	277,445	270,384
Commitments and contingent liabilities		
Total liabilities and stockholders' equity	$ 4,179,144	$ 4,330,376

See accompanying notes to consolidated financial statements.

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
Years ended December 31, 2005, 2004, and 2003
(Dollars in thousands)

	2005	2004	2003
Interest income:			
Loans, including fees	$ 206,571	$ 166,051	$ 170,439
Investment securities	28,778	35,915	37,346
Other	2,727	2,170	1,921
Total interest income	238,076	204,136	209,706
Interest expense:			
Deposits	79,777	59,044	59,229
Borrowings and other	36,243	29,698	32,423
Total interest expense	116,020	88,742	91,652

	2005	2004	2003
Net interest income	122,056	115,394	118,054
Provision for loan losses	9,713	5,895	13,064
Net interest income after provision for loan losses	112,343	109,499	104,990
Other income:			
Service fees	12,475	15,618	17,626
Investment trading fees and commissions	1,719	2,824	5,004
Net gains on sales of mortgage loans	1,295	1,447	2,746
Unrealized gains (losses) on trading securities	(239)	(53)	30
Realized gains (losses) on securities	(1,986)	(11,359)	1,847
Gain on sales of branch facilities	34,420	20,574	5,738
Gain on sale of credit card portfolio		1,156	
Bank-owned life insurance	3,796	3,766	3,717
Trust fees	4,564	4,249	3,721
Other	488	1,097	1,129
Total other income	56,532	39,319	41,558
Other expense:			
Salaries and employee benefits	47,411	50,683	52,044
Expenses for the settlement of qui tam litigation		16,500	
Data processing	6,503	8,131	8,214
Net occupancy expense	8,222	7,316	7,652
Depreciation expense	6,974	6,505	6,653
Professional services	6,023	6,384	5,697
Amortization of prepaid offering expenses	203	3,365	136
Recoveries of expenses resulting from misapplication of bank funds			(1,868)
Other expenses	14,219	19,410	21,574
Total other expense	89,555	118,294	100,102

See accompanying notes to consolidated financial statements.

Net earnings from continuing operations before income taxes	79,320	30,524	46,446
Income tax expense	31,181	10,886	13,644
Net earnings from continuing operations	48,139	19,638	32,802
Net loss from discontinued operation, net of tax		(551)	(3,392)

Net earnings	$ 48,139	$ 19,087	$ 29,410
Net earnings from continuing operations per share basic	1.28	0.50	0.86
Net loss from discontinued operation per share basic		(0.01)	(0.09)
Net earnings per share basic	$ 1.28	$ 0.49	$ 0.77
Net earnings from continuing operations per share diluted	1.26	0.50	0.86
Net loss from discontinued operation per share—			