GOLD BANC CORP INC
Form 10-K
March 28, 2001

QuickLinks -- Click here to rapidly navigate through this document

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, 2000

OR

/ / **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from ______ to ______

Commission file number 0-28936

GOLD BANC CORPORATION, INC.

(Exact name of registrant as specified in its charter)

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

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

Registrant's telephone number, including area code: (913) 451-8050
SECURITIES REGISTERED PURSUANT TO SECTION 12 (b) OF THE ACT: NONE
SECURITIES REGISTERED PURSUANT TO SECTION 12 (g) OF THE ACT:
Title of Each Class
Common Stock, $1.00 par value

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

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

The aggregate market value of the Common Stock, par value $1.00 per share, of the registrant held by nonaffiliates of the registrant 36,684,248 shares as of March 23, 2001 was $252,204,205, based on a closing sale price of $6.875.

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

Common Stock, $1.00 par value, outstanding as of March 23, 2001: 36,684,248 Shares

ITEM 1. BUSINESS

THE COMPANY AND SUBSIDIARIES

Gold Banc Corporation, Inc.

Gold Banc Corporation, Inc., a Kansas corporation (the "Company"), organized in 1986 as a multi-bank holding company. The Company is registered under the Bank Holding Company Act of 1956, as amended, and subject to regulation by the Board of Governors of the Federal Reserve System. Effective June 15, 2000, the Company received regulatory approval and elected to become a Financial Holding Company pursuant to the Gramm-Leach-Bliley Act, which became law on November 12, 1999. This new law establishes a comprehensive framework to permit affiliations among commercial banks, insurance companies, securities firms and other financial service providers by substantially revising and expanding the Bank Holding Company Act framework.

The Company is now engaged in a full range of financial activities through a new entity known as a financial holding company. "Financial Activities" are broadly defined to include not only banking, insurance and securities activities, but also merchant banking, investment advisory and additional activities that the Federal Reserve Board, in concert with the Secretary of the Treasury, determines to be financial in nature, or complimentary thereto. As a financial holding company, the Company is now eligible to engage in a significantly broader range of financial activities.

The Company, with its principal office located in Leawood, Kansas owns all of the outstanding stock of three commercial banks and one federal savings bank with 61 offices in 41 communities domiciled in Kansas, Missouri, Oklahoma and Florida. The financial institutions are Gold Bank, Leawood, Kansas; Gold Bank, Edmond, Oklahoma, American Bank, Bradenton, Florida; and Provident Bank f.s.b., St. Joseph, Missouri ("the Banks") with total assets as of December 31, 2000 of $1,259.8 million, $870.0 million, $491.9 million and $86.4 million, respectively.

The Company also owns five non-bank financial subsidiaries ("Financial Subsidiaries"). These Financial Subsidiaries provide securities brokerage, investment management, trust, insurance agency, data processing and information technology services. Since December 1978, the Company has grown internally and through acquisitions from a one bank holding company with $2.9 million in total assets to a financial services holding company offering diversified financial services with total assets as of December 31, 2000 of $2.7 billion. The Company's principal executive offices are located at 11301 Nall Avenue, Leawood, Kansas 66211, telephone number (913) 451-8050.

During 2000, the Company (a) consummated the acquisition of three bank holding companies; (b) conducted an internal consolidation that merged nine of its Kansas banks into a single Kansas bank ("Gold Bank-Kansas"); (c) conducted an internal consolidation that merged three of its Oklahoma banks and one Kansas bank into a single Oklahoma bank ("Gold Bank-Oklahoma"); and (d) created a financial services subsidiary named Gold Financial Services, Inc. The Company also completed a corporate reorganization of its non-bank subsidiaries by transferring Gold Trust Company, Gold Capital Management, Inc. and Gold Insurance Agency under the new financial services subsidiary, and created two additional new subsidiaries, Gold Merchant Banc, Inc. and Gold Investment Advisors, Inc. to conduct additional financial services activities. The composition of the Company's banks and non-bank financial service affiliates is discussed below.

The Subsidiary Banks

Gold Bank-Kansas. Gold Bank-Kansas currently is a Kansas state bank that has 27 banking offices located throughout the state of Kansas and one location in Kansas City, Missouri. Gold Bank-Kansas is a full service bank that conducts a general banking and trust business, offering its customers checking and savings accounts, debit cards, certificates of deposit, trust services, brokerage services, safety deposit boxes and a wide range of lending services, including credit card accounts, commercial and industrial loans, single payment personal loans, installment loans and commercial and residential real estate loans. Gold Bank-Kansas' loan portfolio consists primarily of commercial, real

estate and agricultural loans. Gold Bank-Kansas's loan portfolio currently consists primarily of commercial real estate, personal and agricultural loans. As of December 31, 2000, Gold Bank-Kansas had total assets of approximately $1,259.8 million.

Gold Bank-Oklahoma. Gold Bank-Oklahoma is an Oklahoma state bank that has 20 banking offices located in western and central Oklahoma, one western Kansas location with headquarters in Edmond, a suburb of Oklahoma City. Gold Bank-Oklahoma is a full service bank that conducts a general banking and trust business, offering its customers checking and savings accounts, debit cards, certificates of deposit, trust services, brokerage services, safety deposit boxes and a wide range of lending services, including credit card accounts, commercial and industrial loans, single payment personal loans, installment loans and commercial and residential real estate loans. Gold Bank-Oklahoma's loan portfolio consists primarily of commercial, real estate and agricultural loans. As of December 31, 2000, Gold Bank-Oklahoma had total assets of approximately $870 million.

American Bank, Bradenton, Florida ("American Bank"). American Bank is a Florida state bank that has nine banking offices located in Bradenton, Florida and five other surrounding communities. The Company acquired American Bank on March 20, 2000. American Bank is a full service bank that conducts a general banking business, offering its customers checking and savings accounts, debit cards, certificates of deposit, brokerage services, safety deposit boxes and a wide range of lending services, including credit card accounts, commercial and industrial loans, single payment personal loans, installment loans and commercial and residential real estate loans. American Bank's loan portfolio consists primarily of commercial, real estate, personal and agricultural loans. As of December 31, 2000, American Bank had total assets of approximately $491.9 million.

Provident Bank f.s.b. ("Provident Bank"). Provident Bank is a federal savings bank with two banking offices located in St. Joseph, Missouri. Provident Bank was acquired by the Company on March 14, 1994. Provident Bank is a full service savings bank that conducts a general banking and trust business, offering its customers checking and savings accounts, debit cards, certificates of deposit, trust services, brokerage services, safety deposit boxes and a wide range of lending services, including credit card accounts, commercial and industrial loans, single payment personal loans, installment loans and commercial and residential real estate loans. As of December 31, 2000, Provident Bank had total assets of approximately $86.4 million.

The Financial Services Subsidiaries

Gold Financial Services, Inc. ("Gold Financial") is a newly created, wholly-owned subsidiary of the Company to serve as the division for the financial holding company activities of insurance, trust, brokerage, investment advisory services and merchant banking.

Gold Capital Management, Inc. formerly Midwest Capital Management, Inc. ("Gold Capital"). Gold Capital is a securities broker-dealer and investment advisor that is registered with the National Association of Securities Dealers (the "NASD"). Gold Capital's customers consist primarily of financial institutions located throughout the United States, with a concentration in the midwestern section of the United States. Gold Capital manages a wide variety of stock, bond and money market portfolios for clients that currently include a significant number of commercial banks located primarily in Kansas, Missouri, Oklahoma, Nebraska and Iowa. Gold Capital also provides its services to trusts, pension plans, insurance companies, commercial businesses, government entities, foundations and high net worth individuals. Gold Capital, headquartered in Overland Park, Kansas, is a wholly owned subsidiary of Gold Financial, that was acquired by the Company in January 1998.

Gold Trust Company, formerly The Trust Company ("Trust Company"). Trust Company, which was acquired by the Company in December 1998, is a wholly-owned subsidiary of Gold Financial. Trust Company is a Missouri trust company that has its headquarters in St. Joseph, Missouri. Trust Company also provides trust services at each Gold Bank-Kansas affiliate location. As of December 31, 2000, Trust Company had approximately $239 million in discretionary trust assets under management and

approximately $134 million in non-discretionary trust assets under administration. Trust Company took action to change its name to Gold Trust Company, effective March 15, 2001.

Gold Insurance Agency, Inc. formerly Gold Banc Financial Services, Inc. ("Gold Insurance"). Gold Insurance is a Kansas insurance agency, which sells a full line of insurance products, including life insurance, annuities, property and casualty insurance, disability insurance and credit life insurance. Gold Insurance was previously a subsidiary of Gold Bank but as of December 28, 2000 was transferred and is a wholly owned subsidiary of Gold Financial.

CompuNet Engineering, Inc. ("CompuNet"). CompuNet, which was acquired by the Company in March 1999, provides information technology, e-commerce services and networking solutions for banks and other businesses, including the design and implementation of local and wide area networks. CompuNet is a wholly owned subsidiary of the Company with its headquarters in Lenexa, Kansas. CompuNet intends to move its operations to Overland Park, Kansas during the first quarter 2001.

Gold Banc Mortgage, Inc. ("Gold Banc Mortgage"). Gold Banc Mortgage is a residential mortgage banking company with its headquarters in Overland Park, Kansas. Gold Banc Mortgage was formerly named Regional Investment Company, which was acquired by the Company in August 1999, and then contributed to Gold Bank-Kansas on December 16, 1999. At December 28, 2000, Gold Banc Mortgage was transferred to Gold Banc. On October 10, 2000, Gold Banc initiated a corporate reorganization and announced plans to cease its mortgage banking activities through this subsidiary and the 17 states in which it was doing business.

Mergers, Acquisitions and Consolidations During 2000

Kansas Bank Consolidation. On January 5, 2000, the Company consolidated eight subsidiary banks located in the State of Kansas into a single bank operating on a state-wide basis. Citizens State Bank, Seneca, Kansas, Farmers National Bank, Oberlin, Kansas, Farmers State Bank, Sabetha, Kansas, First National Bank in Alma, Kansas, Peoples State Bank, Clay Center, Kansas, Peoples Bank, Colby, Kansas, and First State Bank & Trust, Pittsburg, Kansas, were merged with and into Gold Bank to form Gold Bank-Kansas, with its principal office located in Leawood, Kansas.

CountryBanc Holding Company ("CountryBanc"). On March 2, 2000, the Company acquired CountryBanc, a multi-bank holding company that operated two Oklahoma state banks, Peoples First Bank, Hennessey, Oklahoma, and American Heritage Bank, El Reno, Oklahoma, and one Kansas state bank, Peoples First Bank, Elkhart, Kansas, with a combined total of 21 banking offices in central and western Oklahoma and southern Kansas. As of December 31, 1999, CountryBanc had total assets of approximately $560 million. The Company issued 9,540,000 shares in connection with the acquisition of CountryBanc using the pooling method.

First Business Bancshares of Kansas City, Inc ("First Business Bancshares"). On March 6, 2000, the Company acquired First Business Bancshares, a one bank holding company that owned First Business Bank of Kansas City, N.A. ("First Business Bank"), a national banking association with one banking office in Kansas City, Missouri. Concurrently with the acquisition of First Business Bancshares, First Business Bank was merged with and into Gold Bank-Kansas. As of December 31, 1999, First Business Bancshares had total assets of approximately $124 million. The Company issued 1,552,000 shares in connection with the acquisition of First Business Bancshares using the pooling method.

American Bancshares, Inc. ("American Bancshares"). On March 20, 2000, the Company acquired American Bancshares, a one-bank holding company that operated a Florida state bank with ten banking offices located in western Florida. As of December 31, 1999, American Bancshares had total assets of approximately $460 million. The Company issued 8,319,000 shares in connection with the acquisition of American Bancshares using the pooling method.

Linn County Bank Combination. On March 23, 2000, the Company merged its Kansas subsidiary bank, Linn County Bank ("Linn Bank"), with Gold Bank-Kansas. Linn Bank was designated as the

---

surviving bank, but concurrently changed its name to "Gold Bank." As of December 31, 1999, Linn Bank had total assets of approximately $61 million.

Oklahoma Bank Consolidations. On June 14, 2000, the Company merged its subsidiary Peoples First Bank, Elkhart, Kansas into its subsidiary Peoples First Bank, Hennessey, Oklahoma. On November 10, 2000, the Company consolidated its three banks located in the State of Oklahoma, Peoples First Bank, Hennessey, Oklahoma, Citizens Bank of Tulsa and American Heritage Bank of El Reno, Oklahoma, into a single Oklahoma state bank, and changed the name of the surviving bank to "Gold Bank."

Financial Services Reorganization. On December 28, 2000, the Company reorganized its non-bank financial services subsidiaries into a separate division under Gold Financial Services, Inc. ("Gold Financial"), a newly-created, first-tier subsidiary. The Company contributed to Gold Financial three existing subsidiaries: (a) The Trust Company, a Missouri trust company, which concurrently changed its name to "Gold Trust Company," (b) Midwest Capital Management, Inc., a broker-dealer, which concurrently changed its name to "Gold Capital Management, Inc." and (c) Gold Banc Financial Services, Inc., a Kansas insurance agency, which concurrently changed its name to "Gold Insurance Agency, Inc." Pursuant to the financial services reorganization, the Company formed, as subsidiaries of Gold Financial, Gold Merchant Banc, Inc., a merchant banking company and Gold Investment Advisors, Inc., an investment advisor company. As a result of this reorganization, all five of these financial services companies operate as a direct subsidiary of Gold Financial (and second-tier subsidiaries of the Company).

BUSINESS

Community Banking Strategy

The Company serves the needs and caters to the economic strengths of the metropolitan and county seat centers where the Banks are located. Through the Banks and their employees, the Company strives to provide a high level of personal and professional customer service focusing on commercial banking and assets and wealth management in a community bank setting. Employee participation in community affairs is encouraged in order to build long term banking relationships with established businesses and individual customers in these market areas.

The Company has applied its community banking strategy to the affluent communities in the rapidly developing Johnson County suburbs southwest of Kansas City and the growing Tulsa and Oklahoma City, Oklahoma market areas and will implement the strategy in the higher growth market areas served by the banks acquired during 2000 particularly, in the Oklahoma City, Oklahoma and Bradenton, Florida markets. The Company believes the recent wave of regional bank acquisitions of local banks in those communities and metropolitan areas, and the subsequent conversion of some of those acquired banks to branch locations, has alienated the customers of those locations. This has created an opportunity for the Company to attract and retain as loan customers those owner operated businesses that require flexibility and responsiveness in lending decisions and desire a more personal banking relationship. The Company believes that it has been able to meet these customers' expectations without compromising credit standards. The success of this strategy is reflected in the Company's growth and ability to attract significant levels of non-interest bearing deposits in the suburban communities of Leawood and Shawnee, Kansas and in markets like Tulsa and Oklahoma City, Oklahoma and Bradenton, Florida.

Operating Strategy

The Company's operating strategy is to provide in each of its markets a focused range of financial products and services to small and medium sized businesses and to consumers. The Company emphasizes personal relationships with customers, involvement in local community activities and responsive lending decisions. The Company strives to maintain responsive community banking offices with local decision makers, allowing senior management at each banking location, within certain limitations, to make its own credit and pricing decisions and retaining at each Bank a local identity.

The Company's goals include long term customer relationships, a high quality of service and responsiveness to specific customer needs. The principal elements of the Company's operating strategy are:

Emphasize Personalized Customer Service and Community Involvement. The Company believes that, in most of its market areas, customer loyalty and service are the most important competitive factors. The primary goal is to provide exceptional service in what the customer wants and turning the Gold Banc relationship into "More Than Money" . The Gold Banc focus is to provide commercial banking and wealth management in such a manner to be the "Financial Services Company of Choice." The Banks' management and other employees participate actively in a wide variety of community activities and organizations in order to develop and maintain customer relationships. The Banks seek to retain and recruit the best available banking talent to deliver the quality of personal banking services required to meet customer expectations and to permit the Company to meet its goals for long term profitable growth.

Capitalize on Changing Market Conditions. The Company's management continually monitors economic developments in its market areas in order to tailor its operations to the evolving strengths and needs of the local communities. For example, Gold Bank of Kansas has opened service locations in the high growth areas of the Kansas City area to fill the void of community banks that management believes has been created by the recent transaction activity of regional banking institutions. Gold Bank-Oklahoma is presently opening a facility in northwestern Oklahoma City in a high growth area. Florida's market area is a strong market for commercial banking and wealth management services.

Centralize and Streamline Operations to Achieve Economies. In order to minimize duplication of functions, the Company has centralized certain management and administrative functions, including data processing, human resources, internal audit, loan review and regulatory administration. These initiatives can be demonstrated through (a) the consolidation of both the Kansas and Oklahoma banking charters effective January 5, 2000 and November 10, 2000, respectively, (b) the ongoing centralization of operations at the Overland Park location of the technology center and Gold Capital, and (c) a Company-wide scheduled conversion to a common data processing platform during the 2nd and 3rd quarters of 2001. Such centralization will reduce operating expenses and enable Bank personnel to focus on customer service and community involvement. The Company believes it has the personnel necessary to make implementation of these operating efficiencies possible. The Company also provides overall direction in areas of budgets, asset/liability and investment portfolio management.

Acquisition/Growth Strategy

Transactions. Management believes that the Company is well positioned to acquire and profitably operate community banks because of its experience in operating community banks, its ability to provide centralized management assistance to those banks and its access to capital. Management of the Company believes there are owners of community banks who may be willing to sell their banks in the future for, among other reasons, stockholder liquidity, to diversify their own investment portfolios, lack of family successor operators and the burden of compliance with bank regulations. In addition, management believes there are individual community bank owners in the targeted regions who are interested in selling their banks to an organization that has a strong capital base and management that has demonstrated a commitment to maintaining local bank identity. The Company's goal is to acquire banks with strong existing management such that the Company's strategies can be implemented while retaining the individual identity of the banks through the continuation of the existing management and local decision makers.

Internal Growth. The recent wave of regional bank acquisitions of community banks in the Midwest has created what management of the Company perceives to be a void in the community banking market. It is management's belief that it has been the practice of regional banking institutions to convert the banks they acquire into branches of the acquiring institution without the retention of local decision making. Management of the Company believes this practice detracts from the delivery of quality personalized services to the existing customer base of those branches. Management of the Company believes its branching activities are distinguished from those of regional banking institutions by the high degree of autonomy given each branch location.

The Company's expansion activity also has allowed it to diversify its loan portfolio. Further, due to heavy residential and small business development, the loan demand in the suburban Johnson County communities, as well as in southeastern Tulsa, Oklahoma, Oklahoma City, Oklahoma and Bradenton/Sarasota, Florida, is greater than that experienced in the Company's rural market areas.

Lending Activities

General. The Company strives to provide in each market area it serves a full range of financial products and services to small and medium sized businesses and to consumers. The Company targets owner operated businesses and emphasizes the use of Small Business Administration and Farm Services Administration lending. The Banks participate in credits originated within the organization but generally do not participate in loans from non-affiliated lenders. Each Bank has an established loan committee which has authority to approve credits, within established guidelines. Concentrations in excess of those guidelines must be approved by an executive loan committee comprised of the Chief Executive Officer and a Vice President of the Company and the local Bank's president and senior lending officer. When lending to an entity, the Company generally obtains a guaranty from the principals of the entity. The loan mix within the individual Banks is subject to the discretion of the Bank's board of directors and the demands of the local marketplace.

Residential loans are priced consistently with the secondary market, and commercial and consumer loans generally are issued at or above the prime rate. The Company has no potential negative amortization loans. The following is a brief description of each major category of the Company's lending activity.

Real Estate Lending. Commercial, residential and agricultural real estate loans represent the largest class of loans of the Company. As of December 31, 2000, real estate and real estate construction loans totaled $903.2 million and $188.1 million, respectively or 46.4% and 9.67% of all loans, respectively. Commercial loans at December 31, 2000 made up approximately 22.1% of loans, followed by one to four family residential 19.2%, and agricultural 5.1%. Generally, residential loans are written on a variable rate basis with adjustment periods of five years or less and amortized over either 15 or 30 years. The Company retains in its portfolio some adjustable rate mortgages having an adjustment period of five years or less. Agricultural and commercial real estate loans are amortized over 15 or 20 years. The Company also generates long term fixed rate residential real estate loans which it sells in the secondary market. The Company takes a security interest in the real estate. Commercial real estate, construction and agricultural real estate loans are generally limited, by policy, to 80% of the appraised value of the property. Commercial real estate and agricultural real estate loans also are supported by an analysis demonstrating the borrower's ability to repay. Residential loans that exceed 80% of the appraised value of the real estate generally are required, by policy, to be supported by private mortgage insurance, although on occasion the Company will retain non-conforming residential loans to known customers at premium pricing.

Commercial Lending. Loans in this category principally include loans to service, retail, wholesale and light manufacturing businesses, including agricultural service businesses. Commercial loans are made based on the financial strength and repayment ability of the borrower, as well as the collateral securing the loans. As of December 31, 2000, commercial loans represented the second largest class of loans at $535.3 million, or 27.5% of total loans. The Company targets owner operated businesses as its customers and makes lending decisions based upon a cash flow analysis of the borrower as well as the accounts receivable, inventory and equipment of the borrower. Accounts receivable loans and loans for inventory purchases are generally of a one year renewable term and those for equipment generally have a term of seven years or less. The Company generally takes a blanket security interest in all assets of the borrower. Equipment loans are generally limited to 75% of the cost or appraised value of the equipment. Inventory loans are limited to 50% of the value of the inventory, and accounts receivable loans are limited to 75% of a predetermined eligible base. Each of the Banks is approved to make loans under the Small Business Administration program.

Consumer and Other Lending. Loans classified as consumer and other loans include automobile, credit card, boat, home improvement and home equity loans, the latter two secured principally through second mortgages. The Company generally takes a purchase money security interest in goods for which it provides 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, 2000, consumer and other loans amounted to $116.9 million, or 6.0% of total loans. The Company implemented a credit card program in late 1994 and targeted the Banks' existing customer base as potential consumers. As of December 31, 2000, the Company had issued 5,300 cards having an aggregate outstanding balance of $3.3 million. The Company has not marketed credit cards other than to existing customers.

Agricultural Lending. The Company 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 $202.7 million as of December 31, 2000, or 10.42% of total loans. Farm product loans have generally a one year term and machinery and equipment and breeding livestock loans generally have five to seven year terms. Extension of credit is based upon the ability to repay, as well as the existence of federal guarantees and crop insurance coverage. Farm Credit Services guarantees are pursued wherever possible. Gold Bank holds a "Preferred Lender Status" from the Farm Credit Services, a guarantee program similar to the Small Business Administration, that minimizes the credit exposure of the Banks through partial transfer of the credit risk to the federal government. Preferred Lender Status expedites the processing of loan applications. These loans are generally secured by a blanket lien on livestock, equipment, feed, hay, grain and growing crops. Equipment and breeding livestock loans are limited to 75% of appraised value.

Loan Origination and Processing

Loan originations are derived from a number of sources. Residential loan originations result from real estate broker referrals, mortgage loan brokers, direct solicitation by the Banks' loan officers, present savers and borrowers, builders, attorneys, walk in customers and, in some instances, other lenders. Residential loan applications, whether originated through the Banks or through mortgage brokers, are underwritten and closed based on the same standards, which generally meet FNMA underwriting guidelines. Consumer and commercial real estate loan originations emanate from many of the same sources. The average loan is less than $500,000. From time to time, loans may be participated among the Banks.

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

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

Mortgage Banking Operations

The Company, through Gold Bank-Kansas, Gold Bank-Oklahoma, American Bank, Gold Banc Mortgage and Provident Bank, is engaged in the production of residential mortgages.

Gold Banc Mortgage. Gold Banc Mortgage is a full service mortgage origination company. Its primary business involves the origination of residential mortgage loans through the Company's community banking locations. Effective October 10, 2000, the Company announced that they would terminate the mortgage banking operations performed by Gold Banc Mortgage. Each of the banks, however, will continue to originate residential mortgage loans in their respective market areas, and will generally be sold servicing-released. Income is generated from origination fees and gain on sale of loans.

Provident Bank. Provident Bank is a federally-chartered savings bank. It originates residential mortgage loans primarily in Buchanan County, Missouri. Over 95% of its loans are sold servicing-released. All residential mortgage loans are sold on an individual basis and are locked with the investor promptly upon origination. Historically, loans were sold to three or four primary investors, and origination, processing, underwriting, closing and shipping functions were performed by Provident Bank.

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

Brokerage Services

The Company provides securities brokerage and investment management services through Gold Capital, a wholly owned subsidiary, which operates as a broker dealer in securities. Customers consist primarily of financial institutions located throughout the United States, with concentrations in the Midwestern section of the United States. Gold Capital manages a wide variety of stock, bond and money market portfolios for clients which currently include a significant number of commercial banks located primarily in Kansas, Missouri, Oklahoma, Nebraska and Iowa, as well as trusts, pension plans, insurance companies, commercial businesses, government entities, foundations and high net worth individuals. Gold Capital is registered with the National Association of Securities Dealers as a broker/ dealer and investment advisor.

Trust Services

The Company provides trust services, primarily to individuals, corporations and employee benefit plans, through Gold Trust Company, a Missouri chartered trust company and wholly-owned non-bank subsidiary.

Merchant Banking

The Company engages in merchant banking activities, as authorized for financial holding companies, through Gold Merchant Banc, Inc., a Kansas corporation and a wholly-owned non-bank subsidiary.

Investment Advisory Services

The Company plans to provide investment advisory services through Gold Investment Advisors, Inc., a Kansas corporation and a wholly-owned non-bank subsidiary, which is in the process of hiring staff and obtaining proper licensing.

Technology and E-Commerce Services

The Company provides technology and e-commerce services through CompuNet Engineering and the Gold Bank Technology Center. The Technology Center provides consolidated core and backoffice processing, including the electronic storage of checks and statements and the preparation of imaged statements, for the Kansas and Missouri banks, on-line banking support, a Call Center currently serving

the Kansas City metropolitan area, internet access and electronic mail, as well as the gateway for all intra-company electronic communications, twenty-four hour, seven-day-a-week telephone banking and an internet firewall for the Gold Banc wide area network. CompuNet designs and implements scaleable local and wide area networking solutions utilizing the products of Microsoft, Novell, Cisco and Citrix, among others, for Gold Banc as well as other bank and non-bank clients, providing network and PC service support on a twenty-four hour per day, seven-day-per-week basis. Additional services provided by CompuNet include the design and implementation of voice-over IP (internet) solutions and consulting design and implementation of wireless networking solutions.

Insurance Services

The Company also provides insurance agency services through Gold Insurance, a wholly owned subsidiary. Insurance products provide an opportunity to strengthen and develop relationships with customers, and furthers the Company's objective of becoming a complete financial services provider.

Investment Portfolio

The Banks' investment portfolio is used to meet the Banks' liquidity needs while endeavoring to maximize investment income. Additionally, management augments the quality of the loan portfolio by maintaining a high quality investment portfolio oriented toward U.S. government and

U.S. government agency securities. The portfolio is comprised of U.S. Treasury securities, U.S. government agency instruments and a modest amount of investment grade obligations of state and political subdivisions. In managing its interest rate exposure, the Company also invests in mortgage backed securities and collateralized mortgage obligations. Federal funds sold and certificates of deposit are additional investments that are not classified as investment securities. Investment securities were $525.9 million, or 19.4% of total assets, at December 31, 2000.

Deposits and Borrowings

Deposits are the major source of the Banks' funds for lending and other investment purposes. In addition to deposits, including local public fund deposits and demand deposits of commercial customers, the Banks derive funds from loan principal repayments, maturing investments, Federal Funds borrowings from commercial banks, borrowings from the Federal Reserve Bank of Kansas City and the Federal Home Loan Bank ("FHLB") and from repurchase agreements. Loan repayments and maturing investments are a relatively stable source of funds, while deposit inflows are significantly influenced by general interest rates and money market conditions. Borrowings may be used on a short term basis to compensate for reductions in the availability of funds from other sources. They also may be used on a long term basis for funding specific loan transactions and for general business purposes.

The Banks offer a variety of accounts for depositors designed to attract both short term and long term deposits. These accounts include certificates of deposit savings accounts, money market accounts, checking and individual retirement accounts. Deposit accounts generally earn interest at rates established by management based on competitive market factors and management's desire to increase or decrease certain types or maturities of deposits. The Company has not sought brokered deposits and does not intend to do so in the future.

Competition

The deregulation of the banking industry, the widespread enactment of state laws permitting multi-bank holding companies, and the availability of nationwide interstate banking has created a highly competitive environment for financial services providers, particularly for institutions in suburban areas, such as Gold Bank's Shawnee and Leawood locations, Gold Bank of Oklahoma's Tulsa and Oklahoma City locations and American Bank's Bradenton/Sarasota locations. These locations compete 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 these locations do not currently provide. In addition, some of the non-bank competitors are not subject to the same extensive federal regulations that govern these locations.

Management believes the Banks have generally been able to compete successfully in their respective communities because of the Company's emphasis on local control and the autonomy of Bank management, allowing the Banks to meet what is perceived to be the preference of community residents and businesses to deal with "local" banks. While management believes the Banks will continue to compete successfully in their communities, there is no assurance future competition will not adversely affect the Banks' earnings.

Executive Officers of the Company

The executive officers of the Company are as set forth below.

Name	Age	Principal Occupation and Five Year Employment History
Michael W. Gullion	46	Mr. Gullion has served as Chairman of the Board of Directors and Chief Executive Officer of the Company since its inception and served as the Company's President until February 10, 1999.
Malcolm M. Aslin	53	Mr. Aslin was appointed to the Board of Directors on February 11, 1999. He has served as President and Chief Operating Officer of the Company since February 10, 1999. From October 1995 until February 10, 1999, Mr. Aslin

		served as (a) Chairman of the Board of Western National Bank and Unison Bancorporation, Inc. in Lenexa, Kansas and (b) Chairman and Managing Director of CompuNet Engineering, L.L.C., a Lenexa, Kansas computer service business the Company acquired in February 1999. From May 1994 until May 1995 Mr. Aslin served as President of Langley Optical Company, Inc., a wholesale optical laboratory located in Lenexa, Kansas. Prior to purchasing Langley Optical Company, Mr. Aslin spent more than 22 years in various positions with UMB Banks and United Missouri Financial Corporation, including President, Chief Operating Officer and Director of United Missouri Bancshares, Inc. and President and Director of UMB's Kansas City bank, United Missouri Bank of Kansas City, N.A.
Keith E. Bouchey	50	Mr. Bouchey was elected to the Board of Directors of the Company on May 30, 1996. He served as the Executive Vice President, Chief Financial Officer and Corporate Secretary of the Company since joining the Company in November 1995 until July 7, 1999. He now serves as Executive Vice President and Corporate Secretary. Prior to joining the Company, Mr. Bouchey had been, since August 1977, a principal of GRA, Thompson, White & Company, P.C., a regional bank accounting and consulting firm, where he served on the executive committee and as the managing director of the firm's regulatory services practice.
Joseph F. Smith	52	Mr. Smith has served as Executive Vice President and Chief Technology Officer of the Company since February 10, 1999. Mr. Smith also serves as a director of Centurion Funds, Inc., a Phoenix, Arizona mutual fund family advised by Centurion Trust Company. From October 1995 until February 10, 1999, Mr. Smith served as President and Chief Operating Officer of CompuNet Engineering, L.L.C., a Lenexa, Kansas computer service business that the Company acquired in February 1999. From August 1993 until May 1995 Mr. Smith served as a director and Executive Vice President of Investors Fiduciary Trust Company, located in Kansas City Missouri. Prior to joining Investors Fiduciary Trust Company, Mr. Smith spent more than 26 years in various management and operational positions with UMB Bank, including Executive Vice President and an advisory director of UMB's Kansas City bank, United Missouri Bank of Kansas City, N.A.

John R. Price	44	Mr. Price is Executive Vice President Credit Administration for the Company. He has served as a Senior Vice President and Senior Commercial Loan Officer of the lead bank since November 1992. In his present capacity, he serves as a member of each subsidiary bank's loan committee and monitors all aspects of the Company's credit risk. Prior to joining the Company, Mr. Price was employed by the Farmers Home Administration Division of the United States Department of Agriculture, where he served as the Kansas State Director since November 1989.
Rick J. Tremblay	49	Mr. Tremblay served as Senior Vice President and Chief Financial Officer since December 18, 2000 for the

Company. He was previously a Vice President and Controller at UMB Financial Corporation and UMB, N.A., Kansas City, Missouri for almost four years. Mr. Tremblay was also employed as Vice President and Controller for Simmons First National Corporation and Simmons First National Bank of Pine Bluff, Arkansas for fourteen years.

Employees

The Company maintains a corporate staff of 19 persons. At December 31, 2000, the Banks and non-bank subsidiaries had 908 full time equivalent employees. None of the employees of the Company, the Banks or the non-bank subsidiaries are covered by a collective bargaining agreement. The Company, the Banks and the non-bank subsidiaries believe their employee relations are good.

SUPERVISION AND REGULATION

Regulation Applicable to Bank Holding Companies

General. The Company is a registered bank holding company within the meaning of the Bank Holding Company Act, subject to the supervision of the Federal Reserve Board. The Company is required to file with the Federal Reserve Board an annual report and such other additional information as the Federal Reserve Board may require pursuant to the Bank Holding Company Act. Also, the Federal Reserve Board periodically examines the Company. The Federal Reserve Board has authority to issue cease and desist orders against bank holding companies if it determines that that their actions represent unsafe and unsound practices or violations of law. In addition, the Federal Reserve Board is empowered to impose substantial civil money penalties for violations of certain banking statutes and regulations. Regulation by the Federal Reserve Board is intended to protect depositors of the Banks, not shareholders of the Company.

Source of Strength. Federal Reserve Board policy requires a bank holding company to serve as a source of financial and managerial strength to its subsidiary banks. Under this policy, 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 which it can commit to its subsidiary banks. It is the Federal Reserve Board's position that the failure of a bank holding company to serve as a source of strength to a distressed subsidiary bank is an unsafe and unsound banking practice. This has become known as the "source of strength doctrine." It is not clear whether the source of strength doctrine is legally enforceable by the Federal Reserve Board.

Limitation on Acquisitions. The Bank Holding Company Act requires every bank holding company to obtain the prior approval of the Federal Reserve Board before (a) taking any action that

---

causes a bank to become a controlled subsidiary of the bank holding company, (b) acquiring direct or indirect ownership or control of voting shares of any bank or bank holding company, if the acquisition results in the acquiring bank holding company having control of more than 5% of the outstanding shares of any class of voting securities of such bank or holding company and such bank or bank holding company is not majority-owned by the acquiring bank holding company prior to the acquisition, (c) the acquisition by a bank holding company or any non-bank subsidiary thereof of all or substantially all of the assets of a bank, or (d) a merger or consolidation with another bank holding company.

In determining whether to approve a proposed acquisition, merger or consolidation, the Federal Reserve Board is required to take into account the competitive effects of the proposed acquisition, the convenience and needs of the community to be served, and the financial and managerial resources and future prospects of the bank holding company and banks concerned. If a proposed acquisition, merger or consolidation might have the effect in any section of the United States to substantially lessen competition or to tend to create a monopoly, or if such proposed acquisition, merger, or consolidation otherwise would be in restraint of trade, then the Federal Reserve Board may not approve it unless it finds that the anticompetitive effects are clearly outweighed in the public interest by the probable effect of the proposed transaction in meeting the convenience and needs of the community to be served. The Company may from time to time acquire an interest in the voting stock or assets of other banks or financial institutions.

Limitation on Certain Activities. The Bank Holding Company Act also prohibits a bank holding company, with certain exceptions, from engaging in, and from acquiring direct or indirect ownership or control of the voting shares or assets of any company engaged in, any activity other than banking or managing or controlling banks, and any activity which the Federal Reserve Board has determined before November 12, 1999 to be so closely related to banking, or managing or controlling banks, as to be a proper incident thereto.

As of November 11, 1999, the Federal Reserve Board, by regulation, has determined that, subject to expressed limitations, certain activities are permissible for bank holding companies and their subsidiaries and may be engaged in upon notice to the Federal Reserve Board without prior approval. These permissible activities include furnishing or providing services for the internal operations of the bank holding company and its subsidiaries, operating a safe deposit business, making and servicing loans, operating an industrial bank, performing certain trust company functions, acting as an investment or financial advisor in certain capacities, leasing certain real or personal property, making certain investments to promote community development, providing certain data processing services, performing certain insurance agency and underwriting functions, owning, controlling and operating a savings association, providing specified courier services, providing management consulting advice to nonaffiliated banks and non-bank depository institutions, selling certain money orders, United States savings bonds and traveler's checks, performing appraisals of real and personal property, arranging certain commercial real estate equity financing, providing securities brokerage services, underwriting and dealing in certain government obligations and money market instruments, providing foreign exchange advisory and transactional services, acting as a futures commission merchant, providing investment advice on financial futures and options on futures, providing consumer financial counseling, providing tax planning and preparation services, providing certain check guaranty services, operating a collection agency and operating a credit bureau.

The Federal Reserve Board also has determined that certain other activities, including real estate brokerage and syndication, land development, property management, management consulting, underwriting of life insurance not sold in connection with a credit transaction, and insurance premium funding, are improper activities for bank holding companies and their subsidiaries. Under the Gramm-Leach-Bliley Act (the "GLB Act"), which was enacted on November 12, 1999, the Federal Reserve Board is prohibited from approving new kinds of activities to be permissible for a bank holding company unless the bank holding company has elected to be a financial holding company. Certain bank holding companies and their subsidiaries possess "grandfather rights" giving them authority to engage in one or more of the activities which are not generally permissible because they were engaged in such activities prior to the adoption of legislation restricting such activities.

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 (or reasonably anticipated to be 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. Liability under such cross-guaranty would be junior to deposit liabilities and most secured obligations, but senior to obligations to shareholders and most obligations to affiliates. The FDIC has authority to prospectively waive the cross-guaranty provision. As of December 31, 2000, the Company had three bank subsidiaries (Gold Bank-Kansas, Gold Bank-Oklahoma and American Bank) and one federal savings bank subsidiary (Provident Bank).

A bank holding company and its subsidiaries are prohibited from engaging in certain tie-in arrangements in connection with the extension of credit or the lease or sale of any property or the furnishing of services. Subsidiary banks and savings associations of a bank holding company are also subject to certain restrictions imposed by the Federal Reserve Act on any extensions of credit to the bank holding company or any of its subsidiaries, or investment in the stock or other securities thereof, and on the taking of such stocks or securities as collateral for loans.

Activities of a Financial Holding Company. Under the GLB Act, a bank holding company that elects to be a financial holding company may engage in a wider range of financial activities than a bank holding company that does not make such an election. Effective March 11, 2000, the GLB Act (a) terminates the restrictions of the Bank Holding Company Act that prohibit banks from affiliating with insurance companies, (b) terminates the restrictions of the Glass-Steagall Act that prohibit affiliates of banks from conducting certain securities underwriting activities, and (c) permits bank holding companies to conduct other activities that the Federal Reserve Board and the United States Department of Treasury ("Treasury") determine to be financial in nature or incidental to a financial activity or the Federal Reserve Board determines to be complementary to a financial activity. On December 19, 2000, the Federal Reserve Board promulgated a regulation permitting a financial holding company to act as a "finder," which is the activity of bringing together one or more buyers and sellers of any product or service for transactions that the parties themselves negotiate and consummate.

To engage in the newly authorized financial activities, a bank holding company must elect to become a financial holding company. The bank holding company may make such an election by filing with the Federal Reserve Board (1) a declaration that the company elects to be a financial holding company to engage in Fed-approved financial activities or to acquire a company that engages in such activities, and (2) a certification, based upon the most recent regulatory examinations, that each of the bank holding company's insured depository institutions is well-capitalized and well-managed. Furthermore, each of the insured depository institutions must be rated "satisfactory" in its latest Community Reinvestment Act examination.

The non-bank subsidiaries of a financial holding company may engage in pre-approved financial activities, which include the underwriting of all types of insurance and annuity products, the underwriting of all types of securities products and mutual funds, merchant banking activities, full-service insurance agency activities and operating a travel agency. A financial holding company may conduct any of these activities, so long as the financial holding company notifies the Federal Reserve Board within 30 days after the financial holding company commences such activities or acquires a company that engages in such activities. A financial holding company does not need to file a formal application with or obtain prior approval from the Federal Reserve Board to conduct such activities.

If a financial holding company wishes to engage in activities that are "financial in nature or incidental to a financial activity" but not yet specifically authorized by the Federal Reserve Board, the financial holding company must file an application with the Federal Reserve Board. If both the Federal Reserve Board and Treasury approve the application, the financial holding company may commence the new activity. The Federal Reserve Board may also approve a new activity that is complementary to a financial activity, but the financial holding company must make an additional showing that the activity does not pose a substantial risk to the safety and soundness of depository institutions or the financial system generally.

A bank holding company that does not elect to become a financial holding company may remain a bank holding company. A bank holding company's regulatory requirements remain substantially the same, with two exceptions. First, the bank holding company and its subsidiaries will be subject to new customer privacy regulations, which will become effective on July 1, 2001. Second, a bank that engages in securities brokerage activities may be required, under certain circumstances, to move its securities brokerage activities to a subsidiary or non-bank affiliate that is a broker-dealer registered with the NASD.

Regulatory Capital Requirements. The Federal Reserve Board has promulgated "capital adequacy guidelines" for use in its examination and supervision of bank holding companies. A holding company's ability to pay dividends and expand its business through the acquisition of new banking subsidiaries can be restricted if its capital falls below levels established by these guidelines. In addition, holding companies whose capital falls below specified levels can be required to implement a plan to increase capital.

The Federal Reserve Board's capital adequacy guidelines provide for the following types of capital: Tier 1 capital (also referred to as core capital), Tier 2 capital (also referred to as supplementary capital), Tier 3 capital (consisting of short-term subordinated debt that meets certain conditions and used only in the measure of market risk, as discussed below) and Total capital. A bank holding company's Tier 1 capital generally includes the following elements: common shareholders' equity, qualifying noncumulative perpetual preferred stock and related surplus, qualifying cumulative perpetual preferred stock and related surplus (limited to a maximum of 25% of Tier 1 capital elements) and minority interests in the equity accounts of consolidated subsidiaries. Goodwill is generally excluded from Tier 1 capital. Most intangible assets are also deducted from Tier 1 capital. A bank holding company's Tier 2 capital generally includes allowances for loan and lease losses (limited to 1.25% of risk-weighted assets), most perpetual preferred stock and any related surplus (noncumulative and cumulative, without percentage limits), certain hybrid capital instruments, perpetual debt and mandatory convertible debt securities, and certain intermediate-term preferred stock and intermediate-term subordinated debt instruments (to a maximum of 50% of Tier 1 capital excluding goodwill, but phased-out as the instrument matures). The maximum amount of supplementary capital that qualifies as Tier 2 capital is limited to 100% of Tier 1 capital (net of goodwill). For purposes of calculating the total risk-based capital ratio, Total capital generally includes Tier 1 capital, *plus* qualifying Tier 2 capital, *minus* investments in unconsolidated subsidiaries, reciprocal holdings of bank holding company capital securities, certain deferred tax assets and other deductions as determined by the Federal Reserve Board.

The Federal Reserve Board issued a regulation effective on October 1, 1998 which increases the amount of intangible assets which may be included in Tier 1 capital. Under the regulation, mortgage servicing rights ("MSRs"), non-mortgage servicing assets ("NMSAs") and purchased credit card relationships ("PCCRs") are included in Tier 1 capital to the extent that, in the aggregate, they do not exceed 100% of Tier 1 capital and, to the further extent that PCCRs and NMSAs, in the aggregate, do not exceed 25% of Tier 1 capital. MSRs and PCCRs in excess of these limits, as well as core deposit intangibles ("CDI") and all other identified intangible assets, must be deducted in determining Tier 1 capital.

Effective October 1, 1998, the Federal Reserve Board amended its capital adequacy guidelines to permit bank holding companies to include as part of Tier 2 capital up to 45 percent of the pretax net unrealized holding gains on available-for-sale equity securities.

The Federal Reserve Board's capital adequacy guidelines require a bank holding company to satisfy a Tier 1 Leverage Ratio, a total risk-based capital ratio and a Tier 1 risk-based capital ratio. Under the Tier 1 Leverage Ratio capital guideline, a bank holding company must have and maintain Tier 1 capital in an amount equal to at least 3.0% of its average total consolidated assets. In general, average total consolidated assets means the quarterly average total assets (net of the allowance for loan and lease losses) reported on a bank holding company's Consolidated Financial Statements (FR Y-9C Report), *minus* goodwill and any other intangible assets or investments in subsidiaries which are

deducted from Tier 1 capital. The 3.0% minimum Tier 1 Leverage Ratio is considered the absolute minimum amount of Tier 1 capital which the most highly rated bank holding companies (those rated composite 1 under the BOPEC rating system for bank holding companies) or those bank holding companies that have implemented the risk-based capital market risk measure set forth in the Federal Reserve Board's capital adequacy guidelines are required to maintain. All other bank holding companies must maintain a minimum Tier 1 Leverage Ratio of 4.0%.

Under the Federal Reserve Board's capital adequacy guidelines, a bank holding company must have and maintain a ratio of Total capital to risk-weighted assets of 8.00%, and a ratio of Tier 1 capital to risk-weighted assets of 4%. The amount of a bank holding company's risk-weighted assets is determined by multiplying the balance sheet amount of each of the bank holding company's consolidated assets by a specified risk-weight factor of 0%, 20%, 50% or 100%, in accordance with the relative risk level of the asset. In determining risk-weighted assets, off-balance sheet items, such as standby letters of credit, are converted to an on-balance sheet credit equivalent amount by multiplying the face amount of the off-balance sheet item by a credit conversion factor of 0%, 20%, 50% or 100%, in accordance with the probability that the off-balance sheet item will become a credit extended by the bank holding company. In general, intangible assets and other assets which are deducted in determining Tier 1 capital and Total capital may also be excluded from risk-weighted assets.

The Federal Reserve Board has proposed to permit portions of claims (including repurchase agreements) collateralized by cash on deposit with the lending institution or by securities issued or guaranteed by the U.S. Treasury, U.S. government agencies, or the central governments in other OECD countries to be eligible for a zero percent risk weight. The effect of this proposal is to allow banks and bank holding companies to hold less capital for these types of collateralized transactions.

Under the Federal Reserve Board's market risk rules, an institution with significant trading activities must measure and hold capital for exposure to general market risk arising from fluctuations in interest rates, equity prices, foreign exchange rates and commodity prices and exposure to specific risk associated with debt and equity positions in the trading portfolio. This regulation applies to any bank holding company (a) whose trading activity equals 10% or more of its total assets or (b) whose trading activity equals $1 billion or more. General market risk refers to changes in the market value of on-balance sheet assets and off-balance sheet items resulting from broad market movements. Specific risk refers to changes in the market value of individual positions due to factors other than broad market movements and includes such risks as the credit risk of an instrument's issuer. Under the Federal Reserve Board's rules, an institution must measure its general market risk using its internal risk measurement model to calculate a "value-at-risk" based capital charge. An institution must also measure its specific risk either through a valid internal model or by a so-called standardized approach. The standardized approach for the measurement of specific risk uses a risk-weighing process developed by the Federal Reserve Board which categorizes individual instruments and then assesses a fixed capital charge. Until September 1997, an institution that used an internal model to measure specific risk, rather than the standardized approach, was required to hold capital for specific risk at least equal to 50 percent of the specific risk charge calculated when using the standardized approach (the minimum specific risk charge). If that portion of an institution's "value-at-risk" capital charge which was attributable to specific risk did not equal the minimum specific risk charge, the institution was subject to additional charges to make up for such difference. In September 1997, the Federal Reserve Board has eliminated the use of the minimum specific risk charge and consequently, the need for a dual calculation if an institution uses its internal model to measure specific risk. Therefore, an institution using a valid internal model to measure specific risk may use the "value-at-risk" measures generated by its model without being required to compare the model-generated risk charge to the minimum specific risk charge as calculated under the standardized approach.

The regulation supplements the existing credit risk-based capital standards by requiring an affected institution to adjust its risk-based capital ratio to reflect market risk. In measuring market risk, institutions may use Tier 3 capital to meet the market risk capital requirements. Tier 3 capital is subordinated debt that is unsecured, fully paid up, has an original maturity of at least 2 years, is not redeemable before maturity without the prior approval of the institution's supervisor, is subject to a

---

lock-in clause that prevents the issuer from repaying the debt even at maturity if the issuer's capital ratio is, or with repayment, would become, less than the minimum 8% risk-based capital ratio, and does not contain and is not covered by any covenants, terms or restrictions that may be inconsistent with safe and sound banking practices.

On December 31, 2000, the Company was in compliance with all of the Federal Reserve Board's capital guidelines. On such date, the Company had a Tier 1 leverage ratio of 7.16% (compared with a minimum requirement of 4%), a ratio of total capital to risk-weighted assets of 11.41% (compared with a minimum requirement of 8%) and a ratio of Tier 1 capital to risk-weighted assets of 8.92% (compared with a minimum requirement of 4%).

Interstate Banking and Branching. Under the Riegle-Neal Interstate Banking and Branching Efficiency Act of 1994 (the "Riegle-Neal Act"), bank holding companies are 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 Federal Reserve Board, however, may 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.

Under the Riegle-Neal Act, individual states may restrict interstate acquisitions in two ways. First, 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). Second, a state may establish limits on the total amount of insured deposits within the state which are controlled by a single bank holding company (a "deposit cap"), provided that such deposit limit does not discriminate against out-of-state bank holding companies.

The Riegle-Neal Act now permits affiliated banks in different states to act as agents for each other for purposes of receiving deposits, renewing time deposits, closing loans, servicing loans and receiving payments on loans and other obligations. A bank acting as an agent for an affiliated bank is not considered a branch of the affiliated bank.

Beginning on June 1, 1997, the Riegle-Neal Act authorized interstate branching by a merger of banks with different home states which results in a single bank with branches in both states. The Riegle-Neal Act gave states the right to "opt out" and prohibit interstate mergers by passing legislation before June 1, 1997 that expressly prohibits all merger transactions with out-of-state banks. The Riegle-Neal Act also gave states the right to "opt in" and authorize early interstate mergers by passing legislation that expressly permits interstate merger transactions with all out-of-state banks. The Riegle-Neal Act authorized banks to establish and operate de novo branches in a state (other than the bank's home state) only if the host state "opts in" to authorize de novo interstate banking by passing legislation that expressly permits all out-of-state banks to establish de novo branches in the state. As of June 1, 1997 approximately 44 states acted on the Riegle-Neal Act. As of June 1, 1997, only two states, Texas and Montana, opted out. Two states contiguous with Kansas' borders, Nebraska and Oklahoma, affirmatively "opted-in." Neither Kansas, Colorado nor Missouri acted by June 1, 1997 to "opt-in" or "opt-out." Therefore, interstate branching of banks by merger is now permitted in Kansas and its contiguous states.

Effective October 10, 1997, the Riegle-Neal Act prohibits any bank from establishing or acquiring a branch or branches outside its home state primarily for the purpose of deposit production. An interstate branch must reasonably help meet the credit needs of the communities served as determined by a loan-to-deposit ratio screen. The FDIC and other banking agencies, under the final rule, will determine a bank's total loan-to-deposit ratio for all branches opened in a particular state one year or more after the bank has established an interstate branch. If the ratio is less than 50 percent of the average loan-to-deposit ratio for all banks headquartered in that state, the banking regulators will try to determine whether the branches are making a "reasonable" effort to meet the needs of the community served in that state by using six mitigating factors. The agencies may impose sanctions on institutions found not to meet the community credit needs. The regulators may require the bank to close branches

in the state where it has a low loan-to deposit ratio, and may prohibit the bank from opening any new branches unless the institution assures the agencies that it will attempt to meet those credit needs.

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

Regulation Applicable to the Banks

General. As a Kansas state member bank, Gold Bank-Kansas is subject to regulation and examination primarily by the Kansas State Bank Commissioner and the Federal Reserve Board, and is also regulated by the FDIC. As an Oklahoma state member bank, Gold Bank-Oklahoma is subject to regulation and examination primarily by the Oklahoma State Banking Department and the Federal Reserve Board, and are also regulated by the FDIC. As a Florida state non-member bank, American Bank is subject to regulation and examination primarily by the Florida Department of Banking and Finance and the FDIC. As a federal savings bank, Provident Bank is subject to the regulation and examination primarily by the OTS, and is also regulated by the FDIC. Regulation by these agencies is designed to protect bank depositors rather than our shareholders. Each of the Federal Reserve Board, the FDIC and the OTS has the authority to issue cease and desist orders if it determines that activities of any of our subsidiary Banks represents unsafe and unsound banking practices or violations of law. In addition, the Federal Reserve Board, the FDIC and the OTS are empowered to impose substantial civil money penalties for violations of banking statutes and regulations.

Regulatory Capital Requirements. The Federal Reserve Board, the FDIC, and the OTS have adopted minimum capital requirements applicable to state member banks, state non-member banks, and federal savings banks, respectively, which are substantially similar to the capital adequacy guidelines established by the Federal Reserve Board for bank holding companies. There are, however, technical differences in the methodologies used to calculate the capital ratios.

On December 31, 2000, each of the Banks was in compliance with its federal banking agency's minimum capital requirements. The capital ratios of each of the Banks as of December 31, 2000 is shown on the chart below.

Subsidiary Bank	Tier I Leverage Ratio	Tier I Risk-Based Capital Ratio	Total Risk-Based Capital Ratio
Gold Bank-Kansas	8.18%	10.67%	11.80%
Gold Bank-Oklahoma	7.47%	9.69%	10.94%
American Bank	7.80%	10.74%	11.99%
Provident Bank	9.35%	14.30%	15.56%

Classification of Banks. Federal banking laws classify financial institutions in one of the following five categories, depending upon the amount of their capital: well-capitalized, adequately capitalized, undercapitalized, significantly undercapitalized or critically undercapitalized. Under regulations promulgated by the Federal Reserve Board, the FDIC, and the OTS, a bank or savings bank is deemed to be (a) "well-capitalized" if it has a total risk-based capital ratio of 10% or greater, a Tier 1 risk-based capital ratio of 6% or greater and a Tier 1 leverage ratio of 5% or greater (and is not subject to any order or written directive specifying any higher capital ratio), (b) "adequately capitalized" if it has a total risk-based capital ratio of 8% or greater, a Tier 1 risk-based capital ratio of 4% or greater and a 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), (c) "undercapitalized" if it has a total risk-based capital ratio that is less than 8%, a Tier 1 risk-based capital ratio that is less than 4% or a 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), (d) "significantly undercapitalized" if it has a total risk-based capital ratio that is

less than 6%, a Tier 1 risk based capital ratio that is less than 3% or a Tier 1 leverage ratio that is less than 3%, and (e) "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. Under Federal Reserve Board regulations Gold Bank-Kansas and Gold Bank-Oklahoma were well-capitalized institutions as of December 31, 2000. Under FDIC regulations, American Bank was a well-capitalized institution as of December 31, 2000. Under OTS regulations, Provident Bank was a well-capitalized institution as of December 31, 2000.

Federal banking laws provide that if an insured depository institution receives a less than satisfactory examination rating for asset quality, management, earnings, liquidity or interest rate sensitivity, the examining agency may deem such financial institution to be engaging in an unsafe or unsound practice. The potential consequences of being found to have engaged in an unsafe or unsound practice are significant, because the appropriate federal regulatory agency may: (a) if the financial institution is well-capitalized, reclassify the financial institution as adequately capitalized; (b) if the financial institution is adequately capitalized, take any of the prompt corrective actions authorized for undercapitalized financial institutions and impose restrictions on capital distributions and management fees; and (c) if the financial institution is undercapitalized, take any of the prompt corrective actions authorized for significantly undercapitalized financial institutions.

Deposit Insurance and Assessments. The deposits of the Company's subsidiary banks are insured by the BIF administered by the FDIC, in general, to a maximum of $100,000 per insured depositor. The deposits of the Company's subsidiary federal savings bank and certain deposits of Gold Bank-Kansas are insured by the Savings Association Insurance Fund (the "SAIF") administered by the FDIC, in general, to a maximum of $100,000 per insured depositor. Under federal banking regulations, the Banks are required to pay semi-annual assessments to the FDIC for deposit insurance. The FDIC has adopted a risk-based assessment system. Under the risk-based assessment system, BIF members pay varying assessment rates depending upon the level of the institution's capital and the degree of supervisory concern over the institution. The assessment rates are set by the FDIC semiannually. The FDIC's assessment rates range from zero (0) cents to 27 cents per $100 of insured deposits. Institutions qualifying for the $0 assessment rate are no longer required to pay the minimum deposit premium payment of $2,000 annually. The FDIC has authority to increase the annual assessment rate if it determines that a higher assessment rate is necessary to increase the reserve ratio of the BIF and the SAIF. There is no cap on the annual assessment rate which the FDIC may impose.

In addition to any assessments that may be imposed by the FDIC as described above, the Deposit Insurance Funds Act of 1996 provides for the imposition of annual assessments by the Financing Corporation on SAIF-assessable deposits and BIF-assessable deposits. Generally speaking, until December 31, 1999, the assessment rate imposed by Financing Corporation with respect to BIF-assessable deposits was at a rate equal to one-fifth ($^1/_5$) of the assessment rate for SAIF-assessable deposits. As of January 1, 2001, BIF-assessable deposits and SAIF-assessable deposits were assessed by Financing Corporation at the same rate of 1.96 basis points of assessable deposits. Consequently, the change in Financing Corporation's assessment rates has resulted in Financing Corporation increasing its annual assessment rate on Gold Bank-Kansas, Gold Bank-Oklahoma, American Bank, and decreasing its annual assessment rate on Provident Bank. As of March 20, 2001, Gold Bank-Kansas, Gold Bank-Oklahoma and American Bank only had BIF-assessable deposits and Provident Bank only had SAIF-assessable deposits.

Interest Rates. 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, in conjunction with national monetary and fiscal policies that affect the interest rates paid by banks on deposits and borrowings, have resulted in reductions of net interest margins on certain classes of loans. Such circumstances may recur in the future, although the trend of recent federal and state legislation has been to eliminate restrictions on the rates of interest which may be charged on some types of loans and to allow maximum rates on other types of loans to be determined by market factors.

Loans to One Borrower. In addition to limiting the rate of interest chargeable by banks on certain loans, federal and state law imposes additional restrictions on the lending activities of banks and savings associations.

The maximum amount that a federal savings bank may lend to one borrower (and certain related entities of such borrower) generally is limited to 15% of the bank's unimpaired capital and unimpaired surplus, plus an additional 10% for loans fully secured by readily marketable collateral. There are certain exceptions to the general rule, including loans fully secured by government securities and deposit accounts in the bank.

The maximum amount that a Florida state bank may lend to one borrower (and certain related entities of such borrower) generally is limited to 15% of the bank's capital accounts, plus an additional 10% for loans fully secured by readily marketable collateral. There are certain exceptions to the general rule, including loans fully secured by government securities, deposit accounts in the bank or loans made to school boards.

The maximum amount that a Kansas state bank may lend to one borrower (and certain related entities of such 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. There are certain exceptions to the general rule, including loans fully secured by government securities, time deposit accounts in the bank, or bonded warehouse receipts issued to the borrower by some other person.

The maximum amount that an Oklahoma state bank may lend to one borrower (and certain related entities of such borrower) generally is limited to 30% of the bank's capital, less intangible assets. There are certain exceptions to the general rule, including loans fully secured by government securities or deposit accounts in the bank.

Payment of Dividends. Gold Bank-Kansas, as a Kansas state member bank, is subject to the dividend restrictions set by Kansas law and the Federal Reserve Board. Gold Bank-Oklahoma, as an Oklahoma state member bank, is subject to the dividend restrictions set by Oklahoma law and the Federal Reserve Board. American Bank, as a Florida state non-member bank, is subject to the dividend restrictions set by Florida law and the FDIC. Provident Bank, a federal savings bank, is subject to the dividend restrictions set by the OTS. Under the Federal Deposit Insurance Act, a FDIC-insured institution may not pay any dividend if payment would cause it to become undercapitalized or while it is undercapitalized. Florida, Kansas and Oklahoma banking law also prohibit the declaration of a dividend out of the capital and surplus of the bank. These laws and related regulations are not expected to have a material effect upon the current dividend policies of Gold Bank-Kansas, Gold Bank-Oklahoma, American Bank, and Provident Bank.

Community Reinvestment Act. On May 4, 1995, the Federal Reserve Board, the FDIC, the OTS and the OCC adopted regulations relating to the Community Reinvestment Act (the "CRA"). The purpose of the CRA regulations is to 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, and to provide that the agencies' assessment shall be taken into account in reviewing certain applications. The regulations seek to emphasize an institution's performance rather than the process, to promote consistency in evaluation of institutions, and to eliminate unnecessary reporting burdens. The regulations replace the previous twelve assessment factors for large banks with three tests: (a) a lending test, (b) a service test, and (c) an investment test. While documentation requirements have been substantially reduced, the safe harbors from CRA protest have also been eliminated.

The Federal Reserve Board, the FDIC, the OCC and the OTS have adopted regulations, effective April 1, 2001, that require public disclosure of written CRA agreements between any insured depository institution or its affiliates and any nongovernmental entity or person. The regulations require each insured depositary institution that is a party to any CRA agreement to provide initial and annual disclosures of such agreement to the appropriate federal banking agency.

Other Regulatory Limitations. The Company, the Banks and the Non-Bank Subsidiaries are "affiliates" within the meaning of the Federal Reserve Act. As such, the amount of loans or extensions

---

of credit which the Banks may make to non-bank affiliates or to third parties, secured by securities or obligations of the non-bank affiliates, are substantially limited by the Federal Reserve Act and the FDIA. Such acts further restrict the range of permissible transactions between a bank and an affiliated company. A bank and its subsidiaries 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.

Each of the Banks is also authorized to invest in a service corporation that can offer the same services as the banking related services that bank holding companies are authorized to provide. However, regulatory approval must generally be obtained prior to making such an investment or the performance of such services.

Banking Activities. The investments and activities of the Banks are subject to substantial regulation by federal banking agencies, including without limitation investments in subsidiaries, investments for their own account (including limitations on investments in junk bonds and equity securities), investments in loans, loans to officers, directors and affiliates, security 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.

Florida Bank Activities. The Florida Department of Banking and Finance regulates or monitors all areas of the operations of American Bank, including capital requirements, issuance of stock, declaration of dividends, interest rates, record keeping, establishment of branches, mergers and acquisitions, loans, investments, borrowing, and employee responsibility and conduct. The Florida Department of Banking and Finance places limitations on activities of American Bank and requires the bank to maintain a certain ratio of liquidity against deposits. The Florida Department of Banking and Finance requires American Bank to file a report annually, in addition to any periodic report requested. American Bank is examined by the Florida Department of Banking and Finance at least once every 18 months and at any other time deemed necessary.

Kansas Bank Activities. The Kansas State Bank Commissioner regulates or monitors all areas of the operations of Gold Bank-Kansas, including capital requirements, issuance of stock, declaration of dividends, interest rates, deposits, record keeping, establishment of branches, mergers and acquisitions, loans, investments, borrowing, and employee responsibility and conduct. The Kansas State Banking Commissioner places limitations on activities of Gold Bank-Kansas and requires these banks to maintain a certain ratio of reserves against deposits. The Kansas State Bank Commissioner requires Gold Bank-Kansas to file a report annually showing receipts and disbursements of each bank, in addition to any periodic report requested. Gold Bank-Kansas is examined by the Kansas State Bank Commissioner at least once every 18 months and at any other time deemed necessary.

Oklahoma Bank Activities. The Oklahoma State Banking Department regulates or monitors all areas of the operations of Gold Bank-Oklahoma, including capital requirements, issuance of stock, declaration of dividends, interest rates, deposits, record keeping, establishment of branches, mergers and acquisitions, loans, investments, borrowing, and employee responsibility and conduct. The Oklahoma State Banking Department places limitations on activities of Gold Bank-Oklahoma and requires this bank to maintain a certain ratio of reserves against deposits. The Oklahoma State Banking Department requires Gold Bank-Oklahoma to file a report annually, in addition to any periodic report requested. Gold Bank-Oklahoma is examined by the Oklahoma State Banking Department at least once every 18 months and at any other time deemed necessary.

Federal Savings Bank Activities. The OTS regulates or monitors all areas of Provident Bank's operations, including capital requirements, loans, investments, establishment of branch offices, mergers, conversions, dissolutions, transactions, borrowing, management, and record keeping. The OTS requires Provident Bank to file annual current reports in compliance with OTS procedures, as well as periodic reports upon the request of the director of OTS. Provident Bank must also prepare a statement of

condition report showing the savings association's assets, liabilities and capital at the end of each fiscal year. Provident Bank is examined by the OTS at least once every twelve months and at any other time deemed necessary.

All savings associations, including Provident Bank, are required to meet the Qualified Thrift Lender test (the "QTL test") to avoid certain restrictions on their operations. The QTL test requires a savings association to have at least 65% of its portfolio assets (as defined by regulation) in qualified thrift investments on a monthly average for nine out of every 12 months on a rolling basis. Qualified thrift investments primarily consist of residential housing loans and investments, home equity loans, education loans, small business loans and credit card loans.

Financial Service Subsidiaries. The non-bank financial service subsidiaries of the Company are subject to the supervision of the Federal Reserve Board and may be subject to the supervision of other regulatory agencies including the Securities and Exchange Commission ("SEC"), the NASD, the Missouri Division of Finance, and state securities and insurance regulators.

The United States securities industry generally is subject to extensive regulation under federal and state laws. The SEC is the federal agency charged with administration of the federal securities laws. However, much of the regulation of broker/dealers, such as Gold Capital, has been delegated to self-regulatory organizations, principally the NASD and the national securities exchanges. These self-regulatory organizations adopt rules (that are subject to approval by the SEC) that govern the industry and conduct periodic examinations of member broker/dealers. Securities firms are also subject to regulation by state securities commissions in the state in which they registered. Gold Capital is a registered broker/dealer in securities under the Securities Exchange Act of 1934, as amended, and is a member of the NASD.

The regulations to which broker/dealers are subject cover all aspects of the securities business, including sales methods, trade practices among broker/dealers, capital structure of securities firms, uses and safekeeping of customers' funds and securities, recordkeeping, and the conduct of directors, officers and employees. Additional legislation, changes in rules promulgated by the SEC and by self-regulatory organizations, or changes in interpretation or enforcement of existing laws and rules, often affect directly the method of operation and profitability of broker/dealers. The SEC and the self-regulatory organizations may conduct administrative proceedings that can result in censure, fines, suspension or expulsion of a broker/dealer, its directors, officers and employees. The principal purposes of regulation and discipline of broker/dealers is the protection of customer and the securities market rather than the protection of creditors and stockholders of broker/dealers.

Other Regulations. Interest and certain other charges collected or contracted for by the Banks are subject to state usury laws and certain federal laws concerning interest rates. The Banks' loan operations are also subject to certain federal laws applicable to credit transactions, such as the federal Truth In Lending Act governing disclosures of credit terms to consumer borrowers, the Home Mortgage Disclosure Act of 1975 requiring financial institutions to provide information to enable the public and public officials to determine whether a financial institution is fulfilling its obligation to help meet the housing needs of the community it serves, the Equal Credit Opportunity Act prohibiting discrimination on the basis of race, creed or other prohibited factors in extending credit, the Fair Debt Collection Practices Act governing the manner in which consumer debts may be collected by collection agencies, and the rules and regulations of the various federal agencies charged with the responsibility of implementing such federal laws. The Banks also are subject to the Electronic Funds Transfer Act, and Regulation E issued by the Federal Reserve to implement that act, which govern automatic deposits to and withdrawals from deposit accounts and customers' rights and liabilities arising from the use of automated teller machines and other electronic banking services.

Regulations on Privacy of Customer Information. Under the GLB Act, (a) the Federal Reserve Board regulates and monitors the Fair Credit Reporting Act's restrictions on the transfer of customer information between a state member bank and its affiliates; (b) the FDIC regulates and monitors the Fair Credit Reporting Act's restrictions on the transfer of customer information between a state non-member bank and its affiliates; and (c) the OTS regulates and monitors the Fair Credit Reporting Act's restrictions on the transfer of customer information between a federal savings association and its affiliates. Starting on July 1, 2001, the OCC, OTS, FDIC and Federal Reserve will also regulate and monitor restrictions on the transfer of nonpublic personal information of consumers by their supervised institutions to nonaffiliated third parties.

Monetary Policy and Economic Conditions. The principal sources of funds essential to the business of banks and bank holding companies are deposits, shareholders' equity and borrowed funds. The availability of these various sources of funds and other potential sources such as preferred stock or commercial paper, and the extent to which they are utilized, depends on many factors, the most important of which are the monetary policies of the Federal Reserve Board and the relative costs of different types of funds.

An important function of the Federal Reserve Board is to regulate the national supply of bank credit in order to combat recession and curb inflationary pressures. Among the instruments of monetary policy used by the Federal Reserve Board to implement these objectives are open market operations in United States government securities, changes in the discount rate on bank borrowings and changes in reserve requirements against bank deposits.

The Banks are subject to regulations issued by the Federal Reserve Board which require depository institutions to maintain non-interest bearing reserves against their transaction accounts and non-personal time deposits. These regulations require depository institutions to maintain reserves equal to 3% of transaction accounts up to $42.8 million plus 10% (subject to adjustment by the Federal Reserve Board between 8% and 14%) of the total over $42.8 million. In addition, reserves, subject to adjustment by the Federal Reserve Board between 0% and 9%, must be maintained on non-personal time deposits. This reserve percentage is currently 0%. Depository institutions may designate and exempt up to $5.5 million of reservable liabilities from the above reserve requirements. Because these reserves must generally be maintained in cash or non-interest-bearing accounts, the effect of the reserve requirements is to increase the cost of funds to depository institutions.

Substantially all of the restrictions on the maximum interest rates banks are permitted to pay on deposits have been removed, although banks are still prohibited from paying interest on demand deposits. Consequently, banks and thrift organizations are substantially free to pay interest at any rate. Deregulation has increased competition among such institutions for attracting deposits and has resulted in an overall increase in such institutions' cost of funds.

The monetary policies of the Federal Reserve Board have had a significant effect on the operating results of commercial banks in the past and are expected to continue to do so in the future. In view of the continuing changes in regulations affecting commercial banks and other actions and proposed actions by the Federal government and its monetary and fiscal authorities, including proposed changes in the structure of banking in the United States and general economic conditions, no prediction can be made as to future changes in interest rates, credit availability, deposit levels, loan demand or the overall performance of banks generally and the Banks and the non-bank affiliates in particular.

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

ITEM 2. PROPERTIES

The Company and the Banks each own their banking facilities. The financial services subsidiaries have entered into short-term leases for their properties. The Company believes each of the facilities is in good condition, adequately covered by insurance and sufficient to meet the needs at that location for the foreseeable future. The Company's headquarters and Gold Bank's Leawood, Kansas location are contained in a 25,000 square foot building that opened in 1996, all of which is occupied by the Company.

ITEM 3. LEGAL PROCEEDINGS

Gold Bank (formerly Exchange National Bank) was one of several named defendants in a number of lawsuits brought on behalf of persons who purchased distributorships from an entity known as Parade of Toys. Gold Bank has reached an agreement to settle all claims pending against it. The Bank will pay $62.5 thousand dollars. In return, the 263 plaintiffs who sued the Bank in state court in

---

Johnson County, Kansas, will dismiss their claims with prejudice and will release the Bank from any liability relating to Parade of Toys.

The settlement agreement is in the process of being documented.

Gold Banc is prosecuting a claim against Brad D. Ives, David W. Murrill and Robert E. McGannon ("Respondents") relating to its acquisition of Regional Holding Company, Inc. ("Regional Holding"), which was filed before the American Arbitration Association in June 2000. Gold Banc purchased all of the capital stock of Regional Holding from Respondents on August 2, 1999 for a purchase price of approximately $13.2 million, pursuant to a Stock Purchase Agreement, dated July 1, 1999 (the "Stock Purchase Agreement"), between Gold Banc, Regional Holding and the Respondents. Gold Banc has asserted a contractual claim against Respondents for breach of the representations and warranties made in the Stock Purchase Agreement, and seeks damages in the amount of $6.5 million and for its attorney's fees, costs and other expenses incurred in the arbitration proceeding.

Respondents have answered Gold Banc's claim and have denied that Gold Banc is entitled to any of the relief requested. In addition, each Respondent has asserted a counterclaim against Gold Banc for breach of certain Non-Negotiable Promissory Notes (collectively the "Notes"), as amended, that were issued to each Respondent as part of the purchase price in the Regional Holding acquisition. The Notes totaled $4.08 million. The Respondents claim they have made a demand for payment and that such payment has not been made in accordance with the terms of the respective Notes. The Respondents have prayed for repayment of the entire principal balance of the Notes, plus accrued interest on the Notes, plus all attorney's fees, costs and expenses incurred in asserting their claims. Respondents also sought a declaratory judgment that Gold Banc is not entitled to set-off its claim against the Notes and that payments under the Notes were due immediately, or in the alternative, that payments due under the Notes should be paid into an escrow account pending resolution of the claims. The Arbitration Panel denied Respondents' requests for early resolution of their set-off claims, and ruled that the issue should be determined with the merits of the case.

In the arbitration proceeding, Respondents also asserted a counterclaim for fraud against Gold Banc making unspecified claims that Gold Banc failed to disclose material information and made misrepresentations in connection with the issuance of the Notes as amended in December 1999. The Respondents have prayed for compensatory monetary damages and punitive damages with respect to the fraud claim. Gold Banc denies Respondents' fraud claim, and asserts affirmative defenses.

In September 2000, Respondents asserted a similar fraud claim in a Petition against Gold Banc Mortgage, Inc. ("GBM"), Jerry Bengtson (President of GBM) and Michael Gullion (CEO of Gold Banc) in the Circuit Court of Jackson County, Missouri. In the state court case, Respondents claim that the defendants misrepresented or did not disclose the intention of Gold Banc at the time of amendments to the Notes and certain employment agreements with Respondents ("Employment Agreements") in December 1999. Respondents claim that Gold Banc at that time intended to set-off claims of Gold Banc against Gold Banc's obligations under the amended Notes, but misrepresented or failed to disclose this intention. Respondents seek damages in an unspecified amount in excess of $25,000. Respondents' Petition also seeks a declaratory judgment that the placing of Respondent McGannon on administrative leave during the course of the arbitration constituted a constructive termination entitling McGannon to certain rights under his employment agreement. Defendants GBM, Bengston and Gullion have answered the Petition, denying Respondents' claims, and asserting affirmative defenses. Concerning the claim for declaratory judgment by Respondent McGannon, defendants also contend that the claim is moot in that McGannon has subsequently been terminated, and no justiciable dispute remains concerning his entitlement to rights under the employment agreement upon termination.

Gold Banc also gave Respondents a notice invoking an alternative dispute resolution procedure ("ADR Procedure") specified in Section 2.3 of the Stock Purchase Agreement. The ADR Procedure provides a mechanism for resolving disputes over the application of generally accepted accounting principals to the financial statements of Regional Holding. The accounting dispute affects the contract formula for calculating the purchase price. Gold Banc demanded that the Respondents join in submitting the accounting dispute to Ernst & Young LLP, in accordance with the terms of ADR Procedures specified in the Stock Purchase Agreement. Although Respondents initially refused to join with Gold Banc in submitting the dispute to Ernst & Young, and sought a declaratory judgment that Gold Banc failed to proceed timely under ADR Procedures of the Stock Purchase Agreement, the Arbitration panel ruled that the matter shall be submitted to Ernst & Young as requested by Gold Banc.

Gold Banc believes that its claims and defenses in these matters are strong and that Respondents' claims and defenses are without merit. However, neither Gold Banc nor its counsel can predict with certainty the likely outcome of the proceedings.

The Company is from time to time involved in other routine litigation incidental to the conduct of its business. The Company believes that no other pending litigation to which it is a party will have a material adverse effect on its liquidity, financial condition or results of operations.

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

No matters were submitted to a vote of the stockholders of the Company during the fourth quarter of the fiscal year ended December 31, 2000.

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

The Company's common stock, par value $1.00 per share, trades on the NASDAQ National Market tier of The NASDAQ Stock Market under the symbol "GLDB."

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

Market Price

		High		Low		Cash Dividends
1999 Quarters						
First	$	16.25	$	12.80	$	0.02
Second		16.38		11.88		0.02
Third		13.88		9.75		0.02
Fourth		11.75		8.38		0.02
2000 Quarters						
First	$	9.75	$	6.13	$	0.02
Second		6.88		5.56		0.02
Third		5.50		4.56		0.02
Fourth		5.25		3.56		0.02

As of March 23, 2001, there were approximately 1,209 holders of record of the Company's common stock.

On March 7, 2001, Company announced it was commencing a common stock repurchase program whereby it may acquire up to 1,839,000 shares of common stock or approximately 5% of the shares currently outstanding. The shares may be purchased from time to time over the next 12 months in the open market at prevailing market prices or in privately negotiated transactions. The extent and timing of any repurchases will depend on market conditions and other factors.

ITEM 6. SELECTED FINANCIAL DATA

This selected consolidated information should be read in conjunction with the consolidated financial statements of the Company and notes beginning on page 60.

	At or for the Years Ended December 31,									
		2000		1999		1998		1997		1996
	(In thousands except share data and ratios)									
Earnings										
Net interest income	$	93,460	$	88,185	$	78,800	$	64,087	$	41,168
Provision for loan losses		4,673		11,586		5,111		4,921		3,118
Non-interest income		27,060		28,299		17,731		12,660		8,337
Non-interest expense		115,026		82,223		63,962		46,569		34,949
Income taxes		5,275		7,900		6,792		7,738		3,197
Net earnings (loss)		(4,454)		14,775		20,666		17,519		8,241
Adjusted net earnings(1)	$	24,521	$	17,828	$	17,869	$	15,940	$	8,241
Financial Position										
Total assets	$	2,717,598	$	2,550,741	$	2,213,265	$	1,745,200	$	1,445,332
Loans receivable, net		1,919,988		1,793,810		1,503,717		1,185,718		959,496
Allowance for loan losses		26,180		26,038		20,141		16,455		13,895
Goodwill, net		33,376		47,576		22,922		10,293		10,427
Investment securities		525,981		455,162		432,630		349,577		290,418
Deposits		2,133,877		2,006,154		1,824,557		1,477,986		1,257,113
Long-term debt		200,561		89,753		103,561		18,849		21,574
Guaranteed preferred beneficial interest in Company debentures		82,549		83,319		44,999		28,750		
Stockholders' equity	$	169,246	$	167,048	$	163,637	$	135,774	$	115,057

	At or for the Years Ended December 31,				
Per Share Data					
Net income (loss) per share diluted	$ (.12)	$ .39	$ .56	$ .49	$ .29
Adjusted net income per share diluted(1)	.65	.48	.49	.45	.29
Book value per share	4.51	4.48	4.48	3.91	3.43
Cash dividends declared(2)	$ 0.08	$ 0.08	$ 0.075	$ 0.045	$
Average shares outstanding	37,653	37,529	36,584	35,399	31,114
Ratios					
Return (loss) on average assets	(0.17)%	0.63%	1.03%	1.10%	0.77%
Adjusted return on average assets(1)	0.92 %	0.76%	0.89%	1.00%	0.77%
Return (loss) on average equity	(2.40)%	8.71%	13.80%	13.84%	7.28%
Adjusted return on average equity(1)	13.21 %	10.51%	11.94%	12.60%	7.28%
Dividend payout(2)		20.51%	13.39%	9.18%	
Net interest margin	4.02 %	4.18%	4.36%	4.40%	4.25%
Allowance for loan losses to non-performing loans	126.35 %	353.39%	281.06%	270.20%	212.23%
Non-performing assets to total assets	0.90 %	0.40%	0.46%	0.46%	0.51%
Non-performing loans to total loans	1.06 %	0.40%	0.47%	0.51%	0.67%
Net loan charge-offs to average loans	0.24 %	0.48%	0.28%	0.30%	0.16%
Capital Ratios					
Tier 1 risk-based capital ratio	8.92 %	9.76%	11.16%	11.73%	10.93%
Total risk-based capital ratio	11.41 %	12.20%	12.38%	12.91%	12.12%
Leverage ratio	7.16 %	7.55%	8.36%	9.06%	7.55%

(1) Adjusted numbers for 2000 and 1999 represent recurring income without consolidation/repositioning/pooling/mortgage subsidiary closing expenses, and 1998 and 1997 amounts include pro forma adjustments for taxes related to Subchapter S earnings for Citizens Bank of Tulsa.

(2) Prior to the second quarter of 1997, the Company had not paid cash dividends on shares of its common stock. The dividend pay out ratio is computed using dividends paid by the Company and does not include dividends paid by subsidiaries acquired in pooling of interests transactions. No dividend pay out ratio was calculated for 2000 because of the net loss for the year.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

The following discussion of financial condition and results of operations should be read in conjunction with the consolidated financial statements of the Company and the notes thereto, which are included elsewhere in this report.

General

The Company provides community banking and related financial services at locations in Kansas, Oklahoma, Florida and Missouri as of December 31, 2000. Geographic markets include Johnson County, Kansas, an affluent suburb in the Kansas City metropolitan area, Tulsa and Edmond, Oklahoma, growing cities with a strong small-business sector, Bradenton, Florida, a high growth area on the west coast of the state and a number of smaller cities.

The Company has focused on growth of its Banks' lending and other services by cultivating relationships with small businesses and other clients. The Company has expanded through a strategy of internal growth supplemented by community bank acquisitions that are believed to be accretive to earnings and stockholders' equity. The Company has taken steps to offer traditional and on-line banking wealth and asset management and other financial services to customers of its Banks. During 2000, the Company acquired three banks and created a financial services division. During 1999, the Company acquired one bank and two non-bank subsidiaries. During 1998, the Company acquired six banks and two non-bank subsidiaries.

The following table lists the Company's Banks' total assets (in millions of dollars) as of December 31, 2000.

Bank		Total Assets	Main Location and # of Offices in State
Gold Bank Kansas	$	1,259.8	Leawood, Kansas 27
Provident Bank, f.s.b.	$	86.4	St. Joseph, Missouri 2
Gold Bank-Oklahoma	$	870.0	Edmond, Oklahoma 20
American Bank	$	491.9	Bradenton, Florida 9

The following table lists the financial services subsidiaries of the Company, which offer financial services to their own clients and to bank customers through the offices of the Banks:

Financial Service Subsidiary	Service Focus	Headquarters Location
Gold Capital Management, Inc.	Broker/dealer	Overland Park, Kansas
Gold Investment Advisors, Inc.	Wealth Management	Overland Park, Kansas
Gold Trust Company	Trust accounts	St. Joseph, Missouri
Gold Banc Insurance, Inc.	Insurance	Overland Park, Kansas
CompuNet Engineering, Inc.	Information technology and e-Commerce	Lenexa, Kansas

Markets

The Company is headquartered in Johnson County, Kansas, along with Gold Bank, our lead bank. Johnson County is a suburban community near Kansas City. Johnson County has a more competitive banking environment than the Company's smaller markets, but its robust economic growth has enabled Gold Bank to rapidly grow its loans and deposits in the county. Gold Bank has five offices in growing areas of Johnson County and one office in the Kansas City County Club Plaza district. This presence in Kansas accounted for approximately 46% of the Company's total assets at year-end 2000.

The Company entered the Tulsa, Oklahoma, market in 1998 with the acquisition of Citizens Bank of Tulsa, which has subsequently been merged into Gold Bank-Oklahoma. The Tulsa location serves a rapidly growing area in southeastern Tulsa, a light-industrial district that is home to more than 5,000

small businesses, and a mature residential area of Tulsa. A third office was opened in a developing residential area of south Tulsa during the second quarter of 1999.

The Company entered Edmond, Oklahoma City and outlying communities in central and western Oklahoma with the acquisition of County Banc in March 2000. Country Banc's two subsidiary banks, People First and American Heritage, were also merged along with Tulsa to create Gold Bank-Oklahoma. The Edmond location serves a rapidly growing area in northeastern Oklahoma City and is in-process of opening a new branch in the growing corridor and residential area in northwestern Oklahoma City. Gold Bank-Oklahoma also serves a number of smaller, mature markets and rural communities in central and western Oklahoma. The consolidated Gold Bank-Oklahoma market accounted for approximately 32% of the Company's total assets at year-end 2000.

The Company entered the Bradenton and Sarasota, Florida market on the highly popular and rapidly growing west coast of the state between Tampa and Naples with the acquisition of the American Bank in March 2000. The American Bank acquisition provides the Company with a new, diversified market that has been one of the fastest growing population areas in the United States for the past 10 years. The demographics and per capita income levels are believed to be very promising for the development of wealth and asset management services for the Company.

The Florida market accounted for approximately 18% of the Company's total assets at year-end 2000.

Other local markets where the Company operates generally did not experience the level of growth seen in Johnson County, Tulsa, Edmund and Bradenton, but their economies were sound, with a mix of services, manufacturing and agriculture-related industries. Each of the local markets is generally a county seat and the Company's locations serve both that city and the surrounding area.

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

Influences on Earnings

The Company's net income depends upon the combined results of operations of the Banks, each of which conducts a commercial and consumer banking business by attracting deposits from the general public and deploying those funds to earning assets. In addition, the non-bank subsidiaries contribute income from management fees and commissions.

Each Bank's profitability depends primarily on net interest income, which is interest income on interest-earning assets less interest expense on interest-bearing liabilities. Interest-earning assets include loans, investment securities and other earning assets, such as Federal Funds sold. Interest-bearing liabilities include customer deposits, time and savings deposits and other borrowings such as Federal Funds purchased, short-term borrowings and long-term debt, including junior subordinated deferrable interest debentures. Besides the balances of interest-earning assets and interest-bearing liabilities, net interest income is affected by each Bank's interest rate spread. This spread is the difference between the Bank's average yield on interest-earning assets and the average rate paid on interest-bearing liabilities. The interest rate spread is impacted 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 the Company's profitability. A significant portion of the Company's revenue is non-interest income of the Banks and non-bank subsidiaries, consisting of investment trading fees and commissions, service fees, gains on the sale of mortgage loans and investment securities, and other fees. Non-interest expense consists of compensation and benefits, occupancy related expenses, deposit insurance premiums, expenses of opening bank offices, acquisition-related expenses and other operating expenses. The Company's profitability also is affected by the effective tax rate, the Banks' provision for loan losses, and various non-recurring items.

Results of Operations

Overview

For the year ended December 31, 2000, the Company acquired three bank holding companies with assets aggregating $1.1 billion. These acquisitions were accounted for as pooling-of-interests transactions.

For the year ended December 31, 1999, the Company acquired a community bank, a technology company and a mortgage company. The acquisitions were accounted for as purchase transactions. Total consideration paid for the 1999 acquisitions using the purchase method was $27.6 million, consisting of $22.9 million of cash, notes payable, and 708,371 shares of common stock.

Net loss for 2000 totaled $4.5 million, or $0.12 per share. Excluding expenses incurred related to our bank consolidations in the States of Kansas and Oklahoma, pooling related expenses for our current year acquisitions, and expenses related to our closing of Gold Banc Mortgage, net earnings were $24.5 million, or $0.65 per share. Net earnings for 1999 totaled $14.8 million, or $0.39 per share. Net earnings for 1998 totaled $20.6 million, or $0.56 per share.

Citizens Bancorporation, Inc., formerly the parent company of Citizens Bank of Tulsa and one of the companies acquired in 1998 using the pooling-of-interests method, was a Subchapter S Corporation prior to its acquisition. As a Subchapter S Corporation, Citizens was not subject to tax on its earnings; the earnings were included in the tax returns of Citizens' stockholders. Consolidated net earnings and per share results for 1998, as set forth above, exclude taxes on Citizens' earnings. Pro forma net earnings and per share earnings as if Citizens had been subject to income taxes for 1998 were $17.9 million and $.49 per share.

Net earnings for 2000, excluding the nonrecurring expenses described above, increased $6.7 million over 1999 net earnings, excluding nonrecurring expenses. This increase was the result of increased net interest income of $5.3 million, and decreased provisions for loan losses of $6.9 million and was offset by a decrease in other income of $1.2 million and an increase in non-interest expense of $4.6 million and a decrease of income tax expense of $.3 million.

Net earnings for 1999 decreased $3.1 million over pro forma net earnings for 1998 as a result of increased net interest income of $9.4 million, increased other income of $10.6 million, and a decrease of income tax expense of $1.7 million, offset by increased provisions for loan losses of $6.5 million and increased other expense of $18.3 million.

Net Interest Income

The following table presents the Company's average balances, interest income and expense on a tax equivalent basis, and the related yields and rates on major categories of the Company's interest-earning assets and interest-bearing liabilities for the periods indicated (dollars in thousands):

	Year Ended December 31,								
	2000			1999			1998		
(Dollars in thousands)	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid	Average Balance	Interest Income/ Expense	Average Rate Earned/ Paid
Assets:									
Loans, net(1)	$ 1,868,494	$ 175,687	9.40%	$ 1,627,212	$ 147,881	9.09%	$ 1,353,397	$ 129,057	9.54%
Investment securities-taxable	406,664	25,956	6.38%	384,136	24,353	6.34%	355,079	22,144	6.24%
Investment securities-nontaxable(2)	65,703	4,949	7.53%	54,394	3,240	5.96%	39,161	2,878	7.35%
Other earning assets	60,322	3,507	5.81%	72,919	3,884	5.33%	77,495	4,449	5.74%
Total earning assets	2,401,183	210,099	8.75%	2,138,661	179,358	8.39%	1,825,132	158,528	8.69%
Noninterest-earning assets	254,095			201,425			182,504		
Total assets	$ 2,655,278			$ 2,340,086			$ 2,007,636		
Liabilities and Stockholders' Equity:									
Savings deposits and interest- bearing checking	$ 609,911	$ 22,117	3.63%	$ 660,266	$ 21,070	3.19%	$ 573,619	$ 19,639	3.42%
Time deposits	1,116,102	67,111	6.01%	984,875	52,610	5.34%	891,007	49,917	5.60%
Short-term borrowings	182,856	9,223	5.04%	104,740	6,579	6.28%	46,313	2,404	5.15%
Long-term borrowings	269,254	16,456	6.11%	158,609	9,780	6.17%	101,963	6,760	6.63%
Total interest-bearing liabilities	2,178,123	114,907	5.28%	1,908,490	90,039	4.72%	1,612,902	78,720	4.88%
Non-interest-bearing liabilities	291,540			261,890			245,028		
Stockholders' equity	185,615			169,706			149,706		
Total liabilities and stockholders' equity	$ 2,655,278			$ 2,340,086			$ 2,007,636		
Net interest income(3)		$ 95,192			$ 89,319			$ 79,808	

	Year Ended December 31,		
Net interest spread	3.47%	3.67%	3.81%
Net interest margin(4)	3.96%	4.18%	4.37%

(1) Non-accruing loans are included in the computation of average balance.

(2) Yield is adjusted for the tax effect of tax exempt securities. The tax effects in 2000, 1999 and 1998 were $1,732,000, $1,134,000 and $1,008,000, respectively.

(3) The Company includes loan fees in interest income. Such fees totaled $4,443,000, $3,956,000 and $3,584,000 in 2000, 1999 and 1998, respectively.

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

For 2000, total interest income increased $30.1 million, or 16.9%. The $30.1 million increase was primarily due to increased loan volume. Interest income on loans increased $27.8 million, or 18.8%. For 2000, the average loan balance increased $241.3 million, or 14.8%, and the yield earned on loans increased from 9.09% in 1999 to 9.40% in 2000. Interest income on investments increased $2.7 million, or 10.3%. For 2000, the average investment balance (taxable and non-taxable) increased $33.8 million, or 7.7%. Interest income on non-taxable investments was positively impacted by an increase in the yield earned of 7.53% in 2000 compared to 5.96% in 1999.

For 1999, total interest income increased $20.7 million, or 13.1%. Interest income on loans increased $18.8 million, or 14.6%, primarily due to increased loan volume in 1999. For 1999, the average loan balance increased $273.8 million, or 20.2%, and the yield decreased from 9.54% in 1998 to 9.09% in 1999.

Total interest expense was $114.9 million for 2000 compared to $90.0 million for 1999, a 27.6% increase. Interest expense on savings and interest-bearing checking for 2000 increased $1.0 million, or 5.0%, as a result of an increase in the rate to 3.63% in 2000 compared to 3.19% in 1999. The increase in the rate more than offset the volume decreases related to the $50.4 million decrease in the average balance from 1999. Interest expense on time deposits increased $14.5 million, or 27.6%, primarily as a result of an increase in the average balance of such deposits of $131.2 million, or 13.3%. Interest expense on combined short-term and long-term borrowings increased $9.3 million, or 57.0%, primarily as a result of an increase in the average balance of such borrowings of $188.8 million, or 71.7%, in 2000 compared to 1999.

Total interest expense was $90.0 million for 1999, compared to $78.7 million for 1998, a 14.4% increase. For 1999, interest expense on savings and interest-bearing checking increased $1.4 million, or 7.3%, primarily as a result of an increase in the average balance of such deposits of $86.6 million, or 15.1%. Interest expense on time deposits increased $2.7 million, or 5.4%, primarily as a result of an increase in the average balance on such deposits of $93.9 million, or 10.5%, offset with a decrease in the rate paid on such deposits from 5.60% in 1998 to 5.34% in 1999.

As a result of the changes described above, net interest income increased $5.3 million, or 6.0%, for 2000 compared to 1999 and increased $9.4 million, or 11.9%, for 1999 compared to 1998.

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,					
	2000 compared to 1999			1999 compared to 1998		
	Volume	Average Rate	Total Changes	Volume	Average Rate	Total Changes

	Year Ended December 31,					
	(Dollars in thousands)					
Interest Income:						
Loans(1)	$ 21,928	$ 5,878	$ 27,806	$ 26,110	$ (7,286)	$ 18,824
Investment securities-taxable	1,428	175	1,603	1,813	396	2,209
Investment securities-nontaxable	674	1,035	1,709	1,120	(758)	362
Other earning assets	(2,820)	2,443	(377)	(262)	(303)	(565)
Total interest income	21,210	9,531	30,741	28,781	(7,951)	(20,830)
Interest expense:						
Savings deposits and interest-bearing checking	(1,607)	2,654	1,047	2,966	(1,535)	1,431
Time deposits	7,010	7,491	14,501	5,259	(2,566)	2,693
Short-term borrowings	4,907	(2,263)	2,644	3,006	1,169	4,175
Long-term borrowings	6,822	(146)	6,676	3,756	(736)	3,020
Total interest expense	17,132	7,736	24,868	14,987	(3,668)	11,319
Increase (decrease) in net interest income	$ 4,078	$ 1,795	$ 5,873	$ 13,794	$ (4,283)	$ 9,511

(1)
The Company includes loan fees in interest income. Such fees totaled $4,443,000, $3,956,000 and $3,584,000 in 2000, 1999 and 1998, respectively.

Provision for Loan Losses

An integral part of merging credit portfolios in the Company's mergers requires converting the purchased banks' credit culture and credit standards to that of the Company. Inherent with this implementation of these processes and procedures is a potential for increased credit risk. To prepare for this risk, the Company generally increases its provisions to prepare for any credit exposure. It is

anticipated, that as these merged banks adopt and implement these procedures credit risk should decline, requiring lower provisions.

The provision for loan losses was $4.7 million for 2000 compared to $11.6 million for 1999, a 59.5% decrease. Non-performing loans increased to $20.7 million as of December 31, 2000 as compared to $8.1 million at December 31, 1999.

The provision for loan losses was $11.6 million for 1999 compared to $5.1 million for 1998, a 127.5% increase. The increase in the provision was primarily the result of a $290.1 million, or 20.6%, increase in total loans outstanding at December 31, 1999 compared to the end of 1998, and in preparation for any potential credit risk, while implementing credit procedures in the banks acquired during 1999 and 2000.

Non-Interest Income

The following table presents the components of the Company's non-interest income for the years indicated:

	Year Ended December 31,		
	2000	1999	1998
	(Dollars in thousands)		

	Year Ended December 31,		
Service fees	$ 10,802	$ 10,854	$ 7,788
Investment trading fees and commissions	2,697	3,293	3,265
Net gains on sales of mortgage loans	5,335	4,116	2,427
Unrealized losses on trading securities	(49)	(37)	(399)
Realized (losses) gains on sale of securities	(1,927)	(429)	521
Information technology services	2,608	2,655	
Trust fees	2,345	1,665	549
Merchant fees	1,243	1,091	750
Other income	4,006	5,091	2,830
Total non-interest income	$ 27,060	$ 28,299	$ 17,731
Non-interest income as a percentage of average total assets	1.02%	1.21%	0.88%

Non-interest income was $27.1 million for 2000 compared to $28.3 million for 1999, a 4.2% decrease. Gain on sale of loans increased $1.2 million, or 29.6% in 2000, due to the acquisition of Regional Investment Company in August 1999. Non-interest income was $28.3 million for 1999 compared to $17.7 million for 1998, a 59.8% increase.

Non-Interest Expense

The following table presents the components of non-interest expense for the years indicated:

	Year Ended December 31,		
	2000	1999	1998
	(Dollars in thousands)		
Salaries and employee benefits	$ 43,902	$ 40,150	$ 31,003
Net occupancy expense	7,923	7,970	5,901
Depreciation expense	6,199	5,180	4,555
Goodwill amortization expense	2,464	1,996	609
Consolidation/repositioning/pooling expense	32,827	4,630	
Professional services	3,102	3,185	4,413
Data processing expense	2,740	2,215	2,084
Advertising	2,154	1,800	1,888
Postage	1,287	1,077	834
Supplies	1,412	1,243	1,082
Telephone	1,632	922	604
Other	9,384	11,855	10,989
Total non-interest expense	$ 115,026	$ 82,223	$ 63,962
Efficiency Ratio	69.46%	73.58%	70.06%

Total non-interest expense was $115.0 million for 2000 compared to $82.2 million for 1999, a 39.9% increase. Other non-interest expense was higher in 2000 primarily because consolidation/repositioning/pooling expenses were $28.2 million greater than 1999.

Total non-interest expense was $82.2 million for 1999 compared to $64.0 million for 1998, representing a 28.6% increase. The increase was primarily attributable to an increase in salaries and employee benefits of $9.1 million, or 29.5%, in 1999. Professional services decreased $1.2 million, or 27.8%, as a result of legal and accounting expenses associated with numerous acquisitions completed in 1998 and the profit improvement study commissioned by the Company at a cost of approximately $700,000. Net occupancy expense increased $2.1 million or

35.1%, due to the purchase transactions completed during 1999. Other non-interest expense increased $70.0 million, or 26.0%, in 1999. The increase in other non-interest expense was primarily attributed to repositioning/consolidation expenses incurred during 1999.

Income Tax Expense

Income tax expense was $5.3 million for 2000 compared to $7.9 million for 1999, a $2.6 million, or 32.9%, decrease. Income tax expense for 1999 was $7.9 million, $1.1 million more than 1998. The effective tax rates for 2000, 1999 and 1998 were 642.5%, 34.8%, and 24.7% respectively. The increase in effective tax rate from 1999 is the result of certain non-deductible expenses related to the closure of Gold Banc Mortgage and non-deductible pooling expenses related to the 2000 acquisitions. The 1998 effective tax rate differs from the expected rate of 35% due primarily to the earnings of Citizens Bancorporation, Inc., which as a Subchapter S Corporation, was not subject to tax prior to the acquisition by the Company. In addition, the Company recognized a $500,000 deferred tax benefit in 1998 resulting from timing differences upon the conversion of Citizens back to a "C" Corporation on the date of acquisition by the Company. Pro forma tax expense for 1998 if Citizens had not been a Subchapter S Corporation, would have been $9,589,000 yielding a tax rate of 34.9%.

Asset/Liability Management

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

Along with internal gap management reports, the Company and the Banks use an asset/liability modeling methodology to analyze each Bank's current gap position. That methodology simulates the Banks' asset and liability base and projects future net interest income under several interest rate assumptions. The Company strives to maintain an aggregate gap position, so that changes in interest rates will not negatively affect net interest income by more than 10% in any twelve-month period.

The Company has not engaged in derivatives or hedging transactions to synthetically alter net interest income.

The following table indicates that at December 31, 2000, in the event of a sudden and sustained increase in prevailing market rates, the Company's 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
200 basis point rise	$ 99,926,000	$ 1,744,000	1.78%
100 basis point rise	99,621,000	1,439,000	1.47%
Base rate scenario	98,182,000		
100 basis point decline	93,709,000	(4,473,000)	(4.56%)
200 basis point decline	88,928,000	(9,254,000)	(9.43%)

The following table sets forth the maturities of interest-earning assets and interest-bearing liabilities outstanding at December 31, 2000.

	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	$ 908,155	$ 278,585	$ 595,344	$ 164,084	$ 1,946,168
Investment securities	178,321	97,272	159,847	90,541	525,981
Other interest-bearing assets	36,468				36,468

Interest Rate Sensitivity

Total rate-sensitive assets	$	1,122,944	$	375,857	$	755,191	$	254,625	$	2,508,617
Rate Sensitive Liabilities:										
Savings deposits and interest-bearing checking	$	654,385	$		$		$		$	654,385
Time deposits		310,571		617,275		280,405		1,104		1,209,355
Short-term borrowings		86,347		8,000						94,347
Long-term borrowings		16,082		95,520		86,185		94,602		292,389
Total rate-sensitive liabilities	$	1,067,385	$	720,795	$	366,590	$	95,706	$	2,250,476
Net gap	$	55,559	$	(344,938)	$	388,601	$	158,919	$	258,141
Cumulative gap	$	55,559	$	(289,379)	$	99,222	$	258,141		
Cumulative ratio of interest-earning assets to interest-bearing liabilities		105.21%		83.82%		104.60%		111.47%		
Ratio of cumulative gap to interest-earning assets		4.95%		(19.31%)		4.40%		10.29%		

The cumulative gap value indicated above indicates that a rise in interest rates would have a positive effect on net interest income. The Company has the ability to reprice the rates on savings deposits and interest bearing checking. Historically, the rates on these deposits have not been repriced when rates have had small movements.

Financial Condition

Lending Activities

Commercial Loans. This category includes loans to service, retail, wholesale and light manufacturing businesses, including agricultural service businesses. Commercial loans were $535.3 million as of December 31, 2000, or 27.5%, of total loans.

Real Estate Loans. Real estate loans represent the largest class of loans of the Company. The Company categorizes real estate loans as follows:

(I) *Commercial*. Commercial real estate loans totaled $430.6 million at December 31, 2000, compared to $348.2 million at December 31, 1999, an increase of $82.4 million, or 23.7%.

(II) *Construction*. Construction lending consists primarily of single family construction. Construction loans increased 64.4% primarily due to an increase in such lending in Johnson County, Kansas.

(III) *1 to 4 Family Residential*. Residential loans totaled $239.1 million at December 31, 2000, compared to $261.3 million at December 31, 1999, a decrease of $22.2 million, or 8.5%. Loans in this category consist primarily of owner-occupied residential loans.

(IV) *Agricultural*. This category consists of loans secured by agricultural real estate. Agricultural loans totaled $99.4 million at December 31, 2000, compared to $90.9 million at December 31, 1999, an increase of $8.1 million, or 8.9%.

(V) *Held for Sale*. Loans held for sale represent residential loans intended to be sold to secondary investors, and are in the process of being delivered; and student loans held for sale. Loans held for sale totaled $134.1 million at December 31, 2000, compared to $149.5 million at December 31, 1999, a decrease of $15.4 million or 10.3%.

Agricultural Loans. Agricultural loans are typically made to farmers, small corporate farms, and feed and grain dealers. Agricultural loans were $202.7 million as of December 31, 2000, compared to $211.0 million as of December 31, 1999, a decrease of $8.3 million, or 3.9%. Agricultural loans as a percent of total loans decreased from 11.59% in 1999 to 10.42% in 2000.

Consumer and Other Loans. Loans classified as consumer and other loans include automobile, residential, other personal loans and credit card loans. The majority of these are installment loans with fixed interest rates. Consumer and other loans were $140.0 million as of December 31, 2000, compared to $140.0 million as of December 31, 1999, a decrease of $23.1 million, or 16.5%. Consumer and other loans represented 6.01% of total loans as of December 31, 2000, a decrease from 7.69% as of December 31, 1999.

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

	2000		1999		1998		1997		1996	
	Amount	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	(Dollars in thousands)									
Commercial	$ 535,258	27.50%	$ 504,393	27.72%	$ 549,348	36.05%	$ 434,471	36.14%	$ 341,225	35.08%
Real estate construction	188,118	9.67%	114,425	6.29%	50,696	3.33%	61,967	5.15%	38,608	3.97%
Real estate(1)	769,118	39.51%	700,497	38.49%	517,761	33.98%	407,410	33.89%	346,570	35.63%
Loans held for sale	134,081	6.89%	149,560	8.22%	93,583	6.14%	43,947	3.66%	25,285	2.60%
Agricultural	202,714	10.42%	210,985	11.59%	143,437	9.41%	121,079	10.07%	99,821	10.26%
Consumer and other loans	116,879	6.01%	139,988	7.69%	169,033	11.09%	133,299	11.09%	121,883	12.47%
Total loans	1,946,168	100.00%	1,819,848	100.00%	1,523,123	100.00%	1,202,173	100.00%	973,392	100.00%
Less allowance for loan losses	26,180		26,038		20,141		16,455		13,895	
Total	$ 1,919,988		$ 1,793,810		$ 1,503,717		$ 1,185,718		$ 959,497	

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

The following table sets forth the repricing of portfolio loans outstanding at December 31, 2000.

	0-3 Months	4 Months to 1 year	Over 1 to 5 Years	Over 5 Years	Total
	(Dollars in thousands)				
Loan category:					
Commercial	$ 308,467	$ 82,697	$ 134,808	$ 9,286	$ 535,258
Real Estate construction	121,483	20,668	40,911	5,056	188,118
Real estate	183,467	101,087	342,585	141,979	769,118
Loans held for sale	134,081				134,081
Agricultural loans	133,963	46,795	18,591	3,365	202,714
Consumer and other loans	26,694	27,338	58,449	4,398	116,879
Total Loans	$ 908,155	$ 278,585	$ 595,344	$ 164,084	$ 1,946,168

As of December 31, 2000, loans repricing after one year include approximately $591 million in fixed rate loans and $168 million in floating or adjustable rate loans.

Asset Quality

The Company follows regulatory guidelines in placing loans on a non-accrual basis and places loans with doubtful principal repayment on a non-accrual basis, whether current or past due. The Company considers non-performing assets to include all non-accrual loans, other loans past due 90 days or more as to principal and interest (with the exception of those loans which in management's opinion are well collateralized or exhibit other characteristics suggesting they are collectible), other real estate owned ("OREO") and repossessed assets. The Company does 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.

Restructured and impaired loans, other than non-accrual loans, are considered insignificant for all years presented. The Company would have recorded additional interest in the amounts of $ 1,381,000, $658,000 and $420,000 for the years ended December 31, 2000, 1999 and 1998, respectively, if non-accrual loans had been current during these periods.

Non-performing assets are summarized in the following table:

	December 31,				
	2000	1999	1998	1997	1996
	(Dollars in thousands)				
Loans:					
Loans 90 days or more past due still accruing	$ 869	$ 1,767	$ 2,214	$ 1,134	$ 672
Non-accrual loans	19,853	6,324	5,021	4,956	5,875
Non-performing loans	20,722	8,091	7,235	6,090	6,547
Other assets	141	93	88	44	5
Foreclosed assets held for sale	3,573	2,696	3,035	1,859	771
Non-performing assets	$ 24,436	$ 10,880	$ 10,358	$ 7,993	$ 7,323
Non-performing loans as a percentage of total loans	1.06%	0.44%	0.48%	0.51%	0.67%
Non-performing assets as a percentage of total assets	0.90%	0.43%	0.47%	0.46%	0.51%
Non-performing assets as a percentage of total loans and OREO	1.25%	0.60%	0.68%	0.66%	0.75%

Allowance for Loan Losses

The success of a bank depends to a significant extent upon the quality of its assets, particularly loans. This is highlighted by the fact that net loans are 70.7% of the Company's total assets as of December 31, 2000. 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 based upon a percentage of the outstanding balances and for specific loans if their ultimate collectability is considered questionable. Since certain lending activities involve greater risks, the percentage applied to specific loan types may vary.

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

The allowance for loan losses on December 31, 2000, totaled $26.2 million, or 1.35% of outstanding loans, compared to $26.0 million or 1.43% at December 31, 1999. Charge-offs were $6.5 million, recoveries were $1.9 million and provisions charged to expense were $4.7 million. The allowance for loan losses on December 31, 1999, totaled $26.0 million, a $5.9 million increase from the prior year. Charge-offs were $9.6 million, recoveries were $1.8 million and provisions charged to expenses were $11.6 million. In addition, allowance for loan losses of acquired banks in 1999 aggregated $2.1 million.

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

	Year Ended December 31,				
	2000	**1999**	**1998**	**1997**	**1996**
	(Dollars in thousands)				
Total net loans outstanding at the end of year	$ 1,919,988	$ 1,793,810	$ 1,503,717	$ 1,185,718	$ 959,496
Average net loans outstanding during the year	1,868,494	1,627,212	1,353,397	1,074,120	705,191
Allowance for loan losses, beginning of year	26,038	20,141	16,455	13,895	7,383
Charge-offs:					
Commercial	4,112	4,652	1,653	2,367	1,357
Real estate					
Commercial	251	392	1,089	303	57
Construction			80		24
1 to 4 family residential	309	265	153	31	60
Agricultural	186	141			
Loans held for sale					
Total real estate	746	798	1,322	334	141
Agricultural	213	1,757	825	1,042	570
Consumer and other	1,404	2,371	1,638	749	285
Total charge-offs	6,475	9,578	5,438	4,492	2,353
Recoveries:					
Commercial	774	794	580	680	643
Real estate					
Commercial	54	68	159	101	278
Construction					11
1 to 4 family residential	91	202	31	5	8
Agricultural	105	12	53	20	100
Loans held for sale		5			

	Year Ended December 31,				
Total real estate	250	287	243	126	397
Agricultural	391	115	531	340	36
Consumer and other	529	567	293	177	152
Total recoveries	1,944	1,763	1,647	1,323	1,228
Net charge-offs	4,531	7,815	3,791	3,169	1,125
Provision charged to operations	4,673	11,586	5,111	4,921	3,118
Adjustments due to acquired companies	-0-	2,126	2,366	808	4,519
Allowance for loan losses, end of year	$ 26,180	$ 26,038	$ 20,141	$ 16,455	$ 13,895
Ratios:					
Allowance as a percentage of total loans	1.35%	1.43%	1.32%	1.37%	1.43%
Net charge-offs to average loans outstanding	0.24%	0.48%	0.27%	0.30%	0.16%
Allowance as a percentage of non-performing loans	126.34%	321.81%	278.38%	270.20%	212.23%

The following table sets forth the allocation of the Company's allowance for loan losses among categories of loans as of December 31, 2000:

	Amount	Percent of Allowance in Each Category to Total Allowance
	(Dollars in thousands)	
Commercial	$ 10,498	40.10%
Real estate construction	9,161	34.99%
Real estate	1,463	5.59%
Loans held for sale	609	2.33%
Agricultural	2,844	10.86%
Consumer and other	1,605	6.13%
Total	$ 26,180	100.00%

Investment Activities

The Company's investment portfolio serves three important functions: First, it facilitates the adjustment of the balance sheet's sensitivity to changes in interest rate movements; second, it provides an outlet for investing excess funds; and third, it provides liquidity. The investment portfolio is structured to maximize the return on invested funds within conservative risk management guidelines.

The portfolio is comprised primarily of available for sale securities, which include U.S. Treasury securities, U.S. government agency obligations, state municipal obligations, Federal Reserve Bank stock, FNMA stock, and FHLB stock. The U.S. government agency obligations include Federal Home Loan Mortgage Corporation ("FHLMC"), FNMA notes and mortgage-backed securities, FHLB notes and Government National Mortgage Association ("GNMA") mortgage-backed securities. As of December 31, 2000, the available for sale portfolio totaled $518.3 million, including a net unrealized gain of $1.3 million.

The investment portfolio increased $70.8 million, or 15.6%, during 2000. The increase is the result of increased activity at certain Banks. The investment portfolio increased $22.5 million, or 5.2%, during 1999.

The composition of the investment portfolio as of December 31, 2000 was 53.5% U.S. Treasury and agency securities, 12.3% state and municipal securities, 27.1% mortgage-backed securities, 0.6% trading securities and 6.5% other securities. The comparable distribution for December 31, 1999 was 56.3% U.S. Treasury and agency securities, 14.8% state and municipal securities, 22.1% mortgage-backed securities, 2.0% trading securities and 4.8% other securities. The estimated maturity of the investment portfolio on December 31, 2000 was 3 years. The investment portfolio represented 19.4% and 17.8% of total assets at December 31, 2000 and 1999, respectively.

The following table sets forth the composition of the Company's investment portfolio at the dates indicated (in thousands).

	At December 31,		
	2000	1999	1998
Securities held to maturity:(1)			
U.S. Treasury and other U.S. agencies and corporations	$ 1,000	$ 2,909	$ 1,159
Obligations of states and political subdivisions	2,080	3,062	2,856
Mortgage-backed securities	1,313	1,903	2,423
Total	$ 4,393	$ 7,874	$ 6,438
Securities available for sale:(2)			
U.S. Treasury and other U.S. agencies and corporations	$ 280,631	$ 252,394	$ 207,079
Obligations of states and political subdivisions	62,411	64,500	47,409
Mortgage-backed securities	141,150	99,505	149,516
Trading(4)	3,265	9,245	6,579
Other(3)	34,131	21,644	15,609
Total investment securities	$ 525,981	$ 455,162	$ 432,630

(1) Held to maturity securities are carried at amortized cost.

(2) Available for sale securities are carried at fair value.

(3) Includes FHLB stock, Federal Reserve stock and FNMA stock.

(4) Trading securities are carried at fair value.

The following table sets forth a summary of maturities in the investment portfolio at December 31, 2000.

	One year or less		Over One Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 years		Total	
	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield	Amount	Weighted Yield
	(At carrying value) (Dollars in thousands)									
U.S. Treasury and other U.S. agencies and corporations	$ 65,238	6.94%	$ 166,677	6.91%	$ 29,066	6.97%	$ 20,650	6.59%	$ 281,631	6.90%

	One year or less		Over One Year Through 5 Years		Over 5 Years Through 10 Years		Over 10 years		Total	
Obligations of states and political subdivisions	4,867	6.73%	17,318	7.18%	21,496	7.00%	20,810	7.61%	64,491	7.23%
Mortgage-backed securities	1,206	5.75%	52,526	6.75%	61,528	6.48%	27,203	6.54%	142,463	6.59%
Other	26,470	7.54%	3,173	5.28%	1,925	4.36%	2,563	6.17%	34,131	7.05%
Total	$ 97,781	7.08%	$ 239,694	6.87%	$ 114,015	6.67%	$ 71,226	6.85%	$ 522,716	6.86%

The above table does not include trading securities of $3,265,000.

Deposit Activities

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

Deposits are attracted principally from within the Banks' primary market area through the offering of a broad variety of deposit instruments, including checking accounts, money market accounts, savings accounts, certificates of deposit (including jumbo certificates in denominations of $100,000 or more),

and retirement savings plans. The Banks have aggressively attempted to obtain deposits in selected markets to increase market share or meet particular liquidity needs. The Company has not used brokered deposits and has not sought to attract deposits outside its market areas.

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

During 2000, average balances of non-interest bearing demand deposits increased $17.3 million, or 7.2%; average balances of savings and interest bearing deposits decreased $50.3 million, or 7.6%; and average balances of time deposits increased $131.2 million, or 13.3%. As of December 31, 2000, the balance of total deposits had increased $127.7 million compared to December 31, 1999. This increase is primarily due to increases of $45.3 million in time deposits less than $100,000 and $87.7 million increase in time deposits greater than $100,000.

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

	Year Ended December 31,								
	2000			1999			1998		
	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	$ 259,202		13.06%	$ 241,894		12.82%	$ 219,509		13.03%
Savings deposits and Interest-bearing demand	609,911	3.63%	30.72%	660,266	3.19%	40.13%	573,619	3.42%	34.06%
Time deposits	1,116,102	6.01%	56.22%	984,875	5.34%	59.87%	891,007	5.60%	52.91%

	Year Ended December 31,					
Total	$ 1,985,215	100.00%	$ 1,887,035	100.00%	$ 1,684,135	100.00%

The Company does not have a concentration of deposits from any one source, the loss of which would have a material adverse effect on its business. Management believes that substantially all of the Banks' depositors are residents in their respective primary market areas.

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

	December 31,		
	2000	1999	1998
	(Dollars in thousands)		
Non-interest-bearing	$ 270,137	$ 271,134	$ 252,760
Interest-bearing:			
Savings and NOW accounts	654,385	658,698	621,169
Time accounts less than $100,000	860,122	814,809	741,412
Time accounts greater than $100,000	349,233	261,513	209,216
Total deposits	$ 2,133,877	$ 2,006,154	$ 1,824,557

The following table summarizes at December 31, 2000, the Company's certificates of deposit of $100,000 or more by time remaining until maturity (dollars in thousands).

Maturity Period:	
Less than three months	$ 133,026
Over three months through six months	73,949
Over six months through twelve months	87,118
Over twelve months	55,140
Total	$ 349,233

The Company has no other time deposits in excess of $100,000.

Capital and Liquidity

Sources of Liquidity. Liquidity defines the ability of the Company and the Banks to generate funds to support asset growth, satisfy other disbursement needs, meet deposit withdrawals and other fund reductions, maintain reserve requirements and otherwise operate on an ongoing basis. The immediate liquidity needs of the Banks are met primarily by Federal Funds sold, short-term investments, deposits and the generally predictable cash flow (primarily repayments) from each Bank's assets. Intermediate term liquidity is provided by the Banks' investment portfolios. The Banks also have established a credit facility with the FHLB, under which the Banks are eligible for short-term advances and long-term borrowings secured by real estate loans or mortgage-related investments. The Company's liquidity needs and funding are provided through non-affiliated bank borrowing, cash dividends and tax payments from its subsidiary Banks. As described in note 8 to the financial statements, the Company has a $25 million line of credit with outstanding borrowings of $8 million at December 31, 2000.

Cash provided by operating activities for 2000 was $46.7 million, consisting primarily of net loss adjusted for non-cash items and the sale of loans. Cash used in investing activities was $211.1 million, consisting primarily of increased loans of approximately $149.6 million and net investment security purchases of $59.6 million. Investing activities were financed by deposits of approximately $127.7 million and net borrowings of $35.2 million and resulted in net cash provided of $154.6 million.

Capital. The Company and its subsidiaries actively monitor their compliance with regulatory capital requirements. The elements of capital adequacy standards include strict definitions of core capital and total assets, which include off-balance sheet items such as commitments to extend credit. Under the risk-based capital method of capital measurement, the ratio computed is dependent on the amount and composition of assets recorded on the balance sheet and the amount and composition of off-balance sheet items, in addition to the level of capital. Historically, the Banks have increased core capital through retention of earnings or capital infusions. The primary source of funds available to the Company is dividends by the subsidiaries. Each Bank's ability to pay dividends may be limited by regulatory requirements. At December 31, 2000, the subsidiaries could pay dividends without prior regulatory approval.

Impact of Inflation and Changing Prices

The primary impact of inflation on the operations of the Company 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.

Accounting and Financial Reporting

The Financial Accounting Standards Board (FASB) has issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," SFAS No. 133 establishes accounting and reporting

standards for derivative instruments and hedging activities. This statement requires that entities recognize all derivatives as either assets or liabilities in the statement of condition and measure such instruments at fair value. SFAS 133, as amended by SFAS 137 and 138 must be adopted by the Company on January 1, 2001. The adoption of the standards did not have a significant impact on the financial statements of the Company.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Asset/Liability Management

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

Along with internal gap management reports, the Company and the Banks use an asset/liability modeling service to analyze each Bank's current gap position. The system simulates the Banks' asset and liability base and projects future net interest income results under several interest rate assumptions. The Company strives to maintain an aggregate gap position such that changes in interest rates will not affect net interest income by more than 10% in any twelve month period. The Company has not engaged in derivatives transactions for its own account.

The following table indicates that, at December 31, 2000, if there had been a sudden and sustained increase in prevailing market interest rates, the Company's 2001 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
200 basis point rise	$ 99,926,000	$ 1,744,000	1.78%
100 basis point rise	99,621,000	1,439,000	1.47%
Base rate scenario	98,182,000		
100 basis point decline	93,709,000	(4,473,000)	(4.56%)
200 basis point decline	88,928,000	(9,254,000)	(9.43%)

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Independent Auditors' Report

The Board of Directors
Gold Banc Corporation, Inc.:

We have audited the accompanying consolidated balance sheets of Gold Banc Corporation, Inc. and subsidiaries (the Company) as of December 31, 2000 and 1999, and the related consolidated statements of operations, stockholders' equity and comprehensive income, and cash flows for each of the years in the three year period ended December 31, 2000. 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.

The consolidated financial statements of Gold Banc Corporation, Inc. as of and for the year ended December 31, 1999 and for the year ended 1998, have been restated to reflect the pooling-of-interests transactions with American Bancshares of Bradenton, Florida (American), CountryBanc Holding Company of Edmond, Oklahoma (CountryBanc), and First Business Bancshares of Kansas City, Inc. (First Business) as described in Note 2 to the consolidated financial statements. We did not audit the 1999 and 1998 financial statements of American, and CountryBanc or the 1998 financial statements of First Business, which statements reflect total assets constituting 36% at December 31, 1999 and net interest income and net income consisting 42% and 25%, in 1999 and 50% and 36% in 1998, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for American, CountryBanc, and First Business as of and for the years ended December 31, 1999 and 1998, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Gold Banc Corporation, Inc. and subsidiaries as of December 31, 2000 and 1999, and the results of their operations and their cash flows for each of the years in the three year period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States of America.

/s/ KPMG LLP

Kansas City, Missouri
February 9, 2001

GOLD BANC CORPORATION, INC. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2000 and 1999
(Dollars in thousands)

Assets

	2000	1999
Cash and due from banks	$ 82,423	$ 99,159
Federal funds sold and interest-bearing deposits	36,468	29,457
Total cash and cash equivalents	118,891	128,616
Investment securities (note 3):		
Available-for-sale	518,323	438,043

	2000	1999
Held-to-maturity	4,393	7,874
Trading	3,265	9,245
Total investment securities	525,981	455,162
Mortgage loans held for sale, net	134,081	149,560
Loans, net (note 4)	1,785,907	1,644,250
Premises and equipment, net (note 5)	60,626	62,960
Goodwill, net	33,376	47,576
Accrued interest and other assets	58,736	62,617
Total assets	$ 2,717,598	$ 2,550,741

See accompanying notes to consolidated financial statements.

Liabilities and Stockholders' Equity

	2000	1999
Liabilities:		
Deposits (note 6)	$ 2,133,877	$ 2,006,154
Securities sold under agreements to repurchase (note 7)	78,975	41,872
Federal funds purchased and other short-term borrowings (note 8)	24,654	136,746
Guaranteed preferred beneficial interests in Company's debentures (note 9)	82,549	83,319
Long-term debt (note 9)	200,561	89,753
Accrued interest and other liabilities	27,739	25,849
Total liabilities	2,548,352	2,383,693
Stockholders' equity (notes 11 and 14):		
Preferred stock, no par value; 50,000,000 shares authorized, no shares issued		
Common stock, $1 par value; 50,000,000 shares authorized, 38,285,900 and 37,301,822 shares issued and outstanding at December 31, 2000 and 1999, respectively	38,286	37,302
Additional paid-in capital	75,523	72,942
Retained earnings	64,198	71,218
Accumulated other comprehensive income (loss), net	836	(11,239)
Unearned compensation (notes 8 and 11)	(3,802)	(3,175)
	175,041	167,048
Less treasury stock (800,000 shares at December 31, 2000)	(5,795)	
Total stockholders' equity	169,246	167,048
Commitments and contingent liabilities (note 16)		

		2000		1999
Total liabilities and stockholders' equity	$	2,717,598	$	2,550,741

See accompanying notes to consolidated financial statements.

		2000		1999		1998
Interest income:						
Loans, including fees	$	175,687	$	147,881	$	129,057
Investment securities		29,173		26,459		24,014
Other		3,507		3,884		4,449
Total interest income		208,367		178,224		157,520
Interest expense:						
Deposits		89,228		73,680		69,556
Borrowings and other		25,679		16,359		9,164
Total interest expense		114,907		90,039		78,720
Net interest income		93,460		88,185		78,800
Provision for loan losses (note 4)		4,673		11,586		5,111
Net interest income after provision for loan losses		88,787		76,599		73,689
Other income:						
Service fees		10,802		10,854		7,788
Investment trading fees and commissions		2,697		3,293		3,265
Net gains on sales of mortgage loans		5,335		4,116		2,427
Unrealized losses on trading securities		(49)		(37)		(399)
Realized (losses) gains on sale of securities		(1,927)		(429)		521
Other		10,202		10,502		4,129
Total other income		27,060		28,299		17,731
Other expense:						
Salaries and employee benefits		43,902		40,150		31,003