

BANKATLANTIC BANCORP INC

Form 8-K

July 20, 2005

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

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported) **July 19, 2005**

BankAtlantic Bancorp, Inc.

(Exact name of registrant as specified in its charter)

| | | |
|---|-----------------------------|---|
| Florida | 34-027228 | 65-0507804 |
| (State or other jurisdiction of incorporation) | (Commission File Number) | (I.R.S. Employer Identification No.) |

**2100 West Cypress Creek Road
Ft. Lauderdale, Florida**

33309

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code **954-940-5000**

Not Applicable

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))

Item 2.02. Results of Operations and Financial Condition

The information in this item (including Exhibit 99.1) is being furnished pursuant to Item 2.02 and 9.01 and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act. On July 19, 2005, BankAtlantic Bancorp, Inc. (the Company) issued a press release announcing its financial results for the quarter and six months ended June 30, 2005. The press release, and accompanying financial tables and deposit graphs are attached hereto as Exhibit 99.1 and are incorporated herein by reference. In addition to financial results determined in accordance with generally accepted accounting principles (GAAP), the press release also contains financial information determined by methods other than in accordance with GAAP. The Company's management uses these non-GAAP measures, which it defines as operating measures, in their analysis of the Company's performance. These operating measures adjust GAAP net income to exclude the impairment charge related to the Company's former headquarters, costs associated with debt redemptions and a litigation settlement gain. The Company believes that these non-GAAP operating measures supplement our GAAP financial information and provide useful measures of evaluating the Company's operating results and any related trends that may be affecting the Company's business. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

Item 2.06 Material Impairments

On July 19, 2005, following the relocation of BankAtlantic's corporate headquarters, the Audit Committee of the Board of Directors concluded that the relocation, and contemplated demolition of the headquarters and the plans to construct a branch on a portion of the site, which resulted in an impairment of those assets. As a result the Company recorded a \$3.7 million impairment charge, the carrying value of the building and equipment at the former headquarters, in its Statement of Operation for the three and six months ended June 30, 2005.

Item 9.01 Financial Statements and Exhibits

(c) Press Release dated July 19, 2005

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: July 19, 2005

BANKATLANTIC BANCORP, INC.

By: James A. White
James A. White
Executive Vice President
- Chief Financial Officer

BankAtlantic Bancorp Reports Earnings
For The Second Quarter 2005

Record Second Quarter Net Income An Increase of 34%

Record Diluted Earnings per Share Increased 31%

FORT LAUDERDALE, Florida July 19, 2005 BankAtlantic Bancorp, Inc. (NYSE: BBX), the parent company of BankAtlantic and Ryan Beck & Co., today announced financial results for the second quarter ended June 30, 2005. Net income increased 34% to \$24.5 million for the second quarter 2005, up from \$18.3 million earned in the 2004 quarter. Diluted earnings per share rose 31% to \$0.38 in the quarter, up from \$0.29 earned in the 2004 quarter. The 2005 quarter includes a \$2.4 million after-tax impairment charge associated with a decision to vacate the Bank's former headquarters in conjunction with the opening of a new corporate headquarters building. Excluding the effect of this item, net income for the quarter would have increased 48% to \$26.9 million and diluted earnings per share would have increased 45% to \$0.42.

Chairman of the Board and Chief Executive Officer, Alan B. Levan commented, "This is an exciting time for our Company and we are very pleased with the outstanding results produced throughout the organization. At BankAtlantic, low cost deposits continued growth trends that we believe are among the very best in the industry, with total low cost deposits now exceeding \$2 billion, compared to approximately \$600 million less than four years ago. Credit quality remained high. Tax equivalent net interest margin grew to 3.90% during the second quarter compared with 3.73% in the 2004 period, and 3.88% in the immediately preceding quarter. Total loans grew 25% to \$4.8 billion at quarter end, up from \$3.9 billion at the end of the second quarter of 2004. Most of this loan growth occurred in late 2004, and we anticipate continuing to focus on the gradual reduction of borrowings through future growth in low cost deposits. Moreover, Ryan Beck & Co. had an exceptional quarter completing the largest single transaction in its history, while delivering solid results from all business segments. Ryan Beck's income for the quarter rose 86% to \$13.0 million and total revenues increased 33% to \$87.4 million vs. the corresponding 2004 period.

Additional accomplishments and highlights include:

BankAtlantic's Florida's *Most Convenient Bank* initiative continues to drive impressive growth in new customers and accounts. Since January 2002, BankAtlantic has opened nearly a half million new checking and savings accounts, including nearly 49,000 in the second quarter of 2005. Balances in low cost deposits Demand, Savings and NOW accounts increased 23% over the second quarter of 2004 to a total of \$2.0 billion at quarter-end, and on a same store basis the increase was 23.3%. At December

31, 2001, immediately preceding the initiation of the Florida's Most Convenient Bank program, BankAtlantic had \$602 million in low cost deposits. Non-interest bearing demand deposits now constitute 28% of deposit funding, up from 24% a year ago, and 13% before the initiation of the program. The steady increases in core deposits continue to surpass our initial goals and confirm our belief that customers value the convenience and service offered by BankAtlantic.

The following table provides comparative data on Period-end Balances:

Low Cost Deposit Period-end Balances

Annual

In Millions

| | 2004 | 2003 | Change |
|--------------------|------------|------------|---------|
| Checking (DDA/NOW) | \$ 1,549.1 | \$ 1,179.2 | + 31.4% |
| Savings | \$ 270.0 | \$ 209.0 | + 29.2% |
| Total | \$ 1,819.1 | \$ 1,388.2 | + 31.0% |

Quarterly

In Millions

| | 2Q 05 | 2Q 04 | Change |
|--------------------|------------|------------|---------|
| Checking (DDA/NOW) | \$ 1,700.3 | \$ 1,372.6 | + 23.9% |
| Savings | \$ 302.7 | \$ 251.2 | + 20.5% |
| Total | \$ 2,003.0 | \$ 1,623.8 | + 23.4% |

Although the yield curve has been relatively flat in recent periods, BankAtlantic has continued to realize improvements in its net interest margin (NIM). This continued improvement in NIM reflects a combination of several factors, including the sustained growth of low cost deposits, which are more beneficial in higher rate periods, the repayment of certain high cost FHLB advances in prior periods, and higher earning asset yields. As we have noted before, while a prolonged flattening of the yield curve may temper continued improvements in NIM, we believe BankAtlantic could potentially continue to realize some further margin improvement in a rising interest rate environment.

Credit quality remained strong in the second quarter, with the ratio of non-performing loans to total loans decreasing from 0.14% at March 31, 2005 to 0.12% at June 30, 2005. The ratio of non-performing assets to total loans plus other real estate was also favorable, declining slightly from 0.17% at March 31, 2005 to 0.16% at June 30, 2005. During the second quarter, the Bank had net charge-offs of \$212,000, compared to net recoveries of \$948,000 for the immediately preceding quarter, and a provision for loan losses of \$820,000 compared to a negative provision of \$3.9 million. On a year-to-date basis, net recoveries were \$736,000 and the provision a negative of \$3.1 million. As a result of the continuing improvement in credit quality, the ratio of Allowance for Loan Losses declined slightly from 0.92% at March 31, 2005 to 0.90% at June 30, 2005.

We continue to address compliance with the USA Patriot Act, anti-money laundering laws and the Bank Secrecy Act. Our compliance improvements include revised technology and systems and procedures, and a substantial increase to compliance staffing. The 2005 run-rate impact of these on-going compliance-related costs is estimated to be \$2.5 million annually. As indicated earlier, we cannot predict whether or to what extent monetary or other penalties or restrictions might be imposed upon us by regulators or other federal agencies relating to these previously identified compliance deficiencies.

BankAtlantic's "Yeah, We're Open" advertising campaign received national recognition as a Telly Award's Bronze Finalist for two television commercials, and a Stevie Awards best radio ad campaign for our radio commercials.

Ryan Beck & Co. During the quarter, Ryan Beck's financial institutions group announced or completed fourteen deals, including the Hudson City Savings Bank de-mutualization transaction, in which Ryan Beck served as joint lead manager on the syndicated offering and sole manager on the subscription offering. The Hudson City transaction was the seventh largest equity raise ever completed in U.S. markets, and was the largest single transaction in Ryan Beck's history. In the Hudson City transaction, 393 million shares of stock were issued and a total of \$3.9 billion was raised. In addition, Ryan Beck's middle market investment banking group completed four transactions during the second quarter of 2005.

As a result, Ryan Beck delivered extremely strong results during the quarter. Net income rose 86% to \$13.0 million for the quarter, vs. \$7.0 million in 2004, and total revenues increased 33% to \$87.4 million vs. \$65.9 million. Revenues from the Capital Markets Group increased 157% to \$25.5 million, up from \$9.9 million in the 2004 quarter, and Investment Banking division revenue improved 38% to \$23.4 million, up from \$17.0 million in the 2004 quarter. Key performance ratios for the second quarter also improved dramatically. Return on average tangible equity increased to a record 60.80%, up from 36.69% in the second quarter 2004.

Ryan Beck's Kronos Fund, its new internally-managed hedge fund, was introduced during the second quarter. The Kronos Fund strives to deliver positive returns under most market conditions utilizing a blended long/short equity strategy, quantitative model, and sector rotation techniques.

Designed to improve the overall visibility and branding power of the firm and its products and services, Ryan Beck's no-nonsense advertising campaign, "Let's Get Down to Work," ran throughout the metropolitan New York, New Jersey, Long Island, and Connecticut markets.

Financial Highlights:

Second Quarter, 2005 Compared to Second Quarter, 2004

BankAtlantic Bancorp consolidated:

Net income of \$24.5 million vs. \$18.3 million, an increase of 34%. Excluding the impairment charge relating to the former headquarters building, net income would have been \$26.9 million, an increase of 48%.

Diluted earnings per share of \$0.38 vs. \$0.29, an increase of 31%. Excluding the impairment charge, earnings per share would have been \$0.42, an increase of 45%.

Return on average tangible equity was 23.98%.

Book value per share rose to \$8.42.

BankAtlantic:

Business segment net income was \$14.8 million vs. \$14.4 million. Excluding the impairment charge, net income would have been \$17.2 million, a 19% increase.

Return on average tangible assets was 0.96% and return on average tangible equity was 12.74%. Excluding the impairment charge, these ratios would have been 1.11% and 14.82%, respectively.

The tax equivalent net interest margin increased to 3.90% vs. 3.73%.

Non-interest income was \$25.0 million vs. \$22.2 million, an increase of 13%.

Non-interest expense grew to \$58.3 million vs. \$42.9 million, an increase of 36%.

Ryan Beck & Co.:

Business segment income increased to \$13.0 million vs. \$7.0 million, an increase of 86%.

Annualized return on average tangible equity was 60.8%.

Total operating revenues increased to \$87.4 million vs. \$65.9 million.

Principal transactions were \$36.7 million vs. \$21.7 million.

Investment banking revenue increased to \$25.4 million vs. \$18.0 million.

Commission income was \$19.5 million vs. \$22.2 million.

Year-to-Date 2005 Compared to Year-to-Date 2004

BankAtlantic Bancorp consolidated:

Net income of \$44.4 million vs. \$38.8 million. Excluding the 2005 impairment charge and in 2004, a gain of \$22.8 million from a litigation settlement and \$11.7 million of expense resulting from early redemption of debt, net income would have been \$46.8 million vs. \$31.6 million, an increase of 48%.

Diluted earnings per share of \$0.69 vs. \$0.61. Excluding the effects of the above items, diluted earnings per share were \$0.73 vs. \$0.49, an increase of 49%.

Annualized return on average tangible equity was 22.12%.

BankAtlantic:

Business segment net income was \$35.6 million vs. \$18.1 million, an increase of 97%. Excluding the items indicated in the first comment on year-to-date highlights, net income would have been \$38.0 million vs. \$25.8 million, an increase of 48%.

Return on average tangible assets was 1.17% and return on average tangible equity was 15.62%. Excluding the impairment charge, these ratios would have been 1.25% and 16.67%, respectively.

Tax equivalent net interest margin increased to 3.89% vs. 3.73%.

Non-interest income was \$48.5 million vs. \$40.4 million, an increase of 20%.

Non-interest expense grew to \$108.6 million vs. \$96.4 million, an increase of 13%.

Ryan Beck & Co.:

Business segment income increased to \$15.6 million vs. \$12.1 million, an increase of 28%.

Return on average tangible equity was 36.4%.

Total operating revenues increased to \$145.0 million vs. \$131.7 million.

Principal transactions were \$56.5 million vs. \$46.1 million.

Investment banking revenue increased to \$37.3 million vs. \$30.7 million.

Commission income was \$39.8 million vs. \$47.6 million.

BankAtlantic Bancorp will host its second quarter 2005 investor and media teleconference call and webcast on Wednesday, July 20, 2005, at 11:00 a.m. (Eastern Time).

Teleconference Call Information:

To access the teleconference call in the U.S. and Canada, the toll free number to call is 1-800-968-8156. International calls may be placed to 706-634-5752. Domestic and international callers may reference PIN number **7296660**.

A replay of the conference call will be available beginning two hours after the call's completion through 5:00 p.m. Eastern Time, Friday, August 19, 2005. To access the replay option in the U.S. and Canada, the toll free number to call is 1-800-642-1687. International calls for the replay may be placed at 706-645-9291. The replay digital PIN number for both domestic and international calls is **7296660**.

Webcast Information:

Alternatively, individuals may listen to the live and/or archived webcast of the teleconference call. To listen to the webcast, visit www.BankAtlanticBancorp.com, access the Investor Relations section, and click on the Webcast navigation link. The archive of the teleconference call will be available through 5:00 p.m. Eastern Time, Friday, August 19, 2005.

BankAtlantic Bancorp's second quarter, 2005 earnings results press release and financial summary, as well as the Supplemental Financials (a detailed summary of significant financial events and extensive business segment financial data), are available on its website at: www.BankAtlanticBancorp.com.

To view the press release and financial summary, access the Investor Relations section and click on the Quarterly Financials navigation link.

To view the Supplemental Financials, access the Investor Relations section and click on the Supplemental Financials navigation link.

Copies of BankAtlantic Bancorp's second quarter, 2005 earnings results press release and financial summary, and the Supplemental Financials are also available upon request via fax, email, or postal service mail. To request a copy, contact BankAtlantic Bancorp's Investor Relations department using the contact information listed below.

About BankAtlantic Bancorp:

BankAtlantic Bancorp (NYSE: BBX) is a diversified financial services holding company and the parent company of BankAtlantic and Ryan Beck & Co. Through these subsidiaries, BankAtlantic Bancorp provides a full line of products and services encompassing consumer and commercial banking, brokerage and investment banking.

About BankAtlantic:

BankAtlantic, Florida's Most Convenient Bank is one of the largest financial institutions headquartered in Florida and provides a comprehensive offering of banking services and products via its broad network of community stores throughout Florida and its online banking division BankAtlantic.com. BankAtlantic has 76 stores and operates more than 200 conveniently located ATMs. BankAtlantic is open 7 days a week and offers holiday hours, extended weekday hours, including several stores open until midnight, Totally Free Online Banking & Bill Pay, 24/7 Customer Service Center, Totally Free Change Exchange coin counters and free retail and business checking with a free gift.

About Ryan Beck & Co.:

Founded in 1946, Ryan Beck & Co., Inc. provides financial advice and innovative solutions to individuals, institutions, and corporate clients through the activities of approximately 1,100 employees in 39 offices located in 14 states. For individual investors, the firm's Private Client Group provides a full range of financial services, including investment consulting, retirement plans, insurance, and investment advisory services. Institutional clients benefit from the market making, underwriting and distribution activities of the firm's experienced Capital Markets Group, which encompasses equity and fixed income trading and institutional sales as well as research. Through its Investment Banking Groups, Ryan Beck raises capital and provides financial advisory services to financial institutions, middle market companies, and municipalities.

For further information, please visit our websites:

www.BankAtlanticBancorp.com

www.BankAtlantic.com

www.RyanBeck.com

To receive future BankAtlantic Bancorp news releases or announcements directly via Email, please click on the Email Broadcast Sign Up button on our website: www.BankAtlanticBancorp.com.

BankAtlantic Bancorp Contact Info:

Donna Rouzeau,

Assistant Vice President, Investor Relations & Corporate Communications

Email: CorpComm@BankAtlanticBancorp.com

Leo Hinkley,

Senior Vice President, Investor Relations

Email: InvestorRelations@BankAtlanticBancorp.com

Phone: (954) 940-5300, Fax: (954) 940-5320

Mailing Address: BankAtlantic Bancorp, Investor Relations,
2100 West Cypress Creek Road, Fort Lauderdale, FL, 33309

BankAtlantic, Florida's Most Convenient Bank, Contact Info:

Public Relations:

Hattie Hess, Vice President, Public Relations

Telephone: (954) 940-6383, Fax: (954) 940-6310

Email: hhess@BankAtlantic.com

Public Relations for BankAtlantic:

Boardroom Communications

Caren Berg

Phone: (954) 370-8999, Fax: (954) 370-8892

Email: caren@boardroompr.com

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Except for historical information contained herein, the matters discussed in this press release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), that involve substantial risks and uncertainties. When used in this press release and in any documents incorporated by reference herein, the words anticipate, believe, estimate, may, intend, expect and similar expressions identify certain of such forward-looking statements. Actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of BankAtlantic Bancorp, Inc. (the Company) and are subject to a number of risks and uncertainties that are subject to change based on factors which are, in many instances, beyond the Company's control. These include, but are not limited to, risks and uncertainties associated with: the impact of economic, competitive and other factors affecting the Company and its operations, markets, products and services; credit risks and loan losses, and the related sufficiency of the allowance for loan losses; changes in interest rates and the effects of, and changes in, trade, monetary and fiscal policies and laws including their impact on the bank's net interest margin; adverse conditions in the stock market, the public debt market and other capital markets and the impact of such conditions on our activities and the value of our assets; BankAtlantic's seven-day banking initiative and other growth initiatives not producing results which justify their costs; the impact of periodic testing of goodwill and other intangible assets for impairment; as well as our ability to and the costs associated with the correction of compliance deficiencies associated with the USA Patriot Act, anti-money laundering laws and the Bank Secrecy Act, and whether or to what extent monetary or other restrictions or penalties relating to these compliance deficiencies will be imposed on the Company by regulators or other federal agencies. The results or performance derived or implied, directly or indirectly from the estimates and assumptions, are based on our beliefs and may not be accurate. Past performance, actual or estimated new account openings and growth rates may not be indicative of future results. Further, this press release contains forward-looking statements with respect to Ryan Beck & Co., which are subject to a number of risks and uncertainties including but not limited to the risks and uncertainties associated with its operations, products and services, changes in economic or regulatory policies, its ability to recruit and retain financial consultants, the volatility of the stock market and fixed income markets and its effects on the volume of its business and the value of its securities positions and portfolio, as well as its revenue mix, and the success of new lines of business; and additional risks and uncertainties that are subject to change and may be outside of Ryan Beck's control. In addition to the risks and factors identified above, reference is also made to other risks and factors detailed in reports filed by the Company with the Securities and Exchange Commission. The Company cautions that the foregoing factors are not exclusive.

BankAtlantic Bancorp, Inc. and Subsidiaries
Summary of Selected Financial Data (unaudited)

| | For The Three Months Ended | | | | For the Six Months Ended | | |
|--|----------------------------|-----------|------------|-----------|--------------------------|-----------|-----------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Earnings (in thousands): | | | | | | | |
| Net income (GAAP basis) | \$ 24,537 | 19,878 | 17,293 | 14,691 | 18,260 | 44,415 | 38,784 |
| Operating net income** | (note 1) \$ 26,946 | 19,878 | 17,293 | 14,691 | 18,260 | 46,824 | 31,631 |
| Average Common Shares Outstanding (in thousands): | | | | | | | |
| Basic | 60,453 | 60,072 | 59,827 | 59,687 | 59,344 | 60,263 | 59,301 |
| Diluted | 63,161 | 63,207 | 63,156 | 63,110 | 62,808 | 63,176 | 62,979 |
| Key Performance Ratios (GAAP basis): | | | | | | | |
| Basic earnings per share | \$ 0.41 | 0.33 | 0.29 | 0.25 | 0.31 | 0.74 | 0.65 |
| Diluted earnings per share * | \$ 0.38 | 0.31 | 0.27 | 0.23 | 0.29 | 0.69 | 0.61 |
| Return on average tangible assets | (note 2) % 1.51 | 1.27 | 1.19 | 1.09 | 1.48 | 1.39 | 1.61 |
| Return on average tangible equity | (note 2) % 23.98 | 20.20 | 18.34 | 16.18 | 21.18 | 22.12 | 23.17 |
| Key Performance Ratios (Operating basis): | | | | | | | |
| Basic earnings per share | \$ 0.45 | 0.33 | 0.29 | 0.25 | 0.31 | 0.78 | 0.53 |
| Diluted earnings per share * | \$ 0.42 | 0.31 | 0.27 | 0.23 | 0.29 | 0.73 | 0.49 |
| Return on average tangible assets | (note 2) % 1.66 | 1.27 | 1.19 | 1.09 | 1.48 | 1.47 | 1.31 |
| Return on average tangible equity | (note 2) % 26.33 | 20.20 | 18.34 | 16.18 | 21.18 | 23.32 | 18.90 |
| * Diluted earnings per share calculation deducts (in thousands): | | | | | | | |
| Subsidiaries stock options, if dilutive | \$ (665) | (120) | (51) | (152) | (273) | (785) | (472) |
| Average Balance Sheet Data (in millions): | | | | | | | |
| Assets | \$ 6,565 | 6,355 | 5,877 | 5,478 | 5,023 | 6,460 | 4,907 |
| Tangible assets | (note 2) \$ 6,479 | 6,268 | 5,790 | 5,390 | 4,935 | 6,375 | 4,819 |
| Loans | \$ 4,802 | 4,668 | 4,359 | 4,032 | 3,777 | 4,735 | 3,754 |

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|------------------------------|----------|-------|-------|-------|-------|-------|-------|-------|-----|
| Investments | \$ | 1,306 | 1,242 | 1,076 | 1,018 | 819 | 1,274 | 744 | |
| Deposits and escrows | \$ | 3,658 | 3,557 | 3,371 | 3,283 | 3,205 | 3,608 | 3,135 | |
| Stockholders equity | \$ | 490 | 480 | 468 | 452 | 436 | 485 | 430 | |
| Tangible stockholders equity | (note 2) | \$ | 409 | 394 | 377 | 363 | 345 | 402 | 335 |

Notes:

- (1) Operating net income is defined as GAAP net income adjusted for gain from a litigation settlement, costs associated with debt redemptions and an impairment charge relating to BankAtlantic's former headquarter facility, net of tax.
- (2) Average tangible assets is defined as average total assets less average goodwill and core deposit intangibles. Average tangible equity is defined as average total stockholders' equity less average goodwill, core deposit intangibles and other comprehensive income.
- ** Operating net income is not prepared in accordance with GAAP and this non-GAAP financial measure should not be construed as being superior to GAAP.**
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BankAtlantic Bancorp, Inc. and Subsidiaries
Consolidated Statements of Financial Condition (unaudited)

| (In thousands, except share data) | 6/30/2005 | 12/31/2004 | 6/30/2004 |
|--|---------------------|-------------------|------------------|
| ASSETS | | | |
| Cash and due from banks | \$ 159,173 | 118,967 | 132,927 |
| Short term investments | 5,783 | 16,093 | 399 |
| Securities available for sale (at fair value) | 749,188 | 747,160 | 694,554 |
| Securities owned (at fair value) | 109,095 | 125,443 | 120,953 |
| Investment securities and tax certificates (approximate fair value: \$403,951, \$306,963 and \$194,046) | 402,430 | 307,438 | 194,046 |
| Loans receivable, net of allowance for loan losses of \$43,650, \$46,010 and \$46,737 | 4,803,529 | 4,599,048 | 3,899,099 |
| Federal Home Loan Bank stock, at cost which approximates fair value | 88,362 | 78,619 | 44,154 |
| Accrued interest receivable | 41,270 | 35,982 | 27,864 |
| Real estate held for development and sale | 23,982 | 27,692 | 25,077 |
| Investments and advances in unconsolidated subsidiaries | 7,910 | 7,910 | 7,910 |
| Office properties and equipment, net | 135,012 | 129,790 | 106,105 |
| Deferred tax asset, net | 22,636 | 20,269 | 22,288 |
| Goodwill | 76,674 | 76,674 | 76,674 |
| Core deposit intangible asset | 9,197 | 10,270 | 11,121 |
| Due from clearing agent | 22,091 | 16,619 | 16,048 |
| Other assets | 61,344 | 38,803 | 49,159 |
| Total assets | \$ 6,717,676 | 6,356,777 | 5,428,378 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | |
| Liabilities: | | | |
| Deposits | | | |
| Demand | \$ 1,039,611 | 890,398 | 787,819 |
| NOW | 660,633 | 658,137 | 584,658 |
| Savings | 302,677 | 270,001 | 251,218 |
| Money market | 899,364 | 875,422 | 906,865 |
| Certificates of deposit | 789,533 | 763,244 | 719,545 |
| Total deposits | 3,691,818 | 3,457,202 | 3,250,105 |
| Advances from FHLB | 1,695,265 | 1,544,497 | 883,727 |
| Securities sold under agreements to repurchase | 246,360 | 296,643 | 374,824 |
| Federal funds purchased | 109,500 | 105,000 | 20,000 |
| Subordinated debentures, notes and bonds payable | 35,232 | 37,741 | 36,395 |
| Junior subordinated debentures | 263,266 | 263,266 | 263,266 |
| Securities sold but not yet purchased | 28,184 | 39,462 | 51,321 |
| Other liabilities | 137,657 | 143,701 | 108,406 |
| Total liabilities | 6,207,282 | 5,887,512 | 4,988,044 |
| Stockholders equity: | | | |

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| | | | |
|--|--------------|-----------|-----------|
| Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued and outstanding | | | |
| Class A common stock, \$.01 par value, authorized 80,000,000 shares; issued and outstanding 55,766,653, 55,214,225 and 54,903,283 shares | 558 | 552 | 549 |
| Class B common stock, \$.01 par value, authorized 45,000,000 shares; issued and outstanding 4,876,124, 4,876,124 and 4,876,124 shares | 49 | 49 | 49 |
| Additional paid-in capital | 260,829 | 259,702 | 258,258 |
| Unearned compensation - restricted stock grants | (916) | (1,001) | (1,090) |
| Retained earnings | 251,129 | 210,955 | 183,170 |
| | | | |
| Total stockholders' equity before accumulated other comprehensive income | 511,649 | 470,257 | 440,936 |
| Accumulated other comprehensive income (loss) | (1,255) | (992) | (602) |
| | | | |
| Total stockholders' equity | 510,394 | 469,265 | 440,334 |
| | | | |
| Total liabilities and stockholders' equity | \$ 6,717,676 | 6,356,777 | 5,428,378 |

BankAtlantic Bancorp, Inc. and Subsidiaries
Consolidated Statements of Operations (unaudited)

| (in thousands) | For The Three Months Ended | | | | | For the Six Months Ended | |
|--|-----------------------------------|------------------|-------------------|------------------|------------------|---------------------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| INTEREST INCOME: | | | | | | | |
| Interest and fees on loans | \$ 71,099 | 66,355 | 60,088 | 52,661 | 48,034 | 137,454 | 96,970 |
| Interest on securities available for sale | 5,258 | 5,295 | 4,905 | 4,974 | 4,584 | 10,553 | 8,204 |
| Interest on tax exempt securities | 3,769 | 3,225 | 2,076 | 1,329 | 610 | 6,994 | 643 |
| Interest and dividends on investments and securities owned | 7,932 | 7,311 | 7,377 | 7,409 | 6,879 | 15,243 | 13,919 |
| Total interest income | 88,058 | 82,186 | 74,446 | 66,373 | 60,107 | 170,244 | 119,736 |
| INTEREST EXPENSE: | | | | | | | |
| Interest on deposits | 9,534 | 8,295 | 7,534 | 7,060 | 6,788 | 17,829 | 13,761 |
| Interest on advances from FHLB | 15,604 | 13,674 | 11,458 | 9,364 | 7,769 | 29,278 | 16,867 |
| Interest on short-term borrowed funds | 2,646 | 2,099 | 1,356 | 953 | 632 | 4,745 | 882 |
| Interest on long-term debt | 6,316 | 5,672 | 5,112 | 5,034 | 4,912 | 11,988 | 9,739 |
| Capitalized interest on real estate developments | (437) | (452) | (390) | (355) | (346) | (889) | (653) |
| Total interest expense | 33,663 | 29,288 | 25,070 | 22,056 | 19,755 | 62,951 | 40,596 |
| NET INTEREST INCOME | 54,395 | 52,898 | 49,376 | 44,317 | 40,352 | 107,293 | 79,140 |
| Provision (recovery) for loan losses | 820 | (3,916) | (4,004) | 1,717 | (1,963) | (3,096) | (2,822) |
| NET INTEREST INCOME AFTER PROVISION | 53,575 | 56,814 | 53,380 | 42,600 | 42,315 | 110,389 | 81,962 |
| NON-INTEREST INCOME: | | | | | | | |
| Service charges on deposits | 14,744 | 12,989 | 13,637 | 13,493 | 13,028 | 27,733 | 24,305 |
| Other service charges and fees | 5,849 | 5,238 | 6,733 | 5,819 | 6,431 | 11,087 | 11,068 |
| Broker/dealer revenue | 83,915 | 54,686 | 53,061 | 52,670 | 63,008 | 138,601 | 126,073 |
| Securities activities, net | 90 | 102 | 3,653 | 2 | 3 | 192 | 75 |
| Litigation settlement | | | | | | | 22,840 |

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| | | | | | | | |
|--|---------------------------|----------------|----------------|---------------|---------------|----------------|----------------|
| Gain on sales of loans | 116 | 110 | 152 | 86 | 116 | 226 | 245 |
| Income from real estate operations | 1,655 | 2,241 | 517 | 900 | 683 | 3,896 | 988 |
| Income from unconsolidated subsidiaries | 137 | 131 | 126 | 123 | 118 | 268 | 236 |
| Other | 2,697 | 3,173 | 2,026 | 2,081 | 1,958 | 5,870 | 3,880 |
| Total non-interest income | 109,203 | 78,670 | 79,905 | 75,174 | 85,345 | 187,873 | 189,710 |
| NON-INTEREST EXPENSES: | | | | | | | |
| Employee compensation and benefits | 78,391 | 65,795 | 65,354 | 58,992 | 63,538 | 144,186 | 130,718 |
| Occupancy and equipment | 13,953 | 13,237 | 14,753 | 11,782 | 11,236 | 27,190 | 21,611 |
| Impairment on bank facilities | 3,706 | | | | | 3,706 | |
| Advertising and promotion | 8,069 | 6,298 | 5,955 | 4,757 | 5,630 | 14,367 | 10,324 |
| Professional fees | 4,316 | 4,081 | 7,245 | 4,736 | 2,997 | 8,397 | 6,226 |
| Communications | 3,508 | 3,205 | 3,301 | 3,182 | 2,916 | 6,713 | 6,044 |
| Floor broker and clearing fees | 2,012 | 2,368 | 2,452 | 2,143 | 2,438 | 4,380 | 5,240 |
| Cost associated with debt redemption | | | | | | | 11,741 |
| Other | 10,188 | 9,801 | 8,460 | 9,025 | 9,147 | 19,989 | 18,012 |
| Total non-interest expenses | 124,143 | 104,785 | 107,520 | 94,617 | 97,902 | 228,928 | 209,916 |
| Income before income taxes | 38,635 | 30,699 | 25,765 | 23,157 | 29,758 | 69,334 | 61,756 |
| Provision for income taxes | 14,098 | 10,821 | 8,472 | 8,466 | 11,498 | 24,919 | 22,972 |
| GAAP net income | \$ 24,537 | 19,878 | 17,293 | 14,691 | 18,260 | 44,415 | 38,784 |
| Reconciliation of Operating and GAAP Net Income | | | | | | | |
| GAAP net income | \$ 24,537 | 19,878 | 17,293 | 14,691 | 18,260 | 44,415 | 38,784 |
| Impairment on bank facilities | 2,409 | | | | | 2,409 | |
| Costs associated with debt redemption | | | | | | | 7,632 |
| Litigation settlement | | | | | | | (14,785) |
| Operating net income | (note 1) \$ 26,946 | 19,878 | 17,293 | 14,691 | 18,260 | 46,824 | 31,631 |

BankAtlantic Bancorp, Inc. and Subsidiaries
Consolidated Average Balance Sheet (unaudited)

| (in thousands except percentages and per share data) | For the three months ended | | | | |
|--|----------------------------|------------------|------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 |
| Loans: | | | | | |
| Residential real estate | \$ 2,262,214 | 2,085,473 | 1,812,018 | 1,583,353 | 1,386,482 |
| Commercial real estate | 1,731,243 | 1,764,927 | 1,743,952 | 1,670,928 | 1,650,763 |
| Consumer | 505,338 | 487,746 | 467,716 | 438,205 | 403,824 |
| Lease financing | 4,710 | 6,242 | 8,219 | 9,738 | 11,526 |
| Commercial business | 91,756 | 128,372 | 136,391 | 142,022 | 142,686 |
| Small business | 206,272 | 195,733 | 190,849 | 187,536 | 182,171 |
| Total Loans | 4,801,533 | 4,668,493 | 4,359,145 | 4,031,782 | 3,777,452 |
| Investments - taxable | 899,134 | 877,003 | 823,903 | 845,286 | 745,854 |
| Investments - tax exempt | 406,403 | 364,824 | 251,699 | 172,328 | 72,958 |
| Total interest earning assets | 6,107,070 | 5,910,320 | 5,434,747 | 5,049,396 | 4,596,264 |
| Goodwill and core deposit intangibles | 86,095 | 86,791 | 87,164 | 87,591 | 88,034 |
| Other non-interest earning assets | 371,549 | 358,024 | 354,815 | 340,979 | 338,507 |
| Total assets | \$ 6,564,714 | 6,355,135 | 5,876,726 | 5,477,966 | 5,022,805 |
| Tangible assets | (note 2) \$ 6,478,619 | 6,268,344 | 5,789,562 | 5,390,375 | 4,934,771 |
| Deposits: | | | | | |
| Demand deposits | \$ 981,643 | 912,897 | 845,797 | 791,639 | 754,975 |
| Savings | 301,331 | 281,512 | 262,549 | 250,286 | 242,506 |
| NOW | 685,769 | 664,313 | 622,308 | 590,787 | 586,259 |
| Money market | 906,514 | 921,382 | 903,602 | 931,596 | 912,065 |
| Certificates of deposit | 782,335 | 777,353 | 736,704 | 718,826 | 709,523 |
| Total deposits | 3,657,592 | 3,557,457 | 3,370,960 | 3,283,134 | 3,205,328 |
| Short-term borrowed funds | 359,861 | 352,911 | 266,840 | 283,011 | 269,423 |
| FHLB advances | 1,615,310 | 1,536,434 | 1,339,051 | 1,036,651 | 696,661 |
| Long-term debt | 299,075 | 300,551 | 299,741 | 299,596 | 299,931 |
| Total borrowings | 2,274,246 | 2,189,896 | 1,905,632 | 1,619,258 | 1,266,015 |
| Other liabilities | 142,617 | 128,233 | 132,047 | 123,750 | 115,610 |
| Total liabilities | 6,074,455 | 5,875,586 | 5,408,639 | 5,026,142 | 4,586,953 |
| Stockholders equity | 490,259 | 479,549 | 468,087 | 451,824 | 435,852 |
| Total liabilities and stockholders equity | \$ 6,564,714 | 6,355,135 | 5,876,726 | 5,477,966 | 5,022,805 |

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| | | | | | | |
|--|-------------|---------|---------|---------|---------|---------|
| Other comprehensive income (loss) in stockholders equity | \$ | (5,119) | (949) | 3,656 | 1,065 | 2,986 |
| Tangible stockholders equity | (note 2) \$ | 409,283 | 393,707 | 377,267 | 363,168 | 344,832 |

Period End

| | | | | | | |
|---------------------------------------|----|------------|------------|------------|------------|------------|
| Total loans, net | \$ | 4,803,529 | 4,637,232 | 4,599,048 | 4,176,571 | 3,899,099 |
| Total assets | | 6,717,676 | 6,418,351 | 6,356,777 | 5,678,612 | 5,428,378 |
| Total stockholders equity | | 510,394 | 480,981 | 469,265 | 459,489 | 440,334 |
| Common shares outstanding | | 60,642,777 | 60,542,092 | 60,090,349 | 59,874,084 | 59,779,407 |
| Cash dividends | | 2,122,497 | 2,118,973 | 2,103,164 | 2,095,600 | 1,972,775 |
| Common stock cash dividends per share | | 0.035 | 0.035 | 0.035 | 0.035 | 0.033 |
| Closing stock price | | 18.95 | 17.40 | 19.90 | 18.32 | 18.45 |
| High stock price for the quarter | | 19.15 | 20.00 | 20.08 | 19.25 | 18.53 |
| Low stock price for the quarter | | 16.51 | 17.02 | 16.06 | 17.40 | 14.37 |
| Book value per share | | 8.42 | 7.94 | 7.81 | 7.67 | 7.37 |

Bank Operations Business Segment
Condensed Statements of Operations (Unaudited)

| (In thousands) | For the Three Months Ended | | | | For the Six Months Ended | | |
|--|-----------------------------------|------------------|-------------------|------------------|---------------------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Net interest income | \$ 56,031 | 54,345 | 50,339 | 45,380 | 41,344 | 110,376 | 81,139 |
| Provision (recovery) for loan losses | 820 | (3,916) | (4,004) | 1,717 | (1,963) | (3,096) | (2,822) |
| Net Interest income after provision for loan losses | 55,211 | 58,261 | 54,343 | 43,663 | 43,307 | 113,472 | 83,961 |
| Non-interest income | | | | | | | |
| Service charges on deposits | 14,744 | 12,989 | 13,637 | 13,493 | 13,028 | 27,733 | 24,305 |
| Other service charges and fees | 5,849 | 5,238 | 6,733 | 5,819 | 6,431 | 11,087 | 11,068 |
| Securities gains (losses) | 87 | 7 | 40 | | | 94 | (3) |
| Gain on sales of loans | 116 | 110 | 152 | 86 | 116 | 226 | 245 |
| Income from real estate operations | 1,655 | 2,241 | 517 | 900 | 683 | 3,896 | 988 |
| Other non-interest income | 2,514 | 2,956 | 1,924 | 2,034 | 1,911 | 5,470 | 3,786 |
| Total non-interest income | 24,965 | 23,541 | 23,003 | 22,332 | 22,169 | 48,506 | 40,389 |
| Non-interest expense | | | | | | | |
| Employee compensation and benefits | 27,577 | 26,398 | 25,136 | 23,128 | 22,498 | 53,975 | 44,890 |
| Occupancy and equipment | 10,165 | 9,117 | 9,658 | 8,100 | 7,809 | 19,282 | 14,955 |
| Impairment on bank facilities | 3,706 | | | | | 3,706 | |
| Advertising | 5,965 | 5,168 | 5,087 | 3,301 | 4,161 | 11,133 | 7,624 |
| Professional fees | 2,638 | 1,895 | 4,725 | 3,667 | 1,169 | 4,533 | 2,894 |
| Cost associated with debt redemption | | | | | | | 11,741 |
| Other | 8,265 | 7,686 | 7,058 | 7,334 | 7,296 | 15,951 | 14,324 |
| Total non-interest expense | 58,316 | 50,264 | 51,664 | 45,530 | 42,933 | 108,580 | 96,428 |
| Income from bank operations business | 21,860 | 31,538 | 25,682 | 20,465 | 22,543 | 53,398 | 27,922 |

segment before income taxes

| | | | | | | | |
|----------------------------|-------|--------|-------|-------|-------|--------|-------|
| Provision for income taxes | 7,089 | 10,677 | 8,870 | 6,866 | 8,134 | 17,766 | 9,793 |
|----------------------------|-------|--------|-------|-------|-------|--------|-------|

Net income from bank operations business segment

| | | | | | | | |
|--|-----------|--------|--------|--------|--------|--------|--------|
| | \$ 14,771 | 20,861 | 16,812 | 13,599 | 14,409 | 35,632 | 18,129 |
|--|-----------|--------|--------|--------|--------|--------|--------|

Reconciliation of Operating and business segment net income

| | | | | | | | |
|-------------------------|-----------|--------|--------|--------|--------|--------|--------|
| Business segment income | \$ 14,771 | 20,861 | 16,812 | 13,599 | 14,409 | 35,632 | 18,129 |
|-------------------------|-----------|--------|--------|--------|--------|--------|--------|

| | | | | | | | |
|-------------------------------|-------|--|--|--|--|-------|--|
| Impairment on bank facilities | 2,409 | | | | | 2,409 | |
|-------------------------------|-------|--|--|--|--|-------|--|

| | | | | | | | |
|--------------------------------------|--|--|--|--|--|--|-------|
| Cost associated with debt redemption | | | | | | | 7,632 |
|--------------------------------------|--|--|--|--|--|--|-------|

| | | | | | | | |
|-----------------------------|-----------|--------|--------|--------|--------|--------|--------|
| Operating net income | \$ 17,180 | 20,861 | 16,812 | 13,599 | 14,409 | 38,041 | 25,761 |
|-----------------------------|-----------|--------|--------|--------|--------|--------|--------|

Bank Operations Business Segment
Condensed Statements of Condition and Statistics (Unaudited)

| (in thousands except percentages and per share data) | For the Three Months Ended | | | | | For the Six Months Ended | |
|---|-----------------------------------|------------------|-------------------|------------------|------------------|-------------------------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Statistics: | | | | | | | |
| Average earning assets | \$ 5,882,065 | 5,696,192 | 5,225,840 | 4,843,628 | 4,422,181 | 5,789,642 | 4,321,379 |
| Average interest bearing liabilities | \$ 4,691,644 | 4,575,247 | 4,172,665 | 3,851,388 | 3,483,903 | 4,633,767 | 3,415,897 |
| Average tangible assets | \$ 6,180,083 | 5,979,211 | 5,492,505 | 5,090,496 | 4,673,936 | 6,080,202 | 4,567,294 |
| Average tangible equity | \$ 463,813 | 448,667 | 435,787 | 425,437 | 409,215 | 456,282 | 409,651 |
| Tax equivalent: | | | | | | | |
| Yield on earning assets | % | 5.84 | 5.64 | 5.50 | 5.25 | 5.16 | 5.74 |
| Cost of interest-bearing liabilities | % | 2.43 | 2.19 | 1.99 | 1.85 | 1.82 | 2.31 |
| Interest spread | % | 3.41 | 3.45 | 3.51 | 3.40 | 3.34 | 3.43 |
| Net interest margin | % | 3.90 | 3.88 | 3.91 | 3.78 | 3.73 | 3.89 |
| GAAP: | | | | | | | |
| Efficiency ratio | % | 72.00 | 64.54 | 70.44 | 67.24 | 67.60 | 68.34 |
| Return on average tangible assets | % | 0.96 | 1.40 | 1.22 | 1.07 | 1.23 | 1.17 |
| Return on average tangible equity | % | 12.74 | 18.60 | 15.43 | 12.79 | 14.08 | 15.62 |
| Operating (1): | | | | | | | |
| Efficiency ratio | % | 67.42 | 64.54 | 70.44 | 67.24 | 67.60 | 66.01 |
| Return on average tangible assets | % | 1.11 | 1.40 | 1.22 | 1.07 | 1.23 | 1.25 |
| Return on average tangible equity | % | 14.82 | 18.60 | 15.43 | 12.79 | 14.08 | 16.67 |

(1) Ratios have been adjusted to exclude costs associated with debt redemptions and impairment of BankAtlantic's former corporate headquarters.

Condensed Statements of Financial Condition (Unaudited)

| (In thousands) | As of | | | | |
|---|------------------|------------------|-------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 |
| ASSETS | | | | | |
| Loans receivable | \$ 4,799,485 | 4,616,846 | 4,554,952 | 4,132,133 | 3,852,549 |
| Held to maturity securities | 483,992 | 376,298 | 378,912 | 215,420 | 236,400 |
| Available for sale securities | 658,532 | 695,154 | 700,642 | 648,043 | 639,581 |
| Goodwill | 70,489 | 70,489 | 70,489 | 70,489 | 70,489 |
| Core deposit intangible asset | 9,197 | 9,597 | 10,270 | 10,695 | 11,121 |
| Other assets | 374,207 | 335,215 | 329,723 | 308,894 | 312,583 |
| Total assets | \$ 6,395,902 | 6,103,599 | 6,044,988 | 5,385,674 | 5,122,723 |
| LIABILITIES AND STOCKHOLDER'S EQUITY | | | | | |
| Deposits | | | | | |
| Demand | \$ 1,039,703 | 960,152 | 890,919 | 782,677 | 787,945 |
| NOW | 660,633 | 676,945 | 658,137 | 590,051 | 584,658 |
| Savings | 302,677 | 296,485 | 270,001 | 252,408 | 251,218 |

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| | | | | | |
|---|---------------------|------------------|------------------|------------------|------------------|
| Total low cost deposits | 2,003,013 | 1,933,582 | 1,819,057 | 1,625,136 | 1,623,821 |
| Money market | 899,364 | 913,434 | 875,422 | 893,315 | 906,865 |
| Certificate of deposits | 789,533 | 796,928 | 763,244 | 724,601 | 719,545 |
| Total deposits | 3,691,910 | 3,643,944 | 3,457,723 | 3,243,052 | 3,250,231 |
| Advances from Federal Home Loan Bank | 1,695,265 | 1,524,881 | 1,544,497 | 1,249,112 | 883,727 |
| Short term borrowings | 362,307 | 298,816 | 407,841 | 293,562 | 401,459 |
| Long term debt | 35,232 | 35,878 | 37,641 | 36,680 | 36,295 |
| Other liabilities | 69,235 | 73,191 | 80,410 | 52,749 | 55,020 |
| Total liabilities | 5,853,949 | 5,576,710 | 5,528,112 | 4,875,155 | 4,626,732 |
| Stockholder s equity | 541,953 | 526,889 | 516,876 | 510,519 | 495,991 |
| Total liabilities and stockholder s equity | \$ 6,395,902 | 6,103,599 | 6,044,988 | 5,385,674 | 5,122,723 |

Bank Operations Business Segment
Average Balance Sheet Yield / Rate Analysis

For the Three Months Ended

| (in thousands) | June 30, 2005 | | | June 30, 2004 | | |
|--|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | Average Balance | Revenue/ Expense | Yield/ Rate | Average Balance | Revenue/ Expense | Yield/ Rate |
| Loans: | | | | | | |
| Residential real estate | \$ 2,262,214 | 27,597 | 4.88% | \$ 1,386,482 | 15,781 | 4.55% |
| Commercial real estate | 1,726,861 | 30,298 | 7.02 | 1,641,438 | 22,670 | 5.52 |
| Consumer | 505,338 | 7,595 | 6.01 | 403,824 | 4,067 | 4.03 |
| Lease financing | 4,710 | 131 | 11.13 | 11,526 | 317 | 11.00 |
| Commercial business | 85,778 | 1,598 | 7.45 | 103,780 | 1,589 | 6.12 |
| Small business | 206,272 | 3,788 | 7.35 | 182,171 | 3,223 | 7.08 |
| Total loans | 4,791,173 | 71,007 | 5.93 | 3,729,221 | 47,647 | 5.11 |
| Investments tax exempt | 368,264 | 5,329 (1) | 5.79 | 72,675 | 938 (1) | 5.17 |
| Investments taxable | 722,628 | 9,520 | 5.27 | 620,285 | 8,505 | 5.48 |
| Total interest earning assets | 5,882,065 | 85,856 | 5.84% | 4,422,181 | 57,090 | 5.16% |
| Goodwill and core deposit intangibles | 79,910 | | | 81,849 | | |
| Other non-interest earning assets | 298,018 | | | 251,755 | | |
| Total Assets | \$ 6,259,993 | | | \$ 4,755,785 | | |
| Deposits: | | | | | | |
| Savings | \$ 301,331 | 209 | 0.28% | \$ 242,506 | 161 | 0.27% |
| NOW | 685,769 | 723 | 0.42 | 586,259 | 534 | 0.37 |
| Money market | 906,514 | 3,295 | 1.46 | 912,065 | 2,116 | 0.93 |
| Certificate of deposit | 782,335 | 5,307 | 2.72 | 709,523 | 3,977 | 2.25 |
| Total interest bearing deposits | 2,675,949 | 9,534 | 1.43 | 2,450,353 | 6,788 | 1.11 |
| Short-term borrowed funds | 364,575 | 2,681 | 2.95 | 300,460 | 702 | 0.94 |
| Advances from FHLB | 1,615,310 | 15,604 | 3.87 | 696,661 | 7,769 | 4.49 |
| Long-term debt | 35,810 | 578 | 6.47 | 36,429 | 505 | 5.58 |
| Total interest bearing liabilities | 4,691,644 | 28,397 | 2.43 | 3,483,903 | 15,764 | 1.82 |
| Demand deposits | 982,332 | | | 755,593 | | |
| Non-interest bearing other liabilities | 48,459 | | | 24,585 | | |
| Total Liabilities | 5,722,435 | | | 4,264,081 | | |
| Stockholder s equity | 537,558 | | | 491,704 | | |

| | | | | |
|---|--------------|-------|--------------|-------|
| Total liabilities and stockholders equity | \$ 6,259,993 | | \$ 4,755,785 | |
| Net tax equivalent interest income/ net interest spread | 57,459 | 3.41% | 41,326 | 3.34% |
| Tax equivalent adjustment | (1,866) | | (328) | |
| Capitalized interest from real estate operations | 438 | | 346 | |
| Net interest income | 56,031 | | 41,344 | |
| Margin | | | | |
| Interest income/interest earning assets | | 5.84% | | 5.16% |
| Interest expense/interest earning assets | | 1.94 | | 1.43 |
| Net interest margin (tax equivalent) | | 3.90% | | 3.73% |

(1) The tax equivalent basis is computed using a 35% tax rate.

Bank Operations
Average Balance Sheet Yield / Rate Analysis

For the Six Months Ended

| (in thousands) | June 30, 2005 | | | June 30, 2004 | | |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
| | Average Balance | Revenue/ Expense | Yield/ Rate | Average Balance | Revenue/ Expense | Yield/ Rate |
| Loans: | | | | | | |
| Residential real estate | \$ 2,174,332 | 53,106 | 4.88% | \$ 1,356,271 | 31,722 | 4.68% |
| Commercial real estate | 1,743,213 | 58,621 | 6.73 | 1,665,700 | 46,364 | 5.57 |
| Consumer | 496,591 | 14,371 | 5.79 | 389,023 | 7,967 | 4.10 |
| Lease financing | 5,472 | 298 | 10.89 | 12,584 | 698 | 11.09 |
| Commercial business | 90,007 | 3,222 | 7.16 | 101,369 | 3,089 | 6.09 |
| Small business | 201,031 | 7,279 | 7.24 | 178,031 | 6,308 | 7.09 |
| Total loans | 4,710,646 | 136,897 | 5.81 | 3,702,978 | 96,148 | 5.19 |
| Investments tax exempt | 351,241 | 10,158 (1) | 5.78 | 38,019 | 989 | 5.20 |
| Investments taxable | 727,755 | 19,075 | 5.24 | 580,382 | 16,314 | 5.62 |
| Total interest earning assets | 5,789,642 | 166,130 | 5.74% | 4,321,379 | 113,451 | 5.25% |
| Goodwill and core deposit intangibles | 80,141 | | | 82,056 | | |
| Other non-interest earning assets | 290,560 | | | 245,915 | | |
| Total Assets | \$ 6,160,343 | | | \$ 4,649,350 | | |
| Deposits: | | | | | | |
| Savings | \$ 291,476 | 399 | 0.28% | \$ 231,256 | 304 | 0.26% |
| NOW | 675,100 | 1,324 | 0.40 | 564,939 | 1,026 | 0.37 |
| Money market | 913,907 | 5,998 | 1.32 | 889,416 | 3,992 | 0.90 |
| Certificate of deposit | 779,858 | 10,108 | 2.61 | 739,736 | 8,439 | 2.29 |
| Total deposits | 2,660,341 | 17,829 | 1.35 | 2,425,347 | 13,761 | 1.14 |
| Short-term borrowed funds | 360,832 | 4,804 | 2.68 | 225,597 | 1,004 | 0.89 |
| Advances from FHLB | 1,576,090 | 29,278 | 3.75 | 728,817 | 16,867 | 4.65 |
| Long-term debt | 36,504 | 1,178 | 6.51 | 36,136 | 987 | 5.49 |
| Total interest bearing liabilities | 4,633,767 | 53,089 | 2.31 | 3,415,897 | 32,619 | 1.92 |
| Demand deposits | 948,214 | | | 710,194 | | |
| Non-interest bearing other liabilities | 46,349 | | | 29,305 | | |
| Total Liabilities | 5,628,330 | | | 4,155,396 | | |
| Stockholder's equity | 532,013 | | | 493,954 | | |

| | | | | |
|--|--------------|-------|--------------|-------|
| Total liabilities and stockholders equity | \$ 6,160,343 | | \$ 4,649,350 | |
| Net interest income/net interest spread | 113,041 | 3.43% | 80,832 | 3.33% |
| Tax equivalent adjustment | (3,554) | | (346) | |
| Capitalized interest from real estate operations | 889 | | 653 | |
| Net interest income | 110,376 | | 81,139 | |
| Margin | | | | |
| Interest income/interest earning assets | | 5.74% | | 5.25% |
| Interest expense/interest earning assets | | 1.85 | | 1.52 |
| Net interest margin | | 3.89% | | 3.73% |

(1) The tax equivalent basis is computed using a 35% tax rate.

**Bank Operations Business Segment
Allowance for Loan Loss and Credit Quality**

| (in thousands) | For the Three Months Ended | | | | For the Six Months Ended | | |
|--|-----------------------------------|------------------|-------------------|------------------|---------------------------------|------------------|------------------|
| Allowance for Loan Losses | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Beginning balance | \$ 43,042 | 46,010 | 48,778 | 46,737 | 45,383 | 46,010 | 45,595 |
| Charge-offs: | | | | | | | |
| Residential real estate | (56) | (198) | (76) | (151) | (124) | (254) | (355) |
| Commercial real estate | | | (645) | | | | |
| Commercial business | (511) | (286) | (762) | (429) | (80) | (797) | (424) |
| Consumer | (43) | (106) | (71) | (174) | (285) | (149) | (533) |
| Small business | (466) | (128) | (233) | (144) | (35) | (594) | (79) |
| Total charge-offs | (1,076) | (718) | (1,787) | (898) | (524) | (1,794) | (1,391) |
| Recoveries: | | | | | | | |
| Residential real estate | | 1 | 190 | 53 | 217 | 1 | 243 |
| Commercial real estate | 6 | | 2,000 | 1 | 2,050 | 6 | 2,051 |
| Commercial business | 339 | 116 | 259 | 454 | 828 | 455 | 1,387 |
| Consumer | 121 | 176 | 266 | 167 | 240 | 297 | 578 |
| Small business | 220 | 185 | 231 | 378 | 429 | 405 | 821 |
| Other | 178 | 1,188 | 77 | 169 | 77 | 1,366 | 275 |
| Total recoveries | 864 | 1,666 | 3,023 | 1,222 | 3,841 | 2,530 | 5,355 |
| Net (charge-offs) recoveries | (212) | 948 | 1,236 | 324 | 3,317 | 736 | 3,964 |
| Provision (recovery) for loan losses | 820 | (3,916) | (4,004) | 1,717 | (1,963) | (3,096) | (2,822) |
| Ending balance | \$ 43,650 | 43,042 | 46,010 | 48,778 | 46,737 | 43,650 | 46,737 |
| Annualized net charge-offs (recoveries) to average loans | % 0.02 | (0.08) | (0.11) | (0.03) | (0.35) | (0.03) | (0.21) |

| | As of | | | | |
|-----------------------|------------------|------------------|-------------------|------------------|------------------|
| Credit Quality | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 |

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| | | | | | |
|--|----------|-------|-------|--------|--------|
| Nonaccrual loans | \$ 5,785 | 6,504 | 7,903 | 11,352 | 12,711 |
| Nonaccrual tax certificates | 562 | 417 | 381 | 448 | 586 |
| Real estate owned | 1,178 | 1,438 | 692 | 1,059 | 1,321 |
| Other repossessed assets | 328 | | | | |
| Total nonperforming assets | \$ 7,853 | 8,359 | 8,976 | 12,859 | 14,618 |
| Nonperforming assets to total loans and other assets | % 0.16 | 0.17 | 0.19 | 0.30 | 0.36 |
| Allowance for loan losses to total loans | % 0.90 | 0.92 | 1.00 | 1.17 | 1.20 |

Ryan Beck & Co., Inc. Business Segment
Consolidated Statements of Operations and Statistics **Unaudited**

| (in thousands) | For the Three Months Ended | | | | For the Six Months Ended | | |
|--|-----------------------------------|------------------|-------------------|------------------|---------------------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Revenues | | | | | | | |
| Principal transactions | \$ 36,690 | 19,802 | 24,925 | 19,393 | 21,654 | 56,492 | 46,097 |
| Investment banking | 25,394 | 11,882 | 3,753 | 13,835 | 18,026 | 37,276 | 30,657 |
| Commissions | 19,478 | 20,315 | 23,109 | 18,564 | 22,245 | 39,793 | 47,616 |
| Interest, dividends and other | 5,842 | 5,634 | 4,114 | 3,727 | 3,949 | 11,476 | 7,365 |
| Total operating revenues | 87,404 | 57,633 | 55,901 | 55,519 | 65,874 | 145,037 | 131,735 |
| Operating expenses | | | | | | | |
| Compensation, benefits | 49,766 | 38,437 | 39,439 | 35,090 | 40,297 | 88,203 | 84,339 |
| Professional fees | 1,591 | 1,417 | 2,044 | 1,063 | 1,330 | 3,008 | 2,375 |
| Communications | 3,508 | 3,205 | 3,301 | 3,182 | 2,916 | 6,713 | 6,044 |
| Occupancy and equipment | 3,786 | 4,118 | 5,095 | 3,680 | 3,426 | 7,904 | 6,654 |
| Floor broker and clearing fees | 2,012 | 2,368 | 2,452 | 2,143 | 2,438 | 4,380 | 5,240 |
| Interest and other | 4,733 | 3,522 | 2,318 | 3,179 | 3,292 | 8,255 | 6,346 |
| Total operating expenses | 65,396 | 53,067 | 54,649 | 48,337 | 53,699 | 118,463 | 110,998 |
| Income from Ryan Beck business segment - before income taxes | 22,008 | 4,566 | 1,252 | 7,182 | 12,175 | 26,574 | 20,737 |
| Provision for income taxes | 8,977 | 2,036 | 11 | 3,082 | 5,161 | 11,013 | 8,595 |
| Net income from Ryan Beck business segment | \$ 13,031 | 2,530 | 1,241 | 4,100 | 7,014 | 15,561 | 12,142 |
| Statistics: | | | | | | | |
| Average tangible assets | \$ 184,601 | 171,833 | 178,967 | 182,226 | 166,954 | 178,252 | 161,847 |
| Average tangible equity | 85,735 | 85,248 | 83,242 | 81,693 | 76,465 | 85,495 | 78,657 |
| GAAP return on average tangible assets | % 28.24 | 5.89 | 2.77 | 9.00 | 16.80 | 17.46 | 15.00 |
| GAAP return on average tangible equity | 60.80 | 11.87 | 5.96 | 20.08 | 36.69 | 36.40 | 30.87 |
| Compensation as a percent of revenues | 56.94 | 66.69 | 70.55 | 63.20 | 61.17 | 60.81 | 64.02 |
| | 22.29 | 35.25 | 41.34 | 33.44 | 33.77 | 27.44 | 36.15 |

| | | | | | | | |
|--|-------|-------|-------|-------|-------|-------|-------|
| Commissions to total revenues | | | | | | | |
| Principal transactions to total revenues | 41.98 | 34.36 | 44.59 | 34.93 | 32.87 | 38.95 | 34.99 |
| Investment banking revenue to total revenues | 29.05 | 20.62 | 6.71 | 24.92 | 27.36 | 25.70 | 23.27 |

Condensed Statements of Financial Condition Unaudited

| (in thousands) | 6/30/2005 | 3/31/2005 | As of 12/31/2004 | 9/30/2004 | 6/30/2004 |
|---|-------------------|------------------|-----------------------------|------------------|------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 4,103 | 6,312 | 3,674 | 4,225 | 4,000 |
| Securities | 109,095 | 142,294 | 125,443 | 111,944 | 120,953 |
| Notes receivable - GMS | 4,043 | 4,386 | 6,096 | 6,438 | 8,551 |
| Property and equipment, net | 6,795 | 7,020 | 7,472 | 7,748 | 6,762 |
| Goodwill | 6,184 | 6,184 | 6,184 | 6,184 | 6,184 |
| Due from clearing agent | 22,091 | 1,120 | 16,619 | 14,478 | 16,048 |
| Other assets | 51,338 | 29,426 | 28,129 | 24,441 | 25,809 |
| Total assets | \$ 203,649 | 196,742 | 193,617 | 175,458 | 188,307 |
| LIABILITIES AND STOCKHOLDER S EQUITY | | | | | |
| Liabilities: | | | | | |
| Securities sold not yet purchased | \$ 28,184 | 60,276 | 39,462 | 31,760 | 51,321 |
| Other liabilities | 70,214 | 44,246 | 63,974 | 54,757 | 52,145 |
| Total liabilities | 98,398 | 104,522 | 103,436 | 86,517 | 103,466 |
| Stockholder s equity | 105,251 | 92,220 | 90,181 | 88,941 | 84,841 |
| Total liabilities and stockholder s equity | \$ 203,649 | 196,742 | 193,617 | 175,458 | 188,307 |

Parent Company Business Segment Activities
Condensed Statements of Operations Unaudited

| (in thousands) | For the Three Months Ended | | | | For the Six Months Ended | | |
|---|-----------------------------------|------------------|-------------------|------------------|---------------------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 | 6/30/2005 | 6/30/2004 |
| Net interest (expense) | \$ (4,157) | (3,892) | (3,593) | (3,683) | (3,583) | (8,049) | (7,175) |
| Income from unconsolidated subsidiaries | 137 | 131 | 126 | 123 | 118 | 268 | 236 |
| Gains on sales of securities | 3 | 95 | 3,613 | 2 | 3 | 98 | 78 |
| Litigation settlement | | | | | | | 22,840 |
| Employee compensation and benefits | (1,048) | (960) | (778) | (774) | (743) | (2,008) | (1,490) |
| Cost associated with debt redemption | | | | | | | |
| Other income (expense) | (168) | (779) | (536) | (160) | (755) | (947) | (1,392) |
| Income (loss) from parent company activities before income taxes | (5,233) | (5,405) | (1,168) | (4,492) | (4,960) | (10,638) | 13,097 |
| Provision (Benefit) for income taxes | (1,968) | (1,892) | (409) | (1,483) | (1,797) | (3,860) | 4,584 |
| Net income (loss) from parent company business segment | \$ (3,265) | (3,513) | (759) | (3,009) | (3,163) | (6,778) | 8,513 |
| Reconciliation of Operating and business segment income | | | | | | | |
| Business segment net income | \$ (3,265) | (3,513) | (759) | (3,009) | (3,163) | (6,778) | 8,513 |
| Litigation settlement | | | | | | | (14,785) |
| Operating loss | \$ (3,265) | (3,513) | (759) | (3,009) | (3,163) | (6,778) | (6,272) |

Condensed Statements of Financial Condition Unaudited

| (in thousands) | As of | | | | |
|---------------------------------------|------------------|------------------|-------------------|------------------|------------------|
| | 6/30/2005 | 3/31/2005 | 12/31/2004 | 9/30/2004 | 6/30/2004 |
| ASSETS | | | | | |
| Cash | \$ 11,218 | 8,032 | 9,131 | 10,643 | 10,850 |
| Securities | 100,592 | 85,711 | 64,656 | 62,324 | 61,812 |
| Notes receivable from related parties | | 16,000 | 38,000 | 38,000 | 38,000 |
| Investment in subsidiaries | 647,207 | 619,111 | 607,061 | 599,462 | 580,834 |

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| | | | | | |
|--|-------------------|----------------|----------------|----------------|----------------|
| Investment in unconsolidated subsidiaries | 7,910 | 7,910 | 7,910 | 7,912 | 7,910 |
| Other assets | 13,905 | 15,452 | 8,918 | 7,937 | 7,154 |
| Total assets | \$ 780,832 | 752,216 | 735,676 | 726,278 | 706,560 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | | | | |
| Subordinated debentures and notes payable | \$ 263,266 | 263,266 | 263,366 | 263,366 | 263,366 |
| Other liabilities | 7,172 | 7,969 | 3,045 | 3,423 | 2,860 |
| Total liabilities | 270,438 | 271,235 | 266,411 | 266,789 | 266,226 |
| Stockholders equity | 510,394 | 480,981 | 469,265 | 459,489 | 440,334 |
| Total liabilities and stockholders equity | \$ 780,832 | 752,216 | 735,676 | 726,278 | 706,560 |