

BANKATLANTIC BANCORP INC

Form 10-Q/A

June 24, 2004

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

FORM 10Q/A

**þ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2004

OR

**o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from _____ to _____

Commission file number 34-027228

BankAtlantic Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

65-0507804

(I.R.S. Employer
Identification No.)

1750 East Sunrise Boulevard

Ft. Lauderdale, Florida

(Address of principal executive offices)

33304

(Zip Code)

(954) 760-5000

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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, and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act)

YES NO

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

| Title of Each Class | Outstanding at May 3, 2004 |
|--|---------------------------------------|
| Class A Common Stock, par value \$0.01 per share | 54,460,900 |
| Class B Common Stock, par value \$0.01 per share | 4,876,124 |

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Table of Contents**Item 1. Financial Statements****BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION UNAUDITED**

| (In thousands, except share data) | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|---|---------------------------|------------------------------|---------------------------|
| | (as restated) | | |
| ASSETS | | | |
| Cash and due from depository institutions | \$ 114,849 | \$ 119,882 | \$ 139,940 |
| Federal funds sold and securities purchased under resell agreements | 1,953 | | |
| Securities owned (at fair value) | 122,114 | 124,565 | 154,319 |
| Securities available for sale (at fair value) | 358,665 | 358,511 | 740,003 |
| Investment securities and tax certificates (approximate fair value: \$139,075, \$192,706 and \$175,876) | 139,075 | 192,706 | 175,436 |
| Federal Home Loan Bank stock, at cost which approximates fair value | 30,340 | 40,325 | 65,443 |
| Loans receivable, net of allowance for loan losses of \$45,383, \$45,595 and \$48,695 | 3,674,173 | 3,686,153 | 3,881,143 |
| Accrued interest receivable | 26,781 | 27,866 | 35,587 |
| Real estate held for development and sale | 24,239 | 21,803 | 238,356 |
| Investments and advances to unconsolidated subsidiaries | 7,910 | 7,910 | 96,755 |
| Office properties and equipment, net | 96,628 | 93,577 | 93,136 |
| Deferred tax asset, net | 17,751 | 22,999 | 37,523 |
| Goodwill, net | 76,674 | 76,674 | 77,878 |
| Core deposit intangible asset | 11,546 | 11,985 | 13,303 |
| Other assets | 47,785 | 46,593 | 64,517 |
| | <hr/> | <hr/> | <hr/> |
| Total assets | \$4,750,483 | \$4,831,549 | \$5,813,339 |
| | <hr/> | <hr/> | <hr/> |

LIABILITIES AND STOCKHOLDERS EQUITY**Liabilities:**

| | | | |
|----------------------------|------------|------------|------------|
| Deposits | | | |
| Interest free checking | \$ 748,402 | \$ 645,036 | \$ 516,404 |
| NOW accounts | 567,498 | 533,888 | 446,076 |
| Savings accounts | 233,832 | 208,966 | 180,362 |
| Insured money fund savings | 870,447 | 865,590 | 820,181 |
| Certificate accounts | 723,256 | 804,662 | 920,350 |
| | <hr/> | <hr/> | <hr/> |
| Total deposits | 3,143,435 | 3,058,142 | 2,883,373 |
| | <hr/> | <hr/> | <hr/> |

| | | | |
|--|--------------------|--------------------|--------------------|
| Advances from FHLB | 591,466 | 782,205 | 1,308,246 |
| Securities sold under agreements to repurchase | 118,465 | 138,809 | 340,983 |
| Federal funds purchased | 25,000 | | 115,000 |
| Subordinated debentures, notes and bonds payable | 37,109 | 36,595 | 195,073 |
| Junior subordinated debentures | 263,266 | 263,266 | 252,918 |
| Securities sold but not yet purchased | 34,250 | 37,813 | 49,760 |
| Due to clearing agent | 18,328 | 8,583 | 36,982 |
| Other liabilities | 89,587 | 92,684 | 151,388 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | 4,320,906 | 4,418,097 | 5,333,723 |
| | <u> </u> | <u> </u> | <u> </u> |
| Stockholders equity: | | | |
| 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 54,331,830, 54,396,824 and 53,516,846 shares | 543 | 544 | 535 |
| 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 | 255,915 | 259,770 | 253,032 |
| Unearned compensation restricted stock grants | (1,134) | (1,178) | (1,171) |
| Retained earnings | 166,882 | 148,311 | 226,241 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total stockholders equity before accumulated other comprehensive income | 422,255 | 407,496 | 478,686 |
| Accumulated other comprehensive income | 7,322 | 5,956 | 930 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total stockholders equity | 429,577 | 413,452 | 479,616 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities and stockholders equity | <u>\$4,750,483</u> | <u>\$4,831,549</u> | <u>\$5,813,339</u> |

See Notes to Consolidated Financial Statements Unaudited

Table of Contents**BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED**

| (In thousands, except share and per share data) | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2004 | 2003 |
| | (as restated) | |
| Interest income: | | |
| Interest and fees on loans and leases | \$ 48,936 | \$52,940 |
| Interest and dividends on securities available for sale | 3,620 | 8,657 |
| Interest and dividends on other investment securities | 4,277 | 5,051 |
| Broker dealer interest | 2,796 | 2,317 |
| | <hr/> | <hr/> |
| Total interest income | 59,629 | 68,965 |
| | <hr/> | <hr/> |
| Interest expense: | | |
| Interest on deposits | 6,973 | 11,169 |
| Interest on advances from FHLB | 9,098 | 15,316 |
| Interest on securities sold under agreements to repurchase and federal funds purchased | 250 | 819 |
| Interest on subordinated debentures, notes and bonds payable, and junior subordinated debentures | 4,827 | 3,821 |
| Capitalized interest on real estate development | (307) | (339) |
| | <hr/> | <hr/> |
| Total interest expense | 20,841 | 30,786 |
| | <hr/> | <hr/> |
| Net interest income | 38,788 | 38,179 |
| Provision for (recovery from) loan losses | (859) | 850 |
| | <hr/> | <hr/> |
| Net interest income after provision for (recovery from) loan losses | 39,647 | 37,329 |
| | <hr/> | <hr/> |
| Non-interest income: | | |
| Investment banking income | 62,445 | 51,665 |
| Service charges on deposits | 11,277 | 8,558 |
| Other service charges and fees | 4,637 | 3,918 |
| Income from real estate operations | 305 | 1,086 |
| Income from unconsolidated subsidiaries | 118 | 82 |
| Securities activities, net | 72 | 384 |

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| | | |
|--|-------------------|-------------------|
| Equity security litigation settlement gain | 22,840 | |
| Other | 2,671 | 2,384 |
| | <u> </u> | <u> </u> |
| Total non-interest income | 104,365 | 68,077 |
| | <u> </u> | <u> </u> |
| Non-interest expense: | | |
| Employee compensation and benefits | 67,180 | 57,412 |
| Occupancy and equipment | 10,250 | 9,738 |
| Advertising and promotion | 4,694 | 2,807 |
| Amortization of intangible assets | 439 | 454 |
| Cost associated with debt redemption | 11,741 | |
| Professional fees | 2,737 | 3,115 |
| Communications | 3,253 | 3,829 |
| Floor broker and clearing fees | 2,802 | 2,158 |
| Other | 8,918 | 9,047 |
| | <u> </u> | <u> </u> |
| Total non-interest expense | 112,014 | 88,560 |
| | <u> </u> | <u> </u> |
| Income from continuing operations before income taxes | 31,998 | 16,846 |
| Provision for income taxes | 11,474 | 6,028 |
| | <u> </u> | <u> </u> |
| Income from continuing operations | 20,524 | 10,818 |
| Discontinued operations, net of tax of \$1,713 | | 3,540 |
| | <u> </u> | <u> </u> |
| Net income | <u>\$ 20,524</u> | <u>\$14,358</u> |

See Notes to Consolidated Financial Statements Unaudited (Continued)

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BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS UNAUDITED

| | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2004 | 2003 |
| | (as restated) | |
| Earnings per share | | |
| Basic earnings per share from continuing operations | \$ 0.35 | \$ 0.19 |
| Basic earnings per share from discontinued operations | | 0.06 |
| | \$ 0.35 | \$ 0.25 |
| Basic earnings per share | \$ 0.35 | \$ 0.25 |
| Diluted earnings per share from continuing operations | \$ 0.32 | \$ 0.17 |
| Diluted earnings per share from discontinued operations | | 0.06 |
| | \$ 0.32 | \$ 0.23 |
| Diluted earnings per share | \$ 0.32 | \$ 0.23 |
| Basic weighted average number of common shares outstanding | 59,257,270 | 58,171,621 |
| | 59,257,270 | 58,171,621 |
| Diluted weighted average number of common and common equivalent shares outstanding | 63,193,034 | 64,250,488 |
| Cash dividends per Class A share | \$ 0.033 | \$ 0.031 |
| | \$ 0.033 | \$ 0.031 |
| Cash dividends per Class B share | \$ 0.033 | \$ 0.031 |

See Notes to Consolidated Financial Statements Unaudited

Table of Contents**BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY AND COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2003 AND 2004 UNAUDITED**

| (In thousands) | Compre- hensive Income | Common Stock | Addi- tional Paid-in Capital | Retained Earnings | Unearned Compen- sation Restricted Stock Grants | Accumul- ated Other Compre- hensive Income | Total |
|---|---------------------------------------|-------------------------|---|------------------------------|--|---|--------------------------|
| | (as restated) | | (as restated) | (as restated) | | | (as restated) |
| BALANCE, DECEMBER 31, 2002 | | \$ 583 | \$252,699 | \$213,692 | \$(1,209) | \$ 3,569 | \$469,334 |
| Net income | \$ 14,358 | | | 14,358 | | | 14,358 |
| Other comprehensive income, net of tax: | | | | | | | |
| Unrealized loss on securities available for sale (less income tax benefit of \$1,596) | (2,149) | | | | | | |
| Minimum pension liability (less income tax benefit of \$251) | (446) | | | | | | |
| Unrealized loss associated with investment in unconsolidated real estate subsidiary (less income tax provision of \$454) | 448 | | | | | | |
| Accumulated gain associated with cash flow hedges (less income tax benefit of \$185) | (376) | | | | | | |
| Reclassification adjustment for cash flow hedges | 130 | | | | | | |
| Reclassification adjustment for net gain included in net income | (246) | | | | | | |
| Other comprehensive loss | (2,639) | | | | | | |
| Comprehensive income | \$ 11,719 | | | | | | |
| Dividends on Class A Common Stock | | | | (1,658) | | | (1,658) |

| | | | | | | |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Dividends on Class B Common Stock | | | | (151) | | (151) |
| Issuance of Class A common stock | 1 | 164 | | | | 165 |
| Tax effect relating to the exercise of stock options | | 169 | | | | 169 |
| Amortization of unearned compensation - restricted stock grants | | | | 38 | | 38 |
| Net change in accumulated other comprehensive income, net of income taxes | | | | | (2,639) | (2,639) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| BALANCE, MARCH 31, 2003 | \$ 584 | \$253,032 | \$226,241 | \$(1,171) | \$ 930 | \$479,616 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| BALANCE, DECEMBER 31, 2003 | \$ 593 | \$259,770 | \$148,311 | \$(1,178) | \$ 5,956 | \$413,452 |
| Net income | \$ 20,524 | | 20,524 | | | 20,524 |
| | <u> </u> | | | | | |
| Other comprehensive income, net of tax: | | | | | | |
| Unrealized gains on securities available for sale (less income tax provision of \$757) | 1,412 | | | | | |
| Reclassification adjustment for net gain included in net income | (46) | | | | | |
| | <u> </u> | | | | | |
| Other comprehensive income | 1,366 | | | | | |
| | <u> </u> | | | | | |
| Comprehensive income | \$ 21,890 | | | | | |
| | <u> </u> | | | | | |
| Dividends on Class A Common Stock | | | | (1,792) | | (1,792) |
| Dividends on Class B Common Stock | | | | (161) | | (161) |
| Issuance of Class A common stock | 3 | 677 | | | | 680 |
| Tax effect relating to the exercise of stock options | | 1,522 | | | | 1,522 |
| Retirement of Class A Common Stock | (4) | (6,054) | | | | (6,058) |
| Amortization of unearned compensation - restricted stock | | | | 44 | | 44 |

grants

Net change in accumulated
other comprehensive income,
net of income taxes

| | | | | | | |
|-------------------------|--------|-----------|-----------|-----------|----------|-----------|
| | — | — | — | — | 1,366 | 1,366 |
| BALANCE, MARCH 31, 2004 | \$ 592 | \$255,915 | \$166,882 | \$(1,134) | \$ 7,322 | \$429,577 |

See Notes to Consolidated Financial Statements Unaudited

Table of Contents**BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED**

| (In thousands) | For the Three Months Ended March 31, | |
|--|---|---------------|
| | 2004 | 2003 |
| | (as restated) | |
| Operating activities: | | |
| Income from continuing operations | \$ 20,524 | \$ 10,818 |
| Income from discontinued operations | | 3,540 |
| Adjustments to reconcile net income to net cash provided in operating activities: | | |
| Provision (recovery) for credit losses * | (555) | 1,905 |
| Depreciation, amortization and accretion, net | 3,602 | 3,540 |
| Amortization of intangible assets | 439 | 454 |
| Change in real estate inventory | (2,436) | (16,143) |
| Securities owned activities, net | 2,451 | 32,135 |
| Cost associated with debt redemption | 11,741 | |
| Increase (decrease) in securities sold but not yet purchased | (3,563) | 11,757 |
| Equity in earnings of unconsolidated subsidiaries | (118) | (136) |
| (Investments in) repayments from unconsolidated subsidiaries, net | 118 | (993) |
| Originations and repayments of loans held for sale, net | (7,518) | 153 |
| Proceeds from sales of loans held for sale | 11,204 | 695 |
| Gains on securities activities | (72) | (384) |
| Equity security litigation settlement gain | (22,840) | |
| Decrease (increase) in deferred tax asset, net | 4,491 | (999) |
| Decrease (increase) in accrued interest receivable | 1,085 | (1,731) |
| Increase in other assets | (3,518) | (6,736) |
| Increase (decrease) in due to clearing agent | 9,745 | (41,809) |
| Increase (decrease) in other liabilities | (1,575) | 26,643 |
| Net cash provided in operating activities | <u>23,205</u> | <u>22,709</u> |
| Investing activities: | | |
| Proceeds from redemption and maturities of investment securities and tax certificates | 60,353 | 51,096 |
| Purchase of investment securities and tax certificates | (7,022) | (14,930) |
| Purchases of securities available for sale | (32,313) | (178,200) |
| Proceeds from sales and maturities of securities available for sale | 50,942 | 142,171 |
| (Purchases) redemptions of FHLB stock, net | 9,985 | (500) |
| Net repayments (purchases and originations) of loans and leases | 9,407 | (510,235) |
| Proceeds from sales of real estate owned | 1,125 | 451 |
| Net additions to office property and equipment | (5,503) | (2,537) |

| | | |
|---|-------------------|-------------------|
| Net cash provided (used) in investing activities | <u>86,974</u> | <u>(512,684)</u> |
| Financing activities: | | |
| Net (decrease) increase in deposits | 85,293 | (37,182) |
| Repayments of FHLB advances | (202,449) | (63,660) |
| Proceeds from FHLB advances | | 75,000 |
| Net increase (decrease) in securities sold under agreements to repurchase | (20,344) | 224,854 |
| Net increase in federal funds purchased | 25,000 | 115,000 |
| Repayment of notes and bonds payable | (630) | (43,839) |
| Proceeds from notes and bonds payable | 1,144 | 43,631 |
| Issuance of common stock | 680 | 165 |
| Issuance of junior subordinated debentures | | 67,010 |
| Common stock dividends paid | <u>(1,953)</u> | <u>(1,809)</u> |
| Net cash (used) provided in financing activities | <u>(113,259)</u> | <u>379,170</u> |
| Decrease in cash and cash equivalents | (3,080) | (110,805) |
| Cash and cash equivalents at beginning of period | <u>119,882</u> | <u>250,745</u> |
| Cash and cash equivalents at end of period | <u>\$ 116,802</u> | <u>\$ 139,940</u> |

See Notes to Consolidated Financial Statements Unaudited

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BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS UNAUDITED

| (In thousands) | For the Three Months Ended March 31, | |
|--|---|-------------|
| | 2004 | 2003 |
| | (as restated) | |
| Interest paid | \$22,068 | \$34,731 |
| Income taxes paid | 1,109 | 822 |
| Loans transferred to real estate owned | 374 | 522 |
| Net loan recoveries | 647 | 557 |
| Tax certificate net recoveries | 31 | 31 |
| Reduction in stockholders' equity from the retirement of Class A Common Stock obtained from litigation settlement | 6,058 | |
| Increase in current income taxes payable from the tax effect of fair value employee stock options | 1,522 | 169 |
| Acquisition goodwill adjustments | | (734) |
| Change in accumulated other comprehensive income | 1,366 | (3,847) |
| Change in deferred taxes on other comprehensive income | 757 | (1,208) |

* Provision for credit losses represents provision for loan losses, REO and tax certificates.
See Notes to Consolidated Financial Statements Unaudited

Table of Contents**BankAtlantic Bancorp, Inc.****NOTES TO CONSOLIDATED FINANCIAL STATEMENTS UNAUDITED****NOTE A. Restatement**

During the first fiscal quarter of 2004, BankAtlantic Bancorp announced that it had settled litigation that the Company and certain of its affiliates had filed related to an investment in a private technology company. Pursuant to the settlement, the Company sold its stock in the technology company to a third party investor group for \$15 million in cash, its original cost, and received additional compensation for legal expenses and damages consisting of \$1.7 million in cash and return of 378,160 shares of the Company's Class A Common Stock owned by the technology company. The parties also exchanged releases and the pending litigation between the parties was dismissed in connection with the settlement.

Based on the consultation and with concurrence of the Company's independent accountants, the Company recorded a \$16.7 million equity security litigation settlement gain in its statement of operations resulting from the receipt of cash and accounted for the return of the 378,160 shares of the Company's Class A Common Stock from the technology company in connection with the settlement and the subsequent retirement of those shares as an equity transaction, with no gain or loss recognized in the statement of operations.

Recently, the Company determined, with the concurrence of its independent accountants, that the fair value of 378,160 shares of the Company's Class A Common Stock received as part of the settlement should have been reflected in the statement of operations as a \$6.1 million pretax (\$3.9 million after-tax) increase to the equity security litigation settlement gain. Based on such treatment, the Company has restated its results for the first quarter of 2004 to reflect the increase of \$3.9 million in net income to \$20.5 million, or \$0.32 per diluted share as compared to the previously reported \$16.6 million, or \$0.26 per diluted share.

Based on such treatment, the Company has restated its financial statements as follows:

Line Items Restated on Consolidated Statement of Financial Condition

| | As Reported March 31, 2004 | As Restated March 31, 2004 |
|----------------------------|---|---|
| | <hr/> | <hr/> |
| Additional paid-in capital | \$259,792 | \$255,915 |
| Retained earnings | 163,005 | 166,882 |

Line Items Restated on Consolidated Statement of Operations

| | For the Three Months Ended March 31, 2004 | |
|--|--|--------------------|
| | <hr/> | |
| | As Reported | As Restated |
| | <hr/> | <hr/> |

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| | | |
|---|----------|-----------|
| Equity security litigation settlement gain | \$16,782 | \$ 22,840 |
| Total non-interest income | 98,307 | 104,365 |
| Income from continuing operations before income taxes | 25,940 | 31,998 |
| Provision for income taxes | 9,293 | 11,474 |
| Income from continuing operations | 16,647 | 20,524 |
| Net income | 16,647 | 20,524 |
| Earnings per share | | |
| Basic earnings per share from continuing operations | 0.28 | 0.35 |
| Basic earnings per share | 0.28 | 0.35 |
| Diluted earnings per share from continuing operations | 0.26 | 0.32 |
| Diluted earnings per share | 0.26 | 0.32 |

Table of Contents**BankAtlantic Bancorp, Inc.****Line Items Restated on the Consolidated Statement of Stockholders Equity and Comprehensive Income**

| | For the Three Months Ended March 31, 2004 | |
|--|--|------------------------|
| | As Reported | As Restated |
| Net income | \$ 16,647 | \$ 20,524 |
| Comprehensive income | 18,013 | 21,890 |
| Tax effect of fair value of Class A Common Stock obtained from litigation settlement | (2,181) | |
| Retirement of Class A Common Stock | | (6,058) |

Line Items Restated on Consolidated Statement of Cash Flows

| | For the Three Months Ended March 31, 2004 | |
|---|--|--------------------|
| | As Reported | As Restated |
| Operating activities: | | |
| Income from continuing operations | \$ 16,647 | \$ 20,524 |
| Equity security litigation settlement gain | (16,782) | (22,840) |
| Increase (decrease) in other liabilities | (3,756) | (1,575) |
| Supplemental disclosure of non-cash items | | |
| Reduction in stockholders' equity from the retirement of Class A Common Stock obtained from litigation settlement | 2,181 | 6,058 |

1. Presentation of Interim Financial Statements

BankAtlantic Bancorp, Inc. (the Company) is a Florida-based financial services holding company that offers a wide range of banking and investment products and services through its subsidiaries. The Company's principal assets include the capital stock of its wholly-owned subsidiaries: BankAtlantic, its banking subsidiary; and RB Holdings, Inc., a holding company that wholly owns Ryan Beck & Co., Inc. (Ryan Beck), a federally registered broker-dealer. BankAtlantic is a federal savings bank headquartered in Fort Lauderdale, Florida, which provides traditional retail banking services and a wide range of commercial banking products and related financial services. Ryan Beck is a full service broker-dealer headquartered in Livingston, New Jersey. Ryan Beck offers a wide range of investment and insurance products for retail and institutional clients.

On December 31, 2003, the Company completed the spin-off of its wholly owned real estate development subsidiary, Levitt Corporation (Levitt), and during the year ended December 31, 2003, Ryan Beck sold two of its subsidiaries, The GMS Group, LLC (GMS) and Cumberland Advisors (Cumberland). Accordingly, the financial information of Levitt, GMS and Cumberland is not included in any financial statements presented in this report for the first quarter of 2004, nor in the Consolidated Statements of Financial Condition at December 31, 2003. For the

comparable quarter ended March 31, 2003, the financial information of the above companies is included in the Consolidated Statement of Financial Condition, Consolidated Statement of Stockholders' Equity and Comprehensive Income and Consolidated Statement of Cash Flows; but the information is excluded from the revenues and expenses in the Consolidated Statement of Operations and is instead included as discontinued operations.

All significant inter-company balances and transactions have been eliminated in consolidation.

In management's opinion, the accompanying consolidated financial statements contain such adjustments as are necessary to present fairly the Company's consolidated financial condition at March 31, 2004, December 31, 2003 and March 31, 2003, the consolidated results of operations for the three months ended March 31, 2004 and 2003, the consolidated stockholders' equity and comprehensive income for the three months ended March 31, 2004 and 2003 and the consolidated cash flows for the three months ended March 31, 2004 and 2003. Such adjustments consisted only of normal recurring items, except as described in Note A. The results of operations for the three months ended March 31, 2004 are not necessarily indicative of results of operations that may be expected for the year ended December 31, 2004. The consolidated

Table of Contents**BankAtlantic Bancorp, Inc.**

financial statements and related notes are presented as permitted by Form 10-Q and should be read in conjunction with the notes to the consolidated financial statements appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Certain amounts for prior periods have been reclassified to conform to the statement presentation for 2004.

2. Stock Based Compensation

Under the provisions of SFAS No. 123, Accounting for Stock-Based Compensation, there are two methods of accounting for stock options, the intrinsic value method and the fair value method. The Company elects to value its options under the intrinsic value method. As a consequence, the Company accounts for its stock based compensation plans under the recognition and measurement principles of Accounting Principles Board (APB) Opinion No. 25 and related interpretations.

The following table illustrates the effect on net income and earnings per share if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation.

| (in thousands, except share data) | For the Three Months Ended March 31, | |
|--|---|-----------------|
| | 2004 | 2003 |
| | (as restated) | |
| Pro forma net income | | |
| Net income, as reported | \$20,524 | \$14,358 |
| Add: Stock-based employee compensation expense included in reported net income, net of related income tax effects | 44 | 52 |
| Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related income tax effects | (398) | (396) |
| Pro forma net income | <u>\$20,170</u> | <u>\$14,014</u> |
| Earnings per share: | | |
| Basic as reported | <u>\$ 0.35</u> | <u>\$ 0.25</u> |
| Basic pro forma | <u>0.34</u> | <u>0.24</u> |

| | | |
|---------------------|-------------------|-------------------|
| Diluted as reported | \$ 0.32 | \$ 0.23 |
| | <u> </u> | <u> </u> |
| Diluted pro forma | 0.32 | 0.23 |
| | <u> </u> | <u> </u> |

3. Equity Security Litigation Settlement Gain

In October, 1999 the Company made a \$15 million investment in 3,033,386 shares of a privately held technology company's common stock for cash and 748,000 shares of the Company's Class A common stock. Both Alan B. Levan and John E. Abdo also acquired direct and indirect interests in 286,709 and 368,408 shares, respectively, of the technology company's common stock. Subsequently, investors including the Company, Mr. Levan, Mr. Abdo and other affiliates of the Company, initiated litigation against the technology company's founder, seeking his ouster from the technology company. During 2002, the Company recorded an impairment charge for its entire investment in the technology company based on the Company's analysis of the technology company's operations. In March 2004, the technology company settled the litigation with the Company and its affiliates. Pursuant to the settlement, the Company sold its stock in the technology company to a third party investor group for its original cost of \$15 million and received from the investor group and the technology company additional compensation for legal expenses and damages consisting of \$1.7 million in cash and 378,160 shares of the Company's Class A common stock that had been owned by the technology company. The litigation between the parties was dismissed in connection with the settlement, and the Company retains no equity interest in the technology company. Alan B. Levan, John E. Abdo, and certain affiliates of the Company's parent, BFC Financial Corporation, elected to retain part or all of their investments in the technology company, but recovered, in connection with the settlement, legal expenses and damages totaling \$442,590 in cash and 79,835 shares of the Company's Class A Common Stock that had been owned by the technology company. The legal fees associated with the lawsuit and the damages received by the Company and its affiliates were shared pro rata based on the amount of each party's original investment in the technology company.

Table of Contents**BankAtlantic Bancorp, Inc.****4. Advances from the Federal Home Loan Bank**

During March 2004, BankAtlantic prepaid \$108 million of fixed rate Federal Home Loan Bank (FHLB) advances. Of this amount, \$25 million had an average interest rate of 5.68% and was scheduled to mature in 2007, and the remaining \$83 million had an average interest rate of 5.51% and was scheduled to mature in 2008. In conjunction with the prepayments, BankAtlantic incurred prepayment penalties of \$11.7 million. Also during the first quarter of 2004, BankAtlantic prepaid a \$50 million variable rate FHLB advance scheduled to mature in 2004 with an interest rate of 1.17%. During the three months ended March 31, 2004, \$33 million of FHLB advances matured. These advances had a weighted average interest rate of 1.53%.

Of the \$591 million of FHLB advances outstanding at March 31, 2004, \$531 million mature between 2008 and 2011 and have a weighted average interest rate of 5.41%, and \$60 million mature between 2004 and 2006 and have a weighted average interest rate 1.63%.

5. Defined Benefit Pension Plan

Under BankAtlantic's Retirement Plan for the Employees of BankAtlantic (the Plan), net periodic pension expense (benefit) incurred includes the following components (in thousands):

| | For the Three Months Ended March 31, | |
|---|---|-------------|
| | 2004 | 2003 |
| Service cost benefits earned during the period | \$ | \$ |
| Interest cost on projected benefit obligation | 383 | 369 |
| Expected return on plan assets | (500) | (371) |
| Amortization of unrecognized net gains and losses | 110 | 295 |
| | <hr/> | <hr/> |
| Net periodic pension (benefit) expense | \$ (7) | \$ 293 |
| | <hr/> | <hr/> |

BankAtlantic did not contribute to the Plan during the three months ended March 31, 2004 and 2003. BankAtlantic is not required to contribute to the Plan for the year ending December 31, 2004.

6. Securities Owned

Ryan Beck's securities owned activities were associated with sales and trading activities conducted both as principal and as agent on behalf of individual and institutional investor clients of Ryan Beck. Transactions as principal involve making markets in securities which are held in inventory to facilitate sales to and purchases from customers. Ryan Beck also realizes gains and losses from proprietary trading activities.

Ryan Beck's securities owned (at fair value) consisted of the following (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 (1) |
|---------------------------------|---------------------------|----------------------------------|-------------------------------|
| States and municipalities | \$ 13,556 | \$ 9,903 | \$ 84,745 |
| Corporations | 8,082 | 5,159 | 4,958 |
| U.S. Government and agencies | 61,564 | 62,229 | 35,355 |
| Corporate equities | 11,202 | 15,072 | 10,029 |
| Mutual funds | 26,815 | 24,639 | 17,022 |
| Certificates of deposit | 895 | 7,563 | 2,210 |
| | <u>\$122,114</u> | <u>\$124,565</u> | <u>\$154,319</u> |

(1) At March 31, 2003, securities owned balances included \$83 million of securities owned by GMS, of which approximately \$8.0 million were not accruing interest. Ryan Beck sold GMS in August 2003.

Table of Contents**BankAtlantic Bancorp, Inc.**

In the ordinary course of business, Ryan Beck borrows under an agreement with its clearing broker by pledging securities owned as collateral primarily to finance inventories. As of March 31, 2004, December 31, 2003 and March 31, 2003, the balances due to the clearing broker were \$18.3 million, \$8.6 million and \$37.0 million, respectively.

Ryan Beck's securities sold but not yet purchased consisted of the following (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 (1) |
|------------------------------|---------------------------|----------------------------------|-------------------------------|
| States and municipalities | \$ 119 | \$ 67 | \$ 3,277 |
| Corporations | 6,298 | 1,963 | 4,903 |
| U.S. Government and agencies | 21,847 | 32,231 | 16,172 |
| Corporate equities | 5,968 | 3,544 | 3,981 |
| Certificates of deposit | 18 | 8 | 21,427 |
| | <u>\$34,250</u> | <u>\$37,813</u> | <u>\$49,760</u> |

(1) At March 31, 2003 the amounts include \$8 million of securities sold but not yet purchased by GMS.

Securities sold, but not yet purchased, are a part of Ryan Beck's normal activities as a broker and dealer in securities and are subject to off-balance sheet risk should Ryan Beck be unable to acquire the securities for delivery to the purchaser at prices equal to or less than the current recorded amounts.

7. Loans Receivable

The loan and lease portfolio consisted of the following components (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|------------------------------|---------------------------|------------------------------|---------------------------|
| Real estate loans: | | | |
| Residential | \$1,273,105 | \$1,343,657 | \$1,824,329 |
| Construction and development | 1,516,103 | 1,345,449 | 1,247,747 |
| Commercial | 943,305 | 1,064,043 | 800,911 |
| Small business | 117,054 | 110,745 | 98,455 |
| Loans to Levitt | 18,505 | 18,118 | |
| Other loans: | | | |
| Loans to Levitt | 42,125 | 43,500 | |
| Second mortgages direct | 362,237 | 333,655 | 275,385 |

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| | | | |
|---|-------------------|-------------------|-------------------|
| Second mortgages indirect | 971 | 1,105 | 1,565 |
| Commercial business | 98,692 | 91,724 | 86,293 |
| Lease financing | 11,984 | 14,442 | 24,876 |
| Small business non-mortgage | 59,163 | 58,574 | 60,516 |
| Deposit overdrafts | 3,477 | 4,036 | 2,557 |
| Consumer loans other direct | 16,374 | 17,892 | 21,778 |
| Consumer loans other indirect | 633 | 1,297 | 3,729 |
| Loans held for sale: | | | |
| Residential | 3,307 | 2,254 | |
| Commercial syndication | 4,375 | 9,114 | 13,953 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total gross loans | 4,471,410 | 4,459,605 | 4,462,094 |
| | <u> </u> | <u> </u> | <u> </u> |
| Adjustments: | | | |
| Undisbursed portion of loans in process | (751,126) | (728,100) | (536,406) |
| Premiums related to purchased loans | 5,694 | 6,898 | 10,399 |
| Deferred fees | (6,422) | (6,655) | (6,249) |
| Allowance for loan and lease losses | (45,383) | (45,595) | (48,695) |
| | <u> </u> | <u> </u> | <u> </u> |
| Loans receivable net | \$3,674,173 | \$3,686,153 | \$3,881,143 |
| | <u> </u> | <u> </u> | <u> </u> |

Table of Contents**BankAtlantic Bancorp, Inc.**

BankAtlantic began originating residential loans held for sale with an independent mortgage company in August 2003. The mortgage company provides processing and closing assistance to BankAtlantic. Pursuant to an agreement, this mortgage company purchases the loans from BankAtlantic 14 days after the date of funding. BankAtlantic owns the loans during the 14 day period and accordingly earns the interest income during the period. The sales price is negotiated quarterly for all loans sold during the quarter.

Loans held for sale gains or losses are recognized upon loan sale. The loan origination fees and related direct loan origination costs on loans held for sale are deferred and recognized upon loan sale as a component of the realized gain. The loans held for sale are valued at the lower of aggregate cost or market. There was no valuation allowance established on these loans at or during the three months ended March 31, 2004. The derivatives relating to the commitments to originate and sell loans were not significant.

The Company's loans to Levitt had an outstanding balance of \$60.6 million and \$61.6 million at March 31, 2004 and December 31, 2003, respectively. The Company also has loans to Levitt joint ventures that had an outstanding balance of \$184,000 and \$23.2 million at March 31, 2004 and December 31, 2003, respectively. Included in interest income in the Company's statement of operations for the three months ended March 31, 2004 was \$851,000 of interest income related to loans to Levitt and its joint ventures. At March 31, 2004, the Company had \$13.4 million of undisbursed loans in process to Levitt and its joint ventures.

8. Real Estate Held for Development and Sale

Real estate held for development and sale consisted of the following (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|---------------------------------|---------------------------|----------------------------------|---------------------------|
| | <hr/> | <hr/> | <hr/> |
| Land and land development costs | \$ 9,703 | \$ 9,705 | \$174,829 |
| Construction costs | 9,464 | 7,192 | 47,254 |
| Other costs | 2,025 | 1,859 | 14,216 |
| Other | 3,047 | 3,047 | 2,057 |
| | <hr/> | <hr/> | <hr/> |
| Total | \$24,239 | \$21,803 | \$238,356 |
| | <hr/> | <hr/> | <hr/> |

Income from real estate operations were as follows (in thousands):

**For the Three
Months
Ended March 31,**

| | <u>2004</u> | <u>2003</u> |
|-------------------------------|--------------|----------------|
| Sales of real estate | \$757 | \$4,164 |
| Cost of sales on real estate | <u>452</u> | <u>3,078</u> |
| Gains on sales of real estate | <u>\$305</u> | <u>\$1,086</u> |

In 2002, BankAtlantic acquired Community Savings Bankshares, Inc. (Community). Real estate held for development and sale at March 31, 2004 and December 31, 2003 consisted of real estate held by a joint venture that was acquired in connection with the Community acquisition and \$3.1 million of real estate held for sale associated with BankAtlantic branch banking facilities. The joint venture was consolidated in the Company's financial statements as of January 1, 2003.

Real estate held for development and sale at March 31, 2003 consisted of \$22.0 million of real estate inventory of the joint venture acquired in the Community acquisition, \$2.1 million of real estate held for sale associated with BankAtlantic branch banking facilities, and \$214.3 million of real estate inventory of Levitt.

Table of Contents**BankAtlantic Bancorp, Inc.****9. Investments and advances to unconsolidated subsidiaries**

The consolidated statements of financial condition and consolidated statements of operations include the following amounts for investments and advances to unconsolidated subsidiaries (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|--|-------------------------------|----------------------------------|---------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Investment in Bluegreen Corporation | \$ | \$ | \$61,584 |
| Investments and advances to real estate joint ventures | | | 27,613 |
| Investments in statutory business trusts | 7,910 | 7,910 | 7,558 |
| | <u> </u> | <u> </u> | <u> </u> |
| Total | \$ 7,910 | \$ 7,910 | \$96,755 |
| | <u> </u> | <u> </u> | <u> </u> |

As of March 31, 2004 and December 31, 2003, investments and advances to unconsolidated subsidiaries consisted of the Company's investments in eleven statutory business trusts that were formed to issue trust preferred securities. Prior to January 1, 2003, these trusts were consolidated in the Company's financial statements.

At March 31, 2003, investments and advances to unconsolidated subsidiaries consisted of the Company's and Levitt's investment in Bluegreen Corporation, (which consisted in aggregate holdings of approximately 38% of Bluegreen's outstanding common stock) Levitt's investments in real estate joint ventures and the Company's investments in eleven statutory business trusts.

10. Segment Reporting

Operating segments are defined as components of an enterprise about which separate financial information is available that is regularly reviewed by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Reportable segments consist of one or more operating segments with similar economic characteristics, products and services, production processes, type of customer, distribution system and regulatory environment. The activities of reportable segments exclude discontinued operations, extraordinary gains (losses) and income (loss) from changes in accounting principles. The accounting policies of these reportable segments are the same as those of the Company.

As of January 1, 2004, the Company implemented a new internal reporting methodology for evaluating operating segment performance for BankAtlantic's reportable segments. Additionally, Ryan Beck changed the composition of its reportable segments, creating three reportable segments. As a result of Ryan Beck's change, the Company's results of operations are now reported through seven reportable segments instead of five reportable segments reported by the Company in prior periods. Segment reporting for the three months ended March 31, 2003 was restated to conform to the new methodology.

The following summarizes the aggregation of the Company's operating segments into reportable segments:

| Reportable Segment | Operating Segments Aggregated |
|------------------------------------|--|
| <u>BankAtlantic</u> | |
| Bank Investments | Investments, tax certificates, residential loans purchased, CRA lending and real estate capital services |
| Commercial Banking | Commercial lending and commercial deposits |
| Community Banking | Consumer lending, small business lending, ATM operations, branch banking and trade finance lending |
| <u>Ryan Beck</u> | |
| Private Client Group (PCG) | Retail branch offices, Retail branches administration, Product marketing and support |
| Investment Banking | Financial institutions group, middle markets group, public finance, and underwriting activities |
| Capital Markets | Equity and fixed income trading departments, unit trust, institutional sales |
| <u>BankAtlantic Bancorp</u> | |
| Parent Company | BankAtlantic Bancorp's operations, costs of acquisitions and financing of acquisitions |

Table of Contents**BankAtlantic Bancorp, Inc.*****Description of BankAtlantic's Reportable Segments***

The Company evaluates BankAtlantic's segment performance based on segment profits after tax. BankAtlantic has three reportable segments. The table below is segment information for the three months ended March 31, 2004 and 2003 associated with the three BankAtlantic reportable segments (in thousands):

| | BankAtlantic | | | | | BankAtlantic Total |
|--|---|-------------------------------|------------------------------|-----------------|--------------|-------------------------------|
| | BankAtlantic Reportable Segments | | | | | |
| | Bank Investments | Commercial Banking | Community Banking | Treasury | Other | |
| 2004 | | | | | | |
| Interest income | \$ 23,427 | 26,634 | 23,056 | (17,583) | 808 | 56,342 |
| Interest expense | 13,887 | 9,657 | 7,627 | (14,893) | 194 | 16,472 |
| Net interest income | 9,540 | 16,977 | 15,429 | (2,690) | 614 | 39,870 |
| Net charge-offs/(recoveries) | 209 | (23) | (4) | | (829) | (647) |
| Net interest income after net charge-offs (recoveries) | 9,331 | 17,000 | 15,433 | (2,690) | 1,443 | 40,517 |
| Non-interest income | 139 | 606 | 16,594 | | 105 | 17,444 |
| Non-interest expense | 1,515 | 2,961 | 26,406 | | 10,326 | 41,208 |
| Segments profits and losses before tax | 7,955 | 14,645 | 5,621 | (2,690) | (8,778) | 16,753 |
| Taxes | 2,847 | 5,272 | 2,024 | (969) | (3,160) | 6,014 |
| Segment net income | \$ 5,108 | 9,373 | 3,597 | (1,721) | (5,618) | 10,739 |
| Segment assets | \$1,789,951 | 1,805,187 | 554,277 | | 344,950 | 4,494,365 |
| 2003 | | | | | | |
| Interest income | \$ 34,476 | 25,546 | 21,751 | (16,405) | 1,561 | 66,929 |
| Interest expense | 22,248 | 11,396 | 11,010 | (17,750) | 468 | 27,372 |

| | | | | | | |
|--|-------------|-----------|---------|-------|---------|-----------|
| Net interest income | 12,228 | 14,150 | 10,741 | 1,345 | 1,093 | 39,557 |
| Net charge-offs/(recoveries) | 26 | (29) | (76) | | (478) | (557) |
| Net interest income after net charge-offs (recoveries) | 12,202 | 14,179 | 10,817 | 1,345 | 1,571 | 40,114 |
| Non-interest income | 74 | 734 | 12,840 | | 28 | 13,676 |
| Non-interest expense | 1,174 | 3,401 | 21,848 | | 8,353 | 34,776 |
| Segments profits and losses before tax | 11,102 | 11,512 | 1,809 | 1,345 | (6,754) | 19,014 |
| Taxes | 3,996 | 4,144 | 651 | 485 | (2,464) | 6,812 |
| Segment net income | \$ 7,106 | 7,368 | 1,158 | 860 | (4,290) | 12,202 |
| Segment assets | \$2,810,762 | 1,634,132 | 448,105 | | 403,171 | 5,296,170 |

The amounts included in the three BankAtlantic reportable segments are derived using a management reporting model that includes the methodologies of funds transfer pricing and activity based costing. Exposure to interest rate risk is managed centrally and reflected in BankAtlantic's segment reporting under the heading entitled "Treasury". In each segment the funds transfer pricing model charges each interest earning asset with a duration-matched cost of funds at the date of origination for the life of the asset or until a variable rate asset reprices. This matching of durations between interest earning assets and rate-bearing liabilities isolates the net interest income of each banking operating segment from interest rate risk and places the gains and losses from BankAtlantic's management of interest rate risk in the Treasury. The duration on savings and transaction account deposit products that do not have maturities were estimated based on a deposit duration.

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BankAtlantic Bancorp, Inc.

analysis performed by a third party consultant. The activity based costing model allocates costs to the activities and processes that create the expenses and transfers costs for services provided by one segment to another.

Net charge-offs or recoveries are allocated to the BankAtlantic reportable segment that generated the loss or recovery.

Non-interest income and expenses are credited to the reportable segment that generated the revenues or costs. Intersegment costs are allocated to the operating segments based on an activity based costing model.

Income tax expense is allocated based on a standard tax rate of 36% for BankAtlantic's reportable segments.

The Treasury net contribution represents the difference between the actual net interest income earned by BankAtlantic and the aggregate net interest income allocated to the reportable segments calculated using funds transfer pricing methodologies.

Other includes discontinued loan products and unallocated corporate overhead. Discontinued loan products represent the net interest income and net recoveries from our discontinued loan products (consumer indirect, syndication, lease financing and small business loans originated before January 1, 2001). Unallocated corporate overhead represents expenses that were not assigned to bank reportable segments through the activity based costing model. These overhead costs cannot be broken down and attributed directly to the activities of specific reportable segments, and therefore allocation of costs would have to be based on subjective measures that could distort the performance of the reportable segments. As a consequence, management has decided not to allocate these overhead costs. These overhead costs are primarily back office costs, such as human resources, accounting, finance, auditing, and data processing.

Table of Contents**BankAtlantic Bancorp, Inc.****Description of Ryan Beck's Reportable Segments**

The Company evaluates Ryan Beck's segment performance based on pre-tax contribution. The table below is segment information for the three months ended March 31, 2004 and 2003 associated with the three Ryan Beck reportable segments (in thousands):

| | Ryan Beck | | | Total |
|-----------------------------|------------------|-------------------------------|----------------------------|-----------------|
| | PCG | Investment Banking | Capital Markets | |
| 2004 | | | | |
| Net interest income: | | | | |
| Broker dealer interest | \$ 2,291 | \$ 56 | \$ 449 | \$ 2,796 |
| Interest Expense | (36) | (8) | (166) | (210) |
| | <u>2,255</u> | <u>48</u> | <u>283</u> | <u>2,586</u> |
| Net interest income | | | | |
| | <u>2,255</u> | <u>48</u> | <u>283</u> | <u>2,586</u> |
| Non-interest income: | | | | |
| Principal transactions | 19,470 | 535 | 4,438 | 24,443 |
| Investment banking | 88 | 11,713 | 830 | 12,631 |
| Commissions | 23,714 | | 1,657 | 25,371 |
| Other | 597 | | 23 | 620 |
| | <u>43,869</u> | <u>12,248</u> | <u>6,948</u> | <u>63,065</u> |
| Non-interest income | | | | |
| | <u>43,869</u> | <u>12,248</u> | <u>6,948</u> | <u>63,065</u> |
| Non-interest expense | | | | |
| | <u>(43,944)</u> | <u>(6,857)</u> | <u>(6,288)</u> | <u>(57,089)</u> |
| Pre-tax contribution | | | | |
| | <u>\$ 2,180</u> | <u>\$ 5,439</u> | <u>\$ 943</u> | <u>\$ 8,562</u> |
| 2003 | | | | |
| Net interest income: | | | | |
| Broker dealer interest | \$ 2,088 | \$ 49 | \$ 180 | \$ 2,317 |
| Interest Expense | (274) | (4) | (85) | (363) |
| | <u>1,814</u> | <u>45</u> | <u>95</u> | <u>1,954</u> |
| Net interest income | | | | |
| | <u>1,814</u> | <u>45</u> | <u>95</u> | <u>1,954</u> |
| Non-interest income: | | | | |
| Principal transactions | 13,592 | 4,253 | 7,239 | 25,084 |
| Investment banking | | 6,977 | 712 | 7,689 |

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| | | | | |
|-----------------------------|-------------------|-------------------|-------------------|-------------------|
| Commissions | 17,448 | 105 | 1,799 | 19,352 |
| Other | 815 | | 25 | 840 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Non-interest income | 31,855 | 11,335 | 9,775 | 52,965 |
| Non-interest expense | (37,730) | (6,521) | (7,553) | (51,804) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Pre-tax contribution | <u>\$ (4,061)</u> | <u>\$ 4,859</u> | <u>\$ 2,317</u> | <u>\$ 3,115</u> |

The Private Client Group is Ryan Beck's retail investment brokerage and consulting group, which offers a full range of investment planning and related services to its clients.

The Investment Banking reportable segment provides consulting services primarily in the financial services industry in connection with capital raising, mergers and acquisitions, and similar transactions. Its investment banking activities include a financial institutions, middle market and municipal finance groups.

The Capital Markets reportable segment underwrites and trades in trust preferred securities, U.S. government securities, agency bonds and zero coupon bonds as well as equities and tax-exempt securities. Additionally, the Capital Markets group distributes brokered deposits and other taxable fixed income securities through other broker dealers.

All revenue and expense items, with the exception of certain department allocations, such as general and administrative, operations and research, are identified and reported at each segment. Ryan Beck allocates certain common income and expense items among business segments based upon various methodologies and factors, including a percentage of income methodology for certain revenue products, and a headcount factor for certain expense items.

Table of Contents**BankAtlantic Bancorp, Inc.****Segment Reporting Worksheet**

The table below is a consolidating worksheet for income from continuing operations that reconciles the Company's segment reporting to the consolidated financial statements for the three months ended March 31, 2004 and 2003 (in thousands):

| | BankAtlantic | Ryan Beck | Parent Company | Adjusting and Elimination Entries | BankAtlantic Bancorp Consolidated |
|----------------------------|---------------------|------------------|---------------------------|--|--|
| 2004 | | | (as restated) | | (as restated) |
| Interest income | \$ 56,342 | \$ 2,796 | \$ 542 | \$ (51) | \$ 59,629 |
| Interest expense | (16,547) | (210) | (4,135) | 51 | (20,841) |
| Recovery from loan losses | 859 | | | | 859 |
| Non-interest income | 18,220 | 63,065 | 23,137 | (57) | 104,365 |
| Non-interest expense | (54,132) | (57,089) | (850) | 57 | (112,014) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Income before taxes | 4,742 | 8,562 | 18,694 | | 31,998 |
| Provision for income taxes | (1,436) | (3,434) | (6,604) | | (11,474) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Net income | \$ 3,306 | \$ 5,128 | \$ 12,090 | \$ | \$ 20,524 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Total assets | \$4,494,365 | \$176,247 | \$695,662 | \$(615,791) | \$4,750,483 |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| 2003 | | | | | |
| Interest income | \$ 66,929 | \$ 2,317 | \$ 454 | \$ (735) | \$ 68,965 |
| Interest expense | (27,431) | (363) | (3,727) | 735 | (30,786) |
| Provision for loan losses | (850) | | | | (850) |
| Non-interest income | 15,114 | 52,965 | 27 | (29) | 68,077 |
| Non-interest expense | (36,329) | (51,804) | (456) | 29 | (88,560) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |
| Income before taxes | 17,433 | 3,115 | (3,702) | | 16,846 |
| Provision for income taxes | (6,031) | (1,292) | 1,295 | | (6,028) |
| | <hr/> | <hr/> | <hr/> | <hr/> | <hr/> |

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| | | | | | |
|------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net income | \$ 11,402 | \$ 1,823 | \$ (2,407) | \$ | \$ 10,818 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets (1) | \$5,296,170 | \$207,383 | \$785,693 | \$(475,907) | \$5,813,339 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

(1) The adjusting and elimination entries include the total assets of Levitt.

The elimination entries consist of the intercompany loan interest income and interest expense, management fees, consulting fees and brokerage commissions.

Table of Contents**BankAtlantic Bancorp, Inc.**

The differences between BankAtlantic's statement of operations components and the reportable segment information for income from continuing operations for the three months ended March 31, 2004 and 2003 consists of (in thousands):

| | For the Three Months Ended March 31, | |
|--|---|-------------------|
| | 2004 | 2003 |
| Interest expense | | |
| Segment interest expense | \$ 16,472 | \$ 27,372 |
| Joint venture interest expense | 75 | 59 |
| | <u> </u> | <u> </u> |
| BankAtlantic interest expense | <u>16,547</u> | <u>27,431</u> |
| | | |
| Non-interest income | | |
| Segment non-interest income | 17,444 | 13,676 |
| Income from real estate operations | 305 | 1,086 |
| Other | 471 | 352 |
| | <u> </u> | <u> </u> |
| BankAtlantic non-interest income | <u>18,220</u> | <u>15,114</u> |
| | | |
| Non-interest expense | | |
| Segment non-interest expense | 41,208 | 34,776 |
| Joint venture expenses | 520 | 1,096 |
| Provision for tax certificates | 300 | 300 |
| Cost associated with debt redemption | 11,741 | |
| Other | 363 | 157 |
| | <u> </u> | <u> </u> |
| BankAtlantic non-interest expense | <u>54,132</u> | <u>36,329</u> |
| | | |
| Taxes | | |
| Segment taxes | 6,014 | 6,812 |
| Actual tax rate different than segment assumed tax rate | (254) | (212) |
| Segment earnings greater than BankAtlantic earnings | (4,324) | (569) |
| | <u> </u> | <u> </u> |

| | | |
|---|-------------------|-------------------|
| BankAtlantic taxes | 1,436 | 6,031 |
| | <u> </u> | <u> </u> |
| Net income | | |
| Segment net income | 10,739 | 12,202 |
| Provision for loan losses different than net recoveries | 136 | (901) |
| Provision for tax certificates | (192) | (192) |
| Joint venture operation excluded from segment reporting | (116) | 81 |
| Cost associated with debt redemption | (7,515) | |
| Tax rate difference | 254 | 212 |
| | <u> </u> | <u> </u> |
| BankAtlantic net income | \$ 3,306 | \$ 11,402 |
| | <u> </u> | <u> </u> |

The above segment reporting information is based on internal reports utilized by management. The presentation and allocation of segment income and the components of segment income calculated under the management approach may not reflect the actual economic costs, contribution or results of operations of the units as stand alone businesses. If a different basis of allocation were utilized, the relative contributions of the segments might differ but the relative trends in the segments likely would not, in management's view, be impacted.

Table of Contents**BankAtlantic Bancorp, Inc.****11. Financial instruments with off-balance sheet risk**

Financial instruments with off-balance sheet risk were (in thousands):

| | March 31, 2004 | December 31, 2003 | March 31, 2003 |
|---|---------------------------|------------------------------|---------------------------|
| Commitment to sell fixed rate residential loans | \$ 20,508 | \$ 12,962 | \$ 135 |
| Commitment to sell variable rate residential loans | 7,445 | 3,740 | |
| Commitments to purchase mortgage-backed securities | 100,000 | | |
| Forward contracts to purchase mortgage-backed securities | 6,391 | 8,611 | 27,813 |
| Commitments to purchase other investment securities | 18,710 | | |
| Commitments to purchase fixed rate residential loans | | 40,242 | |
| Commitments to purchase variable rate residential loans | 103,600 | 3,500 | 124,547 |
| Commitments to originate loans held for sale | 24,537 | 14,271 | |
| Commitments to extend credit, including the undisbursed portion of loans in process | 1,412,453 | 1,404,538 | 1,141,639 |
| Standby letters of credit | 35,973 | 31,722 | 29,517 |
| Commercial lines of credit | 131,047 | 162,623 | 160,149 |

Standby letters of credit are conditional commitments issued by BankAtlantic to guarantee the performance of a customer to a third party. BankAtlantic's standby letters of credit are generally issued to customers in the construction industry guaranteeing project performance. These types of standby letters of credit had a maximum exposure of \$29.9 million at March 31, 2004. BankAtlantic also issues standby letters of credit to commercial lending customers guaranteeing the payment of goods and services. These types of standby letters of credit had a maximum exposure of \$6.1 million at March 31, 2004. These guarantees are primarily issued to support public and private borrowing arrangements and have maturities of one year or less. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. BankAtlantic may hold certificates of deposit and residential and commercial liens as collateral for such commitments. Included in other liabilities at March 31, 2004 and December 31, 2003 was \$70,000 and \$110,000, respectively, of unearned guarantee fees.

Table of ContentsBankAtlantic Bancorp, Inc.**12. Discontinued operations**

In December 2003, the Company completed the spin-off of its wholly-owned subsidiary, Levitt, and transferred its investment in Bluegreen Corporation to Levitt. During the year ended December 31, 2003, Ryan Beck sold two of its subsidiaries, GMS and Cumberland. The above transactions were presented as discontinued operations in our statement of operations for the three months ended March 31, 2003.

The components of earnings from discontinued operations for the three months ended March 31, 2003 were as follows (in thousands):

| | For the Three Months Ended March 31, 2003 |
|--|--|
| Net interest income | \$ 1,323 |
| Non-Interest Income: | |
| Investment banking income | 6,319 |
| Income from real estate operations | 13,771 |
| Loss from unconsolidated subsidiaries | (194) |
| Other | 868 |
| Total non-interest income | 20,764 |
| Non Interest Expenses: | |
| Employee compensation and benefits | 10,049 |
| Other | 6,785 |
| Total non-interest expenses | 16,834 |
| Income before income taxes | 5,253 |
| Provision for income taxes | 1,713 |
| Income from discontinued operations, net of tax | \$ 3,540 |

The assets and liabilities associated with discontinued operations included in the Company's statement of financial condition as of March 31, 2003 consisted of the following: (in thousands)

| | March 31, 2003 |
|---|-----------------------------|
| | <u> </u> |
| ASSETS | |
| Cash | \$ 13,867 |
| Securities owned | 82,955 |
| Loans receivable | 6,205 |
| Real estate inventory | 214,269 |
| Investment in unconsolidated subsidiaries | 61,949 |
| Goodwill | 1,204 |
| Other assets | 17,357 |
| | <u> </u> |
| Total assets | \$397,806 |
| | <u> </u> |
| Liabilities: | |
| Notes payable | \$ 105,747 |
| Securities sold but not yet purchased | 8,363 |
| Due to clearing agent | 56,084 |
| Other liabilities | 51,878 |
| | <u> </u> |
| Total liabilities | \$222,072 |
| | <u> </u> |

Table of ContentsBankAtlantic Bancorp, Inc.**13. Earnings per Share**

The following reconciles the numerators and denominators of the basic and diluted earnings per share computation for the three months ended March 31, 2004 and 2003 (in thousands, except share data):

| | For the Three Months Ended March 31, | |
|--|---|-----------------------|
| | 2004 | 2003 |
| | (as restated) | |
| Basic earnings per share: | | |
| Income from continuing operations | \$ 20,524 | \$ 10,818 |
| Basic weighted average number of common shares outstanding | <u>59,257,270</u> | <u>58,171,621</u> |
| Basic earnings per share from continuing operations | <u>\$ 0.35</u> | <u>\$ 0.19</u> |
| Discontinued operations, net of taxes | | 3,540 |
| Basic weighted average number of common shares outstanding | <u>59,257,270</u> | <u>58,171,621</u> |
| Basic earnings per share from discontinued operations | | <u>0.06</u> |
| Net income | \$ 20,524 | \$ 14,358 |
| Basic weighted average number of common shares outstanding | <u>59,257,270</u> | <u>58,171,621</u> |
| Basic earnings per share | <u>\$ 0.35</u> | <u>\$ 0.25</u> |
| Diluted earnings per share: | | |
| Income from continuing operations | \$ 20,524 | \$ 10,818 |
| Interest expense on convertible debentures | | 440 |
| Subsidiary stock options | <u>(192)</u> | <u>(47)</u> |
| Income available after assumed conversion | <u>\$ 20,332</u> | <u>\$ 11,211</u> |
| Basic weighted average shares outstanding | 59,257,270 | 58,171,621 |
| Common stock equivalents resulting from convertible debentures | | 4,092,622 |

| | | |
|--|-----------------------------|-----------------------------|
| Common stock equivalents resulting from stock-based compensation | 3,935,764 | 1,986,245 |
| | <u> </u> | <u> </u> |
| Diluted weighted average shares outstanding | 63,193,034 | 64,250,488 |
| | <u> </u> | <u> </u> |
| Diluted earnings per share from continuing operations | \$ 0.32 | \$ 0.17 |
| | <u> </u> | <u> </u> |
| Discontinued operations, net of taxes | | 3,540 |
| Diluted weighted average number of common shares outstanding | 63,193,034 | 64,250,488 |
| | <u> </u> | <u> </u> |
| Diluted earnings per share from discontinued operations | | 0.06 |
| | <u> </u> | <u> </u> |
| Income available after assumed conversion | \$ 20,332 | \$ 14,751 |
| Diluted weighted average shares outstanding | 63,193,034 | 64,250,488 |
| | <u> </u> | <u> </u> |
| Diluted earnings per share | \$ 0.32 | \$ 0.23 |
| | <u> </u> | <u> </u> |

14. New Accounting Pronouncements

In March 2004, the Securities and Exchange Commission issued Staff Accounting Bulletin (SAB) No. 105, Application of Accounting Principles to Loan Commitments. This SAB provided guidance that should be considered when calculating the fair value of certain loan commitments accounted for as derivatives. Additionally, the SAB provided disclosure requirements with respect to loan commitments accounted for as derivatives. Although this SAB is applicable to the Company, the implementation of this SAB on April 1, 2004 did not have a material impact on the Company's financial condition or results of operations.

In March 2004, the Emerging Issues Task Force (EITF) reached a consensus on EITF 03-1 The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. The EITF provides guidance on the meaning of other-than-temporary impairment and its application to investments classified as either available for sale or held to maturity under FASB Statement No. 115 and investments accounted for under the cost method of accounting. The Company has reviewed this guidance and management believes that it will not have a significant impact on the Company's existing accounting policies or on its financial statements.

In December 2003, the American Institute of Certified Public Accountants Accounting Standards Executive Committee issued Statement of Position 03-3 (SOP), Accounting for Certain Loans or Debt Securities Acquired in a

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BankAtlantic Bancorp, Inc.

Transfer . The SOP addresses accounting for loans and debt securities acquired in purchase business combinations or purchased subsequent to origination. The SOP prohibits the creation of valuation allowances in the initial accounting of all loans acquired. The SOP does not apply to originated loans. The SOP limits the yield that may be accreted to the excess of the purchaser's estimate of undiscounted expected principal, interest and other cash flows over the purchaser's initial investment. The SOP requires excess contractual cash flows over cash flows expected to be collected to not be recognized as an adjustment of yield, loss accrual or valuation allowance. Subsequent increases in cash flows expected to be collected generally should be recognized prospectively through adjustment of the loan's yield over its remaining life. Decreases in cash flows expected to be collected should be recognized as impairments. The SOP is effective for loans and securities acquired in fiscal years beginning after December 15, 2004 with early adoption encouraged. Management intends to adopt the provisions of the SOP on January 1, 2005. The SOP will have an effect on future loan acquisitions that are within the scope of the SOP but will not have an effect on the Company's historical financial statements.

15. Subsequent Event

In April 2004, the Company withdrew the registration statement previously filed with the Securities and Exchange Commission relating to the offering of 4,000,000 shares of its Class A Common Stock.

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

The amounts in management's discussion and analysis have been restated as described in Note A to the consolidated financial statements in Item 1 of this Form 10Q/A.

The objective of the following discussion is to provide an understanding of the financial condition and results of operations of BankAtlantic Bancorp, Inc. and its wholly owned subsidiaries (the Company, which may also be referred to as we, us, or our) for the three months ended March 31, 2004 and 2003, respectively. The principal assets of the Company consist of its ownership of these subsidiaries, which include BankAtlantic, a federal savings bank headquartered in Fort Lauderdale, Florida, and its subsidiaries (BankAtlantic) and RB Holdings, Inc., the holding company for Ryan Beck & Co., Inc., a brokerage and investment banking firm located in Livingston, New Jersey, and its subsidiaries (Ryan Beck).

Except for historical information contained herein, the matters discussed in this document 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 document 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 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; 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 being successful or producing results which do not justify their costs; the impact of periodic testing of goodwill and other intangible assets for impairment; and BankAtlantic's achieving the benefits of its prepayment of certain Federal Home Loan Bank (FHLB) advances. Further, this document contains forward-looking statements with respect to Ryan Beck, 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 applicable to it; the volatility of the stock market and fixed income markets; the mix of revenue-producing financial products in which it invests or which it offers its customers; the success of any new lines of business in which it may engage; uncertainties associated with litigation brought against Gruntal & Co., LLC (Gruntal), a company in which certain assets were acquired and certain liabilities were assumed by Ryan Beck in 2002; 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.

Critical Accounting Policies

Management views critical accounting policies as accounting policies that are important to the understanding of our financial statements and also involve estimates and judgments about inherently uncertain matters. In preparing the

financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated statements of financial condition and assumptions that affect the recognition of income and expenses on the statement of operations for the periods presented. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in subsequent periods relate to the determination of the allowance for loan losses, evaluation of goodwill and other intangible assets for impairment, the valuation of real estate acquired in connection with foreclosure or in satisfaction of loans, the valuation of the fair value of assets and liabilities in the application of the purchase method of accounting, the valuation of securities, the amount of the deferred tax asset valuation allowance, and accounting for contingencies. The six accounting policies that we have identified as critical accounting policies are: (i) allowance for loan losses; (ii) valuation of securities; (iii) impairment of goodwill and other intangible assets; (iv) impairment of long-lived assets; (v) accounting for business combinations; and (vi) accounting for contingencies. For a more detailed discussion of these critical accounting policies see Critical Accounting Policies appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2003.

Table of Contents**BankAtlantic Bancorp, Inc.****Consolidated Results of Operations**

| (In thousands) | For the Three Months Ended March 31, | | |
|---|--------------------------------------|----------|---------------|
| | 2004 | 2003 | Change |
| | (as restated) | | (as restated) |
| Net interest income | \$ 38,788 | \$38,179 | \$ 609 |
| Provision for (recovery from) loan loss | (859) | 850 | 1,709 |
| Securities activities, net | 72 | 384 | (312) |
| Equity security litigation settlement gain | 22,840 | | 22,840 |
| Other non-interest income | 81,453 | 67,693 | 13,760 |
| Non-interest expense | 112,014 | 88,560 | (23,454) |
| Income from continuing operations before income taxes | 31,998 | 16,846 | 15,152 |
| Provision for income taxes | 11,474 | 6,028 | 5,446 |
| Income from continuing operations | 20,524 | 10,818 | 9,706 |
| Discontinued operations, net of tax | | 3,540 | (3,540) |
| Net income | \$ 20,524 | \$14,358 | \$ 6,166 |

For the Three Months Ended March 31, 2004 Compared to the Same 2003 Period (as restated):

Income from continuing operations increased 90% from the same 2003 period, to \$20.5 million for the first quarter of 2004, up from \$10.8 million in the corresponding period in 2003. The increase in income from continuing operations consisted primarily of two components, a \$22.8 million equity security litigation settlement gain recognized in connection with the Company's settlement in March 2004 of litigation with a technology company in which the Company was an investor, and an improvement in earnings at Ryan Beck. Ryan Beck experienced growth in merger and acquisition-related business that resulted in higher fee income for its investment banking segment, and growth in the business of its private client group that resulted in increased retail commission revenues. The improvement in Ryan Beck earnings and the equity security litigation settlement gain were partially offset by BankAtlantic earnings that were less than those for the comparable 2003 period, primarily because of the prepayment penalties incurred when BankAtlantic prepaid high fixed interest rate FHLB advances. The prepaid FHLB advances totaled \$108 million, resulting in prepayment penalties of \$11.7 million. Excluding the impact of the equity security litigation settlement gain and the FHLB advance prepayment penalties, income from continuing operations would have been \$13.4 million for the first quarter of 2004, an increase of 24% over that for the same 2003 period.

Net interest income increased slightly from the 2003 quarter. The improvement was primarily the result of rates on interest bearing liabilities decreasing faster than yields earned on interest earning assets, a by-product of falling interest rates. Interest bearing liability rates also decreased because of a change in the mix of BankAtlantic's deposit accounts, with fewer high rate certificate of deposit accounts and more low cost deposit and insured money fund accounts in the first quarter of 2004 as compared to the first quarter of 2003. This change was due primarily to BankAtlantic's initiatives associated with its Florida's Most Convenient Bank campaign. Those initiatives include seven-day banking, extended weekday hours, 24/7 call center service, Totally Free Checking, free online banking, Totally Free Change Exchange coin counters, and various other products and services. Since the implementation of those initiatives during 2002, BankAtlantic has opened nearly 290,000 new checking and savings accounts, including more than 45,000 in the first quarter of 2004 compared to approximately 37,000 during the first quarter of 2003.

The improvement in the provision for loan losses reflects net recoveries of previously charged off loans associated with BankAtlantic's discontinued loan products and implementation of a loan underwriting policy that emphasizes collateral based lending relationships. These collateral based loans have lower credit risk than BankAtlantic's discontinued loan products, which allowed BankAtlantic to reduce its allowance for loan losses as a percentage of outstanding loans.

Gains on securities activities during the 2004 quarter resulted from the repositioning of mutual fund investments. Gains on securities activities during the 2003 quarter resulted from a liquidating dividend associated with equity securities owned by BankAtlantic Bancorp.

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Other non-interest income increased 20% from the 2003 quarter. The increase primarily resulted from substantial increases in Ryan Beck's non-interest income and in service charges received by BankAtlantic.

Ryan Beck's non-interest income was \$63.1 million in the first quarter 2004, representing an increase of 19% over the comparable 2003 period. The Private Client Group revenues for the first quarter 2004 rose 38% to \$43.9 million, compared to \$31.9 million in the comparable 2003 period. Investment Banking revenues for the quarter grew to \$12.2 million, compared to \$11.3 million in the comparable 2003 period.

BankAtlantic's non-interest income, which primarily consisted of service charges and other bank related fees, increased 21% in the first quarter of 2004 compared to the same quarter a year earlier. The increase is primarily attributable to growth in the number of deposit accounts at the bank. The growth in the number of deposit accounts were primarily the result of initiatives adopted in connection with BankAtlantic's Florida's Most Convenient Bank campaign.

Non-interest expense in the first quarter of 2004 increased 26% from the comparable 2003 quarter. Included in the 2004 quarter is an \$11.7 million expense consisting of prepayment penalties incurred by BankAtlantic when it prepaid certain high rate FHLB advances. Excluding this expense item, non-interest expense increased 13%.

Ryan Beck's non-interest expense increased 10%, from \$51.8 million in the first quarter of 2003 to \$57.1 million in the first quarter of 2004, primarily as a result of increased commissions and other compensation expenses related to the generation of increased revenues.

BankAtlantic's non-interest expense, excluding the \$11.7 million prepayment penalty, increased 17%, from \$36.3 million in the first quarter of 2003 to \$42.4 million in the first quarter of 2004. BankAtlantic's marketing initiatives, including 7-day banking and the newly introduced "Yeah, We're Open" slogan, resulted in increased advertising expenditures, and the extended banking hours implemented at its branches and the growth in customer accounts required additional employees which resulted in increased employee compensation and benefits expenses.

In December 2003, the Company completed the spin-off of its wholly-owned subsidiary, Levitt, and transferred its investment in Bluegreen Corporation to Levitt. During the year ended December 31, 2003, Ryan Beck sold two of its subsidiaries, GMS and Cumberland. The above transactions were presented as discontinued operations in our statement of operations for the three months ended March 31, 2003.

Table of Contents**BankAtlantic Bancorp, Inc.****BankAtlantic Results of Operations***Net interest income***For the Three Months Ended**

| (in thousands) | March 31, 2004 | | | March 31, 2003 | | |
|--|----------------------------|-----------------------------|------------------------|----------------------------|-----------------------------|------------------------|
| | Average Balance | Revenue/ Expense | Yield/ Rate | Average Balance | Revenue/ Expense | Yield/ Rate |
| Loans: | | | | | | |
| Residential real estate | \$ 1,326,061 | \$ 15,941 | 4.81% | \$ 1,559,553 | \$ 21,586 | 5.54% |
| Commercial real estate | 1,689,962 | 23,694 | 5.61 | 1,530,402 | 22,866 | 5.98 |
| Consumer | 374,222 | 3,900 | 4.17 | 296,675 | 3,467 | 4.67 |
| Lease financing | 13,642 | 382 | 11.20 | 29,962 | 834 | 11.13 |
| Commercial business | 98,959 | 1,500 | 6.06 | 100,753 | 1,450 | 5.76 |
| Small business | 173,891 | 3,085 | 7.10 | 164,151 | 3,037 | 7.40 |
| Total loans | 3,676,737 | 48,502 | 5.28 | 3,681,496 | 53,240 | 5.78 |
| Investments tax exempt | 3,362 | 51(1) | 6.04 | | | |
| Investments taxable | 540,460 | 7,808 | 5.78 | 953,326 | 13,688 | 5.74 |
| Total interest earning assets | 4,220,559 | 56,361 | 5.34% | 4,634,822 | 66,928 | 5.78% |
| Goodwill and core deposit intangibles | 82,263 | | | 84,754 | | |
| Other non-interest earning assets | 240,068 | | | 261,961 | | |
| Total Assets | \$4,542,890 | | | \$4,981,537 | | |
| Deposits: | | | | | | |
| Savings | \$ 220,005 | 144 | 0.26% | \$ 171,298 | 316 | 0.75% |
| NOW | 543,619 | 491 | 0.36 | 425,622 | 542 | 0.52 |
| Money funds | 866,767 | 1,876 | 0.87 | 809,482 | 2,652 | 1.33 |
| Certificate accounts | 769,949 | 4,462 | 2.33 | 966,869 | 7,659 | 3.21 |
| Total deposits | 2,400,340 | 6,973 | 1.17 | 2,373,271 | 11,169 | 1.91 |

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| | | | | | | |
|--|-------------|----------|-------|-------------|----------|-------|
| Short-term borrowed funds | 150,735 | 302 | 0.81 | 285,716 | 837 | 1.19 |
| Advances from FHLB | 760,973 | 9,098 | 4.81 | 1,284,983 | 15,315 | 4.83 |
| Long-term debt | 35,842 | 482 | 5.41 | 35,411 | 447 | 5.12 |
| Total interest bearing liabilities | 3,347,890 | 16,855 | 2.02 | 3,979,381 | 27,768 | 2.83 |
| Non-interest bearing deposits | 664,796 | | | 478,355 | | |
| Non-interest bearing other liabilities | 34,025 | | | 63,538 | | |
| Total Liabilities | 4,046,711 | | | 4,521,274 | | |
| Stockholder's equity | 496,179 | | | 460,263 | | |
| Total liabilities and stockholder's equity | \$4,542,890 | | | \$4,981,537 | | |
| Net interest income/ net interest spread | | 39,506 | 3.32% | | 39,160 | 2.95% |
| Capitalized interest | | 307 | | | 339 | |
| Net interest income (tax equivalent) | | \$39,813 | | | \$39,499 | |
| Margin | | | | | | |
| Interest income/interest earning assets | | | 5.34% | | | 5.78% |
| Interest expense/interest earning assets | | | 1.61 | | | 2.43 |
| Net interest margin (tax equivalent) | | | 3.73% | | | 3.35% |

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

For the Three Months Ended March 31, 2004 Compared to the Same 2003 Period:

The slight improvement in net interest income in the first quarter of 2004 as compared to the first quarter of 2003 primarily resulted from an improvement in the net interest margin, partially offset by a decline in average earning assets.

BankAtlantic's average interest earning asset balances declined, as compared to the first quarter of 2003, primarily because the falling interest rates over the past year resulted in increased refinancings and prepayments of many residential loans originated or purchased by BankAtlantic. This reduced the balances in both its residential mortgage loan portfolio and

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its taxable investment securities portfolio. At the same time, BankAtlantic experienced growth in its commercial real estate loans and in consumer equity lines of credit, which mitigated the negative impact of residential loan prepayments.

As a by-product of the residential loan prepayment activity, BankAtlantic's average interest earning asset balances declined. As interest rates continued to fall, BankAtlantic found that few attractive alternatives existed for re-investment of the proceeds from the residential loan and taxable securities prepayments and from payments of loans and securities that matured during the same period. Therefore, instead of re-investing these proceeds in this rate environment, it chose to decrease the amount of its existing debt. The fixed interest rates on BankAtlantic's FHLB advances were higher than the interest rates that BankAtlantic determined it is presently able to obtain on its borrowings, and therefore it prepaid the FHLB advances with the expectation that their elimination will favorably impact its net interest margin in future periods. As a consequence, BankAtlantic's average FHLB advance balances declined by approximately \$524 million, thereby reducing its interest expense on advances. During 2003, BankAtlantic repaid fixed rate FHLB advances that would have matured within 24 months, and during the 2004 quarter BankAtlantic repaid FHLB advances that would have matured during 2007 and 2008. The FHLB advances repaid had higher interest rates than alternative borrowings with the same maturity dates; however, they did not have higher rates than certain remaining BankAtlantic FHLB advance borrowings. As a consequence, average FHLB advance rates during the three months ended March 31, 2004 only declined slightly from the FHLB advance rates during the comparable 2003 period. Also, interest expense on BankAtlantic's short-term borrowings was substantially lower during 2004 due to the lower rates and lower balances on its debt. Average debt balances decreased as a direct result of having lower average interest earning assets.

Although the foregoing factors all had an impact on BankAtlantic's net interest margin, a significant factor resulting in the improvement of its net interest margin was a substantial reduction in its deposit interest expense, attributed to a 74 basis point reduction in average deposit interest rates. The reduction in average deposit interest rates resulted chiefly from a combination of the low interest rate environment and a change in the bank's deposit mix, with fewer higher rate certificate of deposit accounts and more low cost deposits and insured money fund accounts in the first quarter of 2004 as compared to the first quarter of 2003. Low cost deposits are checking and savings accounts. Average low cost deposits increased from \$1,075 million during the first quarter of 2003 to \$1,428 million during the comparable 2004 quarter, while certificate of deposit average balances declined from \$967 million during the 2003 quarter to \$770 million during the comparable 2004 quarter. Additionally, average non-interest bearing checking accounts included in low cost deposits grew from \$478 million during the first quarter of 2003, to \$665 million during the comparable 2004 quarter. Average insured money fund balances increased from \$809 million during the first quarter of 2003, to \$867 million during the comparable 2004 quarter. Growth in BankAtlantic's checking and saving accounts is primarily attributable to its Florida's Most Convenient Bank initiatives. Since the implementation of those initiatives in 2002, BankAtlantic has opened nearly 290,000 new checking and savings accounts, including more than 45,000 in the first quarter of 2004.

In total, the rate on BankAtlantic's interest bearing liabilities decreased 81 basis points as a result of the change in deposit mix, the historically low interest rate environment, and the decrease in its balances of high rate FHLB advances, whereas the rate on BankAtlantic's interest earning assets decreased only 44 basis points. The decline in average asset yields was due to the downward re-pricing of floating rate loans and the purchase of loans at rates lower than the rates earned on the loans that prepaid or remain in BankAtlantic's existing portfolio.

Table of Contents**BankAtlantic Bancorp, Inc.***Provision for Loan Losses*

| (in thousands) | For Three Months Ended March 31, | |
|--------------------------------------|---|-------------|
| | 2004 | 2003 |
| Balance, beginning of period | \$45,595 | \$48,022 |
| Charge-offs: | | |
| Consumer loans | (149) | (235) |
| Residential real estate loans | (231) | (114) |
| Discontinued loan products | (487) | (3,243) |
| | <hr/> | <hr/> |
| Total charge-offs | (867) | (3,592) |
| | <hr/> | <hr/> |
| Recoveries: | | |
| Commercial business loans | 68 | 28 |
| Commercial real estate loans | 1 | 1 |
| Small business | 9 | |
| Consumer loans | 48 | 176 |
| Residential real estate loans | 26 | 57 |
| Discontinued loan products | 1,362 | 3,887 |
| | <hr/> | <hr/> |
| Total recoveries | 1,514 | 4,149 |
| | <hr/> | <hr/> |
| Net recoveries | 647 | 557 |
| Provision (recovery) for loan losses | (859) | 850 |
| Adjustments to acquired loan losses | | (734) |
| | <hr/> | <hr/> |
| Balance, end of period | \$45,383 | \$48,695 |
| | <hr/> | <hr/> |

During the first quarter of 2004, recoveries on previously charged off loans exceeded gross loan charge-offs by \$647,000. The net recoveries primarily related to BankAtlantic's discontinued loan products, which include lease financing, indirect consumer lending, syndication lending, and certain types of small business lending. The remaining balance of these discontinued products declined to \$26.1 million from \$58.6 million a year earlier. Although BankAtlantic discontinued these loan products, it did not sell any portion of these portfolios. The unamortized principal balances remain in BankAtlantic's loan portfolio. BankAtlantic continues to monitor the net charge off history of the remaining balances of these products, and continues to maintain an allowance for loan losses for these

products that it believes reflects the historic performance of this portfolio.

During the first quarter of 2003, recoveries on previously charged off loans exceeded gross loan charge-offs by \$557,000. The net recoveries in 2003 also related to discontinued loan products, including a \$2.1 million recovery from settlement of a syndication loan that BankAtlantic had charged down by \$8.0 million during the first quarter of 2002.

BankAtlantic's allowance for loan losses was 1.22% and 1.24% of total loans at March 31, 2004 and 2003, respectively. At March 31, 2004, loans receivable had declined to \$3.720 billion from \$3.930 billion at March 31, 2003. Management believes that the \$859,000 loan loss recovery during the first quarter of 2004 was the result of a decline in the loan balances in the bank's loan portfolio and an improvement in the credit quality of the loans in the portfolio. The improvement in credit quality was associated with changes in BankAtlantic's loan underwriting standards placing an emphasis on collateral based lending, coupled with the run-off of the discontinued loan products. The \$850,000 provision for loan losses during the comparable 2003 quarter resulted from loan growth resulting principally from the purchase of \$675 million of residential loans.

In 2000, BankAtlantic significantly restructured its credit analysis procedures, shifting to a formal written credit analysis framework from its former approach based on credit scoring. In addition, lending policies were revised and a centralized underwriting department was established which reports to credit administration personnel, rather than loan origination personnel under the prior policy.

Adjustments to the allowance for loan losses acquired in 2003 were associated with loans acquired in connection with the 2002 purchase of Community. BankAtlantic reduced its allowance for loan losses and reduced goodwill by

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\$734,000 during the 2003 first quarter for acquired loans which had been assigned a valuation allowance at the acquisition date that had either matured or were prepaid.

At the indicated dates, the Company's non-performing assets and potential problem loans were (in thousands):

| | March 31, 2004 | December 31, 2003 |
|--|---------------------------|----------------------------------|
| | <u> </u> | <u> </u> |
| NONPERFORMING ASSETS | | |
| Nonaccrual: | | |
| Tax certificates | \$ 565 | \$ 894 |
| Loans and leases | 11,724 | 10,803 |
| | <u> </u> | <u> </u> |
| Total nonaccrual | 12,289 | 11,697 |
| | <u> </u> | <u> </u> |
| Reposessed assets: | | |
| Real estate owned, net of allowance | 1,667 | 2,422 |
| Vehicles and equipment | | |
| | <u> </u> | <u> </u> |
| Total reposessed assets | 1,667 | 2,422 |
| | <u> </u> | <u> </u> |
| Total nonperforming assets | 13,956 | 14,119 |
| Specific valuation allowances | (956) | |
| | <u> </u> | <u> </u> |
| Total nonperforming assets, net | \$13,000 | \$14,119 |
| | <u> </u> | <u> </u> |
| Allowances | | |
| Allowance for loan losses | \$45,383 | \$45,595 |
| Allowance for tax certificate loses | 3,202 | 2,870 |
| | <u> </u> | <u> </u> |
| Total Allowances | \$48,585 | \$48,465 |
| | <u> </u> | <u> </u> |
| POTENTIAL PROBLEM LOANS | | |
| Contractually past due 90 days or more | \$ 1 | \$ 135 |
| Performing impaired loans with specific valuation allowances | 188 | 180 |

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| | | |
|--------------------------------------|-------------------|-------------------|
| Restructured loans | 1,368 | 1,387 |
| | <u> </u> | <u> </u> |
| TOTAL POTENTIAL PROBLEM LOANS | \$ 1,557 | \$ 1,702 |
| | <u> </u> | <u> </u> |

Non-performing assets continued to remain at historically low levels. Non-performing assets remained unchanged from December 31, 2003 at 0.36% of total loans, tax certificates and repossessed assets.

During the first quarter of 2004, non-accrual loans increased because BankAtlantic placed a \$1.4 million loan to a borrower in the telecommunications industry on non-accrual status. This loan was placed on non-accrual status because of business adversity within the telecommunications industry and the borrower's failure to receive revenues from a significant contract which had a material adverse effect on the borrower's cash flow. As a consequence, the loan was individually evaluated for impairment by estimating the present value of the expected cash flows and comparing the amount to the outstanding balance of the loan. As a result of this analysis a \$956,000 specific valuation allowance was established on this loan as shown in the above table.

The decline in repossessed assets was primarily due to sales of 1-4 family residential properties during the 2004 quarter.

Table of Contents**BankAtlantic Bancorp, Inc.****Non-Interest Income**

| BankAtlantic (In thousands) | For Three Months Ended March 31, | | |
|--|---|-----------------|----------------|
| | 2004 | 2003 | Change |
| Other service charges and fees | \$ 4,637 | \$ 3,918 | \$ 719 |
| Service charges on deposits | 11,277 | 8,558 | 2,719 |
| Income from real estate operations | 305 | 1,086 | (781) |
| Securities activities, net | (3) | (21) | 18 |
| Other | 2,004 | 1,573 | 431 |
| Non-interest income | <u>\$18,220</u> | <u>\$15,114</u> | <u>\$3,106</u> |

Service charges and fees increased during the 2004 first quarter, as compared to the same 2003 quarter, primarily because of a 25% increase in check card and ATM fees. Service charges on deposits also increased by 32% over those charged during the comparable 2003 quarter. The increase in service charges primarily resulted from a 39% increase in overdraft fees from transaction accounts. The higher overdraft fees were due to both an increase in the number of accounts and additional fees assessed on overdrafts. Additionally, growth in the number of checking accounts resulted in additional income from check printing charges and checking account related services. The increase in revenues from service charges, check card, ATM and other checking account related fees is linked to the significant increase in the number of transaction accounts opened at BankAtlantic.

Income from real estate operations represents revenues from a real estate joint venture that was acquired as part of the Community acquisition in 2002. The decrease in real estate income in the first quarter of 2004 reflects a decline in the number of units closed by the joint venture during the first quarter of 2004, as compared to the same 2003 period. During the current quarter, the joint venture closed on two lots, whereas during the first quarter of 2003, the joint venture closed on four condominiums and one single family home.

Other income reported for the 2004 quarter was favorably impacted by \$129,000 of gains on loans held for sale, compared to \$3,000 for the 2003 quarter, and an increase in wire fee income during the current quarter, compared to the same 2003 quarter.

Non-Interest Expense**For the Three Months Ended March 31,****BankAtlantic**

| (In thousands) | 2004 | 2003 | Change |
|--------------------------------------|-------------|-------------|---------------|
| Employee compensation and benefits | \$23,029 | \$19,468 | \$ 3,561 |
| Occupancy and equipment | 7,146 | 6,648 | 498 |
| Advertising and promotion | 3,463 | 1,599 | 1,864 |
| Amortization of intangible assets | 439 | 454 | (15) |
| Cost associated with debt redemption | 11,741 | | 11,741 |
| Professional fees | 1,258 | 1,096 | 162 |
| Other | 7,056 | 7,064 | (8) |
| | <hr/> | <hr/> | <hr/> |
| Non-interest expense | \$54,132 | \$36,329 | \$17,803 |
| | <hr/> | <hr/> | <hr/> |

Compensation and benefit expenses increased in the first quarter of 2004 by 18% over the comparable 2003 quarter. In addition to annual employee salary increases, the growth in this expense category primarily resulted from an increase in the number of BankAtlantic employees. BankAtlantic hired additional employees to staff its branches and operations during the extended business hours implemented in connection with its Florida's Most Convenient Bank initiative. The number of full time equivalent BankAtlantic employees increased to 1,428 at March 31, 2004 versus 1,244 at December 31, 2002. In addition, the cost of BankAtlantic's regular benefit programs and health insurance increased significantly.

Occupancy and equipment expenses increased 7.5% over those in the first quarter of 2003, chiefly because BankAtlantic engaged additional guard services to increase security at its branches. This increase in occupancy and

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BankAtlantic Bancorp, Inc.

equipment expenses was partially offset by a reduction in data processing costs that resulted from a renegotiated contract with one of the bank's service providers.

Advertising expenses during the first quarter of 2004 increased significantly from those incurred during the comparable 2003 quarter, as a direct result of an aggressive BankAtlantic marketing campaign during the current quarter that included television and radio advertising to promote the Florida's Most Convenient Bank initiatives and the newly introduced "Yeah, We're Open" slogan. Management is aggressively marketing these initiatives and slogan, based on its determination to build upon the substantial increase in new BankAtlantic accounts since the introduction of the Florida's Most Convenient Bank campaign in 2002. Management ramped up the marketing campaign in early 2004, thereby increasing marketing expenditures, in an effort to attract additional low cost deposit accounts. The marketing campaign is ongoing and BankAtlantic anticipates continued higher advertising and promotion expenditures during the 2004 fiscal year compared to those incurred during the 2003 fiscal year.

Amortization of intangible assets during the three months ended March 31, 2004 and 2003 reflects the amortization of core deposit intangible assets acquired in connection with the Community acquisition. These core deposit intangible assets are being amortized over an estimated life of seven years.

The cost associated with debt redemption resulted from a prepayment penalty of \$11.7 million incurred when BankAtlantic prepaid \$108 million of FHLB advances that had an average interest rate of 5.55% and were scheduled to mature in 2007-2008. The interest rates on these FHLB advances exceeded the rates that BankAtlantic is currently able to obtain on FHLB advances, and therefore BankAtlantic expects to recover this expense in future periods through the savings realized from lower borrowing costs.

Other expenses, in total, remained stable for the three months ended March 31, 2004 compared to the same 2003 period. However, the 2003 period included a \$750,000 write-down of a real estate owned (REO) property. This write-down resulted from a reassessment of a residential construction property that was transferred to REO during the second quarter of 2002. In the 2004 period, we incurred higher operating expenses linked to the substantial increase in new deposit accounts. These higher expenses include postage, correspondent bank clearing charges and insurance expenses.

Table of ContentsBankAtlantic Bancorp, Inc.**Ryan Beck & Co. and Subsidiaries Results of Operations**

| (In thousands) | For the Three Months Ended March 31, | | |
|--|---|-----------------|-----------------|
| | 2004 | 2003 | Change |
| Net interest income: | | | |
| Broker dealer interest | \$ 2,796 | \$ 2,317 | \$ 479 |
| Interest expense | (210) | (363) | 153 |
| Net interest income | 2,586 | 1,954 | 632 |
| Non-interest income: | | | |
| Principal transactions | 24,443 | 25,084 | (641) |
| Investment banking | 12,631 | 7,689 | 4,942 |
| Commissions | 25,371 | 19,352 | 6,019 |
| Other | 620 | 840 | (220) |
| Non-interest income | 63,065 | 52,965 | 10,100 |
| Non-interest expense: | | | |
| Employee compensation and benefits | 44,042 | 37,923 | 6,119 |
| Occupancy and equipment | 3,103 | 3,090 | 13 |
| Advertising and promotion | 1,161 | 1,208 | (47) |
| Professional fees | 1,045 | 1,722 | (677) |
| Communications | 3,253 | 3,829 | (576) |
| Floor broker and clearing fees | 2,802 | 2,158 | 644 |
| Other | 1,683 | 1,874 | (191) |
| Non-interest expense | 57,089 | 51,804 | 5,285 |
| Income before income taxes | 8,562 | 3,115 | 5,447 |
| Income taxes | 3,434 | 1,292 | 2,142 |
| Income from continuing operations | \$ 5,128 | \$ 1,823 | \$ 3,305 |

Income from continuing operations increased primarily as a result of higher transactional business and investment banking activity associated with three large financial institution offerings during the first quarter of 2004.

Net interest income increased 32% in the first quarter of 2004, as compared to the same 2003 quarter. The increase in net interest income primarily resulted from expansion of municipal, corporate and government bond trading activities and the associated spread between the interest on the bonds and the financing costs incurred. Also included in interest income was Ryan Beck's participation in interest income associated with approximately \$231 million of customer margin debit balances and fees earned in connection with approximately \$1.2 billion in customer money market balances. Further contributing to the increase in net interest income was Ryan Beck's repayment of a subordinated loan from the Company in the third quarter of 2003, eliminating the interest expense on that loan. Ryan Beck's increase in interest income was partially offset by an increase in interest expense due to increased borrowings by Ryan Beck from its clearing agent in connection with a higher volume of trading activity.

Principal transaction revenue decreased by 3% as compared to the same quarter of 2003, primarily because in the 2003 quarter Ryan Beck recorded \$7.7 million of principal gross sales credits in connection with a second step mutual to stock conversion and best efforts offering which it conducted for one of its financial institutions group clients. In the first quarter of 2004, Ryan Beck received principal gross sales credits of \$2.3 million related to Unit Investment Trusts offerings. Ryan Beck's transactional business was higher in the 2004 first quarter as compared to 2003, and it expects a high level of transactional business to continue based upon the current economic climate.

Investment banking revenue increased by 64% from the same quarter of 2003, attributable mainly to increased merger and acquisition fees and consulting fees received by the Financial Institution and Middle Market Investment Banking Groups. During the first quarter, the Financial Institutions Group completed five mergers and the Middle Market Group completed one of the best performing IPO's for the quarter among domestic transactions. Additionally, in early April 2004, Ryan Beck completed certain major investment banking transactions which resulted in revenue in excess of all investment

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banking revenue realized by Ryan Beck in the 2004 first quarter. The impact of those transactions will be reflected in the second quarter of 2004.

Commission revenue increased by 31% from the same quarter of 2003, attributable mainly to increased agency transactions conducted in 2004. During the first quarter of 2004, Ryan Beck's ticket volume was 297,688, an increase of 44% compared to first quarter 2003.

The increase in employee compensation and benefits of 16% from 2003 is primarily due to the increase in bonus accruals necessitated by the additional investment banking revenue in 2004 versus 2003. Also contributing to the increase is commission expense associated with the increase in Ryan Beck's commissionable revenue.

Professional fees in the first quarter of 2004 were less than those in 2003 primarily because of reduced legal costs associated with the Gruntal transaction (see Part II, Item 1 Legal Proceedings herein for a further discussion.) During the first quarter of 2004, the bankruptcy court presiding over the Gruntal bankruptcy proceedings entered an order confirming a plan of liquidation for Gruntal that included a third-party release in favor of Ryan Beck and the Company, and it is expected that the majority of the claims against Ryan Beck associated with the Gruntal transaction will be permanently stayed or dismissed by the arbitration panels and courts hearing such claims.

The decrease in communications costs is primarily due to the elimination, as part of the integration of Gruntal operations into those of Ryan Beck, of duplicate services that were in place in the first quarter of 2003.

The increase in floor broker and clearing fees is due to the increase in transactional business in 2004, as compared to 2003.

Parent Company Results of Operations

| (in thousands) | For the Three Months Ended March 31, | | |
|--|--------------------------------------|----------------|------------------|
| | 2004 | 2003 | Change |
| | | | (as restated) |
| Net interest income: | | | restated) |
| Interest on loans | \$ 542 | \$ 454 | \$ 88 |
| Interest expense | (4,135) | (3,727) | (408) |
| | | | |
| Net interest income | (3,593) | (3,273) | (320) |
| | | | |
| Non-interest income: | | | |
| Income from unconsolidated subsidiaries | 118 | 82 | 36 |
| Gains on securities activities | 75 | 405 | (330) |
| Equity security litigation settlement gain | 22,840 | | 22,840 |

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| | | | |
|--|----------|-----------|----------|
| Other | 104 | _____ | 104 |
| | | | _____ |
| Non-interest income | 23,137 | 487 | 22,650 |
| | | | _____ |
| Non-interest expense: | | | |
| Investment banking expense | | 460 | (460) |
| Employee compensation and benefits | 109 | 24 | 85 |
| Professional fees | 491 | 317 | 174 |
| Other | 250 | 115 | 135 |
| | | | _____ |
| Non-interest expense | 850 | 916 | (66) |
| | | | _____ |
| Income (loss) before income taxes | 18,694 | (3,702) | 22,396 |
| Income taxes | 6,604 | (1,295) | 7,899 |
| | | | _____ |
| Income (loss) from continuing operations | \$12,090 | \$(2,407) | \$14,497 |
| | | | _____ |

Interest on loans during the 2004 quarter is interest income recognized by the Company on loans to Levitt having an aggregate principal balance of \$42.1 million. Interest on loans during the 2003 quarter is interest income recognized by the Company on a \$30 million loan to Levitt and a \$5 million loan to Ryan Beck.

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Interest expense increased during the first quarter of 2004, as compared to the same 2003 period, as a result of the Company's accrual of interest expense on \$77.3 million of junior subordinated debentures issued during March and April of 2003 as part of the trust preferred securities offerings. The proceeds of these offerings were used to repay \$46.0 million of convertible debentures and pay down by \$16 million a bank line of credit. The junior subordinated debentures issued had higher rates than the convertible debentures and the bank line of credit.

Income from unconsolidated subsidiaries represents the equity earnings from trusts formed to issue trust preferred securities as part of trust preferred securities offerings. The increase in the first quarter of 2004 was primarily because of earnings from three new trusts established in March and April 2003.

The income from securities activities during the three months ended March 31, 2004 represents gains from mutual fund sales. The Company sold mutual funds to rebalance its investment portfolio to benchmark allocation percentages. The income from securities activities during the three months ended March 31, 2003 represented a gain realized from a liquidating dividend on an equity security.

The equity security litigation settlement gain reflects proceeds from a litigation settlement related to the Company's prior investment of \$15 million in a technology company which it sold in connection with the settlement to a third party investor group. During 2002, the Company recorded an impairment charge for its entire \$15 million investment in the technology company, based on the Company's analysis of the technology company's operations. During the first quarter of 2004, the Company and certain of its affiliates settled litigation related to its investment in this technology company. Pursuant to the settlement, the Company sold its stock in the technology company to a third party investor group for \$15 million in cash, the Company's original cost, and the Company received consideration from the technology company for legal expenses and damages, consisting of cash of \$1.7 million and 378,160 shares of the Company's Class A Common Stock that the technology company returned to the Company. The litigation between the parties was dismissed in connection with the settlement, and the Company has no further interest in the technology company.

The Company's investment banking expense during the first quarter of 2003 resulted from fees paid by it to Ryan Beck in connection with Ryan Beck's underwriting of the Company's offering of trust preferred securities in 2003. These fees are included in Ryan Beck's investment banking income in Ryan Beck's business segment results of operations and were eliminated in the Company's consolidated financial statements.

Other income during the first quarter of 2004 includes fees received by the Company for investor relations and risk management services provided by the Company to Levitt and BFC Financial Corporation.

The Company incurred compensation expense as a result of hiring investor relations and risk management personnel as of January 1, 2004, who were formerly employed by BankAtlantic. Compensation expense during the three months ended March 31, 2003 primarily resulted from the issuance of Class A restricted stock to BankAtlantic employees and the amortization of a forgivable loan.

The increase in professional fees during the 2004 first quarter compared to the same 2003 period consisted of higher professional fees associated with the technology company litigation that was settled in 2004 and an accrual for risk management consulting services provided to the Company by Bluegreen Corporation.

Financial Condition (as restated)

Our total assets at March 31, 2004 and December 31, 2003 were approximately \$4.8 billion. Changes in the components of total assets included reductions in the following assets:

Decreases in real estate held for development and investments and advances to unconsolidated subsidiaries due to the spin-off of Levitt;

Decreases in our loan portfolio due to residential loan refinancing activity and declining discontinued loan product balances;

Reduction in tax certificate balances primarily related to certificate repayments;

Lower securities owned associated with Ryan Beck's trading activities;

Decline in deferred tax assets related to the technology company litigation settlement and

Redemptions of FHLB stock linked to the prepayment of FHLB advances.

The above decreases were partially offset by:

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The origination of and participation in commercial real estate loans;

The origination of home equity loans;

Increases in office property and equipment renovation costs associated with the construction of BankAtlantic's new corporate headquarters and

Higher real estate inventory related to increased construction activity by a real estate joint venture acquired in connection with the Community acquisition.

The Company's total liabilities at March 31, 2004 were \$4.3 billion compared to \$4.4 billion at December 31, 2003. The decrease in total liabilities primarily resulted from:

The prepayment and repayment at maturity of over \$191 million of FHLB Advances;

Reduction in certificate of deposit account balances associated with marketing initiatives focusing on the origination of low cost deposits;

Decreases in securities sold but not yet purchased associated with Ryan Beck trading activities and

Decline in other liabilities associated with lower accrued compensation expense.

The above decreases in total liabilities were partially offset by:

Higher transaction and savings account balances resulting from BankAtlantic's seven-day banking and totally free checking account initiatives and

Increases in due to clearing agent balances associated with Ryan Beck's trading activities.

Stockholders' equity at March 31, 2004 was \$429.5 million compared to \$413.5 million at December 31, 2003. The increase was primarily attributable to earnings of \$20.5 million, a \$1.4 million increase in other comprehensive income and \$2.2 million of proceeds and tax benefits from the issuance of common stock upon the exercise of stock options. The above increases in stockholders' equity were partially offset by the payment of \$1.9 million of common stock dividends and a \$6.1 million reduction in additional paid in capital resulting from the retirement of 378,160 shares of the Company's Class A Common Stock received as part of its litigation settlement related to its investment in a private technology company.

Liquidity and Capital Resources

BankAtlantic Bancorp, Inc. Liquidity and Capital Resources

The Company's principal source of liquidity is dividends from BankAtlantic and, to a lesser extent, Ryan Beck. The Company also obtains funds through the issuance of equity and debt securities, borrowings from financial institutions, liquidation of equity securities and other investments it holds, management fees from subsidiaries and affiliates and principal and interest payments from loans to Levitt Corporation. The Company uses these funds to purchase equity investments, provide capital to its subsidiaries, pay dividends to its shareholders and to fund operations. The Company's annual debt service associated with its junior subordinated debentures and other borrowings is approximately \$16.0 million. The Company's estimated current annual dividends to common shareholders are approximately \$7.8 million. During 2003, the Company received \$20.0 million of dividends from BankAtlantic. The declaration and payment of dividends and the ability of the Company to meet its debt service obligations will depend

upon the results of operations, financial condition and cash requirements of the Company, indenture restrictions and loan covenants, and the ability of BankAtlantic to pay dividends to the Company. BankAtlantic's dividends are subject to regulations and OTS approval and are based upon BankAtlantic's regulatory capital levels and net income. In addition, Ryan Beck paid \$5 million in dividends to the Company during the first quarter of 2004. This was the first time Ryan Beck has paid dividends to the Company since being acquired in 1998. However, whether dividend payments will be made in the future, and their timing and amount, will depend upon the results of operations, financial condition and capital requirements of Ryan Beck.

The Company maintains a revolving credit facility of \$30 million with an independent financial institution. The credit facility contains customary covenants, including financial covenants relating to regulatory capital and maintenance of certain loan loss reserves and is secured by the common stock of BankAtlantic. The Company has used this credit facility to temporarily fund acquisitions and asset purchases as well as for general corporate purposes. The credit facility had an outstanding balance of \$100,000 at March 31, 2004, and we were in compliance with all loan covenants. Amounts outstanding accrue interest at the prime rate minus 50 basis points, and the facility matures on March 1, 2005.

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The Company filed a registration statement with the Securities and Exchange Commission relating to the offering of 4,000,000 shares of its Class A Common Stock, with an over allotment option of 600,000 shares. In April 2004, the Company withdrew this registration statement. The decision to withdraw the offering was based on the Company's shareholders' equity and cash position having improved significantly since the filing of the registration statement, but the trading price of bank equities, including the Company's stock, having declined following announcement of the offering, related largely to increased market expectations of higher interest rates. Additionally, BankAtlantic's regulatory capital ratios qualify BankAtlantic as well capitalized and the Company projects sufficient earnings to support its growth. The Company has no plans to offer these securities at this time.

BankAtlantic Liquidity and Capital Resources

BankAtlantic's liquidity will depend on its ability to generate sufficient cash to support loan demand, to meet deposit withdrawals, and to pay operating expenses. BankAtlantic's securities portfolio provides an internal source of liquidity through its short-term investments as well as scheduled maturities and interest payments. Loan repayments and sales also provide an internal source of liquidity.

BankAtlantic's primary sources of funds are: deposits; principal repayments of loans and tax certificates and securities available for sale; proceeds from the sale of loans and securities available for sale; proceeds from securities sold under agreements to repurchase; advances from the FHLB; and operations. These funds were utilized to: fund loan disbursements and purchases; cover deposit outflows; repay securities sold under agreements to repurchase; repay advances from the FHLB; purchase tax certificates; pay maturing certificates of deposit; pay operating expenses; and pay dividends to the Company. BankAtlantic has a \$1.4 billion line of credit with the FHLB, subject to available collateral, with a maximum term of ten years. BankAtlantic has utilized its FHLB line of credit to borrow \$591.5 million in FHLB advances, and the FHLB issued a \$92 million letter of credit to secure public deposits under this line of credit at March 31, 2004. The line of credit is secured by a blanket lien on BankAtlantic's residential mortgage loans and certain commercial real estate loans. BankAtlantic's available borrowings under this line of credit were approximately \$741.7 million at March 31, 2004. BankAtlantic has also established lines of credit for up to \$250 million with other banks to purchase federal funds, and it has established an \$8.6 million potential advance with the Federal Reserve Bank of Atlanta. BankAtlantic has various relationships to acquire brokered deposits. These relationships may be utilized as an alternative source of borrowings, if needed.

BankAtlantic's commitments to originate and purchase loans at March 31, 2004 were \$353.8 million and \$103.6 million, respectively, compared to \$368.8 million and \$124.5 million, respectively, at March 31, 2003. Additionally, BankAtlantic had commitments to purchase mortgage-backed securities of \$106.4 million and \$27.8 million, respectively, at March 31, 2004 and 2003. At March 31, 2004, loan commitments represented approximately 12.45% of loans receivable, net.

As of March 31, 2004, BankAtlantic had approximately \$121.1 million in investments and mortgage-backed securities pledged against securities sold under agreements to repurchase.

During 2002, BankAtlantic purchased a \$14.3 million building to consolidate its headquarters and back office operations into a centralized facility. BankAtlantic had incurred approximately \$5.3 million in renovation costs. The total estimated cost to complete renovation is approximately \$19.2 million, and the facility is expected to be completed in October, 2004. The costs to complete renovation will be funded by cash flow from operations.

At March 31, 2004, BankAtlantic met all applicable liquidity and regulatory capital requirements.

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At the indicated date, BankAtlantic's capital amounts and ratios were (dollars in thousands):

| (in thousands) | Actual | | Minimum Ratios | |
|------------------------------|-----------|--------|------------------------------|------------------------|
| | Amount | Ratio | Adequately Capitalized Ratio | Well Capitalized Ratio |
| At March 31, 2004: | | | | |
| Total risk-based capital | \$445,220 | 12.20% | 8.00% | 10.00% |
| Tier 1 risk-based capital | \$377,574 | 10.35% | 4.00% | 6.00% |
| Tangible capital | \$377,574 | 8.63% | 1.50% | 1.50% |
| Core capital | \$377,574 | 8.63% | 4.00% | 5.00% |
| At December 31, 2003: | | | | |
| Total risk-based capital | \$447,967 | 12.06% | 8.00% | 10.00% |
| Tier 1 risk-based capital | \$379,505 | 10.22% | 4.00% | 6.00% |
| Tangible capital | \$379,505 | 8.52% | 1.50% | 1.50% |
| Core capital | \$379,505 | 8.52% | 4.00% | 5.00% |

Savings institutions are also subject to the provisions of the Federal Deposit Insurance Corporation Improvement Act of 1991 (FDICIA). Regulations implementing the prompt corrective action provisions of FDICIA define specific capital categories based on FDICIA's defined capital ratios, as discussed more fully in our Annual Report on Form 10-K for the year ended December 31, 2003.

Ryan Beck & Co., Inc. Liquidity and Capital Resources

Ryan Beck's primary source of funds during the three months ended March 31, 2004 were clearing broker borrowings, proceeds from the sale of securities owned, proceeds from securities sold but not yet purchased, and fees from customers. These funds were primarily utilized to pay operating expenses, pay dividends to the Company, fund the purchase of securities owned and fund capital expenditures.

In the ordinary course of business, Ryan Beck borrows under an agreement with its clearing broker by pledging securities owned as collateral primarily to finance its trading inventories. The amount and terms of the borrowings are subject to the lending policies of the clearing broker and can be changed at the clearing broker's discretion. Additionally, the amount financed is also impacted by the market value of the securities owned which are pledged as collateral.

Ryan Beck is subject to the net capital provision of Rule 15c3-1 under the Securities Exchange Act of 1934, which requires the maintenance of minimum net capital and requires the ratio of aggregate indebtedness to net capital, both as defined, not to exceed 15 to 1. Additionally, Ryan Beck, as a market maker, is subject to supplemental requirements of Rule 15c3-1(a) 4, which provides for the computation of net capital to be based on the number of and price of issues in which markets are made by Ryan Beck, not to exceed \$1.0 million. Ryan Beck's regulatory net capital was \$21.4 million, which was \$20.4 million in excess of its required net capital of \$1.0 million.

Ryan Beck operates under the provisions of paragraph (k)(2)(ii) of Rule 15c3-3 of the Securities and Exchange Commission as a fully disclosed introducing broker and, accordingly, customer accounts are carried on the books of the clearing broker. However, Ryan Beck safekeeps and redeems municipal bond coupons for the benefit of its customers. Accordingly, Ryan Beck is subject to the provisions of SEC Rule 15c3-3 relating to possession or control and customer reserve requirements and was in compliance with such provisions at March 31, 2004.

Table of ContentsBankAtlantic Bancorp, Inc.**Item 3. Quantitative and Qualitative Disclosures about Market Risk**

Market risk is defined as the risk of loss arising from adverse changes in market valuations that arise from interest rate risk, foreign currency exchange rate risk, commodity price risk and equity price risk. Our primary market risk is interest rate risk and our secondary market risk is equity price risk.

Interest Rate Risk

The majority of our assets and liabilities are monetary in nature, subjecting us to significant interest rate risk which would arise if the relative values of each of our assets and liabilities changed in conjunction with a general rise or decline in interest rates. We have developed a model using standard industry software to quantify our interest rate risk. A sensitivity analysis was performed measuring our potential gains and losses in net portfolio fair values of interest rate sensitive instruments at March 31, 2004 resulting from a change in interest rates. See Item 7A Quantitative and Qualitative Disclosures about Market Risk of the Company's Annual Report on Form 10-K for the year ended December 31, 2003 for a detailed explanation of the model methodology and the assumptions utilized by us.

Presented below is an analysis of the Company's interest rate risk at March 31, 2004 and December 31, 2003, calculated utilizing the Company's model. The table measures changes in net portfolio value for instantaneous and parallel shifts in the yield curve in 100 basis point increments up or down.

| As of March 31, 2004 | | |
|--------------------------------|---|--------------------------|
| Changes in Rate | Net Portfolio Value Amount | Dollar Change |
| (dollars in thousands) | | |
| +200 bp | \$496,045 | \$ 36,467 |
| +100 bp | \$493,315 | \$ 33,737 |
| 0 | \$459,578 | \$ |
| -100 bp | \$413,276 | \$(46,302) |
| -200 bp | \$389,999 | \$(69,579) |
| As of December 31, 2003 | | |
| Changes in Rate | Net Portfolio Value Amount | Dollar Change |
| (dollars in thousands) | | |
| +200 bp | \$470,869 | \$ 17,666 |
| +100 bp | \$482,543 | \$ 29,340 |
| 0 | \$453,203 | \$ |
| -100 bp | \$408,921 | \$(44,282) |
| -200 bp | \$391,156 | \$(62,047) |

Our net interest margin has improved since the third quarter of 2003. The improvement primarily resulted from the repayment of high fixed rate FHLB advances in the third and fourth quarter of 2003 as well as a slowing of residential loan prepayments and a significant increase in low cost deposits. Our asset and liability committee monitors BankAtlantic's interest rate risk. Based on the committee's on-going review, it was determined that the repayment of high fixed rate FHLB advances should have a positive impact on BankAtlantic's net interest margin. During September 2003 and December 2003, BankAtlantic repaid \$185 million and \$140 million, respectively, of FHLB advances and recognized a \$2.0 million and \$8.9 million loss, respectively, as a result of prepayment penalties. Additionally, BankAtlantic prepaid \$108 million of FHLB advances in March 2004, incurring an \$11.7 million prepayment penalty. BankAtlantic will continue to evaluate its

Table of Contents**BankAtlantic Bancorp, Inc.**

high fixed rate FHLB advances in light of market interest rate conditions and interest rate risk strategies to determine whether additional prepayments could reduce borrowing costs and improve its net interest margin. BankAtlantic may prepay additional FHLB advances subject to changes in interest rates and its interest rate risk strategies. We expect BankAtlantic's net interest margin to improve during 2004 compared to 2003 as a result of advance repayments and growth in low cost deposits.

Equity Price Risk**BankAtlantic Bancorp**

BankAtlantic Bancorp maintains a portfolio of equity securities and exchange traded mutual funds that subject it to equity pricing risks arising in connection with changes in the relative values of its equity investments due to changing market and economic conditions. The following are hypothetical changes in the fair value of our available for sale securities at March 31, 2004, based on hypothetical percentage changes in fair value. Actual future price appreciation or depreciation may be different from the changes identified in the table below (dollars in thousands).

| Percent Change in Fair Value | Available for sale | | |
|---|------------------------------|-------------------------|--------------------------|
| | Equity Securities | Mutual Funds | Dollar Change |
| 20% | \$2,450 | \$21,581 | \$ 4,005 |
| 10% | \$2,246 | \$19,782 | \$ 2,002 |
| 0% | \$2,042 | \$17,984 | \$ |
| -10% | \$1,838 | \$16,186 | \$(2,002) |
| -20% | \$1,634 | \$14,387 | \$(4,005) |

Excluded from the above table is \$1.8 million of investments in private companies for which no current market exists. The ability to realize on or liquidate these investments will depend on future market conditions and is subject to significant risk.

Ryan Beck

Ryan Beck is exposed to the market risk that the financial instruments in which it trades and makes a market will fluctuate in value. These value fluctuations can be caused by changes in interest rates, equity prices, credit spreads or other market forces. The Company, through Ryan Beck, is therefore indirectly exposed to these market risks arising from Ryan Beck's trading and market making activities.

Ryan Beck's management monitors risk in its trading activities by establishing limits and reviewing daily trading results, inventory aging, pricing, concentration and securities ratings. Ryan Beck uses a variety of tools, including aggregate and statistical methods. Value at Risk (VaR) is the principal statistical method used by Ryan Beck to monitor its risk, and this method measures the potential loss in the fair value of a portfolio due to adverse movements in underlying risk factors.

Ryan Beck uses an historical simulation approach to measuring VaR using a 99% confidence level, a one day holding period and the most recent three months average volatility. The 99% VaR means that, on average, one would

not expect to exceed such loss amount more than one time every one hundred trading days if the portfolio were held constant for a one-day period. The aggregate long and short value represents the one day market value of securities owned (long) and securities sold but not yet purchased (short) during the three months ended March 31, 2004.

The following table sets forth the high, low and average VaR for Ryan Beck during the period January 1, 2004 to March 31, 2004.

| | (dollars in thousands) | | |
|-----------------------|------------------------|--------|---------|
| | High | Low | Average |
| VaR | \$ 1,747 | \$ 113 | \$ 621 |
| Aggregate Long Value | 103,877 | 45,515 | 72,372 |
| Aggregate Short Value | 140,714 | 27,734 | 58,769 |

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BankAtlantic Bancorp, Inc.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, we carried out an evaluation, under the supervision and with the participation of our principal executive officer and principal financial officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on this evaluation, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information required to be included in our periodic SEC reports.

Changes in Internal Controls

In addition, we reviewed our internal control over financial reporting, and there have been no significant changes in our internal control over financial reporting or in other factors that could significantly affect those controls during the last fiscal quarter.

Limitations on the Effectiveness of Controls

Our management, including our principal executive officer and principal financial officer, does not expect that our disclosure controls and procedures and internal controls over financial reporting will prevent all errors and all improper conduct. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of improper conduct, if any, within the Company have been detected. These inherent limitations include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by management override of the control.

Further, the design of any system of controls also is based in part upon assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions; over time, controls may become inadequate because of changes in conditions, or the degree of compliance with the policies or procedures may deteriorate. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

CEO and CFO Certifications

Appearing as Exhibits 31.1 and 31.2 to this quarterly report are Certifications of the principal executive officer and the principal financial officer. The Certifications are required in accordance with Section 302 of the Sarbanes-Oxley Act of 2002. This Item of this report, which you are currently reading, is the information concerning the evaluation referred to in the Section 302 Certifications and this information should be read in conjunction with the Section 302 Certifications for a more complete understanding of the topics presented.

Table of Contents**BankAtlantic Bancorp, Inc.****PART II OTHER INFORMATION****Item 1. Legal Proceedings**

Gruntal Proceedings. In April 2002, Ryan Beck acquired certain of the assets and assumed certain of the liabilities of Gruntal. Ryan Beck was named as a defendant in a number of arbitration claims filed by former Gruntal clients whose claims arose prior to Ryan Beck's acquisition of Gruntal. In these actions, Ryan Beck is alleged to be the successor in interest to Gruntal, which allegations Ryan Beck denies. In some instances, the former Gruntal brokers against whom the claims relate are now employed by Ryan Beck, and in other instances the brokers are not employed by Ryan Beck. Ryan Beck did not assume any of the liabilities associated with these actions in the Gruntal transaction. While Ryan Beck does not consider any individual action to be material, an adverse result in a number of these actions in the aggregate could adversely affect the Company's financial statements. In October 2002, Gruntal filed for bankruptcy protection under Chapter 11 of the Federal Bankruptcy Laws. In March 2004, the bankruptcy court entered an order confirming a plan of liquidation for Gruntal that included a third-party release in favor of Ryan Beck and the Company and their respective officers, directors, employees, agents, successors and assigns. Based on the foregoing, it is expected that the majority of the pending claims will be dismissed by the arbitration panels and the courts currently hearing such matters.

Item 2. Changes in Securities and Use of Proceeds

(e) Purchases of equity securities by the issuer and affiliated purchasers

| Period | Total Number of Shares Purchased | Average price per share | Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs | Maximum Number that May Yet Be Purchased Under the Plans or Programs |
|--|---|--------------------------------|---|---|
| January 1, 2004 through January 31, 2004 | | \$ | | |
| February 1, 2004 through February 29, 2004 | | | | |
| March 1, 2004 through March 31, 2004 | 457,995(1) | (1) | (2) | |
| Total | 457,995 | \$ | | |

-
- (1) The amount represents the number of shares of the Company's Class A Common Stock received by the Company and its affiliates pursuant to a litigation settlement with a technology company that owned those shares. The Company received 378,160 of these shares which were subsequently retired.
- (2) The Company currently has no plan or program to repurchase its equity securities.

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

| | |
|--------------|--|
| Exhibit 31.1 | CFO Certification pursuant to Regulation S-X Section 302 |
| Exhibit 31.2 | CEO Certification pursuant to Regulation S-X Section 302 |
| Exhibit 32.1 | CEO Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |
| Exhibit 32.2 | CFO Certification pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 |

(b) Reports on Form 8-K

Form 8-K filed on January 7, 2004, announcing the spin-off of Levitt Corporation to the Company's shareholders.

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BankAtlantic Bancorp, Inc.

Signatures

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 thereunto duly authorized.

| | |
|---------------|--|
| June 24, 2004 | BANKATLANTIC BANCORP, INC. |
| _____ | By: /s/ Alan B. Levan |
| Date | _____ |
| June 24, 2004 | Alan B. Levan |
| _____ | Chief Executive Officer/ Chairman/President |
| Date | By: /s/ James A. White |
| | _____ |
| | James A. White |
| | Executive Vice President, Chief Financial Officer |