

BANKATLANTIC BANCORP INC

Form 8-K

January 26, 2006

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 8-K  
CURRENT REPORT**

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

Date of Report (Date of earliest event reported) **January 25, 2006**

**BankAtlantic Bancorp, Inc.**

(Exact name of registrant as specified in its charter)

**Florida**

**34-027228**

**65-0507804**

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

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

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

**33309**

(Address of principal executive offices)

(Zip Code)

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

**Not Applicable**

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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**Item 2.02. Results of Operations and Financial Condition**

The information in this item (including Exhibit 99.1) is being furnished pursuant to Item 2.02 and 9.01 and shall not be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934 (the Exchange Act ) or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act. On January 25, 2006, BankAtlantic Bancorp, Inc. (the Company ) issued a press release announcing its financial results for the quarter and year ended December 31, 2005. The press release, and accompanying financial tables are attached hereto as Exhibit 99.1 and are incorporated herein by reference. In addition to financial results determined in accordance with generally accepted accounting principles ( GAAP ), the press release also contains financial information determined by methods other than in accordance with GAAP. The Company s management uses these non-GAAP measures, which it defines as operating measures, in their analysis of the Company s performance. These operating measures adjust GAAP net income to exclude the reserve for fines and penalties related to a compliance matter, impairment charge related to the Company s former headquarters, costs associated with debt redemptions and a litigation settlement gain. The Company believes that these non-GAAP operating measures supplement our GAAP financial information and provide useful measures of evaluating the Company s operating results and any related trends that may be affecting the Company s business. These disclosures should not be viewed as a substitute for operating results determined in accordance with GAAP, nor are they necessarily comparable to non-GAAP performance measures that may be presented by other companies.

**Item 9.01 Financial Statements and Exhibits**

(c) Press Release dated January 25, 2006

**Signature**

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

Date: January 25, 2006

BANKATLANTIC BANCORP, INC.

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

**BankAtlantic Bancorp Reports Earnings  
For The Fourth Quarter and Full Year 2005;**

**Fourth Quarter Includes \$10 million Charge for Compliance Matter**

FORT LAUDERDALE, Florida January 25, 2006 BankAtlantic Bancorp, Inc. (NYSE: BBX), the parent company of BankAtlantic and Ryan Beck & Co., today reported net income was \$59.1 million, or \$0.92 per diluted share, for the year ended December 31, 2005, compared to \$70.8 million, or \$1.11 per diluted share, reported in 2004. For the fourth quarter 2005, a net loss of (\$1.6) million was recorded, equivalent to (\$0.03) per diluted share, compared to earnings of \$17.3 million, or \$0.27 per diluted share, for the fourth quarter, 2004.

Operating income, which excludes a \$10 million charge relating to the compliance matter discussed below and a \$2.4 million facilities charge earlier in 2005 was \$71.5 million (or \$1.12 per diluted share) for the full year, up 12% from operating income in 2004, which excluded items relating to the early redemption of debt and a litigation settlement. Operating income for the fourth quarter, 2005 was down 52% from the corresponding quarter in 2004. A reconciliation of net income and operating income is contained in the attached financial data, and is also available on the Company's website.

Chairman and Chief Executive Officer Alan B. Levan commented "As we previously have disclosed, deficiencies in our Anti Money-Laundering and Bank Secrecy Act ( AML- BSA ) compliance were identified in mid-2004. With the assistance of our Audit Committee, we embarked on a complete review of our AML-BSA compliance policies and procedures. We engaged a nationally recognized consulting firm with specific expertise in this area which reviewed the identified deficiencies in our operating systems and procedures and our employee training programs. In connection with their review, which was completed in late 2004, we incurred expenses of approximately \$4 million. Following their review and recommendations, we internally created a separate AML-BSA Department which resulted in a staff increase of approximately 30 employees and made significant improvements to our systems, processes, and training programs. The on-going financial impact of those changes and additions was to increase recurring expenses by approximately \$3.5 million annually.

We believe that the Bank is currently in full compliance with all AML-BSA laws and regulations. Notwithstanding our current compliance status, as we have previously reported, many financial institutions have been the subject of proceedings which have resulted in substantial fines and penalties and have been required to enter into cease and desist orders with their primary regulators based on AML-BSA deficiencies. Under these circumstances, we determined that it was appropriate at this time to establish a \$10 million reserve with respect to these matters, and we anticipate that we will be required to enter into a cease and desist order under which we agree to maintain satisfactory compliance status.

**Accomplishments and highlights include:**

**BankAtlantic**

BankAtlantic's *Florida's Most Convenient Bank* initiative combined with the fourth quarter introduction of our aggressive new marketing and advertising campaigns brought unprecedented growth in new customer accounts. As the result of these initiatives, we opened 67,000 low cost deposit accounts in the fourth quarter, representing an increase of 69% over the same period in 2004, and an all-time high for BankAtlantic. Driving this growth were the results for November and December 2005, when new accounts rose 107% and 90%, respectively, from the same 2004 periods. We believe this strong growth in new account openings is directly attributable to the new advertising and marketing program, which we launched in November. **Ending** low cost deposit balances increased to an all time high of \$2.1 billion, up 15% over 2004, and **average** low cost deposit balances for 2005 increased 23% over 2004.

As we discussed in our third quarter, 2005 release, we continue to believe the creation of long-term value lies in sustaining high growth rates in core deposits. Additional marketing outlays of approximately \$5 million per quarter were spent in the fourth quarter, 2005, and will continue throughout 2006, which will have an impact on earnings in the short run. We believe this short-term negative impact on earnings will be compensated by above average top line (low cost deposit) growth that over the long run is vitally important to our franchise value and achieving superior profitability.

Earnings within the bank declined in the fourth quarter, principally as the result of the increase in marketing expenses, and an increase in personnel expense (up \$3.3 million, or 12%, from the third quarter, 2005). These personnel costs were directly related to longer store hours, the opening of new stores, and personnel necessary to maintain the service levels from increased account volume.

The tax equivalent net interest margin improved to 4.05% during the fourth quarter, compared with 3.91% in the same period in 2004, and 3.96% in the third quarter of 2005. Year-over-year, the net interest margin improved to 3.95%, up from 3.79% in 2004.

Total loans were \$4.5 billion at year-end. Loans are down \$300 million and total earning assets are down approximately \$450 million from their midyear peaks in 2005, consistent with our strategy of limiting earning asset growth due to the relative flatness of the current yield curve. The decline in loans is concentrated in residential real estate, the direct result of our decision to delay purchases of mortgages in light of the current yield curve; and in commercial real estate, because of runoff in our high rise condominium portfolio. We remain comfortable with the commercial real estate market in our trade area, and expect the decline in our commercial real estate loan balances to prove temporary. Small business and consumer loans continued to grow, with linked quarter increases of 18% and 15%, respectively.

Borrowings, principally advances from the Federal Home Loan Bank, are approximately \$400 million lower than at year-end 2004, as we utilized the funds associated with the increased levels of low cost deposits to reduce borrowings rather than to fund earning asset growth. We anticipate following this strategy over the course of 2006, reflecting our belief that reduction of leverage, particularly given the yields available in the market today, is the most appropriate use of these funds.

Credit quality remained strong in the fourth quarter, with total non-performing loans declining to \$6.8 million at December 31, 2005 compared to \$7.9 million at December 31, 2004 and relatively flat compared to the \$6.9 million level at September 30, 2005. The ratio of non-performing loans to total loans declined to 0.15% at December 31, 2005 from 0.17% at December 31, 2004. In 2005, the Bank continued to experience net recoveries which totaled \$606,000 for the fourth quarter and \$1.8 million for the year. As a result, negative provisions of \$109,000 and \$6.6 million were recorded for the quarter and year, respectively. Most

significantly, our coverage of non-performing loans remained extremely high, with the ratio of the allowance for loan losses to non-performing loans at 606% at December 31, 2005.

During 2005 we experienced continued growth throughout the organization. BankAtlantic expanded its branch network with the opening of five new stores during the year, including two that were opened during the fourth quarter. One of the new stores is a midnight location, open from 7:30 AM to midnight, seven days a week, bringing the total number of our stores with this unprecedented level of convenience to seven. Additionally, in December BankAtlantic reached the 100,000 online customers milestone for our award-winning Internet banking service. We anticipate surpassing 1,000,000 monthly logins in 2006.

**Ryan Beck & Co.**

During the quarter, Ryan Beck's Private Client Group opened two new Central Pennsylvania offices in Camp Hill and Lebanon, and also relocated its Scarsdale office to White Plains, New York. Over the course of 2005, Ryan Beck added 63 experienced financial consultants to its Private Client Group, with assets under management totaling \$2.3 billion and production of \$18 million, bringing the total number of financial consultants to 450. Total assets of Ryan Beck's customers reached a new record of \$18.3 billion.

Ryan Beck & Co. was ranked as the number one mutual to stock conversion advisor (based upon proceeds) by SNL Securities for the fourth consecutive year, and second in SNL Securities' Bank and Thrift 2005 Capital Offerings rankings.

Additionally, Ryan Beck continued expansion of its Capital Markets Division with the hiring of 18 new associates during the fourth quarter, covering several industry sectors. Included in this move is the addition of a wholesale mortgage-backed securities desk to deal in origination and trading of mortgage backed securities. Ryan Beck also expanded its Investment Banking Division through the hiring of three senior bankers in its Middle Markets Group. The new associates included David P. Lazar, Managing Director covering a broad range of industries, Robert von Furth, Managing Director covering companies in the consumer sector with a primary focus on retailing and restaurants, and Jay Gaydosh, Managing Director responsible for REIT transactions. This year's expansion brought Ryan Beck to a year-end level of approximately 1,100 employees, in 42 offices across the nation, Levan concluded.

**Financial Highlights:**

**Fourth Quarter, 2005 Compared to Fourth Quarter, 2004**

**BankAtlantic Bancorp consolidated:**

Net loss of \$1.6 million vs. net income of \$17.3 million.

Operating income was \$8.4 million vs. \$17.3 million, a decrease of 51%, excluding the charge related to the compliance matter.

Earnings per share of (\$0.03) vs. \$0.27.

Operating earnings per share of \$0.13 vs. \$0.27, a decrease of 52%.

Return on average tangible equity was (1.42%).

Operating return on average tangible equity was 7.42%

Book value per share was \$8.50.

**BankAtlantic:**

Business segment operating income was \$10.9 million vs. \$16.8 million a decrease of 35%.

Operating return on average tangible assets was 0.74%.

Operating return on average tangible equity was 8.79%.

Tax equivalent net interest margin increased to 4.05% vs. 3.91%.

Non-interest income was \$25.8 million vs. \$23.0 million, an increase of 12%.

Operating non-interest expense grew to \$65.8 million vs. \$51.7 million, an increase of 27%, due principally to new stores and the previously announced marketing initiatives.

**Ryan Beck & Co.:**

Business segment operating income was \$562,000 vs. \$1.2 million, a decrease of 55%.

Return on average tangible equity was 2.26%.

Total operating revenues were \$54.2 million vs. \$55.9 million.

Principal transactions were \$20.9 million vs. \$24.9 million.

Investment banking revenue was \$4.5 million vs. \$3.8 million.

Commission income was \$21.9 million vs. \$23.1 million.



**Year-End 2005 Compared to Year-End 2004**

**BankAtlantic Bancorp consolidated:**

Net income was \$59.1 million vs. \$70.8 million.

Operating income was \$71.5 million in 2005 vs. \$63.6 million in 2004, an increase of 12%, excluding an impairment charge of \$3.7 million on our former headquarters building (abandoned during June 2005 quarter), the \$10 million reserve for compliance matters, a gain in 2004 of \$22.8 million from a litigation settlement and an \$11.7 million expense in 2004 resulting from early redemption of debt,

Earnings per share were \$0.92 vs. \$1.11. Excluding the effects of items discussed above, diluted earnings per share were \$1.12 vs. \$1.00, an increase of 12%.

Return on average tangible equity was 13.99%.

Operating return on tangible equity was 16.92%.

**BankAtlantic:**

Business segment operating income was \$68.2 million vs. \$56.2 million, an increase of 21%.

Operating return on average tangible assets was 1.13%.

Operating return on average tangible equity was 14.50%.

Tax equivalent net interest margin increased to 3.95% vs. 3.79%.

Non-interest income was \$100.1 million vs. \$85.7 million, an increase of 17%.

Operating non-interest expense grew to \$227.4 million vs. \$181.9 million, an increase of 25%.

**Ryan Beck & Co.:**

Business segment operating income was \$16.5 million vs. \$17.5 million, a decrease of 5%.

Return on average tangible equity was 17.7%.

Total revenue increased to \$253.3 million vs. \$243.2 million.

Principal transactions were \$100.3 million vs. \$90.4 million.

Investment banking revenue was \$45.5 million vs. \$48.2 million.

Commission income was \$83.1 million vs. \$89.3 million.

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BankAtlantic Bancorp will host an investor and media teleconference call and webcast on Thursday, January 26, 2006, at 11:00 a.m. (Eastern Time).

**Teleconference Call Information:**

To access the teleconference call in the U.S. and Canada, the toll free number to call is 1-800-968-8156. International calls may be placed to 706-634-5752. Domestic and international callers may reference PIN number **3959154**.

A replay of the conference call will be available beginning two hours after the call's completion through 5:00 p.m. Eastern Time, Friday, February 24, 2006. To access the replay option in the U.S. and Canada, the toll free number to call is 1-800-642-1687. International calls for the replay may be placed at 706-645-9291. The replay digital PIN number for both domestic and international calls is **3959154**.

**Webcast Information:**

Alternatively, individuals may listen to the live and/or archived webcast of the teleconference call. To listen to the webcast, visit [www.BankAtlanticBancorp.com](http://www.BankAtlanticBancorp.com), access the Investor Relations section and click on the Webcast navigation link. The archive of the teleconference call will be available through 5:00 p.m. Eastern Time, Friday, February 24, 2006.

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

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

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

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

**About BankAtlantic Bancorp:**

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

**About BankAtlantic:**

BankAtlantic, Florida's Most Convenient Bank is one of the largest financial institutions headquartered in Florida and provides a comprehensive offering of banking services and products via its broad network of community stores and its online banking division BankAtlantic.com. BankAtlantic has 78 stores and operates more than 200 conveniently located ATMs. BankAtlantic is open 7 days a week and offers holiday hours, extended weekday hours, including several stores open until midnight, Totally Free Online Banking &

Bill Pay, 24/7 Customer Service Center, Totally Free Change Exchange coin counters and free retail and business checking with a free gift.

**About Ryan Beck & Co.:**

Founded in 1946, Ryan Beck & Co., Inc. provides financial advice and innovative solutions to individuals, institutions and corporate clients through the activities of approximately 1,100 employees in 42 offices located in 14 states. For individual investors, the firm's Private Client Group provides a full range of financial services, including investment consulting, retirement plans, insurance and investment advisory services. Institutional clients benefit from the market making, underwriting and distribution activities of the firm's experienced Capital Markets Group, which encompasses equity and fixed income trading and institutional sales as well as research. Through its Investment Banking Groups, Ryan Beck raises capital and provides financial advisory services to financial institutions, middle market companies and municipalities.

**For further information, please visit our websites:**

[www.BankAtlanticBancorp.com](http://www.BankAtlanticBancorp.com)

[www.BankAtlantic.com](http://www.BankAtlantic.com)

[www.RyanBeck.com](http://www.RyanBeck.com)

*\* To receive future BankAtlantic Bancorp news releases or announcements directly via Email, please click on the Email Broadcast Sign Up button on our website: [www.BankAtlanticBancorp.com](http://www.BankAtlanticBancorp.com).*

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

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*Except for historical information contained herein, the matters discussed in this press release contain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), that involve substantial risks and uncertainties. When used in this press release and in any documents incorporated by reference herein, the words anticipate, believe, estimate, may, intend, expect and similar expressions identify certain of such forward-looking statements. Actual results, performance, or achievements could differ materially from those contemplated, expressed, or implied by the forward-looking statements contained herein. These forward-looking statements are based largely on the expectations of BankAtlantic Bancorp, Inc. (the Company) and are subject to a number of risks and uncertainties that are subject to change based on factors which are, in many instances, beyond the Company's control. These include, but are not limited to, risks and uncertainties associated with: the impact of economic, competitive and other factors affecting the Company and its operations, markets, products and services; credit risks and loan losses, and the related sufficiency of the allowance for loan losses, including the impact on the credit quality of our loans of changes in the commercial real estate market in our trade area; changes in interest rates and the effects of, and changes in, trade, monetary and fiscal policies and laws including their impact on the banks net interest margin; adverse conditions in the stock market, the public debt market and other capital markets and the impact of such conditions on our activities and the value of our assets; BankAtlantic's seven-day banking initiative and other growth, marketing or advertising initiatives not resulting in continued growth of low cost deposits or producing results which do justify their costs; the impact of periodic testing of goodwill and other intangible assets for impairment; as well as achieving the benefits of the prepayment of Federal Home Loan Bank advances or other borrowings; and the \$10 million reserve established during the 2005 fourth quarter may not be sufficient to cover the fines, penalties or expenses associated with any resolution of AML-BSA compliance matters. The results or performance derived or implied, directly or indirectly from the estimates and assumptions, are based on our beliefs and may not be accurate. Past performance, actual or estimated new account openings and growth rate may not be indicative of future results. Further, this press release contains forward-looking statements with respect to Ryan Beck & Co., which are subject to a number of risks and uncertainties including but not limited to the risks and uncertainties associated with its operations, products and services, changes in economic or regulatory policies, its ability to recruit and retain financial consultants, the volatility of the stock market and fixed income markets, as well as its revenue mix, the success of new lines of business and growth; and additional risks and uncertainties that are subject to change and may be outside of Ryan Beck's control. In addition to the risks and factors identified above, reference is also made to other risks and factors detailed in reports filed by the Company with the Securities and Exchange Commission. The Company cautions that the foregoing factors are not exclusive.*

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

|  | For The Three Months Ended |           |           |           | For the Years Ended |            |            |        |
|--|----------------------------|-----------|-----------|-----------|---------------------|------------|------------|--------|
|  | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004          | 12/31/2005 | 12/31/2004 |        |
| Earnings (in thousands):   |                            |           |           |           |                     |            |            |        |
| Net income (loss) (GAAP basis)                                   | \$                         | (1,603)   | 16,260    | 24,537    | 19,878              | 17,293     | 59,072     | 70,768 |
| Operating net income ** (note 1)                                 | \$                         | 8,397     | 16,260    | 26,946    | 19,878              | 17,293     | 71,481     | 63,615 |
| Average Common Shares Outstanding (in thousands):                |                            |           |           |           |                     |            |            |        |
| Basic  |                            | 60,618    | 60,555    | 60,453    | 60,072              | 59,827     | 60,426     | 59,526 |
| Diluted  |                            | 62,898    | 63,193    | 63,161    | 63,207              | 63,156     | 63,120     | 63,056 |
| Key Performance Ratios (GAAP basis):                             |                            |           |           |           |                     |            |            |        |
| Basic earnings per share   | \$                         | (0.03)    | 0.27      | 0.41      | 0.33                | 0.29       | 0.98       | 1.19   |
| Diluted earnings per share *                                     | \$                         | (0.03)    | 0.26      | 0.38      | 0.31                | 0.27       | 0.92       | 1.11   |
| Return on average tangible assets (note 2)                       | %                          | (0.10)    | 1.01      | 1.51      | 1.27                | 1.19       | 0.93       | 1.36   |
| Return on average tangible equity (note 2)                       | %                          | (1.42)    | 15.05     | 23.98     | 20.20               | 18.34      | 13.99      | 20.01  |
| Key Performance Ratios (Operating basis):                        |                            |           |           |           |                     |            |            |        |
| Basic earnings per share   | \$                         | 0.14      | 0.27      | 0.45      | 0.33                | 0.29       | 1.18       | 1.07   |
| Diluted earnings per share *                                     | \$                         | 0.13      | 0.26      | 0.42      | 0.31                | 0.27       | 1.12       | 1.00   |
| Return on average tangible assets (note 2)                       | %                          | 0.54      | 1.01      | 1.66      | 1.27                | 1.19       | 1.12       | 1.22   |
| Return on average tangible equity (note 2)                       | %                          | 7.42      | 15.05     | 26.33     | 20.20               | 18.34      | 16.93      | 17.99  |
| * Diluted earnings per share calculation deducts (in thousands): |                            |           |           |           |                     |            |            |        |
| Subsidiaries stock options, if dilutive                          | \$                         | (28)      | (21)      | (665)     | (120)               | (51)       | (834)      | (668)  |
| Average Balance Sheet Data (in millions):                        |                            |           |           |           |                     |            |            |        |
| Assets   | \$                         | 6,329     | 6,545     | 6,565     | 6,355               | 5,877      | 6,449      | 5,294  |
| Tangible assets (note 2)   | \$                         | 6,244     | 6,459     | 6,479     | 6,268               | 5,790      | 6,363      | 5,207  |
| Loans  | \$                         | 4,550     | 4,726     | 4,802     | 4,668               | 4,359      | 4,686      | 3,976  |

|                              |          |       |       |       |       |       |       |       |     |
|------------------------------|----------|-------|-------|-------|-------|-------|-------|-------|-----|
| Investments                  | \$       | 1,263 | 1,322 | 1,306 | 1,242 | 1,076 | 1,283 | 896   |     |
| Deposits and escrows         | \$       | 3,704 | 3,655 | 3,658 | 3,557 | 3,371 | 3,644 | 3,232 |     |
| Stockholders equity          | \$       | 533   | 516   | 490   | 480   | 468   | 505   | 445   |     |
| Tangible stockholders equity | (note 2) | \$    | 453   | 432   | 409   | 394   | 377   | 422   | 354 |

Notes:

(1) Operating net income is defined as GAAP net income adjusted for gain from a litigation settlement, costs associated with debt redemptions, an impairment charge relating to BankAtlantic's former headquarter facility and a reserve for a compliance matter.

(2) Average tangible assets is defined as average total assets less average goodwill and core deposit intangibles. Average tangible equity is defined as average total stockholders equity less average goodwill, core deposit intangibles and other comprehensive income.

**\*\* *Operating net income is not prepared in accordance with GAAP and this non-GAAP financial measure should not be construed as being superior to GAAP.***

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**BankAtlantic Bancorp, Inc. and Subsidiaries**  
**Consolidated Statements of Financial Condition (unaudited)**

| (In thousands, except share data)  | <b>12/31/2005</b> | <b>12/31/2004</b> |
|--|-------------------|-------------------|
| <b>ASSETS</b>  |                   |                   |
| Cash and due from banks  | \$ 167,032        | 118,967           |
| Short term investments   | 3,229             | 16,093            |
| Securities available for sale (at fair value)  | 674,544           | 747,160           |
| Securities owned (at fair value)   | 180,292           | 125,443           |
| Investment securities and tax certificates (approximate fair value: \$363,329 and \$306,963) | 364,444           | 307,438           |
| Loans receivable, net of allowance for loan losses of \$41,192 and \$46,010                  | 4,486,502         | 4,599,048         |
| Federal Home Loan Bank stock, at cost which approximates fair value                          | 69,931            | 78,619            |
| Accrued interest receivable  | 41,490            | 35,982            |
| Real estate held for development and sale  | 21,177            | 27,692            |
| Investments and advances to unconsolidated subsidiaries                                      | 12,464            | 7,910             |
| Office properties and equipment, net   | 154,120           | 129,790           |
| Deferred tax asset, net  | 28,032            | 20,269            |
| Goodwill   | 76,674            | 76,674            |
| Core deposit intangible asset  | 8,395             | 10,270            |
| Due from clearing agent  |                   | 16,619            |
| Other assets   | 43,232            | 38,803            |
| <br>Total assets   | <br>\$ 6,331,558  | <br>6,356,777     |
| <br><b>LIABILITIES AND STOCKHOLDERS EQUITY</b>   |                   |                   |
| Liabilities:   |                   |                   |
| Deposits   |                   |                   |
| Demand   | \$ 1,019,949      | 890,398           |
| NOW  | 755,708           | 658,137           |
| Savings  | 313,889           | 270,001           |
| Money market   | 846,441           | 875,422           |
| Certificates of deposit  | 816,689           | 763,244           |
| <br>Total deposits   | <br>3,752,676     | <br>3,457,202     |
| Advances from FHLB   | 1,283,532         | 1,544,497         |
| Securities sold under agreements to repurchase   | 116,026           | 296,643           |
| Federal funds purchased  | 139,475           | 105,000           |
| Subordinated debentures, notes and bonds payable   | 39,092            | 37,741            |
| Junior subordinated debentures   | 263,266           | 263,266           |
| Securities sold but not yet purchased  | 35,177            | 39,462            |
| Due to clearing agent  | 24,486            |                   |
| Other liabilities  | 161,602           | 143,701           |
| <br>Total liabilities  | <br>5,815,332     | <br>5,887,512     |
| <br><b>Stockholders equity:</b>  |                   |                   |



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|  |              |           |
|--|--------------|-----------|
| Preferred stock, \$.01 par value, 10,000,000 shares authorized; none issued and outstanding                                  |              |           |
| Class A common stock, \$.01 par value, authorized 80,000,000 shares; issued and outstanding 55,884,089 and 55,214,225 shares | 559          | 552       |
| Class B common stock, \$.01 par value, authorized 45,000,000 shares; issued and outstanding 4,876,124 and 4,876,124 shares   | 49           | 49        |
| Additional paid-in capital   | 261,720      | 259,702   |
| Unearned compensation restricted stock grants  | (936)        | (1,001)   |
| Retained earnings  | 261,169      | 210,955   |
| Total stockholders equity before accumulated other comprehensive income  | 522,561      | 470,257   |
| Accumulated other comprehensive (loss)   | (6,335)      | (992)     |
| Total stockholders equity  | 516,226      | 469,265   |
| Total liabilities and stockholders equity  | \$ 6,331,558 | 6,356,777 |

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

| (in thousands)   | <b>For The Three Months Ended</b> |                  |                  |                  | <b>For the Years Ended</b> |                   |                   |
|--|-----------------------------------|------------------|------------------|------------------|----------------------------|-------------------|-------------------|
|  | <b>12/31/2005</b>                 | <b>9/30/2005</b> | <b>6/30/2005</b> | <b>3/31/2005</b> | <b>12/31/2004</b>          | <b>12/31/2005</b> | <b>12/31/2004</b> |
| <b>INTEREST INCOME:</b>                                    |                                   |                  |                  |                  |                            |                   |                   |
| Interest and fees on loans                                 | \$ 72,542                         | 73,110           | 71,099           | 66,355           | 60,088                     | 283,106           | 209,719           |
| Interest on securities available for sale                  | 4,379                             | 4,741            | 5,258            | 5,295            | 4,905                      | 19,673            | 18,083            |
| Interest on tax exempt securities                          | 3,695                             | 3,733            | 3,769            | 3,225            | 2,076                      | 14,422            | 4,048             |
| Interest and dividends on investments and securities owned | 9,109                             | 8,708            | 7,932            | 7,311            | 7,377                      | 33,060            | 28,705            |
| Total interest income                                      | 89,725                            | 90,292           | 88,058           | 82,186           | 74,446                     | 350,261           | 260,555           |
| <b>INTEREST EXPENSE:</b>                                   |                                   |                  |                  |                  |                            |                   |                   |
| Interest on deposits                                       | 11,736                            | 10,519           | 9,534            | 8,295            | 7,534                      | 40,084            | 28,355            |
| Interest on advances from FHLB                             | 15,565                            | 17,332           | 15,604           | 13,674           | 11,458                     | 62,175            | 37,689            |
| Interest on short-term borrowed funds                      | 2,746                             | 2,108            | 2,646            | 2,099            | 1,356                      | 9,599             | 3,191             |
| Interest on long-term debt                                 | 6,825                             | 6,392            | 6,316            | 5,672            | 5,112                      | 25,205            | 19,885            |
| Capitalized interest on real estate developments           | (513)                             | (477)            | (437)            | (452)            | (390)                      | (1,879)           | (1,398)           |
| Total interest expense                                     | 36,359                            | 35,874           | 33,663           | 29,288           | 25,070                     | 135,184           | 87,722            |
| <b>NET INTEREST INCOME</b>                                 | <b>53,366</b>                     | <b>54,418</b>    | <b>54,395</b>    | <b>52,898</b>    | <b>49,376</b>              | <b>215,077</b>    | <b>172,833</b>    |
| Provision (recovery) for loan losses                       | (109)                             | (3,410)          | 820              | (3,916)          | (4,004)                    | (6,615)           | (5,109)           |
| <b>NET INTEREST INCOME AFTER</b>                           | <b>53,475</b>                     | <b>57,828</b>    | <b>53,575</b>    | <b>56,814</b>    | <b>53,380</b>              | <b>221,692</b>    | <b>177,942</b>    |

**PROVISION****NON-INTEREST  
INCOME:**

|   |        |        |         |        |        |         |         |
|---|--------|--------|---------|--------|--------|---------|---------|
| Service charges on deposits               | 17,808 | 16,415 | 14,744  | 12,989 | 13,637 | 61,956  | 51,435  |
| Other service charges and fees            | 6,436  | 5,824  | 5,849   | 5,238  | 6,733  | 23,347  | 23,620  |
| Broker/dealer revenue                     | 49,831 | 50,368 | 83,915  | 54,686 | 53,061 | 238,800 | 231,804 |
| Securities activities, net                | 474    | 181    | 90      | 102    | 3,653  | 847     | 3,730   |
| Litigation settlement                     |        |        |         |        |        |         | 22,840  |
| Gain on sales of loans                    | 221    | 295    | 116     | 110    | 152    | 742     | 483     |
| Income (loss) from real estate operations | (558)  | 1,142  | 1,655   | 2,241  | 517    | 4,480   | 2,405   |
| Income from unconsolidated subsidiaries   | 211    | 142    | 137     | 131    | 126    | 621     | 485     |
| Other                                     | 2,299  | 2,137  | 2,697   | 3,173  | 2,026  | 10,306  | 7,987   |
| Total non-interest income                 | 76,722 | 76,504 | 109,203 | 78,670 | 79,905 | 341,099 | 344,789 |

**NON-INTEREST  
EXPENSE:**

|  |        |        |        |        |        |         |         |
|--|--------|--------|--------|--------|--------|---------|---------|
| Employee compensation and benefits                 | 70,257 | 68,455 | 78,391 | 65,795 | 65,354 | 282,898 | 255,064 |
| Occupancy and equipment                            | 15,394 | 14,853 | 13,953 | 13,237 | 14,753 | 57,437  | 48,146  |
| Impairment of office properties and equipment      |        |        | 3,706  |        |        | 3,706   |         |
| Advertising and promotion                          | 11,701 | 6,667  | 8,069  | 6,298  | 5,955  | 32,735  | 21,036  |
| Professional fees                                  | 4,692  | 4,207  | 4,316  | 4,081  | 7,245  | 17,296  | 18,207  |
| Communications                                     | 3,470  | 3,371  | 3,508  | 3,205  | 3,301  | 13,554  | 12,527  |
| Floor broker and clearing fees                     | 2,433  | 2,305  | 2,012  | 2,368  | 2,452  | 9,118   | 9,835   |
| Cost associated with debt redemption               |        |        |        |        |        |         | 11,741  |
| Reserve for fines and penalties, compliance matter | 10,000 |        |        |        |        | 10,000  |         |
| Other  | 12,052 | 11,326 | 10,188 | 9,801  | 8,460  | 43,367  | 35,497  |

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|   |          |                   |               |               |               |               |               |               |
|---|----------|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Total non-interest expense                                    |          | 129,999           | 111,184       | 124,143       | 104,785       | 107,520       | 470,111       | 412,053       |
| <b>Income (loss) before income taxes</b>                      |          | 198               | 23,148        | 38,635        | 30,699        | 25,765        | 92,680        | 110,678       |
| Provision for income taxes                                    |          | 1,801             | 6,888         | 14,098        | 10,821        | 8,472         | 33,608        | 39,910        |
| <b>GAAP net income (loss)</b>                                 |          | <b>\$ (1,603)</b> | <b>16,260</b> | <b>24,537</b> | <b>19,878</b> | <b>17,293</b> | <b>59,072</b> | <b>70,768</b> |
| <b><u>Reconciliation of Operating and GAAP Net Income</u></b> |          |                   |               |               |               |               |               |               |
| GAAP net income (loss)  |          | \$ (1,603)        | 16,260        | 24,537        | 19,878        | 17,293        | 59,072        | 70,768        |
| Impairment of office properties and equipment                 |          |                   |               | 2,409         |               |               | 2,409         |               |
| Costs associated with debt redemption                         |          |                   |               |               |               |               |               | 7,632         |
| Reserve for fines and penalties, compliance matter            |          | 10,000            |               |               |               |               | 10,000        |               |
| Litigation settlement   |          |                   |               |               |               |               |               | (14,785)      |
| <b>Operating net income</b>                                   | (note 1) | <b>\$ 8,397</b>   | <b>16,260</b> | <b>26,946</b> | <b>19,878</b> | <b>17,293</b> | <b>71,481</b> | <b>63,615</b> |

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

|   | For the three months ended |           |           |           |            |
|---|----------------------------|-----------|-----------|-----------|------------|
|   | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004 |
| (in thousands except percentages and per share data)      |                            |           |           |           |            |
| Assets:   |                            |           |           |           |            |
| Residential real estate                                   | \$ 2,115,899               | 2,245,067 | 2,262,214 | 2,085,473 | 1,812,010  |
| Commercial real estate                                    | 1,576,131                  | 1,643,570 | 1,731,243 | 1,764,927 | 1,743,950  |
| Consumer  | 538,321                    | 527,190   | 505,338   | 487,746   | 467,710    |
| Lease financing   | 1,433                      | 2,768     | 4,710     | 6,242     | 8,210      |
| Commercial business                                       | 91,979                     | 90,578    | 91,756    | 128,372   | 136,390    |
| Small business  | 226,153                    | 216,931   | 206,272   | 195,733   | 190,840    |
| Total Loans   | 4,549,916                  | 4,726,104 | 4,801,533 | 4,668,493 | 4,359,140  |
| Investments taxable                                       | 867,625                    | 924,911   | 899,134   | 877,003   | 823,900    |
| Investments tax exempt                                    | 394,935                    | 396,908   | 406,403   | 364,824   | 251,690    |
| Total interest earning assets                             | 5,812,476                  | 6,047,923 | 6,107,070 | 5,910,320 | 5,434,740  |
| Goodwill and core deposit intangibles                     | 85,277                     | 85,679    | 86,095    | 86,791    | 87,160     |
| Other non-interest earning assets                         | 431,215                    | 411,116   | 371,549   | 358,024   | 354,810    |
| Total assets  | \$ 6,328,968               | 6,544,718 | 6,564,714 | 6,355,135 | 5,876,720  |
| Intangible assets   | (note 2) \$ 6,243,691      | 6,459,039 | 6,478,619 | 6,268,344 | 5,789,560  |
| Liabilities:  |                            |           |           |           |            |
| Deposits:   |                            |           |           |           |            |
| Demand deposits   | \$ 1,017,467               | 1,000,219 | 981,643   | 912,897   | 845,790    |
| Savings   | 309,007                    | 303,268   | 301,331   | 281,512   | 262,540    |
| CD  | 692,128                    | 666,567   | 685,769   | 664,313   | 622,300    |
| Money market  | 887,858                    | 904,382   | 906,514   | 921,382   | 903,600    |
| Certificates of deposit                                   | 797,187                    | 781,044   | 782,335   | 777,353   | 736,700    |
| Total deposits  | 3,703,647                  | 3,655,480 | 3,657,592 | 3,557,457 | 3,370,960  |
| Short-term borrowed funds                                 | 276,333                    | 251,242   | 359,861   | 352,911   | 266,840    |
| FHLB advances   | 1,345,033                  | 1,659,411 | 1,615,310 | 1,536,434 | 1,339,050  |
| Long-term debt  | 301,655                    | 298,887   | 299,075   | 300,551   | 299,740    |
| Total borrowings  | 1,923,021                  | 2,209,540 | 2,274,246 | 2,189,896 | 1,905,630  |
| Other liabilities   | 169,156                    | 163,581   | 142,617   | 128,233   | 132,040    |
| Total liabilities   | 5,795,824                  | 6,028,601 | 6,074,455 | 5,875,586 | 5,408,630  |
| Stockholders' equity                                      | 533,144                    | 516,117   | 490,259   | 479,549   | 468,090    |
| Total liabilities and stockholders' equity                | \$ 6,328,968               | 6,544,718 | 6,564,714 | 6,355,135 | 5,876,720  |
| Other comprehensive income (loss) in stockholders' equity | \$ (4,810)                 | (1,612)   | (5,119)   | (949)     | 3,650      |

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|                                      |          |              |            |            |            |           |
|--------------------------------------|----------|--------------|------------|------------|------------|-----------|
| angible stockholders equity          | (note 2) | \$ 452,677   | 432,050    | 409,283    | 393,707    | 377,26    |
| <b>riod End</b>                      |          |              |            |            |            |           |
| tal loans, net                       |          | \$ 4,486,502 | 4,543,245  | 4,803,529  | 4,637,232  | 4,599,0   |
| tal assets                           |          | 6,331,558    | 6,352,822  | 6,717,676  | 6,418,351  | 6,356,77  |
| tal stockholders equity              |          | 516,226      | 523,392    | 510,394    | 480,981    | 469,26    |
| ommon shares outstanding             |          | 60,760,213   | 60,738,610 | 60,642,777 | 60,542,092 | 60,090,34 |
| sh dividends                         |          | 2,308,888    | 2,308,067  | 2,122,497  | 2,118,973  | 2,103,16  |
| ommon stock cash dividends per share |          | 0.038        | 0.038      | 0.035      | 0.035      | 0.03      |
| osing stock price                    |          | 14.00        | 16.99      | 18.95      | 17.40      | 19.9      |
| gh stock price for the quarter       |          | 17.19        | 19.33      | 19.15      | 20.00      | 20.0      |
| w stock price for the quarter        |          | 13.29        | 15.64      | 16.51      | 17.02      | 16.0      |
| ok value per share                   |          | 8.50         | 8.62       | 8.42       | 7.94       | 7.8       |

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**Bank Operations Business Segment**  
**Condensed Statements of Operations (Unaudited)**

| (In thousands)   | For the Three Months Ended |           |           |           | For the Years Ended |            |            |
|--|----------------------------|-----------|-----------|-----------|---------------------|------------|------------|
|  | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004          | 12/31/2005 | 12/31/2004 |
| <b>Net interest income</b>                                 | \$ 54,760                  | 55,939    | 56,031    | 54,345    | 50,339              | 221,075    | 176,858    |
| <b>Provision (recovery) for loan losses</b>                | (109)                      | (3,410)   | 820       | (3,916)   | (4,004)             | (6,615)    | (5,109)    |
| <b>Net Interest income after provision for loan losses</b> | 54,869                     | 59,349    | 55,211    | 58,261    | 54,343              | 227,690    | 181,967    |
| <b>Non-interest income</b>                                 |                            |           |           |           |                     |            |            |
| Service charges on deposits                                | 17,808                     | 16,415    | 14,744    | 12,989    | 13,637              | 61,956     | 51,435     |
| Other service charges and fees                             | 6,436                      | 5,824     | 5,849     | 5,238     | 6,733               | 23,347     | 23,620     |
| Securities gains (losses)                                  |                            | 23        | 87        | 7         | 40                  | 117        | 37         |
| Gain on sales of loans                                     | 221                        | 295       | 116       | 110       | 152                 | 742        | 483        |
| Income from real estate operations                         | (558)                      | 1,142     | 1,655     | 2,241     | 517                 | 4,480      | 2,405      |
| Other non-interest income                                  | 1,928                      | 2,019     | 2,514     | 2,956     | 1,924               | 9,417      | 7,744      |
| Total non-interest income                                  | 25,835                     | 25,718    | 24,965    | 23,541    | 23,003              | 100,059    | 85,724     |
| <b>Non-interest expense</b>                                |                            |           |           |           |                     |            |            |
| Employee compensation and benefits                         | 31,445                     | 28,106    | 27,577    | 26,398    | 25,136              | 113,526    | 93,154     |
| Occupancy and equipment                                    | 11,503                     | 10,826    | 10,165    | 9,117     | 9,658               | 41,611     | 32,713     |
| Impairment of office properties and equipment              |                            |           | 3,706     |           |                     | 3,706      |            |
| Advertising  | 10,244                     | 5,518     | 5,965     | 5,168     | 5,087               | 26,895     | 16,012     |
| Professional fees  | 2,521                      | 2,641     | 2,638     | 1,895     | 4,725               | 9,695      | 11,286     |
| Cost associated with debt redemption                       |                            |           |           |           |                     |            | 11,741     |
| Reserve for fines and penalties, compliance matter         | 10,000                     |           |           |           |                     | 10,000     |            |
| Other  | 10,076                     | 9,631     | 8,265     | 7,686     | 7,058               | 35,658     | 28,716     |
|  | 75,789                     | 56,722    | 58,316    | 50,264    | 51,664              | 241,091    | 193,622    |

Total non-interest  
expense

**Income from bank  
operations business  
segment before  
income taxes**

|  |       |        |        |        |        |        |        |
|--|-------|--------|--------|--------|--------|--------|--------|
|  | 4,915 | 28,345 | 21,860 | 31,538 | 25,682 | 86,658 | 74,069 |
|--|-------|--------|--------|--------|--------|--------|--------|

Provision for income  
taxes

|  |       |       |       |        |       |        |        |
|--|-------|-------|-------|--------|-------|--------|--------|
|  | 4,018 | 9,054 | 7,089 | 10,677 | 8,870 | 30,838 | 25,529 |
|--|-------|-------|-------|--------|-------|--------|--------|

**Net income from  
bank operations  
business segment**

|    |     |        |        |        |        |        |        |
|----|-----|--------|--------|--------|--------|--------|--------|
| \$ | 897 | 19,291 | 14,771 | 20,861 | 16,812 | 55,820 | 48,540 |
|----|-----|--------|--------|--------|--------|--------|--------|

**Reconciliation of  
Operating and  
business segment net  
income**

Business segment  
income

|    |     |        |        |        |        |        |        |
|----|-----|--------|--------|--------|--------|--------|--------|
| \$ | 897 | 19,291 | 14,771 | 20,861 | 16,812 | 55,820 | 48,540 |
|----|-----|--------|--------|--------|--------|--------|--------|

Impairment of office  
properties and  
equipment

|  |  |  |       |  |  |       |  |
|--|--|--|-------|--|--|-------|--|
|  |  |  | 2,409 |  |  | 2,409 |  |
|--|--|--|-------|--|--|-------|--|

Cost associated with  
debt redemption

|  |  |  |  |  |  |  |       |
|--|--|--|--|--|--|--|-------|
|  |  |  |  |  |  |  | 7,632 |
|--|--|--|--|--|--|--|-------|

Reserve for fines and  
penalties, compliance  
matter

|  |        |  |  |  |  |        |  |
|--|--------|--|--|--|--|--------|--|
|  | 10,000 |  |  |  |  | 10,000 |  |
|--|--------|--|--|--|--|--------|--|

**Operating net  
income**

|    |        |        |        |        |        |        |        |
|----|--------|--------|--------|--------|--------|--------|--------|
| \$ | 10,897 | 19,291 | 17,180 | 20,861 | 16,812 | 68,229 | 56,172 |
|----|--------|--------|--------|--------|--------|--------|--------|

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

| (in thousands except percentages<br>and per share data) | For the Three Months Ended |           |           |           | For the Years Ended |            |            |
|---|----------------------------|-----------|-----------|-----------|---------------------|------------|------------|
|   | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004          | 12/31/2005 | 12/31/2004 |
| <b>Statistics:</b>                                      |                            |           |           |           |                     |            |            |
| Average earning assets                                  | \$ 5,575,727               | 5,820,252 | 5,882,065 | 5,696,192 | 5,225,840           | 5,743,439  | 4,680,006  |
| Average interest bearing liabilities                    | \$ 4,351,337               | 4,606,611 | 4,691,644 | 4,575,247 | 4,172,665           | 4,555,734  | 3,715,591  |
| Average tangible assets                                 | \$ 5,919,617               | 6,132,529 | 6,180,083 | 5,979,211 | 5,492,505           | 6,052,911  | 4,931,637  |
| Average tangible equity                                 | \$ 495,614                 | 473,387   | 463,813   | 448,667   | 435,787             | 470,508    | 423,252    |
| Borrowings to deposits and borrowings                   | %                          | 29.68     | 31.64     | 36.18     | 33.79               | 36.53      | 29.68      |
| Tax equivalent:   |                            |           |           |           |                     |            |            |
| Yield on earning assets                                 | %                          | 6.24      | 6.05      | 5.84      | 5.64                | 5.50       | 5.94       |
| Cost of interest-bearing liabilities                    | %                          | 2.80      | 2.64      | 2.43      | 2.19                | 1.99       | 2.51       |
| Interest spread   | %                          | 3.44      | 3.41      | 3.41      | 3.45                | 3.51       | 3.43       |
| Net interest margin                                     | %                          | 4.05      | 3.96      | 3.90      | 3.88                | 3.91       | 3.95       |
| <b>GAAP:</b>  |                            |           |           |           |                     |            |            |
| Efficiency ratio  | %                          | 94.04     | 69.46     | 72.00     | 64.54               | 70.44      | 73.74      |
| Return on average tangible assets                       | %                          | 0.06      | 1.26      | 0.96      | 1.40                | 1.22       | 0.92       |
| Return on average tangible equity                       | %                          | 0.72      | 16.30     | 12.74     | 18.60               | 15.43      | 11.86      |
| <b>Operating (1):</b>                                   |                            |           |           |           |                     |            |            |
| Efficiency ratio  | %                          | 81.63     | 69.46     | 67.42     | 64.54               | 70.44      | 70.81      |
| Return on average tangible assets                       | %                          | 0.74      | 1.26      | 1.11      | 1.40                | 1.22       | 1.13       |
| Return on average tangible equity                       | %                          | 8.79      | 16.30     | 14.82     | 18.60               | 15.43      | 14.50      |
| <b>Earning assets repricing (2):</b>                    |                            |           |           |           |                     |            |            |
| Percent of earning assets that have fixed rates         | %                          | 46        | 50        |           |                     |            |            |
| Percent of earning assets that have variable rates      | %                          | 54        | 50        |           |                     |            |            |
| One year Gap  | %                          | 7         | 4         |           |                     |            |            |

(1) Ratios have been adjusted to exclude costs associated with debt redemptions, impairment on BankAtlantic's former corporate headquarters and a reserve for a compliance matter.

- (2) Percentages for periods prior to September 30, 2005 are not available.
-

**Condensed Statements of Financial Condition (Unaudited)**

| (In thousands)                                    |                     |                  | As of            |                  |                  |
|---|---------------------|------------------|------------------|------------------|------------------|
|   | 12/31/2005          | 9/30/2005        | 6/30/2005        | 3/31/2005        | 12/31/2004       |
| <b>ASSETS</b>                                     |                     |                  |                  |                  |                  |
| Loans receivable, net                             | \$ 4,483,142        | 4,539,544        | 4,799,485        | 4,616,846        | 4,554,952        |
| Held to maturity securities                       | 427,575             | 439,015          | 483,992          | 376,298          | 378,912          |
| Available for sale securities                     | 578,913             | 608,375          | 658,532          | 695,154          | 700,642          |
| Goodwill  | 70,489              | 70,489           | 70,489           | 70,489           | 70,489           |
| Core deposit intangible asset                     | 8,395               | 8,796            | 9,197            | 9,597            | 10,270           |
| Other assets                                      | 402,546             | 369,994          | 374,207          | 335,215          | 329,723          |
| <b>Total assets</b>                               | <b>\$ 5,971,060</b> | <b>6,036,213</b> | <b>6,395,902</b> | <b>6,103,599</b> | <b>6,044,988</b> |
| <b>LIABILITIES AND STOCKHOLDER S EQUITY</b>       |                     |                  |                  |                  |                  |
| Deposits  |                     |                  |                  |                  |                  |
| Demand NOW  | \$ 1,019,992        | 1,017,866        | 1,039,703        | 960,152          | 890,919          |
| Savings   | 755,708             | 673,803          | 660,633          | 676,945          | 658,137          |
|   | 313,889             | 303,348          | 302,677          | 296,485          | 270,001          |
| <b>Total low cost deposits</b>                    | <b>2,089,589</b>    | <b>1,995,017</b> | <b>2,003,013</b> | <b>1,933,582</b> | <b>1,819,057</b> |
| Money market Certificate of deposits              | 846,441             | 921,585          | 899,364          | 913,434          | 875,422          |
|   | 816,689             | 777,743          | 789,533          | 796,928          | 763,244          |
| <b>Total deposits</b>                             | <b>3,752,719</b>    | <b>3,694,345</b> | <b>3,691,910</b> | <b>3,643,944</b> | <b>3,457,723</b> |
| Advances from Federal Home Loan Bank              | 1,283,532           | 1,485,649        | 1,695,265        | 1,524,881        | 1,544,497        |
| Short term borrowings                             | 261,154             | 187,513          | 362,307          | 298,816          | 407,841          |
| Long term debt                                    | 39,092              | 36,702           | 35,232           | 35,878           | 37,641           |
| Other liabilities                                 | 89,834              | 79,228           | 69,235           | 73,191           | 80,410           |
| <b>Total liabilities</b>                          | <b>5,426,331</b>    | <b>5,483,437</b> | <b>5,853,949</b> | <b>5,576,710</b> | <b>5,528,112</b> |
| <b>Stockholder s equity</b>                       | <b>544,729</b>      | <b>552,776</b>   | <b>541,953</b>   | <b>526,889</b>   | <b>516,876</b>   |
| <b>Total liabilities and stockholder s equity</b> | <b>\$ 5,971,060</b> | <b>6,036,213</b> | <b>6,395,902</b> | <b>6,103,599</b> | <b>6,044,988</b> |



**Bank Operations Business Segment**  
**Average Balance Sheet Yield / Rate Analysis**

For the Three Months Ended

| (in thousands)                            | December 31, 2005   |                     |                | December 31, 2004   |                     |                |
|---|---------------------|---------------------|----------------|---------------------|---------------------|----------------|
|   | Average<br>Balance  | Revenue/<br>Expense | Yield/<br>Rate | Average<br>Balance  | Revenue/<br>Expense | Yield/<br>Rate |
| <b>Loans:</b>                             |                     |                     |                |                     |                     |                |
| Residential real estate                   | \$ 2,115,899        | 26,210              | 4.95%          | \$ 1,812,018        | 22,400              | 4.94%          |
| Commercial real estate                    | 1,572,433           | 30,773              | 7.83           | 1,737,518           | 26,483              | 6.10           |
| Consumer                                  | 538,321             | 8,972               | 6.67           | 467,716             | 5,384               | 4.60           |
| Lease financing                           | 1,433               | 29                  | 8.09           | 8,219               | 192                 | 9.34           |
| Commercial business                       | 91,979              | 2,015               | 8.76           | 98,391              | 1,698               | 6.90           |
| Small business                            | 226,153             | 4,542               | 8.03           | 190,849             | 3,438               | 7.21           |
| <b>Total loans</b>                        | <b>4,546,218</b>    | <b>72,541</b>       | <b>6.38</b>    | <b>4,314,711</b>    | <b>59,595</b>       | <b>5.52</b>    |
| Investments tax exempt                    | 386,073             | 5,615(1)            | 5.82           | 221,247             | 3,051(1)            | 5.52           |
| Investments taxable                       | 643,436             | 8,779               | 5.46           | 689,882             | 9,242               | 5.36           |
| <b>Total interest earning assets</b>      | <b>5,575,727</b>    | <b>86,935</b>       | <b>6.24%</b>   | <b>5,225,840</b>    | <b>71,888</b>       | <b>5.50%</b>   |
| Goodwill and core deposit intangibles     | 79,092              |                     |                | 80,979              |                     |                |
| Other non-interest earning assets         | 343,890             |                     |                | 266,665             |                     |                |
| <b>Total Assets</b>                       | <b>\$ 5,998,709</b> |                     |                | <b>\$ 5,573,484</b> |                     |                |
| <b>Deposits:</b>                          |                     |                     |                |                     |                     |                |
| Savings                                   | \$ 309,007          | 281                 | 0.36%          | \$ 262,549          | 179                 | 0.27%          |
| NOW                                       | 692,128             | 866                 | 0.50           | 622,308             | 582                 | 0.37           |
| Money market                              | 887,858             | 3,902               | 1.74           | 903,602             | 2,423               | 1.07           |
| Certificate of deposit                    | 797,187             | 6,687               | 3.33           | 736,704             | 4,350               | 2.35           |
| <b>Total interest bearing deposits</b>    | <b>2,686,180</b>    | <b>11,736</b>       | <b>1.73</b>    | <b>2,525,163</b>    | <b>7,534</b>        | <b>1.19</b>    |
| Short-term borrowed funds                 | 282,474             | 2,805               | 3.94           | 272,075             | 1,379               | 2.02           |
| Advances from FHLB                        | 1,345,033           | 15,565              | 4.59           | 1,339,051           | 11,458              | 3.40           |
| Long-term debt                            | 37,650              | 617                 | 6.50           | 36,376              | 500                 | 5.47           |
| <b>Total interest bearing liabilities</b> | <b>4,351,337</b>    | <b>30,723</b>       | <b>2.80</b>    | <b>4,172,665</b>    | <b>20,871</b>       | <b>1.99</b>    |
| Demand deposits                           | 1,018,169           |                     |                | 846,528             |                     |                |
| Non-interest bearing other liabilities    | 63,021              |                     |                | 35,214              |                     |                |

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|   |              |       |              |       |
|---|--------------|-------|--------------|-------|
| Total Liabilities                                       | 5,432,527    |       | 5,054,407    |       |
| Stockholder's equity                                    | 566,182      |       | 519,077      |       |
| <br>  |              |       |              |       |
| Total liabilities and stockholder's equity              | \$ 5,998,709 |       | \$ 5,573,484 |       |
| <br>  |              |       |              |       |
| Net tax equivalent interest income/ net interest spread | \$ 56,212    | 3.44% | \$ 51,017    | 3.51% |
| <br>  |              |       |              |       |
| Tax equivalent adjustment                               | (1,965)      |       | (1,068)      |       |
| Capitalized interest from real estate operations        | 513          |       | 390          |       |
| <br>  |              |       |              |       |
| Net interest income                                     | 54,760       |       | 50,339       |       |

**Margin**

|  |  |       |  |       |
|--|--|-------|--|-------|
| Interest income/interest earning assets  |  | 6.24% |  | 5.50% |
| Interest expense/interest earning assets |  | 2.19  |  | 1.59  |
| <br>                                     |  |       |  |       |
| Net interest margin (tax equivalent)     |  | 4.05% |  | 3.91% |

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

**Bank Operations**  
**Average Balance Sheet Yield / Rate Analysis**

For the Years Ended

| (in thousands)                            | December 31, 2005   |                 |              | December 31, 2004   |                 |              |
|---|---------------------|-----------------|--------------|---------------------|-----------------|--------------|
|   | Average Balance     | Revenue/Expense | Yield/Rate   | Average Balance     | Revenue/Expense | Yield/Rate   |
| <b>Loans:</b>                             |                     |                 |              |                     |                 |              |
| Residential real estate                   | \$ 2,177,432        | 106,992         | 4.91%        | \$ 1,527,911        | 72,758          | 4.76%        |
| Commercial real estate                    | 1,674,033           | 120,235         | 7.18         | 1,683,068           | 96,585          | 5.74         |
| Consumer                                  | 514,822             | 31,348          | 6.09         | 421,167             | 17,959          | 4.26         |
| Lease financing                           | 3,772               | 394             | 10.45        | 10,771              | 1,125           | 10.44        |
| Commercial business                       | 90,648              | 7,061           | 7.79         | 101,288             | 6,423           | 6.34         |
| Small business                            | 211,371             | 16,520          | 7.82         | 183,642             | 13,118          | 7.14         |
| <b>Total loans</b>                        | <b>4,672,078</b>    | <b>282,550</b>  | <b>6.05</b>  | <b>3,927,847</b>    | <b>207,968</b>  | <b>5.29</b>  |
| Investments tax exempt                    | 368,807             | 21,391(1)       | 5.80         | 110,748             | 5,988           | 5.41         |
| Investments taxable                       | 702,554             | 37,201          | 5.30         | 641,411             | 34,995          | 5.46         |
| <b>Total interest earning assets</b>      | <b>5,743,439</b>    | <b>341,142</b>  | <b>5.94%</b> | <b>4,680,006</b>    | <b>248,951</b>  | <b>5.32%</b> |
| Goodwill and core deposit intangibles     | 79,714              |                 |              | 81,622              |                 |              |
| Other non-interest earning assets         | 309,472             |                 |              | 251,631             |                 |              |
| <b>Total Assets</b>                       | <b>\$ 6,132,625</b> |                 |              | <b>\$ 5,013,259</b> |                 |              |
| <b>Deposits:</b>                          |                     |                 |              |                     |                 |              |
| Savings                                   | \$ 298,867          | 909             | 0.30%        | \$ 243,906          | 652             | 0.27%        |
| NOW                                       | 677,241             | 2,964           | 0.44         | 585,857             | 2,163           | 0.37         |
| Money market                              | 904,941             | 13,629          | 1.51         | 903,585             | 8,698           | 0.96         |
| Certificate of deposit                    | 784,525             | 22,582          | 2.88         | 733,717             | 16,842          | 2.30         |
| <b>Total deposits</b>                     | <b>2,665,574</b>    | <b>40,084</b>   | <b>1.50</b>  | <b>2,467,065</b>    | <b>28,355</b>   | <b>1.15</b>  |
| Short-term borrowed funds                 | 314,782             | 9,760           | 3.10         | 252,718             | 3,349           | 1.33         |
| Advances from FHLB                        | 1,538,852           | 62,175          | 4.04         | 959,588             | 37,689          | 3.93         |
| Long-term debt                            | 36,526              | 2,440           | 6.68         | 36,220              | 2,002           | 5.53         |
| <b>Total interest bearing liabilities</b> | <b>4,555,734</b>    | <b>114,459</b>  | <b>2.51</b>  | <b>3,715,591</b>    | <b>71,395</b>   | <b>1.92</b>  |
| Demand deposits                           | 979,075             |                 |              | 765,084             |                 |              |
| Non-interest bearing other liabilities    | 53,150              |                 |              | 29,111              |                 |              |
| <b>Total Liabilities</b>                  | <b>5,587,959</b>    |                 |              | <b>4,509,786</b>    |                 |              |

|  |              |       |              |       |
|--|--------------|-------|--------------|-------|
| Stockholder's equity                             | 544,666      |       | 503,473      |       |
| Total liabilities and stockholder's equity       | \$ 6,132,625 |       | \$ 5,013,259 |       |
| Net interest income/net interest spread          | \$ 226,683   | 3.43% | \$ 177,556   | 3.40% |
| Tax equivalent adjustment                        | (7,487)      |       | (2,096)      |       |
| Capitalized interest from real estate operations | 1,879        |       | 1,398        |       |
| Net interest income                              | 221,075      |       | 176,858      |       |
| <b>Margin</b>                                    |              |       |              |       |
| Interest income/interest earning assets          |              | 5.94% |              | 5.32% |
| Interest expense/interest earning assets         |              | 1.99  |              | 1.53  |
| Net interest margin                              |              | 3.95% |              | 3.79% |

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

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

| (in thousands)   | For the Three Months Ended |           |           |           | For the Years Ended |            |            |
|--|----------------------------|-----------|-----------|-----------|---------------------|------------|------------|
|  | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004          | 12/31/2005 | 12/31/2004 |
| <b><u>Allowance for Loan Losses</u></b>                  |                            |           |           |           |                     |            |            |
| <b>Beginning balance</b>                                 | \$ 40,695                  | 43,650    | 43,042    | 46,010    | \$ 48,778           | 46,010     | 45,595     |
| <b>Charge-offs:</b>                                      |                            |           |           |           |                     |            |            |
| Residential real estate                                  | (8)                        | (191)     | (56)      | (198)     | (76)                | (453)      | (582)      |
| Commercial real estate                                   |                            |           |           |           | (645)               |            | (645)      |
| Commercial business                                      | (119)                      | (222)     | (511)     | (286)     | (762)               | (1,138)    | (1,615)    |
| Consumer   | (91)                       | (99)      | (43)      | (106)     | (71)                | (339)      | (778)      |
| Small business   | (102)                      | (68)      | (466)     | (128)     | (233)               | (764)      | (456)      |
| <b>Total charge-offs</b>                                 | (320)                      | (580)     | (1,076)   | (718)     | (1,787)             | (2,694)    | (4,076)    |
| <b>Recoveries:</b>                                       |                            |           |           |           |                     |            |            |
| Residential real estate                                  | 9                          | 55        |           | 1         | 190                 | 65         | 486        |
| Commercial real estate                                   |                            |           |           |           | 2,000               |            | 4,052      |
| Commercial business                                      | 306                        | 355       | 345       | 116       | 259                 | 1,122      | 2,100      |
| Consumer   | 238                        | 159       | 121       | 176       | 266                 | 694        | 1,011      |
| Small business   | 205                        | 289       | 220       | 185       | 231                 | 899        | 1,430      |
| Other  | 168                        | 177       | 178       | 1,188     | 77                  | 1,711      | 521        |
| <b>Total recoveries</b>                                  | 926                        | 1,035     | 864       | 1,666     | 3,023               | 4,491      | 9,600      |
| <b>Net (charge-offs) recoveries</b>                      | 606                        | 455       | (212)     | 948       | 1,236               | 1,797      | 5,524      |
| <b>Provision (recovery) for loan losses</b>              | (109)                      | (3,410)   | 820       | (3,916)   | (4,004)             | (6,615)    | (5,109)    |
| <b>Ending balance</b>                                    | \$ 41,192                  | 40,695    | 43,650    | 43,042    | 46,010              | 41,192     | 46,010     |
| Annualized net charge-offs (recoveries) to average loans | %                          | (0.05)    | (0.04)    | 0.02      | (0.08)              | (0.11)     | (0.14)     |

As of

|  |    | 12/31/2005 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004 |
|--|----|------------|-----------|-----------|-----------|------------|
| <b><u>Credit Quality</u></b>                         |    |            |           |           |           |            |
| Nonaccrual loans                                     | \$ | 6,801      | 6,883     | 5,785     | 6,504     | 7,903      |
| Nonaccrual tax certificates                          |    | 388        | 385       | 562       | 417       | 381        |
| Real estate owned                                    |    | 967        | 912       | 1,178     | 1,438     | 692        |
| Other repossessed assets                             |    |            | 46        | 328       |           |            |
| Total nonperforming assets                           | \$ | 8,156      | 8,226     | 7,853     | 8,359     | 8,976      |
| Nonperforming assets to total loans and other assets | %  | 0.17       | 0.17      | 0.16      | 0.17      | 0.19       |
| Allowance for loan losses to total loans             | %  | 0.91       | 0.89      | 0.90      | 0.92      | 1.00       |
| Provision expense (recovery) to average loans        | %  | (0.01)     | (0.29)    | 0.07      | (0.34)    | (0.37)     |
| Allowance to nonperforming loans                     | %  | 605.68     | 591.24    | 754.54    | 661.78    | 582.18     |

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

| (in thousands)  | For the Three Months Ended |            |               |              | For the Years Ended |               |               |
|---|----------------------------|------------|---------------|--------------|---------------------|---------------|---------------|
|   | 12/31/2005                 | 9/30/2005  | 6/30/2005     | 3/31/2005    | 12/31/2004          | 12/31/2005    | 12/31/2004    |
| <b>Revenues</b>   |                            |            |               |              |                     |               |               |
| Principal transactions  | \$ 20,900                  | 22,895     | 36,690        | 19,802       | 24,925              | 100,287       | 90,415        |
| Investment banking Commissions                                    | 4,511                      | 3,741      | 25,394        | 11,882       | 3,753               | 45,528        | 48,245        |
| Interest, dividends and other                                     | 21,891                     | 21,390     | 19,478        | 20,315       | 23,109              | 83,074        | 89,289        |
|   | 6,848                      | 6,098      | 5,842         | 5,634        | 4,114               | 24,422        | 15,206        |
| Total operating revenues  | 54,150                     | 54,124     | 87,404        | 57,633       | 55,901              | 253,311       | 243,155       |
| <b>Operating expenses</b>   |                            |            |               |              |                     |               |               |
| Compensation, benefits  | 37,764                     | 39,358     | 49,766        | 38,437       | 39,439              | 165,325       | 158,868       |
| Professional fees   | 2,287                      | 1,411      | 1,591         | 1,417        | 2,044               | 6,706         | 5,482         |
| Communications  | 3,470                      | 3,371      | 3,508         | 3,205        | 3,301               | 13,554        | 12,527        |
| Occupancy and equipment   | 3,887                      | 4,025      | 3,786         | 4,118        | 5,095               | 15,816        | 15,429        |
| Floor broker and clearing fees                                    | 2,433                      | 2,305      | 2,012         | 2,368        | 2,452               | 9,118         | 9,835         |
| Interest and other  | 4,291                      | 3,495      | 4,733         | 3,522        | 2,318               | 16,041        | 11,841        |
| Total operating expenses  | 54,132                     | 53,965     | 65,396        | 53,067       | 54,649              | 226,560       | 213,982       |
| Income (loss) from Ryan Beck business segment before income taxes | 18                         | 159        | 22,008        | 4,566        | 1,252               | 26,751        | 29,173        |
| Provision (benefit) for income taxes                              | (544)                      | (264)      | 8,977         | 2,036        | 11                  | 10,205        | 11,689        |
| <b>Net income from Ryan Beck business segment</b>                 | <b>\$ 562</b>              | <b>423</b> | <b>13,031</b> | <b>2,530</b> | <b>1,241</b>        | <b>16,546</b> | <b>17,484</b> |
| <b>Statistics:</b>  |                            |            |               |              |                     |               |               |
| Average tangible assets   | \$ 219,537                 | 208,883    | 184,601       | 171,833      | 178,967             | 196,951       | 171,727       |
| Average tangible equity   | 99,420                     | 99,195     | 85,735        | 85,248       | 83,242              | 93,621        | 79,856        |
|   | %                          | 1.02       | 0.81          | 28.24        | 5.89                | 2.77          | 8.40          |
|   |                            |            |               |              |                     | 10.18         |               |

|  |       |       |       |       |       |       |       |
|--|-------|-------|-------|-------|-------|-------|-------|
| GAAP return on average tangible assets       |       |       |       |       |       |       |       |
| GAAP return on average tangible equity       | 2.26  | 1.71  | 60.80 | 11.87 | 5.96  | 17.67 | 21.89 |
| Compensation as a percent of revenues        | 69.74 | 72.72 | 56.94 | 66.69 | 70.55 | 65.27 | 65.34 |
| Commissions to total revenues                | 40.43 | 39.52 | 22.29 | 35.25 | 41.34 | 32.80 | 36.72 |
| Principal transactions to total revenues     | 38.60 | 42.30 | 41.98 | 34.36 | 44.59 | 39.59 | 37.18 |
| Investment banking revenue to total revenues | 8.33  | 6.91  | 29.05 | 20.62 | 6.71  | 17.97 | 19.84 |

**Condensed Statements of Financial Condition Unaudited**

| (in thousands)                                   | 12/31/2005 | 9/30/2005 | As of<br>6/30/2005 | 3/31/2005 | 12/31/2004 |
|--|------------|-----------|--------------------|-----------|------------|
| <b>ASSETS</b>                                    |            |           |                    |           |            |
| Cash and cash equivalents                        | \$ 5,366   | 5,388     | 4,103              | 6,312     | 3,674      |
| Securities                                       | 180,292    | 120,298   | 109,095            | 142,294   | 125,443    |
| Notes receivable                                 | 3,360      | 3,702     | 4,043              | 4,386     | 6,096      |
| Property and equipment, net                      | 7,573      | 7,503     | 6,795              | 7,020     | 7,472      |
| Goodwill   | 6,184      | 6,184     | 6,184              | 6,184     | 6,184      |
| Due from clearing agent                          |            | 15,650    | 22,091             | 1,120     | 16,619     |
| Other assets                                     | 35,751     | 37,332    | 51,338             | 29,426    | 28,129     |
| <b>Total assets</b>                              | \$ 238,526 | 196,057   | 203,649            | 196,742   | 193,617    |
| <b>LIABILITIES AND STOCKHOLDERS EQUITY</b>       |            |           |                    |           |            |
| Liabilities:                                     |            |           |                    |           |            |
| Securities sold not yet purchased                | \$ 35,177  | 20,688    | 28,184             | 60,276    | 39,462     |
| Due to clearing agent                            | 24,486     |           |                    |           |            |
| Other liabilities                                | 72,627     | 69,695    | 70,214             | 44,246    | 63,974     |
| Total liabilities                                | 132,290    | 90,383    | 98,398             | 104,522   | 103,436    |
| <b>Stockholders equity</b>                       | 106,236    | 105,674   | 105,251            | 92,220    | 90,181     |
| <b>Total liabilities and stockholders equity</b> | \$ 238,526 | 196,057   | 203,649            | 196,742   | 193,617    |



**Parent Company Business Segment Activities**  
**Condensed Statements of Operations Unaudited**

| (in thousands)  | For the Three Months Ended |           |           |           | For Years Ended |            |            |
|---|----------------------------|-----------|-----------|-----------|-----------------|------------|------------|
|   | 12/31/2005                 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004      | 12/31/2005 | 12/31/2004 |
| Net interest (expense)  | \$ (4,583)                 | (4,457)   | (4,157)   | (3,892)   | (3,593)         | (17,089)   | (14,451)   |
| Income from unconsolidated subsidiaries                                 | 211                        | 142       | 137       | 131       | 126             | 621        | 485        |
| Gains on sales of securities  | 475                        | 158       | 3         | 95        | 3,613           | 731        | 3,693      |
| Litigation settlement   |                            |           |           |           |                 |            | 22,840     |
| Employee compensation and benefits                                      | (1,048)                    | (991)     | (1,048)   | (960)     | (778)           | (4,047)    | (3,042)    |
| Other income (expense)  | 210                        | (208)     | (168)     | (779)     | (536)           | (945)      | (2,088)    |
| <b>Income (loss) from parent company activities before income taxes</b> | (4,735)                    | (5,356)   | (5,233)   | (5,405)   | (1,168)         | (20,729)   | 7,437      |
| Provision (benefit) for income taxes                                    | (1,673)                    | (1,902)   | (1,968)   | (1,892)   | (409)           | (7,435)    | 2,692      |
| <b>Net income (loss) from parent company business segment</b>           | \$ (3,062)                 | (3,454)   | (3,265)   | (3,513)   | (759)           | (13,294)   | 4,745      |
| <b><u>Reconciliation of Operating and business segment income</u></b>   |                            |           |           |           |                 |            |            |
| Business segment net income   | \$ (3,062)                 | (3,454)   | (3,265)   | (3,513)   | (759)           | (13,294)   | 4,745      |
| Litigation settlement   |                            |           |           |           |                 |            | (14,785)   |
| <b>Operating loss</b>   | \$ (3,062)                 | (3,454)   | (3,265)   | (3,513)   | (759)           | (13,294)   | (10,040)   |

**Condensed Statements of Financial Condition Unaudited**

| (in thousands) | As of      |           |           |           |            |
|----------------|------------|-----------|-----------|-----------|------------|
|                | 12/31/2005 | 9/30/2005 | 6/30/2005 | 3/31/2005 | 12/31/2004 |

**ASSETS**

|   |    |                |                |                |                |                |
|---|----|----------------|----------------|----------------|----------------|----------------|
| Cash                                      | \$ | 7,342          | 12,783         | 11,218         | 8,032          | 9,131          |
| Securities                                |    | 104,602        | 103,755        | 100,592        | 85,711         | 64,656         |
| Notes receivable from related parties     |    |                |                |                | 16,000         | 38,000         |
| Investment in subsidiaries                |    | 650,968        | 658,454        | 647,207        | 619,111        | 607,061        |
| Investment in unconsolidated subsidiaries |    | 12,528         | 12,510         | 7,910          | 7,910          | 7,910          |
| Other assets                              |    | 8,146          | 7,075          | 13,905         | 15,452         | 8,918          |
| <b>Total assets</b>                       | \$ | <b>783,586</b> | <b>794,577</b> | <b>780,832</b> | <b>752,216</b> | <b>735,676</b> |

**LIABILITIES AND STOCKHOLDERS EQUITY**

|  |    |                |                |                |                |                |
|--|----|----------------|----------------|----------------|----------------|----------------|
| Subordinated debentures and notes payable        | \$ | 263,266        | 263,266        | 263,266        | 263,266        | 263,366        |
| Other liabilities                                |    | 4,094          | 7,919          | 7,172          | 7,969          | 3,045          |
| Total liabilities                                |    | 267,360        | 271,185        | 270,438        | 271,235        | 266,411        |
| <b>Stockholders equity</b>                       |    | <b>516,226</b> | <b>523,392</b> | <b>510,394</b> | <b>480,981</b> | <b>469,265</b> |
| <b>Total liabilities and stockholders equity</b> | \$ | <b>783,586</b> | <b>794,577</b> | <b>780,832</b> | <b>752,216</b> | <b>735,676</b> |