

BANKATLANTIC BANCORP INC

Form 10-Q

August 09, 2007

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q**

**x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2007**

OR

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

For the transition period from _____ to _____

Commission file number 34-027228

BankAtlantic Bancorp, Inc.

(Exact name of registrant as specified in its charter)

Florida

(State or other jurisdiction of
incorporation or organization)

65-0507804

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

**2100 West Cypress Creek Road
Fort Lauderdale, Florida**

(Address of principal executive offices)

33309

(Zip Code)

(954) 940-5000

(Registrant's telephone number, including area code)

Not Applicable

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. x YES o NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer o

Accelerated filer x

Non-accelerated filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o YES x NO

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

| Title of Each Class | Outstanding at August 3, 2007 |
|--|--|
| Class A Common Stock, par value \$0.01 per share | 53,047,139 |
| Class B Common Stock, par value \$0.01 per share | 4,876,124 |

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CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION UNAUDITED**

| (In thousands, except share data) | June 30, 2007 | December 31, 2006 |
|--|--------------------------|----------------------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 150,000 | \$ 138,904 |
| Securities available for sale and financial instruments (at fair value) | 682,179 | 651,316 |
| Investment securities at cost (approximate fair value: \$291,019 and \$209,020) | 278,169 | 206,682 |
| Tax certificates, net of allowance of \$3,829 and \$3,699 | 230,540 | 195,391 |
| Federal Home Loan Bank stock, at cost which approximates fair value | 74,003 | 80,217 |
| Loans receivable, net of allowance for loan losses of \$54,754 and \$43,602 | 4,611,710 | 4,586,607 |
| Loans held for sale | 6,980 | 9,313 |
| Real estate held for development or sale | 25,110 | 25,333 |
| Real estate owned | 23,886 | 21,747 |
| Office properties and equipment, net | 241,327 | 219,717 |
| Deferred tax asset, net | 17,021 | 13,593 |
| Goodwill and other intangibles | 76,586 | 77,324 |
| Other assets | 77,536 | 78,755 |
| Discontinued operations assets held for sale | | 190,763 |
| Total assets | \$ 6,495,047 | \$ 6,495,662 |
| LIABILITIES AND STOCKHOLDERS EQUITY | | |
| Liabilities: | | |
| Deposits: | | |
| Non-interest bearing | \$ 971,260 | \$ 995,920 |
| Interest bearing | 3,045,883 | 2,871,116 |
| Total deposits | 4,017,143 | 3,867,036 |
| Advances from FHLB | 1,397,051 | 1,517,058 |
| Short term borrowings | 188,102 | 133,958 |
| Subordinated debentures and bonds payable | 318,437 | 293,189 |
| Other liabilities | 61,590 | 64,193 |
| Discontinued operations liabilities held for sale | | 95,246 |
| Total liabilities | 5,982,323 | 5,970,680 |
| Commitments and contingencies | | |
| Stockholders equity: | | |
| Class A common stock, issued and outstanding 53,212,871 and 56,157,425 shares | 532 | 562 |
| Class B common stock, issued and outstanding 4,876,124 and 4,876,124 shares | 49 | 49 |

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| | | |
|---|---------------------|---------------------|
| Additional paid-in capital | 231,639 | 260,460 |
| Retained earnings | 278,282 | 265,089 |
| Total stockholders' equity before accumulated other comprehensive income (loss) | 510,502 | 526,160 |
| Accumulated other comprehensive income (loss) | 2,222 | (1,178) |
| Total stockholders' equity | 512,724 | 524,982 |
| Total liabilities and stockholders' equity | \$ 6,495,047 | \$ 6,495,662 |

See Notes to Consolidated Financial Statements Unaudited

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

| (In thousands, except share and per share data) | For the Three Months Ended June 30, | | For the Six Months Ended June 30, | |
|--|--|-----------------------------------|--|-----------------------------------|
| | 2007 | 2006 (As adjusted) | 2007 | 2006 (As adjusted) |
| Interest income: | | | | |
| Interest and fees on loans | \$ 79,914 | \$ 75,765 | \$ 159,501 | \$ 151,151 |
| Interest and dividends on taxable securities | 10,061 | 8,710 | 20,218 | 17,391 |
| Interest on tax exempt securities | 3,800 | 3,862 | 7,596 | 7,668 |
| Total interest income | 93,775 | 88,337 | 187,315 | 176,210 |
| Interest expense: | | | | |
| Interest on deposits | 21,473 | 13,852 | 40,475 | 26,606 |
| Interest on advances from FHLB | 18,103 | 13,007 | 36,826 | 27,146 |
| Interest on short term borrowings | 2,010 | 4,931 | 4,565 | 7,506 |
| Interest on secured borrowings | | | | 2,401 |
| Interest on subordinated debentures and bonds payable | 6,136 | 6,377 | 12,250 | 12,340 |
| Capitalized interest on real estate development | | (289) | | (769) |
| Total interest expense | 47,722 | 37,878 | 94,116 | 75,230 |
| Net interest income | 46,053 | 50,459 | 93,199 | 100,980 |
| Provision for (recovery from) loan losses | 4,917 | (20) | 12,378 | 143 |
| Net interest income after provision for (recovery from) loan losses | 41,136 | 50,479 | 80,821 | 100,837 |
| Non-interest income: | | | | |
| Service charges on deposits | 25,808 | 21,274 | 50,403 | 40,373 |
| Other service charges and fees | 7,524 | 7,353 | 14,557 | 13,575 |
| Securities activities, net | 8,813 | 2,830 | 10,368 | 5,371 |
| Other | 3,339 | 6,166 | 6,908 | 8,664 |
| Total non-interest income | 45,484 | 37,623 | 82,236 | 67,983 |
| Non-interest expense: | | | | |
| Employee compensation and benefits | 37,908 | 37,590 | 78,998 | 73,426 |
| Occupancy and equipment | 15,927 | 13,429 | 31,871 | 26,043 |
| Impairment of real estate held for sale | 1,056 | | 1,056 | |
| Advertising and promotion | 4,209 | 7,400 | 10,067 | 16,018 |
| Professional fees | 1,368 | 2,374 | 3,081 | 4,691 |
| Check losses | 2,731 | 1,875 | 4,588 | 3,121 |
| Supplies and postage | 1,632 | 1,737 | 3,485 | 3,398 |
| Telecommunication | 1,556 | 1,158 | 2,937 | 2,311 |

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| | | | | | |
|---|------------|------------|------------|------------|--|
| One-time termination benefits | | | 2,553 | | |
| Other | 6,790 | 8,527 | 14,034 | 14,830 | |
| Total non-interest expense | 73,177 | 74,090 | 152,670 | 143,838 | |
| Income from continuing operations before income taxes | 13,443 | 14,012 | 10,387 | 24,982 | |
| Provision for income taxes | 1,715 | 3,569 | 863 | 6,517 | |
| Income from continuing operations | 11,728 | 10,443 | 9,524 | 18,465 | |
| Discontinued operations, (less applicable income tax benefit of (\$58), (\$1,524) and (\$4,124), (\$3,115)) | (108) | (2,367) | 7,812 | (3,932) | |
| Net income | \$ 11,620 | \$ 8,076 | \$ 17,336 | \$ 14,533 | |
| Earnings per share | | | | | |
| Basic earnings per share from continuing operations | \$ 0.20 | \$ 0.17 | \$ 0.16 | \$ 0.30 | |
| Basic (loss) earnings per share from discontinued operations | | (0.04) | 0.13 | (0.06) | |
| Basic earnings per share | \$ 0.20 | \$ 0.13 | \$ 0.29 | \$ 0.24 | |
| Diluted earnings per share from continuing operations | \$ 0.20 | \$ 0.17 | \$ 0.16 | \$ 0.29 | |
| Diluted (loss) earnings per share from discontinued operations | (0.01) | (0.04) | 0.12 | (0.06) | |
| Diluted earnings per share | \$ 0.19 | \$ 0.13 | \$ 0.28 | \$ 0.23 | |
| Basic weighted average number of common shares outstanding | 59,189,556 | 61,324,163 | 59,908,285 | 61,165,666 | |
| Diluted weighted average number of common and common equivalent shares outstanding | 59,929,238 | 62,819,871 | 60,921,567 | 62,791,678 | |

See Notes to Consolidated Financial Statements Unaudited

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BANKATLANTIC BANCORP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND COMPREHENSIVE INCOME
For the Six Months Ended June 30, 2006 and 2007 Unaudited

| (In thousands) | Compre- hensive Income | Common Stock | Addi- tional Paid-in Capital | Retained Earnings | Unearned Compen- sation Restricted Stock Grants | Accumul- ated Other Compre- hensive loss | Total |
|---|------------------------------|-----------------|---------------------------------------|----------------------|--|---|------------|
| BALANCE, DECEMBER 31, 2005 | | \$ 608 | \$ 261,720 | \$ 261,279 | \$ (936) | \$ (6,335) | \$ 516,336 |
| Cumulative effect adjustment upon adoption of Staff Accounting Bulletin No. 108 (SAB No. 108) (less tax benefit of \$1,193) | | | | (1,899) | | | (1,899) |
| Cumulative effect adjustment upon adoption of Statement of Financial Accounting Standards No. 123R | | (1) | (935) | | 936 | | |
| Net income | \$ 14,533 | | | 14,533 | | | 14,533 |
| Other comprehensive loss, net of tax: | | | | | | | |
| Unrealized losses on securities available for sale (less income tax benefit of \$1,961) | (3,053) | | | | | | |
| Reclassification adjustment for net gain included in net income (less income tax expense of \$2,072) | (3,299) | | | | | | |
| Other comprehensive loss | (6,352) | | | | | (6,352) | (6,352) |
| Comprehensive income | \$ 8,181 | | | | | | |
| Dividends on Class A common stock | | | | (4,293) | | | (4,293) |

| | | | | | | | |
|--|-----------|------------|------------|---------|-------------|------------|---------|
| Dividends on Class B common stock | | | | (370) | | | (370) |
| Issuance of Class A common stock upon exercise of stock options | 13 | 5,374 | | | | | 5,387 |
| Tax effect relating to share-based compensation | | 3,553 | | | | | 3,553 |
| Retirement of Class A common stock relating to exercise of stock options | (5) | (7,009) | | | | | (7,014) |
| Share based compensation expense | | 2,246 | | | | | 2,246 |
| Purchase and retirement of Class A common stock | (2) | (3,624) | | | | | (3,626) |
| BALANCE, JUNE 30, 2006 | \$ 613 | \$ 261,325 | \$ 269,250 | \$ | \$ (12,687) | \$ 518,501 | |
| BALANCE, DECEMBER 31, 2006 | \$ 611 | \$ 260,460 | \$ 265,089 | \$ | \$ (1,178) | \$ 524,982 | |
| Net income | \$ 17,336 | | 17,336 | | | 17,336 | |
| Other comprehensive loss, net of tax: | | | | | | | |
| Unrealized gains on securities available for sale (less income tax expense of \$3,229) | 7,033 | | | | | | |
| Reclassification adjustment for net gain included in net income (less income tax expense of \$1,668) | (3,633) | | | | | | |
| Other comprehensive income | 3,400 | | | | 3,400 | 3,400 | |
| Comprehensive income | \$ 20,736 | | | | | | |
| Dividends on Class A common stock | | | | (4,443) | | | (4,443) |
| Dividends on Class B common stock | | | | (400) | | | (400) |
| | | | | 700 | | | 700 |

| | | | | | | |
|--|---------------|-------------------|-------------------|-----------|-----------------|-------------------|
| Cumulative effect adjustment upon adoption of FASB Interpretation No. 48 | | | | | | |
| Issuance of Class A common stock upon exercise of stock options | 4 | 2,220 | | | | 2,224 |
| Tax effect relating to share-based compensation | | 1,250 | | | | 1,250 |
| Purchase and retirement of Class A common stock | (34) | (36,368) | | | | (36,402) |
| Share based compensation expense | | 4,077 | | | | 4,077 |
| BALANCE, JUNE 30, 2007 | \$ 581 | \$ 231,639 | \$ 278,282 | \$ | \$ 2,222 | \$ 512,724 |

See Notes to Consolidated Financial Statements Unaudited

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

| (In thousands) | For the Six Months Ended June 30, | |
|---|--|-----------------|
| | 2007 | 2006 |
| Net cash provided by (used in) operating activities | \$ 15,463 | \$ (18,392) |
| Investing activities: | | |
| Proceeds from redemption and maturities of investment securities and tax certificates | 98,843 | 84,669 |
| Purchase of investment securities and tax certificates | (142,092) | (135,145) |
| Purchase of securities available for sale | (122,158) | (86,820) |
| Proceeds from sales and maturities of securities available for sale | 150,574 | 93,641 |
| Purchases of FHLB stock | (4,950) | (15,075) |
| Redemption of FHLB stock | 11,164 | 22,339 |
| Investments in unconsolidated subsidiaries | (3,592) | (4,081) |
| Distributions from unconsolidated subsidiaries | 7,889 | 4,549 |
| Net (increase) decrease in loans | (36,918) | 30,379 |
| Improvements to real estate owned | (1,762) | |
| Proceeds from sales of real estate owned | 732 | 1,708 |
| Net additions to office properties and equipment | (32,670) | (39,689) |
| Net proceeds from the sale of Ryan Beck Holdings, Inc. | 2,628 | |
| Net cash used in investing activities | (72,312) | (43,525) |
| Financing activities: | | |
| Net increase in deposits | 150,107 | 82,330 |
| Repayments of FHLB advances | (1,745,000) | (1,436,344) |
| Proceeds from FHLB advances | 1,625,000 | 1,280,000 |
| (Decrease) increase in securities sold under agreements to repurchase | (24,492) | 80,073 |
| Increase in federal funds purchased | 78,636 | 84,847 |
| Repayments of secured borrowings | | (26,516) |
| Repayment of notes and bonds payable | (526) | (6,714) |
| Proceeds from issuance of junior subordinated debentures | 25,000 | |
| Proceeds from notes payable | | 5,000 |
| Excess tax benefits from share-based compensation | | |