BBX CAPITAL CORP
Form 10-Q
August 14, 2012
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, 2012

OR

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

For the transition period from _______ to _______

Commission files number 001-13133

BBX CAPITAL CORPORATION

(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)

BankAtlantic Bancorp, Inc.

(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 [ ] NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). [X] YES [ ] 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 [ ] Accelerated filer [ ]
Non-accelerated filer [ ] Small reporting company [X]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). [ ] 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 10, 2012
Class A Common Stock, par value $0.01 per share	15,505,064
Class B Common Stock, par value $0.01 per share	195,045

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BBX CAPITAL CORPORATION AND SUBSIDARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION - UNAUDITED

(In thousands, except share data)		June 30, 2012	December 31, 2011
ASSETS			
Cash and interest bearing deposits in other banks	$	1,193,958	770,292
Securities available for sale, at fair value		26	46,435
Tax certificates, net of allowance of $3,519 and $7,488		5,293	46,488
Loans held for sale		47,029	55,601
Loans receivable, net of allowance for loan losses of $7,153 and $129,887		355,794	2,448,203
Accrued interest receivable		1,862	18,432
Real estate owned		86,195	87,174
Investments in unconsolidated companies		10,345	10,106
Office properties and equipment, net		2,127	139,165
Other assets		645	8,221
Assets held for sale		2,126,282	-
Federal Home Loan Bank ("FHLB") stock, at cost which approximates fair value		-	18,308
Real estate held for sale		2,374	3,898
Goodwill		-	13,081
Prepaid FDIC deposit insurance assessment		-	12,715
Total assets	$	3,831,930	3,678,119
LIABILITIES AND (DEFICIT) EQUITY			
Liabilities:			
Deposits			
Interest bearing deposits	$	-	2,433,226
Non-interest bearing deposits		-	846,857
Deposits held for sale		3,450,529	-
Total deposits		3,450,529	3,280,083
Subordinated debentures		-	22,000

Junior subordinated debentures		345,092	337,114
Other liabilities		21,718	55,848
Other liabilities held for sale		58,347	-
Total liabilities		3,875,686	3,695,045
Commitments and contingencies (Note 10)			
(Deficit) Equity:			
Preferred stock, $.01 par value, 10,000,000 shares authorized; none issued and outstanding		-	-
Class A common stock, $.01 par value, authorized 25,000,000 shares; issued and outstanding 15,505,064 and 15,434,564 shares		155	154
Class B common stock, $.01 par value, authorized 1,800,000 shares; issued and outstanding 195,045 and 195,045 shares		2	2
Additional paid-in capital		330,263	329,995
Accumulated deficit		(353,207)	(326,692)
Accumulated other comprehensive loss		(20,969)	(20,385)
Total deficit		(43,756)	(16,926)
Total liabilities and deficit	$	3,831,930	3,678,119

See Notes to Consolidated Financial Statements - Unaudited

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BBX CAPITAL CORPORATION AND SUBSIDARIES

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,	
Interest income:	2012	2011	2012	2011
Interest and fees on loans	$ 7,287	11,166	15,622	22,968
Interest and dividends on taxable securities	-	1	-	37
Total interest income	7,287	11,167	15,622	23,005
Interest on subordinated debentures	4,126	3,854	8,293	7,638
Net interest income	3,161	7,313	7,329	15,367
(Recovery from) provision for loan losses	(627)	4,313	(1,392)	11,140
Net interest income after provision for loan losses	3,788	3,000	8,721	4,227
Non-interest income:				
Income from unconsolidated companies	119	432	239	813
Securities activities, net	-	(1,500)	-	(1,500)
Gain (loss) on sale of loans	-	10	3	(89)
Other	12	6	96	19
Total non-interest income	131	(1,052)	338	(757)
Non-interest expense:				
Employee compensation and benefits	4,269	6,303	9,528	11,826
Occupancy and equipment	1,691	2,692	3,859	5,736
Advertising and promotion	130	145	283	258
Professional fees	3,239	658	9,436	2,786
(Recoveries) on assets held for sale	(1,165)	-	(1,165)	-
Impairments on loans held for sale	196	754	459	1,382
Impairment of real estate owned	1,793	5,826	3,534	7,514
Other	2,126	3,276	4,656	5,874
Total non-interest expense	12,279	19,654	30,590	35,376

Loss from continuing operations before income taxes		(8,360)	(17,706)	(21,531)	(31,906)
Provision for income taxes		-	-	-	-
Loss from continuing operations		(8,360)	(17,706)	(21,531)	(31,906)
(Loss) income from discontinued operations		(3,947)	41,107	(4,984)	32,420
Net (loss) income		(12,307)	23,401	(26,515)	514
Less: net income attributable to non-controlling interest		-	(290)	-	(585)
Net (loss) income attributable to BBX Captial Corporation	$	(12,307)	23,111	(26,515)	(71)

Basic loss per share

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Continuing operations	$	(0.53)	(1.38)	(1.37)	(2.54)
Discontinued operations		(0.25)	3.15	(0.32)	2.53
Basic loss per share	$	(0.78)	1.77	(1.69)	(0.01)
Diluted loss per share					
Continuing operations	$	(0.53)	(1.38)	(1.37)	(2.54)
Discontinued operations		(0.25)	3.15	(0.32)	2.53
Diluted loss per share	$	(0.78)	1.77	(1.69)	(0.01)
Basic weighted average number of common shares outstanding		15,700,108	13,059,344	15,679,683	12,803,498
Diluted weighted average number of common and common equivalent shares outstanding		15,700,108	13,059,344	15,679,683	12,803,498

See Notes to Consolidated Financial Statements - Unaudited

BBX CAPITAL CORPORATION AND SUBSIDARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME - UNAUDITED

		For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In thousands, except share and per share data)		2012	2011	2012	2011
Net (loss) income	$	(12,307)	23,401	(26,515)	514
Other comprehensive (loss) income, net of tax:					
Unrealized (loss) gain on securities available for sale		(60)	461	(584)	(258)
Provision for income taxes		-	-	-	-
Unrealized (loss) gain on securities available for sale, net of tax		(60)	461	(584)	(258)
Reclassification adjustments:					
Net realized (loss) gain on securities available for sale		-	-	-	-
Reclassification adjustments		-	-	-	-
Other comprehensive (loss) income, net of tax		(60)	461	(584)	(258)
Comprehensive (loss) income		(12,367)	23,862	(27,099)	256
Less: comprehensive (loss) income attributable to noncontrolling interest		-	290	-	585
Total comprehensive (loss) income attributable to BBX Capital Corporation	$	(12,367)	23,572	(27,099)	(329)

See Notes to Consolidated Financial Statements - Unaudited

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF (DEFICIT) EQUITY

FOR THE SIX MONTHS ENDED JUNE 30, 2012 AND 2011 - UNAUDITED

(In thousands)		Common Stock	Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Loss	BBX Capital Corporation (Deficit) Equity	Non-Controlling Interest	Total (Deficit) Equity
BALANCE, DECEMBER 31, 2010	$	125	317,863	(297,615)	(6,088)	14,285	458	14,743
Net loss		-	-	(71)	-	(71)	585	514
Change in other comprehensive loss		-	-	-	(258)	(258)	-	(258)
Non-controlling interest distributions		-	-	-	-	-	(516)	(516)
Issuance of Class A Common Stock		32	10,969	-	-	11,001	-	11,001
Share based compensation expense		-	751	-	-	751	-	751
BALANCE, JUNE 30, 2011	$	157	329,583	(297,686)	(6,346)	25,708	527	26,235
BALANCE, DECEMBER 31, 2011	$	156	329,995	(326,692)	(20,385)	(16,926)	-	(16,926)
Net loss		-	-	(26,515)	-	(26,515)	-	(26,515)
Change in other comprehensive loss		-	-	-	(584)	(584)	-	(584)
Share based compensation expense		1	268	-	-	269	-	269
BALANCE, JUNE 30, 2012	$	157	330,263	(353,207)	(20,969)	(43,756)	-	(43,756)

See Notes to Consolidated Financial Statements - Unaudited

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED

(In thousands)	For the Six Months Ended June 30, 2012	2011
Net cash provided by operating activities	$ 14,856	44,240
Investing activities:		
Proceeds from redemption of tax certificates	22,526	40,259
Purchase of investment securities and tax certificates	(765)	(18,567)
Proceeds from maturities of securities available for sale	12,287	107,036
Proceeds from maturities of interest bearing deposits	5,655	25,283
Redemptions of FHLB stock	9,980	11,943
Net repayments of loans	230,632	232,518
Proceeds from the sales of loans transferred to held for sale	1,000	27,793
Proceeds from sales of real estate owned	20,553	10,197
Purchases of office property and equipment	(81)	(1,467)
Proceeds from the sale of office properties and equipment	1,168	1,247
Net cash outflow from sale of Tampa branches	-	(257,221)
Net cash provided by investing activities	302,955	179,021
Financing activities:		
Net increase (decrease) in deposits	170,446	(145,280)
Net repayments of FHLB advances	-	(170,020)
Net decrease in securities sold under agreements to repurchase	-	(21,524)
Decrease in short-term borrowings	-	(220)
Net proceed from the issuance of Class A common stock	-	11,001
Noncontrolling interest distributions	-	(516)
Net cash provided by (used in) financing activities	170,446	(326,559)
Increase (decrease) in cash and cash equivalents	488,257	(103,298)
Cash and cash equivalents at the beginning of period	764,636	507,908
Change in cash and cash equivalents held for sale	(59,431)	5,850
Cash and cash equivalents at end of period	$ 1,193,462	410,460

Cash paid (received) for:		
Interest on borrowings and deposits	$ 6,583	9,365

Supplementary disclosure of non-cash investing and financing activities:		
Loans and tax certificates transferred to REO	21,887	25,074
Loans receivable transferred to loans held-for-sale	16,140	55,966

See Notes to Consolidated Financial Statements - Unaudited

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

1. Presentation of Interim Financial Statements

Basis of Financial Statement Presentation – BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) and its subsidiaries may also be referred to as "the Company", "we", "us," or "our" in the notes to the consolidated financial statements. BBX Capital Corporation (the "Parent Company" or "BBX") was organized under the laws of the State of Florida in 1994. BBX's principal asset until July 31, 2012 was its investment in BankAtlantic and its subsidiaries ("BankAtlantic"). BankAtlantic, a federal savings bank headquartered in Fort Lauderdale, Florida, provided traditional retail banking services and a wide range of commercial banking products and related financial services through a broad network of community branches located in Florida. On July 31, 2012, BBX completed its previously announced sale to BB&T Corporation ("BB&T") of all of the issued and outstanding shares of capital stock of BankAtlantic (the stock sale and related transactions described herein are collectively referred to as the "Transaction"). In connection with the closing of the Transaction with BB&T, BBX has requested from the Federal Reserve deregistration as a savings and loan holding company and pending approval by the Federal Reserve, BBX expects upon such deregistration to no longer be subject to regulation by the Federal Reserve or to be subject to restrictions applicable to a savings and loan holding company.

On November 1, 2011, the Company entered into a definitive agreement to sell BankAtlantic to BB&T, which agreement was amended on March 13, 2012 ("the Agreement"). The Agreement was amended to, among other things, provide for the assumption by BB&T of the Company's $285.4 million in principal amount of outstanding trust preferred securities ("TruPS") obligations. At the closing of the Transaction, BB&T assumed the obligations with respect to the Company's outstanding TruPS, and the Company paid BB&T approximately $51.3 million, representing all accrued and unpaid interest on the TruPS through closing. The Company also paid approximately $2.3 million for certain legal fees and expenses with respect to the now resolved TruPS-related litigation brought in the Delaware Chancery Court against the Company by holders of the TruPS and certain trustees. The Company funded the TruPS accrued interest and the TruPS related legal fees and expenses from proceeds received in the Transaction.

Under the terms of the Agreement, prior to the closing of the Transaction, BankAtlantic formed two subsidiaries, BBX Capital Asset Management, LLC ("CAM") and Florida Asset Resolution Group, LLC ("FAR"). BankAtlantic contributed to FAR certain performing and non-performing loans, tax certificates and real estate owned that had an aggregate carrying value on BankAtlantic's balance sheet of approximately $358 million as of June 30, 2012. FAR assumed all liabilities related to these assets. BankAtlantic also contributed approximately $37 million in cash to FAR and thereafter distributed all of the membership interests in FAR to the Company. At the closing of the Transaction, the Company transferred to BB&T 95% of the outstanding preferred membership interests in FAR in connection with BB&T's assumption of the Company's outstanding TruPS obligations, as described in further detail below. The Company continues to hold the remaining 5% of FAR's preferred membership interests. Under the terms of the Amended and Restated Limited Liability Company agreement of FAR, which was entered into by the Company and BB&T at the closing, BB&T will hold its 95% preferred interest in the net cash flows of FAR until such time as it has recovered $285 million in preference amount plus a priority return of LIBOR + 200 basis points per annum on any unpaid preference amount. At that time, BB&T's interest in FAR will terminate, and the Company will thereafter be entitled to any and all residual proceeds from FAR through its ownership of FAR's Class R units. It is expected that the assets (other than cash) contributed to FAR will be monetized over a period of seven years, or longer provided BB&T's preference amount is repaid within such seven-year period. The Company entered into an incremental $35 million guarantee in BB&T's favor to further assure BB&T's recovery of the $285 million preference amount within seven years.

Prior to the closing of the Transaction, BankAtlantic also contributed to CAM, certain non-performing commercial loans, commercial real estate owned and previously written-off assets that had an aggregate carrying value on BankAtlantic's balance sheet of $126 million as of June 30, 2012. CAM assumed all liabilities related to these assets. BankAtlantic also contributed approximately $81 million in cash to CAM. Prior to the closing of the Transaction, BankAtlantic distributed all of the membership interests in CAM to the Company. CAM remains a wholly-owned subsidiary of the Company.

Pursuant to the Agreement, the cash consideration exchanged by the parties at the closing of the Transaction in connection with the sale of BankAtlantic's stock was based on the deposit premium and the net asset value of BankAtlantic, in each case as calculated pursuant to the terms of the Agreement, including, with respect to the net asset value of BankAtlantic, after giving effect to the asset contributions and membership interest distributions by BankAtlantic. Based on financial information as of June 30, 2012 and the preliminary calculations of the deposit premium (which was estimated to be $315.9 million) and the net asset value of BankAtlantic, the Company received from BB&T a cash payment related to the sale of BankAtlantic's stock of approximately $6.4 million. However, the deposit premium and net asset value of BankAtlantic as well as the resulting cash payment made to the Company are all estimates based on available financial information as of June 30, 2012. Under the terms of the Agreement, these amounts are subject to adjustment post-closing as all relevant financial information is reviewed and approved by the parties, and the cash payment made to the Company may be less than the amount indicated above or the Company may be required to make a net cash payment to BB&T. The Company expects to recognize a $307 million gain in connection with the Transaction, subject to adjustment based on the final balance sheet reconciliation procedures described in the preceding sentence.

Based on the probable sale of BankAtlantic to BB&T, the Company transferred the assets and liabilities anticipated to be transferred to BB&T to "Assets held for sale", "Deposits held for sale" and "Other liabilities held for sale" as of March 31, 2012. As such, the Company presented the assets and liabilities transferred to BB&T, consisting of all of BankAtlantic's assets and liabilities less the assets and liabilities to be retained in CAM and FAR, as "Assets held for sale" and "Liabilities held for sale" in its unaudited Consolidated Statement of Financial Condition as of June 30, 2012. While the majority of cash and interest bearing deposits in other banks were transferred to BB&T upon closing of the Transaction, with the exception of cash at BankAtlantic's branches and automated teller machines, the cash and interest bearing deposits transferred to BB&T are not presented as "Assets held for sale" as of June 30, 2012. The assets and liabilities transferred to BB&T were measured as of June 30, 2012 on a combined basis as a single disposal group at the lower of cost or fair value less costs to sell. Accordingly, the assets and liabilities held for sale are presented in the Company's unaudited Consolidated Statement of Financial Condition as of June 30, 2012 based on their carrying value as the Company recorded a gain associated with the Transaction.

BankAtlantic's community banking, investment, capital services and tax certificate reporting units are reflected as "Discontinued Operations" in the Company's unaudited Consolidated Statements of Operations for all periods presented. The Company is continuing to service and manage and may originate commercial loans following the sale of BankAtlantic to BB&T and as a result, the results of operations for the Commercial Lending reporting unit are included in the Company's unaudited Consolidated Statement of Operations as continuing operations for all periods presented. The assets and liabilities transferred to BB&T were not reclassified to assets and liabilities held for sale in the Company's Consolidated Statement of Financial Condition as of December 31, 2011. The Consolidated Statement of Stockholders' (Deficit) Equity, Consolidated Statements of Comprehensive (Loss) income and Consolidated Statement of Cash Flows remain unchanged from prior period historical presentation for all periods presented. Additionally, pursuant to the Agreement, the Company agreed to sell to BB&T certain assets and liabilities associated with its Commercial Lending reporting unit and these assets and liabilities are included in assets and liabilities held for sale in the Company's Statement of Financial Condition as of June 30, 2012. Similarly, the Company will retain certain assets and liabilities associated with the disposed reporting units and these assets and liabilities are included in the Company's Consolidated Statement of Financial Condition in their respective line items as of June 30, 2012.

The Company’s consolidated financial statements have been prepared on a going concern basis, which reflects the realization of assets and the repayments of liabilities in the normal course of business.

Included in cash and due from banks in the Company’s Consolidated Statement of Financial Condition as of June 30, 2012 and December 31, 2011 was $0.5 million and $5.7 million, respectively, of time deposits with other banks. These time deposits had original maturities of greater than 90 days and are not considered cash equivalents.

All significant inter-company balances and transactions have been eliminated in consolidation. Throughout this document, the term “fair value” in each case is an estimate of fair value as discussed herein.

In management's opinion, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring adjustments) as are necessary for a fair statement of the Company's consolidated financial condition at June 30, 2012, the consolidated results of operations and consolidated statement of comprehensive (loss) income for the three and six months ended June 30, 2012 and 2011, and the consolidated stockholders' (deficit) equity and cash flows for the six months ended June 30, 2012 and 2011. The results of operations for the three and six months ended June 30, 2012 are not necessarily indicative of results of operations that may be expected for the year ended

BBX Capital Corporation

December 31, 2012. The consolidated financial statements and related notes are presented as permitted by Form 10-Q and should be read in conjunction with the consolidated financial statements appearing in the Company's Annual Report on Form 10-K for the year ended December 31, 2011.

Certain amounts for prior years have been reclassified to conform to the revised financial statement presentation for 2012.

2. Assets and Liabilities Held For Sale

The assets and liabilities transferred to BB&T included in the Company's Consolidated Statement of Financial Condition consisted of the following (in thousands):

		June 30, 2012
Cash and due from banks	$	59,431
Securities available for sale, at fair value		33,550
Tax certificates		17,736
Federal Home Loan Bank stock		8,328
Loans receivable		1,833,738
Accrued interest receivable		11,347
Office properties and equipment		129,734
Goodwill		13,081
Other assets		19,337
Total assets held for sale	$	2,126,282
Deposits		
Interest free checking	$	928,527
Insured money fund savings		699,179
Now accounts		1,114,360
Savings accounts		424,848
Total non-certificate accounts		3,166,914
Certificate accounts		283,615
Total deposits held for sale	$	3,450,529
Subordinated debentures	$	22,000
Other liabilities		36,347
Total other liabilities held for sale	$	58,347
Total liabilities held for sale	$	3,508,876

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The majority of the cash and interest bearing deposits in other banks on the Company's Consolidated Statement of Financial Position were also transferred to BB&T in the Transaction.

BankAtlantic's five reporting units each reflect a component of the BankAtlantic entity and each is the lowest level for which cash flows can be clearly distinguished, operationally and for financial reporting purposes. These five components are Community Banking, Commercial Lending, Tax Certificates, Investments, and Capital Services. Based on the Agreement with BB&T, the Company determined that its Community Banking, Investments, Capital Services and Tax Certificates reporting units should be treated as discontinued operations. The Company sold all operations and the majority of the assets and liabilities of these discontinued reporting units to BB&T on July 31, 2012. Management does not intend to continue in any material respect any activities of or have any continuing involvement with these reporting units. The Company intends to continue Commercial Lending reporting unit activities after the closing of the Transaction. Therefore, although certain assets of this reporting unit will be sold to BB&T and are presented as assets and liabilities held for sale in the Consolidated Statement of Financial Condition as of June 30, 2012, the Commercial Lending reporting unit was not reported as discontinued operations.

Pursuant to the Agreement, FAR will retain in addition to certain assets associated with the Company's continuing Commercial Lending reporting unit, certain assets and liabilities that were associated with the Company's disposed reporting units (Community Banking, Tax Certificates, Investments, and Capital Services reporting units). The Company determined that the ongoing cash flows of the disposed reporting units were not significant relative to the historical cash flows from the activities of each reporting unit; therefore, the income and expenses associated with the disposed reporting units are reported in discontinued operations for each period presented. The carrying value of the disposed reporting units' net assets anticipated to be included in FAR's total assets discussed above was $120 million as of June 30, 2012. The assets held by FAR are expected to be monetized in accordance with the terms of such assets or through orderly transactions over a seven year period. Ninety-five percent of the cash flows from these assets net of operating expenses and a stated preferred return will be applied toward the ongoing repayment of BB&T's preferred interest in FAR.

BBX Capital Corporation

The (loss) income from Community Banking, Investments, Capital Services and Tax Certificates reporting units included in discontinued operations in the Company's Statement of Operations was as follows (in thousands):

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2012	2011	2012	2011
Total interest income	$ 17,924	26,113	38,651	53,780
Total interest expense	3,248	4,242	6,502	8,954
Net interest income	14,676	21,871	32,149	44,826
Provision for loan losses	7,301	6,396	16,518	27,381
Net interest income after provision for loan losses	7,375	15,475	15,631	17,445
Non-interest income:				
Service charges on deposits	7,491	11,226	15,342	23,258
Other service charges and fees	5,958	6,886	11,896	14,077
Securities activities, net	(99)	-	(99)	(24)
Gain on sale of Tampa branches	-	38,656	-	38,656
Other	1,383	2,878	5,118	6,172
Total non-interest income	14,733	59,646	32,257	82,139
Non-interest expense (1):				
Employee compensation and benefits	10,456	13,428	22,146	27,195
Occupancy and equipment	7,159	8,380	14,431	17,502
Advertising and promotion	919	1,378	1,935	2,961
Professional fees	395	637	2,218	1,869
Other	7,126	10,191	12,141	17,636
Total non-interest expense	26,055	34,014	52,871	67,163
(Loss) income from discontinued operations	(3,947)	41,107	(4,983)	32,421
Provision for income taxes	-	-	1	1
Net (loss) income from discontinued operations	$ (3,947)	41,107	(4,984)	32,420

(1) Pursuant to applicable accounting rules, all general corporate overhead was allocated to continuing operations.

3. Liquidity Considerations

BBX had cash of $4.0 million and current liabilities of $5.8 million as of June 30, 2012. In connection with the consummation of the Transaction on July 31, 2012, BBX received net cash proceeds of approximately $29.0 million, consisting of a $6.4 million cash payment from BB&T and approximately $22.5 million of cash held in its wholly-owned subsidiary, CAM, net of transaction costs, trustee fees and costs associated with the TruPS related litigation and payments to BB&T of accrued and unpaid TruPS interest. BBX liquidity is primarily dependent upon the repayments of loans, sales of real estate, and obtaining funds from its 5% preferred interest in FAR. Based on the current and expected liquidity needs and sources, the Company expects to be able to meet its liquidity needs over the next 12 months.

4. Fair Value Measurement

The following tables present major categories of the Company's assets measured at fair value on a recurring basis as of December 31, 2011 (in thousands):

			Fair Value Measurements Using		
Description		As of December 31, 2011	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Mortgage-backed securities	$	13,418	-	13,418	-
REMICS		31,690	-	31,690	-
Equity securities		1,327	827	500	-
Total	$	46,435	827	45,608	-

The Company had $26,000 of equity securities measured at fair value as of June 30, 2012 based on Level 1 inputs.

There were no recurring liabilities measured at fair value in the Company's financial statements as of June 30, 2012 or December 31, 2011.

The valuation techniques and the inputs used in our financial statements to measure the fair value of our recurring financial instruments are described below.

The fair values of mortgage-backed and real estate mortgage conduit securities ("REMICS") are estimated using independent pricing sources and matrix pricing. Matrix pricing uses a market approach valuation technique and Level 2 valuation inputs as quoted market prices are not available for the specific securities that the Company owns. The independent pricing sources value these securities using observable market inputs including: benchmark yields, reported trades, broker/dealer quotes, issuer spreads and other reference data in the secondary institutional market, which is the principal market for these types of assets. To validate fair values obtained from the pricing sources, the Company reviews fair value estimates obtained from brokers, investment advisors and others to determine the reasonableness of the fair values obtained from independent pricing sources. The Company reviews any price that it determines may not be reasonable and requires the pricing sources to explain the differences in fair value or re-evaluate its estimated fair value.

Equity securities are generally fair valued using the market approach and quoted market prices (Level 1) or matrix pricing (Level 2) with inputs obtained from independent pricing sources, if available. We also obtain non-binding broker quotes to validate fair values obtained from matrix pricing. We also invest in private limited partnerships that do not have readily determinable fair values. We use the net asset value per share as provided by the partnership to estimate the fair value of these investments. The net asset value of the partnership is a Level 2 input since we have the ability to require the redemption of our investment at its net asset value.

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The following table presents major categories of assets measured at fair value on a non-recurring basis as of June 30, 2012 (in thousands):

Description	June 30, 2012	Fair Value Measurements Using Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Impairments (1) For the Six Months Ended
Impaired real estate owned	$ 27,288	-	-	27,288	3,534
Impaired loans held for sale	9,397	-	-	9,397	459
Total	$ 36,685	-	-	36,685	3,993

(1) Total impairments represent the amount recognized during the six months ended June 30, 2012 on assets that were held and measured at fair value as of June 30, 2012.

Quantitative information about significant unobservable inputs within Level 3 non-recurring major categories of assets is as follows (dollars in thousands):

As of June 30, 2012 Description	Fair Value	Valuation Technique	Unobservable Inputs	Range (Average) (1)
Impaired real estate owned	$ 27,288	Fair Value of Property	Appraisal	$0.4 -6.5 million (3.0 million)
Impaired loans held for sale	9,397	Fair Value of Collateral	Appraisal	$0.9 -3.6 million (1.9 million)
Total	$ 36,685			

(1) Range and average appraised values were reduced by costs to sell.

The following table presents major categories of assets measured at fair value on a non-recurring basis as of June 30, 2011 (in thousands):

		Fair Value Measurements Using			
Description	June 30, 2011	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Impairments (1) For the Six Months Ended
Loans measured for impairment using the fair value of the underlying collateral	$ 265,245	-	-	265,245	24,624
Impaired loans held for sale	27,463	-	-	27,463	6,335
Impaired real estate owned	36,044	-	-	36,044	8,830
Total	$ 328,752	-	-	328,752	39,789

(1) Total impairments represent the amount recognized during the six months ended June 30, 2011 on assets that were measured at fair value as of June 30, 2011.

There were no material liabilities measured at fair value on a non-recurring basis in the Company's financial statements as of June 30, 2012 and December 31, 2011.

Loans Measured For Impairment

Impaired loans are generally valued based on the fair value of the underlying collateral less cost to sell. The Company primarily uses third party appraisals to assist in measuring non-homogenous impaired loans. These appraisals generally use the market or income approach valuation technique and use market observable data to formulate an opinion of the fair value of the loan's collateral. However, the appraiser uses professional judgment in determining the fair value of the collateral or properties, and we may also adjust these values for changes in market conditions subsequent to the appraisal date. When current appraisals are not available for certain loans, we use our judgment on market conditions to adjust the most current appraisal. The sales prices may reflect prices of sales contracts not closed, and the amount of time required to sell out the real estate project may be derived from current appraisals of similar projects. As a consequence, the calculation of the fair value of the collateral are considered Level 3 inputs. The Company generally recognizes impairment losses based on third party broker price opinions or automated valuation services to obtain the fair value of the collateral less cost to sell when impaired homogenous loans become 120 days delinquent. These third party valuations from real estate professionals also use Level 3 inputs in determining fair values. The observable market inputs used to fair value loans include comparable property sales, rent rolls, market capitalization rates on income producing properties, risk adjusted discounts rates and foreclosure period and exposure periods. The fair value of our loans may significantly increase or decrease based on property values as our loans are primarily real estate loans.

Impaired Real Estate Owned

Real estate is generally valued using third party appraisals or broker price opinions. These appraisals generally use the market approach valuation technique and use market observable data to formulate an opinion of the fair value of the properties. The market observable data was generally comparable property sales, rent rolls, market capitalization rates on income producing properties and risk adjusted discount rates. However, the appraisers or brokers use professional judgments in determining the fair value of the properties and we may also adjust these values for changes in market conditions subsequent to the valuation date. As a consequence of using appraisals, broker price opinions and adjustments to appraisals, the fair values of the properties are considered Level 3 inputs.

Loans Held for Sale

Loans held for sale are valued using an income approach with Level 3 inputs as market quotes or sale transactions of similar loans are generally not available. The fair value is estimated by discounting forecasted cash flows, using a discount rate that reflects the risks inherent in the loans held for sale portfolio. For non-performing loans held for sale, the forecasted cash flows are based on the estimated fair value of the collateral less cost to sell adjusted for foreclosure expenses and other operating expenses of the underlying collateral until foreclosure or sale.

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Financial Disclosures about Fair Value of Financial Instruments

			Fair Value Measurements Using		
(in thousands) Description	Carrying Amount As of June 30, 2012	As of June 30, 2012	Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Financial assets:					
Cash and interest bearing deposits in other banks	$ 1,193,958	1,193,958	1,193,958	-	-
Securities available for sale	26	26	26		
Tax certificates	5,293	5,346	-	-	5,346
Loans receivable including loans held for sale, net	402,823	405,300	-	-	405,300
Financial liabilities:					
Junior subordinated debentures	345,092	307,625	-	307,625	-

	December 31, 2011	
(in thousands)	Carrying Amount	Fair Value
Financial assets:		
Cash and interest bearing deposits in other banks	$ 770,292	770,292
Securities available for sale	46,435	46,435
Tax certificates	46,488	45,562
Federal home loan bank stock	18,308	18,308
Loans receivable including loans held for sale, net	2,503,804	2,317,144
Financial liabilities:		
Deposits	3,280,083	3,279,562
Subordinated debentures	22,000	21,989

Junior subordinated debentures	337,114	226,991

Management has made estimates of fair value that it believes to be reasonable. However, because there is no active market for many of these financial instruments and management has derived the fair value of the majority of these financial instruments using the income approach technique with Level 3 unobservable inputs, the Company may not receive the estimated value upon sale or disposition of the asset or pay the estimated value upon disposition of the liability in advance of its scheduled maturity. Management estimates used in its net present value financial models rely on assumptions and judgments regarding issues where the outcome is unknown and actual results or values may differ significantly from these estimates. The Company's fair value estimates do not consider the tax effect that would be associated with the disposition of the assets or liabilities at their fair value estimates.

Fair values are estimated for loan portfolios with similar financial characteristics. Loans are segregated by category, and each loan category is further segmented into fixed and adjustable rate interest terms and by performing and non-performing categories.

The fair value of performing loans is calculated by using an income approach with Level 3 inputs. The fair value of performing loans is estimated by discounting forecasted cash flows through the estimated maturity using estimated market discount rates that reflect the interest rate risk inherent in the loan portfolio. The estimate of average maturity is based on BankAtlantic's historical experience with prepayments for each loan classification, modified as required, by an estimate of the effect of current economic and lending conditions. Management assigns a credit risk premium and an illiquidity adjustment to these loans based on risk grades and delinquency status. The fair value of non-performing collateral dependent loans is estimated using an income approach with Level 3 inputs. The fair value of non-performing loans utilizes the fair value of the collateral adjusted for operating and selling expenses and discounted over the estimated holding period based on the market risk inherent in the property.

The fair value of tax certificates is calculated using the income approach with Level 3 inputs. The fair value is based on discounted expected cash flows using discount rates that take into account the risk of the cash flows of tax certificates relative to alternative investments.

The fair value of FHLB stock is its carrying amount as the FHLB redeems its stock at par.

As permitted by applicable accounting guidance, the fair value of deposits with no stated maturity, such as non-interest bearing demand deposits, savings and NOW accounts, and money market and checking accounts, is shown in the above table at book value. The fair value of certificates of deposit is based on an income approach with Level 3 inputs. The fair value is calculated by the discounted value of contractual cash flows with the discount rate estimated using current rates offered by BankAtlantic for similar remaining maturities.

The fair value of BankAtlantic's subordinated debentures was based on discounted values of contractual cash flows at a market discount rate adjusted for non-performance risk (Level 3 inputs).

In determining the fair value of all of the Company's junior subordinated debentures, the Company used NASDAQ price quotes available with respect to its $76.6 million of publicly traded trust preferred securities related to its junior subordinated debentures ("public debentures"). However, $268.5 million of the outstanding trust preferred securities related to its junior subordinated debentures are not traded, but are privately held in pools ("private debentures") and with no liquidity or readily determinable source for valuation. We have deferred the payment of interest with respect to all of our junior subordinated debentures as permitted by the terms of these securities. Based on the deferral status and the lack of liquidity and ability of a holder to actively sell such private debentures, the fair value of these private debentures may be subject to a greater discount to par and have a lower fair value than indicated by the public debenture price quotes. However, due to their private nature and the lack of a trading market, fair value of the private debentures was not readily determinable at June 30, 2012 and December 31, 2011, and as a practical alternative, management used the NASDAQ price quotes of the public debentures to value all of the outstanding junior subordinated debentures whether privately held or public traded. As such, the private debentures were valued using Level 2 inputs.

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5. Securities Available for Sale

The following table summarizes securities available for sale (in thousands):

	As of December 31, 2011			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
Government agency securities:				
Mortgage-backed securities	$ 12,533	885	-	13,418
Real estate mortgage investment conduits	30,561	1,129	-	31,690
Total	43,094	2,014	-	45,108
Equity securities	1,260	67	-	1,327
Total	$ 44,354	2,081	-	46,435

The Company had equity securities available for sale with a cost of $10,000 and a fair value of $26,000 as of June 30, 2012.

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6. Loans Receivable

The loan disclosures in this note as of June 30, 2012 includes loans in the Company's asset workout subsidiary and only those loans which were to be transferred to FAR or CAM in connection with the Transaction and excludes $1.8 billion of loans to be transferred to BB&T under the terms of the Agreement. The loans transferred to BB&T are included in assets held for sale as of June 30, 2012.

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

		June 30, 2012	December 31, 2011
Commercial non-real estate	$	28,167	118,145
Commercial real estate:			
Residential		60,894	104,593
Land		3,496	24,202
Owner occupied		8,100	86,809
Other		161,180	464,902
Small Business:			
Real estate		19,963	184,919
Non-real estate		11,755	99,835
Consumer:			
Consumer - home equity		19,958	545,908
Consumer other		30	10,704
Deposit overdrafts		-	1,971
Residential:			
Residential-interest only		18,077	375,498
Residential-amortizing		31,065	558,026
Total gross loans		362,685	2,575,512
Adjustments:			
Premiums, discounts and net deferred fees		262	2,578
Allowance for loan losses		(7,153)	(129,887)
Loans receivable -- net	$	355,794	2,448,203
Loans held for sale	$	47,029	55,601

Loans held for sale - Loans held for sale as of June 30, 2012 consisted of $30.9 million of commercial real estate loans and $16.1 million of residential loans. Loans held for sale as of December 31, 2011 consisted of $35.8 million of commercial real estate loans and $19.8 million of residential loans. The Company transfers loans to held-for-sale when, based on the current economic environment and related market conditions, it does not have the intent to hold those loans for the foreseeable future.

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The recorded investment (unpaid principal balance less charge-offs and deferred fees) of non-accrual loans receivable and loans held for sale was (in thousands):

Loan Class	June 30, 2012	December 31, 2011
Commercial non-real estate	$ 5,607	19,172
Commercial real estate:		
Residential	63,381	71,719
Land	12,888	14,839
Owner occupied	3,140	4,168
Other	91,590	123,396
Small business:		
Real estate	4,887	10,265
Non-real estate	1,380	1,751
Consumer	8,261	14,134
Residential:		
Interest only	22,085	33,202
Amortizing	35,005	52,653
Total nonaccrual loans	$ 248,224	345,299

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An age analysis of the past due recorded investment in loans receivable and loans held for sale as of June 30, 2012 and December 31, 2011 was as follows (in thousands):

June 30, 2012		31-59 Days Past Due	60-89 Days Past Due	90 Days or More	Total Past Due	Current	Total Loans Receivable
Commercial non-real estate	$	2,500	1,093	1,381	4,974	23,193	28,167
Commercial real estate:							
Residential		-	-	46,328	46,328	18,590	64,918
Land		-	-	12,888	12,888	-	12,888
Owner occupied		-	138	3,002	3,140	6,242	9,382
Other		-	-	42,149	42,149	135,085	177,234
Small business:							
Real estate		893	-	4,127	5,020	15,092	20,112
Non-real estate		20	-	-	20	11,735	11,755
Consumer		719	1,134	8,261	10,114	10,003	20,117
Residential:							
Residential-interest only		397	-	21,779	22,176	1,286	23,462
Residential-amortizing		1,358	779	32,292	34,429	7,512	41,941
Total	$	5,887	3,144	172,207	181,238	228,738	409,976

December 31, 2011		31-59 Days Past Due	60-89 Days Past Due	90 Days or More (1)	Total Past Due	Current	Total Loans Receivable
Commercial non-real estate	$	-	2,248	13,292	15,540	102,605	118,145
Commercial real estate:							
Residential		-	-				