

BBX CAPITAL CORP
Form 10-K
March 17, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the Year Ended December 31, 2013

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

Commission File Number

001-13133

BBX Capital Corporation

(Exact name of registrant as specified in its charter)

01

Florida

(State or other jurisdiction of incorporation or organization)

65-0507804

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

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401 East Las Olas Boulevard
Ft. Lauderdale, Florida
(Address of principal executive offices)

33301
(Zip Code)

(954) 940-4000

(Registrant's telephone number, including area code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(B) OF THE ACT:

Title of Each Class	Name of Each Exchange on Which Registered
Class A Common Stock, Par Value \$0.01 Per Share	New York Stock Exchange
Preferred Share Purchase Rights	New York Stock Exchange

SECURITIES REGISTERED PURSUANT TO SECTION 12(G) OF THE ACT: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
YES [] NO [X]

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES [] NO [X]

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES [X] 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).

Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Based on its public float as of June 30, 2013, the Company is an accelerated filer for 2014, beginning with this Annual Report on Form 10-K. However, under the rules and regulations of the Securities and Exchange Commission, the Company will remain a smaller reporting company until the filing of its Quarterly Report on Form 10-Q for the quarter ending March 31, 2014.

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

The aggregate market value of the voting common equity held by non-affiliates was \$90.1 million, computed by reference to the closing price of the registrant's Class A Common Stock on June 30, 2013. The registrant does not have any non-voting common equity.

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The number of shares of the registrant's Class A Common Stock outstanding on March 10, 2014 was 17,088,390. The number of shares of the registrant's Class B Common Stock outstanding on March 10, 2014 was 195,045.

Portions of the registrant's Definitive Proxy Statement relating to its 2013 Annual Meeting of Shareholders are incorporated by reference in Part III of this Form 10-K.

PART I

ITEM I. BUSINESS

BBX Capital Corporation is referred to in this report together with its subsidiaries as “the Company” “we,” “us,” or “our”, and is referred to in this report without its subsidiaries as the “Parent Company” or “BBX Capital”. We are a Florida-based company, involved in the acquisition, ownership and management of joint ventures and investments in real estate and real estate development projects as well as investments in operating businesses. Prior to the sale of BankAtlantic to BB&T Corporation (“BB&T”) on July 31, 2012, which is described below, we were a bank holding company and our principal asset was the ownership of BankAtlantic. The principal assets of the Company currently consist of ownership interests in Florida Asset Resolution Group, LLC (“FAR”), BBX Capital Asset Management, LLC (“CAM”), BBX Partners, Inc., Woodbridge Holdings, LLC (“Woodbridge”) and two recently acquired businesses. CAM, which was formed in connection with the sale of BankAtlantic to BB&T and BBX Partners are wholly owned subsidiaries and their primary assets are non-performing commercial loans and foreclosed real estate formerly held by BankAtlantic. FAR, which was also formed in connection with the sale of BankAtlantic to BB&T, is a special purpose limited liability company whose membership interests are held by BB&T, which holds 95% of FAR’s preferred interests. BBX Capital holds the remaining 5% of the preferred interests and all of the residual common equity interests in FAR. FAR’s primary assets are performing and non-performing loans, tax certificates and foreclosed real estate formerly held by BankAtlantic. In April 2013, BBX Capital acquired a 46% equity interest in Woodbridge. Woodbridge’s principal asset is its ownership of Bluegreen Corporation and its subsidiaries (“Bluegreen”). Bluegreen is a vacation ownership company with 225,000 owners and over 60 owned or managed resorts. BFC Financial Corporation (“BFC”), the controlling shareholder of the Company, owns the remaining 54% of Woodbridge. On October 30, 2013, a newly formed joint venture entity, Renin Holdings, LLC (“Renin”), owned 81% by the Company and 19% by BFC, acquired substantially all of the assets and certain liabilities of Renin Corp for approximately \$12.8 million (“the Renin Transaction”). Renin had \$24 million of total assets as of October 30, 2013 and manufactures interior closet doors, wall décor, hardware and fabricated glass products and operates through headquarters in Canada and three manufacturing, assembly and distribution facilities in Canada and the United States as well as a sales and distribution facility in the United Kingdom. In December 2013, a wholly-owned subsidiary of the Company, BBX Sweet Holdings, LLC, acquired Hoffman’s Chocolates and its subsidiaries Boca Bons, LLC (“Boca Bons”) and S&F Good Fortunes, LLC (“Good Fortunes”) (collectively “Hoffman’s”). Hoffman’s had total assets of \$5.3 million as of the acquisition date and is a manufacturer of gourmet chocolates, with four retail locations in South Florida.

In May 2013, BBX Capital entered into a definitive merger agreement (the “Merger Agreement”) with BFC and BBX Merger Sub, LLC, a newly formed wholly owned subsidiary of BFC (“Merger Sub”). The Merger Agreement provides for BBX Capital to merge with and into Merger Sub (the “Merger”), with Merger Sub continuing as the surviving company of the Merger and a wholly owned subsidiary of BFC. Under the terms of the Merger Agreement, which has

been approved by a special committee comprised of the Company's independent directors (the "Special Committee") as well as the full boards of directors of both BFC and the Company, the Company's shareholders (other than BFC and shareholders of the Company who exercise and perfect their appraisal rights in accordance with Florida law) will be entitled to receive 5.39 shares of BFC's Class A Common Stock in exchange for each share of the Company's Class A Common Stock that they hold at the effective time of the Merger (as such exchange ratio may be adjusted in accordance with the terms of the Merger Agreement, the "Exchange Ratio"). Each option to acquire shares of the Company's Class A Common Stock that is outstanding at the effective time of the Merger, whether or not then exercisable, will be converted into an option to acquire shares of BFC's Class A Common Stock and be subject to the same terms and conditions as in effect at the effective time of the Merger, except that the number of shares which may be acquired upon exercise of the option will be multiplied by the Exchange Ratio and the exercise price of the option will be divided by the Exchange Ratio. In addition, each share of the Company's Class A Common Stock subject to a restricted stock award outstanding at the effective time of the Merger will be converted into a restricted share of BFC's Class A Common Stock and be subject to the same terms and conditions as in effect at the effective time of the Merger, except that the number of shares subject to the award will be multiplied by the Exchange Ratio. Consummation of the Merger is subject to certain closing conditions, including, without limitation, the approval of BFC's and the Company's respective shareholders, BFC's

Class A Common Stock being approved for listing on a national securities exchange (or interdealer quotation system of a registered national securities association) at the effective time of the Merger, holders of not more than 10% of the Company's Common Stock exercising appraisal rights, and the absence of any "Material Adverse Effect" (as defined in the Merger Agreement) with respect to either the Company or BFC.

On July 31, 2012, BBX Capital completed the sale to BB&T of all of the issued and outstanding shares of capital stock of BankAtlantic, the former wholly owned banking subsidiary of BBX Capital (the stock sale and related transactions are sometimes hereinafter referred to as the ("BB&T Transaction"). Pursuant to the terms of the stock purchase agreement between BBX Capital and BB&T, prior to the closing of the BB&T Transaction, BankAtlantic formed two subsidiaries, CAM and 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 \$346 million as of July 31, 2012 (the date the BB&T Transaction was consummated). FAR assumed all liabilities related to these assets. BankAtlantic also contributed approximately \$50 million in cash to FAR on July 31, 2012 and thereafter distributed all of the membership interests in FAR to BBX Capital. At the closing of the BB&T Transaction, BBX Capital transferred to BB&T 95% of the outstanding preferred membership interests in FAR in connection with BB&T's assumption of BBX Capital's outstanding TruPS obligations. BBX Capital 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 BBX Capital and BB&T at the closing of the BB&T Transaction, 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 BBX Capital will thereafter be entitled to any and all residual proceeds from FAR through its ownership of FAR's Class R units. BBX Capital entered into an incremental \$35 million guarantee in BB&T's favor to further support BB&T's recovery of the \$285 million preferred interest within seven years. BB&T's preferred interest in FAR as of December 31, 2013 was reduced through cash distributions to approximately \$68.5 million. BBX Capital's services certain nonaccrual loans for FAR and oversees the third party servicer that manages the other assets of FAR. Prior to the closing of the BB&T Transaction, BankAtlantic 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 \$125 million as of July 31, 2012. CAM assumed all liabilities related to these assets. BankAtlantic also contributed approximately \$82 million in cash to CAM. Prior to the closing of the BB&T Transaction, BankAtlantic distributed all of the membership interests in CAM to BBX Capital. CAM remains a wholly owned subsidiary of BBX Capital.

This document contains forward-looking statements based on current expectations that involve a number of risks and uncertainties. All opinions, forecasts, projections, future plans or other statements, other than statements of historical fact, are forward-looking statements and include words or phrases such as "plans," "believes," "will," "expects," "anticipates," "intends," "estimates," "our view," "we see," "would" and words and phrases of similar import. The forward looking statements in this document are also 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"), and involve substantial risks and uncertainties. We can give no assurance that such expectations will prove to be correct. Future results could differ materially as a result of a variety of risks and uncertainties, many of which are outside of the control of management. These risks and uncertainties include, but are not limited to the impact of economic, competitive and other factors affecting the Company and its assets, including the impact of decreases in real estate values or sustained high unemployment rates on our business generally, the ability of our borrowers to service their obligations and the value of collateral securing our loans; credit risks and loan losses, and the related sufficiency of the allowance for loan losses, including the impact of the economy and real estate market

values on our assets and the credit quality of our loans; the risk that loan losses will continue and the risks of additional charge-offs, impairments and required increases in our allowance for loan losses; the impact of and expenses associated with litigation including but not limited to litigation brought by the SEC; adverse conditions in the stock market, the public debt market and other financial and credit markets and the impact of such conditions on our activities; the risk that the assets retained by the Company in CAM and FAR may not be monetized at the values currently ascribed to them; and the risks associated with the impact of periodic valuation of our assets for impairment. Past performance and perceived trends may not be indicative of future results. In addition, this document contains forward looking statements relating to the Company's ability to successfully implement its currently anticipated business plans, which may not be realized as anticipated, if at all, and that the Company's anticipated investments in real estate developments, real estate joint

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ventures and operating businesses may not achieve the returns anticipated or may not be profitable, including the Company's investment in Woodbridge and its acquisitions of Hoffman's and Renin Corp. The Company's investments in real estate developments, either directly or through joint ventures, will increase exposure to downturns in the real estate and housing markets and expose us to risks associated with real estate development activities and the risk that our joint venture partners may not fulfill their obligations. The Company's investment in Woodbridge, which owns Bluegreen Corporation, exposes the Company to risks inherent in the time-share industry, which risks are identified in BFC's Annual Report on Form 10-K filed on March 17, 2014 with the SEC and available on the SEC's website www.sec.gov. The Company's acquisition of Hoffman's and Renin Corp. exposes us to the risks of Renin's and Hoffman's businesses, which in the case of Renin includes foreign currency exchange risk of the U.S. dollar compared to the Canadian dollar and Great Britain Pound, as well as the risk that the integration of either or both of these operating businesses may not be completed effectively or on a timely basis, and that the Company may not realize any anticipated benefits or profits from the transactions. This document also contains forward looking statements regarding the Company's proposed Merger with BFC which is subject to risks relating to the ability to realize the expected benefits from the Merger, the ability of the parties to satisfy all of the conditions to the closing of the Merger, including BFC's ability to obtain the listing of its Class A Common Stock on a national securities exchange (or qualified interdealer quotation system), litigation that has been brought challenging the Merger, and that the Merger may not otherwise be consummated in accordance with its terms, or at all. In addition to the risks and factors identified above, reference is also made to other risks and factors detailed in this Annual Report on Form 10-K, including Item 1A. Risk Factors. The Company cautions that the foregoing factors are not exclusive.

Prior to the sale of BankAtlantic on July 31, 2012, we were a bank holding company and our principal asset was the ownership of BankAtlantic, a federal savings bank. Accordingly, as a result of such sale, the operations of BankAtlantic except for its commercial lending reporting unit are included in discontinued operations in our financial statements for all periods presented. Operating financial information for continuing operations shown by segment is included in note 23 to the Company's Consolidated Financial Statements. We report our operations through two business segments – FAR and BBX.

The results of operations of Renin and Hoffman's were not included in the Company's segment reporting as the businesses were recently acquired and discrete financial information was not available as of December 31, 2013. Management will evaluate the Company's reportable segments in subsequent periods to determine if the acquired businesses are reportable segments or reportable within another segment.

Our Internet website address is www.bbxcapital.com. Our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports are available free of charge through our website, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC"). Our Internet website and the information contained in or connected to our website are not incorporated into, and are not part of this Annual Report on Form 10-K.

As of December 31, 2013, we had consolidated total assets of approximately \$431.1 million, liabilities of \$127.6 million and total equity of \$303.6 million.

BBX Capital's Business Strategy

The majority of our assets do not generate income on a regular or predictable basis. Recognizing the nature of our assets, our goal is to build long-term value. We do not expect to generate significant revenue from the legacy BankAtlantic assets until the assets are monetized through repayments or transactions involving the sale, joint venture or development of the underlying real estate. BBX Capital is currently utilizing the cash flow from the monetization of its assets and dividends from Woodbridge to pay operating expenses and to invest in income producing real estate, real estate developments, real estate joint ventures and operating businesses. BBX Capital is seeking to balance its cash needs and the timing of monetizing its existing assets with new investments to maximize its returns. In some cases, this may involve immediate sale and in other cases a longer term hold or development (either directly or through a joint venture). The Company is also engaged in land entitlement activities on certain properties that we acquired through foreclosure and anticipate moving forward with land development projects which may include selling or leasing the improved properties to third parties or pursuing joint ventures with

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developers for the development of residential and commercial real estate projects involving the contribution of these properties by us as well as potential cash investments in such projects. We are also exploring potential investments in joint venture real estate projects that include real estate held by a joint venture partner or to be acquired from unrelated parties. Furthermore, as a result of the substantial decline in real estate values, the majority of our non-performing commercial real estate loans and foreclosed real estate were written down in prior periods to the then prevailing estimated fair values of the collateral less costs to sell. We are observing improvements generally in real estate markets and believe that the underlying collateral securing certain of our commercial real estate loans and our real estate carrying values may be below current market values. Additionally, this recovery in the real estate market has favorably affected the financial condition of our borrowers and we are aggressively pursuing our borrowers and/or guarantors in order to maximize our recoveries through cash settlements, loan workout arrangements or participation interests in the development or performance of the collateral. If we are successful in our efforts, we expect to recognize gains to the extent that the amounts we collect exceed the carrying value of our commercial loans and foreclosed real estate and expect these gains to be reflected in an increase in our shareholders' equity in the long term. Due to the nature of these activities however, we do not expect to generate revenues or earnings on a predictable or consistent basis. Accordingly we expect our results of operations to vary significantly on a quarterly basis and we may continue to experience losses in subsequent periods.

Investments and Acquisitions

We acquired a 46% interest in Woodbridge in April 2013. Woodbridge's principal asset is its ownership of Bluegreen. Bluegreen is a sales, marketing and management company focused on the vacation ownership industry. Bluegreen markets, sells and manages vacation ownership interests ("VOIs") in resorts, which are generally located in popular, high-volume, "drive-to" vacation destinations, and were either developed or acquired by Bluegreen or developed and owned by others, in which case Bluegreen earns fees for providing such services. Bluegreen utilizes a points-based system, known as the Bluegreen Vacation Club, where purchasers of VOIs are allotted points that represent their ownership and beneficial use rights in perpetuity in the Bluegreen Vacation Club and can be used to reserve occupancy at participating resorts. Bluegreen Vacation Club members may use their points to stay in any of Bluegreen Vacation Club resorts or take advantage of other vacation options, including an exchange program offered by a third-party world-wide vacation ownership exchange network of over 4,000 resorts and other vacation experiences such as cruises and hotel stays. Bluegreen also provides property association management services, mortgage servicing, VOI title services, reservation services, and construction design and development services. In addition, Bluegreen provides financing to individual purchasers of VOIs, which provides significant interest income to Bluegreen. Bluegreen had total assets of \$1.1 billion as of December 31, 2013 and income from continuing operations of \$53.0 million, \$54.3 million and \$36.0 million for the years ended December 31, 2013, 2012 and 2011, respectively. The equity earnings of Woodbridge was reported in the BBX segment from the date of the investment (April 2, 2013) through December 31, 2013.

We acquired Renin Corp on October 30, 2013. Renin is headquartered in Brampton, Ontario and has three manufacturing, assembly and distribution facilities located in Brampton and Concord, Ontario, Tupelo, Mississippi and a sales and distribution office in the U.K. Renin manufactures interior closet doors, wall décor, hardware and fabricated glass products and its distribution channels include big box and independent home improvement retailers, builders, other manufacturers and specialty retail outlets primarily in North America. Renin revenues for the two months ended December 31, 2013 were approximately \$9.3 million. Renin Corp. had revenues of \$56.3 million for

the ten months ended October 30, 2013.

BBX Sweet Holdings, LLC, a wholly-owned subsidiary of the Company, acquired Hoffman's Chocolates in December 2013. Hoffman's is headquartered in Lake Worth, Florida and is a manufacturer of gourmet chocolates, with four retail locations in South Florida. Established in 1975, it has created a well-known local brand in Palm Beach County Florida. In 2009, Hoffman's acquired Good Fortunes, a made-to-order custom fortune cookie company. In 2010, Hoffman's also purchased Boca Bons, a premium wholesale brand that features elaborate packaging. Each of Hoffman's confections is hand made. Its product line includes over 70 varieties of confections, which are available through its retail and online distribution channels, direct shipping throughout the U.S., and at retail store locations nationwide. Hoffman's revenues were \$1.0 million during the one month ended December 31, 2013. Hoffman's had revenues of approximately \$3.3 million during the eleven months ended November 30, 2013. On January 10, 2014, BBX Sweet Holdings, LLC also acquired Williams & Bennett, a Florida based manufacturer

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of quality chocolate products. Williams & Bennett is headquartered in Boynton Beach, Florida serving boutique retailers, big box chains, department stores, national resort properties, corporate customers, and private label brands. Williams & Bennett had revenues of approximately \$4.8 million during the year ended December 31, 2013.

Loans

On July 31, 2012, we completed the sale to BB&T of all of the issued and outstanding shares of capital stock of our wholly-owned financial institution subsidiary, BankAtlantic (the stock sale and related transactions are referred to in this report as the “Transaction” or the “BB&T Transaction”). On November 1, 2011, BBX Capital 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. Under the terms of the Agreement, the Company retained through CAM and FAR certain loans, tax certificates and foreclosed real estate and liabilities related to these retained assets which had been held by BankAtlantic. These retained loans were grouped in five loan segments as follows: residential loans, commercial real estate loans, consumer loans, small business and commercial non-mortgage loans. CAM, which is included in the BBX segment, holds loans from the commercial real estate and the commercial non-mortgage loan segments. FAR holds loans from all five segments.

Residential: The majority of our residential loans were originally acquired in the secondary markets and were originated by financial institutions. These loans, which are serviced by independent servicers, are secured by properties located throughout the United States. Residential loans were typically purchased in bulk and were generally non-conforming loans under agency guidelines due primarily to the size of the individual loans (“jumbo loans”). Some of the purchased residential loans were interest-only loans. These loans result in possible future increases in a borrower’s loan payments when the contractually required repayments increase due to interest rate adjustments or when required amortization of the principal amount commences. These payment increases could affect a borrower’s ability to repay the loan and result in increased defaults and losses. We also retained a portfolio of residential loans which were made primarily to “low to moderate income” borrowers in accordance with the Community Reinvestment Act.

Commercial Real Estate: Commercial real estate loans were originated in connection with the acquisition, development and construction of various types of properties by our borrowers including office buildings, retail shopping centers, residential construction and other non-residential properties. Commercial real estate loans were also originated in connection with a borrower’s acquisition or refinance of existing income-producing properties. These loans were primarily secured by property located in Florida.

The commercial real estate loan portfolio is divided into two loan classes: commercial residential and commercial other.

Commercial residential real estate loans were originated to developers or home builders for the construction of one to four dwelling units. These loans included builder land bank loans, land acquisition and development loans, and land acquisition, development and construction loans. Builder land bank loans were land loans to borrowers who had land purchase option agreements with regional and/or national builders. Land acquisition and development loans were generally secured by residential land which was intended to be developed by the borrower and sold to homebuilders. Land acquisition, development and construction loans were secured by residential land which was intended to be fully developed by the borrower/developer who also may have had plans to construct homes on the property.

Commercial other real estate loans are secured primarily by income producing property which includes shopping centers, office buildings, self storage facilities, student housing, owner occupied businesses and warehouses or land held by the borrower for investment or sale.

A portion of certain commercial real estate loans were sold to other financial institutions as participations. The loans are administered by us or on our behalf by a third party servicer and participants are provided periodic reports on the progress of the project for which the loan was made.

Commercial non-mortgage loans: These loans are generally business loans secured by the receivables, inventory, equipment, and/or general corporate assets of the borrowers.

Consumer: Consumer loans consist primarily of loans to individuals originated through BankAtlantic's retail network. The majority of consumer loans are home equity lines of credit secured by a first or second mortgage on the primary residence of the borrower, substantially all of which are located in Florida.

Small Business: BankAtlantic originated small business loans to companies located primarily in markets within BankAtlantic's branch network. Small business loans were originated primarily on a secured basis and do not generally exceed \$2.0 million individually. These loans were originated with maturities ranging generally from one to three years or are due upon demand. Lines of credit extended to small businesses are due upon demand. Small business loans have either fixed or variable prime-based interest rates.

Real Estate

Real estate was generally acquired through foreclosure or contractual settlements with borrowers. Real estate is classified into two categories: real estate held-for-sale or real estate held-for-investment.

Real estate held-for-sale: Real estate is classified as held-for-sale when the property is available for immediate sale in its present condition, management commits to a plan to sell the property, an active program to locate a buyer has been initiated, the property is being marketed at a price that is reasonable in relation to its current fair value and it is likely that a sale will be completed within one year.

Real estate held-for-investment: Real estate is classified as held-for-investment when the property is not available for immediate sale due to anticipated renovations and potential improvements in operating performance before sale, management pursuing joint venture opportunities, potential development, or management's decision to retain the property in anticipation of appreciation in market value in subsequent periods.

We had investments in joint ventures of approximately \$1.4 million as of December 31, 2013. We anticipate actively pursuing additional joint venture investments with real estate developers which may involve our contribution of held-for-investment real estate acquired through foreclosure or purchasing real estate with our own funds for joint

venture development or investing funds in developments identified by joint venture partners. We currently expect that in most cases, the real estate developer will be responsible for the management of the project and we will participate in major decisions and monitor the development's progress. These joint venture real estate developments are anticipated to include multifamily and single family housing, commercial retail complexes, office buildings and land entitlement projects. To a lesser extent, we may engage in land entitlement and development activities without joint venture partners. These anticipated real estate investments will in most instances be multi-year projects and we do not expect them to generate earnings in the near term. Our goal is to produce earnings from these projects over time; however, we may not be successful in doing so.

BBX Business Segment

Since the sale of BankAtlantic to BB&T, BBX has been engaged in managing the assets in CAM and the commercial loans that it services for FAR as well as overseeing the third party servicers that manage the assets for FAR. BBX Capital also continues to manage the assets held by BBX Partners, its wholly owned asset workout subsidiary established in 2008 (formerly BankAtlantic Bancorp Partners, Inc.) which consisted of approximately \$13.5 million of loans and foreclosed real estate as of December 31, 2013 compared to \$14.2 million of loans and foreclosed real estate as of December 31, 2012.

The BBX business segment includes the assets and related liabilities of CAM, BBX Partners, Inc., and the Woodbridge investment. CAM was formed prior to the closing of the BB&T Transaction when BankAtlantic contributed to CAM certain non-performing commercial loans, commercial real estate and previously written-off assets that had an aggregate carrying value on BankAtlantic's balance sheet of \$125 million as of July 31, 2012. CAM assumed the liabilities related to these assets. BankAtlantic also contributed approximately \$82 million in

cash to CAM. Prior to the closing of the BB&T Transaction, BankAtlantic distributed all of the membership interests in CAM to the Company and CAM remains a wholly-owned subsidiary of the Company.

The BBX business segment's primary assets are loans receivable, real estate held-for-sale and real estate held-for-investment and rights to BankAtlantic's previously charged off loan portfolio and related judgments which were transferred to CAM in connection with the consummation of the BB&T Transaction as well as its 46% equity interest in Woodbridge. BBX utilized the cash received in the BB&T Transaction and funds from the monetization of assets to acquire a 46% equity interest in Woodbridge for \$60.4 million in cash and a promissory note in Woodbridge's favor in the principal amount of \$11.75 million.

The composition of BBX's loans was (in thousands):

	As of December 31, 2013			As of December 31, 2012		
	Number	Unpaid Principal Balance	Carrying Amount	Number	Unpaid Principal Balance	Carrying Amount
Loans held-for-investment:						
Loans receivable:						
Commercial non-real estate:						
Accruing	-	\$ -	\$ -	1	\$ 27	\$ 27
Non-accruing	3	5,107	3,331	3	3,922	3,362
Commercial real estate:						
Residential						
Accruing	-	-	-	-	-	-
Non-accruing	2	14,163	4,770	6	56,695	30,325
Other						
Accruing	1	2,152	2,152	1	2,193	2,191
Non-accruing	2	12,914	6,756	5	23,475	15,459
Total loans held-for-investment	8	\$ 34,336	\$ 17,009	16	\$ 86,312	\$ 51,364
Loans held-for-sale:						
Commercial real estate						
Accruing	-	\$ -	\$ -	-	\$ -	\$ -
Non-accruing	-	-	-	4	25,876	4,696
	-	\$ -	\$ -	4	\$ 25,876	\$ 4,696

The composition of BBX's real estate was (in thousands):

	As of December 31, 2013		As of December 31, 2012	
	Number	Carrying Amount	Number	Carrying Amount
Real estate held-for-investment:				
Land	13	\$ 74,759	9	\$ 36,141
Rental properties	2	15,705	-	-
Other	1	789	1	845
Total real estate held-for-investment	16	\$ 91,253	10	\$ 36,986
Real estate held-for-sale:				
Land	10	\$ 10,307	11	\$ 16,268
Rental properties	-	-	3	6,298
Residential single-family	-	-	1	252
Other	-	-	2	1,249
Total real estate held-for-sale	10	\$ 10,307	17	\$ 24,067

FAR Business Segment

FAR was formed in connection with the BB&T Transaction when BankAtlantic contributed to FAR certain performing and non-performing loans, tax certificates and foreclosed real estate that had an aggregate carrying value on BankAtlantic's balance sheet of approximately \$346 million as of July 31, 2012 (the date the BB&T Transaction was consummated). FAR assumed all liabilities related to these assets. BankAtlantic also contributed approximately \$50 million in cash to FAR and upon closing of the BB&T Transaction distributed all of the membership interests in FAR to the Company. At the closing of the BB&T Transaction, FAR issued 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 and all of the residual 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 of the BB&T Transaction, 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. FAR is contractually obligated to liquidate its then remaining assets for cash in the event that BB&T's preferred interest in FAR has not been repaid by July 31,

2019. The balance of BB&T's preferred interest in FAR was approximately \$68.5 million at December 31, 2013.

FAR's operations consist of overseeing the management and monetization of its assets through regularly scheduled payments and, where appropriate, orderly liquidations with a view to repaying its preferred membership interests and maximizing the cash flows of any remaining assets. FAR's assets consist primarily of loans receivable and foreclosed real estate. FAR also holds a portfolio of tax certificates with a net investment of \$0.6 million at December 31, 2013.

The composition of FAR's foreclosed real estate was (in thousands):

	As of December 31, 2013		As of December 31, 2012	
	Number	Carrying Amount	Number	Carrying Amount
Real estate held-for-investment:				
Land	3	\$ 4,323	1	\$ 427
Rental properties	1	11,186	-	-
Total real estate held-for-investment	4	\$ 15,509	1	\$ 427
Real estate held-for-sale:				
Land	8	\$ 7,961	3	\$ 1,593
Rental properties	3	6,168	7	12,778
Residential single-family	50	6,828	89	7,199
Other	2	2,707	-	-
Total real estate held-for-sale	63	\$ 23,664	99	\$ 21,570

The composition of FAR's loans was (in thousands):

	As of December 31, 2013			As of December 31, 2012		
	Number	Unpaid Principal Balance	Carrying Amount	Number	Unpaid Principal Balance	Carrying Amount
Loans held-for-investment:						
Loans receivable:						
Commercial non-real estate:						
Accruing	-	\$ -	\$ -	2	\$ 8,617	\$ 8,617
Non-accruing	-	-	-	-	-	-
Commercial real estate:						
Residential						
Accruing	1	997	997	2	1,587	1,587
Non-accruing	2	6,365	6,365	10	62,644	30,612
Other						
Accruing	6	14,248	14,248	16	70,318	70,318
Non-accruing	8	45,743	27,649	14	99,614	63,555
Consumer						
Accruing	62	5,646	5,646	94	9,048	9,048
Non-accruing	43	5,846	2,972	89	12,310	7,859
Residential:						
Accruing	-	-	-	59	12,578	10,175
Non-accruing	2	189	53	302	72,839	44,622
Total loans held-for-investment	124	\$ 79,034	\$ 57,930	588	\$ 349,555	\$ 246,393
Loans held-for-sale:						
Commercial real estate						
Accruing	-	\$ -	\$ -	-	\$ -	\$ -
Non-accruing	-	-	-	2	1,937	1,269
Consumer						
Accruing	15	2,044	1,494	-	-	-
Non-accruing	31	4,135	2,682	-	-	-
Residential						
Accruing	34	4,912	3,945	-	-	-
Non-accruing	255	58,603	34,278	-	-	-
Small business						
Accruing	52	10,320	8,170	79	16,512	15,370
Non-accruing	17	4,204	3,277	18	4,389	3,413
Total loans held-for-sale	404	\$ 84,218	\$ 53,846	99	\$ 22,838	\$ 20,052

(1) See explanation of loan products above.

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Employees

The Company currently maintains comprehensive employee benefit programs that are considered by management to be generally competitive with programs provided by other employers in its markets.

The number of employees at the indicated dates was:

	December 31, 2013		December 31, 2012	
	Full- time	Part- time	Full- time	Part- time
BBX Capital	33	2	33	1
FAR	7	5	-	-
Renin	227	17	-	-
Hoffman's	41	34	-	-
Total	308	58	33	1

Competition

The industries in which we conduct business are very competitive and we face substantial competition from insurance companies, financial institutions, private equity funds, hedge funds and real estate developers. We compete with institutions and entities that are larger and have greater resources than the resources available to us.

ITEM 1A. RISK FACTORS

The currently proposed merger between BFC and BBX Capital may not be completed on a timely basis, on anticipated terms, or at all, and there are uncertainties and risks to consummating the merger.

Consummation of the currently proposed merger between BFC and BBX Capital is subject to a number of closing conditions. While the companies have agreed in the merger agreement to use all commercially reasonable efforts to satisfy the closing conditions, the companies may not be successful in their efforts to do so. Specifically, consummation of the merger is conditioned upon BFC's Class A Common Stock being approved for listing on a national securities exchange (or inter-dealer quotation system of a registered national securities association) at the effective time of the merger. The same condition applied to the stock-for-stock merger which was previously proposed between BFC and Bluegreen during 2011 and 2012, and in that case BFC was unsuccessful in its efforts to obtain the listing of its Class A Common Stock on a national securities exchange or qualified inter-dealer quotation system due to public policy concerns expressed by the securities exchanges relating to the pending action brought by the SEC against BBX Capital and its Chairman, Alan B. Levan. The SEC action, which is described in further detail in "Item 3 – Legal Proceedings," is currently on the trial calendar in November 2014. BFC has been advised by the NYSE and NASDAQ that, subject to a change in their position in the future, they would not consider approval of any application for listing of BFC's Class A Common Stock during the pendency of the SEC action. Accordingly, BFC has not yet filed an application for the listing of its Class A Common Stock and may or may not do so depending on whether a national securities exchange or qualified inter-dealer quotation system indicates an application could be considered for approval prior to resolution of the litigation. The pendency of the SEC action and delays in resolving the action have had the effect of delaying any listing of BFC's Class A Common Stock. We believe the claims in the SEC action are without merit and intend to vigorously defend the action. However, there is no assurance as to the timing or resolution of the case, or the listing of BFC's shares and accordingly, it is not currently anticipated that the merger will be consummated prior to the first quarter of 2015. Pursuant to the terms of the merger agreement, either BFC or BBX Capital may terminate the merger agreement if the merger is not consummated by April 30, 2014.

If the conditions to closing the merger are not satisfied or waived, then the merger will not be completed and the companies would have incurred significant transaction costs without consummating the transaction. In addition, if the merger is not completed, or if there are significant delays in completing the merger, the market prices of our Class A Common Stock may be adversely impacted as a result of negative reactions from the financial markets, including market price declines to the extent that current prices reflect a positive market assumption that the merger will be completed. Delays in completing the merger may also negatively impact our financial results due to, among other things, the diversion of management attention to the merger rather than the company's operations and pursuit of other opportunities that could have been beneficial to us, which in turn may also adversely impact the market price of our Class A Common Stock.

In addition, under the terms of the merger agreement between BFC and BBX Capital, the companies are subject to certain restrictions on the conduct of their businesses prior to completing the merger. These restrictions may adversely affect our ability to execute certain of our business strategies, including the ability in certain cases to enter into contracts or incur capital expenditures to grow our business. Further, during the pendency of the merger, management attention and company resources may be diverted towards efforts to consummate the merger instead of the businesses and operations of the Company, which could have a material and adverse effect on the Company.

Our business and operations and the mix of our assets significantly changed as a result of the sale of BankAtlantic to BB&T during July 2012, and our financial condition and results of operations depend on the monetization of our assets at or near their current book values and our results of operations will vary depending upon the timing of such monetization and the success of any investment of available funds.

As a result of the BB&T Transaction, the Company's business and operations significantly changed from its business and operations prior to the sale of BankAtlantic. As a consequence, the Company's financial condition and results of operations will be dependent in the near term, on our ability to successfully manage and monetize the assets currently held by BBX Partners, Inc. ("BBX Partners"), which held approximately \$13.5 million of loans and foreclosed real estate as of December 31, 2013, the assets currently held by CAM, and the assets held in FAR as well as on the cash flow BBX Capital receives based on our interest in FAR. Additionally, because a majority of FAR's assets are serviced by a third party servicer, the Company is also dependent on the ability and efforts of the servicer to efficiently manage and monetize the assets. Further, nonaccrual loans and real estate may not be easily salable in the event the Company decides to liquidate an asset through a sale transaction. The Company's financial condition and results of operations will be dependent in the longer term on these factors as well as its ability to successfully invest these cash flows. If the assets held in CAM and BBX Partners and the assets held in FAR are not monetized at or near the current book values ascribed to them, or if these assets are liquidated for amounts less than book value, the Company's financial condition and results of operations would be adversely affected, and our ability to successfully pursue our business goals could be adversely affected. Because a majority of these assets do not generate income on a regular basis, the Company does not expect to generate significant revenue or income with respect to these assets until such time as an asset is monetized through repayments or transactions involving the sale, joint venture or development of the underlying real estate. Accordingly, the Company expects its revenues and results of operations to vary significantly on a quarterly basis and from year to year.

Our substantial investment in Woodbridge and our indirect interest in Bluegreen exposes us to the risks associated with Bluegreen and the vacation ownership industry.

As previously described, we invested \$71.75 million in Woodbridge during April 2013 in exchange for a 46% equity interest in Woodbridge. Woodbridge owns all of the shares of Bluegreen's common stock which constitute Woodbridge's primary asset. While Woodbridge and Bluegreen are not consolidated into our financial statements, our investment in Woodbridge is significant and our operating results and financial condition, including our liquidity, is dependent in part on Bluegreen's performance and its ability to pay dividends. Bluegreen is subject to various risks and uncertainties which may impact its business and results, including, but not limited to, the following:

- Bluegreen's business and operations, including its ability to market VOIs, is subject to general economic conditions and risks generally associated with the real estate market and real estate development, including those discussed in the risk factor captioned "Investments in real estate developments directly or through

joint ventures expose us to market and economic risks inherent in the real estate construction and development industry”;

- Bluegreen operates in a very competitive and rapidly changing environment, and Bluegreen may not be able to compete successfully;
- Bluegreen is subject to credit risk, including lost principal and interest, disruption to cash flows, and increased collection costs, with respect to its notes receivable, including on financing provided to purchasers of its VOIs;
- Bluegreen’s business may be dependent on its ability to obtain financing, which may not be available on acceptable terms or at all, and Bluegreen’s business may be adversely impacted if its customers are unable to obtain financing;
 - Bluegreen’s indebtedness may impact its financial condition and results of operations, and the terms of Bluegreen’s indebtedness may limit its activities or its ability to take certain actions, including its ability to pay dividends;
- Bluegreen’s marketing expenses may increase and Bluegreen may not be successful in maintaining and/or extending its marketing relationships or otherwise marketing its products and services successfully and efficiently;
- Part of Bluegreen’s business involves fee-based services and other activities aimed at producing positive cash flow while generally requiring less capital investment than Bluegreen’s traditional vacation ownership business, Bluegreen may not be successful in expanding its fee-based services and other “capital-light” services, and such services and activities may not be viable in different economic conditions or otherwise be profitable;
- Risks relating to litigation and regulatory proceedings to which Bluegreen is, or from time to time may become, subject; and
- Risks relating to Bluegreen’s ability to comply with applicable law, as well as changes to laws, rules and regulations affecting Bluegreen and its business.

For more detailed information regarding Bluegreen’s business, the risks set forth above and other risks which Bluegreen faces, see BFC’s Annual Report on Form 10-K for the year ended December 31, 2013, which is available free of charge on the SEC’s website at www.sec.gov, including the “Risk Factors – Risks Related to Bluegreen” section thereof.

During 2013, we received dividends totaling \$20.4 million from Woodbridge following its receipt of dividends from Bluegreen. As indicated above, Bluegreen’s debt instruments contain restrictions on its ability to pay dividends. In addition, dividend payments by Bluegreen are subject to declaration by Bluegreen’s board of directors, and subsequent dividends by Woodbridge are subject to the approval of the board of directors of BFC as well as our board of directors. Dividend decisions outside of our control may not be made in our best interest. If Bluegreen is unable to pay dividends or Bluegreen or Woodbridge does not otherwise pay dividends, our liquidity would be materially and adversely impacted. See “Item 7 - Management’s Discussion and Analysis of Financial Condition and Results of Operations – Liquidity” for additional information.

Our future acquisitions may reduce earnings, require us to obtain additional financing and expose us to additional risks.

Our business strategy includes investments in or acquisitions of operating companies, such as our recent acquisitions of Renin Corp. and Hoffman's. Some of these investments and acquisitions may be material. While we will seek investments and acquisitions primarily in companies that provide opportunities for growth, we may not be successful in identifying these opportunities. Investments or acquisitions that we complete may not prove to be successful or even if successful may not initially generate income, or may generate income on an irregular basis or over a long time period, thus causing our results of operations to vary significantly on a quarterly basis and from year to year. Acquisitions may expose us to additional risks and may have a material adverse effect on our results of operations. As part of our business strategy, we expect to continue to review acquisition prospects that would complement our existing business, or that might otherwise offer growth opportunities. Acquisitions entail numerous risk, including:

- Difficulties in assimilating acquired management and operations;

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- Risks associated with achieving profitability,
- The incurrence of significant due diligence expenses relating to acquisitions that are not completed,
- Unforeseen expenses,
 - Risks associated with entering new markets in which we have no or limited prior experience,
- The potential loss of key employees of acquired organizations, and
- Risks associated with transferred assets and liabilities.

We may not be able to acquire or profitably manage additional businesses, or to integrate successfully any acquired businesses, including Renin and Hoffman's, without substantial costs, delays or other operational or financial difficulties. Our failure to do so could have a material adverse effect on our business, financial condition and results of operations.

In addition, we will likely face competition in making investments or acquisitions which could increase the costs associated with the investment or acquisition. Our investments or acquisitions may rely on additional debt or equity financing. The issuance of debt will result in additional leverage which could limit our operating flexibility, and the issuance of equity could result in additional dilution to our then-current shareholders. In addition, such financing could consist of equity securities which have rights, preferences or privileges senior to our Class A Common Stock.

If we require additional financing in the future, the financing may not be available when needed or on favorable terms, if at all. Additionally, we do not intend to seek shareholder approval of any investments or acquisitions unless required by law or regulation.

We plan to conduct some of our operations through unconsolidated joint ventures with independent third parties in which we do not have a controlling interest, and we may be adversely impacted by a joint venture partner's failure to fulfill its obligations.

By using joint ventures, we can reduce the amount we invest in real estate properties. However, our joint venture partners may become financially unable or unwilling to fulfill their obligations under the joint venture agreements. Most joint ventures borrow money to help finance their activities, and although recourse on the loans is generally limited to the joint ventures and their properties, we may be required to provide financial support. If joint venture partners do not perform on their obligations, we may incur significant expenditures which may have an adverse effect on our operating results or financial condition.

Investments in real estate developments directly or through joint ventures expose us to market and economic risks inherent in the real estate construction and development industry.

The real estate construction and development industry is highly competitive and subject to numerous risks which in many cases are beyond management's control. The success of our real estate development investments is dependent on many factors, including:

- Demand for or oversupply of new homes, rental apartments and commercial real estate;
- Demand for commercial real estate tenants;
- Real estate market values;
- Changes in capitalization rates impacting real estate values;
- Inventory of foreclosed homes negatively impacting selling prices;
- Availability and reasonable pricing of skilled labor;
 - Availability and reasonable pricing of construction materials such as lumber, framing, concrete and other building materials;
- Changes in laws and regulations for new construction and land entitlements, including environmental and zoning laws and regulations;
- Natural disasters and severe weather conditions increasing costs, delaying construction, causing uninsured losses or reducing demand for new homes;
- Availability and cost of mortgage financing for potential purchasers;
- Mortgage loan interest rates;

- Availability, delays and costs associated with obtaining permits, approvals or licenses necessary to develop property; and
- Construction defects and product liability claims.

Any of these factors could give rise to delays in the start or completion of a project, or increase the cost of developing a project, or could result in reduced prices and values for our developments.

The decline in the Florida real estate market has adversely affected, and may continue to adversely affect, our earnings and financial condition.

The deterioration in prior periods of economic conditions in the Florida residential real estate market, including the cumulative decline in median home prices in all major metropolitan areas in Florida, and the downturn in the Florida commercial real estate market, resulted in substantial non-performing loans and provision for loan losses during prior periods. The loans retained by us through CAM and FAR in the BB&T Transaction were primarily in the Florida market, and adverse changes to the Florida economy or the real estate market may negatively impact our earnings and financial condition.

Our loan portfolio is concentrated in loans secured by real estate, a majority of which are located in Florida, which makes us susceptible to credit losses from downturns in the real estate market.

Conditions in the United States real estate market deteriorated significantly beginning in 2007, particularly in Florida. Our loan portfolio is concentrated in commercial real estate loans (most of which are located in Florida), residential mortgages (nationwide), and consumer home-equity loans (mainly in Florida). We have a heightened exposure to credit losses that may arise from this concentration as a result of the significant downturn in the Florida real estate markets. At December 31, 2013, approximately 80% of BBX Capital's loan portfolio based on book value was located in Florida.

An increase in our allowance for loan losses will result in reduced earnings.

We are exposed to the risk that our borrowers will be unable to repay their loans according to their terms and that any collateral securing the payment of these loans will not be sufficient to assure full repayment. Management evaluates the collectability of the loan portfolio and provides an allowance for loan losses that it believes is adequate based upon such factors as:

- the risk characteristics of various classifications of loans;
- previous loan loss experience;
- specific loans that have probable loss potential;
- delinquency trends;
- estimated fair value of the collateral; and
- current economic conditions.

Many of these factors are difficult to predict or estimate accurately, particularly in a changing economic environment. The process of determining the estimated losses inherent in our loan portfolio requires subjective and complex judgments and the level of uncertainty concerning economic conditions may adversely affect our ability to estimate the losses which may be incurred in the loan portfolio. If such evaluation is incorrect and borrower defaults cause losses exceeding the portion of the allowance for loan losses allocated to those loans, or if perceived adverse trends require us to significantly increase our allowance for loan losses in the future, the Company's earnings could be significantly and adversely affected.

Non-performing loans take significant time to resolve and adversely affect our results of operations and financial condition, and could result in further losses in the future.

At December 31, 2013, our non-performing loans totaled approximately \$63.2 million or 49% of our total loan portfolio. Our non-performing loans adversely affect our net income through foreclosure costs, operating expenses and taxes. Until we monetize these loans, we expect to continue to incur additional losses relating to these

non-performing loans. We record interest income on non-performing loans on a cash basis. When we receive the collateral in foreclosures or similar proceedings, we are required to mark the related collateral to the then fair market value, generally based on appraisals of the property obtained by us. These loans also increase our risk profile, and increases in the level of non-performing loans adversely affect our results of operations and financial condition. While we seek to manage nonperforming loans, decreases in the value of these loans or deterioration in the financial condition of our borrowers, which is often impacted by economic and market conditions beyond our control, could adversely affect our business, results of operations and financial condition. In addition, the resolution of non-performing loans requires significant commitments of management time.

FAR's consumer loan portfolio is concentrated in home equity loans collateralized by properties located in South Florida.

The decline in residential real estate prices and higher unemployment throughout Florida over the past several years has resulted in an increase in mortgage delinquencies and higher foreclosure rates. Additionally, in response to adverse conditions in the economy and real estate markets, financial institutions and other lenders have tightened underwriting standards which has limited the ability of borrowers to refinance. These conditions have adversely impacted delinquencies and credit loss trends for home equity loan portfolios. The majority of FAR's home equity loans are residential second mortgages that exhibit higher loss severity than residential first mortgages. If home prices decline, FAR may experience higher credit losses from this loan portfolio. Since the collateral for this portfolio consists primarily of second mortgages, it is unlikely that FAR will be successful in recovering all or any portion of its loan proceeds in the event of a default unless FAR is prepared to repay the first mortgage and such repayment and the costs associated with a foreclosure are justified by the value of the property.

The cost and outcome of pending legal proceedings may impact the Company's results of operations.

The Company is involved in ongoing litigation which has resulted in significant selling, general and administrative expenses relating to legal and other professional fees. Pending proceedings include litigation brought by the SEC, litigation arising out of workouts and foreclosures, and legal proceedings associated with BankAtlantic's tax certificate business. While, based on current information, we believe that we have meritorious defenses in these proceedings, we anticipate continued elevated legal and related costs in connection with the actions, and the ultimate outcomes of the matters are uncertain.

Adverse market conditions may affect our business and results of operations.

Our financial condition and results of operations have been, and may continue to be, adversely impacted as a result of the downturn in the U.S. housing and commercial real estate markets and general economic conditions. Dramatic declines in the national and, in particular, Florida housing markets over the past years, with falling home prices and increasing foreclosures and unemployment, negatively impacted the credit performance of our loans and resulted in significant asset impairments. While we believe that real estate markets and general economic conditions have shown signs of improvement during the past year, further negative market and economic developments may cause adverse changes in payment patterns, causing increases in delinquencies and default rates, and may impact charge-offs and provisions for loan losses. A worsening of conditions would likely exacerbate the adverse effects of these difficult market conditions.

Adverse events in Florida, where our business is currently concentrated, could adversely impact our results and future growth.

Our business, the primary source of repayment for loans and the real estate collateralizing loans and real estate acquired through foreclosure or settlements with borrowers are primarily concentrated in Florida. As a result, we are exposed to geographic risks, as high unemployment rates, declines in the housing industry and declines in the real estate market have generally been more severe in Florida than in the rest of the country. Adverse changes in laws and regulations in Florida would have a negative impact on our revenues, financial condition and business. Further, the State of Florida is subject to the risks of natural disasters such as tropical storms and hurricanes, which may disrupt our operations, adversely impact the ability of our borrowers to timely repay their loans, adversely impact the value of any collateral securing loans and our portfolio of real estate (both held-for-sale and held-for-

investment), or otherwise have an adverse effect on our results of operations. The severity and impact of tropical storms, hurricanes and other weather related events are unpredictable.

Renin sales are concentrated with two significant customers.

A significant amount of Renin sales are to big-box home centers. These home centers in many instances have significant negotiating leverage with their vendors, and are able to affect the prices Renin receives for its products and the terms and conditions on which Renin conducts its business with them. These home centers may also reduce the number of vendors they purchase from or make significant changes in their volume of purchases. Although homebuilders, dealers and other retailers represent other channels of distribution for Renin's products, the loss of a home center customer or reduced sales volume from any of these home centers would have a material adverse effect on Renin's business.

A significant portion of Renin's business relies on home improvement and new home construction activity, both of which are cyclical and outside of management's control.

A significant portion of Renin business in Canada and the United States is dependent on the levels of home improvement activity, including spending on repair and remodeling projects, and new home construction activity. Macroeconomic conditions including consumer confidence levels, fluctuations in home prices, unemployment and underemployment levels, interest rates, regulatory initiatives, and the availability of home equity loans and mortgage financing affect both discretionary spending on home improvement projects as well as new home construction activity. Adverse changes in these factors or uncertainty regarding these macroeconomic conditions could result in a decline in spending on home improvement projects and a decline in demand for new home construction, both of which could adversely affect Renin's results of operations.

Renin's operating results would be negatively impacted if it experiences increased commodity costs or a limited availability of commodities.

Renin purchases various commodities to manufacture its products, including steel, aluminum and mirror. Fluctuations in the availability and prices of these commodities could increase the cost to manufacture Renin's products. Further, increases in energy costs could increase Renin's production costs as well as its transportation costs, each of which could negatively affect Renin's operating results. Renin's existing arrangements with customers, competitive considerations and the relative negotiating power and resistance of Renin's home center customers to price increases make it difficult for Renin to increase selling prices to absorb increased production costs. If Renin is not able to increase the prices of its products or achieve other cost savings or productivity improvements to offset any increased commodity and production costs, its operating results could be negatively impacted.

Unexpected events, such as natural disasters, severe weather and terrorist activities may disrupt Renin's operations and increase its production costs.

The occurrence of one or more unexpected events, including tsunamis, hurricanes, earthquakes, floods and other forms of severe weather or terrorist activities in countries or regions in which Renin's suppliers are located could adversely affect Renin's operations and financial performance. Natural disasters, acts or threats of war or terrorism, or other unexpected events could result in temporary or long-term disruption in the delivery or supply of necessary raw materials and component products from Renin's suppliers, which would disrupt Renin's production capabilities and likely increase its cost of doing business.

Market demand for Hoffman's products could decline.

Hoffman's operates in highly competitive markets and competes with larger companies that have greater resources. Hoffman's continued success is impacted by many factors, including the following:

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Effective retail execution;

Appropriate advertising campaigns and marketing programs,

Adequate supply of commodities at a reasonable cost,

Oversight of product safety,

Response to changes in consumer preferences and tastes; and

Changes in consumer health concerns, including obesity and the consumption of certain ingredients.

A decline in market demand for Hoffman's products could negatively affect its operating results.

Our financial performance may adversely affect our ability to access capital and may have a material adverse effect on our business, financial condition and results of operations.

Our ability to fund operations and investment opportunities may depend on our ability to raise capital in the secondary markets and on our ability to monetize our portfolio of non-performing loans. Our ability to raise additional capital will depend on, among other things, conditions in the financial markets at the time, which are outside of our control, as well as litigation and our financial condition, results of operations and prospects. The failure to obtain capital in amounts needed to fund operations or anticipated investments may have a material adverse effect on our results of operation and financial condition.

We are controlled by BFC and its controlling shareholders, and this control position may adversely affect the market price of our Class A Common Stock.

BFC currently owns 8,133,353 shares of our Class A Common Stock, representing approximately 52% of the outstanding shares of such stock and all 195,045 outstanding shares of our Class B Common Stock representing approximately 72% of our total voting power. Additionally, Alan B. Levan, Chairman and Chief Executive Officer of BBX Capital and Chairman, Chief Executive Officer and President of BFC, and John E. Abdo, Vice Chairman of BBX Capital and BFC, collectively beneficially own shares of BFC's Class A Common Stock and Class B Common Stock representing approximately 71% of BFC's total voting power. BBX Capital's Class A Common Stock and Class B Common Stock vote as a single group on most matters. Accordingly, BFC, directly, and Messrs. Levan and Abdo, indirectly through BFC, are in a position to control BBX Capital, elect BBX Capital's board of directors and significantly influence the outcome of any shareholder vote. This control position may have an adverse effect on the market price of our Class A Common Stock.

BFC can reduce its economic interest in us and still maintain voting control.

Our Class A Common Stock and Class B Common Stock generally vote together as a single class, with the Class A Common Stock possessing a fixed 53% of the aggregate voting power of the Company, and the Class B Common Stock possessing a fixed 47% of such aggregate voting power. The Company's Class B Common Stock currently represents less than 1% of the Company's total common equity and 47% of the Company's total voting power. As a result, the voting power of the Company's Class B Common Stock does not bear a direct relationship to the economic interest represented by the shares.

Any issuance of shares of Class A Common Stock will further dilute the relative economic interest of the Class B Common Stock, but will not decrease the voting power represented by the Class B Common Stock. Further, our Restated Articles of Incorporation provide that these relative voting percentages will remain fixed until such time as BFC and its affiliates own less than 97,253 shares of the Class B Common Stock, which is approximately 50% of the number of shares of Class B Common Stock that BFC now owns, even if additional shares of Class A

Common Stock are issued. Therefore, BFC may sell up to approximately 50% of its shares of Class B Common Stock (after converting those shares to shares of Class A Common Stock), and significantly reduce its economic interest in us, while still maintaining its voting power. If BFC were to take this action, it would widen the disparity between the equity interest represented by the Class B Common Stock and its voting power. Any conversion of shares of Class B Common Stock into shares of Class A Common Stock would further dilute the voting interests of the holders of the Class A Common Stock.

Provisions in our Restated Articles of Incorporation and Amended and Restated Bylaws, and recently adopted shareholder rights plan, may make it difficult for a third party to acquire us and could depress the price of our Class A Common Stock.

Our Restated Articles of Incorporation and Amended and Restated Bylaws contain provisions that could delay, defer or prevent a change of control of the Company or its management. These provisions could make it more difficult for shareholders to elect directors and take other corporate actions. As a result, these provisions could limit the price that investors are willing to pay in the future for shares of our Class A Common Stock. These provisions include:

- the provisions in the Restated Articles of Incorporation regarding the voting rights of Class B Common Stock;
- the authority of the board of directors to issue additional shares of common or preferred stock and to fix the relative rights and preferences of the preferred stock without additional shareholder approval; and
- advance notice procedures to be complied with by shareholders in order to make shareholder proposals or nominate directors.

In addition, on February 7, 2013, the Company adopted a shareholder rights plan which is designed to preserve certain tax benefits available to the Company. However, because the rights plan provides a deterrent to investors from acquiring a 5% or greater ownership interest in Class A Common Stock, it may have an anti-takeover effect.

The loss of key personnel or the failure to attract and retain highly qualified personnel could adversely affect our operations.

Our performance is largely dependent on the talents and efforts of skilled individuals. Our business operations could be adversely affected if we are unable to retain and motivate our existing employees and attract new employees as needed. In addition, as previously described, the SEC has filed a lawsuit against our Chairman and Chief Executive Officer, Alan B. Levan, alleging violations of securities laws. In addition to injunctive relief and monetary penalties, the complaint seeks an officer and director bar with respect to Mr. Levan. While we believe that the Company and Mr. Levan fully complied with applicable law, the outcome of this litigation is uncertain. In the event Mr. Levan is restricted from serving, or is otherwise unable to serve, as an executive officer and/or director of BBX Capital, BBX Capital and its business, as well as the businesses of its subsidiaries, may be adversely impacted. However, the Company believes that any such adverse impact would be mitigated by the continuation of service of other executive officers, including Mr. Abdo, who serves as a director and Vice Chairman of the Company and Jarett Levan, President, who previously served as President and CEO of BankAtlantic.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

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ITEM 2. PROPERTIES

BBX Capital Corporation leases its principal executive offices which are located at 401 East Las Olas Blvd, Fort Lauderdale, Florida, 33301. The office lease is for 66 months and the expiration date is June 1, 2018. BBX Capital Corporation has the right to renew the terms of the lease for two additional terms of five years commencing as of the expiration date.

Renin Holdings, LLC and subsidiaries (“Renin”) leases its executive offices located at 110 Walker Drive, Brampton, Ontario. The office lease expiration date is December 31, 2015. Renin leases three manufacturing facilities and one sales and distribution facility. The United Kingdom sales and distribution facility is leased month-to-month. The remaining facilities in the United States and Canada have lease expiration dates ranging from October 2014 to December 31, 2015.

Hoffman’s leases three of its retail locations in West Palm Beach, Florida with lease expiration dates ranging from December 31, 2014 to February 28, 2018.

Hoffman’s owns its chocolate manufacturing facility located at 5190 Lake Worth Road, Greenacres, Florida. The facility is comprised of a 4,000 square foot office and store front area and an 11,526 square foot manufacturing area. Hoffman’s also owns two warehouse facilities in Riviera Beach, Florida.

Williams & Bennett leases its chocolate manufacturing facility located at 2045 High Ridge Road, Boynton Beach, Florida. The facility is comprised of a 22,500 square foot office, manufacturing, warehousing and food storage areas.

ITEM 3. LEGAL PROCEEDINGS

Securities and Exchange Commission v. BankAtlantic Bancorp, Inc. and Alan B. Levan, Case No. 12-60082-CV-SCOLA, United States District Court, Southern District of Florida

On January 18, 2012, the SEC brought an action in the United States District Court for the Southern District of Florida against BBX Capital and Alan B. Levan, BBX Capital's Chairman and Chief Executive Officer, alleging that they violated securities laws by not timely disclosing known adverse trends in BBX Capital's commercial real estate loans, selectively disclosing problem loans and engaging in improper accounting treatment of certain specific loans which may have resulted in a material understatement of its net loss in BBX Capital's Annual Report on Form 10-K for the year ended December 31, 2007. Further, the complaint alleges that Mr. Alan B. Levan intentionally misled investors in related earnings calls. The SEC is seeking a finding by the court of violations of securities laws, a permanent injunction barring future violations, civil money penalties and, in the case of Mr. Alan B. Levan, an order barring him from serving as an officer or director of a public company. Discovery in the action is now closed. The Court has denied summary judgment as to most issues, but granted the SEC's motion for partial summary judgment that certain statements in one of Alan Levan's answers on a July 25, 2007 investor conference call were false. The grant of partial summary judgment does not resolve any of the SEC's claims in its favor; with respect to Mr. Alan Levan's answer on the July 25, 2007 conference call, the jury will still determine issues relating to materiality and scienter. Due to the judge's trial schedule, the case has been continued and is currently on the trial calendar during the two-week period beginning on November 3, 2014. BBX Capital believes the claims to be without merit and intends to vigorously defend the actions.

In re: BBX Capital Shareholders Litigation

On May 30, 2013, Haim Ronan filed a purported class action against BFC, BBX Merger Sub, BBX Capital and the members of BBX Capital's board of directors seeking to represent BBX Capital's shareholders in a lawsuit challenging the currently proposed merger between BFC and BBX Capital. In this action, which is styled Haim Ronan, On Behalf of Himself and All Others Similarly Situated, v. Alan B. Levan, John E. Abdo, Jarett S. Levan, Steven M. Coldren, Bruno L. Di Giulian, Charlie C. Winningham, II, David A. Lieberman, Willis N. Holcombe, Anthony P. Segreto, BBX Capital Corporation, BFC Financial Corporation and BBX Merger Sub, LLC and was filed in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida, Mr. Ronan asserted as a cause of action that the

individual defendants breached their fiduciary duties of care, loyalty and good faith, in part, by failing to obtain a high enough price for the shares of BBX Capital's Class A Common Stock to be acquired by BFC in the merger. Mr. Ronan also asserted a cause of action against BFC and BBX Merger Sub for aiding and abetting the alleged breaches of fiduciary duties. Mr. Ronan is seeking an injunction blocking the proposed merger. On May 31, 2013, in an action styled John P. Lauterbach, on Behalf of Himself and All Others Similarly Situated, v. BBX Capital Corporation, John E. Abdo, Norman H. Becker, Steven M. Coldren, Bruno L. Di Giulian, John K. Grelle, Willis N. Holcombe, Alan B. Levan, Jarett S. Levan, David A. Lieberman, Anthony P. Segreto, Charlie C. Winningham II, Seth M. Wise, BFC Financial Corporation and BBX Merger Sub, LLC and filed in the Circuit Court of the 17th Judicial Circuit in and for Broward County, Florida, John P. Lauterbach filed a purported class action against all of the defendants named in Mr. Ronan's complaint, challenging the currently proposed merger for substantially the same reasons as set forth in Mr. Ronan's complaint, but asserting an additional, direct cause of action for breach of fiduciary duties against BFC, Alan B. Levan and John E. Abdo. Mr. Lauterbach also added as defendants Norman H. Becker, who was appointed to BBX Capital's board of directors on May 7, 2013, as well as Seth M. Wise, who serves as an executive officer and director of BFC and as an executive officer of BBX Capital, and John K. Grelle, who serves as an executive officer of BFC and BBX Capital. On September 4, 2013, the Ronan and Lauterbach actions were consolidated into a single action styled In Re BBX Capital Corporation Shareholder Litigation, with the complaint filed in the Lauterbach action being the operative complaint in the consolidated action. On October 11, 2013, the plaintiffs filed an amended complaint in the consolidated action. In the amended complaint, which includes the same causes of action set forth in the Lauterbach complaint, the plaintiffs: (i) allege

that the merger, including the exchange ratio and other terms and conditions of the merger agreement, is unfair to BBX Capital's minority shareholders and is the product of unfair dealing on the part of the defendants; (ii) allege that the defendants initiated, timed, negotiated and structured the merger for the benefit of BFC and to the detriment of BBX Capital's minority shareholders, including that BFC and its and BBX Capital's management caused BBX Capital to engage in transactions which had the effect of reducing BBX Capital's intrinsic value; (iii) challenge the independence of the members of BBX Capital's special committee and the process pursuant to which BBX Capital's special committee engaged its legal and financial advisors, and negotiated and approved the merger agreement, including limitations on its ability to pursue alternative transactions; (iv) assert that BBX Capital's shareholders' rights to appraisal do not constitute an adequate remedy; and (v) allege that the joint proxy statement/prospectus relating to the merger and the shareholder meetings to approve the merger contains material misrepresentations and does not contain adequate disclosure regarding the merger and specifically the value of BBX Capital and the shares of its Class A Common Stock, and fails to provide the plaintiffs and BBX Capital's minority shareholders the information necessary to determine whether the merger consideration is fair. BFC and BBX Capital believe the claims to be without merit and intend to vigorously defend the action."

In re: New Jersey Tax Sales Certificates Antitrust Litigation v. BBX Capital Corporation f/k/a BankAtlantic Bancorp, Inc., Fidelity Tax, LLC, Gary I. Branse, Michael Deluca and BB&T Corporation, and multiple other individuals and entities who purchased New Jersey tax certificates between 1998 to February 2009, Case No.12-CV-01893-MAS-TJB, United States District Court, District of New Jersey (Trenton)

On December 21, 2012, plaintiffs filed an Amended Complaint in an existing purported class action filed in Federal District Court in New Jersey adding BBX Capital and Fidelity Tax, LLC, a wholly owned subsidiary of CAM, among others as defendants. The class action complaint is brought on behalf of a class defined as "all persons who owned real property in the State of New Jersey and who had a Tax Certificate issued with respect to their property that was purchased by a Defendant during the Class Period at a public auction in the State of New Jersey at an interest rate above 0%." Plaintiffs allege that beginning in January 1998 and at least through February 2009, the Defendants were part of a statewide conspiracy to manipulate interest rates associated with tax certificates sold at public auction from at least January 1, 1998, through February 28, 2009. During this period, Fidelity Tax was a subsidiary of BankAtlantic. Fidelity Tax was contributed to CAM in connection with the sale of BankAtlantic in the BB&T Transaction. BBX Capital and Fidelity Tax filed a Motion to Dismiss in March 2013 and on October 23, 2013, the Court granted the Motion to Dismiss and dismissed the Amended Complaint with prejudice as to certain claims, but without prejudice as to plaintiffs' main antitrust claim. Plaintiffs' counsel filed a Consolidated Amended Complaint on January 6, 2014. BBX Capital believes the claims to be without merit, intends to file a motion to dismiss the Consolidated Amended Complaint and intends to vigorously defend the action.

ITEM 4. Mine Safety Disclosures.

Not Applicable

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PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY,
RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company's Class A Common Stock is traded on the New York Stock Exchange under the symbol "BBX." BFC Financial Corporation ("BFC") is the sole holder of the Company's Class B Common Stock and there is no trading market for the Company's Class B Common Stock. The Class B Common Stock may only be owned by BFC or its affiliates and is convertible into Class A Common Stock on a share for share basis.

On March 10, 2014, there were approximately 224 record holders and 17,088,390 shares of the Class A Common Stock issued and outstanding. In addition, there were 195,045 shares of Class B Common Stock outstanding at March 10, 2014.

The following table sets forth, for the periods indicated, the high and low sale prices of the Class A Common Stock as reported by the New York Stock Exchange:

Class A Common Stock Price	
High	Low

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For the year ended December 31, 2013	\$ 15.66	6.95
Fourth quarter	15.66	13.18
Third quarter	15.12	12.66
Second quarter	13.35	8.22
First quarter	8.25	6.95

For the year ended December 31, 2012	\$ 7.25	1.82
Fourth quarter	7.25	6.22
Third quarter	6.60	5.34
Second quarter	6.67	3.98
First quarter	4.21	1.82

The Company has filed, as exhibits to this Annual Report on Form 10-K, the certifications of the Company's principal executive officer and principal financial officer required under Sections 906 and 302 of the Sarbanes-Oxley Act of 2002 regarding the quality of the Company's public disclosure.

There were no cash dividends paid by the Company during the years ended December 31, 2013 and 2012. Due to regulatory restrictions applicable to the Company due to its ownership of BankAtlantic and as a result of contractual restriction associated with the Company's election in February 2009 to commence the deferral of interest payments on the TruPS obligations, the Company was restricted from paying dividends to its shareholders during the 2009, 2010 and 2011 fiscal years. As a result of the deregistration of the Company with the Federal Reserve as a savings bank holding company effective July 31, 2012 and the assumption of the TruPS by BB&T upon consummation of the BB&T Transaction, the Company is no longer subject to restrictions on paying dividends to its shareholders. However, the Company currently expects to utilize its available cash to pursue opportunities in accordance with its business strategies and does not currently anticipate that it will pay cash dividends to its shareholders during 2014 or for the foreseeable future.

On May 2, 2011, the Company distributed to each record holder of its Class A Common Stock and Class B Common Stock as of May 12, 2011 0.624 non-transferable subscription rights to purchase shares of its Class A Common Stock for each share of Class A and Class B Common Stock owned on that date. Each whole subscription right entitled the holder to purchase one share of Class A Common Stock at a subscription price of \$3.75 per share. The Company completed the rights offering on June 16, 2011 and issued 3,025,905 shares of its Class A Common Stock. The net proceeds from this rights offering were \$11.0 million. The Company used the net proceeds of \$11.0 million to fund part of a \$20 million capital contribution to BankAtlantic in June 2011.

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ITEM 6. SELECTED CONSOLIDATED FINANCIAL DATA

(In thousands except share and per share data)	For the Years Ended December 31,				
	2013	2012	2011	2010	2009
Income Statement					
Total revenues	\$ 48,658	33,285	45,682	48,355	56,651
Total costs and expenses	53,596	68,169	72,134	84,960	94,723
Equity earnings in Woodbridge Holdings, LLC	13,461	-	-	-	-
Recoveries from (provision for) loan losses	43,865	(2,405)	(37,874)	(91,455)	(131,180)
Asset impairments	(4,708)	(9,931)	(14,666)	(5,303)	(6,964)
Income (loss) from continuing operations before income taxes	47,680	(47,220)	(78,992)	(133,363)	(176,216)
Provision (benefit) for income taxes	20	(18,744)	(19,480)	127	(31,719)
Income (loss) from continuing operations	47,660	(28,476)	(59,512)	(133,490)	(144,497)
Discontinued operations, net of tax (4)	-	264,238	30,771	(9,760)	(41,322)
Net income (loss)	47,660	235,762	(28,741)	(143,250)	(185,819)
Less: net income attributable to non-controlling interest	179	-	(336)	(931)	-
Net income (loss) attributable to BBX Capital Corporation	\$ 47,839	235,762	(29,077)	(144,181)	(185,819)

(In thousands except share and per share data)	For the Years Ended December 31,				
	2013	2012	2011	2010	2009
Basic earnings (loss) per share					
Continuing operations	\$ 3.02	(1.81)	(4.21)	(12.04)	(30.46)
Discontinued operations (5)	-	16.81	2.17	(0.87)	(8.71)
Basic and diluted earnings (loss) per share (5)	\$ 3.02	15.00	(2.04)	(12.91)	(39.17)
Diluted earnings (loss) per share					
Continuing operations	\$ 2.94	(1.81)	(4.21)	(12.04)	(30.46)
Discontinued operations (5)	-	16.81	2.17	(0.87)	(8.71)
	\$ 2.94	15.00	(2.04)	(12.91)	(39.17)

Per common share data

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Cash dividends declared per common share Class A (1)	\$	-	-	-	-	0.025
Cash dividends declared per common share Class B (1)		-	-	-	-	0.025
Book value per share (2)		19.00	15.24	(1.08)	1.18	14.38

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(In thousands except share and per share data)	As of December 31,				
	2013	2012	2011	2010	2009
Balance Sheet (at year end)					
Loans held for sale	\$ 53,846	24,748	55,601	29,765	4,547
Loans receivable, net of allowance for loan losses	72,226	292,562	2,448,203	3,018,179	3,689,779
Total assets	431,147	470,703	3,678,119	4,509,433	4,815,617
Deposits	-	-	3,280,083	3,893,014	3,969,680
Other borrowings (3)	98,758	207,178	359,114	514,385	613,043
Total equity	303,566	240,324	(16,926)	14,743	141,571
Asset quality ratios					
Non-performing loans, gross of reserves, as a percent of total loans	% 69.25	65.73	11.39	11.36	8.59
Loan loss allowance as a percent of non-performing loans	5.23	2.71	44.24	44.89	56.19
Loan loss allowance as a percent of total loans	3.76	1.82	5.31	5.37	5.07

1. Cash dividends declared on common shares divided by income from continuing operations.
2. The denominator of book value per share was computed by combining the number of Class A and Class B shares outstanding at year end for all periods.
3. Other borrowings consisted of BB&T's preferred interest in FAR, notes payable to related parties and notes payable as of December 31, 2013 and 2012. Other borrowings were primarily FHLB advances, subordinated debentures, and junior subordinated debentures as of December 31, 2011, 2010 and 2009.
4. Discontinued operations include the results of operations of BankAtlantic's Community Banking, Investments, Tax Certificates and Capital Services reporting units for each of the years in the four year period ended December 31, 2012. Discontinued operations for the years ended December 31, 2010 and 2009 included earnings (losses) from the sale in 2007 of Ryan Beck & Co., a broker dealer subsidiary of BBX Capital, of (\$0.5) million and \$3.7 million, respectively.
5. During the year ended December 31, 2009, the Company recognized a tax benefit associated with the enactment of tax legislation that increased the 2009 net operating loss carry-back period from two years to five years. During each of the years in the five year period ended December 31, 2013, the Company recorded a deferred tax valuation allowance for its entire net deferred tax asset. During the years ended December 31, 2012 and 2011, the Company recognized a tax benefit of \$18.7 million and \$19.2 million from the reduction in the deferred tax asset valuation allowance associated with income from discontinued operations.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

BBX Capital was organized under the laws of the State of Florida in 1994. BBX Capital's principal asset until July 31, 2012 was its ownership of BankAtlantic and its subsidiaries. BankAtlantic was a federal savings bank headquartered in Fort Lauderdale, Florida and 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 Capital completed the sale to BB&T of all of the issued and outstanding shares of capital stock of BankAtlantic in the BB&T Transaction. Following the BB&T Transaction, BBX Capital requested and received approval from the Federal Reserve for deregistration as a savings and loan holding company effective July 31, 2012. As such, BBX Capital is no longer subject to regulation by the Federal Reserve or restrictions applicable to a savings and loan holding company.

The Company's activities subsequent to the consummation of the BB&T Transaction involve the investment, ownership, financing, acquisition, development and management of real estate and real estate related assets and consists of the activities associated with BBX Capital's portfolio of loans receivable, real estate properties acquired through foreclosure, and portfolio of charged off loans as well as its investments in operating businesses. The Company also manages FAR, including overseeing the management and monetization of FAR's assets with a view to the repayment of BB&T's preferred interest and maximizing the cash flows of any remaining assets.

The Company is currently actively engaged in pursuing joint venture arrangements with developers for residential and commercial development projects in which we fund our equity investment in joint ventures through cash investments or by contributing real estate properties. The Company is also pursuing investments in middle market operating businesses.

During the year ended December 31, 2013, the Company invested in the following operating businesses:

In April 2013, BBX Capital acquired a 46% equity interest in Woodbridge Holdings, LLC ("Woodbridge"). Woodbridge's principal asset is its ownership of Bluegreen Corporation and its subsidiaries ("Bluegreen"). Bluegreen is a vacation ownership company with 225,000 owners and over 60 owned or managed resorts. BFC Financial Corporation ("BFC"), the controlling shareholder of the Company, owns the remaining 54% of Woodbridge.

In October 2013, a joint venture entity, Renin Holdings, LLC ("Renin") owned 81% by BBX Capital and 19% by BFC acquired substantially all of the assets and certain liabilities of Renin Corp. Renin Corp. manufactures interior closet doors, wall décor, hardware and fabricated glass products and operates through headquarters in Canada and four manufacturing, assembly and distribution facilities in Canada, the United States and the United Kingdom.

In December 2013, a wholly-owned subsidiary of BBX Capital acquired the outstanding common shares or membership interests in Hoffman's Chocolates and its subsidiaries Boca Bons and Good Fortunes ("Hoffman's"). Hoffman's is a manufacturer of gourmet chocolates, with four retail locations in South Florida.

Consolidated Results of Operations

The Company reports its consolidated results of operations in two reportable segments, BBX and FAR. The results of operations of Renin and Hoffman's were not included in the Company's segment reporting as the businesses were recently acquired and discrete financial information was not available as of December 31, 2013. Management will evaluate the Company's reportable segments in subsequent periods to determine if the acquired businesses are reportable segments or reportable within another segment.

The BBX reportable segment consists of the activities associated with BBX Capital's portfolio of loans receivable, and its portfolio of real estate properties, maximizing the cash flows from its portfolio of charged-off loans, and pursuing equity and debt investment opportunities in real estate and operating businesses. The BBX reportable segment also includes equity earnings from its investment in Woodbridge. The FAR reportable segment consists of the activities associated with overseeing the management and monetization of its assets with a view to repayment of BB&T's preferred interest and maximizing the cash flows of any remaining assets. FAR's activities began on August 1, 2012.

The results of operations of BBX for the years ended December 31, 2012 and 2011 include the operations of BBX Capital and its subsidiaries other than BankAtlantic and FAR, BankAtlantic's Commercial Lending reporting unit and all of BankAtlantic's general corporate overhead.

Income (loss) from continuing operations from each of the Company's reportable segments and the results of operations of Renin and Hoffman's after their respective dates of acquisition was as follows (in thousands):

	For the Years Ended December 31,		
	2013	2012	2011
BBX	\$ 40,526	(41,297)	(78,992)
FAR	8,133	(5,923)	-
Other	(979)	-	-
Income (loss) from continuing operations before provision (benefit) for income taxes	47,680	(47,220)	(78,992)
Provision (benefit) for income taxes	20	(18,744)	(19,480)
Income (loss) from continuing operations	\$ 47,660	(28,476)	(59,512)

(1) Other represents the activities of Renin and Hoffman's from the date of acquisition through December 31, 2013.

For the Year Ended December 31, 2013 Compared to the Same 2012 Period:

BBX Reportable Segment

BBX reportable segment improvement in income (loss) from continuing operations for the year ended December 31, 2013 resulted primarily from significant loan loss recoveries, equity earnings from BBX Capital's April 2013 investment in Woodbridge and lower selling, general and administrative expenses as well as a decline of impairments

on loans held-for-sale and real estate.

The significant loan loss recoveries relate to a settlement with a borrower which resulted in reversals of previously charged-off commercial loans of \$20.1 million and interest income recoveries of \$13.6 million. Additionally, CAM foreclosed on a residential commercial real estate property resulting in an \$11.1 million recovery as the fair value of the collateral was greater than the recorded investment of the loan based on an updated valuation.

Equity earnings from BBX Capital's investment in Woodbridge from the date of the investment (April 3, 2013) through December 31, 2013 were \$13.5 million.

Selling, general and administrative expenses declined from \$48.1 million for the year ended December 31, 2012 to \$23.5 million for the same 2013 period. The decline in expenses was due primarily to the reduction in BBX's cost structure as a result of the sale of BankAtlantic and the elimination of BankAtlantic's general corporate overhead, which was included in its entirety during the seven months ended July 31, 2012. As a consequence,

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occupancy and employee compensation and benefit expenses were reduced by \$11.3 million for the year ended December 31, 2013 compared to the same 2012 period.

Net asset impairments during the year ended December 31, 2013 were \$0.2 million compared to \$8.6 million during the year ended December 31, 2012. The 2013 impairments reflected \$0.6 million of net impairments from real estate and \$0.4 million of valuation allowance reversals associated with loans held-for-sale. Asset impairments during the year ended December 31, 2012 represented \$9.1 million of increased impairments on real estate and \$0.7 million of impairments on loans held-for-sale. Management believes that the lower impairments during the year ended December 31, 2013 may reflect a general appreciation of real estate values during 2013.

FAR Reportable Segment

The FAR reportable segment improvement in income (loss) from continuing operations primarily resulted from loan loss recoveries of \$9.7 million and gains on the sales of assets of \$3.2 million partially offset by \$4.5 million of asset impairments.

The \$9.7 million recoveries for loan losses resulted primarily from the payoff of two nonaccrual loans. The recoveries were partially offset by a \$2.7 million increase in the provision for loan losses associated with the transfer of first lien residential loans to loans held-for-sale.

Net gains on sales of assets during the year ended December 31, 2013 resulted from gains on sales of real estate, properties and equipment and tax certificates of \$1.3 million, \$1.0 million and \$0.9 million, respectively.

Asset impairments during the year ended December 31, 2013 consisted of a \$2.0 million impairment on an office warehouse property based on an updated valuation and a \$1.6 million increase in loans held-for-sale valuation allowances. The increase in the valuation allowance for loans held-for-sale resulted from a decline in small business loan valuations.

Other

Other represents the activities of Renin and Hoffman's from the date of acquisition through December 31, 2013. Included in the activities were \$1.1 million of acquisition related costs and a \$1.0 million bargain purchase gain associated with the Renin Transaction.

For the Year Ended December 31, 2012 Compared to the Same 2011 Period:

BBX Reportable Segment

The improvement in BBX's loss from continuing operations during 2012 compared to 2011 was primarily the result of lower provision for loan losses, interest expense, asset impairments and selling, general and administrative expenses and higher net gains from the sales of assets.

The decrease in the provision for loan losses of \$40.0 million primarily reflects what management believes to be a stabilization of real estate property values in 2012 resulting in lower charge-downs of collateral dependent loans to the fair value of the collateral less cost to sell relative to prior periods. BB&T acquired \$297.3 million of commercial loans upon the sale of BankAtlantic in the BB&T Transaction, which contributed to fewer loans migrating to a non-accrual status subsequent to the BB&T Transaction.

The \$6.0 million reduction in interest expense resulted from lower average balances as BB&T assumed all of the Company's outstanding TruPS obligations as of July 31, 2012 resulting in only seven months of interest expense during 2012 compared to a full year of interest expense during 2011.

The decrease in asset impairments reflects fewer assets and lower real estate valuation adjustments from updated property valuations during 2012 compared to the same 2011 period.

The decrease in selling, general and administrative expenses reflects a \$5.9 million reduction in occupancy expenses. The lower occupancy expense reflects the consolidation of back-office facilities during prior periods, the consummation of the BB&T Transaction as of July 31, 2012 and the terms of a transition services agreement entered into with BB&T in connection with the BB&T Transaction that permitted BBX to use office space at its former headquarters at no cost from July 31, 2012 through December 1, 2012.

The higher net gains from the sales of assets resulted primarily from the sale of \$3.6 million of properties retained in the BB&T Transaction for a \$5.6 million gain.

The above improvements in BBX's loss from continuing operations were partially offset by \$22.7 million of lower interest income resulting primarily from a significant reduction in loan average balances associated with the acquisition of \$297.3 million of commercial loans by BB&T upon the sale of BankAtlantic in the BB&T Transaction and the reduction in commercial loan originations during prior periods.

FAR Reportable Segment

The FAR reportable segment incurred a \$5.9 million loss from continuing operations before income taxes from inception (August 1, 2012) through December 31, 2012. The loss reflects a \$4.6 million provision for loan losses associated primarily with consumer and residential loan charge-offs based on updated valuations on non-performing loans. FAR earned \$3.6 million of interest income on its loan portfolio and incurred \$2.5 million of interest expense consisting of the priority return of LIBOR plus 200 basis points payable with respect to BB&T's preferred membership interest. FAR incurred \$2.3 million of selling, general and administrative expenses during the five month period associated primarily with foreclosure activities and loan servicing fees.

Results of Discontinued Operations

BankAtlantic had five reporting units of which each reflected a component of the BankAtlantic entity and was the lowest level for which cash flows could be clearly distinguished, operationally and for financial reporting purposes. The Company determined that the 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 upon consummation of the BB&T Transaction on July 31, 2012. The Company did not continue in any material respect any activities of or have any continuing involvement with these reporting units.

Income from the Company's discontinued operations was as follows (in thousands):

	For the Years Ended December 31,	
	2012	2011
Net interest income	\$ 37,384	84,595
Provision for loan losses	(18,383)	(33,764)
Gain on the sale of BankAtlantic	290,642	-
Non-interest income	37,234	124,994
Non-interest expense	(61,634)	(125,872)
Income from discontinued operations before provision for income taxes	285,243	49,953
Provision for income taxes	(21,005)	(19,182)
Income from discontinued operations	\$ 264,238	30,771

For the Year Ended December 31, 2012 Compared to the Same 2011 Period:

The significant increase in income from discontinued operations during the year ended December 31, 2012 compared to the same 2011 period resulted primarily from the gain recognized on the sale of BankAtlantic to BB&T. As a consequence of the sale, the income from discontinued operations for the year ended December 31, 2012 includes seven months of BankAtlantic's activities while the 2011 period included twelve months of BankAtlantic's activities.

Included in income from discontinued operations during the year ended December 31, 2011 was the sale of 19 Tampa branches and related facilities to an unrelated financial institution on June 3, 2011 for a net gain of \$38.6 million. The decline in net interest income and non-interest income during 2012 compared to 2011 resulted primarily from a significant reduction in earning assets and an increasing proportion of investments in low yielding cash balances at the Federal Reserve Bank. The decline in non-interest income resulted primarily from lower deposit fee income mainly due to fewer deposit accounts as a result of the Tampa branch sale and lower overdraft fees. The above reductions in net interest income and non-interest income were partially offset by lower operating expenses. The decrease in operating expenses reflects lower compensation and occupancy expenses associated with the consolidation of back-office facilities, workforce reductions, normal attrition and elimination of expenses associated with BankAtlantic's Tampa operations as a result of the completion of the Tampa branch sale.

Provision for income taxes

Generally, the amount of tax expense or benefit allocated to continuing operations is determined without regard to the tax effects of other categories of income or loss, such as discontinued operations or accumulated other comprehensive loss. However, an exception to the general rule exists when there is a pre-tax loss from continuing operations and pre-tax income from other categories. In such instances, income from other categories is used to offset the current loss from continuing operations resulting in such offset being reflected in continuing operations. The offset is limited to the lower of income from other categories or the loss from continuing operations. As a consequence, the Company recognized a continuing operation benefit for income taxes for the year ended December 31, 2012 in the amount of \$18.7 million. The discontinued operations provision for income taxes represents the \$18.7 million benefit in continuing operations for the year ended December 31, 2012 plus \$2.3 million of additional provision for income taxes included in other comprehensive income that was transferred to discontinued operations as a result of the sale of BankAtlantic.

The Company recognized a continuing operations benefit for income taxes for the year ended December 31, 2011 in the amount of \$19.5 million. The continuing operations benefit for income taxes was limited by the pre-tax income from discontinued operations. Also included in the discontinued operations benefit for income taxes during the year ended December 31, 2011 was the recognition of \$214,000 of tax benefits upon the resolution of a tax contingency partially offset by an \$84,000 tax payment associated with the recapture of low income tax credits.

BBX Results of Operations

The following table is a condensed income statement summarizing the results of operations of the BBX business segment ("BBX") (in thousands):

	For the Years Ended December 31,			Change	Change
	2013	2012	2011	2013 vs 2012	2012 vs 2011
Interest income	\$ 14,490	18,312	41,046	(3,822)	(22,734)
Net gains on sales of assets	3,525	5,551	2,630	(2,026)	2,921
Income from real estate operations	2,743	3,798	1,912	(1,055)	1,886
Other revenues	1,304	607	94	697	513
Total revenues	22,062	28,268	45,682	(6,206)	(17,414)
Interest expense	1,774	9,577	15,572	(7,803)	(5,995)
Real estate operating expenses	3,681	5,442	3,186	(1,761)	2,256
Selling, general and administrative expenses	23,451	48,074	53,376	(24,623)	(5,302)
Total costs and expenses	28,906	63,093	72,134	(34,187)	(9,041)
Equity earnings in Woodbridge	13,461	-	-	13,461	-
Recoveries from (provision for) loan losses	34,128	2,163	(37,874)	31,965	40,037
Asset impairments	(219)	(8,635)	(14,666)	8,416	6,031
Income (loss) from continuing operations before benefit for income taxes	40,526	(41,297)	(78,992)	81,823	37,695
Benefit for income taxes	-	(16,393)	(19,480)	16,393	3,087
Income (loss) from continuing operations	\$ 40,526	(24,904)	(59,512)	65,430	34,608
Interest Income					

The reduction in interest income for each of the years in the three year period ended December 31, 2013 resulted primarily from the acquisition of \$297 million of BankAtlantic's commercial loans by BB&T and the transfer of \$223.8 million of BankAtlantic's commercial loans to FAR in connection with the sale of BankAtlantic in the BB&T Transaction as of July 31, 2012. The interest income during 2013 consisted primarily of \$13.6 million of interest income recovered in connection with the repayment of nonaccrual loans pursuant to a settlement agreement with respect to litigation between CAM and Daniel S. Catalfumo and certain members of his family and affiliated entities. The remaining interest income recognized during 2013 was interest income recognized on a cash basis from non-accrual loans.

Net gains on the sales of assets

The net gains on the sales of assets during the years ended December 31, 2013, 2012 and 2011 were primarily gains/losses on the sales of real estate properties. Included in net gains on sales of assets during the year ended December 31, 2013 was a \$1.5 million gain from the sale of rental property, a \$1.0 million gain on the sale of a storage facility and a \$0.6 million gain on the sale of a held-for-sale commercial real estate loan.

The net gains on the sales of assets during the year ended December 31, 2012 primarily represents the sale of two BankAtlantic properties retained by BBX in the BB&T Transaction for a \$5.6 million gain. The properties

were acquired by BankAtlantic for branch and back office facilities expansion.

The net gains on the sales of assets held for sale during the year ended December 31, 2011 primarily represent \$2.1 million of gains recognized on the sale of \$5.6 million of commercial loans. These gains on loan sales were partially offset by a \$1.5 million other than temporary decline in value of an equity investment in a financial institution.

Income from Real Estate Operations

Income from real estate operations consists primarily of rental income from foreclosed properties. The decrease in real estate revenue during the year ended December 31, 2013 compared to the 2012 year reflects sales of rental properties during 2013.

Other revenues

Other revenues for the year ended December 31, 2013 consist primarily of \$0.7 million of recoveries on loans in excess of contractual principal and \$0.2 million of deposit overdraft recoveries associated with the charged off deposit overdraft portfolio retained in the BB&T Transaction.

Other revenues for the year ended December 31, 2012 primarily represented equity earnings of \$281,000 from the trusts formed to issue the TruPS, deposit overdraft recoveries and retention of a \$67,000 non-refundable deposit associated with a contract to sell a real estate property. The equity earnings during the year ended December 31, 2012 represented seven months of activity as the trusts were acquired by BB&T as of July 31, 2012 in connection with the assumption by BB&T of all of the Company's TruPS obligation upon consummation of the BB&T Transaction.

Other revenues for the year ended December 31, 2011 related primarily to fees from BFC for services provided to BFC partially offset by equity losses from the trusts formed to issue TruPS.

Interest expense

Interest expense for the year ended December 31, 2013 resulted from two notes payable aggregating \$10.3 million issued as of December 31, 2012. The notes were issued to two third party participants in loans for which we were the lead lender in connection with our acquisition of the participants' interest in a loan and certain real estate property. One note payable in the amount of \$2.5 million was repaid in December 2013.

Interest expense for the years ended December 31, 2012 and 2011 relates to interest expense recognized on the TruPS assumed by BB&T upon consummation of the BB&T Transaction.

Real Estate Operating Expenses

Real estate operating expenses for the years ended December 31, 2013, 2012 and 2011 represent real estate taxes, insurance and holding costs associated with real estate acquired through foreclosure.

Selling, general and administrative expenses (“SG&A”) consisted of the follow (in thousands):

	For the Years Ended			Change	Change
	December 31,			2013 vs	2012 vs
	2013	2012	2011	2012	2011
Employee compensation and benefits	\$ 14,231	21,920	22,439	(7,689)	(519)
Occupancy and equipment	992	4,622	10,492	(3,630)	(5,870)
Professional fees	6,226	14,733	10,006	(8,507)	4,727
Other	2,002	6,799	10,439	(4,797)	(3,640)
Total selling, general and administrative expenses	\$ 23,451	48,074	53,376	(24,623)	(5,302)

BankAtlantic’s general corporate overhead was included in its entirety in BBX’s selling, general and administrative expense for the seven months ended December 31, 2012 and the year ended December 31, 2011. In connection with the BB&T Transaction, BBX entered into a transition services agreement with BB&T pursuant to which, among other things, former employees of BankAtlantic provided specified services to BBX at no cost to BBX until the later of such date that they were no longer employed by BB&T or October 2012 and BBX had the right to utilize office space at BankAtlantic’s former headquarters at no cost until December 2012. As a consequence, BBX did not recognize compensation expenses during the two months ended September 30, 2012 for services performed on behalf of BBX by these BB&T employees as the fair value of the costs of these services was not material. BBX’s cost structure significantly changed as a result of the reduction in general overhead associated with the consummation of the BB&T Transaction. The reduction in general corporate overhead was partially offset by the relocation of BBX’s corporate headquarters in December 2012 and the hiring of 33 former BankAtlantic employees.

Employee Compensation and Benefits

The decrease in employee compensation during the year ended December 31, 2013 compared to the same 2012 and 2011 periods was due primarily to the reduction in BBX’s cost structure as a result of the sale of BankAtlantic and the elimination of BankAtlantic’s general corporate overhead as of August 1, 2012.

Occupancy and Equipment

The significant decline in occupancy and equipment expense during the year ended December 31, 2013 compared to the same 2012 and 2011 periods was due primarily to the relocation of BBX’s corporate headquarters and the elimination of BankAtlantic’s general corporate overhead.

Professional fees

The decrease in professional fees during the year ended December 31, 2013 compared to the same 2012 period resulted primarily from legal costs during the 2012 period associated with litigation instituted by certain TruPS holders and trustees in connection with the BB&T Transaction which was resolved during the 2012 period. Legal costs during the year ended December 31, 2013 primarily represented fees associated with the SEC civil action, foreclosures and collections.

The increase in professional fees during the year ended December 31, 2012 compared to the same 2011 period resulted primarily from the TruPS litigation and secondarily from higher insurance reimbursements during 2011 compared to 2012.

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Other

The decline in other expenses during the year ended December 31, 2013 compared to the same 2012 period resulted from lower operating expenses associated with the sale of BankAtlantic. The decline in other expenses during the year ended December 31, 2012 compared to the same 2011 period reflected lower operating costs associated with the consolidation of back office facilities and the reduction in the workforce as well as lower operating expenses associated with the sale of BankAtlantic.

Asset Impairments

Asset impairments during the year ended December 31, 2013 reflect \$0.6 million of net impairments from real estate and \$0.4 million of valuation allowance reversals associated with loans held-for-sale. The impairments and allowance reversals were primarily the result of updated valuations and loan repayments.

Asset impairments during the year ended December 31, 2012 represented \$9.1 million of increased impairments on real estate and \$0.7 million of impairments on loans held-for-sale compared to \$11.8 million of impairments on real estate and \$2.8 million of impairments on loans held-for-sale during the year ended December 31, 2011.

(Recoveries from) provision for loan losses

Changes in the allowance for loan losses were as follows (in thousands):

	For the Years Ended December 31,				
	2013	2012	2011	2010	2009
Allowance for Loan Losses:					
Balance, beginning of period	\$ 1,309	129,887	162,139	187,218	137,257
Charge-offs :					
Commercial real estate	(913)	(54,189)	(43,266)	(107,994)	(112,769)
Commercial non-real estate	-	(15,667)	(8,205)	(996)	(516)
Discontinued operations	-	(22,699)	(60,278)	(65,661)	(72,605)
Total Charge-offs	(913)	(92,555)	(111,749)	(174,651)	(185,890)
Recoveries					
Commercial real estate	24,753	3,882	1,272	1,661	700
Commercial non-real estate	9,933	893	1,140	716	500
Discontinued operations	-	4,474	5,447	2,834	1,993
Total recoveries	34,686	9,249	7,859	5,211	3,193
Net (charge-offs)	33,773	(83,306)	(103,890)	(169,440)	(182,697)
(Recovery from) provision for loan losses	(34,128)	(2,163)	37,874	91,455	131,181
Transfer of allowance for loan losses to FAR	-	(6,691)	-	-	-
Transfers to held for sale	-	(48,645)	-	-	-
Discontinued operations provision	-	12,227	33,764	52,906	101,477
Balance, end of period	\$ 954	1,309	129,887	162,139	187,218

Discontinued operations represents the activity in the allowance for loan losses associated with the Community Banking and Capital Services reporting units.

The commercial real estate charge-offs during the year ended December 31, 2013 related to three commercial real estate loans. Two of the loans were charged down \$0.5 million in the aggregate due to updated valuations and the other loan was charged down by \$0.4 million in connection with a short sale.

The commercial real estate and non-real estate loan recoveries during the year ended December 31, 2013 primarily relate to the repayment of non-accrual loans pursuant to the Catalfumo settlement agreement which resulted in

reversals of previously charged-off commercial real estate and commercial non-real estate loans of \$10.2 million and \$9.9 million, respectively. Additionally, CAM foreclosed on a residential commercial real estate property resulting in an \$11.0 million recovery as the fair value of the collateral was greater than the recorded investment of the loan based on an updated valuation. The remaining recoveries during the year ended December 31, 2013 resulted primarily from cash collected on certain previously charged-off loans and related judgments which were transferred from BankAtlantic to CAM in connection with the BB&T Transaction and recoveries from foreclosures as the fair value of the underlying collateral less cost to sell was greater than the recorded investment on certain loans.

In June 2013, CAM entered into a settlement agreement, which was amended on October 21, 2013, with respect to litigation between CAM and Daniel S. Catalfumo and certain members of his family and affiliated entities (collectively, "Catalfumo") relating to the Company's lending relationship with Catalfumo. Pursuant to the terms of

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the amended settlement agreement, Catalfumo agreed to pay CAM \$30 million in cash plus accrued interest, of which \$22 million was paid to the Company on November 4, 2013 and the remaining \$8.8 million was paid on December 5, 2013. Catalfumo also transferred to CAM two land parcels and a building with an adjacent parking garage with an aggregate fair value of \$13.2 million as of December 31, 2013. These properties were recorded as real estate held-for-investment in the Company's Statement of Financial Condition as of December 31, 2013. BBX plans to obtain governmental approvals and entitlements with a view to enhancing the value of the properties and either entering into a joint venture relationship to develop the real estate or selling the properties to a third party. The Catalfumo settlement resulted in BBX recognizing recoveries from loan losses and interest income recoveries of \$20.1 million and \$13.6 million, respectively, during the fourth quarter of 2013.

Commercial real estate loan charge-offs during the year ended December 31, 2012 included \$46.7 million of charge-offs related to previously established specific valuation allowances. BBX charged-off specific valuation allowances on collateral dependent loans during the first quarter of 2012 in accordance with OCC guidance (which is discussed in more detail below). Excluding these specific valuation allowance charge-offs, commercial real estate charge-offs declined from \$43.3 million during the years ended December 31, 2011 to \$7.5 million during the year ended December 31, 2012. The significant reduction in charge-offs reflected declines in loan balances and the number of loans migrating to a non-accrual status in part reflecting the virtual halt of commercial loan originations after December 2008 as well as the transfer of \$378.2 million of commercial real estate loans to loans held for sale in March 2012 in connection with the BB&T Transaction.

Commercial non-real estate loan charge-offs during the year ended December 31, 2012 included \$12.5 million of charge-offs related to previously established specific valuation allowances. The remaining charge-offs during the year ended December 31, 2012 period related primarily to two asset backed loans. The commercial non-real estate loan charge-offs during year ended December 31, 2011 related primarily to \$7.5 million of charge-offs associated with a factoring joint venture that ceased operations in September 2011.

The reduction in discontinued operations loan charge-offs and provision for loan losses reflects management's perception of improving economic conditions, declining unemployment rates in Florida and the slowing of the decline in property values associated with residential and consumer home equity loans.

The commercial real estate loan recoveries during the years ended December 31, 2012 and 2011 resulted primarily from foreclosures as the fair value of the properties less cost to sell was higher than the recorded investment in the loans reflecting what management believed to be improvements in property valuations subsequent to the charge down of the foreclosed loans.

Loans with a recorded investment of \$1.9 billion were transferred to assets held for sale as of March 31, 2012 as those loans were anticipated to be transferred to BB&T upon the sale of BankAtlantic in the BB&T Transaction. The

allowance for loan losses as of March 31, 2012 associated with these commercial loans was \$48.6 million and was included in the above table for the year ended December 31, 2012.

Loans with a recorded investment of \$302.0 million were transferred to FAR as of August 1, 2012 in connection with the consummation of the BB&T Transaction. The allowance for loan losses associated with these loans was \$6.7 million and was included in the above table for the year ended December 31, 2012.

The table below presents the allocation of the allowance for loan losses (“ALL”) by various loan classifications, the percent of allowance to each loan category (“ALL to gross loans percent”) and the percentage of loans in each category to total loans (“Loans to gross loans percent”). The allowance shown in the table should not be interpreted as an indication that charge-offs in future periods will occur in these amounts or percentages or that the allowance accurately reflects future charge-off amounts or trends (dollars in thousands):

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	December 31, 2013			December 31, 2012			December 31, 2011		
	ALL by category	ALL to gross loans in each category	Loans by category to gross loans	ALL by category	ALL to gross loans in each category	Loans by category to gross loans	ALL by category	ALL to gross loans in each category	Loans by category to gross loans
Commercial non-mortgage	\$ 954	28.64%	19.58%	\$ 1,309	19.73%	12.15%	\$ 17,192	14.55%	4.59%
Commercial real estate	-	-	80.42	-	-	87.85	66,269	9.74	26.42
Discontinued operations	-	-	-	-	-	-	46,426	2.61	68.99
Total allowance for loan losses	\$ 954	5.61	100.00	\$ 1,309	2.40	100.00	\$ 129,887	5.04	100.00
	December 31, 2010			December 31, 2009					
	ALL by category	ALL to gross loans in each category	Loans by category to gross loans	ALL by category	ALL to gross loans in each category	Loans by category to gross loans			
Commercial non-mortgage	\$ 10,786	7.95%	4.27%	\$ 4,515	2.91%	3.24%			
Commercial real estate	83,859	9.37	28.15	105,288	9.03	29.41			
Discontinued operations	67,494	3.14	67.58	77,415	3.03	67.35			
Total allowance for loan losses	\$ 162,139	5.10	100.00	\$ 187,218	4.83	100.00			

Included in the allowance for loan losses in the above table were specific valuation allowances as follows (in thousands):

	December 31,				
	2013	2012	2011	2010	2009
Commercial non-real estate	\$ 954	784	15,408	9,850	174
Commercial real estate	-	-	52,582	62,986	56,153
Discontinued operations	-	-	9,257	16,761	14,158

Total \$ 954 784 77,247 89,597 70,485

The allowance for loan losses at December 31, 2013 consisted primarily of specific valuation allowances on two commercial non-real estate loans with an aggregate recorded investment of \$3.0 million. There was no allowance for loan losses assigned to the balance of BBX's loans receivable (\$11.9 million) as the loans are collateral dependent and were charged down to the fair value of the collateral less cost to sell.

The decrease in the allowance for loan losses at December 31, 2012 compared to the prior periods resulted primarily from the charge-off of specific valuation allowances on collateral dependent loans as well as from the transfer of \$1.8 billion of loans and \$46.3 million of related allowance for loan losses to BB&T in connection with the sale of BankAtlantic. The reduction in allowance for loan losses to gross loans in each category also reflects the

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charge-off of \$65.7 million of the specific valuation allowances discussed in the following paragraph and the fact that a higher percentage of the loans which were retained by the Company in the BB&T Transaction were non-performing and/or collateral dependent. An allowance for loan losses was not established for those collateral dependent loans as these loans were instead charged-down to the fair value of the collateral less cost to sell. The specific valuation allowance as of December 31, 2012 reflects impaired loans measured based on the present value of expected cash flows discounted at the loan's effective interest rate.

As part of the transition of the regulation of OTS savings associations such as BankAtlantic to the OCC, the OCC provided guidance to thrifts related to their transition to OCC regulatory reporting, which was to be implemented no later than March 31, 2012, including guidance surrounding specific valuation allowances on collateral dependent loans. Under OCC guidance, where the appraised value of collateral on a collateral dependent loan is less than the recorded investment of the loan, a charge-off of the amount of the deficiency rather than a specific valuation allowance is generally required. Management considered the appraisals on its impaired collateral dependent loans, including appraised values and appraisal dates and, during the first quarter of 2012, the Company charged down the recorded investment of loans by \$66.5 million to the fair value of the collateral less cost to sell. This charge down consisted entirely of the charging-off of existing specific valuation allowances. As a specific valuation allowance was previously established for these loans, the charge-offs did not impact the provision for loan losses or the net loss during the three months ended March 31, 2012, but did reduce the Company's allowance for loan losses and recorded investment in the loans. Further, these charge-offs of specific valuation allowances did not impact the estimation of the allowance for loan losses as the change in the specific valuation allowances was always a factor in the overall estimation of the allowance for loan losses.

At the indicated dates, BBXs non-performing loans, loans contractually past due 90 days or more and still accruing and troubled debt restructured loans were as follows (in thousands):

	As of December 31,				
	2013	2012	2011	2010	2009
NON-ACCRUAL LOANS					
Commercial real estate	\$ 11,526	45,784	177,390	228,343	207,206
Commercial non-mortgage	3,331	3,362	20,120	17,659	23,621
Discontinued operations	-	-	96,075	115,173	102,351
Total non-accrual loans	14,857	49,146	293,585	361,175	333,178
Total non-accrual loans as a percentage of:					
Total assets	% 6.30	28.13	7.98	8.01	6.92
Loans	% 87.35	95.68	11.39	11.36	8.59
TOTAL ASSETS	\$ 235,841	174,691	3,678,119	4,509,433	4,815,617
TOTAL LOANS	17,009	51,364	2,578,096	3,180,317	3,876,997
Allowance for loan losses	\$ 954	1,309	129,887	162,139	187,218
OTHER ACCRUING IMPAIRED LOANS					
Contractually past due 90 days or more (1)	\$ -	-	80	-	9,960
Performing impaired loans (2)	-	-	-	11,880	6,150
Troubled debt restructured loans	-	-	116,954	96,006	107,642
TOTAL OTHER ACCRUING IMPAIRED LOANS	\$ -	-	117,034	107,886	123,752
Held for sale loans	\$ -	4,696	55,602	29,766	4,547

- (1) The majority of these loans had matured and the borrowers continued to make payments under the matured loan agreement or the loan had sufficient collateral to prevent loss.
- (2) BBX believed that it would ultimately collect the principal and interest associated with these loans; however, the timing of the payments may not have been in accordance with the contractual terms of the loan agreement.

Troubled debt restructured loans by loan type were as follows (in thousands):

	As of December 31,		2012		2011	
	2013		Non-accrual	Accruing	Non-accrual	Accruing
Commercial	\$ 6,865	-	10,632	-	90,899	96,146
Discontinued operations	-	-	-	-	15,471	20,808
Total	\$ 6,865	-	10,632	-	106,370	116,954
Held for sale	\$ -	-	304	-	18,389	-

The reduction in non-performing loans as of December 31, 2013 compared to December 31, 2012 primarily resulted from the foreclosure of four properties with an aggregate loan recorded investment of \$35.1 million as of December 31, 2012. BBX's loans as of December 31, 2013 are generally collateral dependent loans and in the process of foreclosure.

The reduction in non-performing loans during the year ended December 31, 2012 compared to prior years resulted from the sale of BankAtlantic to BB&T.

The decline in commercial real estate non-accrual loans during the year ended December 31, 2011 resulted primarily from a decline in loans migrating to a non-accrual status. During the year ended December 31, 2011, \$81.2 million of loans migrated to a non-accrual status while \$229.1 million of loans migrated to non-accrual during the same 2010 period. Additionally, during the year ended December 31, 2011, four non-accrual loans with an aggregate book value of \$15.1 million were sold and \$33.8 million of commercial real estate non-accrual loans were transferred to real estate owned.

The increase in commercial real estate non-accrual loans during the two year period ended December 31, 2010 reflects the migration of commercial residential loans to a non-accrual classification during the entire period as well as higher commercial other loans migrating to non-accrual status during the year ended December 31, 2010. During the year ended December 31, 2011, the decline in real estate values slowed and the economic environment as well as the unemployment rate improved compared to prior periods.

Discontinued operations loans consisted of consumer, small business and residential loans. The non-accrual balances remained at elevated levels generally due to prolonged foreclosure time frames and high unemployment rates.

The following table shows BBX's real estate held-for-sale and real estate held-for-investment grouped by the following classifications:

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(in thousands)	As of December	
	2013	2012
REAL ESTATE:		
Held-for-sale		
Land	\$ 10,307	16,268
Rental properties	-	6,298
Residential single-family	-	252
Other	-	1,249
Total held for sale	\$ 10,307	24,067
Held-for-investment		
Land	\$ 74,759	36,141
Rental properties	15,705	-
Other	788	845
Total held-for-investment	\$ 91,252	36,986
Total Real Estate	\$ 101,559	61,053

The increase in total real estate balances as of December 31, 2013 compared to December 31, 2012 resulted primarily from the acquisition of \$49.9 million of real estate through loan foreclosures and \$6.1 million of real estate purchases, partially offset by \$14.8 million of real estate sales and \$0.1 million of real estate impairments. Management segregated its real estate portfolio based on properties that were available for immediate sale in their present condition (“Real estate held-for-sale”), and properties that are not available for immediate sale as BBX is generally holding these properties to enhance the sales proceeds through renovations, management pursuing joint venture opportunities, potential development, or management’s decision to retain the property in anticipation of appreciation in market value in subsequent periods (“Real estate held-for-investment”). Management, at its discretion, may transfer real estate held-for-investment to real estate held-for-sale when the property is available for immediate sale in its present condition.

FAR Results of Operations

FAR commenced operations on August 1, 2012. The following table is a condensed income statement summarizing the results of operations of the FAR business segment (“FAR”) for the year ended December 31, 2013 and from August 1, 2012 through December 31, 2012:

(in thousands)	For the Year Ended December 31, 2013	From Inception Through December 31, 2012
Interest income	\$ 9,847	3,610
Net gains on sales of assets	3,203	1,136
Income from real estate operations	1,418	389
Other revenues	2,071	-
Total revenues	16,539	5,135
BB&T's priority return in FAR distributions	3,397	2,467
Real estate operating expenses	2,126	454
Selling, general and administrative expenses	8,131	2,273
Total costs and expenses	13,654	5,194
Recoveries from (provision for) loan losses	9,737	(4,568)
Asset impairments	(4,489)	(1,296)
Income (loss) from continuing operations	8,133	(5,923)
Provision (benefit) for income taxes	20	(2,351)
Net income (loss) from continuing operations	\$ 8,113	(3,572)

Interest Income

FAR's interest income for the year ended December 31, 2013 resulted primarily from \$7.1 million and \$1.2 million of commercial and residential loan interest income, respectively. The remaining interest income was from the small business, consumer and tax certificate portfolios and amounted to \$0.9 million, \$0.5 million and \$0.1 million, respectively. Included in commercial loan interest income were recoveries of \$1.9 million from the payoff of two nonaccrual loans.

FAR's interest income during the five months ended December 31, 2012 resulted primarily from \$2.9 million of commercial loan interest income with the balance from small business, consumer and residential loans.

Net gains on the sales of assets

Net gains on sales of assets during the year ended December 31, 2013 included \$0.9 million of gains associated with the sale of tax certificates and a \$1.0 million gain on the sale of a storage facility included in property and equipment. The remaining gains on sales of assets were associated with gains from the sales of real estate held-for-sale.

Net gains on sales of assets during the five month period ended December 31, 2012 represents the gain on the sale of a \$4.6 million loan.

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Income from Real Estate Operations

Income from real estate operations during the year ended December 31, 2013 and the 2012 five month period consisted primarily of rental income from non-residential commercial properties.

Other Revenues

Other revenues during the year ended December 31, 2013 included \$0.9 million of other revenues from loan transfers to real estate and rental income from public storage operating facilities that were acquired through foreclosure in April 2013.

BB&T's priority return in FAR distributions BB&T's priority return in FAR distributions during the year ended December 31, 2013 and the five months ended December 31, 2012 represents the priority return associated with the preferred membership interests in FAR. BBX's 5% share of the priority distribution of \$170,000 and \$118,000 were eliminated in consolidation, respectively. The priority return is LIBOR + 200 basis points per annum on the unpaid preferred membership interest preference amount. The preferred membership interest preference amount was reduced from \$300 million as of August 1, 2012 to \$72.1 million as of December 31, 2013. FAR utilized cash receipts primarily from loan repayments and the sales of assets to repay the preference amount and fund the priority return. As of December 31, 2013, BB&T and BBX's preferred membership interest preference amount in FAR was \$68.5 million and \$3.6 million, respectively, compared to \$196.9 million and \$10.3 million, respectively, as of December 31, 2012.

Selling, general and administrative expenses consisted of the following (in thousands):

	For the Year Ended December 31, 2013	From Inception Through December 31, 2012
Employee compensation and benefits	\$ 206	-
Occupancy and equipment	698	-
Professional fees	946	488
Other	830	-
Asset servicing expenses	2,631	622
Foreclosure expenses	2,820	1,163
Total selling, general and administrative expenses	\$ 8,131	2,273

Employee compensation and benefits as well as occupancy and equipment and other expenses for the year ended December 31, 2013 relate primarily to the operations of two public storage rental facilities that were acquired through foreclosure in April 2013. One of the storage facilities was sold in December 2013.

Professional fees for the year ended December 31, 2013 and the five months ended December 31, 2012 consisted primarily of legal fees in connection with foreclosure and loan collection activities. Professional fees also include the pursuit of deficiency judgments on charged off loans.

Asset servicing expenses for the year ended December 31, 2013 and the five months ended December 31, 2012 were fees to third party management companies who service FAR's loans and real estate. FAR had \$130.7 million of loans and real estate serviced by third parties as of December 31, 2013.

Foreclosure expenses consisted primarily of real estate taxes on delinquent collateral dependent loans in foreclosure. Included in foreclosure expenses during the year ended December 31, 2013 were \$0.8 million of bankruptcy trustee and accounting fees associated with the foreclosure of two related properties.

Asset Impairments

Asset impairments during the year ended December 31, 2013 consisted of \$2.7 million of net impairments on real estate due to updated valuations, a \$1.6 million increase in loans held-for-sale valuation allowance and a \$0.2 million increase in the provision for tax certificate losses. The real estate impairments resulted primarily from a \$2.0 million impairment on an office warehouse property based on an updated valuation. The increase in the valuation allowance for loans held-for-sale resulted from a decline in small business loan valuations.

Asset impairments during the five months ended December 31, 2012 consisted of a \$0.6 million provision for tax certificate losses and \$0.7 million of lower of cost or market valuation allowance adjustments on loans held-for-sale. The tax certificate provision resulted primarily from charge-offs of out of state tax certificates. FAR recognized a \$0.5 million impairment charge upon the transfer of residential loans from loans held-for-sale to loans held-for-investment. The valuation allowance for small business loans held-for-sale was increased by \$0.2 million during the fourth quarter of 2012 based on updated loan valuations.

The activity in the allowance for loan losses during the year ended December 31, 2013 and the five month period ended December 31, 2012 was as follows (in thousands):

	For the Year Ended December 31, 2013	From Inception Through December 31, 2012
Allowance for Loan Losses:		
Balance, at August 1, 2012	\$ 4,002	6,691
Charge-offs :		
Commercial non-real estate	-	(3,570)
Commercial real estate	(3,063)	(1,497)
Small business	-	(1,524)
Consumer	(2,516)	(2,280)
Residential	(4,375)	(1,939)
Total Charge-offs	(9,954)	(10,810)
Recoveries of loans		
previously charged-off	17,448	3,553
Net charge-offs	7,494	(7,257)
Provision for loan losses	(9,737)	4,568
Balance, end of period	\$ 1,759	4,002

BankAtlantic contributed to FAR loans and other assets and liabilities and distributed the membership interest in FAR to BBX Capital immediately prior to the sale of BankAtlantic. As such, transfer of the loans to FAR was accounted for at historical cost as it was a transaction between entities under common control. The allowance for loan losses

associated with the transferred loans was \$6.7 million at the transfer date (August 1, 2012).

Commercial real estate charge-offs during the year ended December 31, 2013 related primarily to updated valuations on collateral dependent loans. Consumer and residential loan charge-offs mainly reflect the establishment of \$3.3 million and \$0.7 million valuation allowances on residential and consumer loans, respectively, upon the transfer of the loans to loans held-for-sale. The remaining charge-offs reflect updated valuations on non-

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accrual loans and initial charge downs on loans past due greater than 120 days. The recoveries of loans previously charged-off resulted primarily from the payoff of two nonaccrual loans that were previously charged down by \$9.5 million. The remaining recoveries of loans previously charged-off resulted primarily from loan short sales where the principal repayments received in connection with the sale of the property were greater than the recorded investment of the loans and from foreclosed loans where the fair value of the collateral less cost to sell was greater than the recorded investment of the loans.

Commercial non-real estate charge-offs during the year ended December 31, 2012 related primarily to asset backed loans where the borrower ceased business operations and the inventory and/or accounts receivables were liquidated for less than the recorded investment of the loans. The commercial real estate charge-offs were primarily the result of updated valuations on collateral dependent loans. Small business charge-offs related largely to the valuation of the entire small business loan portfolio upon the transfer of the portfolio to loans held for sale. Consumer and residential loan charge-offs mainly reflect updated valuations on loans past due greater than 120 days and an increase in utilization of short sales. The recoveries of loans previously charged-off resulted primarily from loan short sales where the principal repayments received in connection with the sale of the property were greater than the recorded investment of the loans and from foreclosed loans where the fair value of the collateral less cost to sell was greater than the recorded investment of the loans.

The composition of FAR's loans receivable at the indicated dates was as follows (in thousands):

	As of		
	December 31,	2012	August 1,
	2013		2012
NON-ACCRUAL LOANS			
Residential	\$ 53	44,622	38,493
Commercial real estate	34,014	94,167	87,239
Commercial non-mortgage	-	-	1,138
Small business	-	-	3,352
Consumer	2,972	7,859	8,552
Total non-accrual loans (1)	\$ 37,039	146,648	138,774
Total non-accrual loans as a percentage of:			
Total assets	% 22.30	49.54	35.12
Total loans	% 63.94	59.49	47.20
TOTAL ASSETS	\$ 166,114	296,012	395,136
TOTAL LOANS	\$ 57,930	246,510	294,027
Allowance for loan losses	\$ 1,759	4,002	6,691
OTHER ACCRUING IMPAIRED LOANS			
Troubled debt restructured loans	\$ 5,112	43,519	71,942
Held for sale loans	\$ 53,846	20,052	35,035

(1) Includes \$30.5 million, \$88.6 million and \$80.7 million of troubled debt restructured loans as of December 31, 2013, December 31, 2012 and August 1, 2012, respectively.

The significant decline in residential loans resulted primarily from the transfer of \$34.3 million of residential loans to loans held-for-sale as of December 31, 2013. The remaining reduction reflects the liquidation of non-accrual residential loans through short sales and loan foreclosures.

The decline in commercial real estate non-accrual loans resulted primarily from loan payoffs and foreclosures of \$28.2 million and \$33.7 million, respectively, during the year ended December 31, 2013.

The decline in consumer non-accrual loans reflects the transfer of \$2.7 million of first lien consumer loans to loans held-for-sale. The remaining reduction in consumer loan balances was mainly due to charge-offs and secondarily to loan repayments.

The increase in commercial real estate non-accrual loans during the five months ended December 31, 2012 resulted primarily from two student housing loans with an aggregate recorded investment of \$21.9 million transferring to non-accrual during the five month period, partially offset by a \$4.6 million pay-down of a commercial land loan and commercial real estate loan foreclosures.

The reduction in non-accrual commercial non-mortgage loans reflected the charge-off of an asset-based loan as a result of the borrower ceasing business operations.

The reduction in small business non-accrual loans resulted mainly from the transfer of the entire small business loan portfolio to loans held-for-sale as of September 30, 2012 and the foreclosure of \$0.8 million of loans during the period.

The increase in non-accrual residential loans during the five months ended December 31, 2012 resulted from the transfer of \$14.2 million of non-performing residential loans from loans held-for-sale to loans held-for-investment. The increase was partially offset by the liquidation of residential loans through short sales and loan foreclosures.

FAR's troubled debt restructured loans by loan type were as follows (in thousands):

	As of December 31, 2013		2012		As of August 1, 2012	
	Non-accrual	Accruing	Non-accrual	Accruing	Non-accrual	Accruing
Commercial	\$ 29,597	-	81,603	31,633	75,689	54,504

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Small business	-	-	-	-	1,637	5,733
Consumer	857	5,112	1,438	8,191	1,577	9,833
Residential	29	-	5,525	3,695	1,838	1,872
Total	\$ 30,483	5,112	88,566	43,519	80,741	71,942
Held for sale	\$ 7,531	5,408	3,406	4,881	24,549	-

FAR's accruing troubled debt restructured loans ("TDR") at December 31, 2013, 2012 and August 1, 2012 consisted of loans where the borrower was in compliance with the loan's modified terms. The decline in accruing TDR commercial loans as of December 31, 2013 compared to December 31, 2012 resulted from loan payoffs. The decline in small business, residential and consumer TDR accruing loans as of December 31, 2013 compared to December 31, 2012 resulted mainly from loans transferring to loans held-for-sale.

The decline in accruing TDR commercial loans as of December 31, 2012 compared to August 1, 2012 resulted primarily from the transfer of two commercial real estate troubled debt restructured loans aggregating \$22 million to non-accrual. The increase in accruing impaired residential loans mainly reflects loans returning to an accruing status. Modified non-accrual loans are generally returned to an accruing status when the borrower demonstrates a sustained period of performance under the modified terms, which is generally performance over a six month period.

The table below presents the allocation of the allowance for loan losses by various loan classifications ("Allowance for Loan Losses"), the percent of allowance to each loan category ("ALL to gross loans percent") and the percentage of loans in each category to gross loans ("Loans to gross loans percent"). The allowance shown in the table should not be interpreted as an indication that charge-offs in future periods will occur in these amounts or

percentages or that the allowance accurately reflects future charge-off amounts or trends (dollars in thousands):

	December 31, 2013			December 31, 2012			August 1, 2012				
	ALL by category	ALL to gross loans in each category	Loans by category to gross loans	ALL by category	ALL to gross loans in each category	Loans by category to gross loans	ALL by category	ALL to gross loans in each category	Loans by category to gross loans		
Commercial non-real estate	\$ -	-	% -	% \$ 427	7.95	% 2.20	\$ 706	3.05	% 7.65	%	
Commercial real estate	227	0.46	85.03	2,207	1.33	68.31	4,224	2.12	66.10		
Small business	-	-	-	-	-	-	1,115	5.15	7.17		
Residential real estate	-	-	0.09	107	0.20	22.54	239	0.63	12.51		
Consumer	1,532	17.78	14.88	1,261	7.46	6.95	407	2.05	6.57		
Total allowance for loan losses	\$ 1,759	3.04	% 100.00	% \$ 4,002	1.65	% 100.00	\$ 6,691	2.22	% 100.00	%	

The decline in the allowance for loan losses for commercial non-real estate loans as of December 31, 2013 compared to December 31, 2012 resulted from loan payoffs. FAR had no commercial non-real estate loans as of December 31, 2013. The increase in the allowance for loan losses for consumer loans as of December 31, 2013 compared to December 31, 2012 reflects increased allowances on second mortgage loans where management is not currently pursuing foreclosure, partially offset by the transfer of first lien consumer loans to loans held-for-sale.

The decline in the allowance for loan losses for commercial non-real estate loans as of December 31, 2012 compared to August 1, 2012 reflects loan payoffs partially offset by an increase in the allowance to gross loans due to a higher historical loss experiences. The decrease in the residential loan allowance for loan losses resulted primarily from lower outstanding balances and improved loss experience. The entire small business loan portfolio was transferred to loans held for sale in September 2012 and measured at the lower of cost or market value. Upon transfer, FAR recognized a \$1.3 million charge-off and eliminated the small business allowance for loan losses. The increase in consumer allowance for loan losses reflects higher historical loss experiences during the 2012 five month period and a deterioration of the credit quality in the consumer loan portfolio as evidenced by declining credit scores.

Included in allowance for loan losses in the above table were specific valuation allowances. FAR's specific valuation allowances by loan type were as follows (in thousands):

	December 31, 2013	December 31, 2012	August 1, 2012
Commercial	\$ -	836	1,207
Small business	-	-	790
Total	\$ -	836	1,997

The reduction in the specific valuation allowance as of December 31, 2013 compared to December 31, 2012 was due to loan payoffs. The reduction in specific valuation allowances as of December 31, 2012 compared to August 1, 2012 resulted primarily from the charge-off of commercial non-mortgage valuation allowances and improved cash flow estimates on loans measured by the present value of discounted cash flows. The small business valuation allowances was eliminated upon the transfer of the entire portfolio to loans held for sale.

The following table shows FAR's real estate held-for-sale and real estate held-for-investment grouped by the following classifications:

(in thousands)	As of	
	December 31, 2013	2012
REAL ESTATE:		
Held-for-sale		
Land	\$ 7,961	1,593
Rental properties	6,168	12,778
Residential single-family	6,828	7,199
Other	2,707	-
Total held-for-sale	\$ 23,664	21,570
Held-for-investment		
Land	\$ 4,323	427
Rental properties	11,186	-
Total held-for-investment	\$ 15,509	427
Total Real Estate	\$ 39,173	21,997

Total real estate held-for-sale represents properties that are available for immediate sale and management intends to sell the properties in its present condition.

Land held-for-investment consisted of three properties in which management is holding for potential land value appreciation. The rental property is a student housing complex in which FAR intends to renovate before sale.

The increase in total real estate balances as of December 31, 2013 compared to December 31, 2012 resulted primarily from \$32.2 million of loan foreclosures, partially offset by \$12.4 million of real estate sales and \$2.6 million of real estate impairments.

BBX Capital Consolidated Financial Condition

The Company's total assets as of December 31, 2013 were \$431.1 million compared to \$470.7 million as of December 31, 2012. The decline in total assets reflects the utilization of cash proceeds from loan repayments, loan sales and real

estate sales to repay BB&T's preferred interest in FAR. The changes in the components of total assets from December 31, 2012 to December 31, 2013 are summarized below:

- Decrease in cash primarily in connection with the \$60 million cash investment in Woodbridge and \$128.4 million of payments of BB&T's preferred interest in FAR partially offset by proceeds from loan repayments and the sales of real estate, and \$20.4 million of dividends received from Woodbridge,
 - Increase in loans held-for-sale resulting primarily from the transfer of \$42.4 million of residential first mortgage loans to held-for-sale partially offset by loan repayments and loan sales,
- Lower loans receivable balances reflecting \$136 million of loan repayments, \$63.2 million of loans transferring to real estate held-for-investment through foreclosure, \$19.0 million of loans transferring to real estate held-for-sale through foreclosure and \$12.8 million of loans transferring to properties and equipment as a result of FAR's decision to retain and manage the collateral upon foreclosure,
- Real estate held-for-investment represents \$37.4 million of properties designated as real estate owned as of December 31, 2012, \$63.2 million of foreclosed loans and \$6.1 million of purchased real estate.

- Real estate held-for-sale represents \$45.6 million of properties designated as real estate owned as of December 31, 2012, and \$19.0 million of loan foreclosures, partially offset by the sale of \$26.8 million of properties and \$3.9 million of impairments,
- Investment in Woodbridge Holdings, LLC consisted of an initial investment of \$85.5 million, increased by \$13.5 million of equity earnings and reduced by \$20.4 million of dividends received from Woodbridge,
- Increase in properties and equipment reflecting \$12.8 million of loans transferring to properties and equipment and \$6.2 million of properties acquired through the Renin Transaction and Hoffman's acquisition, partially offset by the sale of \$4.9 million of properties and equipment,
- Acquisition of inventories and trade receivables in connection with the Renin Transaction and the Hoffman's acquisition, and
- Higher other asset balances resulting primarily from \$2.7 million of intangible assets acquired in connection with the Renin Transaction and Hoffman's acquisition, a \$1.7 million receivable from a contractually mandated working capital adjustment under the Renin Transaction agreements, and investments of \$1.4 million in real estate joint ventures.

Liquidity and Capital Resources

The Company's principal sources of liquidity are its cash holdings, funds obtained from scheduled payments on loans and sales of its loans, loan payoffs, sales of real estate held-for-sale, income from income producing real estate and distributions received from Woodbridge. The Company anticipates funding operating expenses, capital expenditures for the Renin and Hoffman's businesses, if required, as well as any additional acquisitions of operating businesses, investments in joint ventures and real estate properties through the Company's principal sources of liquidity. While FAR is consolidated in the Company's financial statements, the cash held in FAR and generated from its assets will be used primarily to pay FAR's operating expenses and to pay BB&T's 95% preferred membership interest and the related priority return and will generally not be available for distribution to BBX Capital beyond its 5% preferred return until such time as BB&T's preferred membership interest is fully repaid. The balance of BB&T's preferred membership interest in FAR was approximately \$68.5 million at December 31, 2013.

The Company held cash of \$33.0 million at December 31, 2013. This does not include \$8.4 million, \$1.0 million and \$0.7 million of cash held in FAR, Renin and Hoffman's, respectively. The Company had \$6.2 million of current liabilities as of December 31, 2013. As of December 31, 2013 Renin could borrow up to \$2.3 million of additional funds under its credit facility with Bluegreen; however, the Bluegreen borrowings are subject to available collateral. The Company expects that it will receive dividends from time to time from its 46% ownership interest in Woodbridge. Dividends from Woodbridge will be dependent on and subject to the results of operations, cash flows and business plans of Bluegreen, Woodbridge's wholly owned subsidiary, as well as restrictions contained in Bluegreen's debt facilities, and as a consequence, the Company may not receive dividends from Woodbridge in the time frames or amounts anticipated, or at all. The Company also expects to obtain funds in subsequent periods from cash flows on loans, real estate and other assets in CAM and BBX Partners, each of which is wholly-owned by BBX Capital, and distributions from its 5% preferred interest in the net cash flows from FAR. The Company also may seek to obtain funds through borrowings or the issuance of equity securities. The Company anticipates utilizing these funds for general corporate purposes, including employee compensation and benefits, administrative and occupancy expenses, servicing costs, real estate operating expenses, Renin and Hoffman's operating expenses and, to the extent of available liquidity, to pursue its business strategy to invest directly or through joint ventures, in real estate (which may include acquisition and/or development) and in operating businesses over time as assets are monetized.

A significant source of liquidity is the liquidation of loans and real estate. During the year ended December 31, 2013, the proceeds from the liquidation of loans and real estate held-for-sale were approximately \$136.1 million and \$31.4 million, respectively.

The Company's real estate activities includes hiring property managers to operate income producing properties, making protective expenditures in an effort to maintain the value of properties and undertaking the development or improvement of properties to position the properties for sale, or potential joint venture arrangements.

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The Company's Contractual Obligations and Off Balance Arrangements as of December 31, 2013 were (in thousands):

Contractual Obligations	Total	Payments Due by Period			After 5 years
		Less than 1 year	1-3 years	4-5 years	
BB&T's preferred interest in FAR	\$ 68,517	-	-	-	68,517
Operating lease obligation	5,357	2,170	2,516	671	-
Notes payable to related parties	21,662	9,912	-	11,750	-
Notes payable	9,000	324	648	648	7,380
Other obligations	830	120	710	-	-
Total contractual cash obligations	\$ 105,366	12,526	3,874	13,069	75,897

In consideration for BB&T assuming the Company's \$285.4 million in principal amount of TruPS, BB&T received from the Company at the closing of the BB&T Transaction a 95% preferred membership 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. At that time, BB&T's interest in FAR will terminate, and the Company, which initially holds a 5% preferred membership interest in the net cash flows of FAR, will thereafter own 100% of FAR. The Company provided BB&T with an incremental \$35 million guarantee to further assure BB&T's recovery of the \$285 million preference amount within seven years. At December 31, 2013, BB&T's preferred interest in FAR had been reduced to approximately \$68.5 million.

The operating lease obligations represent minimum future lease payments on executed leases for the Company's headquarters, certain Hoffman's retail stores, Renin's headquarters and Renin's manufacturing facilities.

Notes payable to related parties consisted of an \$11.75 million promissory note held by Woodbridge, a \$250,000 short-term loan from the sellers of Hoffman's, and a \$3.0 million term loan and \$9.0 million revolver facility from Bluegreen. The Company issued a \$11.75 million promissory note in Woodbridge's favor as part of the Company's consideration for its investment in Woodbridge. The Note has a term of five years, accrues interest at a rate of 5% per annum and requires the Company to make payments of interest only on a quarterly basis during the term of the Note, with all outstanding amounts being due and payable at the end of the five-year term. The outstanding balance of the Woodbridge note payable as of December 31, 2013 was \$11.75 million. As part of the closing of the Hoffman's acquisition, one of the entities acquired borrowed \$250,000 from the sellers in the transaction to fund working capital. The sellers remained employees of Hoffman's subsequent to the acquisition and are considered related parties. The loan bore interest at 7% per annum and was repaid on February 28, 2014 in accordance with its terms. Renin entered into borrowing facilities with Bluegreen for working capital and to partially fund the Renin Transaction. The

Bluegreen borrowings mature on April 30, 2014, accrue interest at a rate of 7.25% per annum and require Renin to make monthly interest payments. The outstanding balance of the Bluegreen borrowings as of December 31, 2013 was \$9.7 million.

CAM issued a \$9.0 million promissory note during 2012 in connection with the acquisition of a third party participant's interest in a non-performing commercial loan. The note has a principal amount of \$9.0 million, matures on February 1, 2020, bears interest at the "Wall Street Journal Prime Rate" plus 100 basis points per annum and is payable monthly. The note is payable interest only for the first year and commencing on January 1, 2014 and continuing each succeeding month, CAM is required to make a \$27,000 monthly principal payment. CAM completed the foreclosure on the underlying property of the non-performing commercial loan in November 2013 and the \$9.0 million note is currently secured by a mortgage on the property. The note may be prepaid in whole or in part without a prepayment fee. BBX Capital entered into a \$4.5 million unconditional limited guaranty to further support the repayment of the note. The note was recorded at a \$0.5 million discount as the fair value of the participant's interest in the collateral had a fair value less cost to sell of \$8.5 million.

Other obligations are legally binding agreements with vendors for the servicing on certain of our loans receivable and a \$500,000 holdback payment obligation associated with the Hoffman's acquisition. The Company's acquisition subsidiary retained \$500,000 of the purchase price for the Hoffman's acquisition as a source of payment for the sellers' obligations under the Hoffman stock purchase and sale agreement including the indemnity obligations and performance under each of the seller's non-competition agreements. The holdback payment is payable on the second anniversary of the closing date and earns interest at 1.93% per annum. BBX Capital guaranteed its acquisition subsidiary's obligation to make the holdback payment.

The Company and its subsidiaries are parties to lawsuits as plaintiff or defendant involving its collections, lending and prior period tax certificate activities. Although the Company believes it has meritorious defenses in all current legal actions, the outcome and the ultimate resolution of litigation are inherently difficult to predict and uncertain.

Reserves are accrued for matters in which it is probable that a loss will be incurred and the amount of such loss can be reasonably estimated. These accrual amounts as of December 31, 2013 are not material to the Company's financial statements. The actual costs of resolving these legal claims may be substantially higher or lower than the amounts accrued for these claims. See Note 18 to the "Notes to Consolidated Financial Statements" for more information regarding the Company's legal matters.

The Company had no commitments to fund loans as of December 31, 2013.

Consolidated Cash Flows

A summary of our consolidated cash flows follows (in thousands):

	For the Years Ended December 31,		
	2013	2012	2011
Net cash provided by (used in):			
Operating activities	\$ (190)	5,806	61,875
Investing activities	104,076	(798,773)	667,147
Financing activities	(123,125)	90,708	(472,294)
(Decrease) increase in cash and cash equivalents	\$ (19,239)	(702,259)	256,728

The decrease in cash flows from operating activities during 2013 compared to 2012 resulted primarily from increased operating expenses on real estate as the Company's real estate holdings increased from \$83.1 million as of December 31, 2012 to \$140.7 million as of December 31, 2013.

The decrease in cash flows from operating activities during 2012 compared to 2011 resulted primarily from losses from continuing operations and the decline in proceeds on the sales of loans held-for-sale.

The increase in cash flows from investing activities during 2013 compared to 2012 primarily resulted from the significant cash outflows from the assumption of deposits by BB&T in connection with the sale of BankAtlantic during 2012. Cash flows from investing activities during the year ended December 31, 2013 primarily resulted from loan payments and the sales of real estate held-for-sale partially offset by BBX Capital's investment in Woodbridge

The significant declines in cash flows from investing activities during 2012 compared to 2011 resulted primarily from cash outflows in connection with the sale of BankAtlantic and lower proceeds from the sales of securities available for sale.

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The decline in cash flows from financing activities during 2013 compared to 2012 resulted primarily from a larger distribution to BB&T from FAR in connection with BB&T's preferred interest in FAR and an increase in BankAtlantic's deposit balances prior to its sale to BB&T as of July 31, 2012.

The increase in cash flows from financing activities during 2012 compared to 2011 resulted primarily from a net increase in deposits during 2012 compared to a decrease in deposits during 2011 and repayments of short-term borrowings during 2011 compared to no short-term borrowings repayments during the same 2012 period. The above increases in cash flows from financing activities were partially offset by proceeds from the issuance of common stock during 2011.

Critical Accounting Policies

Management views critical accounting policies as accounting policies that are important to the understanding of our financial statements and also involve estimates and judgments about inherently uncertain matters. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the consolidated statements of financial condition and assumptions that affect the recognition of income and expenses on the Consolidated Statements of Operations for the periods presented. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change in subsequent periods relate to the determination of the allowance for loan losses, including the valuation of collateral dependent loans, the valuation of loans held for sale, the valuation of real estate held-for-sale and held-for-investment, the determination of lower of cost or market for inventories, the amount of the deferred tax asset valuation allowance, accounting for uncertain tax positions and accounting for contingencies. The two accounting policies that we have identified as critical accounting policies are allowance for loan losses and impairment of long-lived assets, including real estate held-for-sale and held-for-investment as well as real estate acquired in connection with foreclosure or in satisfaction of loans. See note 1, Summary of Significant Accounting Policies to the "Notes to Consolidated Financial Statements", for a detailed discussion of our significant accounting policies.

Allowance for loan losses

The allowance for loan losses is maintained at an amount that we believe to be a reasonable estimate of probable losses inherent in our loan portfolio as of the date of the financial statements presented. We have developed policies and procedures for evaluating our allowance for loan losses which considers all information available to us. However, we rely on estimates and judgments regarding issues where the outcome is unknown. As a consequence, if circumstances differ from our estimates and judgments, the allowance for loan losses may decrease or increase significantly and the amount of losses actually realized in our loan portfolio could be significantly higher or lower.

The calculation of our allowance for loan losses consists of two components. The first component requires us to identify impaired loans and, if necessary, assign a valuation allowance to the impaired loans. Valuation allowances are established using management estimates of the fair value of collateral or based on valuation models that present value estimated expected future cash flows discounted at the loans effective interest rate. These valuations are based on available information and require estimates and subjective judgments about fair values of the collateral or expected future cash flows. Most of our loans do not have an observable market price, and an estimate of the collection of contractual cash flows is based on the judgment of management. It is likely that we would obtain materially different results if different assumptions or conditions were to prevail. As a consequence of the estimates and assumptions required to calculate the first component of our allowance for loan losses, a change in these highly uncertain estimates could have a materially favorable or unfavorable impact on our financial condition and results of operations.

The second component of the allowance for loan losses requires us to group loans with common characteristics so as to form a basis for estimating probable losses inherent in the group of loans based on historical loss percentages and delinquency trends as it relates to the group. Management assigns a quantitative allowance to these groups of loans by utilizing historical loss experiences. Management uses a historical loss experience by

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portfolio between six months and one year. The historical loss period is selected based on management's judgment and a change in this loss period may result in material changes to the quantitative loss allowance. Due to significant recoveries on commercial loans, Management began using peer group loss experiences during 2013 for the quantitative component of its allowance for commercial loan losses. Management also assigns a qualitative allowance to these groups of loans in order to adjust the historical data, if necessary, for qualitative factors that exist currently that were not present in the historical data. These qualitative factors include delinquency trends, economic and business conditions, loan-to-value ratios and credit scores. In deriving the qualitative allowance, management uses significant judgment to qualitatively adjust the historical loss experiences for current trends that existed at period end that were not reflected in the calculated historical loss ratios and to adjust the allowance for the changes in the current economic climate compared to the economic environment that existed historically. A subsequent change in data trends or the external environment may result in material changes in this component of the allowance from period to period.

Management believes that the allowance for loan losses reflects a reasonable estimate of incurred credit losses as of the statement of financial condition date. As of December 31, 2013, our allowance for loan losses was \$2.7 million. See "Provision for Loan Losses" for a discussion of the amounts of our allowance assigned to each loan product. The majority of the Company's loans are collateral dependent and resulted in the Company recognizing a charge-off for the amount that the recorded investment in the loan exceeded the estimated fair value of the collateral less cost to sell. The estimated allowance, which was derived from the above methodology, may be significantly different from actual realized losses. Actual losses incurred in the future are highly dependent upon future events, including the economies of geographic areas where our borrowers or the collateral for our loans are located, especially in Florida. These factors are beyond management's control. Accordingly, we may incur credit losses in excess of the amounts estimated by our allowance for loan losses.

We analyze our loan portfolio quarterly by monitoring the credit quality, loan-to-value ratios, credit scores, historical trends, delinquency trends and economic conditions. As a consequence, our allowance for loan losses estimates will change from period to period. We believe that our performance in subsequent periods will be highly sensitive to changes in the Florida real estate market as well as the recovery of the Florida economy, availability of mortgage financing and the severity of unemployment in Florida and nationally. If real estate and economic conditions deteriorate, we are likely to experience significantly increased credit losses.

Impairment of Long Lived Assets

Long-lived assets such as properties and equipment and real estate held-for-investment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When testing a long-lived asset for recoverability, it may be necessary to review estimated lives and adjust the depreciation period. Changes in circumstances and the estimates of future cash flows, as well as evaluating estimated lives of long-lived assets, are subjective and involve a significant amount of judgment. A change in the estimated life of a long-lived asset may substantially change depreciation and amortization expense in subsequent periods. Real estate held-for-sale is reviewed for impairment at least annually or whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Fair values are not available for many of our long-lived assets, and estimates must be based on available information, including prices of similar assets and present value valuation techniques using Level 3 unobservable inputs.

During the year ended December 31, 2013 and 2012, we recognized impairments on real estate held-for-sale of \$3.3 million and \$9.1 million, respectively. We generally utilize broker price opinions and third party appraisals to assist us in determining the fair value of real estate. The appraisers or brokers use professional judgment 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 when current appraisals are not available. The assumptions used to calculate the fair values are generally Level 3 inputs and are highly subjective and extremely sensitive to changes in market conditions. The assumptions used are representative of assumptions that we believe market participants would use in fair valuing these assets or lease contracts, but different assumptions may result in significantly different results. We validate our assumptions by comparing completed transactions with our prior period fair value estimates and we may check our assumptions against multiple valuation sources. The outstanding balance of real estate held-for-sale, real estate held-for-investment and properties and equipment was \$34.0 million, \$106.8 million

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and \$14.8 million, respectively, as of December 31, 2013. The amount ultimately realized upon the sale or operations of these properties may be significantly different than the recorded amounts. Future events, including volatility in real estate values, may cause us to recognize impairments or recoveries of long-lived assets in the foreseeable future.

Dividends

Due to regulatory restrictions applicable to the Company due to its ownership of BankAtlantic and as a result of contractual restriction associated with the Company's election in February 2009 to commence the deferral of interest payments on the TruPS obligations, the Company was restricted from paying dividends during the 2009, 2010 and 2011 fiscal years to its shareholders. As a result of the deregistration of the Company with the Federal Reserve as a savings bank holding company effective July 31, 2012 and the assumption of the TruPS by BB&T upon consummation of the BB&T Transaction, the Company is no longer subject to restrictions on paying dividends to its shareholders. However, the Company currently expects to utilize its available cash to pursue opportunities in accordance with its business strategies and does not currently anticipate that it will pay cash dividends to its shareholders during 2014 or for the foreseeable future.

Impact of Inflation

The financial statements and related financial data and notes presented herein have been prepared in accordance with generally accepted accounting principles, which require the measurement of financial position and operating results in terms of historical dollars without considering changes in the relative purchasing power of money over time due to inflation.

A significant amount of our assets and liabilities are monetary in nature. As a result, interest rates have a more significant impact on our performance than the effects of general price levels. Although interest rates generally move in the same direction as inflation, the magnitude of such changes varies. The possible effect of fluctuating interest rates is discussed more fully under the section entitled "Consolidated Interest Rate Risk" In Item 7A below.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Consolidated Market Risk

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

The Company's market risk consists primarily of equity pricing risk of real estate assets and secondarily interest rate risk on its accruing loans. The majority of the Company's assets are real estate held-for-investment or held-for-sale and loans secured by real estate. The Company's financial condition and earnings are significantly affected by changes in real estate values in the markets where the real estate is located. As a result, the Company is exposed to equity pricing risk in the real estate market.

The Company has estimated the changes in its interest income based on changes in interest rates. Presented below is an analysis of the Company's estimated net interest income over a twelve month period calculated utilizing the Company's model (dollars in thousands):

As of December 31, 2013		
Basis Point	Net	
Change	Interest	Percent
in Rate	Income	Change
+200	\$ 5,725	16.77%
+100	5,314	8.38%
0	4,903	0.00%
-100	4,492	-8.38%
-200	4,087	-16.64%

The Company is subject to foreign currency exchange risk of the U.S. dollar compared to the Canadian dollar and Great Britain Pound as a result of the operations of Renin. The assets, liabilities, revenue and expenses that are denominated in foreign currencies will be affected by changes in the exchange rates between the U.S. dollar and the Canadian dollar or Great Britain Pound. As of December 31, 2013, the Company has not entered into any foreign exchange forward contracts as hedges against foreign currency exchange risk.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the United States of America. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Our management, with the participation of our principal executive officer and principal financial officer, conducted an evaluation of the effectiveness, as of December 31, 2013, of our internal control over financial reporting based on the framework in Internal Control – Integrated Framework 1992 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on such evaluation, our management concluded that our internal control over financial reporting was effective as of December 31, 2013. PricewaterhouseCoopers LLP, an independent registered certified public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2013, as stated in its report which appears herein.

Management has excluded Renin Holdings LLC and its subsidiaries (“Renin”) and Hoffman’s chocolates and its subsidiaries (“Hoffman’s”) from its assessment of internal control over financial reporting as of December 31, 2013. We acquired these businesses during the fourth quarter of 2013 and our management has not conducted an assessment of the acquired businesses’ internal control over financial reporting. Renin’s total revenues and total assets represent 19% and 6%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013. Hoffman’s total revenues and total assets represent 2% and 1%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013.

/s/ Alan B. Levan

Alan B. Levan

Chairman, and

Chief Executive Officer

/s/ John K. Grelle

John Grelle

Executive Vice President

Chief Financial Officer

March 17, 2014

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Report of Independent Registered Certified Public Accounting Firm

To the Board of Directors and Shareholders of

BBX Capital Corporation

In our opinion, the accompanying consolidated statements of financial condition and the related consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of stockholders' equity (deficit), and consolidated statements of cash flows present fairly, in all material respects, the financial position of BBX Capital Corporation and its subsidiaries at December 31, 2013 and December 31, 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in Internal Control - Integrated Framework-1992 issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

As explained in Note 1, the Company disposed of BankAtlantic, its wholly-owned subsidiary, during 2012.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those

policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As described in Management's Report on Internal Control Over Financial Reporting, management has excluded Renin Holdings, LLC and its subsidiaries and Hoffman's Chocolates and its subsidiaries from its assessment of internal control over financial reporting as of December 31, 2013 because they were acquired by the Company in purchase business combinations during 2013. We have also excluded Renin Holdings, LLC and its subsidiaries and Hoffman's Chocolates and its subsidiaries from our audit of internal control over financial reporting. Renin Holdings, LLC and its subsidiaries is an 81 percent-owned consolidated subsidiary whose total assets and total revenues represent 6% and 19%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013. Hoffman's Chocolates

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and its subsidiaries is a wholly-owned subsidiary whose total assets and total revenues represent 1% and 2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2013.

/s/PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Fort Lauderdale, Florida

March 17, 2014

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	December 31,	
	2013	2012
ASSETS		
Cash and interest bearing deposits in banks (\$8,388 and \$6,615 in Variable Interest Entity ("VIE"))	\$ 43,138	62,873
Loans held for sale (\$53,846 and \$20,052 in VIE)	53,846	24,748
Loans receivable, net of allowance for loan losses of \$2,713 and \$5,311 (\$56,170 and \$242,506, net of allowance of \$1,759 and \$4,003 in VIE)	72,226	292,562
Real estate held for investment (\$15,509 and \$427 in VIE)	106,761	37,413
Real estate held for sale (\$23,664 and \$21,570 in VIE)	33,971	45,637
Investment in Woodbridge Holdings, LLC	78,573	-
Properties and equipment, net (\$7,899 and \$0 in VIE)	14,824	1,096
Inventories	9,155	-
Trade receivables	7,520	-
Other assets (\$2,413 and \$5,038 in VIE)	11,133	6,374
Total assets	\$ 431,147	470,703
LIABILITIES AND EQUITY		
Liabilities:		
BB&T preferred interest in FAR, LLC (\$68,517 and \$196,877 in VIE)	\$ 68,517	196,877
Notes payable to related parties	21,662	-
Notes payable	8,579	10,301
Other liabilities (\$12,343 and \$13,603 in VIE)	28,823	23,201
Total liabilities	127,581	230,379
Commitments and contingencies (Note 18)		
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 15,778,088 and 15,577,464 shares	158	155
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	345,300	331,097
Accumulated deficit	(43,091)	(90,930)
Accumulated other comprehensive income	13	-
Total BBX Capital Corporation shareholders' equity	302,382	240,324
Noncontrolling interest	1,184	-
Total equity	303,566	240,324
Total liabilities and equity	\$ 431,147	470,703

See Notes to Consolidated Financial Statements

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)	For the Years Ended December 31,		
	2013	2012	2011
Revenues:			
Sales	\$ 10,243	-	-
Interest income	24,158	21,804	41,046
Net gains on the sales of assets	6,728	6,687	2,630
Income from real estate operations	4,161	4,187	1,912
Other	3,368	607	94
Total revenues	48,658	33,285	45,682
Costs and expenses:			
Cost of goods sold	7,860	-	-
BB&T's priority return in FAR distributions	3,227	2,231	-
Interest expense	1,933	9,695	15,572
Real estate operating expenses	5,807	5,896	3,186
Selling, general and administrative expenses	34,769	50,347	53,376
Total costs and expenses	53,596	68,169	72,134
Equity earnings in Woodbridge Holdings, LLC	13,461	-	-
Recoveries from (provision for) loan losses	43,865	(2,405)	(37,874)
Asset impairments	(4,708)	(9,931)	(14,666)
Income (loss) from continuing operations before income taxes	47,680	(47,220)	(78,992)
Provision (benefit) for income taxes	20	(18,744)	(19,480)
Income (loss) from continuing operations	47,660	(28,476)	(59,512)
Discontinued operations			
Income from discontinued operations (including gain on disposal of \$290,642)	-	285,243	49,953
Provision for income taxes	-	21,005	19,182
Income from discontinued operations	-	264,238	30,771
Net income (loss)	47,660	235,762	(28,741)
Less: net loss (income) attributable to non-controlling interest	179	-	(336)
Net income (loss) attributable to BBX Capital Corporation	\$ 47,839	235,762	(29,077)
Basic earnings (loss) per share			
Continuing operations	\$ 3.02	(1.81)	(4.21)
Discontinued operations	-	16.81	2.17
Basic earnings (loss) per share	\$ 3.02	15.00	(2.04)
Diluted earnings (loss) per share			
Continuing operations	\$ 2.94	(1.81)	(4.21)
Discontinued operations	-	16.81	2.17
Diluted earnings (loss) per share	\$ 2.94	15.00	(2.04)
Basic weighted average number of common shares outstanding	15,843,127	15,720,217	14,227,370

Diluted weighted average number
of common and common
equivalent shares outstanding

16,278,053 15,720,217 14,227,370

See Notes to Consolidated Financial Statements

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In thousands, except share and per share data)	For the Years Ended		
	December 31,		
	2013	2012	2011
Net income (loss)	\$ 47,660	235,762	(28,741)
Other comprehensive income, net of tax:			
Foreign currency translation adjustments	16	-	-
Unrealized loss on securities available for sale, net of tax	-	(659)	(762)
Net change from defined benefit plan	-	-	(5,464)
Reclassification adjustments:			
Net realized loss from settlement of defined benefit plan (less income tax benefit of \$2,222)	-	22,428	-
Realized net periodic pension costs	-	-	(1,111)
Net realized (gain) on securities available for sale (less income tax benefit of \$0, \$39, and \$0)	-	(1,384)	(6,960)
Total reclassification adjustments	-	21,044	(8,071)
Other comprehensive income, net of tax	16	20,385	(14,297)
Comprehensive income (loss)	47,676	256,147	(43,038)
Less: net loss (income) attributable to non-controlling interest	179	-	(336)
Foreign currency translation adjustments attributable to non-controlling interest	(3)	-	-
Total comprehensive income (loss) attributable to BBX Capital Corporation	\$ 47,852	256,147	(43,374)

See Notes to Consolidated Financial Statements

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2013

(In thousands)	Common Stock	Additional Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	BBX Capital Corporation Equity (Deficit)	Non- Controlling Interest	Total Equity (Deficit)
BALANCE, DECEMBER 31, 2010	\$ 125	317,863	(297,615)	(6,088)	14,285	458	14,743
Net loss	-	-	(29,077)	-	(29,077)	336	(28,741)
Other comprehensive loss				(14,297)	(14,297)	-	(14,297)
Non-controlling interest distributions						(794)	(794)
Issuance of Class A common stock	31	10,969	-	-	11,000		11,000
Share-based compensation expense	-	1,163	-	-	1,163		1,163
BALANCE, DECEMBER 31, 2011	\$ 156	329,995	(326,692)	(20,385)	(16,926)	-	(16,926)

(CONTINUED)

See Notes to Consolidated Financial Statements

BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2013

(In thousands)	Common Stock	Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Loss	BBX Capital Corporation Equity (Deficit)	Non- Controlling Interest	Total (Deficit) Equity
BALANCE, DECEMBER 31, 2011	\$ 156	329,995	(326,692)	(20,385)	(16,926)	-	(16,926)
Net income	-	-	235,762	-	235,762	-	235,762
Other comprehensive income	-	-	-	20,385	20,385	-	20,385
Share based compensation expense	1	1,102	-	-	1,103	-	1,103
BALANCE, DECEMBER 31, 2012	\$ 157	331,097	(90,930)	-	240,324	-	240,324

See Notes to Consolidated Financial Statements

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2013

(In thousands)	Common Stock	Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Income	BBX Capital Non- Corporation Equity	Non- Controlling Interest	Total Equity
BALANCE, DECEMBER 31, 2012	\$ 157	331,097	(90,930)	-	240,324	-	240,324
Net income	-	-	47,839	-	47,839	(179)	47,660
Noncontrolling interest contributions	-	-	-	-	-	1,360	1,360
Other comprehensive income	-	-	-	13	13	3	16
Investment in Woodbridge Holdings, LLC	-	13,337	-	-	13,337	-	13,337
Retirement of Class A common shares	(1)	(1,646)	-	-	(1,647)	-	(1,647)
Share based compensation expense	4	2,512	-	-	2,516	-	2,516
BALANCE, DECEMBER 31, 2013	\$ 160	345,300	(43,091)	13	302,382	1,184	303,566

See Notes to Consolidated Financial Statements

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BBX CAPITAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the Years Ended		
	December 31,		
	2013	2012	2011
Operating activities:			
Net income (loss)	\$ 47,660	235,762	(28,741)
Adjustment to reconcile net income (loss) to net cash provided by operating activities:			
(Recoveries from) provision for loan losses and asset impairments	(39,157)	30,962	88,637
Restructuring charges and exit activities	-	1,370	2,991
Depreciation, amortization and accretion, net	1,055	6,129	15,386
Share-based compensation expense	2,516	1,103	1,163
Securities activities, net	-	(22)	(5,435)
Net gains on sales of real estate, loans held for sale and properties and equipment and other assets	(6,728)	(9,208)	(6,051)
Gain on the sale of BankAtlantic	-	(290,642)	-
Gain on the sale of Tampa branches	-	-	(38,603)
Bargain purchase gain from acquisitions	(1,001)	-	-
Deferred income tax provision	-	2,261	-
Deferred interest on junior subordinated debentures	-	9,961	14,729
Net costs associated with debt redemption	-	-	1,125
Originations of loans held-for-sale, net	-	(12,173)	(3,961)
Proceeds from sales of loans held-for-sale	-	13,127	19,495
Equity earnings in unconsolidated companies	-	(281)	255
Decrease in trade receivables	3	-	-
Decrease in inventories	703	-	-
Decrease in accrued interest receivable	1,269	-	-