

BBX CAPITAL CORP  
Form 10-K/A  
November 13, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A

Amendment No. 1

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

For the Year Ended December 31, 2014

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)

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Florida 65-0507804  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

401 East Las Olas Boulevard Suite 800  
Ft. Lauderdale, Florida 33301  
(Address of principal executive offices) (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

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 \$133.7 million, computed by reference to the closing price of the registrant's Class A Common Stock on June 30, 2014. The registrant does not have any non-voting common equity.

The number of shares of the registrant's Class A Common Stock outstanding on March 16, 2015 was 15,977,433. The number of shares of the registrant's Class B Common Stock outstanding on March 16, 2015 was 195,045.



TABLE OF CONTENTS

	Page
Part I. FINANCIAL INFORMATION	
Reference	
Explanatory Note	2
Part II.	
Item 8. Financial Statements and Supplementary Data	F-1
Item 9A Controls and Procedures	3
Part IV.	
Item 15 Exhibits and Financial Statement Schedules	4
Signatures	5

1

---

## EXPLANATORY NOTE

BBX Capital Corporation (“BBX” or the “Company”) is filing this Amendment No. 1 on Form 10-K/A (this “Amended Filing”) to our Annual Report on Form 10-K for the year ended December 31, 2014 (the “Original Filing”), solely to: (i) revise management’s conclusions regarding internal control over financial reporting and disclosure controls and procedures as of December 31, 2014; and (ii) reissue the Report of Independent Registered Public Accounting Firm to update the firm’s opinion regarding the effectiveness of our internal control over financial reporting as of December 31, 2014. Accordingly, we hereby amend and replace in their entirety Items 8, 9A and 15 in the Original Filing.

Subsequent to the Original Filing, the Company re-evaluated its internal controls governing the interim measurement of impairments related to two real estate properties in Tallahassee, Florida included in real estate held-for-investment and whether there was a deficiency in internal control over financial reporting (“ICFR”) (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934, as amended, or the Exchange Act). Upon the completion of this re-evaluation, and consultation with PricewaterhouseCoopers LLP (“PwC”), the Company's principal executive officer and principal financial officer concluded that a material weakness existed in that area and ICFR and disclosure controls and procedures (“DCP”) (as defined in Rule 13a-15(e) under the Exchange Act) were not effective as of December 31, 2014.

Our management has determined that the Company’s consolidated financial statements included in the Original Filing did not contain a material misstatement and can still be relied upon.

Our principal executive officer and principal financial officer are providing updated certifications. Accordingly, we hereby amend Item 15 in the Original Filing to reflect the filing of the new certifications.

Except as indicated above, this Amended Filing is not intended to reflect or update any information or events subsequent to the filing date of the Original Filing. As such, this Amended Filing speaks only as of the date the Original Filing was filed, and we have not undertaken any action herein to amend, supplement or update any information contained in the Original Filing to give effect to any subsequent events. Accordingly, this Amended Filing should be read in conjunction with the Original Filing and any documents filed by us with the Securities and Exchange Commission (SEC) subsequent to the Original Filing, including our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2015, June 30, 2015 and September 30, 2015.





ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

---

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

	Page
Management's Report on Internal Control over Financial Reporting (Restated)	F-2
Report of Independent Registered Certified Public Accounting Firm - PricewaterhouseCoopers LLP	F-3
Consolidated Statements of Financial Condition as of December 31, 2014 and 2013	F-5
Consolidated Statements of Operations for each of the years in the three year period ended December 31, 2014	F-6
Consolidated Statements of Comprehensive Income (Loss) for each of the years in the three year period ended December 31, 2014	F-7
Consolidated Statements of Total Equity (Deficit) for each of the years in the three year period ended December 31, 2014	F-8
Consolidated Statements of Cash Flows for each of the years in the three year period ended December 31, 2014	F-13
Notes to Consolidated Financial Statements	F-14

---

### Management's Report on Internal Control over Financial Reporting (Restated)

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Our internal control over financial reporting is a process designed by, or under the supervision of, our principal executive officer and principal financial officer, 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. Internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- 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
- 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 a result of the material weakness discussed below, management, including our principal executive officer and principal financial officer reassessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2014. In making this re-assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control-Integrated Framework (2013). A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. Based on management's re-assessment, management is restating its original report and has concluded that the Company's internal control over financial reporting was not effective as of December 31, 2014 due to the fact that there was a material weakness in its internal control over financial reporting as discussed below.

We did not maintain effective controls over the interim measurement of impairments related to two real estate properties in Tallahassee, Florida which were held-for-investment. Specifically, we did not design appropriate controls over the reasonableness of certain significant assumptions used in an internally developed model to value the two properties for interim financial reporting when third party appraisals were not available on a timely basis.

Additionally, while this control deficiency did not result in a material misstatement, the deficiency could have resulted in misstatements of the aforementioned accounts and disclosures that would result in a material misstatement of the consolidated financial statements that would not be prevented or detected. Accordingly, management has determined that this deficiency constituted a material weakness.

We have excluded Helen Grace Chocolates, LLC, Jer's Chocolate, LLC and Anastasia Confections, Inc. from its assessment of internal control over financial reporting as of December 31, 2014. We acquired these businesses during the third and fourth quarters of 2014 and our management has not conducted an assessment of the acquired businesses' internal control over financial reporting. The Helen Grace Chocolates, LLC, Jer's Chocolate, LLC and Anastasia Confections, Inc. acquisitions aggregate total revenues and total assets represent 5% and 2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2014.

F-2

---

The effectiveness of our internal control over financial reporting as of December 31, 2014 has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which appears herein.

/s/ Alan B. Levan

Alan B. Levan

Chairman, and

Chief Executive Officer

/s/ Raymond S. Lopez

Raymond S. Lopez

Executive Vice President

Chief Financial Officer

November 11, 2015

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of

BBX Capital Corporation

In our opinion, the consolidated financial statements which comprise the consolidated balance sheets and the related consolidated statements of operations, consolidated statements of comprehensive income (loss), consolidated statements of changes in equity, 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, 2014 and December 31, 2013, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2014 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company did not maintain, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) because a

material weakness in internal control over financial reporting relating to the measurement of the impairment of two real estate properties on an interim basis included in real estate held-for-investment existed as of that date. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the annual or interim financial statements will not be prevented or detected on a timely basis. The material weakness referred to above is described in Management's Report on Internal Control over Financial Reporting. We considered this material weakness in determining the nature, timing, and extent of audit tests applied in our audit of the December 31, 2014 consolidated financial statements and our opinion regarding the effectiveness of the Company's internal control over financial reporting does not affect our opinion on those consolidated financial statements. The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in management's report referred to above. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, 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

F-3

---

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 Helen Grace Chocolates, LLC, Jer's Chocolates, LLC and Anastasia Confections, Inc. from its assessment of internal control over financial reporting as of December 31, 2014 because they were acquired by the Company in purchase business combinations during 2014 and management did not have sufficient time to conduct an assessment of the acquired businesses' internal control over financial reporting in the period between the acquisition date and December 31, 2014. We have also excluded Helen Grace Chocolates, LLC, Jer's Chocolates, LLC and Anastasia Confections, Inc. from our audit of internal control over financial reporting. Helen Grace Chocolates, LLC, Jer's Chocolates, LLC and Anastasia Confections, Inc. are wholly-owned subsidiaries whose total assets and total revenues represent 5% and 2%, respectively, of the related consolidated financial statement amounts as of and for the year ended December 31, 2014.

/s/ PricewaterhouseCoopers LLP

Fort Lauderdale, Florida

March 16, 2015, except for the effects of the matter described in Management's Report on Internal Control over Financial Reporting, as to which the date is November 11, 2015

F-4

---



## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share data)	December 31,	
	2014	2013
<b>ASSETS</b>		
Cash and interest bearing deposits in banks (\$4,993 and \$8,686 in Variable Interest Entity ("VIE"))	\$ 58,819	43,138
Loans held-for-sale (\$35,423 and \$53,846 in VIE)	35,423	53,846
Loans receivable, net of allowance for loan losses of \$977 and \$2,713 (\$18,972 and \$56,170, net of allowance of \$977 and \$1,759 in VIE)	26,844	72,226
Trade receivables, net of allowance for bad debts of \$77 and \$0	13,416	7,520
Real estate held-for-investment (\$19,156 and \$15,836 in VIE)	75,590	107,336
Real estate held-for-sale (\$13,745 and \$23,664 in VIE)	41,733	33,971
Investment in unconsolidated real estate joint ventures	16,065	1,354
Investment in Woodbridge Holdings, LLC	73,026	78,573
Properties and equipment, net (\$8,350 and \$7,899 in VIE)	17,679	14,824
Inventories	14,505	9,155
Goodwill and other intangible assets, net	15,817	2,686
Other assets (\$1,017 and \$2,413 in VIE)	4,019	6,518
Total assets	\$ 392,936	431,147
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities:</b>		
BB&T preferred interest in FAR, LLC (\$12,348 and \$68,517 in VIE)	\$ 12,348	68,517
Notes payable to related parties	11,750	21,662
Notes payable	17,923	9,034
Principal and interest advances on residential loans (\$11,171 and \$11,252 in VIE)	11,171	11,252
Other liabilities (\$1,431 and \$1,103 in VIE)	28,464	17,116
Total liabilities	81,656	127,581
Commitments and contingencies (Note 19)		
<b>Equity:</b>		
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 15,977,322 and 15,778,088 shares	160	158
Class B common stock, \$.01 par value, authorized 1,800,000		

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

shares; issued and outstanding 195,045 and 195,045 shares	2	2
Additional paid-in capital	347,937	345,300
Accumulated deficit	(38,396)	(43,091)
Accumulated other comprehensive income	85	13
Total BBX Capital Corporation shareholders' equity	309,788	302,382
Noncontrolling interest	1,492	1,184
Total equity	311,280	303,566
Total liabilities and equity	\$ 392,936	431,147

See Notes to Consolidated Financial Statements

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except share and per share data)	For the Years Ended December 31,		
	2014	2013	2012
Revenues:			
Trade sales	\$ 74,084	10,243	-
Interest income	5,164	24,158	21,804
Net gains on the sales of assets	5,527	6,728	6,687
Income from real estate operations	5,516	4,161	4,187
Other	2,354	3,368	607
Total revenues	92,645	48,658	33,285
Costs and expenses:			
Cost of goods sold	54,682	7,860	-
BB&T's priority return in FAR distributions	736	3,227	2,231
Interest expense	1,580	1,933	9,695
Real estate operating expenses	6,296	5,807	5,896
Selling, general and administrative expenses	53,011	34,769	50,347
Total costs and expenses	116,305	53,596	68,169
Equity earnings in Woodbridge Holdings, LLC	25,282	13,461	-
Equity losses in unconsolidated real estate joint ventures	(559)	-	-
Recoveries from (provision for) loan losses	7,155	43,865	(2,405)
Asset impairments	(7,015)	(4,708)	(9,931)
Income (loss) from continuing operations before income taxes	1,203	47,680	(47,220)
(Benefit) provision for income taxes	(3,101)	20	(18,744)
Income (loss) from continuing operations	4,304	47,660	(28,476)
Discontinued operations			
Income from discontinued operations (including gain on disposal of \$290,642)	-	-	285,243
Provision for income taxes	-	-	21,005
Income from discontinued operations	-	-	264,238
Net income	4,304	47,660	235,762
Less: net loss attributable to non-controlling interest	391	179	-
Net income attributable to BBX Capital Corporation	\$ 4,695	47,839	235,762
Basic earnings (loss) per share			
Continuing operations	\$ 0.29	3.02	(1.81)
Discontinued operations	-	-	16.81
Basic earnings per share	\$ 0.29	3.02	15.00
Diluted earnings (loss) per share			
Continuing operations	\$ 0.28	2.94	(1.81)
Discontinued operations	-	-	16.81
Diluted earnings per share	\$ 0.28	2.94	15.00
Basic weighted average number of common shares outstanding	16,043,219	15,843,127	15,720,217
Diluted weighted average number			

of common and common  
equivalent shares outstanding

16,677,856 16,278,053 15,720,217

See Notes to Consolidated Financial Statements

F-6

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(In thousands, except share and per share data)	For the Years Ended December 31,		
	2014	2013	2012
Net income	\$ 4,304	47,660	235,762
Other comprehensive income, net of tax:			
Foreign currency translation adjustments, net of tax	88	16	-
Unrealized loss on securities available for sale, net of tax	-	-	(659)
Reclassification adjustments:			
Net realized loss from settlement of defined benefit plan (less income tax benefit of \$2,222)	-	-	22,428
Net realized (gain) on securities available for sale (less income tax benefit of \$39)	-	-	(1,384)
Total reclassification adjustments	-	-	21,044
Other comprehensive income, net of tax	88	16	20,385
Comprehensive income	4,392	47,676	256,147
Less: net loss attributable to non-controlling interest	391	179	-
Foreign currency translation adjustments attributable to non-controlling interest	(16)	(3)	-
Total comprehensive income attributable to BBX Capital Corporation	\$ 4,767	47,852	256,147

See Notes to Consolidated Financial Statements

F-7

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2014

(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, 2011	\$ 156	329,995	(326,692)	(20,385)	(16,926)	-	(16,926)
Net income	-	-	235,762	-	235,762	-	235,762
Other comprehensive loss	-	-	-	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

(Continued)

F-8

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2014

(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, 2012	\$ 157	331,097	(90,930)	-	240,324	-	240,324
Net income	-	-	47,839	-	47,839	(179)	47,660
Non-controlling 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 to satisfy share-based compensation income tax withholding requirements	(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



(Continued)

F-9

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF TOTAL EQUITY (DEFICIT)

FOR EACH OF THE YEARS IN THE THREE YEAR PERIOD ENDED DECEMBER 31, 2014

(In thousands)	Common Stock	Additional Paid-in Capital	(Accumulated Deficit)	Accumulated Other Comprehensive Income	BBX Capital Corporation Equity	Non- Controlling Interest	Total Equity
BALANCE, DECEMBER 31, 2013	\$ 160	345,300	(43,091)	13	302,382	1,184	303,566
Net income	-	-	4,695	-	4,695	(391)	4,304
Noncontrolling interest distributions	-	-	-	-	-	(157)	(157)
Noncontrolling interest contributions	-	-	-	-	-	840	840
Other comprehensive income	-	-	-	72	72	16	88
Woodbridge capital transactions - excess tax benefits	-	957	-	-	957	-	957
Retirement of Class A common shares to satisfy share-based compensation income tax withholding requirements	(1)	(2,020)	-	-	(2,021)	-	(2,021)
Share based compensation expense	3	3,700	-	-	3,703	-	3,703
BALANCE, DECEMBER 31, 2014	\$ 162	347,937	(38,396)	85	309,788	1,492	311,280

See Notes to Consolidated Financial Statements

F-10

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the Years Ended December 31,		
	2014	2013	2012
Operating activities:			
Net income	\$ 4,304	47,660	235,762
Adjustment to reconcile net income to net cash provided by operating activities:			
(Recoveries from) provision for loan losses and asset impairments, net	(1,470)	(39,157)	30,962
Restructuring charges and exit activities	-	-	1,370
Depreciation, amortization and accretion, net	2,382	1,055	6,129
Share-based compensation expense	3,703	2,516	1,103
Net gains on sales of real estate, loans held for sale and properties and equipment and other assets	(5,187)	(6,728)	(9,208)
Gain on the sale of BankAtlantic		-	(290,642)
Equity loss in unconsolidated real estate joint ventures	559	-	-
Bargain purchase gain from acquisitions	(1,237)	(1,001)	-
Deferred income tax (benefit) provision	(3,107)	-	2,261
Deferred interest on junior subordinated debentures	-	-	9,961
Originations of loans held-for-sale, net	-	-	(12,173)
Proceeds from sales of loans held-for-sale	-	-	13,127
Equity earnings in unconsolidated companies	-	-	(281)
(Increase) decrease in trade receivables	(4,741)	3	-
Decrease in inventories	(22)	703	-
Decrease in accrued interest receivable	164	1,269	5,624
Decrease (increase) in other assets	2,696	(2,616)	6,845
Increase (decrease) in other liabilities	4,791	(3,894)	4,966
Net cash provided by (used in) operating activities	2,835	(190)	5,806

(CONTINUED)

See Notes to Consolidated Financial Statements

F-11

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the Years Ended December		
	31, 2014	2013	2012
Investing activities:			
Proceeds from redemption and maturities of tax certificates	627	2,384	26,271
Investment in interest bearing deposits	-	-	(496)
Proceeds from maturities of interest bearing deposits	-	496	5,903
Purchase of tax certificates	-	(31)	(1,820)
Proceeds from sales of securities available for sale	-	-	32
Proceeds from maturities of securities available for sale	-	-	13,668
Redemption of FHLB stock	-	-	9,980
Repayments of loans receivable, net	42,298	136,136	331,478
Proceeds from the sale of loans receivable	9,497	3,490	5,864
Proceeds from the sale of tax certificates	-	928	-
Additions to real estate held-for-investment	(4,242)	(6,063)	(2,501)
Proceeds from sales of real estate held-for-sale	33,240	31,365	55,434
Proceeds from the contribution of real estate to unconsolidated real estate joint ventures	4,086	-	-
Proceeds from the sale of properties and equipment	164	5,889	1,168
Purchases of office properties and equipment, net	(1,404)	(265)	(823)
Net cash outflow from sale of BankAtlantic including \$51.3 million of deferred TruPS interest	-	-	(1,242,931)
Investment in Woodbridge Holdings, LLC	-	(60,404)	-
Investment in unconsolidated real estate joint ventures	(10,074)	(1,354)	-
Return of Woodbridge Holdings, LLC investment	6,504	6,918	-
Net cash outflows from acquisitions, net of cash acquired	(8,844)	(15,413)	-
Net cash provided by (used in) investing activities	71,852	104,076	(798,773)
Financing activities:			
Net increase in deposits	-	-	178,831
Repayment of BB&T preferred interest in FAR, LLC	(56,169)	(128,360)	(88,123)
Proceeds from notes payable to related parties	-	9,911	-
Repayment of notes payable to related parties	(3,267)	-	-
Proceeds from notes payable	3,033	-	-
Repayment of notes payable	(905)	(4,389)	-
Deferred financing fees	(360)	-	-
Retirement of Class A Common Stock to satisfy share-based compensation withholding income tax requirements	(2,021)	(1,647)	-
Noncontrolling interest contributions	840	1,360	-
Noncontrolling interest distributions	(157)	-	-
Net cash (used in) provided by financing activities	(59,006)	(123,125)	90,708
Increase (decrease) in cash and cash equivalents	15,681	(19,239)	(702,259)

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Cash and cash equivalents at the beginning of period	43,138	62,377	764,636
Cash and cash equivalents at the end of period	\$ 58,819	43,138	62,377

See Notes to Consolidated Financial Statements

F-12

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)	For the Years Ended		
	December 31,		
	2014	2013	2012
Cash paid (received) for:			
Interest on borrowings and deposits	\$ 2,053	5,013	61,809
Income taxes payments (refunds)	6	20	(1,053)
Supplementary disclosure of non-cash investing and financing activities:			
Assumption of TruPS obligation by BB&T	-	-	285,000
Loans receivable and tax certificates transferred to real estate held-for-sale or real estate held-for-investment	21,400	82,177	46,375
Loans receivable transferred to property and equipment	-	12,834	-
Loans receivable transferred to loans held-for-sale	2,299	42,398	39,791
Loans receivable transferred from loans held-for-sale	-	1,312	14,185
Tax certificates transferred to tax certificates held for sale	-	494	-
Notes payable issued in connection with the investment in Woodbridge Holdings, LLC	-	11,750	-
Increase in additional paid-in-capital associated with the investment in Woodbridge Holdings, LLC	-	13,337	-
Woodbridge capital transactions - excess tax benefits	957	-	-
Properties and equipment transferred to real estate held-for-sale	-	-	4,501
Assets acquired by assumption of notes payable	-	-	10,301
Change in accumulated other comprehensive income	88	16	20,385
Change in deferred taxes on other comprehensive loss	-	-	(2,261)
Refinance of notes payable to related parties	(7,475)	-	-
Increase in notes payable associated with refinance of notes payable to related parties	7,475	-	-
Issuance of notes payable to purchase properties and equipment	21	-	-
Transfer of real estate-held-for-investment to real estate-held-for-sale	28,018	-	-
Real estate held-for-investment transferred to investment in real estate joint ventures	1,920	-	-
Increase in real estate held-for-sale from assumption of other liabilities	2,879	-	-

See Notes to Consolidated Financial Statements



F-13

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Financial Statement Presentation – BBX Capital Corporation (formerly BankAtlantic Bancorp, Inc.) and its subsidiaries may also be referred to as “the Company”, “we”, “us,” or “our” in these notes to the consolidated financial statements. BBX Capital Corporation (excluding its subsidiaries, the “Parent Company” or “BBX Capital”) was organized under the laws of the State of Florida in 1994. We are involved in the ownership, financing, acquisition, development and management of real estate and real estate related assets, and we are also involved in the investment in or acquisition of 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 manages, markets and sells the Bluegreen Vacation Club, a points-based, deeded vacation ownership plan with more than 180,000 owners. BFC Financial Corporation (“BFC”), the controlling shareholder of the Company, owns the remaining 54% of Woodbridge (see Note 3 Investment in Woodbridge Holdings, LLC).

In October 2013, Renin Holdings, LLC (“Renin”), a newly formed joint venture owned 81% by BBX Capital and 19% by BFC, acquired substantially all of the assets and certain liabilities of Renin Corp. (“the Renin Transaction”). Renin manufactures interior closet doors, wall décor, hardware and fabricated glass products. Renin is headquartered in Canada and has two manufacturing, assembly and distribution facilities in Canada and the United States and a distribution facility in the United Kingdom (see Note 2 Acquisitions).

In December 2013, BBX Sweet Holdings, LLC (“BBX Sweet Holdings”), a wholly-owned subsidiary of BBX Capital, acquired the outstanding equity interests in Hoffman’s Chocolates and its subsidiaries Boca Bons, LLC and S&F Good Fortunes, LLC (collectively, “Hoffman’s”). Hoffman’s is a manufacturer of gourmet chocolates, with retail locations in South Florida. In January 2014, BBX Sweet Holdings acquired Williams & Bennett, a Florida based manufacturer of quality chocolate products. In July 2014, BBX Sweet Holdings acquired Jer’s Chocolates, a California based distributor of peanut butter chocolate products internationally and in the United States, and Helen Grace Chocolates, a California based manufacturer of premium chocolate confections, chocolate bars, chocolate candies and truffles. In October 2014, BBX Sweet Holdings acquired Anastasia Confections Inc., an Orlando, Florida based manufacturer of gourmet candy and chocolate gift products (see Note 2 Acquisitions).

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 provided 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. On December 15, 2014, BBX Capital and BFC terminated the merger agreement.

The Company has two classes of common stock. Holders of the Class A common stock are entitled to one vote per share, which in the aggregate represents 53% of the combined voting power of the Class A common stock and the Class B common stock. Class B common stock represents the remaining 47% of the combined vote. BFC currently owns 100% of the Company’s Class B common stock and 51% of the Company’s outstanding Class A common stock

resulting in BFC owning 51% of the Company's aggregate outstanding common stock and 72% of the voting power of the Company's common stock. The percentage of total common equity represented by Class A and Class B common stock was 99% and 1% at December 31, 2014, respectively. The fixed voting percentages will be eliminated, and shares of Class B common stock will be entitled to only one vote per share from and after the date that BFC or its affiliates no longer own in the aggregate at least 97,523 shares of Class B common stock (which is one-half of the number of shares it now owns). Class B common stock is convertible into Class A common stock on a share for share basis.

F-14

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

BBX Capital's principal asset until July 31, 2012 was its ownership of BankAtlantic and its subsidiaries ("BankAtlantic"). 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 November 1, 2011, the Company entered into a definitive agreement to sell BankAtlantic to BB&T Corporation ("BB&T"), which agreement was amended on March 13, 2012 ("the Agreement"). 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 under the terms of the Agreement (the stock sale and related transactions described herein are collectively referred to as the "BB&T Transaction"). Pursuant to the terms of the Agreement, prior to the closing of the BB&T Transaction, BankAtlantic formed two wholly-owned subsidiaries, BBX Capital Asset Management, LLC ("CAM") and Florida Asset Resolution Group, LLC ("FAR"). BankAtlantic contributed to FAR certain performing and non-performing loans, tax certificates and real estate 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 then distributed all of the membership interests in FAR to the Company. At the closing of the BB&T Transaction, the Company transferred to BB&T 95% of the outstanding preferred membership interests in FAR in connection with BB&T's assumption of the Company's \$285.4 million in principal amount of outstanding trust preferred securities ("TruPS") obligations. The Company continues to hold the remaining 5% of FAR's preferred membership interests. Under the terms of the Amended and Restated Limited Liability Company agreement of FAR, which was entered into by the Company and BB&T at the closing, BB&T will hold its 95% preferred interest in the net cash flows of FAR until such time as it has recovered \$285 million in preference amount plus a priority return of LIBOR + 200 basis points per annum on any unpaid preference amount. At that time, BB&T's interest in FAR will terminate, and the Company will thereafter be entitled to any and all residual proceeds from FAR through its ownership of FAR's Class R units. It is expected that the assets (other than cash) contributed to FAR will be monetized over a period of seven years, or longer provided BB&T's preference amount is repaid within such seven-year period. The Company entered into an incremental \$35 million guarantee in BB&T's favor to further assure BB&T's recovery of the \$285 million preferred interest within seven years. BB&T's preferred interest in FAR as of December 31, 2014 had been reduced through cash distributions to \$12.3 million.

Prior to the closing of the BB&T Transaction, BankAtlantic contributed to CAM approximately \$82 million in cash and 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 all liabilities related to these assets. Prior to the closing of the BB&T Transaction, BankAtlantic distributed all of the membership interests in CAM to the Company. CAM remains a wholly-owned subsidiary of the Company.

BB&T made a cash payment in connection with the closing of the BB&T Transaction of approximately \$6.4 million to the Company which was based on a deposit premium of \$315.9 million and the net asset value of BankAtlantic as of June 30, 2012. The deposit premium and BankAtlantic's net asset value were calculated pursuant to the terms of the Agreement, including, with respect to the net asset value of BankAtlantic, after giving effect to the asset contributions and membership interest distributions by BankAtlantic to the Company.

At the closing of the BB&T Transaction, BB&T assumed the obligations with respect to the Company's outstanding TruPS, and the Company paid BB&T approximately \$51.3 million, representing all accrued and unpaid interest on the TruPS through closing. The Company also paid approximately \$2.3 million for certain legal fees and expenses with respect to the now resolved TruPS-related litigation brought in the Delaware Chancery Court against the Company by holders of the TruPS and certain trustees. The Company funded the TruPS accrued interest and the TruPS related legal fees and expenses with proceeds received in the BB&T Transaction.

Discontinued operations in the Company's Consolidated Statement of Operations for the year ended December 31, 2012 consisted of BankAtlantic's community banking, investment, capital services and tax certificate reporting units. The Company is continuing to service and manage and may originate commercial loans. As a result, the operations for the Commercial Lending reporting unit were included in the Company's Consolidated Statement of Operations as continuing operations for the year ended December 31, 2012. The Consolidated Statements of Equity (Deficit), Consolidated Statements of Comprehensive Income (Loss) and Consolidated Statement of Cash Flows remain unchanged from historical presentation as of and for the year ended December 31, 2012.

The accounting policies applied by the Company conform to accounting principles generally accepted in the United States of America.

F-15

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

Certain amounts for prior years have been reclassified to conform to the revised financial statement presentation for 2014.

**Use of Estimates** – 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 statements of financial condition and operations for the periods presented. Actual results could differ significantly from those estimates. Material estimates that are particularly susceptible to significant change 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 valuation of assets acquired and liabilities assumed in the acquisition of a business, the amount of the deferred tax asset valuation allowance, accounting for uncertain tax positions and accounting for contingencies.

**Consolidation Policy** – The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries and majority-owned subsidiaries. All inter-company transactions and balances have been eliminated.

Entities in which the Company has a controlling financial interest are consolidated in the Company's financial statements. The Company determines whether it has a controlling financial interest in an entity by first evaluating whether the entity is a voting interest entity or a variable interest entity (VIE). Voting interest entities are entities in which the total equity investment at risk is sufficient to enable the entity to finance itself independently and provides the equity holders with the obligation to absorb losses, the right to receive residual returns and the right to make decisions about the entity's activities. The Company consolidates voting interest entities in which it has all, or at least a majority of, the voting interest. VIEs are entities that lack one or more of the characteristics of a voting interest entity. A controlling financial interest in a VIE is present when an enterprise has both the power to direct the activities of the VIE that most significantly impact the VIE's economic performance and an obligation to absorb losses or the right to receive benefits that could potentially be significant to the VIE. The enterprise with a controlling financial interest, known as the primary beneficiary, consolidates the VIE. The Company consolidates all VIE's in which it is the primary beneficiary.

**Cash Equivalents** – Cash equivalents consist of cash, demand deposits at financial institutions, money market funds and other short-term investments with original maturities of 90 days or less.

**Loans** – Loans that management has the intent and ability to hold for the foreseeable future, or until maturity or payoff, are reported at their outstanding principal balances net of any unearned income, unamortized deferred fees or costs, premiums or discounts and an allowance for loan losses. Loans that management has the intent to sell are classified as

loans held-for-sale and are reported at the lower of aggregate cost or estimated fair value. Loan origination fees, and related direct loan origination costs on loans held-for-sale and premiums and discounts on purchased loans held-for-sale are deferred until the related loan is sold and included in gains and losses upon sale. Loans are classified as loans held-for-sale when management originates loans for resale or when management decides to sell loans that were not originated or purchased for sale. Transfers of loans from held-for-investment to held-for-sale classification are recorded at the lower of aggregate cost or estimated fair value at the transfer date.

Allowance for Loan Losses – The allowance for loan losses reflects management’s reasonable estimate of probable credit losses inherent in the loan portfolio based on management’s evaluation of credit risk as of period end. Loans are charged off against the allowance when management believes the loan is not collectible. Recoveries are credited to the allowance.

The allowance consists of two components. The first component of the allowance is for loans that are individually evaluated for impairment. Management evaluates commercial real estate and commercial non-real estate loans greater than \$0.5 million for impairment quarterly. Once an individual loan is found to be impaired, an evaluation is performed to determine if a specific valuation allowance needs to be assigned to the loan based on the present value of expected future cash flows discounted at the loan’s effective interest rate, except that as a practical expedient, impairment may be measured based on the observable market price of the loan or the fair value of the collateral if the loan is collateral dependent. Loans determined to be collateral dependent are measured based on the fair value of the collateral less costs to sell. Consumer and residential loans past due 120 days or more were also evaluated individually for impairment and measured based on the lower of the estimated fair value of the collateral less cost to sell or the carrying amount of the loan.

F-16

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The second component of the allowance is for groups of loans with common characteristics that are evaluated in loan pools to estimate the inherent losses in the portfolio. Management segregates loans into segments with certain common characteristics so as to form a basis for estimating losses as it relates to the segment. The loan portfolio has the following loan segments: residential, consumer, commercial non-real estate, commercial real estate, and small business loans. The loss experience for each loan segment was derived by calculating a charge-off history by loan segment adjusted by an expected recovery rate. Based on the nature of each portfolio, a time frame is selected for the charge-off history in order to estimate the inherent loss in each segment. The loss factor that was calculated from the charge-off history by loan segment is adjusted by considering the following factors: delinquency and charge-off levels and trends, non-accrual levels and trends, credit scores of borrowers, collateral value and external factors. Based on an analysis of the above factors, management may adjust the historical loss experience up or down to reflect current conditions that differ from the conditions that existed during the historical loss experience time frame.

Small business loans were transferred to loans held-for-sale as of September 30, 2012, residential and first lien consumer loans were transferred to loans held-for-sale as of December 31, 2013 and current second lien consumer loans were transferred to held-for-sale in September 2014. Loans transferred to held-for-sale were excluded from the allowance for loan losses subsequent to the transfer date.

**Non-accrual and Past Due Loans** – Loans are considered past due if the required principal and interest has not been received based on the contractual terms of the loan. Loans are generally placed on non-accrual status at the earlier of the loan becoming past due 90 days as to either principal or interest or when the borrower has entered bankruptcy proceedings and the loan is delinquent. Commercial and small business loans may be placed on non-accrual status sooner due to material deterioration of conditions surrounding the repayment sources, which could include insufficient borrower capacity to service the debt, declines in the loan-to-value ratio of the loan's collateral or other factors causing the full payment of the loan's principal and interest to be in doubt. Accordingly, the Company may place a loan on non-accrual status even when payments of principal or interest are not currently in default. However, exceptions to this policy may occur if there exists well secured collateral and the loan is in the process of collection. When a loan is placed on non-accrual, all accrued interest is reversed against interest income. Interest income is recognized on non-accrual loans on a cash basis. Loans may be restored to accrual status when there has been a satisfactory period of performance and the loan is expected to perform in the future according to its contractual terms. Commercial and small business loans are charged-down if the collection of principal or interest is considered doubtful. Consumer and residential real estate loans that are 120 days past due are charged down to the collateral's fair value less estimated selling costs. Consumer non-mortgage loans that are 120 days past due are charged off.

**Trade Receivables** - Trade receivables are recorded at the invoiced amount and do not bear interest. The Company recognizes revenue when products are shipped and the customer takes ownership and assumes the risk of loss. The Company maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable portfolio. In establishing the required allowance, management considers historical losses adjusted to take into account current market conditions and the customers' financial condition, the amount of receivables in dispute, and the current receivables aging and current payment patterns. The Company reviews its allowance for doubtful accounts quarterly. Past due balances over 90 days and over a specified amount are reviewed individually for collectability. Account balances are charged off against the allowance after all means of collection have been exhausted and the potential for recovery is considered remote.



Real Estate Held-for-Sale and Real Estate Held-for-Investment – Real estate held-for-sale and real estate held-for-investment represents real estate that the Company has taken possession or ownership through foreclosure of the underlying loan collateral or through the purchase of the real estate from unrelated third parties. At the time of foreclosure the real estate is measured at its estimated fair value less cost to sell and any impairments or recoveries are reflected in the allowance for loan losses.

Real estate held-for-sale is subsequently measured at the lower of cost or estimated fair value and valuation allowance adjustments are made to reflect any subsequent declines in fair values. A gain is recognized for any subsequent increases in fair value but not in excess of cumulative losses recognized. Real estate held-for-investment is depreciated over its useful life using the straight line method, if applicable. Expenditures for capital improvements are generally capitalized. The costs of holding real estate are charged to real estate operating expenses as incurred. Changes in the real estate valuation allowance are recorded as asset impairments in the Company's Statements of Operations.

Investments in Unconsolidated Companies and Investment in Woodbridge Holdings, LLC – The Company follows the equity method of accounting to record its interests in companies in which it has the ability to significantly influence the decisions of the entity and to record its investment in variable interest entities in which it is not the primary

F-17

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

beneficiary. Under the equity method, an investment is shown on the Statement of Financial Condition of an investor as a single amount and an investor's share of earnings or losses from its investment is shown in the Statement of Operations as a single amount. The investment is initially measured at cost and adjusted for the investor's share of the earnings or losses of the investee as well as dividends received from the investee. The investor recognizes its share of the earnings or losses of the investee in the periods for which they are reported by the investee in its financial statements rather than in the period in which an investee declares a dividend.

Interest expense is capitalized by the investor on investments, advances or loans to real estate equity method companies that began qualifying activities. Total capitalized interest expense cannot exceed interest expense incurred. Interest expense capitalization ceases when the investee completes its qualifying activities.

We evaluate our investments accounted for under the equity method of accounting for other-than-temporary declines in value on an on-going basis. The review for other-than-temporary declines takes into account the length of time and the extent to which the fair value has been less than cost, the financial condition and near-term prospects of the project or the investment and the intent and ability of the Company to retain the investment for a period of time sufficient to allow for recovery. We consider all available evidence to evaluate the fair value of our equity method investments, including prior forecasts compared to actual performance, discounted forecasts of future distributions and economic trends in the real estate industry. If we believe that the decline in the fair value of the equity investment is other-than-temporary, we will record the investment at fair value and recognize impairment in the Company's consolidated statement of operations.

Properties and Equipment– Land is carried at cost. Office properties, leasehold improvements, equipment and computer software are carried at cost less accumulated depreciation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets which generally range up to 40 years for buildings and 3-10 years for equipment. The cost of leasehold improvements is amortized using the straight-line method over the shorter of the terms of the related leases or the useful lives of the assets. Expenditures for new properties, leasehold improvements, equipment and major renewals and betterments are capitalized. Expenditures for maintenance and repairs are expensed as incurred, and gains or losses on disposal of assets are reflected in current operations.

Inventories – Inventories are measured at the lower of cost or market. Cost includes all costs of conversions, including materials, direct labor, production overhead, depreciation of equipment and shipping costs. Raw materials are stated at the lower of cost, on a first-in, first-out basis, and market determined by reference to replacement cost. Raw materials are not written down unless the goods in which they are incorporated are expected to be sold for less than cost, in which case, they are written down by reference to replacement cost of the raw materials. Finished goods and work in progress are stated at the lower of cost or market determined on a first-in, first-out basis for Renin's finished goods inventory and on an average cost basis for the Sweet Holdings' finished goods inventory.

Goodwill and other Intangible Assets – Intangible assets consists of trade names, customer relationships, non-competition agreements and lease premiums that were initially recorded at fair value and are amortized on a straight-line basis over their respective estimated useful lives. Intangible assets are tested for recoverability whenever events or changes in circumstances indicate that the carrying amount of the intangible asset may not be recoverable. The carrying amount of an intangible asset is not considered recoverable when the carrying amount exceeds the sum of the undiscounted cash flows expected to result from the use of the intangible asset. The impairment is measured as

the amount by which the carrying amount of the intangible asset exceeds its fair value.

Goodwill is recorded at the acquisition date of a business. Annually, goodwill is assessed for qualitative factors to determine whether it is necessary to perform a goodwill impairment test. Goodwill testing is a two-step process. The first step of the goodwill impairment test is used to identify potential impairment. This step compares the fair value of a reporting unit with its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is considered not impaired and the second step of the impairment test is not necessary. If the fair value of the reporting unit is less than the carrying value, then the second step of the test is used to measure the amount of goodwill impairment, if any, in the reporting unit. This step compares the current implied goodwill in the reporting unit to its carrying amount. If the carrying amount of the goodwill exceeds the implied goodwill, impairment is recorded for the excess. The implied goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined.

Tax Certificates – Tax certificates included in other assets totaled \$0.2 million and \$0.6 million, net of allowance for tax certificate losses as of December 31, 2014 and 2013, respectively. Tax certificates represent a priority lien against real property for which assessed real estate taxes are delinquent. Tax certificates were acquired from municipalities generally through public auction. Tax certificates are carried at cost less an allowance for tax certificate losses. Tax

F-18

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

certificates and resulting deeds are classified as non-accrual when a tax certificate is aged 24 to 60 months, depending on the municipality, from the acquisition date. At that time, interest ceases to be accrued and any accrued interest receivable is reversed against interest income. The entire balance of tax certificates were classified as nonaccrual as of December 31, 2014 and 2013.

Allowance for Tax Certificate Losses – The allowance represents management’s estimate of incurred losses in the portfolio that are probable and subject to reasonable estimation. In establishing its allowance for tax certificate losses, management considers past loss experience, present indicators, such as the length of time the certificate has been outstanding, economic conditions and property values. The activity in the allowance for tax certificates was (in thousands):

	For the Years Ended		
	December 31,		
	2014	2013	2012
Balance, beginning of period	\$ 510	3,559	7,488
Charge-offs	(265)	(4,078)	(2,917)
Recoveries	275	884	282
Net charge-offs	10	(3,194)	(2,635)
Sale of BankAtlantic (1)	-	-	(2,926)
Provision (2)	(296)	145	1,632
Balance, end of period	\$ 224	510	3,559

(1) Represents the portion of the allowance associated with \$19.6 million of tax certificates acquired by BB&T upon the sale of BankAtlantic

(2) Included in asset impairments in the Company’s Statement of Operations.

Income Taxes – The Company currently files consolidated federal and state income tax returns. Renin’s Canadian and United Kingdom subsidiaries’ earnings are subject to taxation in Canada and the United Kingdom and these subsidiaries file separate income tax returns in those countries. The provision for income taxes is based on income before taxes reported for financial statement purposes after adjustments for transactions that do not have tax consequences. Deferred tax assets and liabilities are realized according to the estimated future tax consequences attributable to differences between the carrying value of existing assets and liabilities and their respective tax basis. Deferred tax assets and liabilities are measured using the enacted tax rates as of the date of the Statement of Financial Condition. The effect of a change in tax rates on deferred tax assets and liabilities is reflected in the period that includes the statutory enactment date. A deferred tax asset valuation allowance is recorded when it has been determined that it is more likely than not that deferred tax assets will not be realized. If a valuation allowance is needed, a subsequent change in circumstances in future periods that causes a change in judgment about the realization of the related deferred tax amount could result in the reversal of the deferred tax valuation allowance. Additionally, Taxable temporary differences that originate from a business combination could result in deferred tax valuation

allowance reversals.

An uncertain tax position is defined as a position in a previously filed tax return or a position expected to be taken in a future tax return that is not based on clear and unambiguous tax law and which is reflected in measuring current or deferred income tax assets and liabilities for interim or annual periods. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Company measures the tax benefits recognized based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate resolution. The Company recognizes interest and penalties related to unrecognized tax benefits in its provision for income taxes.

Accounting for Loss Contingencies – Loss contingencies, including those arising from legal actions, are recorded as liabilities when the likelihood of loss is probable and an amount or range of loss can be reasonably estimated.

Earnings Per Share – Basic earnings per share excludes dilution and is computed by dividing net income attributable to the Company by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if options to issue common shares or restricted common stock of the Company were exercised or lapse. In calculating diluted earnings per share net income attributable to the Company is divided by the weighted average number of common shares. Options and restricted stock are included in the weighted average number of common shares outstanding based on the treasury stock method, if dilutive.

F-19

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Stock-Based Compensation Plans – Compensation expense for stock options and non-vested restricted common stock is based on the fair value of the award on the measurement date, which is generally the grant date. The Company recognizes these compensation costs on a straight-line basis over the requisite service period of the award, which is generally four years for non-vested restricted common stock and five years for stock options, except for options granted to directors which vest immediately. The fair value of stock options is estimated using the Black-Scholes option-pricing model. The fair value of non-vested restricted common stock awards is generally the market price of the Company's common stock on the grant date.

New Accounting Pronouncements:

The FASB has issued the following accounting pronouncements and guidance relevant to the Company's operations:

Update Number 2015-02 – Amendments to the Consolidation Analysis (Topic 810): This update changes the manner in which a reporting entity assesses one of the five characteristics that determines if an entity is a variable interest entity. In particular, when decision-making over the entity's most significant activities has been outsourced, the update changes how a reporting entity assesses if the equity holders at risk lack decision making rights. The update also introduces a separate analysis specific to limited partnerships and similar entities for assessing if the equity holders at risk lack decision making rights. The standard is effective for annual reporting periods beginning after December 15, 2015. Early application is permitted. The Company is currently evaluating the requirements of this update and has not yet determined its impact on the Company's consolidated financial statements.

Update Number 2015-01 – Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items (Subtopic 225-20): This update eliminates the concept of extraordinary items from U.S. GAAP. This update is effective for interim and annual reporting periods beginning after December 15, 2015. Early application is permitted. The adoption of this update is not expected to have an impact on the Company's financial statements.

Update Number 2014-15 – Presentation of Financial Statements – Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern. This update provides guidance regarding management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern and to provide related footnote disclosures. The guidance requires management to assess an entity's ability to continue as a going concern by incorporating and expanding upon certain principles that are currently in United States auditing standards. The standard is effective for annual and interim reporting periods beginning after December 15, 2016. Early application is permitted. The Company is currently evaluating the requirements of this update and has not yet determined its impact on the Company's consolidated financial statements.

Update Number 2014-09 – Revenue from Contracts with Customers – (Topic 606). This update applies to all companies that enter into contracts with customers to transfer goods or services and is effective for public entities for interim and annual reporting periods beginning after December 15, 2016. Early application is not permitted and entities have the choice to apply this update either retrospectively to each reporting period presented or by recognizing the cumulative effect of applying this update at the date of initial application and not adjusting comparative information. The Company is currently evaluating the requirements of this update and has not yet determined its impact on the Company's consolidated financial statements.

Update Number 2014-08 – Reporting Discontinued Operations and Disclosure of Disposals of Components of an Entity - (Topic 360 and Topic 205). This update changes the criteria for reporting discontinued operations and requires additional disclosures about discontinued operations and the disposal of individually significant disposals that do not qualify for discontinued operations presentation in the financial statements. This update is effective for annual and interim periods beginning after December 15, 2014. The adoption of this update is not currently expected to have a material impact on the Company's financial statements.

Update Number 2014-04 – Receivables - (Topic 310-40): Troubled Debt Restructurings by Creditors. This update provides guidance on when a creditor should derecognize a consumer mortgage loan and recognize a foreclosed asset upon taking physical possession of residential real property collateralizing a consumer mortgage loan. A creditor is considered to have received physical possession of residential real property collateralizing a consumer mortgage loan, upon either (1) the creditor obtaining legal title to the residential property upon completion of a foreclosure or (2) the borrower conveying all

F-20

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

interest in the residential real estate property to the creditor to satisfy that loan through completion of a deed in lieu of foreclosure or through a similar legal agreement. Additionally, the amendments require interim and annual disclosure of both (1) the amount of foreclosed residential real property held by the creditor and (2) the recorded investment in consumer mortgage loans collateralized by residential real property that are in the process of foreclosure according to local requirements of the applicable jurisdiction. This update is effective for annual and interim periods beginning after December 15, 2014. The Company does not believe that this update will have a material impact on its financial statements.

## 2. Acquisitions

### 2014 Acquisitions

In October 2014, BBX Sweet Holdings acquired the outstanding common shares of Anastasia Confections (“Anastasia”) for purchase consideration of \$11.4 million. Founded in 1984 and headquartered in an 80,000 square foot production facility in Orlando, Florida, Anastasia manufactures gourmet coconut and chocolate candy, salt water taffy, and other chocolate gift products. The purchase consideration included cash of \$4.2 million and a \$7.5 million promissory note. The promissory note was recorded at a \$0.3 million discount to reflect the fair value of the promissory note at the acquisition date.

In July 2014, BBX Sweet Holdings acquired Helen Grace Chocolates (“Helen Grace”), a California based manufacturer of premium chocolate confections, chocolate bars, chocolate candies and truffles and in a separate transaction during July 2014 BBX Sweet Holdings acquired Jer’s Chocolates (“Jer’s”), a California based distributor of peanut butter chocolate products internationally and in the United States. In January 2014, BBX Sweet Holdings acquired Williams and Bennett, including its brand Big Chocolate Dipper. Williams and Bennett is headquartered in Boynton Beach, Florida and is a manufacturer of chocolate products serving boutique retailers, big box chains, department stores, national resort properties, corporate customers, and private label brands.

The purchase consideration for the Williams and Bennett, Helen Grace, and Jer’s acquisitions included cash of \$4.6 million and holdback amounts of \$0.7 million. The holdback amounts serve to satisfy any indemnification claims made by BBX Sweet Holdings against a seller pursuant to the purchase agreements. Holdback amounts of \$150,000 were included in other liabilities in the Company’s Statement of Financial Condition as of December 31, 2014 as these



amounts were non-interest bearing and paid to a seller in February 2015.

The following tables summarize the fair value of the assets acquired and liabilities assumed from Anastasia at the acquisition date (in thousands):

Fair value of identifiable assets acquired and liabilities assumed:	
Trade receivables	\$ 483
Inventories	1,338
Properties and equipment	1,873
Identifiable intangible assets (1)	3,410
Deferred tax liabilities	(1,365)
Other liabilities	(421)
Fair value of identifiable net assets	5,318
Goodwill	6,113
Purchase consideration	\$ 11,431

(1) Identifiable intangible assets consisted primarily of \$1.9 million and \$1.5 million of trademarks and customer relationships intangible assets, respectively.

F-21

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company incurred \$0.1 million of acquisition related costs in connection with the Anastasia acquisition. The acquisition related costs are included in selling, general and administrative expenses in the Company’s Statement of Operations for the year ended December 31, 2014.

The amount of revenues and net income from Anastasia included in the Company’s Statement of Operations for the year ended December 31, 2014 was \$2.1 million and \$268,000, respectively. The Anastasia net income excludes acquisition related costs and is from the date of acquisition (October 1, 2014) through December 31, 2014.

The supplemental pro forma amount of the Company’s revenues and net income had the Anastasia acquisition been as of January 1, 2013 was as follows (in thousands):

(unaudited)	Revenue	Income (1)
Pro forma from 1/1/2014 -12/31/2014	\$ 98,022	4,540
Pro forma from 1/1/2013 -12/31/2013	\$ 54,828	48,305

(1) Amounts represent income from continuing operations.

The following tables summarize the fair value of the assets acquired and liabilities assumed from Williams and Bennett, Jer’s and Helen Grace at the respective acquisition dates (in thousands):

Fair value of identifiable assets acquired and liabilities assumed:	
Trade receivables	\$ 49
Inventories	3,284
Properties and equipment	1,329
Identifiable intangible assets (1)	2,738

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Other assets	416
Notes payable	(186)
Deferred tax liabilities	(1,742)
Other liabilities	(602)
Fair value of identifiable net assets	5,286
Goodwill	1,264
Purchase consideration	(5,313)
Bargain purchase gain	\$ 1,237

(1) Identifiable intangible assets consisted primarily of \$1.2 million and \$1.1 million of trademarks and customer relationships intangible assets, respectively.

The Company incurred \$0.4 million of acquisition related costs in connection with these acquisitions. The acquisition related costs are included in selling, general and administrative expenses in the Company's Statement of Operations for the year ended December 31, 2014.

The bargain purchase gain of \$1.2 million from the Helen Grace acquisition represents the amount by which the fair value of identifiable net assets acquired exceeded the purchase consideration. Management believes that it was able to acquire Helen Grace for a bargain purchase gain because Helen Grace was a division of a larger company that made a strategic decision to divest chocolate manufacturing activities.

The amount of revenues and net loss from these acquisitions included in the Company's Statement of Operations for the year ended December 31, 2014 was \$9.7 million and \$0.3 million, respectively. The net loss from the date of these

F-22

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

acquisitions through December 31, 2014 excludes \$0.4 million of acquisition related costs and the \$1.2 million Helen Grace bargain purchase gain.

The supplemental pro forma amount of the Company’s revenues and net income had these acquisitions been consummated as of January 1, 2013 was as follows (in thousands):

(unaudited)	Revenue	Income (1)
Pro forma from 1/1/2014 -12/31/2014	\$ 97,148	3,289
Pro forma from 1/1/2013 -12/31/2013	\$ 64,496	46,941

(1) Amounts represent income from continuing operations.

The net cash outflows from the Williams and Bennett, Jer’s, Helen Grace and Anastasia acquisitions (collectively, “2014 Acquisitions”) was as follows (in thousands):

Total purchase consideration	\$ 16,744
Notes payable	(7,750)
Other liabilities	(150)
Net cash outflow from acquisitions	\$ 8,844

2013 Acquisitions

On October 30, 2013, Renin acquired through two newly formed subsidiaries substantially all of the assets and certain liabilities of Renin Corp for approximately \$14.5 million (the “Renin Transaction Consideration”). Renin 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 and a sales and distribution facility in the United Kingdom.

Renin funded approximately \$9.4 million of the Renin Transaction Consideration through proceeds from a loan and revolver facility to Renin provided by Bluegreen. The remainder of the Renin Transaction Consideration was funded \$4.2 million by BBX Capital and \$1.0 million by BFC pro rata in accordance with their percentage equity interests in Renin. At closing, \$1.7 million of the Renin Transaction Consideration was placed in an escrow account pending final determination of the working capital adjustment (if any) and final resolution of any indemnification obligations of Renin Corp. In January 2014, the working capital and indemnification obligations of the sellers were finalized and the entire escrow balance was distributed to Renin. As a result, the Renin Transaction Consideration was reduced to \$12.8 million. Included in other assets in the Company’s Statement of Financial Condition as of December 31, 2013 was a \$1.7 million receivable for this indemnity and working capital adjustment escrow.

In December 2013, BBX Sweet Holdings acquired the outstanding common shares or membership interests in Hoffman’s from their shareholders or members. The purchase consideration included a \$500,000 holdback (“Holdback”) that is payable on the second anniversary of the closing date and accrues interest at 1.93% per annum. The Holdback serves as security for the Hoffman’s sellers’ obligations under the Hoffman’s stock purchase and sale agreement including the indemnity obligations and performance under each of such seller’s non-competition agreements. The Holdback was recorded at a \$46,000 premium to reflect the fair value of the Holdback at the acquisition date. The obligation of BBX Sweet Holdings to pay to the Hoffman’s sellers all or any portion of the Holdback is guaranteed by BBX Capital. Hoffman’s is a manufacturer of gourmet chocolates, with retail locations in South Florida.

The following tables summarize the purchase consideration for the Hoffman’s acquisition and for the Renin Transaction and the fair value of the assets acquired and liabilities assumed and the net cash outflows from the acquisitions at the acquisition dates (in thousands):

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Fair value of identifiable assets acquired and liabilities assumed:	
Cash	\$ 1,033
Trade receivables	7,523
Inventories	9,858
Properties and equipment	6,134
Identifiable intangible assets	2,686
Other assets	477
Notes payable	(2,493)
Other liabilities	(9,011)
Fair value of identifiable net assets	16,207
Purchase consideration	(15,206)
Bargain purchase gain	\$ 1,001
Purchase consideration	\$ 15,206
Working capital adjustment receivable	1,694
Holdback amounts	(500)
Discount on Holdback amounts	46
Cash acquired	(1,033)
Net cash outflows from acquisitions	\$ 15,413

The Company incurred \$1.1 million of acquisition related costs in connection with the acquisitions. The bargain purchase gain of \$1.0 million from the Renin Transaction represents the amount by which the fair value of identifiable net assets acquired exceeded the Renin Transaction Consideration. Management believes that it was able to acquire Renin Corp. for a bargain purchase gain because Renin Corp. was a distressed company. The acquisition related costs are included in selling, general and administrative expenses in the Company's Statement of Operations for the year ended December 31, 2013.

The amount of revenues and net loss from the Renin Transaction included in the Company's Statement of Operations for the year ended December 31, 2013 was \$9.3 million and a net loss of \$0.9 million, respectively. Actual net loss from October 30, 2013 through December 31, 2013 excludes acquisition costs and the bargain purchase gain.

The supplemental pro forma amount of the Company's revenues and net income (loss) had the Renin Transaction been consummated as of January 1, 2012 was as follows (in thousands):

(unaudited)	Revenue	Income (1)
Pro forma from 1/1/2013 - 12/31/2013	\$ 104,987	43,639
Pro forma from 1/1/2012 - 12/31/2012	\$ 107,303	(28,794)

(1) Amounts represent income from continuing operations

The methodology utilized to fair value the assets acquired for the Renin and Hoffman's acquisitions in 2013 and the 2014 Acquisitions was as follows:

F-24

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Trade Receivables

Trade receivables were recorded at fair value using the cost approach with level 3 inputs based on the percentage of gross receivables collected in a trailing eighteen month period ending in October 2013 for Renin. The inputs used were trade receivable balances, allowances, charge-offs, sales discounts and volume of returned merchandise. The fair value of the trade receivables acquired from the BBX Sweet Holdings acquisitions were recorded at the invoiced amounts.

Inventories

Raw materials were fair valued using the cost approach. Raw material items replaced on a regular basis were recorded at fair value based on historical costs. Raw material items acquired in the Renin transaction with greater than 180 days of usage on hand were recorded at fair value based on discounts relative to historical cost amounts. Finished goods inventory was recorded at fair value using the cost approach. Fifty percent of the historical gross margin was added to the finished goods historical cost amounts in order to estimate a reasonable profit margin for selling finished goods. Finished goods on hand acquired in the Renin Transaction greater than 180 days of sales were recorded at fair value with discounts relative to historical costs.

Properties and Equipment

Properties and equipment acquired consisted primarily of machinery and equipment used in manufacturing operations. The machinery and equipment was recorded at fair value using the market approach with level 2 inputs as market comparable data. The cost approach was used to estimate the contributing installation costs to fair value and the electrical distribution system in certain manufacturing facilities. The inputs were obtained from market data collected from used equipment dealers that purchase and sell comparable equipment, quotations from new machinery dealers and manufacturers, historical installation cost information and searches on the internet.

Identifiable Intangible Assets

The identifiable intangible assets acquired primarily consisted of trade names and customer relationships. The relief from royalty valuation method, a form of the income approach, was used to estimate the fair value of the trade



names. The fair value was determined by present valuing the expected future estimated royalty payments that would have to be paid if the trade names were not owned. The fair value of the net royalties saved was estimated based on discounted cash flows at a risk adjusted discount rate. The multi-period excess earnings method, a form of the income approach, was used to estimate the fair value of the customer relationships. The multi-period excess earnings method isolates the expected cash flows attributable to the customer relationship intangible asset and discounts these cash flows at a risk adjusted discount rate.

F-25

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## 3. Goodwill and Other Intangible Assets

Included in the Company's Statement of Financial Condition as of December 31, 2014 and 2013 was \$7.4 million and \$0 of goodwill, respectively. The goodwill was recognized in connection with the 2014 Acquisitions by BBX Sweet Holdings and is part of the Sweet Holdings reportable segment.

The change in the carrying amount of goodwill by reportable segment was as follows (in thousands):

	Sweet Holdings Segment	BankAtlantic Segment	Total
Balance at January 1, 2012	\$ -	13,081	13,081
Impairment	-	-	-
Sale of BankAtlantic to BB&T	-	(13,081)	(13,081)
Balance at December 31, 2012	-	-	-
Impairment	-	-	-
Balance at December 31, 2013	-	-	-
Increase in Goodwill from acquisitions	7,377	-	7,377
Impairment	-	-	-
Balance at December 31, 2014	\$ 7,377	-	7,377

The Company tests goodwill for potential impairment annually or during interim periods if impairment indicators exist. The process of evaluating goodwill for impairment involves the determination of the fair value of the Company's reporting units. Inherent in such fair value determinations are certain judgments and estimates relating to future cash flows, including the Company's interpretation of current economic indicators and market valuations, and assumptions about the Company's strategic plans with regard to its operations.

The Company generally establishes fair value using the discounted cash flow methodology. The discounted cash flow methodology establishes fair value by estimating the present value of the projected future cash flows to be generated from the reporting unit. The discount rate applied to the projected future cash flows to arrive at the present value is intended to reflect all risks of ownership and the associated risks of realizing the stream of projected future cash flows. The Company generally used a five year period in computing discounted cash flow values. The most significant assumptions used in the discounted cash flow methodology are the discount rate, the terminal value and the forecast of

future cash flows.

Major classes of other intangible assets net of amortization was as follows (in thousands):

Class	December	
	2014	2013
Trademarks	\$ 5,505	2,551
Customer relationships	2,511	70
Non-competition agreements	130	65
Lease premium	204	-
Other	90	-
Total other intangible assets	\$ 8,440	2,686

The aggregate amortization expense of other intangible assets included in selling general and administrative expenses for the year ended December 31, 2014 and 2013 was \$374,000 and \$0, respectively.

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The estimated aggregate amortization expense of other intangible assets for each of the five succeeding years was as follows:

Years ending December 31,	
2015	\$ 629
2016	629
2017	583
2018	565
2019	555

Trademarks, customer relationships and non-competition agreements are amortized using the straight-line method over their expected useful lives of 20 years, 12 years and 4 years, respectively. The lease premium is amortized using the straight-line method over the lease term of 73 months.

Included in other liabilities was a \$389,000 lease discount intangible liability associated with the Anastasia acquisition. The lease discount is amortized using the straight-line method over the lease term of five years.

#### 4. Investment in Woodbridge Holdings, LLC

On April 2, 2013, the Company invested \$71.75 million in Woodbridge in exchange for a 46% equity interest in Woodbridge. The investment was made in connection with Woodbridge's acquisition on April 2, 2013 of the publicly held shares of Bluegreen. BFC holds the remaining 54% of Woodbridge's outstanding equity interests and is the managing member of Woodbridge. Since BFC is the majority owner of Woodbridge and the managing member, the Company's investment in Woodbridge is accounted for under the equity method. The Company's investment in Woodbridge consisted of \$60.4 million in cash (including \$0.4 million in transaction costs) and a promissory note in Woodbridge's favor in the principal amount of \$11.75 million. In connection with the Company's investment in Woodbridge, the Company and BFC entered into an Amended and Restated Operating Agreement of Woodbridge, which sets forth the Company's and BFC's respective rights as members of Woodbridge and provides, among other things, for unanimity on certain specified "major decisions" and for distributions to be made on a pro rata basis in accordance with the Company's and BFC's percentage equity interests in Woodbridge.

The Company's investment in Woodbridge was accounted for as a transaction between entities under common control as BFC is the controlling shareholder of the Company and Woodbridge. As a consequence, the investment in Woodbridge was recorded by the Company at BFC's historical cost and the difference between 46% of BFC's historical cost in Woodbridge (\$85.1 million) and the amount the Company invested in Woodbridge (\$71.75 million) was recognized as an increase in additional paid-in capital (\$13.34 million) in the Company's financial statements.

The following are the components of the Company's initial investment in Woodbridge and the adjustments to the investment in Woodbridge under the equity method for the year ended December 31, 2014 and from the date of the investment (April 2, 2013) through December 31, 2013 (in thousands).

	For the Year Ended December 31, 2014	From April 2, 2013 Through December 31, 2013
Cash to Woodbridge	\$ -	60,404
Note payable to Woodbridge	-	11,750
Increase in additional paid-in capital	-	13,337
Investment in Woodbridge	78,573	85,491
Equity earnings in Woodbridge	25,282	13,461
Woodbridge capital transactions - excess tax benefits	957	-
Dividends received from Woodbridge	(31,786)	(20,379)
Investment in Woodbridge	\$ 73,026	78,573

F-27

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The condensed Statement of Financial Condition as of December 31, 2014 and 2013, and the condensed Statement of Operations for the year ended December 31, 2014 and from April 2, 2013 through December 31, 2013 of Woodbridge Holdings, LLC are as follows (in thousands):

	December 31, 2014	December 31, 2013
Assets		
Cash and restricted cash	\$ 240,427	224,104
Notes receivable, net	424,267	455,569
Notes receivable from related parties	11,750	11,750
Inventory of real estate	194,713	204,256
Properties and equipment, net	72,319	63,252
Intangible assets	63,913	64,142
Other assets	53,158	63,242
Total assets	\$ 1,060,547	1,086,315
Liabilities and Equity		
Accounts payable, accrued liabilities and other	\$ 114,263	116,956
Deferred tax liabilities, net	92,609	76,726
Notes payable	502,465	537,500
Junior subordinated debentures	150,038	147,431
Total liabilities	859,375	878,613
Total Woodbridge members' equity	157,920	169,981
Noncontrolling interest	43,252	37,721
Total equity	201,172	207,702
Total liabilities and equity	\$ 1,060,547	1,086,315
	For the Year Ended December 31,	From April 2, 2013 Through December 31, 2013
	2014	
Total revenues	\$ 580,328	399,708

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Total costs and expenses	477,507	341,938
Other income	3,566	209
Income from continuing operations before taxes	106,387	57,979
Provision for income taxes	40,321	18,409
Income from continuing operations	66,066	39,570
(Loss) income from discontinued operations, net of tax	306	(332)
Net income	66,372	39,238
Net income attributable to noncontrolling interest	(11,411)	(9,974)
Net income attributable to Woodbridge	54,961	29,264
BBX Capital 46% equity earnings in Woodbridge	\$ 25,282	13,461

F-28

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## 5. Investments in Unconsolidated Real Estate Joint Ventures

The Company had the following investments in unconsolidated real estate joint ventures (in thousands):

	December 31,	
	2014	2013
Altis at Kendall Square, LLC	\$ 1,264	1,300
Altis at Lakeline - Austin Investors LLC	5,000	-
New Urban/BBX Development, LLC	996	54
Sunrise and Bayview Partners, LLC	1,723	-
Hialeah Communities, LLC	5,091	-
PGA Design Center Holdings, LLC	1,991	-
Investments in unconsolidated real estate joint ventures	\$ 16,065	1,354

## Altis at Kendall Square, LLC (“Kendall Commons”)

In March 2013, the Company invested \$1.3 million in a joint venture to develop 321 apartment units. The Company is entitled to receive 13% of the joint venture distributions until a 15% internal rate of return has been attained and then the Company will be entitled to receive 9.75% of any joint venture distributions thereafter.

The Company analyzed the amended and restated operating agreement of Kendall Commons and determined that we are not the primary beneficiary and therefore the investment in the real estate joint venture is accounted for under the equity method of accounting. This conclusion was based primarily on the determination that the Company only has limited protective rights under the operating agreement, is not the manager of the joint venture and the manager of the joint venture is entitled to 83% of the joint venture’s distributions.



Altis at Lakeline – Austin Investors, LLC

In December 2014, the Company invested \$5.0 million in a joint venture to develop 354 apartment units in Austin, Texas. The Company contributed 34% of the capital to the joint venture. After the Company receives a preferred return of 9% and all of its capital is returned, the Company is then entitled to receive 26.3% of the joint venture's distributions until an 18% internal rate of return has been attained and thereafter the Company will be entitled to receive 18.8% of any joint venture distributions.

The Company analyzed the amended and restated operating agreement of Altis at Lakeline and determined that we are not the primary beneficiary and therefore the investment in the real estate joint venture is accounted for under the equity method of accounting. This conclusion was based on the determination that the joint venture has four members and the approval of an issue requires three of the four members to agree. Also, the Company is not the managing member or the developer and the managing member guarantees the indebtedness of the joint venture.

New Urban/BBX Development, LLC (“Village at Victoria Park”)

In December 2013, the Company entered into a joint venture agreement with New Urban Communities to develop 2 acres of vacant land owned by the Company located near downtown Fort Lauderdale, Florida as 30 single-family homes. The Company and New Urban Communities each have a 50% membership interest in the joint venture and New Urban Communities serves as the developer and the manager.

In April 2014, the joint venture obtained an acquisition, development and construction loan from a financial

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

institution and the Company and New Urban Communities each contributed \$692,000 to the joint venture as a capital contribution. The joint venture purchased the two acre site from the Company for \$3.6 million consisting of \$1.8 million in cash (less \$0.2 million in selling expenses) and a \$1.6 million promissory note. The promissory note bears interest at 8% per annum and is subordinated to the financial institution acquisition, development and construction loan. The Company recognized a partial gain included in net gains on the sales of assets in the Company's Statement of Operations of \$188,000 for the year ended December 31, 2014 and recorded a deferred gain of \$1.1 million included in other liabilities in the Company's Statement of Financial Condition as of December 31, 2014 on the sale of the vacant land to the joint venture. The sale of appreciated property to the joint venture resulted in a joint venture basis difference as the Company's carrying value of the land was \$1.1 million lower than the fair value. The Company accounted for the sale of the vacant land to the joint venture using the cost recovery method. The Company will recognize the deferred gain based on the repayments of the principal balance of the notes receivable. The Company will recognize the joint venture basis adjustment as joint venture equity earnings upon the joint venture sale of single-family units.

The Company analyzed the Village at Victoria Park's operating agreement and determined that we are not the primary beneficiary and therefore the investment in the real estate joint venture was accounted for under the equity method of accounting. This conclusion was based primarily on the determination that New Urban Communities has the power to direct activities of the joint venture that most significantly affect the joint venture's performance as it is the developer and manager of the project. Additionally, New Urban Communities also receives significant benefits from the joint venture in excess of its 50% membership interest in the form of development and administrative fees.

#### Sunrise and Bayview Partners

In June 2014, the Company entered into a joint venture agreement with an affiliate of Procacci Development Corporation ("PDC") and the Company and PDC each contributed \$1.8 million to the Sunrise and Bayview Partners joint venture. The Company and PDC each have a 50% interest in the joint venture. In July 2014, the joint venture borrowed \$5.0 million from PDC and acquired for \$8.0 million three acres of real estate in Fort Lauderdale, Florida from an unrelated third party. The property is improved with an approximate 84,000 square foot office building along with a convenience store and gas station. The joint venture refinanced the PDC borrowings with a financial institution and the Company provided the financial institution with a guarantee of 50% of the outstanding balance of the joint venture's \$5.0 million loan.

The Company analyzed the Sunrise and Bayview Partners operating agreement and determined that we are not the primary beneficiary and therefore the investment in the real estate joint venture was accounted for under the equity method of accounting. This conclusion was based primarily on the determination that PDC has the power to direct activities of the joint venture that most significantly affect the joint venture's performance as it is managing the property, including locating tenants, executing leases, collecting rent payments and conducting development

activities. Additionally, PDC also receives significant benefits from the joint venture in excess of its 50% membership interest in the form of development and property management fees.

PGA Design Center Holdings, LLC (“PGA Design Center”)

In December 2013, the Company purchased for \$6.1 million a commercial property with three existing buildings consisting of 145,000 square feet of mainly furniture retail space. In January 2014, the Company entered into a joint venture with Stiles Development, and in connection with the formation of the joint venture, the Company sold the commercial property to the joint venture in exchange for \$2.9 million in cash and a 40% interest in the joint venture. The joint venture intends to seek governmental approvals to change the use of a portion of the property from retail to office and subsequently sell or lease the property. The property contributed to the joint venture excluded certain residential development entitlements with an estimated value of \$1.2 million which were transferred to adjacent parcels owned by the Company.

The Company analyzed the PGA Design Center’s operating agreement and determined that we are not the primary beneficiary and therefore the investment in the real estate joint venture was accounted for under the equity method of accounting. This conclusion was based primarily on the determination that Stiles Development has a 60% interest in the joint venture and is also the managing member. As such, Stiles Development is the joint venture member that has the majority of the power to direct the activities of the joint venture that most significantly impact its economic performance and through its 60% membership interest has the obligation to absorb the majority of the losses and the right to receive the majority of the benefits of the joint venture.

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Hialeah Communities, LLC

In July 2014, the Company entered into a joint venture agreement with CC Bonterra to develop approximately 394 homes in a portion of the newly proposed Bonterra community in Hialeah, Florida. The Company transferred approximately 50 acres of land at an agreed upon value of approximately \$15.6 million subject to an \$8.3 million mortgage which was assumed by the joint venture. In exchange, the Company received \$2.2 million in cash and a joint venture interest with an agreed upon assigned initial capital contribution value of \$4.9 million. The Company is entitled to receive 57% of the joint venture distributions until it receives its aggregate capital contributions plus a 9% per annum return on capital. Any distributions thereafter are shared 45% by the Company and 55% by CC Bonterra. The Company contributes 57% of the capital and remained liable as a co-borrower on the \$8.3 million mortgage that was assumed by the joint venture. The transfer of the land to the joint venture as an initial capital contribution resulted in a deferred gain of \$1.6 million included in other liabilities in the Company's Statement of Financial Condition as of December 31, 2014 and a joint venture basis adjustment of \$2.1 million. The Company determined that transfer of the land to the joint venture should be accounted for on the cost recovery method. The deferred gain of \$1.6 million will be recognized upon the repayment of the principal balance of the \$8.3 million mortgage. The Company will recognize the joint venture basis adjustment as joint venture equity earnings upon the joint venture sale of single-family units. In March 2015, the joint venture refinanced the \$8.3 million mortgage loan with proceeds from a \$31.0 million acquisition and development loan. The Company is a guarantor for 26.3% of the \$31.0 million joint venture acquisition and development loan.

The Company analyzed the Hialeah Communities operating agreement and determined that it is not the primary beneficiary and therefore the investment in the real estate joint venture was accounted for under the equity method of accounting. This conclusion was based primarily on the determination that CC Bonterra as the managing member and developer of the homes has the power to direct activities of the joint venture that most significantly affect the joint venture's performance. Additionally, CC Bonterra also receives significant benefits from the joint venture in excess of its 43% membership interest in the form of development and administrative fees as well as 55% of joint venture profits.

In September 2014, the Company contributed additional capital to the joint venture of \$1.8 million with CC Bonterra contributing \$1.4 million. The additional capital contributions funded the joint venture purchase of property adjacent to the project for \$0.9 million. The joint venture advanced \$2.3 million to a wholly-owned subsidiary of the Company and the wholly-owned subsidiary of the Company used the funds received from the joint venture to purchase \$2.3 million of additional property adjacent to the project. The Company will repay the joint venture advance upon the sale of the property.

The condensed Statement of Financial Condition as of December 31, 2014 and 2013, and the condensed Statement of Operations for the year ended December 31, 2014 and 2013 for the above equity method joint ventures in the aggregate was as follows (in thousands):

	December 31, 2014	December 31, 2013
Assets		
Cash	\$ 1,375	172
Real estate inventory	75,395	23,321
Properties and equipment	3,996	-
Other assets	4,423	557
Total assets	\$ 85,189	24,050
Liabilities and Equity		
Notes payable	\$ 34,951	16,057
Other liabilities	9,333	1,571
Total liabilities	44,284	17,628
Total equity	40,905	6,422
Total liabilities and equity	\$ 85,189	24,050

F-31

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	For the Years Ended December 31, 2014 2013	
Total revenues	\$ 635	-
Total costs and expenses	(1,841)	-
Net loss	\$ (1,206)	-

## 6. Consolidated Variable Interest Entities

## FAR

In consideration for BB&T assuming BBX Capital's \$285.4 million in principal amount of TruPS in connection with the sale of BankAtlantic, BB&T received from BBX Capital at the closing of the BB&T Transaction a 95% preferred membership interest in the net cash flows of FAR (Class A Units in FAR) which it will hold 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 BBX Capital, which initially holds the remaining 5% of the Class A

Units and 100% of the Class R units will thereafter be entitled to any and all residual proceeds. Upon the termination of BB&T's interest in FAR, BBX Capital will be the sole member of FAR. FAR's assets are expected to be monetized over a period of seven years, or longer provided BB&T's preference amount is repaid within such seven-year period. BBX Capital provided BB&T with an incremental \$35 million guarantee to further support BB&T's recovery within seven years of the \$285 million preference amount. At December 31, 2014, BB&T's preferred interest in FAR had been reduced to approximately \$12.3 million.

BBX Capital's variable interests in FAR include its 5% preferred membership interest in the cash flows of FAR, rights to all residual cash flows after satisfaction of the preferred membership interests, and the incremental guarantee issued to BB&T. CAM also services approximately \$17.6 million of FAR commercial loans and has a right of first refusal to acquire certain FAR commercial loans. It can also purchase certain commercial loans on a basis established in FAR's operating agreement.

The Company analyzed FAR's amended and restated limited liability agreement and determined that it was the primary beneficiary and therefore should consolidate FAR in its financial statements. This conclusion was based primarily on the determination that the Company has the obligation to absorb losses and the right to receive any appreciation of the assets of FAR through its rights to the residual cash flows of FAR and its obligation under the incremental \$35 million guarantee to BB&T supporting the repayment of BB&T's preferred interest in FAR. Also contributing to the Company's determination that it was the primary beneficiary of FAR was its ability to direct the activities relating to the commercial loans that it services, its ability to purchase certain commercial loans and its right of first refusal in connection with the disposition of certain commercial loans.

BB&T's preferred equity interest in FAR only entitles it to a \$285 million preference amount plus the related priority return. Based on the amended and restated limited liability agreement, FAR is required to make quarterly distributions or more frequently as approved by FAR's Board of Managers, of excess cash flows from its operations and the orderly disposition of its assets to redeem the preferred membership interests. As such, the Class A units are considered mandatorily redeemable and are reflected as debt obligations in the Company's Consolidated Statement of Financial Condition and the priority return is considered interest expense in the Company's Consolidated Statements of Operations.

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The activities of FAR are governed by an amended and restated limited liability agreement which grants the Board of Managers decision-making authority over FAR. The Board has four members, two members elected by the Company and two members elected by BB&T. The approval of an issue before the Board requires three of the members' approval. Members designated by BB&T must resign from the Board upon the redemption of its preferred interest in FAR.

The carrying amount of the assets and liabilities of FAR and the classification of these assets and liabilities in the Company's Statement of Financial Condition was as follows (in thousands):

	As of December 31,	
	2014	2013
Cash and interest bearing deposits in banks	\$ 4,976	8,388
Loans held-for-sale	35,423	53,846
Loans receivable, net	18,972	56,170
Real estate held-for-investment	18,340	15,509
Real estate held-for-sale	13,745	23,664
Properties and equipment, net	8,350	7,899
Other assets	638	2,413
Total assets	\$ 100,444	167,889
BB&T preferred interest in FAR, LLC	\$ 12,348	68,517
Principal and interest advances on residential loans	11,171	11,252
Other liabilities	1,315	1,091
Total liabilities	\$ 24,834	80,860

Until BB&T's preference amount is repaid, the proceeds from the monetization of FAR's assets are restricted to payments of expenses, including the priority return and estimated working capital requirements of FAR, and the repayment of FAR's preferred membership interests. FAR anticipates making quarterly distributions. As such, the Company will receive 5% of the net cash flows from the monetization of FAR's assets, net of expenses. FAR finances its activities through revenues from principal and interest payments received and the monetization of its assets.

BBX Capital's maximum loss exposure in FAR if all of FAR's assets were deemed worthless would have been \$88.0 million as of December 31, 2014, including the incremental guarantee in favor of BB&T for repayment of the \$12.3 million balance of its preferred membership interest.



JRG/BBX Development, LLC (“North Flagler”)

In October 2013, an indirect wholly-owned subsidiary of BBX Capital entered into the North Flagler joint venture with JRG USA, and in connection with the formation of the joint venture JRG USA assigned to the joint venture a contract to purchase for \$10.8 million a 4.5 acre real estate parcel overlooking the Intracoastal Waterway in West Palm Beach, Florida and we invested \$0.5 million of cash. This joint venture is seeking to expand land entitlements and is currently working to amend the current zoning designation and increase the parcel’s residential height restrictions with a view to increasing the value of the parcel. We are entitled to receive 80% of any joint venture distributions until we recover our capital investment and then will be entitled to receive 70% of any joint venture distributions thereafter. We are the managing member and have control of all aspects of the operations of the joint venture.

The Company analyzed North Flagler’s operating agreement and determined that we are the primary beneficiary of the joint venture and therefore should consolidate North Flagler in our financial statements. This conclusion was based primarily on the determination that the Company absorbs 80% of the losses, is entitled to 70% of the profits and controls all aspects of North Flagler’s operations.

F-33

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The carrying amount of the assets and liabilities of North Flagler and the classification of these assets and liabilities in the Company's Statement of Financial Condition was as follows (in thousands):

	As of	
	December	
	31,	
	2014	2013
Cash and interest bearing deposits in banks	\$ 17	298
Real estate held-for-investment	816	327
Other assets	379	-
Total assets	\$ 1,212	625
Other liabilities	\$ 116	12
Noncontrolling interest	\$ 132	135

BBX Capital's maximum loss exposure in North Flagler if all of the North Flagler's assets were deemed worthless would have been \$964,000 as of December 31, 2014.

## 7. Discontinued Operations

BankAtlantic had five reporting units 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. These five components were Community Banking, Commercial Lending, Tax Certificates, Investments, and Capital Services. Based on the Agreement with BB&T, 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. Although certain assets of the Commercial Lending reporting unit were sold to BB&T, the Company continued certain Commercial Lending reporting unit activities resulting in the Company including the Commercial Lending reporting unit in continuing operations in the Company's Statements of Operations.

Pursuant to the Agreement with BB&T, in addition to certain assets associated with the Company's continuing Commercial Lending reporting unit, FAR retained certain assets and liabilities that were associated with the Company's disposed reporting units (Community Banking, Tax Certificates, Investments, and Capital Services reporting units). The Company determined that the ongoing cash flows of the disposed reporting units were not significant relative to the historical cash flows from the activities of each reporting unit; therefore, the income and expenses associated with the disposed reporting units are reported in discontinued operations for the year ended December 31, 2012. The carrying value of the disposed reporting units' net assets transferred to FAR were \$112 million as of July 31, 2012. The results of operations and cash flows associated with the retained assets associated with the disposed reporting units were included in continuing operations for the five months ended December 31, 2012 and for the years ended December 31, 2014 and 2013. The assets held by FAR are expected to be monetized in accordance with the terms of such assets or through orderly transactions over a seven year period or longer provided BB&T's preferred interest is repaid within such seven-year period. Ninety-five percent of the cash flows from these assets, net of operating expenses and a stated preferred return, will be applied toward the ongoing repayment of BB&T's preferred interest in FAR.

F-34

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The gain on the sale of BankAtlantic to BB&T, which is included in the Company's Consolidated Statements of Operations in "Discontinued operations" for the year ended December 31, 2012, was as follows (in thousands):

Investment in BankAtlantic (1)	\$ 306,302
Reduction in other comprehensive loss	(18,124)
Carrying amount of BankAtlantic's net assets	288,178
Stay bonuses	1,300
Transaction costs	(5,000)
Cash consideration	6,433
Other	(269)
Gain on sale of BankAtlantic	\$ 290,642

(1) The investment in BankAtlantic represents BankAtlantic's stockholder's deficit as of July 31, 2012 after giving effect to the transfer of CAM and FAR to BBX Capital.

Included in the carrying amount of BankAtlantic was \$2.0 million of unrealized gains on securities available for sale and \$20.2 million of defined benefit pension plan losses deferred in BankAtlantic's other comprehensive income. Also included in the gain on the sale of BankAtlantic was approximately \$1.0 million of stay bonuses paid by BBX Capital and reimbursed by BB&T to key employees of BankAtlantic associated with pre-acquisition services and \$0.3 million of stay bonuses paid by BBX Capital and reimbursed by BB&T to employees of BankAtlantic associated with post acquisition services.

The cash consideration received by BBX Capital for the sale of BankAtlantic's stock upon the consummation of the BB&T Transaction as of July 31, 2012 was as follows (in thousands):

Deposit premium	\$ 315,900
BankAtlantic net asset value:	
BankAtlantic stockholder's equity before distribution of FAR and CAM	280,058
Distribution of FAR	(384,140)

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Distribution of CAM	(205,385)
BankAtlantic net asset value (1)	(309,467)
Cash consideration	\$ 6,433
Pre-acquisition stay bonuses reimbursed by BB&T	\$ 983

(1) BankAtlantic net asset value was calculated as of June 30, 2012 (which pursuant to the terms of the Agreement with BB&T was the date used for the calculations of the cash consideration payable upon consummation of the BB&T Transaction) after giving effect to the contribution to BankAtlantic of small business loans with a carrying value of \$10.7 million in exchange for commercial loans with a carrying value of \$7.5 million which were initially designated to be contributed to BankAtlantic and were instead retained by FAR.

F-35

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The consolidated net cash outflows associated with the sale of BankAtlantic were as follows (in thousands):

BankAtlantic assets sold:	
Tax certificates	\$ 16,630
Loans receivable	1,792,026
Securities available for sale	29,781
Properties and equipment	129,025
Other assets	60,113
Total assets sold	2,027,575
BankAtlantic liabilities assumed:	
Deposits	(3,458,914)
Subordinated debentures	(22,000)
Other liabilities	(28,920)
Total liabilities assumed	(3,509,834)
Gain on sale of BankAtlantic	290,642
Net cash outflows from sale of BankAtlantic	\$ (1,191,617)

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

	For the Year Ended December 31, 2012
Net interest income	\$ 37,384
Provision for loan losses	18,383
Net interest income after provision for loan losses	19,001
Gain on sale of BankAtlantic	290,642
Total non-interest income	37,234
Total non-interest expense (1)	61,634
Income from discontinued operations before provision for income taxes	285,243
Provision for income taxes	21,005
Income from discontinued operations	\$ 264,238

(1) General corporate overhead was allocated to continuing operations.

F-36

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## 8. Inventories

Inventories as of December 31, 2014 and 2013 were as follows (in thousands):

	December 31,	
	2014	2013
Raw materials	\$ 4,628	4,948
Paper goods and packaging materials	3,834	129
Work in process	-	379
Finished goods	6,043	3,699
Total	\$ 14,505	9,155

Inventories consisted of \$8.6 million for Renin and \$5.9 million for BBX Sweet Holdings as of December 31, 2014, respectively. Inventories consisted of \$8.4 million for Renin and \$0.8 million for BBX Sweet Holdings as of December 31, 2013, respectively. Shipping and handling fees billed to the customers were recorded as trade sales and shipping and handling fees paid by the Company were recorded in selling, general, and administrative expenses. Included in the Company's Statement of Operations as selling, general, and administrative expenses for the years ended December 31, 2014 and 2013 were \$5.5 million and \$1.0 million, respectively, of costs associated with shipping goods to customers.

## 9. Loans Held-for-Sale

Loans-held-for-sale were as follows (in thousands):



	December 31,	
	2014	2013
Residential	\$ 27,331	38,223
First-lien consumer	-	4,176
Second-lien consumer	2,351	-
Small business	5,741	11,447
Total loans held-for-sale	\$ 35,423	53,846

Loans held-for-sale are reported at the lower of cost or fair value. The Company transfers loans to held-for-sale when, based on the current economic environment and related market conditions, it does not have the intent to hold those loans for the foreseeable future. The Company transfers loans previously held-for-sale to loans held-for-investment at the lower of cost or fair value on the transfer date. All loans held-for-sale at December 31, 2014 and 2013 were owned by FAR.

In September 2014, FAR, based on current market conditions, decided to sell performing second-lien consumer loans. The Company charged down these loans \$2.7 million to fair value and transferred the loans to held-for-sale in the aggregate amount of \$2.3 million.

During the 2013 fourth quarter, management evaluated its residential loan portfolio in light of the general appreciation of residential real estate values during 2013 and decided to transfer first lien residential and consumer loans to loans held-for-sale as of December 31, 2013. The Company charged down its first lien residential and consumer loan portfolio by \$4.1 million and reduced its allowance for loan losses by \$1.4 million upon the transfer of first lien residential and consumer loans to loans held-for-sale.

In July 2014, the Company received net proceeds from the sales of its first-lien consumer loan portfolio and certain residential loans of approximately \$3.2 million and \$6.3 million, respectively. Included in net gains on the sales of assets for the year ended December 31, 2014 was a \$0.6 million gain from the sale of these loans.

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In September 2012, subsequent to the sale of BankAtlantic to BB&T, management evaluated its loan portfolio and transferred its entire portfolio of small business loans to loans held-for-sale and transferred \$14.2 million of residential loans previously held-for-sale to loans held-for-investment. The Company charged down its small business loans by \$1.3 million and reduced its allowance for loan losses by \$1.1 million upon the transfer of its small business loans to loans held-for-sale.

## 10. Loans Receivable

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

	December 31,	
	2014	2013
Commercial non-real estate	\$ 1,326	3,331
Commercial real estate	24,189	62,937
Consumer	2,306	8,618
Residential	-	53
Total gross loans	27,821	74,939
Allowance for loan losses	(977)	(2,713)
Loans receivable -- net	\$ 26,844	72,226

The underlying collateral for the Company's real estate loan portfolio was located in Florida at December 31, 2014 and 2013.

The Company segregates its loan portfolio into five segments. The Company's loan segments are: residential loans, commercial real estate loans, commercial non-real estate loans, consumer loans, and small business loans. The Company's loan segments are described below:

Residential – represents loans secured by one to four dwelling units. Residential loans, except two residential loans in foreclosure, were transferred to loans held-for-sale as of December 31, 2013

Commercial real estate - represents loans for acquisition, development and construction of various types of properties including residential, office buildings, retail shopping centers, and other non-residential properties.

Commercial non-real estate loans - generally represent business loans secured by the receivables, inventory, equipment, and/or general corporate assets of the business.

Consumer loans - consists of loans to individuals originated through BankAtlantic's branch network. Consumer loans are generally home equity lines of credit secured by a second mortgage on the primary residence of the borrower. All collateral secured consumer loans are located in Florida. First-lien consumer loans were transferred to loans held-for-sale as of December 31, 2013 and sold during the year ended December 31, 2014. Current second-lien consumer loans were transferred to loans held-for-sale during the year ended December 31, 2014.

Small business loans – consists of loans originated to businesses in principal amounts that do not generally exceed \$2.0 million. The principal source of repayment for these loans is generally from the cash flow of a business. The entire portfolio of small business loans was transferred to loans held-for-sale as of September 30, 2012.

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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

Loan Class	December 31,	
	2014	2013
Commercial non-real estate	\$ 1,326	3,331
Commercial real estate	14,464	45,540
Consumer	1,990	2,972
Residential	-	53
Total nonaccrual loans	\$ 17,780	51,896

An age analysis of the past due recorded investment in loans receivable as of December 31, 2014 and December 31, 2013 was as follows (in thousands):

December 31, 2014	31-59 Days	60-89 Days	90 Days	Total	Current	Total
	Past Due	Past Due	or More (1)	Past Due		Loans
Commercial non-real estate	\$ -	-	330	330	996	1,326
Commercial real estate:	-	-	5,458	5,458	18,731	24,189
Consumer	-	227	1,703	1,930	376	2,306
Residential:	-	-	-	-	-	-
Total	\$ -	227	7,491	7,718	20,103	27,821

December 31, 2013	31-59 Days	60-89 Days	90 Days	Total	Current	Total
	Past Due	Past Due	or More (1)	Past Due		Loans
Commercial non-real estate	\$ -	-	2,269	2,269	1,062	3,331
Commercial real estate:	-	-	22,729	22,729	40,208	62,937
Consumer	317	293	2,480	3,090	5,528	8,618
Residential:	-	-	53	53	-	53

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Total	\$ 317	293	27,531	28,141	46,798	74,939
-------	--------	-----	--------	--------	--------	--------

(1) The Company had no loans that were past due greater than 90 days and still accruing as of December 31, 2014 or 2013.

F-39

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2014 was as follows (in thousands):

	Commercial Non-Real Estate	Commercial Real Estate	Small Business	Consumer	Residential	Total
Allowance for Loan Losses:						
Beginning balance	\$ 954	227	-	1,532	-	2,713
Charge-offs :	(1,939)	(1,900)	-	(3,345)	(5)	(7,189)
Recoveries :	294	8,936	321	2,307	750	12,608
Provision :	691	(7,156)	(321)	376	(745)	(7,155)
Ending balance	\$ -	107	-	870	-	977
Ending balance individually evaluated for impairment	\$ -	-	-	-	-	-
Ending balance collectively evaluated for impairment	-	107	-	870	-	977
Total	\$ -	107	-	870	-	977
Loans receivable:						
Ending balance individually evaluated for impairment	\$ 1,326	14,464	-	1,255	-	17,045
Ending balance collectively evaluated for impairment	\$ -	9,725	-	1,051	-	10,776
Total	\$ 1,326	24,189	-	2,306	-	27,821
Proceeds from loan sales	\$ -	-	-	3,239	6,258	9,497
Transfer to loans held-for-sale	\$ -	-	-	2,299	-	2,299
Transfer from loans held-for-sale	\$ -	-	-	-	-	-

F-40

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2013 was as follows (in thousands):

	Commercial Non-Real Estate	Commercial Real Estate	Small Business	Consumer	Residential	Total
Allowance for Loan Losses:						
Beginning balance	\$ 1,735	1,869	-	1,261	446	5,311
Charge-offs:	-	(3,976)	-	(2,516)	(4,375)	(10,867)
Recoveries :	10,241	36,824	257	2,225	2,587	52,134
Provision :	(11,022)	(34,490)	(257)	562	1,342	(43,865)
Ending balance	\$ 954	227	-	1,532	-	2,713
Ending balance individually evaluated for impairment	\$ 954	-	-	-	-	954
Ending balance collectively evaluated for impairment	-	227	-	1,532	-	1,759
Total	\$ 954	227	-	1,532	-	2,713
Loans receivable:						
Ending balance individually evaluated for impairment	\$ 3,331	45,540	-	2,207	53	51,131
Ending balance collectively evaluated for impairment	\$ -	17,397	-	6,411	-	23,808
Total	\$ 3,331	62,937	-	8,618	53	74,939
Proceeds from loan sales	\$ 2,390	1,100	-	-	-	3,490
Transfer to loans held-for-sale	\$ -	-	-	4,176	38,222	42,398
Transfer from loans held-for-sale	\$ -	-	-	-	1,312	1,312

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The activity in the allowance for loan losses by portfolio segment for the year ended December 31, 2012 was as follows (in thousands):

	Commercial Non-Real Estate	Commercial Real Estate	Small Business	Consumer	Residential	Total
Allowance for Loan Losses:						
Beginning balance	\$ 16,407	67,053	7,168	22,554	16,705	129,887
Charge-off :	(19,237)	(55,686)	(3,991)	(9,793)	(14,658)	(103,365)
Recoveries :	893	7,435	487	1,424	2,563	12,802
Provision :	5,569	(7,839)	244	2,778	1,653	2,405
Transfer to held-for-sale - BB&T Transaction:	(1,897)	(9,164)	(4,454)	(20,639)	(12,491)	(48,645)
Discontinued operations provision	-	70	546	4,937	6,674	12,227
Ending balance	\$ 1,735	1,869	-	1,261	446	5,311
Ending balance individually evaluated for impairment	\$ 784	837	-	-	-	1,621
Ending balance collectively evaluated for impairment	951	1,032	-	1,261	446	3,690
Total	\$ 1,735	1,869	-	1,261	446	5,311
Loans receivable:						
Ending balance individually evaluated for impairment	\$ 3,362	173,917	-	7,859	44,621	229,759
Ending balance collectively evaluated for impairment	\$ 8,644	40,130	-	9,048	10,176	67,998
Total	\$ 12,006	214,047	-	16,907	54,797	297,757
Proceeds from loan sales	\$ -	- 5,864	-	-	-	5,864
Transfer to held-for-sale	\$ 60,398	304,668	234,228	502,221	811,060	1,912,575



## - BB&amp;T

## Transaction:

Transfer to held-for-sale	\$ -	-	20,722	19,069	-	-	-	39,791
Transfer from loans held-for-sale	\$ -	-	-	-	-	-	14,185	14,185

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 based on OCC guidance to thrifts regarding specific valuation allowances on collateral dependent loans. 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 year ended December 31, 2012, but did reduce the Company's allowance for loan losses and recorded investment in the loans.

Impaired Loans - Loans are considered impaired when, based on current information and events, the Company believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan agreement. For a loan that has been restructured, the actual terms of the loan agreement refer to the contractual terms specified by the original loan agreement, not the contractual terms specified by the restructured agreement. Impairment is evaluated based on past due status for consumer and residential loans. Impairment is evaluated as part of the Company's on-

F-42

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

going credit monitoring process for commercial loans. Factors considered in determining if a loan is impaired are past payment history, strength of the borrower or guarantors, and cash flow associated with the collateral or business. If a loan is impaired, a specific valuation allowance is allocated, if necessary, based on the present value of estimated future cash flows using the loan's existing interest rate or based on the fair value of the loan. Collateral dependent impaired loans are charged down to the fair value of collateral less cost to sell. Interest payments on impaired loans for all loan segments are recognized on a cash basis, unless collectability of the principal and interest amount is probable, in which case interest is recognized on an accrual basis. Impaired loans, or portions thereof, are charged off when deemed uncollectible.

Individually impaired loans as of December 31, 2014 and 2013 were as follows (in thousands):

	As of December 31, 2014			As of December 31, 2013		
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Unpaid Principal Balance	Related Allowance
With a related allowance recorded:						
Commercial non-real estate	\$ -	-	-	3,001	4,472	954
Commercial real estate:	-	-	-	-	-	-
Consumer	735	1,664	735	920	2,228	920
Residential:	-	-	-	-	-	-
Total with allowance recorded	\$ 735	1,664	735	3,921	6,700	1,874
With no related allowance recorded:						
Commercial non-real estate	\$ 1,326	3,061	-	330	634	-
Commercial real estate:	14,464	30,546	-	45,540	79,186	-
Consumer	1,571	2,205	-	7,165	8,730	-
Residential:	-	-	-	53	189	-
Total with no allowance recorded	\$ 17,361	35,812	-	53,088	88,739	-
Total:						
Commercial non-real estate	\$ 1,326	3,061	-	3,331	5,106	954
Commercial real estate	14,464	30,546	-	45,540	79,186	-
Consumer	2,306	3,869	735	8,085	10,958	920
Residential	-	-	-	53	189	-
Total	\$ 18,096	37,476	735	57,009	95,439	1,874

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Average recorded investment and interest income recognized on individually impaired loans as of December 31, 2014 and 2013 were (in thousands):

	For the Year Ended December 31, 2014		December 31, 2013	
	Average Recorded Investment	Interest Income Recognized	Average Recorded Investment	Interest Income Recognized
With an allowance recorded:				
Commercial non-real estate	\$ -	-	3,015	119
Commercial real estate:	-	-	-	2
Consumer	837	7	1,040	-
Residential:	-	-	-	-
Total with allowance recorded	\$ 837	7	4,055	121
With no related allowance recorded:				
Commercial non-real estate	\$ 1,368	121	330	-
Commercial real estate:	17,575	839	47,524	1,278
Consumer	4,218	151	7,118	200
Residential:	-	-	55	-
Total with no allowance recorded	\$ 23,161	1,111	55,027	1,478
Total:				
Commercial non-real estate	\$ 1,368	121	3,345	119
Commercial real estate	17,575	839	47,524	1,280
Consumer	5,055	158	8,158	200
Residential	-	-	55	-
Total	\$ 23,998	1,118	59,082	1,599

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Individually impaired loans and the average recorded investment and interest income recognized on impaired loans as of December 31, 2012 (in thousands):

	As of December 31, 2012			Average	
	Recorded Investment	Unpaid Principal Balance	Related Allowance	Recorded Investment	Interest Income
With a related allowance recorded:					
Commercial non-real estate	\$ 3,032	3,287	784	3,032	137
Commercial real estate:	28,195	41,366	837	28,259	1,068
Consumer	-	-	-	-	-
Residential:	-	-	-	-	-
Total with allowance recorded	\$ 31,227	44,653	1,621	31,291	1,205
With no related allowance recorded:					
Commercial non-real estate	\$ 330	634	-	330	-
Commercial real estate:	143,388	232,695	-	139,684	4,873
Consumer	16,050	20,501	-	17,887	282
Residential:	48,317	77,628	-	56,776	177
Total with no allowance recorded	\$ 208,085	331,458	-	214,677	5,332
Total:					
Commercial non-real estate	\$ 3,362	3,921	784	3,362	137
Commercial real estate	171,583	274,061	837	167,943	5,941
Consumer	16,050	20,501	-	17,887	282
Residential	48,317	77,628	-	56,776	177
Total	\$ 239,312	376,111	1,621	245,968	6,537

Individually impaired loans without specific valuation allowances represent loans that were written-down to the fair value of the collateral less cost to sell, loans in which the collateral value less cost to sell was greater than the carrying value of the loan, loans in which the present value of the cash flows discounted at the loans' effective interest rate were equal to or greater than the carrying value of the loans, or were collectively measured for impairment.

The Company monitors impaired collateral dependent loans and performs an impairment analysis on these loans quarterly. Generally, a full appraisal is obtained when a real estate loan is initially evaluated for impairment and an updated full appraisal is obtained within one year from the prior appraisal date, or earlier if management deems it appropriate based on significant changes in market conditions. In instances where a property is in the process of foreclosure, an updated appraisal may be postponed beyond one year, as an appraisal is required on the date of foreclosure; however, such loans remain subject to quarterly impairment analyses and adjustments. Included in total impaired loans as of December 31, 2014 were \$13.7 million of collateral dependent loans of which \$9.6 million were measured for impairment using current appraisals and one collateral dependent loan totaling \$4.1 million had an appraisal postponed beyond one year pending completion of ongoing renovation on the property collateralizing the loan funded by a surety bond.

The Company had no commitments to lend additional funds on impaired loans as of December 31, 2014.

#### Credit Quality Information

The Company monitors delinquency trends, net charge-off levels, levels of impaired loans, current loan to value ratios, credit scores and general economic conditions in an effort to assess loan credit quality. The Company assesses commercial loan credit quality through accrual and non-accrual loan classifications. Commercial loans are generally placed on non-accrual status when the full payment of the loan's principal and interest is in doubt, which may be due to factors

F-45

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

including material deterioration of conditions surrounding the principal source of repayment, insufficient borrower capacity to service the debt, significantly delayed property sales or development schedules, declines in the loan-to-value ratio of the loan's collateral or delinquencies greater than ninety days. Accruing commercial loans are generally loans in which management believes that it is probable that the Company will collect loan payments in accordance with the contractual or modified contractual terms of the loan.

The following table presents the amount of accruing and non-accruing commercial loans by class as of December 31, 2014 (in thousands): (

	Commercial Non Real Estate	Commercial Real Estate
Accruing	\$ -	9,725
Non-accruing	1,326	14,464
Total	\$ 1,326	24,189

The following table presents the amount of accruing and non-accruing commercial loans by class as of December 31, 2013 (in thousands):

	Commercial Non Real Estate	Commercial Real Estate
Accruing	\$ -	17,397
Non-accruing	3,331	45,540
Total	\$ 3,331	62,937

The Company monitors the credit quality of its portfolio of consumer loans based on past due status. Consumer loans past due 90 days or more are placed on non-accrual. The Company had \$2.0 million and \$3.0 million of non-accrual consumer loans as of December 31, 2014 and 2013, respectively.

#### Troubled Debt Restructured Loans

The restructuring of a loan is considered a “troubled debt restructuring” if both (i) the borrower is experiencing financial difficulties and (ii) the creditor has granted a concession. Concessions may include interest rate reductions, principal forgiveness, restructuring amortization schedules, extending loan maturities, deferring loan payments until the loan maturity date and other actions intended to minimize potential losses. The majority of concessions for consumer loans have involved changing monthly payments from interest and principal payments to interest only payments or deferring several monthly loan payments until the loan maturity date. Commercial real estate and non-real estate loan concessions were primarily interest rate reductions to below market interest rates and extensions of maturity dates based on the risk profile of the loan. Residential and small business loan concessions primarily have involved reductions of monthly payments through extensions of the amortization period and/or deferral of monthly payments.

Consumer and residential troubled debt restructured loans had no financial statement effect because the affected loans were generally on non-accrual status and measured for impairment before the restructuring. The financial statement effects of commercial and small business troubled debt restructured loans was the establishment of specific valuation allowances, if any, in place of the general allowance for those loans that had not already been placed on nonaccrual status. There was an impact to the allowance for loan losses associated with loans for which concessions were made, as the concessions generally resulted from the expectation of slower future cash flows.

There were no troubled debt restructurings during the years ended December 31, 2014 or 2013. Troubled debt restructurings during the year ended December 31, 2012 were as follows (dollars in thousands):

F-46

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

	For the Year Ended December 31, 2012	
	Number	Recorded Investment
Troubled Debt Restructurings		
Commercial non-real estate	-	\$ -
Commercial real estate	-	-
Small business	-	-
Consumer	1	47
Residential	1	62
Total Troubled Debt Restructured	2	\$ 109

There were no loans modified in troubled debt restructurings since January 1, 2012 that experienced a payment default during the years ended December 31, 2014 and 2013. The following table represents the recorded investment of loans that were modified in troubled debt restructurings beginning January 1, 2011 and experienced a payment default during the year ended December 31, 2012 (dollars in thousands):

	For the Year Ended December 31, 2012	
	Number	Recorded Investment
Troubled Debt Restructurings which have subsequently defaulted:		
Commercial non-real estate	-	\$ -
Commercial real estate	6	27,377
Small business	-	-
Consumer	-	-
Residential	9	627
Total Troubled Debt Restructured	15	\$ 28,004



#### 11. Real Estate Held-for-Investment and Real Estate Held-for-Sale

Substantially all of the Company's real estate has been acquired through foreclosure. Upon acquisition, real estate is classified as real estate held-for-sale or real estate held-for-investment. 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. When the property does not meet the real estate held-for-sale criteria, the real estate is classified as held-for-investment.

F-47

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents real estate held-for-sale grouped in the following classifications (in thousands):

	As of December 31, 2014	As of December 31, 2013
Land	\$ 33,505	18,268
Rental properties	1,748	6,168
Residential single-family	4,385	6,447
Other	2,095	3,088
Total held-for-sale	\$ 41,733	33,971

The following table presents real estate held-for-investment grouped in the following classifications (in thousands):

	As of December 31, 2014	As of December 31, 2013
Land	\$ 60,356	79,656
Rental properties	14,445	26,891
Other	789	789
Total held-for-investment	\$ 75,590	107,336

The following table presents the activity in real estate held-for-sale and held-for-investment for the years ended December 31, 2014 and 2013 (in thousands):

	For the Years Ended December 31, 2014		December 31, 2013	
	Real Estate Held-for-Sale	Held-for-Investment	Real Estate Held-for-Sale	Held-for-Investment
Beginning of period	\$ 33,971	107,336	45,637	37,413

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Acquired through foreclosure	5,300	16,100	18,978	63,199
Transfers	28,018	(28,018)	-	-
Purchases	2,313	1,977	-	6,063
Improvements	-	2,831	-	575
Accumulated depreciation	-	(431)	-	-
Sales	(26,973)	(16,200)	(26,751)	(465)
Impairments	(896)	(8,005)	(3,893)	551
End of Period	\$ 41,733	75,590	33,971	107,336

The following table presents the real estate held-for-sale valuation allowance activity for the years ended December 31, 2014 and 2013 (in thousands):

	For the Years Ended December 31,	
	2014	2013
Beginning of period	\$ 4,818	3,729
Impairments	896	3,893
Sales	(2,774)	(2,804)
End of period	\$ 2,940	4,818

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Real estate losses included in the Company's Statement of Operation were as following (in thousands):

	For the Years Ended		
	December 31,		
	2014	2013	2012
Real estate acquired in settlement of loans and tax certificates:			
Income from real estate operations	\$ 5,516	4,161	4,187
Real estate operating expenses	(6,296)	(5,807)	(5,896)
Impairment of real estate	(8,901)	(3,342)	(9,078)
Net gains on the sales of assets	4,677	4,155	788
Net real estate losses	\$ (5,004)	(833)	(9,999)

## 12. Properties and Equipment

Properties and equipment was comprised of (in thousands):

	As of	
	December 31,	
	2014	2013
Land	\$ 2,270	2,270
Buildings and leasehold improvements	9,868	9,750
Furniture and equipment	7,573	3,364
Total	19,711	15,384

Less accumulated depreciation	(2,032) (560)
Office properties and equipment - net	\$ 17,679 14,824

Included in selling, general and administrative expenses on the Company's Consolidated Statement of Operations was \$2.0 million, \$0.7 million and \$5.5 million of depreciation expense for the years ended December 31, 2014, 2013 and 2012, respectively. During the year ended December 31, 2013, the Company sold a public storage operating facility with a carrying value of \$4.9 million for a \$1.0 million gain.

Land and buildings with a carrying value of \$2.1 million were pledged as collateral for the \$1.6 million Centennial Bank loan.

F-49

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## 13. Income Taxes

U.S. and foreign components of income (loss) before income taxes from continuing operations were as follows (in thousands):

	For the Years Ended December 31,	
	2014	2013
U.S.	\$ 4,378	48,643
Foreign	(3,175)	(963)
Income from continuing operations before income taxes	\$ 1,203	47,680

The (benefit) provision for income taxes and the (benefit) provision for income taxes from continuing operations consisted of (in thousands):

	For the Years Ended December 31,		
	2014	2013	2012
Continuing operations	\$ (3,101)	20	(18,744)
Discontinued operations	-	-	21,005
Total (benefit) provision for income taxes	\$ (3,101)	20	2,261
Continuing operations:			
Current:			
Federal	\$ 6	-	-
State	-	20	-

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Total current	6	20	-
Deferred:			
Federal	(2,605)	-	(16,071)
State	(502)	-	(2,673)
Total deferred	(3,107)	-	(18,744)
(Provision) benefit for income taxes from continuing operations	\$ (3,101)	20	(18,744)

F-50

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company's actual provision (benefit) for income taxes from continuing operations differs from the Federal expected income tax provision (benefit) as follows (in thousands):

	For the Years Ended December 31,					
	2014		2013		2012	
Income tax provision (benefit) at expected federal income tax rate of 35%	\$ 421	35.00%	16,688	35.00%	(16,527)	35.00%
(Decrease) increase resulting from:						
(Benefit) provision for state taxes net of federal benefit	(369)	-30.67%	2,003	4.20%	(1,738)	3.68%
Taxes related to subsidiaries not consolidated for income taxes	(6,963)	-578.80%	(6,054)	-12.70%	-	0.00%
Sale of BankAtlantic	-	0.00%	5,884	12.34%	-	0.00%
Nondeductible executive compensation	1,883	156.52%	2,223	4.66%	-	0.00%
Valuation allowance	1,407	116.96%	(22,584)	-47.36%	-	0.00%
Acquisition related costs	217	18.04%	38	0.08%	-	0.00%
Penalties	350	29.09%	-	0.00%	-	0.00%
Other - net	(47)	-3.91%	1,822	3.82%	(479)	1.01%
(Benefit) provision for income taxes	\$ (3,101)	-257.77%	20	0.04%	(18,744)	39.69%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and tax liabilities were (in thousands):

	For the Years Ended December 31,		
	2014	2013	2012
Deferred tax assets:			
Allowance for loans and impairments for financial statement purposes	\$ 17,666	15,354	21,914
Federal and State NOL and tax credit carryforward	64,132	63,781	74,494
Real estate held for development and sale capitalized costs for tax purposes in excess of amounts capitalized for financial statement purposes	3,841	3,137	5,338
Accumulated other comprehensive income	-	-	-
Share based compensation	1,302	691	883



Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Other	-	-	2,919
Total gross deferred tax assets	86,941	82,963	105,548
Less valuation allowance	(83,970)	(82,563)	(105,548)
Total deferred tax assets	2,971	400	-
Deferred tax Liabilities:			
Intangible assets	1,912	-	-
Properties and equipment	1,043	-	-
Other	16	400	-
Total gross deferred tax liabilities	2,971	400	-
Net deferred tax (liability) asset	-	-	-
Less net deferred tax asset at beginning of period	-	-	-
Net deferred tax liabilities from acquisitions	3,107	-	-
Change in deferred tax valuation allowance for continuing operations	-	-	(2,261)
Decrease in accumulated other comprehensive income	-	-	-
Benefit (provision) for deferred income taxes	3,107	-	(2,261)
Provision for deferred income taxes - discontinued operations	-	-	(21,005)
Benefit for deferred income taxes - continuing operations	\$ 3,107	-	18,744

F-51

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Activity in the deferred tax valuation allowance was (in thousands):

	For the Years Ended		
	December 31,		
	2014	2013	2012
Balance, beginning of period	\$ 82,563	105,548	211,326
Other comprehensive loss	-	-	(4,731)
Increase (decrease) included in continuing operations	1,407	(22,584)	-
Acquisitions	-	(401)	-
Decrease included in discontinued operations	-	-	(101,047)
Balance, end of period	\$ 83,970	82,563	105,548

The Company evaluates its deferred tax assets to determine if valuation allowances are required. In its evaluation, management considers taxable loss carry-back availability, expectations of sufficient future taxable income, trends in earnings, existence of taxable income in recent years, the future reversal of temporary differences, and available tax planning strategies that could be implemented, if required. Valuation allowances are established based on the consideration of all available evidence using a more-likely-than-not standard. The Company had a taxable loss during the year ended December 31, 2014 and the Company concluded that it was more-likely-than-not that it would not generate sufficient taxable income in subsequent periods in order to recognize the deferred tax assets as of December 31, 2014. Based on the Company's evaluation, a deferred tax valuation allowance of \$84.0 million, \$82.6 million and \$105.5 million was maintained against its net deferred tax assets as of December 31, 2014, 2013 and 2012, respectively. The Company's deferred tax assets as of December 31, 2014 for which it has not established a valuation allowance relate to amounts that can be realized through future reversals of existing taxable temporary differences.

The majority of the benefits of the Company's net deferred tax assets can be carried forward for 20 years and applied to offset future taxable income. The Company's deferred tax asset valuation allowance would be reversed if and when it becomes more likely than not that the Company will generate sufficient taxable income in the future to utilize the tax benefits of the related deferred tax assets.

In connection with the 2014 Acquisitions the Company established net taxable temporary differences as a result of recording for financial reporting purposes identifiable intangible assets and properties and equipment in excess of amounts recognized for tax purposes. After considering the taxable temporary differences established in connection with the 2014 Acquisitions, the Company reduced its deferred tax asset valuation allowance and recognized \$3.1 million benefit 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 other comprehensive income. However, an exception to the general rule is provided when, in the presence of a valuation allowance against deferred tax assets, there is a pretax loss from continuing operations and pretax income from other categories. In such instances, income from other categories must offset the current loss from operations, the tax benefit of such offset being reflected in continuing operations. During the year ended December 31, 2012, the Company reduced its deferred tax valuation allowance from continuing operations by \$18.7 million to reflect the allocation of income from discontinued operations to continuing operations.

Included in the Company's deferred tax assets as of December 31, 2014 was \$119.8 million of federal income tax NOL carry-forwards, of which \$58.4 million expire in 2030, \$59.8 million expire in 2031 and \$1.6 million expire in 2034. The Company's federal tax credit carry-forwards were \$2.1 million at December 31, 2014 and expire from 2025 to 2029.

BBX Capital and its subsidiaries currently file consolidated federal and state income tax returns. BBX Capital filed separate state income tax returns for years ending prior to December 31, 2011. The Company's state NOL carry-forwards were \$540.6 million as of December 31, 2014 and expire from 2024 through 2034. Renin's Canadian subsidiaries' earnings are subject to taxation in Canada and the United Kingdom. Renin had taxable losses in these tax jurisdictions during the two months ended December 31, 2013 and the year ended December 31, 2014. The Company's foreign income tax NOL carryforwards were \$3.3 million and expire from 2023 to 2024.

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company's income tax returns for all years subsequent to the 2010 tax year are subject to examination. Various state jurisdiction tax years remain open to examination. There were no income tax filings under examination as of December 31, 2014.

Prior to December 31, 1996, BankAtlantic was permitted to deduct from taxable income an allowance for bad debts which was in excess of the provision for such losses charged to income. Accordingly, at December 31, 2011, the Company had \$21.5 million of excess allowance for bad debts for which no provision for income tax had been provided. Included in the provision for income taxes for the year ended December 31, 2012 was a \$21.5 million reduction in bad debt expenses associated with the recapture of the excess allowance for bad debts upon the sale of BankAtlantic.

## 14. Deposits

The Company had no outstanding deposits at December 31, 2014 and 2013 as all deposits were assumed by BB&T in connection with the acquisition of BankAtlantic in the BB&T Transaction.

Interest expense by deposit category included in discontinued operations for the year ended December 31, 2012 was (in thousands):

Money fund savings and NOW accounts	\$ 5,023
Savings accounts	341
Certificate accounts	1,743
Less early withdrawal penalty	(47)
Total	\$ 7,060

## 15. Junior Subordinated Debentures

BBX Capital had formed thirteen statutory business trusts (“Trusts”) for the purpose of issuing TruPS and investing the proceeds thereof in junior subordinated debentures of the Parent Company. The Trusts used the proceeds from issuing TruPS and the issuance of its common securities to the Parent Company to purchase junior subordinated debentures from the Parent Company. Interest on the junior subordinated debentures and distributions on the TruPS were payable quarterly in arrears. Distributions on the TruPS were cumulative and based upon the liquidation value of the TruPS. The Parent Company had the right, at any time, as long as there were no continuing events of default, to defer payments of interest on the junior subordinated debentures for a period not exceeding 20 consecutive quarters; but not beyond the stated maturity of the junior subordinated debentures. Beginning in February and March 2009, the Parent Company notified the trustees of the junior subordinated debentures that it had elected to defer interest payments for the next regularly scheduled quarterly interest payment dates. During the deferral period, interest accrued on the junior subordinated debentures at the stated coupon rate, including on the deferred interest, and the Parent Company continued to record the interest expense associated with the junior subordinated debentures. The Parent Company continued to elect to defer interest payments for each subsequent quarterly interest payment date until the consummation of the BB&T Transaction in which the deferred interest of \$51.3 million was paid-in-full and the remaining balance of \$285.4 million was assumed by BB&T.

The statutory business trusts’ condensed combined Statements of Operations for the years ended December 31, 2012 was as follows (in thousands):

Statement of Operations	For the Year Ended December 31, 2012
Interest income from junior subordinated debentures	\$ 9,695
Interest expense	(9,414)
Net income	\$ 281

F-53

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

16. Notes Payable to Related Parties

The Company issued an \$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 maturing in April 2018, 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 notes payable as of December 31, 2014 and 2013 was \$11.75 million.

The Renin Transaction was partially funded by notes payable from Bluegreen. The Bluegreen loan included a \$3.0 million term loan and provided for additional borrowings of up to \$9.0 million on a revolving basis, subject to terms of a borrowing basis specified in the loan. Amounts outstanding under the loan bore interest at a fixed rate of 7.25% per annum and were collateralized by substantially all of the assets of Renin. The outstanding balance of the Bluegreen loan as of December 31, 2013 was \$9.7 million. The Bluegreen loan was paid-in-full in June 2014 from the proceeds received from a financing with a third party financial institution (see Note 17 Notes Payable) and pro rata capital contributions to Renin from the Company and BFC of \$2.0 million and \$0.5 million, respectively.

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.

17. Notes Payable

The following notes payable were outstanding as of December 31, 2014 or 2013 (in thousands):

	December 31,		
	2014	2013	
Florida Community Bank	\$ -		8,579
Wells Fargo	8,028	-	
Centennial Bank	1,645	-	
Acquisition notes and holdback amounts	8,230	455	
Other	20	-	
Total notes payable	\$ 17,923	9,034	

Effective December 31, 2012, CAM acquired a third party's 32.2% participant interest in a non-performing commercial real estate loan held by CAM for \$9.0 million payable pursuant to a promissory note. The note had an effective date of December 31, 2012 and matures on February 1, 2020. The note bears interest at the "Wall Street Journal Prime Rate" plus 100 basis points per annum and was payable monthly. The note was payable interest only for the first year and commencing on January 1, 2014 and continuing each succeeding month, CAM was required to make \$27,000 of monthly principal payments. CAM completed the foreclosure on the underlying property of the non-performing commercial loan in November 2013 and the \$9.0 million note was secured by a mortgage on the property. The note may be prepaid in whole or in part without a prepayment fee. BBX Capital provided the participant 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. The \$30.7 million property was included in real estate held-for-investment in the Company's Consolidated Statement of Financial Condition as of December 31, 2013. The promissory note outstanding balance, net of the discount, was \$8.6 million as of December 31, 2013. In July 2014, the Company entered into a joint venture with CC Bonterra, contributed the property to the joint venture and the joint

F-54

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

venture assumed the note. CAM remained liable as a co-borrower on the note with the joint venture. In March 2015, the joint venture refinanced the note into a \$31.0 million acquisition and development loan. The Company is a guarantor for 26.3% of the joint venture's \$31.0 million acquisition and development loan.

On June 11, 2014, Renin entered into a credit agreement (the "WF Credit Agreement") with Wells Fargo Capital Finance Corporation ("Wells Fargo"). Under the terms and conditions of the WF Credit Agreement, Wells Fargo made a \$1.5 million term loan to Renin. The WF Credit Agreement also includes a revolving advance facility pursuant to which Wells Fargo agreed to make loans to Renin on a revolving basis up to a maximum of approximately \$18 million or, if lesser, the Borrowing Base (as defined in the WF Credit Agreement), subject to Renin's compliance with the terms and conditions of the WF Credit Agreement, including certain specific financial covenants as discussed below. Upon execution of the WF Credit Agreement and funding of the term loan, Wells Fargo also made loans to Renin in the aggregate amount of approximately \$6.5 million under the revolving advance facility.

Amounts outstanding under the term loan and loans made under the revolving advance facility bear interest at the Canadian Prime Rate or the daily three month LIBOR rate plus a margin specified in the WF Credit Agreement at various rates between 0.5% per annum and 3.25% per annum. The revolving advance facility also includes a 0.25% per annum fee charged on the amount of unused commitment. The term loan and borrowings under the revolving advance facility require monthly interest payments. In addition, beginning on October 1, 2014, the term loan requires quarterly principal repayments of \$75,000. The maturity date under the WF Credit Agreement with respect to the term loan and all loans made pursuant to the revolving advance facility is June 11, 2019.

Under the terms and conditions of the WF Credit Agreement, Renin was originally required to comply with certain financial covenants from June 30, 2014 to November 30, 2014, including limits on monthly capital expenditures and the achievement of monthly EBITDA (as defined in the WF Credit Agreement) in amounts equal to or greater than specific amounts set forth in the WF Credit Agreement. However, the WF Credit Agreement was amended in October 2014 replacing the EBITDA financial covenants requirements for each month ended during the period from September 2014 through November 2014 with a Fixed Charge Coverage Ratio (as defined in the amended WF Credit Agreement). In addition, beginning on December 1, 2014, Renin is required to maintain as of the end of each month a certain specified Fixed Charge Coverage Ratio (as defined in the WF Credit Agreement) measured on a trailing twelve-month basis. The WF Credit Agreement also contains customary affirmative and negative covenants, including those that, among other things, limit the ability of Renin to incur liens or engage in certain asset dispositions, mergers or consolidations, dissolutions, liquidations or winding up of its businesses. The loans are collateralized by all of Renin's assets. Renin is in compliance with the WF Credit Agreement loan covenants as of December 31, 2014.

In October 2014, BBX Sweet Holdings acquired the outstanding common shares of Anastasia. A portion of the purchase consideration was a \$7.5 million promissory note. The promissory note bears interest at 5% per annum and is payable in four annual payments of principal and accrued interest as follows: \$2.0 million plus accrued interest on October 1, 2015, \$2.0 million plus accrued interest on October 1, 2016, \$2.0 million plus accrued interest on October 1, 2017 and the final payment of \$1.5 million plus accrued interest on October 1, 2018. The repayment of the promissory note is guaranteed by BBX Capital and secured by the common stock of Anastasia. The Anastasia note payable was recorded at a \$0.3 million discount to reflect the fair value of the note payable at the acquisition date.



In October 2014, a wholly-owned subsidiary of BBX Sweet Holdings borrowed \$1.7 million from a financial institution in the form of a promissory note for working capital. The note bears interest at a fixed rate of 5.25% per annum for the first five years and adjusts to the 5-year US Treasury SWAP Rate in effect on the change date plus 345 basis points for the remaining five year term of the note. The note requires monthly principal and interest payments based upon a 25 year amortization schedule and is due and payable in October 2024. BBX Sweet Holdings and BBX Capital are guarantors of the note.

The purchase consideration for the December 2013 acquisition of Hoffman's and the 2014 acquisitions of Helen Grace, Jer's, and Williams and Bennett included holdback amounts (the "Holdbacks") in the form of promissory notes. The Holdbacks had an aggregate balance at origination of \$1.1 million, bear interest at interest rates ranging from 1.65% to 4.00% and mature from January 2015 through December 31, 2015. The Holdbacks serve as security for the sellers' obligations under the respective purchase and sale agreements including the indemnity obligations and performance under each of the seller's non-competition agreements. The Holdbacks were recorded at an \$82,000 premium to reflect the fair

F-55

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

value of the Holdbacks at the acquisition date. The obligation of BBX Sweet Holdings to pay the sellers any portion of the Holdbacks is guaranteed by BBX Capital. BBX Sweet Holdings paid to the sellers \$50,000 of the Holdbacks during the year ended December 31, 2014 and \$450,000 of the Holdbacks in January 2015.

The aggregate notes payable discount recorded in the Company’s Statement of Financial Condition as of December 31, 2014 and 2013 was \$320,000 and \$421,000, respectively.

The annual maturities of notes payable as of December 31, 2014 was as follows (in thousands):

Year Ending December 31,	Note Payable
2015	3,370
2016	2,300
2017	2,300
2018	1,800
2019	6,828
Thereafter	1,645
Total	\$ 18,243

18. Employee Benefit Plans

The table below outlines the terms of the Security Plus 401(k) Plan and the associated employer costs (dollars in thousands):

	For the Years Ended		
	December 31,		
	2014	2013	2012
Employee salary contribution Limit (1)	\$ 17.5	17.5	17.0
Percentage of salary limitation	% 75	75	75
Total match contribution (2)	\$ 150	-	-

- (1) For the years ended December 31, 2014, 2013 and 2012 employees over 50 were entitled to contribute \$23,000, \$23,000 and \$22,500, respectively.
- (2) The employer match vests immediately. The Company did not offer an employer match for the years ended December 31, 2013 and 2012.

Included in the gain on the sale of BankAtlantic in discontinued operations in the Company's Statement of Operations during the year ended December 31, 2012 was \$22.4 million of pension losses associated with the under-funded pension plan amount and the unrecognized net losses from pension investments. The obligations for BankAtlantic's defined benefit plan were assumed by BB&T.

F-56

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

19. Commitments and Contingencies

The Company is a lessee under various operating leases for real estate and equipment. The approximate minimum future rental payments under such leases, as of December 31, 2014, for the periods shown are (in thousands):

Year Ending December 31,	Amount
2015	\$ 2,769
2016	2,456
2017	2,418
2018	2,139
2019	1,773
Thereafter	5,296
Total	\$ 16,851

The Company incurred rent expense, including rent expense related to our discontinued operations for the year ended December 31, 2012, for the periods shown (in thousands):

	As of December 31,		
	2014	2013	2012
Rental expense for premises and equipment	\$ 3,207	1,039	4,515

The Company had no commitments to extend credit as of December 31, 2014.

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 of litigation and the ultimate resolution are uncertain and inherently difficult to predict.

BBX Capital guarantees certain obligations of its wholly-owned subsidiaries and unconsolidated real estate joint ventures as follows:

The purchase consideration for Anastasia Confections, Inc. common stock included a \$7.5 million promissory note of BBX Sweet Holdings to the sellers. The performance of the promissory note is guaranteed by BBX Capital.

During the year ended December 31, 2014, the Sunrise and Bayview Partners, LLC joint venture owned 50% by Procacci Bayview, LLC and 50% by a wholly-owned subsidiary of BBX Capital refinanced its land acquisition loan with a financial institution. BBX Capital provided the financial institution with a guarantee of 50% of the outstanding balance of the joint venture's loan which had an outstanding balance of \$5.0 million as of December 31, 2014.

In October 2014, a wholly-owned subsidiary of BBX Sweet Holdings borrowed \$1.7 million from a financial institution in the form of a promissory note. BBX Sweet Holdings and BBX Capital are guarantors of the note.

In July 2014, the Company entered into a joint venture agreement with CC Bonterra to develop approximately 394 homes in a portion of the newly proposed Bonterra community in Hialeah Florida. The Company transferred approximately 50 acres of land at an agreed upon value of approximately \$15.6 million subject to an \$8.3 million mortgage which was assumed by the joint venture. CAM remained liable as a co-borrower on the mortgage that was assumed by the joint venture. The mortgage was also guaranteed by BBX Capital and had an outstanding balance of \$8.2 million as of December 31, 2014. In March 2015, the joint venture refinanced the \$8.3 million mortgage loan into a \$31.0 million acquisition and

F-57

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

development loan. The Company is a guarantor for 26.3% of the joint venture's \$31.0 million acquisition and development loan.

BBX Capital is the guarantor on BBX Sweet Holdings' other notes payable and holdback payments issued in connection with its acquisitions with an aggregate balance of \$1.1 million at December 31, 2014.

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. The Company accrued \$1.4 million for these matters as of December 31, 2014. The actual costs of resolving these legal claims may be substantially higher or lower than the amounts accrued for these claims.

A range of reasonably possible losses is estimated for matters in which it is reasonably possible that a loss has been incurred or that a loss is probable but not reasonably estimated. Management currently estimates the aggregate range of reasonably possible losses as \$0 to \$4.2 million in excess of the accrued liability relating to these legal matters. This estimated range of reasonably possible losses represents the estimated possible losses over the life of such legal matters, which may span a currently indeterminable number of years, and is based on information currently available as of December 31, 2014. The matters underlying the estimated range will change from time to time, and actual results may vary significantly from this estimate. Those matters for which a reasonable estimate is not possible are not included within this estimated range and, therefore, this estimated range does not represent the Company's maximum loss exposure.

In certain matters we are unable to estimate the loss or reasonable range of loss until additional developments in the case provide information sufficient to support an assessment of the loss or range of loss. Frequently in these matters the claims are broad and the plaintiffs have not quantified or factually supported the claim.

We believe that liabilities arising from litigation discussed below, in excess of the amounts currently accrued, if any, will not have a material impact to the Company's financial statements. However, due to the significant uncertainties involved in these legal matters, we may incur losses in excess of accrued amounts and an adverse outcome in these matters could be material to the Company's financial statements.

We have received notices from BB&T regarding a series of pending and threatened claims asserted against BB&T's subsidiary, Branch Banking and Trust Company, as successor to BankAtlantic, by certain individuals who purport to have had accounts in their names with BankAtlantic prior to consummation of the sale of BankAtlantic to BB&T. These third party claims allege wrongful conduct by BankAtlantic in connection with certain alleged unauthorized transactions associated with their accounts. BB&T's notices assert its belief that it may be entitled to indemnification under the BankAtlantic stock purchase agreement with respect to such claims as well as another third party claim

relating to an action which was recently settled by BB&T. On July 31, 2014, BBX Capital and BB&T entered into a tolling agreement with respect to the time period within which BB&T may assert a claim for indemnity under the stock purchase agreement with respect to such claims.

#### BBX Shareholders Lawsuit Challenging the Merger with BFC

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 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

F-58

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

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 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. On November 8, 2013, defendants filed a motion to dismiss the amended complaint arguing that plaintiffs' remedies were limited to an action for appraisal under Florida law. On April 8, 2014, the Court denied defendants' motion to dismiss. On April 11, 2014, plaintiffs filed a motion for class certification and on April 18, 2014, plaintiffs filed a Second Amended Class Action Complaint. The Second Amended Class Action Complaint added allegations with respect to BBX Capital's March 21, 2014 definitive proxy statement. Specifically, plaintiffs allege that in the definitive proxy statement defendants set a vote date of April 29, 2014, but failed to provide full and accurate disclosure regarding: (i) the timing of the merger, (ii) the status of the listing of the new shares; (iii) transactions impacting valuation following the negotiation of the exchange ratio; (iv) the per share value of shares held by BBX Capital's minority shareholders and (v) the fundamental assumptions underlying the opinion of BBX Capital's financial advisor. On November 5, 2014 the Court denied Plaintiffs' motion for class certification and ordered the case dismissed with prejudice. Plaintiffs filed a Notice of Appeal with the Fourth District Court of Appeal (which was later dismissed), and after BBX Capital and BFC publicly disclosed that they mutually agreed to terminate the proposed merger, Plaintiffs filed a motion with the trial court to vacate the dismissal order and to dismiss the action as moot. On January 27, 2015, the trial court entered a final order vacating the dismissal order and dismissing the action as moot without prejudice.

## Securities and Exchange Commission Complaint

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 Court 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.

On December 15, 2014, after a six-week trial, the jury found in favor of BBX Capital and Alan B. Levan with respect to the disclosures made during an April 2007 earnings conference call and in BBX Capital's quarterly reports on Form 10-Q for the 2007 first and second quarters, but found that they had engaged in an act of fraud or deceit toward shareholders or prospective investors by making materially false statements knowingly or with severe recklessness (1) with respect to three statements in the July 25, 2007 conference call referenced above, and (2) in their decision to sell certain loans in the fourth quarter of 2007 and failing to classify the loans as held-for sale in the 2007 Annual Report on Form 10-K. The jury also found that Mr. Levan made or caused to be made false statements to the independent accountants regarding the held for sale issue.

On January 12, 2015, BBX Capital and Alan B. Levan filed a motion for a new trial and a motion for judgment as a matter of law which were denied by the Court. The SEC has filed a motion for a final judgment: (i) permanently barring

F-59

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

Alan B. Levan from serving as an officer or director of any SEC reporting company; (ii) imposing civil penalties of \$5.2 million against BBX Capital and \$1.56 million against Alan B. Levan; and (iii) permanently restraining BBX Capital and Alan B. Levan from violating securities laws. BBX Capital believes the claims to be without merit, continues to vigorously defend the action and intends to appeal any judgment entered to the Eleventh Circuit Court of Appeals.

On January 14, 2015, we received notice from our insurance carrier that, based upon its interpretation of the jury verdict in this action, the carrier does not believe it is obligated to advance further payments towards fees and costs incurred in connection with this action and that it reserves its right to obtain reimbursement of the amounts it previously advanced with respect to this action. We have received legal fee and cost reimbursements from our insurance carrier in connection with this action of approximately \$5.8 million as of December 31, 2014.

New Jersey Tax Sales Certificates Antitrust Litigation

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 filed a Consolidated Amended Complaint on January 6, 2014. While BBX Capital believes the claims to be without merit, BBX Capital has reached an agreement in principle with the plaintiffs to settle the action, subject to execution of a definitive agreement and court approval.

20. Restricted Stock, Common Stock and Common Stock Option Plans

Class A Common Stock Share Repurchase Program

In September 2014, the Company’s Board of Directors’ approved a share repurchase program and authorized management, at its discretion, to repurchase up to \$20 million of BBX Capital’s Class A Common Stock from time to time, subject to market conditions and other factors considered by management to be appropriate at the time of repurchase. There were no common shares repurchased during the year ended December 31, 2014.

BankAtlantic Bancorp Restricted Stock and Stock Option Plans:

The Company has two share-based compensation plans: the 2005 Restricted Stock and Option Plan and the BBX Capital Corporation 2014 Stock Incentive Plan. The maximum term of incentive stock options and non-qualifying stock options issuable under each of these plans is ten years. Vesting is established by the Compensation Committee of the Board of Directors (the "Compensation Committee") in connection with each grant of options or restricted stock. All directors' stock options vest immediately. The 2005 Restricted Stock and Option Plan provides that up to 1,875,000 shares of Class A common stock may be issued for restricted stock awards and upon the exercise of options granted under the Plan, and at December 31, 2014 no shares remained available for grants of awards under the 2005 Plan. The 2014 Stock Incentive Plan provides that up to 1,000,000 shares of Class A common stock may be issued for restricted stock awards and upon the exercise of options granted under the Plan, and at December 31, 2014 603,918 shares remained available for grants of awards under the 2014 Stock Incentive Plan.

F-60

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following is a summary of the Company's non-vested restricted Class A common share activity:

	Class A Non-vested Restricted Stock	Weighted Average Grant date Fair Value per Share
Outstanding at December 31, 2011	211,900	\$ 6.96
Vested	(142,900)	6.20
Forfeited	(4,000)	6.20
Granted	1,130,406	6.55
Outstanding at December 31, 2012	1,195,406	\$ 6.53
Vested	(315,104)	6.52
Forfeited	-	-
Granted	430,000	13.33
Outstanding at December 31, 2013	1,310,302	\$ 8.76
Vested	(315,102)	6.52
Forfeited	-	-
Granted	396,082	16.58
Outstanding at December 31, 2014	1,391,282	\$ 11.50

In October 2014, the Board of Directors granted in the aggregate 396,082 shares of restricted Class A common stock ("RSAs") under the 2014 Stock Incentive Plan to certain of its executive officers. The grant date fair value was calculated based on the closing price of the Company's Class A common stock on the grant date. The RSAs vest pro-rata over a four year period beginning September 30, 2015 and had a fair value of \$16.58 per share at the grant date.

In October 2013, the Board of Directors granted in the aggregate 430,000 RSAs under the 2005 Restricted Stock and Option Plan to certain of its executive officers. The grant date fair value was calculated based on the closing price of the Company's Class A common stock on the grant date. The RSAs vest four years from the grant date or October 8, 2017. The RSAs had a fair value of \$13.33 per share at the grant date.

In November 2012, the Company entered into employment agreements with certain of its executive officers. Pursuant to the terms of their employment agreements, the Company granted in the aggregate 1,130,406 RSAs under the 2005 Restricted Stock and Option Plan. The grant date fair value was calculated based on the closing price of the Company's Class A common stock on the grant date. The RSAs vest pro-rata over a four year period beginning September 30, 2013 and had a fair value of \$6.55 per share at the grant date. Upon the vesting of 282,602 RSAs on September 30, 2013, and in accordance with the Plan, the Company retained 114,480 of the underlying shares of Class A Common Stock in order to meet \$1.6 million of minimum statutory tax withholding requirements. The 114,480

shares of Class A Common Stock were retired. Upon the vesting of 282,602 RSAs on September 30, 2014, and in accordance with the Plan, the Company retained 115,866 of the underlying shares of Class A Common Stock in order to meet \$2.0 million of minimum statutory tax withholding requirements. The 115,866 shares of Class A Common Stock were retired.

As of December 31, 2014, the total unrecognized compensation cost related to non-vested restricted stock compensation was approximately \$13.4 million. The cost of these non-vested RSAs is expected to be recognized over a weighted-average period of approximately 18 months. The fair value of shares vested during the years ended December 31, 2014, 2013 and 2012 was \$5.5 million, \$4.3 million and \$684,000 respectively. The vesting of 72,400 RSAs was accelerated with respect to employees employed by BankAtlantic at the closing of the BB&T Transaction. As a consequence, the Company recognized \$0.4 million of compensation expense upon the vesting of these RSA's on July 31, 2012.

F-61

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

In March 2015 our Board of Directors approved an amendment to both the BBX Capital Corporation 2014 Stock Incentive Plan and the 2005 Restricted Stock and Option Plan. The amendment to each Plan authorizes the Compensation Committee to issue restricted stock awards in the form of restricted stock units rather than just restricted stock. Following the amendment, the Company and its executive officers agreed to retire any shares of the Company's outstanding restricted Class A common stock awards ("RSAs") previously issued in the name of the Compensation Committee and subject to forfeiture until vested in exchange for the Company issuing to the executive officers restricted Class A common stock units ("RSUs") resulting in the retirement of 1,391,282 Class A common shares. Pursuant to the terms of the RSUs the Company promises to issue Class A common stock only at the time the underlying units vest. The RSUs issued have the same terms, and cover the same number of underlying shares of Class A common stock, as the RSAs that were retired.

The Company recognizes stock based compensation costs based on the grant date fair value. The grant date fair value for stock options is calculated using the Black-Scholes option pricing model incorporating an estimated forfeiture rate and recognizes the compensation costs for those shares expected to vest on a straight-line basis over the requisite service period of the award, which is generally the option vesting term of five years.

The following is a summary of the Company's Class A common stock option activity:

	Class A Outstanding Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value (\$000)
Outstanding at December 31, 2011	92,230	\$ 277.25	3.1	
Exercised	-	-		
Forfeited	(55,426)	306.63		
Expired	-	-		
Granted	-	-		
Outstanding at December 31, 2012	36,804	233.00	3.1	
Exercised	-	-		
Forfeited	(7,559)	124.57		
Expired	(7,963)	185.82		
Granted	-	-		
Outstanding at December 31, 2013	21,282	289.17	2.5	
Exercised	-	-		
Forfeited	-	-		
Expired	(5,801)	455.00		
Granted	-	-		

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Outstanding at December 31, 2014	15,481	\$ 227.03	2.3	\$ -
Exercisable at December 31, 2014	15,481	\$ 227.03	2.3	\$ -
Available for grant at December 31, 2014	-			

There were no options granted or exercised during each of the years in the three year period ended December 31, 2014. Upon the consummation of the BB&T Transaction and the transfer of employees to BB&T, options to acquire 55,426 shares of Class A Common Stock were forfeited.

Included in the Company's Consolidated Statements of Operations in compensation expense was \$3.7 million, \$2.5 million and \$1.1 million of share-based compensation expense for the years ended December 31, 2014, 2013 and 2012, respectively. There was no recognized tax benefit associated with the compensation expense for the years ended December 31, 2014, 2013 and 2012 as it was not more likely than not that the Company would realize the tax benefits associated with the share based compensation expense.

F-62

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## 21. Earnings per Share

The following reconciles the numerators and denominators of the basic and diluted earnings per share computation for the years ended December 31, 2014, 2013 and 2012 (in thousands, except share data).

	For The Years Ended December 31,		
	2014	2013	2012
Basic earnings per share			
Numerator:			
Continuing operations	\$ 4,304	47,660	(28,476)
Less: net loss attributable to non controlling interest	391	179	-
Continuing operation attributable to BBX Capital Corporation	4,695	47,839	(28,476)
Discontinued operations	-	-	264,238
Net income	\$ 4,695	47,839	235,762
Denominator:			
Basic weighted average number of common shares outstanding	16,043,219	15,843,127	15,720,217
Basic earnings per share from:			
Continuing operations	\$ 0.29	3.02	(1.81)
Discontinued operations	-	-	16.81
Basic earnings per share	\$ 0.29	3.02	15.00
	For the Years Ended December 31,		
	2014	2013	2012
Diluted loss per share			
Numerator:			
Continuing operations	\$ 4,304	47,660	(28,476)



Less: net income attributable to non controlling interest	391	179	-
Continuing operation attributable to BBX Capital Corporation	4,695	47,839	(28,476)
Discontinued operations	-	-	264,238
Net income	\$ 4,695	47,839	235,762
Denominator:			
Basic weighted average number of common shares outstanding	16,043,219	15,843,127	15,720,217
Stock-based compensation	634,637	434,926	-
Diluted weighted average shares outstanding	16,677,856	16,278,053	15,720,217
Diluted earnings per share from:			
Continuing operations	\$ 0.28	2.94	(1.81)
Discontinued operations	-	-	16.81
Diluted earnings per share	\$ 0.28	2.94	15.00

Options to acquire 15,481, 21,282, and 36,804 shares of Class A common stock were anti-dilutive for the years ended December 31, 2014, 2013 and 2012, respectively. Outstanding RSAs in the amount of 1,195,406 were anti-dilutive for the year ended December 31, 2012.

F-63

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

22. Fair Value Measurement

Fair value is defined as the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. There are three main valuation techniques to measure the fair value of assets and liabilities: the market approach, the income approach and the cost approach. The accounting literature defines an input fair value hierarchy that has three broad levels and gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The valuation techniques are summarized below:

The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The income approach uses financial models to convert future amounts to a single present amount. These valuation techniques include present value and option-pricing models.

The cost approach is based on the amount that currently would be required to replace the service capacity of an asset. This technique is often referred to as current replacement cost.

The input fair value hierarchy is summarized below:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at each reporting date. An active market for the asset or liability is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. A quoted price in an active market provides the most reliable evidence of fair value and is used to measure fair value whenever available.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active, that is, markets in which there are few transactions for the asset or liability, the prices are not current, or price quotations vary substantially either over time or among market makers (for example, some brokered markets), or in which little information is released publicly (for example, a principal-to-principal market); inputs other than quoted prices that are observable for the asset or liability (for example, interest rates and yield curves observable at commonly quoted intervals, volatilities, prepayment speeds, loss severities, credit risks, and default rates).

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are only used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date.

There were no assets or liabilities measured at fair value on a recurring basis in the Company's financial statements as of December 31, 2014 and 2013.

F-64

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents major categories of assets measured at fair value on a non-recurring basis as of December 31, 2014 (in thousands):

Description	As of December 31, 2014	Fair Value Measurements Using			Total Impairments (1) For the Year Ended December 31, 2014
		Quoted prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Loans measured for impairment using the fair value of the underlying collateral	\$ 2,648	-	-	2,648	2,161
Impaired real estate held-for-sale and held-for-investment	20,701	-	-	20,701	8,756
Total	\$ 23,349	-	-	23,349	10,917

- (1) Total impairments represent the amount of losses recognized during the year ended December 31, 2014 on assets that were held and measured at fair value as of December 31, 2014.

Quantitative information about significant unobservable inputs within Level 3 on major categories of assets measured at fair value on a non-recurring basis is as follows (dollars in thousands):

As of December 31, 2014 Description	Fair Value	Valuation Technique	Unobservable Inputs
--	------------	------------------------	------------------------

				Range (Average) (1)(2)
Loans measured for impairment using the fair value				
of the underlying collateral	\$ 2,648	Fair Value of Collateral	Discount Rates and Appraised Value less Cost to Sell	\$0.1 - \$2.6 million (\$0.5 million)
Impaired real estate held-for-sale and held-for-investment	20,701	Fair Value of Property	Discount Rates and Appraised Value less Cost to Sell	\$0.3 - \$8.4 million (\$1.7 million)
Total	\$ 23,349			

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

(2) Average was computed by dividing the aggregate appraisal amounts by the number of appraisals.

F-65

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The following table presents major categories of assets measured at fair value on a non-recurring basis as of December 31, 2013 (in thousands):

Description	As of December 31, 2013	Fair Value Measurements Using Quoted prices in Active Markets			Total Impairments (1) For the Year Ended December 31, 2013
		for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Loans measured for impairment using the fair value of the underlying collateral	\$ 24,167	-	-	24,167	4,639
Impaired real estate held-for-sale and held-for-investment	55,955	-	-	55,955	2,288
Impaired loans held-for-sale	53,846	-	-	53,846	4,992
Total	\$ 133,968	-	-	133,968	11,919

(1) Total impairments represent the amount of losses recognized during the year ended December 31, 2013 on assets that were held and measured at fair value as of December 31, 2013.

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

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

As of December 31, 2013	Fair	Valuation	Unobservable	Range (Average)
Description	Value	Technique	Inputs	(1)(2)
Loans measured for impairment using the fair value of the underlying collateral	\$ 24,167	Fair Value of Collateral	Discount Rates and Appraised Value less Cost to Sell	\$0.1 - \$9.0 million (\$0.4 million)
Impaired real estate held-for-sale and held-for-investment	55,955	Fair Value of Property	Discount Rates and Appraised Value less Cost to Sell	\$0.1 - \$12.0 million (\$1.7 million)
Impaired loans held-for-sale	53,846	Fair Value of Collateral	Discount Rates and Appraised Value less Cost to Sell	\$0.1 - \$2.2 million (\$0.3 million)
Total	\$ 133,968			

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

(2) Average was computed by dividing the aggregate appraisal amounts by the number of appraisals.

F-66

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

There were no material liabilities measured at fair value on a non-recurring basis in the Company's financial statements as of December 31, 2014 and December 31, 2013.

Loans Measured For Impairment

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

Impaired Real Estate Held-for-Sale and Held-for-Investment

Real estate is generally valued using third party appraisals or broker price opinions. These appraisals generally use the market approach valuation technique and use market observable data to formulate an estimate of the fair value of the properties. The market observable data is generally comparable property sales, rent rolls, market capitalization rates on income producing properties and risk adjusted discount rates. However, the appraisers or brokers use professional 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. As a consequence of using appraisals, broker price opinions and adjustments to appraisals, the fair values of the properties are considered Level 3 inputs.

Loans Held-for-Sale



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

F-67

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

## Financial Disclosures about Fair Value of Financial Instruments

(in thousands) Description	Carrying Amount	Fair Value	Fair Value Measurements Using Quoted prices in		
			Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	As of December 31, 2014	As of December 31, 2014			
Financial assets:					
Loans receivable including loans held-for-sale, net	\$ 62,267	73,423	-	-	73,423
Financial liabilities:					
Notes payable	17,923	18,196	-	-	18,196
Notes payable to related parties	11,750	11,615	-	-	11,615
BB&T preferred interest in FAR	12,348	12,383	-	-	12,383

(in thousands) Description	Carrying Amount	Fair Value	Fair Value Measurements Using Quoted prices in		
			Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	As of December 31, 2013	As of December 31, 2013			
Financial assets:					
Loans receivable including loans held-for-sale, net	\$ 126,072	131,853	-	-	131,853
Financial liabilities:					

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Notes payable	9,034	9,716	-	-	9,261
Notes payable to related parties	21,662	21,419			21,419
BB&T preferred interest in FAR	68,517	69,032	-	-	69,032

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

Fair values are estimated for loan portfolios with similar financial characteristics. Loans are segregated by category, and each loan category is further segmented by accruing and non-accrual categories.

The fair value of accruing loans is calculated by using an income approach with Level 3 inputs. The fair value of accruing loans is estimated by discounting forecasted cash flows using estimated market discount rates that reflect the interest rate and credit risk inherent in the loan portfolio. Management assigns a credit risk premium and an illiquidity adjustment to these loans. The fair value of non-accrual collateral dependent loans is estimated using an income approach

F-68

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

with Level 3 inputs. The fair value of non-accrual loans utilizes the fair value of the collateral adjusted for operating and selling expenses and discounted over the estimated holding period based on the market risk inherent in the property.

The fair value of notes payables, including to related parties, were measured using the income approach with Level 3 inputs obtained by discounting the forecasted cash flows based on estimated market rates.

BB&T's preferred interest in FAR is considered an adjustable rate debt security. The fair value of this security is calculated using the income approach with Level 3 inputs. The fair value was obtained by discounting forecasted cash flows by risk adjusted market interest rate spreads to the LIBOR swap curve. The market spreads were obtained from reference data in the secondary institutional market place.

### 23. Related Parties

The Company, BFC and Bluegreen are entities under common control. The controlling shareholder of the Company and Bluegreen is BFC. Shares of BFC's capital stock representing a majority of the voting power are owned or controlled by the Company's Chairman and Vice Chairman, both of whom are also executive officers of the Company, executive officers and directors of BFC and directors of Bluegreen. The Company, BFC and Bluegreen share certain office premises and employee services, pursuant to the agreements described below.

In March 2008, BankAtlantic entered into an agreement with BFC to provide information technology support in exchange for monthly payments by BFC to BankAtlantic. In May 2008, BankAtlantic also entered into a lease agreement with BFC under which BFC paid BankAtlantic monthly rent for office space in BankAtlantic's corporate headquarters. The Company maintained service agreements with BFC pursuant to which BFC provided human resources, risk management and investor relations services to the Company. BFC was compensated for these services based on its cost. During the second quarter of 2010, BankAtlantic and BBX Capital entered into a real estate advisory service agreement with BFC for assistance relating to the work-out of loans and the sale of real estate owned. BFC was compensated \$12,500 per month by each of BankAtlantic and BBX Capital and, if BFC's efforts resulted in net recoveries of any non-performing loan or the sale of real estate, it received a fee equal to 1% of the net value recovered. During the year ended December 31, 2012, the Company incurred \$0.3 million of real estate advisory service fees under this agreement. Each of these agreements was terminated effective upon the closing of the BB&T Transaction.

Upon the consummation of the BB&T Transaction, the Company entered into a transition services agreement with BB&T under which certain former employees of BankAtlantic that were employed by BB&T after the BB&T Transaction would provide specified services to the Company at no cost to the Company through the earlier of the termination of employment with BB&T and December 2012. Certain of these employees were employed by the Company after their employment was terminated by BB&T. The fair value of the costs of the services provided by these employees while they were employed by BB&T was not material during the year ended December 31, 2012. Additionally, the Company utilized office space at the Company's former headquarters at no cost until December 2012.

Effective December 1, 2012, the Company entered into an agreement with BFC under which the Company provides office facilities and is reimbursed by BFC based on an agreed upon amount. BFC also provides risk management services to the Company and BFC is reimbursed by the Company based on an agreed upon amount. The Company's employees are provided health insurance under policies maintained by Bluegreen for which Bluegreen is reimbursed based on an agreed upon amount.

F-69

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The table below shows the effect of these related party agreements and arrangements on the Company's consolidated statements of operations for the years ended December 31, 2014, 2013 and 2012 (in thousands):

	For the Years Ended		
	2014	2013	2012
Other revenues	\$ 448	431	243
Expenses:			
Employee compensation and benefits	(524)	(225)	(19)
Other - back-office support	(185)	(200)	(884)
Net effect of affiliate transactions before income taxes	\$ (261)	6	(660)

As disclosed in Note 16, on October 30, 2013, Renin, a newly formed joint venture entity owned 81% by the Company and 19% by BFC completed the Renin Transaction. Bluegreen funded approximately \$9.4 million of the Renin Transaction Consideration in the form of a loan and revolver facility and the remaining Renin Transaction Consideration was funded by BBX Capital and BFC pro rata in accordance with their percentage equity interests. Renin recognized \$307,000 and \$117,000, respectively, of interest expense under the Bluegreen loan for the years ended December 31, 2014 and 2013.

The Bluegreen loan had an outstanding balance of \$9.7 million as of December 31, 2013. On June 11, 2014, Renin repaid the Bluegreen loan from approximately \$8.0 million of proceeds from the WF Credit Agreement, together with pro rata capital contributions to Renin from the Company and BFC of \$2.0 million and \$0.5 million, respectively.

As disclosed in Note 3, on April 2, 2013, the Company invested \$71.75 million in Woodbridge in exchange for a 46% equity interest in Woodbridge. The investment was made in connection with Woodbridge's acquisition of the publicly held shares of Bluegreen. BFC holds the remaining 54% of Woodbridge. The Company issued to Woodbridge an \$11.75 million note payable in connection with the Company's acquisition of its 46% equity interest in Woodbridge. During the years ended December 31, 2014 and 2013, the Company recognized \$587,000 and \$441,000, respectively, of interest expense in connection with the Woodbridge note payable.

## 24. Segment Reporting

Results of continuing operations are reported through four reportable segments: BBX, FAR, Renin and Sweet Holdings.

The BBX reportable segment includes the results of operations of CAM and BBX Partners and the Company's equity interest in Woodbridge. BBX's activities consisted of the activities associated with managing its commercial loan portfolio, real estate properties, and portfolio of charged off loans as well as its investment in Woodbridge and investments in real estate joint ventures. During the seven months ended July 31, 2012 (prior to the BB&T Transaction) the BBX reportable segment activities consisted of managing a commercial loan portfolio which included construction, residential development, land acquisition and commercial business loans. The activities of managing the commercial loan portfolios included renewing, modifying, collecting, increasing, extending, refinancing and making protective advances on these loans, as well as managing and liquidating real estate properties acquired through foreclosure.

The FAR reportable segment consists of the activities associated with overseeing the management and monetization of FAR's assets with a view to the repayment of BB&T's preferred membership interest and maximizing the cash flows of any remaining assets.

The Renin reportable segment consists of the activities of Renin. Renin was acquired in October 2013; therefore, the Renin reportable segment includes the results of operations of Renin for the two months ended December 31, 2013 and

F-70

---

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

year ended December 31, 2014. Total revenues for the Renin reportable segment include \$22.1 million of trade sales to one major customer and its affiliates. Renin's revenues and properties and equipment located outside of the United States totaled \$26.1 million and \$1.6 million, respectively.

The Sweet Holdings reportable segment consists of the activities of Hoffman's and Williams & Bennett for the year ended December 31, 2014, and the activities of Jer's, Helen Grace and Anastasia from their respective dates of acquisition, July 1, 2014, July 21, 2014 and October 1, 2014 through December 31, 2014. In 2013, the activities of Hoffman's were included for the month of December 2013.

The accounting policies of the segments are generally the same as those described in the summary of significant accounting policies. Intersegment transactions are eliminated in consolidation.

During the year ended December 31, 2014 acquisition related costs of \$0.6 million incurred in connection with the Sweet Holdings reportable segments 2014 Acquisitions were included in the results of operations of the BBX reportable segment in costs and expenses. During the year ended December 31, 2013, acquisition related costs of \$1.0 million incurred in connection with the Renin Transaction were included in the Renin reportable segment and \$0.1 million of acquisition related costs incurred in connection with the Hoffman's acquisition were included in the Sweet Holdings reportable segment in costs and expenses. The Sweet Holding reportable segment benefit for income taxes resulted from the reduction in the Company's deferred tax valuation allowance in connection with deferred tax liabilities recognized in connection with the Sweet Holdings 2014 Acquisitions.

Depreciation and amortization consist of: depreciation on properties and equipment, amortization of leasehold improvements, and deferred rent.



## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The Company evaluates segment performance based on segment net income from continuing operations after tax. The tables below is segment information for segment net income from continuing operations for the years ended December 31, 2014, 2013 and 2012 (in thousands):

For the Year Ended:	BBX	FAR	Renin	Sweet Holdings	Adjusting and Elimination Entries	Total
December 31, 2014:						
Revenues	\$ 8,773	10,225	57,839	16,257	(449)	92,645
Costs and expenses	(31,515)	(9,122)	(59,883)	(16,234)	449	(116,305)
Recoveries from (provision for) loan losses	10,169	(3,014)	-	-	-	7,155
Asset impairments	(266)	(6,749)	-	-	-	(7,015)
Equity earnings in unconsolidated companies	24,723	-	-	-	-	24,723
Segment income (loss) before income taxes	11,884	(8,660)	(2,044)	23	-	1,203
Provision for income tax	-	-	6	(3,107)	-	(3,101)
Net income (loss)	\$ 11,884	(8,660)	(2,050)	3,130	-	4,304
Total assets	\$ 550,993	97,024	24,061	31,645	(310,787)	392,936
Equity method investments included in total assets	\$ 89,091	-	-	-	-	89,091
Expenditures for segment assets	\$ 277	792	93	263	-	1,425
Depreciation and amortization	\$ 176	772	602	832	-	2,382

For the Year Ended:	BBX	FAR	Renin	Sweet Holdings	Adjusting and Elimination Entries	Total
December 31, 2013:						
Revenues	\$ 22,062	16,539	9,300	966	(209)	48,658
Costs and expenses	(28,906)	(13,654)	(10,241)	(1,004)	209	(53,596)
Recoveries from loan losses	34,128	9,737	-	-	-	43,865

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

Asset impairments	(219)	(4,489)	-	-	-	(4,708)
Equity earnings in Woodbridge	13,461	-	-	-	-	13,461
Segment income (loss) before income taxes	40,526	8,133	(941)	(38)	-	47,680
Provision for income tax	-	20	-	-	-	20
Net income (loss)	\$ 40,526	8,113	(941)	(38)	-	47,660
Total assets	\$ 476,947	166,114	23,809	5,383	(241,106)	431,147
Equity method investments included in total assets	\$ 78,573	-	-	-	-	78,573
Expenditures for segment assets	\$ 33	232	-	-	-	265
Depreciation and amortization	\$ 462	476	-	117	-	1,055

F-72

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

For the Year Ended:	BBX	FAR	Adjusting and Elimination Entries	Total
December 31, 2012:				
Revenues	\$ 28,268	5,135	(118)	33,285
Costs and expenses	(63,093)	(5,194)	118	(68,169)
Recoveries from (provision for) loan losses	2,163	(4,568)	-	(2,405)
Asset impairments	(8,635)	(1,296)	-	(9,931)
Segment loss before income taxes	(41,297)	(5,923)	-	(47,220)
Provision for income tax	(16,393)	(2,351)	-	(18,744)
Net loss	\$ (24,904)	(3,572)	-	(28,476)
Total assets	\$ 412,734	296,012	(238,043)	470,703
Expenditures for segment assets	\$ 823	-	-	823
Depreciation and amortization	\$ 315	-	-	315

## 25. Selected Quarterly Results (Unaudited)

The following tables summarize the Company's quarterly results of operations for the years ended December 31, 2014 and 2013 (in thousands except share and per share data).

Edgar Filing: BBX CAPITAL CORP - Form 10-K/A

2014	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Revenues	\$ 20,816	22,650	21,906	27,273	92,645
Costs and expenses	25,670	25,709	24,718	40,208	116,305
Equity earnings in Woodbridge Holdings, LLC	6,222	8,108	7,635	3,317	25,282
Equity losses in unconsolidated real estate joint ventures	(6)	(26)	(205)	(322)	(559)
Recoveries from (provision for) loan losses	1,248	2,046	(656)	4,517	7,155
Asset impairments	(1,319)	94	(5,926)	136	(7,015)
Income (loss) before income taxes	1,291	7,163	(1,964)	(5,287)	1,203
Net income (loss)	1,291	7,157	(1,964)	(2,180)	4,304
Net income (loss) attributable to BBX Capital Corporation	\$ 1,358	7,291	(1,898)	(2,056)	4,695
Basic (loss) earnings per share	\$ 0.08	0.46	(0.12)	(0.13)	0.29
Basic weighted average number of common shares outstanding	15,985,772	16,005,633	16,007,445	16,172,369	16,043,219
Diluted (loss) earnings per share	\$ 0.08	0.43	(0.12)	(0.13)	0.28
Diluted weighted average number of common shares outstanding	16,698,628	16,790,560	16,007,445	16,172,369	16,677,856

F-73

---

## BBX CAPITAL CORPORATION AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The first quarter of 2014 performance was favorably impacted by \$6.2 million of Woodbridge equity earnings and \$0.9 million of insurance reimbursements of expenses associated with the SEC civil action against BBX Capital and its Chairman discussed in Note 19 – Commitments and Contingencies.

The second quarter of 2014 net income was favorably impacted by a \$2.0 million recovery from loan losses, a gain on the sale of real estate for \$2.5 million and \$8.1 million of Woodbridge equity earnings. The recoveries for loan losses primarily resulted from payoffs of non-accrual loans.

The third quarter of 2014 net loss was significantly impacted by \$5.9 million of asset impairments primarily relating to write-downs on two real estate properties partially offset by a \$1.2 million bargain purchase gain arising from the Helen Grace acquisition.

The fourth quarter of 2014 net income was favorably impacted by a \$3.1 million benefit for income taxes from the reduction in the Company's deferred tax valuation allowance in connection with deferred tax liabilities recognized in connection with the 2014 Acquisitions. Included in the \$3.1 million benefit for income taxes was \$0.6 million and \$0.8 million of benefits associated with the Williams and Bennett and Helen Grace acquisitions which should have been corrected during the first quarter and third quarter of 2014, respectively. The benefit for income taxes was partially offset by \$4.3 million of legal fees and accruals associated primarily with the SEC civil trial which commenced in November 2014, lower equity earnings from Woodbridge and higher BBX Sweet Holdings cost of goods sold and compensation associated with seasonal revenues and the 2014 Acquisitions. The recoveries from loan losses and asset impairments resulted primarily from charged off loan recoveries and updated valuations.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
2013					
Revenues	\$ 6,835	6,148	5,658	30,017	48,658
Costs and expenses	10,443	9,290	10,632	23,231	53,596
Equity earnings in Woodbridge Holdings, LLC	-	3,442	8,183	1,836	13,461
(Provision for) recoveries from loan losses	(759)	(172)	4,433	40,363	43,865
Asset impairments	(2,165)	(2,977)	73	361	(4,708)
(Loss) income before income taxes	(6,532)	(2,849)	7,715	49,346	47,680
Net (loss) income	(6,532)	(2,849)	7,695	49,346	47,660

Net (loss) income attributable to					
BBX Capital Corporation	\$ (6,532)	(2,849)	7,695	49,525	47,839
Basic (loss) earnings per share	\$ (0.41)	(0.18)	0.49	3.10	3.02
Basic weighted average number of common shares outstanding	15,785,870	15,805,009	15,806,386	15,973,133	15,843,127
Diluted (loss) earnings per share	\$ (0.41)	(0.18)	0.47	2.97	2.94
Diluted weighted average number of common shares outstanding	15,785,870	15,805,009	16,525,013	16,664,754	16,278,053

The first quarter of 2013 performance was unfavorably impacted by \$2.2 million of asset impairments, \$0.8 million provision for loan losses and \$2.2 million of professional fees. The professional fees were primarily legal costs associated with the SEC civil action, collection litigation fees and foreclosure costs. The asset impairments resulted primarily from increased lower of cost or fair value adjustments on loans held-for-sale and increased real estate valuation allowances. The provision for loan losses reflected higher consumer loan allowance for loan losses.

The second quarter of 2013 net loss was favorably impacted by earnings from the Company's April 2013 investment in Woodbridge. The second quarter asset impairments resulted primarily from the real estate valuation allowances and lower of cost or fair value adjustments on loans held-for-sale.

BBX CAPITAL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS – (Continued)

The third quarter of 2013 net income was significantly impacted by \$8.2 million of equity earnings from the Company's investment in Woodbridge, and \$4.5 million of loan loss and asset impairment recoveries compared to valuation allowances and provision for loan losses during prior quarters.

The fourth quarter of 2013 net income was significantly impacted by \$42.2 million of loan and \$13.6 million of interest income recoveries. The majority of the recoveries were from two borrowing relationships. Revenues were also favorably impacted by \$10.2 million of sales associated with the Renin and Hoffman's acquisitions, while costs and expenses increased as a result of \$7.9 million of costs of goods sold relating to the trade sales.

F-75

---

## ITEM 9A. CONTROLS AND PROCEDURES

### Evaluation of Disclosure Controls and Procedures (Restated)

At the time our Annual Report on Form 10-K for the fiscal year ended December 31, 2014 was filed on March 16, 2015, our principal executive officer and principal financial officer concluded that our disclosure controls and procedures were effective as of December 31, 2014. Subsequent to that evaluation, our management, including our principal executive officer and principal financial officer, have re-evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined under Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended) as of the end of the period covered by the report. Based upon that evaluation, our principal executive officer and principal financial officer have concluded that our disclosure controls and procedures were not effective to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements because of the identification of a material weakness in our internal control over financial reporting, which is described further in Management's Report on Internal Control Over Financial Reporting (Restated). Management's Report on Internal Control Over Financial Reporting (Restated) is included in Item 8 immediately preceding Report of Independent Registered Certified Public Accounting Firm, which includes an attestation report of our independent registered certified public accounting firm regarding our internal control over financial reporting.

### Changes in Internal Control over Financial Reporting

There were no changes in internal control over financial reporting during the quarter ended December 31, 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

## PART IV



ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(a) Documents Filed as Part of this Report:

(1) Financial Statements

The following consolidated financial statements of BBX Capital Corporation, and its subsidiaries are included herein under Part II, Item 8 of this Form 10-K.

Report of Independent Registered Public Accounting Firm.

Consolidated Statements of Financial Condition as of December 31, 2014 and 2013.

Consolidated Statements of Operations for each of the years in the three year period ended December 31, 2014.

Consolidated Statements of Equity and Comprehensive Income for each of the years in the three year period ended December 31, 2014.

Consolidated Statements of Cash Flows for each of the years in the three year period ended December 31, 2014.

Notes to Consolidated Financial Statements.

(2) Financial Statement Schedules

Schedule III – Real estate and accumulated depreciation

Schedule IV – Mortgage loans on real estate

All schedules not listed above are omitted as the required information is either not applicable or presented in the financial statements or related notes.

(3) Exhibits

The following exhibits are either filed or furnished as a part of this Form 10-K as indicated below:

Exhibit

Number	Description	Reference
23.1	Consent of PricewaterhouseCoopers LLP	Filed with this Report.
31.1	Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with this Report
31.2	Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed with this Report

- |      |   |                             |
|------|---|-----------------------------|
| 32.1 | Certification of the Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished with this Report. |
| 32.2 | Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 | Furnished with this Report. |

Interactive data files

101

4

---

SIGNATURES

Pursuant to the requirements of Sections 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

BBX Capital Corporation

November 12, 2015 By: /s/ Alan B. Levan

Alan B. Levan, Chairman of the Board,

and Chief Executive Officer

5

---