

Bexil Corporation Announces Third Quarter 2014 Financial Results

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November 14, 2014 – Bexil Corporation ([BXLC](#)) today reported its financial results for the third quarter ended September 30, 2014.

Bexil recorded a net loss attributable to Bexil shareholders of \$606,416 or \$0.62 per share for the three months ended September 30, 2014 compared to a net loss attributable to Bexil shareholders of \$1,869,961 or \$1.88 per share for the three months ended September 30, 2013. For the nine months ended September 30, 2014, Bexil recorded a net loss attributable to Bexil shareholders of \$2,027,309 or \$2.06 per share compared to a net loss attributable to Bexil shareholders of \$3,232,283 or \$3.20 per share for the nine months ended September 30, 2013.

The Company's book value per share attributable to Bexil shareholders at September 30, 2014 was \$22.36, based on shareholders' equity attributable to Bexil shareholders of \$21,964,872 and 982,245 shares issued and outstanding.

The Company's unaudited balance sheet, statements of comprehensive loss, and statements of cash flows as of and for the third quarter and nine months ended September 30, 2014 are appended to the copy of this press release on www.bexil.com.

About Bexil Corporation

Bexil is a holding company engaged through subsidiaries in investment management, securities trading, and mortgage banking. To learn more about Bexil, including Rule 15c2-11 information, please visit www.bexil.com.

Safe Harbor Note

This release contains certain "forward looking statements" made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Bexil, which may cause the Company's actual results to be materially different from those expressed or implied by such statements. Investors should carefully consider the risks, uncertainties and other factors, together with all of the other information included in the Company's Annual Report and similar information. The forward looking statements made herein are only made as of the date of this release, and the Company undertakes no obligation to publicly update such forward looking statements to reflect subsequent events or circumstances.

The Company views book value per share, a non-GAAP financial measure, as an important indicator of financial performance. Presented in conjunction with other financial information, the combined presentation can enhance an investor's understanding of the Company's underlying financial condition and results from operations. The definition of book value as presented in this press release is shareholders' equity attributable to Bexil shareholders divided by currently issued and outstanding shares.

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BEXIL CORPORATION
CONSOLIDATED BALANCE SHEET
September 30, 2014
(Unaudited)

Assets

Cash and cash equivalents	\$ 7,217,766
Investments in securities	7,797,919
Prepaid expenses and other assets	640,371
Mortgage loans held-for-sale, at fair value	993,133
Mortgage loans held-for-investment, at fair value	373,943
Mortgage servicing rights, at fair value	4,711,032
Property and equipment, net	556
Intangible assets, net	7,377,290
Goodwill, net	1,429,035
Total assets	<u>\$ 30,541,045</u>

Liabilities and shareholders' equity

Accounts payable and accrued expenses	\$ 1,609,129
Repurchase reserve	839,823
Warehouse borrowings	149,246
Subordinated debt convertible to stock of subsidiary	3,000,000
Deferred tax liability	1,756,061
Total liabilities	<u>7,354,259</u>

Shareholders' equity

Bexil Corporation shareholders' equity

Common stock, \$0.01 par value, 9,900,000 shares authorized; 982,245 issued and outstanding	9,823
Series A participating preferred stock, \$0.01 par value, 100,000 shares authorized: zero shares issued and outstanding	-
Additional paid in capital	15,229,145
Notes receivable for common stock issued	(1,486,666)
Accumulated comprehensive loss	(198)
Retained earnings	8,212,768
Total Bexil Corporation shareholders' equity	<u>21,964,872</u>

Noncontrolling interests in subsidiary

Total shareholders' equity	<u>23,186,786</u>
Total liabilities and shareholders' equity	<u>\$ 30,541,045</u>

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BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2014	2013	2014	2013
Revenues				
Management and other fees	\$ 406,600	\$ 323,459	\$ 1,269,474	\$ 983,964
Servicing income, net	304,618	223,017	902,441	451,969
Realized and unrealized gain (loss) on securities	276,529	(165,958)	807,373	309,927
Dividends and interest	199,060	762,852	611,502	2,022,201
Other non-interest income, net	(1,580)	(1,096,697)	323,537	594,381
Gain (loss) on mortgage loans, net	(383,853)	1,489,184	(197,654)	4,867,765
	<u>801,374</u>	<u>1,535,857</u>	<u>3,716,673</u>	<u>9,230,207</u>
Expenses				
Compensation and benefits	797,346	2,371,675	2,998,559	7,763,760
General and administrative	350,950	601,704	1,677,642	2,016,144
Professional	300,980	193,658	1,182,389	785,737
Interest expense	81,602	518,714	343,553	1,854,853
Other	91,267	151,429	325,876	765,844
	<u>1,622,145</u>	<u>3,837,180</u>	<u>6,528,019</u>	<u>13,186,338</u>
Loss before income taxes	(820,771)	(2,301,323)	(2,811,346)	(3,956,131)
Income tax expense	737	24,794	19,483	91,235
Net loss	(821,508)	(2,326,117)	(2,830,829)	(4,047,366)
Less: Net loss attributable to noncontrolling interests	215,092	456,156	803,520	815,083
Net loss attributable to Bexil Corporation shareholders	<u>\$ (606,416)</u>	<u>\$ (1,869,961)</u>	<u>\$ (2,027,309)</u>	<u>\$ (3,232,283)</u>
Earnings per share - basic and diluted				
Net loss attributable to Bexil Corporation shareholders	\$ (0.62)	\$ (1.88)	\$ (2.06)	\$ (3.20)
Weighted average shares outstanding	982,245	992,155	982,245	1,010,126
Other comprehensive income (loss), net of tax				
Unrealized income (loss) on investment securities available-for-sale, net of tax	\$ 175	\$ (97)	\$ 32	\$ -
Other comprehensive loss, net of tax	175	(97)	32	-
Comprehensive loss	(821,333)	(2,326,214)	(2,830,797)	(4,047,366)
Less: Comprehensive loss attributable to noncontrolling interests	215,092	456,156	803,520	815,083
Comprehensive loss attributable to Bexil Corporation shareholders	<u>\$ (606,241)</u>	<u>\$ (1,870,058)</u>	<u>\$ (2,027,277)</u>	<u>\$ (3,232,283)</u>

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BEXIL CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2014 and 2013
(Unaudited)

	2014	2013
Cash flows from operating activities		
Net loss	\$ (2,830,829)	\$ (4,047,366)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities		
Mortgage loans held-for-sale, net	12,112,705	51,334,181
Mark to market adjustments on derivative assets and liabilities, net	2,357	918,285
Purchase of investment securities, trading	(548,352)	(3,422,938)
Proceeds from sale of investment securities, trading	3,513,315	-
Stock-based compensation expense	349,717	256,491
Realized and unrealized gain on investments in securities	(807,373)	(63,587)
Depreciation and amortization	297,946	282,279
Decrease in restricted cash	1,325,926	1,098,159
Increase in prepaid expenses and other assets	(57,896)	(19,644)
Decrease (increase) in mortgage servicing rights	51,687	(3,080,596)
Decrease in accounts payable and accrued expenses	(709,450)	(1,816,001)
Increase in repurchase liability	46,377	862,715
Net cash provided by operating activities	<u>12,746,130</u>	<u>42,301,978</u>
Cash flows from investing activities		
Proceeds from the sale of real estate owned	-	133,000
Net cash provided by investing activities	<u>-</u>	<u>133,000</u>
Cash flows from financing activities		
Repayment of warehouse lines of credit, net	(11,857,912)	(48,330,524)
Proceeds from capital contribution of noncontrolling interests in subsidiary	-	1,000,000
Proceeds from convertible subordinated promissory note accepted from noncontrolling interests in subsidiary	700,000	-
(Repayment) proceeds of short term borrowings	(1,036,186)	235,295
Repayment of notes for Castle Mortgage Corporation acquisition	(303,999)	(250,000)
Net settlement of cashless stock option exercises	-	(408,489)
Proceeds from promissory notes accepted for common stock issued	28,800	-
Purchase by subsidiary of treasury stock from noncontrolling interests	(98,916)	-
Net cash used in financing activities	<u>(12,568,213)</u>	<u>(47,753,718)</u>
Net increase (decrease) in cash and cash equivalents	177,917	(5,318,740)
Cash and cash equivalents, beginning of period	7,039,849	10,525,675
Cash and cash equivalents, end of period	<u>\$ 7,217,766</u>	<u>\$ 5,206,935</u>
Supplemental disclosures		
Interest paid	\$ 385,570	\$ 1,815,202
Income taxes paid	\$ 19,483	\$ 25,102
Repayment of promissory notes accepted for common stock received	\$ -	\$ 1,085,764
Cashless exercise of stock options	\$ -	\$ 289,095
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