

DYNEX CAPITAL INC
Form 10-Q
November 12, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the quarterly period ended September 30, 2013

or
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
Commission File Number: 1-9819

DYNEX CAPITAL, INC.

(Exact name of registrant as specified in its charter)

Virginia 52-1549373
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

4991 Lake Brook Drive, Suite 100, Glen Allen, Virginia 23060-9245
(Address of principal executive offices) (Zip Code)

(804) 217-5800
(Registrant's telephone number, including area code)

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 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 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 Exchange Act).

Yes No

On November 8, 2013, the registrant had 54,428,943 shares outstanding of common stock, \$0.01 par value, which is the registrant's only class of common stock.

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

DYNEX CAPITAL, INC.
CONSOLIDATED BALANCE SHEETS
(amounts in thousands except share data)

	September 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Mortgage-backed securities, at fair value (including pledged of \$4,013,556 and \$3,967,134, respectively)	\$4,141,744	\$4,103,981
Securitized mortgage loans, net	59,797	70,823
Other investments, net	1,305	858
	4,202,846	4,175,662
Cash and cash equivalents	39,608	55,809
Restricted cash	15,849	—
Derivative assets	12,908	—
Principal receivable on investments	18,267	17,008
Accrued interest receivable	22,167	23,073
Other assets, net	7,999	8,677
Total assets	\$4,319,644	\$4,280,229
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	\$3,674,850	\$3,564,128
Non-recourse collateralized financing	21,148	30,504
Derivative liabilities	20,837	42,537
Accrued interest payable	2,433	2,895
Accrued dividends payable	16,632	16,770
Other liabilities	2,703	6,685
Total liabilities	3,738,603	3,663,519
Commitments and Contingencies (Note 9)		
Shareholders' equity:		
Preferred stock, par value \$.01 per share, 8.5% Series A Cumulative Redeemable; 8,000,000 shares authorized; 2,300,000 shares issued and outstanding (\$57,500 aggregate liquidation preference)	55,407	55,407
Preferred stock, par value \$.01 per share, 7.625% Series B Cumulative Redeemable; 7,000,000 shares authorized; 2,250,000 shares issued and outstanding (\$56,250 aggregate liquidation preference)	54,251	—
Common stock, par value \$.01 per share, 200,000,000 shares authorized; 54,426,049 and 54,268,915 shares issued and outstanding, respectively	544	543
Additional paid-in capital	761,862	759,214
Accumulated other comprehensive (loss) income	(34,363) 52,511
Accumulated deficit	(256,660) (250,965
Total shareholders' equity	581,041	616,710
Total liabilities and shareholders' equity	\$4,319,644	\$4,280,229
See notes to consolidated financial statements.		

DYNEX CAPITAL, INC.
 CONSOLIDATED STATEMENTS OF INCOME (LOSS)
 (UNAUDITED)
 (amounts in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2013	2012	2013	2012
Interest income:				
Mortgage-backed securities	\$30,820	\$27,254	\$95,827	\$77,236
Securitized mortgage loans	832	1,299	2,659	4,330
Other investments	14	21	52	405
	31,666	28,574	98,538	81,971
Interest expense:				
Repurchase agreements	8,477	9,166	29,860	23,673
Non-recourse collateralized financing				