

Western Asset Mortgage Capital Corp
Form 10-Q
November 14, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2012

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

For the transition period from to

Commission File Number: 001-35543

Western Asset Mortgage Capital Corporation

(Exact name of Registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

27-0298092

(IRS Employer
Identification Number)

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Western Asset Mortgage Capital Corporation

385 East Colorado Boulevard

Pasadena, California 91101

(Address of Registrant's principal executive offices)

(626) 844-9400

(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 (check one).

		Non-accelerated filer <input checked="" type="checkbox"/>	
Large accelerated filer <input type="checkbox"/>	Accelerated filer <input type="checkbox"/>	(Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 under the Securities Exchange Act of 1934). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

As of November 14, 2012, there were 24,143,944 shares, par value \$0.01, of the registrant's common stock issued and outstanding.

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	September 30, 2012	December 31, 2011
Assets:		
Cash and cash equivalents	\$ 19,459	\$ 1
Residential mortgage-backed securities, at fair value (\$2,032,285 pledged as collateral, at fair value)	4,613,796	-
Investment related receivables	182,741	-
Accrued interest receivable	9,330	-
Stock subscription receivable	306,360	-
Due from counterparties	24,780	-
Derivative assets, at fair value	3,729	-
Other assets	405	-
Total Assets	\$ 5,160,600	\$ 1
Liabilities and Stockholders' Equity:		
Liabilities:		
Borrowings under repurchase agreements	\$ 1,923,517	\$ -
Investment related payables	2,669,070	-
Accrued interest payable	4,033	-
Due to counterparties	7,035	-
Derivative liability, at fair value	15,916	-
Accounts payable and accrued expenses	845	-
Underwriting and offering costs payable	5,323	-
Payable to related party	810	-
Dividend payable	8,792	-
Total Liabilities	4,635,341	-
Commitments and contingencies		
Stockholders' Equity:		
Common stock, \$0.01 par value, 500,000,000 and 100,000 shares authorized, 10,343,944 and 100 shares issued and outstanding, respectively	103	-
Common stock subscribed, 13,800,000 shares to be issued at \$22.20 per share, net of underwriting and offering costs of \$5,401	300,959	-
Preferred stock, \$0.01 par value, 100,000,000 shares authorized and no shares outstanding	-	-
Additional paid-in capital	204,465	1
Retained earnings	19,732	-
Total Stockholders' Equity	525,259	1
Total Liabilities and Stockholders' Equity	\$ 5,160,600	\$ 1

See notes to unaudited financial statements.

Table of Contents**Western Asset Mortgage Capital Corporation****Statements of Operations (Unaudited)****(in thousands except share and per share data)**

	For the Three Months Ended September 30, 2012	For the period from May 15, 2012 (commencement of operations) through September 30, 2012
Net Interest Income:		
Interest income	\$ 14,688	\$ 21,538
Interest expense	1,935	2,660
Net Interest Income	12,753	18,878
Other Income (Loss):		
Interest income on cash balances	2	2
Realized gain on sale of Residential mortgage-backed securities and other securities, net	6,454	7,574
Other loss on Residential mortgage-backed securities	(5,545)	(6,150)
Unrealized gain on Residential mortgage-backed securities and other securities, net	28,329	32,254
Loss on derivative instruments (includes \$11,668 and \$17,076 mark-to-market adjustments on derivative instruments, respectively), net	(11,676)	(16,989)
Other Income (Loss), net	17,564	16,691
Operating Expenses:		
General and administrative (includes \$157 and \$211 non-cash stock based compensation, respectively)	1,321	1,905
Management fee related party	802	1,209
Total Operating Expenses	2,123	3,114
Net income available to Common Stock and participating securities	\$ 28,194	\$ 32,455