

DYNEX CAPITAL INC
Form 10-Q
May 10, 2010

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 March 31, 2010

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
(State or other jurisdiction of
incorporation or organization)

52-1549373
(I.R.S. Employer
Identification No.)

4991 Lake Brook Drive, Suite 100, Glen Allen,
Virginia
(Address of principal executive offices)

23060-9245
(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,

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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
 (Do not check if a smaller reporting
Non-accelerated filercompany) 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 April 30, 2010, the registrant had 15,118,742 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)

	March 31, 2010 (unaudited)	December 31, 2009
ASSETS		
Agency MBS (including pledged of \$539,276 and \$575,386, respectively)	\$558,935	\$594,120
Non-Agency securities (including pledged of \$175,492 and \$82,770, respectively)	188,737	109,110
Securitized mortgage loans, net	204,609	212,471
Other investments, net	2,156	2,280
	954,437	917,981
Cash and cash equivalents	30,714	30,173
Derivative assets	–	1,008
Accrued interest receivable	4,270	4,583
Other assets, net	5,037	4,317
	\$994,458	\$958,062
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	\$602,451	\$638,329
Non-recourse collateralized financing	201,506	143,081
Derivative liabilities	187	–
Accrued interest payable	1,162	1,208
Other liabilities	5,508	6,691
	810,814	789,309
Commitments and Contingencies (Note 13)		
Shareholders' equity:		
Preferred stock, par value \$.01 per share, 50,000,000 shares authorized; 9.5% Cumulative Convertible Series D, 4,221,539 shares issued and outstanding (\$43,218 aggregate liquidation preference)	41,749	41,749
Common stock, par value \$.01 per share, 100,000,000 shares authorized; 15,037,802 and 13,931,512 shares issued and outstanding, respectively	150	139
Additional paid-in capital	389,459	379,717
Accumulated other comprehensive income	14,112	10,061
Accumulated deficit	(261,826)	(262,913)
	183,644	168,753
	\$994,458	\$958,062

See condensed notes to unaudited consolidated financial statements.

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

	Three Months Ended	
	March 31,	
	2010	2009
Interest income:		
Agency MBS	\$4,868	\$4,435
Non-Agency securities	2,501	159
Securitized mortgage loans	3,623	4,820
Other investments	32	58
Cash and cash equivalents	3	5