

AG Mortgage Investment Trust, Inc.
Form 10-Q
August 07, 2013

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 June 30, 2013

OR

**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 001-35151

AG MORTGAGE INVESTMENT TRUST, INC.

Maryland **27-5254382**
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification No.)

245 Park Avenue, 26th Floor **10167**
New York, New York
(Address of Principal Executive Offices) (Zip Code)

(212) 692-2000

(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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 and Regulation S-T 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):

Large Accelerated filer Accelerated filer Non-Accelerated filer Smaller reporting company (Do not check if a 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

As of July 31, 2013, there were 28,375,964 outstanding shares of common stock of AG Mortgage Investment Trust, Inc.

AG MORTGAGE INVESTMENT TRUST, INC.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	1
<u>Consolidated Balance Sheets</u>	1
<u>Consolidated Statement of Operations</u>	2
<u>Consolidated Statement of Stockholders' Equity</u>	3
<u>Consolidated Statement of Cash Flows</u>	4
<u>Notes to Consolidated Financial Statements (unaudited)</u>	5
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	34
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	49
<u>Item 4. Controls and Procedures</u>	52
<u>PART II. OTHER INFORMATION</u>	52
<u>Item 1. Legal Proceedings</u>	52
<u>Item 1A. Risk Factors</u>	53
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>	53
<u>Item 3. Defaults Upon Senior Securities</u>	53
<u>Item 4. Mine Safety Disclosures</u>	53
<u>Item 5. Other Information</u>	53
<u>Item 6. Exhibits</u>	53

PART I**ITEM 1. FINANCIAL STATEMENTS****AG Mortgage Investment Trust, Inc. and Subsidiaries****Consolidated Balance Sheets****(Unaudited)**

	June 30, 2013	December 31, 2012
Assets		
Real estate securities, at fair value:		
Agency - \$2,895,273,756 and \$3,536,876,135 pledged as collateral, respectively	\$3,086,759,132	\$ 3,785,867,151
Non-Agency - \$739,782,694 and \$529,455,020 pledged as collateral, respectively	740,789,967	568,858,645
ABS - \$97,916,107 and \$33,937,097 pledged as collateral, respectively	97,916,107	33,937,097
CMBS - \$90,884,600 and \$148,307,262 pledged as collateral, respectively	90,884,600	148,365,887
Commercial loans receivable, at fair value	30,000,000	2,500,000
Investment in affiliates	7,101,859	-
Linked transactions, net, at fair value	67,263,212	45,122,824
Cash and cash equivalents	70,511,846	149,594,782
Restricted cash	28,147,932	9,130,000
Interest receivable	15,291,075	14,242,453
Receivable on unsettled trades - \$450,112,813 and \$0 pledged as collateral, respectively	452,000,649	96,310,999
Derivative assets, at fair value	44,508,487	-
Other assets	93,181	454,069
Due from broker	3,967,179	884,605
Total Assets	\$4,735,235,226	\$ 4,855,268,512
Liabilities		
Repurchase agreements	\$3,821,644,190	\$ 3,911,419,818
Payable on unsettled trades	124,438,752	84,658,035
Interest payable	3,227,749	3,204,205
Derivative liabilities, at fair value	10,632,030	36,375,947
Dividend payable	22,685,868	18,540,667
Due to affiliates	4,333,723	3,910,065
Accrued expenses	1,316,510	806,853
Taxes payable	3,655,779	1,731,141
Due to broker	21,190,000	-

Edgar Filing: AG Mortgage Investment Trust, Inc. - Form 10-Q

Total Liabilities	4,013,124,601	4,060,646,731
Stockholders' Equity		
Preferred stock - \$0.01 par value; 50,000,000 shares authorized:		
8.25% Series A Cumulative Redeemable Preferred Stock, 2,070,000 shares issued and outstanding (\$51,750,000 aggregate liquidation preference) at June 30, 2013 and December 31, 2012	49,920,772	49,920,772
8.00% Series B Cumulative Redeemable Preferred Stock, 4,600,000 shares issued and outstanding (\$115,000,000 aggregate liquidation preference) at June 30, 2013 and December 31, 2012	111,293,233	111,293,233
Common stock, par value \$0.01 per share; 450,000,000 shares of common stock authorized and 28,352,835 and 26,961,936 shares issued and outstanding at June 30, 2013 and December 31, 2012, respectively	283,529	269,620
Additional paid-in capital	585,412,222	552,067,681
Retained earnings (deficit)	(24,799,131)	81,070,475
	722,110,625	794,621,781
Total Liabilities & Equity	\$4,735,235,226	\$ 4,855,268,512

The accompanying notes are an integral part of these consolidated financial statements.

AG Mortgage Investment Trust, Inc. and Subsidiaries**Consolidated Statements of Operations****(Unaudited)**

	Three Months Ended June 30, 2013	Three Months Ended June 30, 2012	Six Months Ended June 30, 2013	Six Months Ended June 30, 2012
Net Interest Income				
Interest income	\$ 42,267,747	\$ 17,883,008	\$ 80,885,463	\$ 31,879,636
Interest expense	7,289,211	2,450,017	14,165,173	4,277,431
	34,978,536	15,432,991	66,720,290	27,602,205
Other Income				
Net realized gain/(loss)	(76,576,762)	7,552,780	(71,241,345)	9,981,800
Gain/(loss) on linked transactions, net	(1,339,610)	3,364,972	4,498,609	6,804,157
Realized loss on periodic interest settlements of interest rate swaps, net	(6,809,777)	(2,132,414)	(12,082,120)	(3,590,364)
Unrealized gain/(loss) on derivative instruments, net	67,905,018	(10,575,768)	73,128,259	(13,421,647)
Unrealized gain/(loss) on real estate securities and loans, net	(83,093,338)	33,593,211	(100,804,719)	32,837,659
	(99,914,469)	31,802,781	(106,501,316)	32,611,605
Expenses				
Management fee to affiliate	2,813,003	1,196,383	5,672,343	2,245,677
Other operating expenses	2,686,584	760,915	4,960,954	1,574,239
Equity based compensation to affiliate	17,350	104,771	131,878	192,100
Excise tax	518,859	255,925	1,018,859	333,578
	6,035,796	2,317,994	11,784,034	4,345,594
Income/(loss) before provision for income taxes and equity in loss from affiliate	(70,971,729)	44,917,778	(51,565,060)	55,868,216
Provision for income taxes	(23,510)	-	(2,655,779)	-
Equity in loss from affiliate	(240,050)	-	(243,641)	-
Net Income/(Loss)	(71,235,289)	44,917,778	(54,464,480)	55,868,216
Dividends on preferred stock	3,367,354	-	6,734,708	-
Net Income/(Loss) Available to Common Stockholders	\$ (74,602,643)	\$ 44,917,778	\$ (61,199,188)	\$ 55,868,216
Earnings/(Loss) Per Share of Common Stock				

Edgar Filing: AG Mortgage Investment Trust, Inc. - Form 10-Q

Basic	\$ (2.66) \$ 2.85	\$ (2.21) \$ 3.73
Diluted	\$ (2.66) \$ 2.85	\$ (2.21) \$ 3.73
Weighted Average Number of Shares of Common Stock Outstanding				
Basic	28,068,507	15,769,674	27,676,696	14,974,655
Diluted	28,068,507	15,772,853	27,676,696	14,976,123
Dividends Declared per Share of Common Stock	\$ 0.80	\$ 0.70	\$ 1.60	\$ 1.40

The accompanying notes are an integral part of these consolidated financial statements.

AG Mortgage Investment Trust, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Equity

(Unaudited)

	Common Stock		8.25 % Series A	8.00 % Series B	Additional	Retained	Total
	Shares	Amount	Cumulative Redeemable Preferred Stock	Cumulative Redeemable Preferred Stock			
Balance at January 1, 2012	10,009,958	\$ 100,100	\$-	\$-	\$ 198,228,694	\$ 7,955,126	\$ 206,283,920
Net proceeds from issuance of common stock	5,750,000	57,500	-	-	103,848,019	-	103,905,519
Grant of restricted stock and amortization of equity based compensation	9,716	97	-	-	227,396	-	227,493
Common dividends declared	-	-	-	-	-	(22,082,532)	(22,082,532)
Net income	-	-	-	-	-	55,868,216	55,868,216
Balance at June 30, 2012	15,769,674	\$ 157,697	\$-	\$-	\$ 302,304,109	\$ 41,740,810	\$ 344,202,616
Balance at January 1, 2013	26,961,936	\$ 269,620	\$ 49,920,772	\$ 111,293,233	\$ 552,067,681	\$ 81,070,475	\$ 794,621,781
Net proceeds from issuance of common stock	1,381,739	13,817	-	-	33,156,015	-	33,169,832
Grant of restricted stock and amortization of equity based compensation	9,160	92	-	-	188,526	-	188,618
	-	-	-	-	-	(44,670,418)	(44,670,418)

Common
dividends
declared
Preferred
Series A
dividends
declared
Preferred
Series B
dividends
declared

-	-	-	-	-	(2,134,708)	(2,134,708)
-	-					