

Invesco Mortgage Capital Inc.
Form 10-Q
August 03, 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 June 30, 2012

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 001-34385

INVESCO MORTGAGE CAPITAL INC.

(Exact Name of Registrant as Specified in Its Charter)

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Maryland (State or Other Jurisdiction of Incorporation or Organization)	26-2749336 (I.R.S. Employer Identification No.)
1555 Peachtree Street, N.E., Suite 1800 Atlanta, Georgia (Address of Principal Executive Offices)	30309 (Zip Code)
(404) 892-0896 (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 of 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 <input checked="" type="checkbox"/>	Accelerated filer <input type="checkbox"/>
Non-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 of the Exchange Act). Yes No

As of August 3, 2012, there were 115,410,322 outstanding shares of common stock of Invesco Mortgage Capital Inc.

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INVESCO MORTGAGE CAPITAL INC.

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\$ in thousands, except per share amounts

	June 30, 2012 (Unaudited)	As of December 31, 2011
ASSETS		
Mortgage-backed securities, at fair value	16,049,674	14,214,149
Cash	168,610	197,224
Restricted cash	14,696	74,496
Investment related receivable	16,234	160,424
Investments in unconsolidated ventures, at fair value	52,384	68,793
Accrued interest receivable	56,930	54,167
Derivative assets, at fair value	1,711	1,339
Other assets	1,988	1,575
Total assets	16,362,227	14,772,167
LIABILITIES AND EQUITY		
Liabilities:		
Repurchase agreements	13,541,325	12,253,038
Derivative liability, at fair value	446,569	396,780
Dividends and distributions payable	75,942	75,933
Investment related payable	126,869	107,032
Accrued interest payable	11,159	12,377
Accounts payable and accrued expenses	1,501	556
Due to affiliate	8,949	9,038
Total liabilities	14,212,314	12,854,754
Equity:		
Preferred Stock: par value \$0.01 per share; 50,000,000 shares authorized, 0 shares issued and outstanding		
Common Stock: par value \$0.01 per share; 450,000,000 shares authorized, 115,409,592 and 115,395,695 shares issued and outstanding, at June 30, 2012 and December 31, 2011, respectively	1,154	1,154
Additional paid in capital	2,299,809	2,299,543
Accumulated other comprehensive loss	(175,767)	(393,291)
Distributions in excess of earnings	(3,193)	(15,068)
Total shareholders' equity	2,122,003	1,892,338
Non-controlling interest	27,910	25,075
Total equity	2,149,913	1,917,413
Total liabilities and equity	16,362,227	14,772,167

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

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\$ in thousands, except per share data	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues				
Interest income	139,004	108,981	280,964	177,517
Interest expense	56,700	34,207	111,985	49,785
Net interest income	82,304	74,774	168,979	127,732
Other income				
Gain on sale of investments	6,098	3,605	12,143	4,805
Equity in earnings and fair value change in unconsolidated ventures	1,961	1,873	2,970	3,731
Unrealized loss on interest rate swaps and swaptions	(1,533)	(197)	(2,043)	(202)
Realized and unrealized credit default swap income	690	1,259	1,347	3,791
Total other income	7,216	6,540	14,417	12,125
Expenses				
Management fee related party	8,681	5,753	17,320	9,728
General and administrative	1,045	1,157	2,174	2,026
Total expenses	9,726	6,910	19,494	11,754
Net income	79,794	74,404	163,902	128,103
Net income attributable to non-controlling interest	973	1,406	1,999	2,857
Net income attributable to common shareholders	78,821	72,998	161,903	125,246
Earnings per share:				
Net income attributable to common shareholders (basic/diluted)	0.68	0.99	1.40	2.00
Dividends declared per common share	0.65	0.97	1.30	1.97
Weighted average number of shares of common stock:				
Basic	115,409	73,486	115,402	62,731
Diluted	116,868	74,929	116,853	64,167

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

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INVESCO MORTGAGE CAPITAL INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Unaudited)

\$ in thousands, except per share data	Three Months Ended		Six Months Ended	
	2012	2011	2012	2011
Net income	79,794	74,404	163,902	128,103
Other comprehensive income (loss)				
Unrealized gains (losses) on available for sale securities, net	60,413	(9,106)	269,486	843
Unrealized losses on derivatives, net	(66,365)	(147,086)	(49,276)	(116,885)
Other comprehensive income (loss)	(5,952)	(156,192)	220,210	(116,042)
Comprehensive income (loss)	73,842	(81,788)	384,112	12,061
Less: Comprehensive income (loss) attributable to non-controlling interest	(901)	1,685	(4,685)	(668)
Comprehensive income (loss) attributable to common shareholders	72,941	(80,103)	379,427	11,393

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

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INVESCO MORTGAGE CAPITAL INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF EQUITY

For the six months ended June 30, 2012

(Unaudited)