

DYNEX CAPITAL INC
Form 10-Q
August 10, 2009

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 June 30, 2009

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

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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
 (Do not check if a smaller reporting company)
Non-accelerated filer/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 July 31, 2009, the registrant had 13,565,262 shares outstanding of common stock, \$0.01 par value, which is the registrant's only class of common stock.

DYNEX CAPITAL, INC.
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

DYNEX CAPITAL, INC.

CONDENSED CONSOLIDATEDBALANCE SHEETS

(amounts in thousands except share data)

	June 30, 2009 (unaudited)	December 31, 2008
ASSETS		
Agency MBS:		
Pledged to counterparties, at fair value	\$476,526	\$300,277
Unpledged, at fair value	31,506	11,299
Pending settlement, at fair value	23,514	–
	531,546	311,576
Securitized mortgage loans, net	233,214	243,827
Investment in joint venture	6,109	5,655
Other investments	8,298	12,735
	779,167	573,793
Cash and cash equivalents	32,200	24,335
Restricted cash	–	2,974
Other assets	7,165	6,089
	\$818,532	\$607,191
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Repurchase agreements	\$472,532	\$274,217
Securitization financing	154,468	178,165
Obligation under payment agreement	8,555	8,534
Payable for securities pending settlement	23,595	–
Other liabilities	4,755	5,866
	663,905	466,782
Commitments and Contingencies (Note 13)		
SHAREHOLDERS' EQUITY		
Preferred stock, par value \$0.01 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 \$0.01 per share, 100,000,000 shares authorized, 13,169,762 and 12,169,762 shares issued and outstanding, respectively	132	122
Additional paid-in capital	373,438	366,817
Accumulated other comprehensive income (loss)	3,968	(3,949)
Accumulated deficit	(264,660)	(264,330)

154,627	140,409
\$818,532	\$607,191

See notes to unaudited condensed consolidated financial statements.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
Interest income:				
Investments	\$9,816	\$6,497	\$19,287	\$12,656
Cash and cash equivalents	3	177	9	501
	9,819	6,674	19,296	13,157
Interest expense	3,938	4,173	8,371	8,235
Net interest income	5,881	2,501	10,925	4,922
Provision for loan losses				