

Western Asset Mortgage Capital Corp  
Form 10-Q  
May 08, 2015  
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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 March 31, 2015

**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)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**27-0298092**  
(IRS Employer  
Identification Number)

**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).

Large accelerated filer <input type="checkbox"/>	Accelerated filer <input checked="" type="checkbox"/>	Non-accelerated filer <input type="checkbox"/> (Do not check if a smaller reporting company)	Smaller reporting company <input type="checkbox"/>
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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 May 5, 2015, there were 41,919,801 shares, par value \$0.01, of the registrant's common stock issued and outstanding.



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	March 31, 2015	December 31, 2014
<b>Assets:</b>		
Cash and cash equivalents	\$ 25,482	\$ 47,222
Mortgage-backed securities and other securities, at fair value (\$4,122,610 and \$4,362,532 pledged as collateral, at fair value, respectively)	4,155,093	4,385,723
Residential Whole-Loans, at fair value (\$17,860 and \$7,220 pledged as collateral, at fair value, respectively)	17,860	7,220
Commercial Whole-Loan, at fair value	8,900	
Linked transactions, net, at fair value		20,627
Receivable under reverse repurchase agreements	65,674	
Investment related receivable	5,816	162,837
Accrued interest receivable	31,842	27,309
Due from counterparties	236,192	184,757
Derivative assets, at fair value	119,552	73,256
Other assets	171	326
<b>Total Assets</b>	<b>\$ 4,666,582</b>	<b>\$ 4,909,277</b>
<b>Liabilities and Stockholders' Equity:</b>		
<b>Liabilities:</b>		
Borrowings under repurchase agreements	\$ 3,648,939	\$ 3,875,721
Accrued interest payable	16,326	17,573
Investment related payables	5,522	166,608
Due to counterparties	74,553	12,180
Derivative liability, at fair value	277,687	180,280
Accounts payable and accrued expenses	2,635	1,794
Payable to related party	2,883	2,705
Dividend payable	28,086	29,204
<b>Total Liabilities</b>	<b>4,056,631</b>	<b>4,286,065</b>
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity:</b>		
Common stock, \$0.01 par value, 500,000,000 shares authorized, 41,919,801 and 41,719,801 shares issued and outstanding, respectively	419	417
Preferred stock, \$0.01 par value, 100,000,000 shares authorized and no shares outstanding		
Additional paid-in capital	761,612	760,925
Retained earnings (accumulated deficit)	(152,080)	(138,130)
<b>Total Stockholders' Equity</b>	<b>609,951</b>	<b>623,212</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 4,666,582</b>	<b>\$ 4,909,277</b>

See notes to unaudited consolidated financial statements.



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

	<b>For the three months ended March 31, 2015</b>	<b>For the three months ended March 31, 2014</b>
<b>Net Interest Income:</b>		
Interest income	\$ 40,806	\$ 23,430
Interest expense	6,402	3,390
Net Interest Income	34,404	20,040
<b>Other Income (Loss):</b>		
Interest income on cash balances and other income (loss), net	2,384	(12)
Realized gain (loss) on sale of Mortgage-backed securities, other securities and Whole-Loans, net	7,468	3,716
Other loss on Mortgage-backed securities and other securities	(4,651)	(1,709)
Unrealized gain (loss) on Mortgage-backed securities, other securities and Whole-Loans, net	28,410	31,091
Gain on linked transactions, net		2,219
Gain (loss) on derivative instruments, net	(48,302)	(59,906)
Other Income (Loss), net	(14,691)	(24,601)
<b>Operating Expenses:</b>		
General and administrative (includes \$679 and \$588 non-cash stock based compensation, respectively)	2,874	2,075
Management fee related party	2,693	1,805
Total Operating Expenses	5,567	3,880
Net income (loss) available to Common Stock and participating securities	\$	