

AG Mortgage Investment Trust, Inc.  
Form 10-Q  
May 03, 2018

**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, 2018**

**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, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer  Accelerated filer  Non-Accelerated filer  Smaller reporting company  Emerging growth company  (Do not check if a smaller reporting company)

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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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 April 23, 2018, there were 28,200,928 outstanding shares of common stock of AG Mortgage Investment Trust, Inc.

**AG MORTGAGE INVESTMENT TRUST, INC.**

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

	March 31, 2018	December 31, 2017
Assets		
Real estate securities, at fair value:		
Agency - \$1,929,807,027 and \$2,126,135,420 pledged as collateral, respectively	\$2,118,422,605	\$2,247,161,035
Non-Agency - \$832,743,710 and \$976,071,673 pledged as collateral, respectively	858,632,285	1,004,255,658
ABS - \$23,718,842 and \$30,832,553 pledged as collateral, respectively	35,838,056	40,957,553
CMBS - \$227,855,627 and \$211,179,945 pledged as collateral, respectively	240,792,145	220,168,505
Residential mortgage loans, at fair value - \$16,814,571 and \$15,860,583 pledged as collateral, respectively	19,872,126	18,889,693
Commercial loans, at fair value - \$32,800,000 pledged as collateral	57,665,864	57,520,646
Investments in debt and equity of affiliates	141,706,961	99,696,347
Excess mortgage servicing rights, at fair value	30,746,462	5,083,514
Cash and cash equivalents	25,293,928	15,199,655
Restricted cash	42,278,679	37,615,281
Interest receivable	12,396,233	12,607,386
Receivable on unsettled trades - \$98,584,870 and \$0 pledged as collateral, respectively	104,653,697	-
Receivable under reverse repurchase agreements	-	24,671,320
Derivative assets, at fair value	4,571,441	2,127,070
Other assets	2,830,990	2,491,201
Due from broker	1,382,960	850,514
<b>Total Assets</b>	<b>\$3,697,084,432</b>	<b>\$3,789,295,378</b>
Liabilities		
Repurchase agreements	\$2,826,579,322	\$3,004,407,018
Securitized debt, at fair value	15,496,402	16,477,801
Obligation to return securities borrowed under reverse repurchase agreements, at fair value	-	24,379,356
Payable on unsettled trades	117,355,622	2,418,710

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Interest payable	5,866,534	5,225,940
Derivative liabilities, at fair value	786,211	450,208
Dividend payable	13,392,945	13,391,457
Due to affiliates	4,080,540	4,258,074
Accrued expenses	1,288,618	790,271
Taxes payable	548,448	1,545,448
Due to broker	5,863,666	1,691,888
Total Liabilities	2,991,258,308	3,075,036,171
Commitments and Contingencies (Note 12)		
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)	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)	111,293,233	111,293,233
Common stock, par value \$0.01 per share; 450,000,000 shares of common stock authorized and 28,195,673 and 28,192,541 shares issued and outstanding at March 31, 2018 and December 31, 2017, respectively	281,958	281,927
Additional paid-in capital	585,610,068	585,530,292
Retained earnings/(deficit)	(41,279,907 )	(32,767,017 )
Total Stockholders' Equity	705,826,124	714,259,207
Total Liabilities & Stockholders' Equity	\$3,697,084,432	\$ 3,789,295,378

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 March 31, 2018	Three Months Ended March 31, 2017
Net Interest Income		
Interest income	\$ 39,357,147	\$ 27,959,892
Interest expense	15,325,782	8,161,412
	24,031,365	19,798,480
Other Income/(Loss)		
Net realized gain/(loss)	(11,839,132)	(2,428,087)
Realized loss on periodic interest settlements of derivative instruments, net	(1,470,160)	(1,609,977)
Unrealized gain/(loss) on real estate securities and loans, net	(36,154,808)	12,750,564
Unrealized gain/(loss) on derivative and other instruments, net	37,089,966	(125,872)
Other income	255	28,037
	(12,373,879)	8,614,665
Expenses		
Management fee to affiliate	2,439,169	2,475,816
Other operating expenses	3,222,544	2,793,234
Servicing fees	62,178	76,001
Equity based compensation to affiliate	51,462	77,478
Excise tax	375,000	375,000
	6,150,353	5,797,529
Income/(loss) before equity in earnings/(loss) from affiliates	5,507,133	22,615,616
Equity in earnings/(loss) from affiliates	2,740,276	2,502,046
Net Income/(Loss)	8,247,409	25,117,662
Dividends on preferred stock	3,367,354	3,367,354
Net Income/(Loss) Available to Common Stockholders	\$ 4,880,055	\$ 21,750,308
Earnings/(Loss) Per Share of Common Stock		
Basic	\$ 0.17	\$ 0.79
Diluted	\$ 0.17	\$ 0.78
Weighted Average Number of Shares of Common Stock Outstanding		
Basic	28,195,673	27,701,902

Diluted	28,216,794	27,709,037
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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 Cumulative Redeemable Preferred Stock	8.00 % Series B Cumulative Redeemable Preferred Stock	Additional Paid-in Capital	Retained Earnings/(Deficit)	Total
	Shares	Amount					
Balance at January 1, 2017	27,700,154	\$277,002	\$49,920,772	\$111,293,233	\$576,276,322	\$(81,890,939)	\$655,876,390
Grant of restricted stock and amortization of equity based compensation	1,748	17	-	-	137,398	-	137,415
Common dividends declared	-	-	-	-	-	(13,158,404)	(13,158,404)
Preferred Series A dividends declared	-	-	-	-	-	(1,067,354)	(1,067,354)
Preferred Series B dividends declared	-	-	-	-	-	(2,300,000)	(2,300,000)
Net Income/(Loss)	-	-	-	-	-	25,117,662	25,117,662
Balance at March 31, 2017	27,701,902	\$277,019	\$49,920,772	\$111,293,233	\$576,413,720	\$(73,299,035)	\$664,605,709
Balance at January 1, 2018	28,192,541	\$281,927	\$49,920,772	\$111,293,233	\$585,530,292	\$(32,767,017)	\$714,259,207
Net proceeds from issuance of common stock	-	-	-	-	(63,145)	-	(63,145)

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Grant of restricted stock and amortization of equity based compensation	3,132	31	-	-	142,921	-	142,952
Common dividends declared	-	-	-	-	-	(13,392,945)	(13,392,945)
Preferred Series A dividends declared	-	-	-	-	-	(1,067,354)	(1,067,354)
Preferred Series B dividends declared	-	-	-	-	-	(2,300,000)	(2,300,000)
Net Income/(Loss)	-	-	-	-	-	8,247,409	8,247,409
Balance at March 31, 2018	28,195,673	\$281,958	\$49,920,772	\$111,293,233	\$585,610,068	\$(41,279,907)	\$705,826,124

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

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

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
Cash Flows from Operating Activities		
Net income/(loss)	\$8,247,409	\$25,117,662
Adjustments to reconcile net income/(loss) to net cash provided by (used in) operating activities:		
Net amortization of premium	(959,487 )	(1,956,993 )
Net realized (gain)/loss	11,839,132	2,428,087
Unrealized (gains)/losses on real estate securities and loans, net	36,154,808	(12,750,564)
Unrealized (gains)/losses on derivative and other instruments, net	(37,089,966)	125,872
Equity based compensation to affiliate	51,462	77,478
Equity based compensation expense	91,490	59,937
(Income)/loss from investments in debt and equity of affiliates in excess of distributions received	2,126,634	(866,267 )
Change in operating assets/liabilities:		
Interest receivable	227,430	(211,830 )
Other assets	(130,648 )	(230,376 )
Due from broker	(248,915 )	20,628
Interest payable	5,155,495	1,918,238
Due to affiliates	(177,534 )	382,101
Accrued expenses	561,492	(61,487 )
Taxes payable		