

Armour Residential REIT, Inc.
Form 10-Q
August 01, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 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, 2012

OR

.. TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the transition period from _____ to _____

ARMOUR RESIDENTIAL REIT, INC.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

001-34766
(Commission File Number)

26-1908763
(I.R.S. Employer Identification No.)

3001 Ocean Drive, Suite 201, Vero Beach, FL 32963
(Address of principal executive offices)(zip code)

(772) 617-4340
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

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 twelve 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 during the preceding twelve 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, or a non-accelerated filer or a smaller reporting company. See definition of "larger accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer Non-accelerated filer 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

The number of outstanding shares of the Registrant's common stock as of July 30, 2012 was 234,226,342.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

ARMOUR Residential REIT, Inc. and Subsidiary
CONDENSED CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share and per share amounts)
(Unaudited)

Assets	June 30, 2012	December 31, 2011
Cash	\$ 326,736	\$ 252,372
Restricted cash	193,086	147,199
Agency securities, available for sale, at fair value (including pledged assets of \$12,758,125 and \$5,225,234)	13,328,514	5,393,675
Receivable for unsettled securities	-	382,931
Derivatives, at fair value	9,600	-
Principal payments receivable	9,190	12,493
Accrued interest receivable	38,544	18,637
Prepaid and other assets	823	440
Total Assets	\$ 13,906,493	\$ 6,207,747
Liabilities and Stockholders' Equity		
Liabilities:		
Repurchase agreements	\$ 12,112,586	\$ 5,335,962
Payable for unsettled securities	272,863	117,885
Derivatives, at fair value	156,515	121,727
Accrued interest payable	3,373	2,154
Accounts payable and accrued expenses	2,790	2,663
Dividends payable	276	750
Total Liabilities	12,548,403	5,581,141
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 25,000,000 shares authorized, 1,400,000 8.250% Series A Cumulative Preferred Stock issued and outstanding at June 30, 2012 and none issued and outstanding at December 31, 2011	1	-
Common stock, \$0.001 par value, 500,000,000 shares authorized, 188,185,880 and 95,436,949 shares issued and outstanding at June 30, 2012 and December 31, 2011, respectively	188	95
Additional paid-in capital	1,340,403	678,641
Accumulated deficit	(150,152)	(100,878)
Accumulated other comprehensive income	167,650	48,748
Total Stockholders' Equity	1,358,090	626,606
Total Liabilities and Stockholders' Equity	\$ 13,906,493	\$ 6,207,747

See notes to condensed consolidated financial statements.

ARMOUR Residential REIT, Inc. and Subsidiary
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(dollars in thousands, except per share amounts)
(Unaudited)

	For the Quarters Ended		For the Six Months Ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
Interest Income:				
Interest income, net of amortization of premium	\$ 86,204	\$ 29,105	\$ 148,967	\$ 42,629
Interest expense:				
Repurchase agreements	(11,106)	(2,351)	(18,036)	(3,707)
Net interest income	75,098	26,754	130,931	38,922
Other (Loss) Income:				
Realized (loss) gain on sale of agency securities	(1,268)	-	5,048	-
Other income	1,043	-	1,043	-
Subtotal	(225)	-	6,091	-
Realized loss on derivatives (1)	(12,400)	(6,078)	(22,140)	(8,004)
Unrealized loss on derivatives	(70,394)	(25,817)	(52,780)	(26,083)
Subtotal	(82,794)	(31,895)	(74,920)	(34,087)
Total other (loss)	(83,019)	(31,895)	(68,829)	(34,087)
Expenses:				
Management fee	4,298	1,495	7,811	2,251
Professional fees	425	242	936	613
Insurance	55	51	104	103
Compensation	498	140	992	272
Other	407	200	672	260
Total expenses	5,683	2,128	10,515	3,499