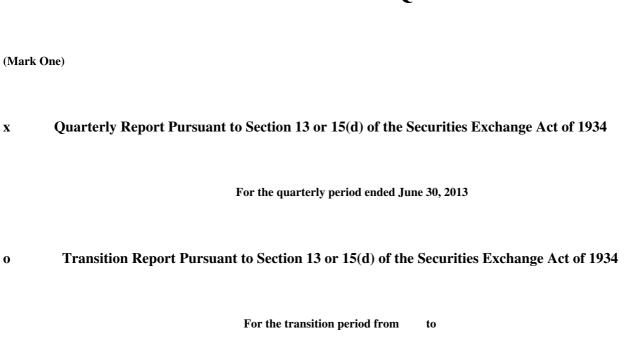
Western Asset Mortgage Capital Corp Form 10-Q August 13, 2013 Table of Contents

# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

# **FORM 10-Q**



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 x No o

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 x No o

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 o

Accelerated filer o

Non-accelerated filer x (Do not check if a smaller reporting company) Smaller reporting company o

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 o No x

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practical date.

As of August 13, 2013, there were 24,304,503 shares, par value \$0.01, of the registrant s common stock issued and outstanding.

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### **Western Asset Mortgage Capital Corporation**

### **Balance Sheets (Unaudited)**

### (in thousands except share and per share data)

	June 30, 2013	Ι	December 31, 2012
Assets:			
Cash and cash equivalents	\$ 8,716	\$	56,292
Residential mortgage-backed securities, at fair value (\$4,146,646 and \$5,043,824			
pledged as collateral, at fair value, respectively)	4,186,750		5,212,581
Linked transactions, net, at fair value	1,647		
Investment related receivables	12,360		
Accrued interest receivable	15,108		17,361
Due from counterparties	134,409		54,142
Derivative assets, at fair value	118,332		24,344
Other assets	650		244
Total Assets	\$ 4,477,972	\$	5,364,964
Liabilities and Stockholders Equity:			
Liabilities:			
Borrowings under repurchase agreements	\$ 3,961,629	\$	4,794,730
Accrued interest payable	5,887		6,561
Investment related payables	22,167		
Due to counterparties	39,000		
Derivative liabilities, at fair value	1,484		4,771
Cash overdraft payable			5,666
Accounts payable and accrued expenses	1,311		988
Underwriting and offering costs payable	8		75
Payable to related party	2,016		1,924
Dividend payable	21,878		27,041
Total Liabilities	4,055,380		4,841,756
Commitments and contingencies			
Stockholders Equity:			
Common stock, \$0.01 par value, 500,000,000 shares authorized, 24,304,503 and			
24,143,944 shares issued and outstanding, respectively	243		241
Preferred stock, \$0.01 par value, 100,000,000 shares authorized and no shares			
outstanding			
Additional paid-in capital	505,957		505,454
Retained earnings (accumulated deficit)	(83,608)		17,513
Total Stockholders Equity	422,592		523,208
Total Liabilities and Stockholders Equity	\$ 4,477,972	\$	5,364,964

See notes to unaudited financial statements.

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### **Western Asset Mortgage Capital Corporation**

**Statement of Operations (Unaudited)** 

(in thousands except share and per share data)

	the three months ended (une 30, 2013	For the six months ended June 30, 2013	For the period from May 15, 2012 (commencement of operations) through June 30, 2012, as Revised (See Note 2)
Net Interest Income:			
Interest income	\$ 32,742	\$ 66,492	\$ 7,083
Interest expense	4,522	9,703	725
Net Interest Income	28,220	56,789	6,358
Other Income (Loss):			
Interest income on cash balances and other income	12	45	
Realized gain (loss) on sale of Residential			
mortgage-backed securities and other securities, net	(6,083)	(17,743)	1,157
Other loss on Residential mortgage-backed securities	(3,533)	(5,801)	(87)
Unrealized gain (loss) on Residential mortgage-backed			
securities and other securities, net	(156,286)	(211,045)	2,983
Gain on linked transactions, net	3,909	4,505	
Gain (loss) on derivative instruments, net	109,474	124,314	(5,159)
Other Income (Loss), net	(52,507)	(105,725)	(1,106)