

DYNEX CAPITAL INC  
Form 10-Q  
May 10, 2011

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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 March 31, 2011

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

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

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company” in Rule 12b-2 of the Exchange Act.

Large accelerated  
filer  Accelerated filer   
 (Do not check if a smaller reporting  
Non-accelerated filercompany)  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 May 6, 2011, the registrant had 40,323,159 shares outstanding of common stock, \$0.01 par value, which is the registrant’s only class of common stock.

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DYNEX CAPITAL, INC.  
FORM 10-Q

INDEX

	Page
<b>PART I. FINANCIAL INFORMATION</b>	
Item 1.	Financial Statements
	Consolidated Balance Sheets as of March 31, 2011 (unaudited) and December 31, 2010
	1
	Consolidated Statements of Income for the three months ended March 31, 2011 (unaudited) and March 31, 2010 (unaudited)
	2
	Consolidated Statements of Comprehensive Income for the three months ended March 31, 2011 (unaudited) and March 31, 2010 (unaudited)
	3
	Consolidated Statements of Shareholders' Equity for the three months ended March 31, 2011 (unaudited)
	4
	Consolidated Statements of Cash Flows for the three months ended March 31, 2011 (unaudited) and March 31, 2010 (unaudited)
	5
	Notes to Unaudited Consolidated Financial Statements
	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations
	26
Item 3.	Quantitative and Qualitative Disclosures about Market Risk
	42
Item 4.	Controls and Procedures
	48
<b>PART II. OTHER INFORMATION</b>	
Item 1.	Legal Proceedings
	49
Item 1A.	Risk Factors
	50
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds
	50

Item 3.	Defaults Upon Senior Securities	50
Item 4.	(Removed and Reserved)	50
Item 5.	Other Information	50
Item 6.	Exhibits	51

SIGNATURES

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

DYNEX CAPITAL, INC.  
CONSOLIDATED BALANCE SHEETS  
(amounts in thousands except share data)

	March 31, 2011	December 31, 2010
ASSETS		
	(unaudited)	
Agency MBS (including pledged of \$1,723,957 and \$1,090,174, respectively)	\$1,869,765	\$1,192,579
Non-Agency MBS (including pledged of \$262,459 and \$259,350, respectively)	265,229	267,356
Securitized mortgage loans, net	143,445	152,962
Other investments, net	1,171	1,229
	2,279,610	1,614,126
Cash and cash equivalents	49,840	18,836
Derivative assets	3,021	692
Principal receivable on investments	10,903	3,739
Accrued interest receivable	9,563	6,105
Other assets, net	6,879	6,086
Total assets	\$2,359,816	\$1,649,584
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Repurchase agreements	\$1,848,883	\$1,234,183
Non-recourse collateralized financing	106,223	107,105
Derivative liabilities	3,236	3,532
Accrued interest payable	1,311	1,079
Accrued dividends payable	10,886	8,192
Other liabilities	5,784	3,136
	1,976,323	1,357,227
Commitments and Contingencies (Note 13)		
Shareholders' equity:		
Common stock, par value \$.01 per share, 100,000,000 shares authorized; 40,318,159 and 30,342,897 shares issued and outstanding, respectively	403	303
Additional paid-in capital	633,620	538,304
Accumulated other comprehensive income	6,383	10,057
Accumulated deficit	(256,913 )	(256,307 )
	383,493	292,357
Total liabilities and shareholders' equity	\$2,359,816	\$1,649,584

See notes to unaudited consolidated financial statements.



DYNEX CAPITAL, INC.  
CONSOLIDATED STATEMENTS OF INCOME  
(UNAUDITED)

(amounts in thousands except per share data)

	Three Months Ended March 31,	
	2011	2010
Interest income:		
Agency MBS	\$11,518	\$4,868
Non-Agency MBS	3,691	2,501
Securitized mortgage loans	2,219	3,623
Other investments	33	32
Cash and cash equivalents	4	3
	17,465	11,027
Interest expense:		
Repurchase agreements	3,428	1,263
Non-recourse collateralized financing	1,306	2,567
	4,734	3,830
Net interest income	12,731	7,197
Provision for loan losses	(250 )	(409 )
Net interest income after provision for loan losses	12,481	6,788