

Armour Residential REIT, Inc.
Form 10-Q
May 05, 2014

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 March 31, 2014

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	001-34766	26-1908763
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(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)

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 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.

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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 May 2, 2014 was 357,110,307.

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

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

	March 31, 2014	December 31, 2013
Assets		
Cash	\$588,832	\$496,478
Cash collateral posted	23,873	35,917
Agency Securities, available for sale, at fair value (including pledged securities of \$15,711,007 and \$13,832,482)	16,479,734	14,648,178
Receivable for unsettled sales (including pledged securities of \$257,201 in 2014)	296,378	—
Derivatives, at fair value	310,370	508,988
Principal payments receivable	39	70
Accrued interest receivable	45,492	42,034
Prepaid and other assets	790	852
Total Assets	\$17,745,508	\$15,732,517
Liabilities and Stockholders' Equity		
Liabilities:		
Repurchase agreements	\$15,163,375	\$13,151,504
Cash collateral held	238,852	387,845
Payable for unsettled purchases	382,833	159,159
Derivatives, at fair value	82,968	102,795
Accrued interest payable	6,041	6,629
Accounts payable and other accrued expenses	3,663	23,357
Dividends payable	2	—
Total Liabilities	\$15,877,734	\$13,831,289
Commitments and contingencies (Note 8)		
Stockholders' Equity:		
Preferred stock, \$0.001 par value, 50,000 shares authorized;		
8.250% Series A Cumulative Preferred Stock; 2,181 and 2,181 issued and outstanding at March 31, 2014 and December 31, 2013	2	2
7.875% Series B Cumulative Preferred Stock; 5,650 and 5,650 issued and outstanding at March 31, 2014 and December 31, 2013	6	6
Common stock, \$0.001 par value, 1,000,000 shares authorized, 357,102 and 357,613 shares issued and outstanding at March 31, 2014 and December 31, 2013	357	358
Additional paid-in capital	2,732,269	2,734,480
Accumulated deficit	(720,676)	(643,138)
Accumulated other comprehensive loss	(144,184)	(190,480)
Total Stockholders' Equity	\$1,867,774	\$1,901,228
Total Liabilities and Stockholders' Equity	\$17,745,508	\$15,732,517

See notes to condensed financial statements.

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

	For the Quarters Ended	
	March 31, 2014	March 31, 2013
Interest income, net of amortization of premium on Agency Securities	\$123,082	\$130,637
Interest expense	(14,747	) (25,475
Net interest income	\$108,335	\$105,162
Other Income (Loss):		
Realized gain on sale of Agency Securities (reclassified from Other comprehensive income (loss))	69,869	18,514
Subtotal	\$69,869	\$18,514
Realized loss on derivatives (1)	(11,739	) (29,053
Unrealized gain (loss) on derivatives	(176,355	) 16,301
Subtotal	\$(188,094	) \$(12,752
Total Other Income (Loss)	\$(118,225	) \$5,762
Expenses:		
Management fee	6,965	6,633
Professional fees	1,274	1,004
Insurance	184	78
Compensation	712	257
Other	753	662
Total expenses	\$9,888	\$8,634
Net Income (Loss)	\$(19,778	) \$102,290
Dividends declared on preferred stock	(3,905	) (2,497
Net Income (Loss) available (related) to common stockholders	\$(23,683	) \$99,793
Net income (loss) available (related) per share to common stockholders (Note 11):		
Basic	\$(0.07	) \$0.30
Diluted	\$(0.07	) \$0.29
Dividends declared per common share	\$0.15	\$0.24