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Ellington Residential Mortgage REIT  
Form 10-Q  
November 07, 2018

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 September 30, 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 001-35896  
Ellington Residential Mortgage REIT  
(Exact Name of Registrant as Specified in Its Charter)

Maryland 46-0687599  
(State or Other Jurisdiction of Incorporation) (IRS Employer Identification No.)  
53 Forest Avenue  
Old Greenwich, CT 06870  
(Address of principal executive offices, zip code)  
(203) 698-1200  
(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 every Interactive Data File required to be submitted 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 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 definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer (do not check if a smaller reporting company)  Smaller Reporting Company   
Emerging Growth 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.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

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

Class	Outstanding at November 2, 2018
Common Shares of Beneficial Interest, \$0.01 par value per share	12,609,837



ELLINGTON RESIDENTIAL MORTGAGE REIT

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## PART I. FINANCIAL INFORMATION

## Item 1. Consolidated Financial Statements (unaudited)

## ELLINGTON RESIDENTIAL MORTGAGE REIT

## CONSOLIDATED BALANCE SHEET

(UNAUDITED)

	September 30, 2018	December 31, 2017
(In thousands except for share amounts)		
<b>ASSETS</b>		
Cash and cash equivalents	\$ 41,016	\$ 56,117
Mortgage-backed securities, at fair value	1,575,983	1,685,998
Due from brokers	27,044	26,754
Financial derivatives—assets, at fair value	23,049	8,792
Reverse repurchase agreements	26,769	81,461
Receivable for securities sold	52,531	21,606
Interest receivable	5,675	5,784
Other assets	717	575
Total Assets	\$ 1,752,784	\$ 1,887,087
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Repurchase agreements	\$ 1,500,632	\$ 1,597,206
Payable for securities purchased	36,539	3,830
Due to brokers	8,298	489
Financial derivatives—liabilities, at fair value	333	1,863
U.S. Treasury securities sold short, at fair value	26,367	81,289
Dividend payable	4,700	4,936
Accrued expenses	704	728
Management fee payable to affiliate	641	725
Interest payable	4,340	3,318
Total Liabilities	1,582,554	1,694,384
<b>SHAREHOLDERS' EQUITY</b>		
Preferred shares, par value \$0.01 per share, 100,000,000 shares authorized; (0 shares issued and outstanding, respectively)	—	—
Common shares, par value \$0.01 per share, 500,000,000 shares authorized; (12,703,474 and 13,340,217 shares issued and outstanding, respectively)	127	134
Additional paid-in-capital	232,967	240,062
Accumulated deficit	(62,864	) (47,493 )
Total Shareholders' Equity	170,230	192,703
Total Liabilities and Shareholders' Equity	\$ 1,752,784	\$ 1,887,087

See Notes to Consolidated Financial Statements

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ELLINGTON RESIDENTIAL MORTGAGE REIT  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

	Three-Month Period Ended September 30,		Nine-Month Period Ended September 30,	
	2018	2017	2018	2017
(In thousands except for per share amounts)				
<b>INTEREST INCOME (EXPENSE)</b>				
Interest income	\$13,171	\$12,867	\$40,677	\$36,078
Interest expense	(8,519 )	(5,719 )	(23,434 )	(12,917 )
Total net interest income	4,652	7,148	17,243	23,161
<b>EXPENSES</b>				
Management fees to affiliate	641	741	1,968	1,953
Professional fees	198	157	651	510
Compensation expense	136	222	511	597
Insurance expense <sup>(1)</sup>	74	74	221	230
Other operating expenses <sup>(1)</sup>	283	287	924	900
Total expenses	1,332	1,481	4,275	4,190
<b>OTHER INCOME (LOSS)</b>				
Net realized gains (losses) on securities	(8,402 )	349	(13,590 )	(3,001 )
Net realized gains (losses) on financial derivatives	4,058	(2,981 )	16,311	(10,455 )
Change in net unrealized gains (losses) on securities	(2,636 )	3,994	(32,915 )	5,783
Change in net unrealized gains (losses) on financial derivatives	4,606	(689 )	16,005	(1,302 )
Total other income (loss)	(2,374 )	673	(14,189 )	(8,975 )
<b>NET INCOME (LOSS)</b>	<b>\$946</b>	<b>\$6,340</b>	<b>\$(1,221)</b>	<b>\$9,996</b>
<b>NET INCOME (LOSS) PER COMMON SHARE:</b>				