

Resource Capital Corp.
Form 10-Q
May 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2012

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: 1-32733

RESOURCE CAPITAL CORP.

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

20-2287134
(I.R.S. Employer
Identification No.)

712 5th Avenue, 12th Floor, New York, New York 10019
(Address of principal executive offices) (Zip code)

(212) 506-3870
(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. R 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 R 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 definition 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	R
Non-accelerated filer	(Do not check if a smaller reporting company)	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 on May 4, 2012 was 84,740,863 shares.

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share and per share data)

	March 31, 2012 (unaudited)	December 31, 2011
ASSETS		
Cash and cash equivalents	\$37,562	\$43,116
Restricted cash	136,211	142,806
Investment securities, trading	43,301	38,673
Investment securities available-for-sale, pledged as collateral, at fair value	174,834	153,366
Investment securities available-for-sale, at fair value	6,943	4,678
Property available-for-sale	1,934	2,980
Investment in real estate	47,694	48,027
Loans, pledged as collateral and net of allowances of \$13.2 million and \$27.5 million	1,763,674	1,772,063
Loans held for sale	7,515	3,154
Loans receivable-related party	9,429	9,497
Investments in unconsolidated entities	48,171	47,899
Dividend reinvestment plan proceeds receivable	8,000	-
Interest receivable	9,452	8,836
Deferred tax asset	626	626
Intangible assets	18,831	19,813
Other assets	4,249	4,093
Total assets	\$2,318,426	\$2,299,627
LIABILITIES		
Borrowings	\$1,801,909	\$1,808,986
Distribution payable	17,000	19,979
Accrued interest expense	5,265	3,260
Derivatives, at fair value	13,304	13,210
Accrued tax liability	5,478	12,567
Deferred tax liability	5,624	5,624
Accounts payable and other liabilities	7,086	6,311
Total liabilities	1,855,666	1,869,937
STOCKHOLDERS' EQUITY		
Preferred stock, par value \$0.001: 100,000,000 shares authorized; no shares issued and outstanding	-	-
Common stock, par value \$0.001: 500,000,000 shares authorized; 84,717,745 and 79,877,516 shares issued and outstanding (including 1,656,273 and 1,428,931 unvested restricted shares)	85	80
Additional paid-in capital	684,721	659,700
Accumulated other comprehensive loss	(35,765)	(46,327)

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Distributions in excess of earnings	(186,281)	(183,763)
Total stockholders' equity	462,760	429,690
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$2,318,426	\$2,299,627

The accompanying notes are an integral part of these statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(in thousands, except share and per share data)
(Unaudited)

	Three Month Ended March 31,	
	2012	2011
REVENUES		
Interest income:		
Loans	\$23,615	\$21,250
Securities	3,584	2,760
Interest income – other	2,829	1,219
Total interest income	30,028	25,229
Interest expense	8,443	6,933
Net interest income	21,585	18,296
Rental income	1,919	23
Dividend income	–	661
Fee income	1,862	1,646
Total revenues	25,366	20,626
OPERATING EXPENSES		
Management fees – related party	3,443	2,338
Equity compensation – related party	868	460
Professional services	1,352	919
Insurance	158	177
Rental operating expense	1,320	145
General and administrative	1,063	800
Depreciation and amortization	1,361	253
Income tax expense	2,615	1,809
Total operating expenses	12,180	6,901
	13,186	13,725
OTHER REVENUE (EXPENSE)		
Impairment losses on real property held for sale	(139)	–
Net realized gain on investment securities available-for-sale and loans	380	156
Net realized and unrealized gain on investment securities, trading	2,144	1,806
Provision for loan losses	(2,178)	(2,606)
Other income	1,088	61
Total other revenue (expense)	1,295	(583)
NET INCOME	\$14,481	\$13,142
NET INCOME PER SHARE – BASIC	\$0.18	\$0.22
NET INCOME PER SHARE – DILUTED	\$0.18	\$0.22
WEIGHTED AVERAGE NUMBER OF SHARES	81,201,791	60,147,820

OUTSTANDING – BASIC

WEIGHTED AVERAGE NUMBER OF SHARES

OUTSTANDING – DILUTED 81,892,987 60,397,630

DIVIDENDS DECLARED PER SHARE \$0.20 \$0.25

The accompanying notes are an integral part of these statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (in thousands)
 (Unaudited)

	Three Months Ended March 31,	
	2012	2011
Net income	\$ 14,481	\$ 13,142
Other comprehensive income		
Unrealized gains on securities available-for-sale	10,599	4,874
Reclassification adjustments associated with unrealized losses (gains) from interest rate hedges included in net income	56	55
Unrealized losses on derivatives, net	(93)	1,283
Total other comprehensive income	10,562	6,212
Comprehensive income	\$ 25,043	\$ 19,354

The accompanying notes are an integral part of these statements

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RESOURCE CAPITAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
THREE MONTHS ENDED MARCH 31, 2012
(in thousands, except share and per share data)
(Unaudited)

	Common Stock		Accumulated			Distributions in Excess of Earnings	Total Stockholders' Equity
	Shares	Amount	Additional Paid-In Capital	Other Comprehensive Loss	Retained Earnings		
Balance, January 1, 2012	79,877,516	\$ 80	\$ 659,700	\$ (46,327)	\$ -	\$ (183,763)	\$ 429,690
Proceeds from dividend reinvestment and stock purchase plan	4,478,187	5	24,172	-	-	-	24,177
Offering costs	-	-	(19)	-	-	-	(19)
Stock based compensation	366,405	-	-	-	-	-	-
Amortization of stock based compensation	-	-	868	-	-	-	868
Forfeitures	(4,363)	-	-	-	-	-	-
Net income	-	-	-	-	14,481	-	14,481
Securities available-for-sale, fair value adjustment, net	-	-	-	-	-	-	-