

Resource Capital Corp.
Form 10-Q
August 10, 2009

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 June 30, 2009

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)

20-2297134
(I.R.S. Employer
Identification No.)

712 5th Avenue, 10th 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. 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).

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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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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

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

The number of outstanding shares of the registrant's common stock on August 5, 2009 was 24,944,589 shares.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

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

	June 30, 2009 (Unaudited)	December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 10,553	\$ 14,583
Restricted cash	58,728	60,394
Investment securities available-for-sale, pledged as collateral, at fair value	13,940	22,466
Investment securities available-for-sale, at fair value	4,236	6,794
Loans, pledged as collateral and net of allowances of \$59.1 million and \$43.9 million	1,663,306	1,712,779
Loans held for sale	2,401	-
Direct financing leases and notes, pledged as collateral, net of allowance of \$600,000 and \$450,000 and net of unearned income	2,833	104,015
Investments in unconsolidated entities	1,548	1,548
Interest receivable	6,331	8,440
Principal paydown receivables	59	950
Other assets	10,623	4,062
Total assets	\$ 1,774,558	\$ 1,936,031
LIABILITIES		
Borrowings	\$ 1,584,664	\$ 1,699,763
Distribution payable	7,532	9,942
Accrued interest expense	2,325	4,712
Derivatives, at fair value	11,830	31,589
Accounts payable and other liabilities	2,305	3,720
Total liabilities	1,608,656	1,749,726
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; 24,911,944 and 25,344,867 shares issued and outstanding (including 466,446 and 452,310 unvested restricted shares)	26	26
Additional paid-in capital	353,831	356,103
Accumulated other comprehensive loss	(66,446)	(80,707)
Distributions in excess of earnings	(121,509)	(89,117)
Total stockholders' equity	165,902	186,305
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 1,774,558	\$ 1,936,031

The accompanying notes are an integral part of these statements

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2009	2008	2009	2008
REVENUES				
Net interest income:				
Loans	\$ 21,969	\$ 28,686	\$ 45,129	\$ 61,125
Securities	883	1,158	1,765	2,339
Leases	2,093	1,961	4,326	3,951
Interest income – other	329	453	676	1,826
Total interest income	25,274	32,258	51,896	69,241
Interest expense	12,748	18,924	26,625	42,072
Net interest income	12,526	13,334	25,271	27,169
OPERATING EXPENSES				
Management fees – related party	925	1,171	1,926	2,909
Equity compensation – related party	265	541	353	622
Professional services	1,089	664	2,053	1,456
Insurance expenses	217	170	389	298
General and administrative	441	343	846	698
Income tax expense	44	138	(1)	167
Total expenses	2,981	3,027	5,566	6,150
NET OPERATING INCOME	9,545	10,307	19,705	21,019
OTHER (EXPENSE) REVENUE				
Net realized and unrealized losses (gains) on investments				
	(1,608)	102	(15,953)	(1,893)
Other income	20	26	42	59
Provision for loan and lease losses	(19,984)	(15,692)	(27,973)	(16,829)
Gain on the extinguishment of debt	6,900	–	6,900	1,750
Total other expenses	(14,672)	(15,564)	(36,984)	(16,913)
NET (LOSS) INCOME	\$ (5,127)	\$ (5,257)	\$ (17,279)	\$ 4,106
NET (LOSS) INCOME PER SHARE –BASIC	\$ (0.21)	\$ (0.21)	\$ (0.71)	\$ 0.17
NET (LOSS) INCOME PER SHARE –DILUTED	\$ (0.21)	\$ (0.21)	\$ (0.71)	\$ 0.16
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – BASIC				
	24,369,581	24,721,063	24,427,452	24,665,840
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING – DILUTED				
	24,369,581	24,721,063	24,427,452	24,922,340

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DIVIDENDS DECLARED PER SHARE	\$	0.30	\$	0.41	\$	0.60	\$	0.82
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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
SIX MONTHS ENDED JUNE 30, 2009
 (in thousands, except share data)
 (Unaudited)

Common Stock		Accumulated		Distributions		Total	
Shares	Amount	Additional Paid-In Capital	Other Comprehensive Loss	Retained Earnings	in Excess of Earnings	Stockholders' Equity	Comprehensive Loss