

BIMINI CAPITAL MANAGEMENT, INC.

Form 10-Q

November 04, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

¨ 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: 001-32171

Bimini Capital Management, Inc.
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

72-1571637
(I.R.S. Employer
Identification No.)

3305 Flamingo Drive, Vero Beach, Florida 32963
(Address of principal executive offices) (Zip Code)

(772) 231-1400
(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

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

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 Act). Yes No

Indicate the number of shares outstanding of each of the Registrant’s classes of common stock, as of the latest practicable date:

Title of each Class	Latest Practicable Date	Shares Outstanding
Class A Common Stock, \$0.001 par value	November 4, 2014	12,324,391
Class B Common Stock, \$0.001 par value	November 4, 2014	31,938
Class C Common Stock, \$0.001 par value	November 4, 2014	31,938

BIMINI CAPITAL MANAGEMENT, INC.

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PART I. FINANCIAL INFORMATION
 ITEM 1. FINANCIAL STATEMENTS
 BIMINI CAPITAL MANAGEMENT, INC.
 CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2014	December 31, 2013
ASSETS:		
Mortgage-backed securities, at fair value		
Pledged to counterparties	\$1,162,203,255	\$372,102,248
Unpledged	102,890,452	17,238,710
Total mortgage-backed securities	1,265,093,707	389,340,958
Cash and cash equivalents	59,589,960	11,959,292
Restricted cash	8,124,700	2,557,165
Retained interests in securitizations	1,987,097	2,530,834
Accrued interest receivable	6,011,434	1,720,726
Property and equipment, net	3,608,544	3,663,437
Derivative assets, at fair value	3,906,100	-
Receivable for securities sold, pledged to counterparties	249,410,368	-
Deferred tax assets, net	2,077,342	-
Other assets	5,921,235	2,755,234
Total Assets	\$1,605,730,487	\$414,527,646
LIABILITIES AND EQUITY		
LIABILITIES:		
Repurchase agreements	\$1,339,196,210	\$353,396,075
Junior subordinated notes due to Bimini Capital Trust II	26,804,440	26,804,440
Payable for unsettled securities purchased	66,812,482	-
Accrued interest payable	447,890	142,055
Other liabilities	5,366,497	826,660
Total Liabilities	1,438,627,519	381,169,230
EQUITY:		
Preferred stock	-	-
Common stock	12,378	11,574
Additional paid-in capital	334,335,675	334,810,312
Accumulated deficit	(327,032,458)	(333,078,313)
Stockholders' equity	7,315,595	1,743,573
Noncontrolling interests	159,787,373	31,614,843
Total Equity	167,102,968	33,358,416
Total Liabilities and Equity	\$1,605,730,487	\$414,527,646

The following table includes assets to be used to settle liabilities of the consolidated variable interest entity ("VIE"). These assets and liabilities are included in the consolidated balance sheets above. See Note 15 for additional information on our consolidated VIE.

ASSETS:		
Mortgage-backed securities	\$1,175,532,430	\$351,222,512

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Cash and cash equivalents and restricted cash	62,807,519	10,615,027
Receivable for securities sold	249,410,368	-
Accrued interest receivable and other assets	12,906,029	1,738,508
LIABILITIES:		
Repurchase agreements	1,255,977,886	318,557,054
Payable for unsettled securities purchased	66,812,482	-
Accrued interest payable and other liabilities	4,776,119	171,721
See Notes to Consolidated Financial Statements		

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

For the Nine and Three Months Ended September 30, 2014 and 2013

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2014	2013	2014	2013
Interest income	\$21,270,241	\$6,773,393	\$10,034,747	\$2,767,554
Interest expense	(2,068,056)	(936,617)	(885,440)	(329,059)
Net interest income, before interest on junior subordinated notes	19,202,185	5,836,776	9,149,307	2,438,495
Interest expense on junior subordinated notes	(736,432)	(746,072)	(247,916)	(250,507)
Net interest income	18,465,753	5,090,704	8,901,391	2,187,988
Unrealized gains (losses) on mortgage-backed securities	9,626,963	(10,772,942)	(1,639,465)	112,109
Realized gains (losses) on mortgage-backed securities	2,057,582	(1,541,169)	(1,991,895)	(667,182)
(Losses) gains on derivative instruments	(4,185,049)	4,146,144	3,405,926	(2,449,925)
Net portfolio income (loss)	25,965,249	(3,077,263)	8,675,957	(817,010)
Other income:				
Gains on retained interests in securitizations	2,643,068	2,535,603	196,482	780,424
Gains on release of loan loss reserves	-	4,737,260	-	1,700,000
Other expense	(43,261)	(21,018)	(23,007)	(12,301)
Total other income	2,599,807	7,251,845	173,475	2,468,123
Expenses:				
Compensation and related benefits	2,124,080	1,584,939	766,773	731,968
Directors' fees and liability insurance	855,787	608,153	312,274	217,447
Orchid Island Capital, Inc. IPO expenses	-	3,042,322	-	-
Audit, legal and other professional fees	1,653,898	1,166,515	565,108	443,573
Direct REIT operating expenses	331,500	340,584	102,184	106,913
Administrative and other expenses	841,911	639,531	450,836	297,287
Total expenses	5,807,176	7,382,044	2,197,175	1,797,188
Net income (loss) before income tax (benefit) provision	22,757,880	(3,207,462)	6,652,257	(146,075)
Income tax (benefit) provision	(2,055,075)	(1,247,768)	76,683	(1,287,154)
Net income (loss)	24,812,955	(1,959,694)	6,575,574	1,141,079
Less: Income (loss) attributable to noncontrolling interests	18,767,100	(1,235,154)	6,228,907	(704,191)
Net Income (Loss) attributable to Bimini Capital stockholders	\$6,045,855	\$(724,540)	\$346,667	\$1,845,270
Basic and Diluted Net Income (Loss) Per Share of: CLASS A COMMON STOCK				

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Basic and Diluted	\$0.50	\$(0.07) \$0.03	\$0.16
CLASS B COMMON STOCK				
Basic and Diluted	\$0.50	\$(0.07) \$0.03	\$0.16
Weighted Average Shares Outstanding:				
CLASS A COMMON STOCK				
Basic and Diluted	12,153,388	10,782,858	12,313,556	11,258,669
CLASS B COMMON STOCK				
Basic and Diluted	31,938	31,938	31,938	31,938

See Notes to Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
(Unaudited)
For the Nine Months Ended September 30, 2014

	Stockholders' Equity				
	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Noncontrolling Interests	Total
Balances, January 1, 2014	\$ 11,574	\$ 334,810,312	\$(333,078,313)	\$ 31,614,843	\$ 33,358,416
Net income	-	-	6,045,855	18,767,100	24,812,955
Issuance of common shares of Orchid Island Capital, Inc.	-	(792,668)	-	122,318,585	121,525,917
Cash dividends paid to noncontrolling interests	-	-	-	(12,953,922)	(12,953,922)
Issuance of Class A common shares for equity plan exercises	546	220,289	-	-	220,835
Amortization of equity plan compensation	-	-	-	40,767	40,767
Class A common shares sold directly to employees	258	97,742	-	-	98,000
Balances, September 30, 2014	\$ 12,378	\$ 334,335,675	\$(327,032,458)	\$ 159,787,373	\$ 167,102,968

See Notes to Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
For the Nine Months Ended September 30, 2014 and 2013

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$24,812,955	\$(1,959,694)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Stock based compensation	261,602	278,535
Depreciation	78,858	91,263
Deferred income tax benefit	(2,077,342)	-
(Gains) losses on mortgage-backed securities	(11,684,545)	12,314,111
Gains on retained interests in securitizations	(2,643,068)	(2,535,603)
Loss on disposal of property and equipment	12,886	-
Gains on release of loan loss reserves	-	(4,737,260)
Realized and unrealized losses on interest rate swaptions	1,119,525	-
Changes in operating assets and liabilities:		
Accrued interest receivable	(4,200,581)	(804,353)
Other assets	(253,487)	613,973
Accrued interest payable	305,835	(1,078)
Other liabilities	763,837	(1,065,362)
NET CASH PROVIDED BY OPERATING ACTIVITIES	6,496,475	2,194,532
CASH FLOWS FROM INVESTING ACTIVITIES:		
From mortgage-backed securities investments:		
Purchases	(1,605,257,665)	(508,382,196)
Sales	499,227,793	259,090,754
Principal repayments	56,361,141	30,776,918
Payments received on retained interests in securitizations	3,186,805	2,473,066
Increase in restricted cash	(5,567,535)	(1,870,085)
Purchases of property and equipment	(36,851)	(10,941)
Purchase of interest rate swaptions, net of margin cash received	(1,249,625)	-
NET CASH USED IN INVESTING ACTIVITIES	(1,053,335,937)	(217,922,484)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from repurchase agreements	5,851,128,876	2,871,900,327
Principal repayments on repurchase agreements	(4,865,328,741)	(2,685,455,495)
Issuance of common shares of Orchid Island Capital, Inc.	121,525,917	35,400,000
Cash dividends paid to noncontrolling interests	(12,953,922)	(2,230,199)
Class A common shares sold directly to employees	98,000	-
NET CASH PROVIDED BY FINANCING ACTIVITIES	1,094,470,130	219,614,633
NET INCREASE IN CASH AND CASH EQUIVALENTS	47,630,668	3,886,681
CASH AND CASH EQUIVALENTS, beginning of the period	11,959,292	6,592,561
CASH AND CASH EQUIVALENTS, end of the period	\$59,589,960	\$10,479,242

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for:		
Interest	\$2,498,653	\$1,683,767
Income taxes	\$22,267	\$39,386

SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING ACTIVITIES:

Securities acquired settled in later period	\$66,812,482	\$38,720,351
Securities sold settled in later period	\$249,410,368	\$40,955,374

See Notes to Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
September 30, 2014

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business Description

Bimini Capital Management, Inc., a Maryland corporation (“Bimini Capital”), was formed in September 2003 for the purpose of creating and managing a leveraged investment portfolio consisting of residential mortgage-backed securities (“MBS”). Bimini Capital has elected to be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”). As a REIT, Bimini Capital is generally not subject to federal income tax on its REIT taxable income provided that it distributes to its stockholders at least 90% of its REIT taxable income on an annual basis. In addition, a REIT must meet other provisions of the Code to retain its special tax status. Bimini Capital’s website is located at <http://www.biminicapital.com>.

As used in this document, discussions related to the “Company”, refer to the consolidated entity, including Bimini Capital, our wholly-owned subsidiaries, and our consolidated variable interest entity (“VIE”). References to “Bimini Capital” and the “parent” refer to Bimini Capital Management, Inc. as a separate entity.

On February 20, 2013, Orchid Island Capital, Inc. (“Orchid”) completed the initial public offering (“IPO”) of its common stock. Prior to the completion of its IPO, Orchid was a wholly-owned qualified REIT subsidiary of Bimini Capital. During 2014, Orchid has completed additional offerings of its common stock, and through September 30, 2014, Orchid continues to be consolidated as our VIE. As used in this document, discussions related to REIT qualifying activities include the MBS portfolios of Bimini Capital and Orchid.

Discussions related to Bimini Capital’s taxable REIT subsidiaries or non-REIT eligible assets refer to Bimini Advisors, Inc. and its wholly-owned subsidiary, Bimini Advisors, LLC (together “Bimini Advisors”) and MortCo TRS, LLC (“MortCo”) and its consolidated subsidiaries.

Consolidation

The accompanying consolidated financial statements include the accounts of Bimini Capital, Orchid, Bimini Advisors and MortCo, as well as the wholly-owned subsidiaries of MortCo. All inter-company accounts and transactions have been eliminated from the consolidated financial statements.

Accounting Standards Codification Topic 810, Consolidation (“ASC 810”), requires the consolidation of a VIE by an enterprise if it is deemed the primary beneficiary of the VIE. Further, ASC 810 requires a qualitative assessment to determine the primary beneficiary of a VIE and ongoing assessments of whether an enterprise is the primary beneficiary of a VIE as well as additional disclosures for entities that have variable interests in VIEs.

At the time of Orchid's IPO and as of September 30, 2014, management has concluded Orchid is a VIE because Orchid's equity holders lack the ability through voting rights to make decisions about its activities that have a significant effect on the success of Orchid. Management has also concluded that Bimini Capital is the primary beneficiary of Orchid because, under the management agreement between Bimini Advisors and Orchid, Bimini Capital has the power to direct the activities of Orchid that most significantly impact its economic performance. As a result, subsequent to Orchid's IPO and through September 30, 2014, the Company has continued to consolidate Orchid in its Consolidated Financial Statements. While the results of operations of Orchid are included in the Company's Consolidated Financial Statements, net income or loss attributable to Bimini Capital stockholders does not include the portion attributable to noncontrolling interests. Additionally, noncontrolling interests in Orchid are recorded in our Consolidated Balance Sheets and our Consolidated Statement of Equity within the equity section but separate from the stockholders' equity.

Assets recognized as a result of consolidating Orchid do not represent additional assets that could be used to satisfy claims against Bimini Capital's assets. Conversely, liabilities recognized as a result of consolidating Orchid do not represent additional claims on Bimini Capital's assets; rather, they represent claims against the assets of Orchid. Creditors and stockholders of Orchid have no recourse to the assets of Bimini Capital.

As further described in Note 7, Bimini Capital has a common share investment in a trust used in connection with the issuance of Bimini Capital's junior subordinated notes. Pursuant to ASC 810, Bimini Capital's common share investment in the trust has not been consolidated in the financial statements of Bimini Capital, and accordingly, this investment has been accounted for on the equity method.

Liquidity

Material losses incurred by the Company in 2006 and 2007 attributable to the former mortgage origination operations of MortCo significantly reduced Bimini Capital's equity capital base and the size of its MBS portfolio when compared to pre-2006 levels. Litigation costs stemming from both the former operations of MortCo and Bimini Capital itself caused the Company's overhead to be high in relation to its portfolio size. The smaller capital base made it difficult to generate sufficient net interest income to cover expenses.

Beginning in 2007, to respond to the losses and their impact on our capital base, the Company took significant steps to reduce the leverage in its balance sheet, reduce its debt service costs, reduce expenses, settle various litigation matters, and alter its investment strategy for holding MBS securities. In addition, the Company evaluated and pursued capital raising opportunities for Orchid. After pursuing several efforts to raise capital at Orchid, Orchid completed its initial public offering of common stock on February 20, 2013. Bimini Capital and Bimini Advisors acted as sponsor to Orchid by agreeing to fund all underwriting, legal and other costs of the offering, which totaled approximately \$3.0 million during the nine months ended September 30, 2013. Orchid has no obligation or intent to reimburse Bimini Capital and Bimini Advisors, either directly or indirectly, for the offering costs; therefore, they were expensed in the Company's 2013 consolidated statement of operations. As of March 31, 2014, Orchid reached \$100 million of stockholders' equity for the first time. As a result, in accordance with the management agreement between Bimini Advisors and Orchid, Bimini Advisors began to allocate certain overhead costs to Orchid on a pro rata basis commencing on July 1, 2014. As a stockholder of Orchid, Bimini Capital will continue to share in distributions, if any, paid by Orchid to its stockholders.

At September 30, 2014, the Company had cash and cash equivalents of approximately \$59.6 million, an MBS portfolio of approximately \$1,265.1 million and an equity capital base of approximately \$167.1 million, including approximately \$7.3 million attributable to the stockholders of Bimini Capital and \$159.8 million attributable to noncontrolling interests. The Company generated cash flows of approximately \$73.3 million from principal and

interest payments on its MBS portfolio and approximately \$3.2 million from retained interests in securitizations during the nine months ended September 30, 2014. However, if cash resources are, at any time, insufficient to satisfy the Company's liquidity requirements, such as when cash flows from operations are materially negative, the Company may be required to pledge additional assets to meet margin calls, liquidate assets, sell additional debt or equity securities or pursue other financing alternatives.

Basis of Presentation

The accompanying unaudited consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 8 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine and three month periods ended September 30, 2014 are not necessarily indicative of the results that may be expected for the year ending December 31, 2014.

The consolidated balance sheet at December 31, 2013 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete consolidated financial statements. For further information, refer to the financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2013.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates affecting the accompanying financial statements include the fair values of MBS, Eurodollar futures contracts, interest rate swaptions, retained interests and asset valuation allowances.

Statement of Comprehensive Income (Loss)

In accordance with ASC Topic 220, Comprehensive Income, a statement of comprehensive income has not been included as the Company has no items of other comprehensive income. Comprehensive income (loss) is the same as net income (loss) for all periods presented.

Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments with original maturities of three months or less. At September 30, 2014 restricted cash consisted of approximately \$3.3 million of cash held by a broker as margin on Eurodollar futures contracts and \$4.8 million of cash held on deposit as collateral with repurchase agreement counterparties. At December 31, 2013 restricted cash consisted of approximately \$2.6 million of cash held by a broker as margin on Eurodollar futures contracts.

The Company maintains cash balances at four banks, and, at times, balances may exceed federally insured limits. The Company has not experienced any losses related to these balances. The Federal Deposit Insurance Corporation insures eligible accounts up to \$250,000 per depositor at each financial institution. At September 30, 2014, the Company’s cash deposits exceeded federally insured limits by approximately \$57.9 million. Restricted cash balances are uninsured, but are held in separate customer accounts that are segregated from the general funds of the counterparty. The Company uses large, well-known bank and derivative counterparties and believes that it is not exposed to significant credit risk on cash and cash equivalents or restricted cash balances.

Mortgage-Backed Securities

The Company invests primarily in mortgage pass-through (“PT”) certificates, collateralized mortgage obligations, and interest-only (“IO”) securities and inverse interest-only (“IIO”) securities representing interest in or obligations backed by pools of mortgage-backed loans (collectively, “MBS”). These investments meet the requirements to be classified as available for sale under ASC 320-10-25, Debt and Equity Securities (which requires the securities to be carried at fair value on the balance sheet with changes in fair value charged to other comprehensive income, a component of stockholders’ equity). However, the Company has elected to account for its investment in MBS under the fair value option. Electing the fair value option requires the Company to record changes in fair value in the consolidated statement of operations, which, in management’s view, more appropriately reflects the results of our operations for a particular reporting period and is consistent with the underlying economics and how the portfolio is managed.

The Company records MBS transactions on the trade date. Security purchases that have not settled as of the balance sheet date are included in the MBS balance with an offsetting liability recorded, whereas securities sold that have not settled as of the balance sheet date are removed from the MBS balance with an offsetting receivable recorded.

The fair value of the Company’s investment in MBS is governed by ASC Topic 820, Fair Value Measurement. The definition of fair value in ASC Topic 820 focuses on the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market for the asset or liability, or in the absence of a principal market, occurs in the most advantageous market for the asset or liability. Estimated fair values for MBS are based on independent pricing sources and/or third party broker quotes, when available.

Income on PT MBS is based on the stated interest rate of the security. Premiums or discounts present at the date of purchase are not amortized. Premium lost and discount accretion resulting from monthly principal repayments are reflected in unrealized gains and loss on MBS in the Consolidated Statement of Operation. For IO securities, the income is accrued based on the carrying value and the effective yield. The difference between income accrued and the interest received on the security is characterized as a return of investment and serves to reduce the asset’s carrying value. At each reporting date, the effective yield is adjusted prospectively from the reporting period based on the new estimate of prepayments and the contractual terms of the security. For IIO securities, effective yield and income recognition calculations also take into account the index value applicable to the security. Changes in fair value of MBS during each reporting period are recorded in earnings and reported as unrealized gains or losses on mortgage-backed securities in the accompanying consolidated statements of operations. The amount reported as unrealized gains or losses on mortgage backed securities thus captures the net effect of changes in the fair market value of securities caused by market developments and any premium or discount lost as a result of principal repayments during the period.

Retained Interests in Securitizations

From 2004 to 2006, MortCo participated in securitization transactions as part of its mortgage origination business. Retained interests in the securitization transactions were initially recorded at their fair value when issued by MortCo. Subsequent adjustments to fair value are reflected in earnings. Quoted market prices for these assets are generally not available, so the Company estimates fair value based on the present value of expected future cash flows using management’s best estimates of key assumptions, which include expected credit losses, prepayment speeds, weighted-average life, and discount rates commensurate with the inherent risks of the asset.

Derivative Financial Instruments

The Company uses derivative instruments to manage interest rate risk, facilitate asset/liability strategies and manage other exposures, and it may continue to do so in the future. The principal instruments that the Company has used to date are Eurodollar and T-Note futures contracts and options to enter in interest rate swaps (“interest rate swaptions”), but it may enter into other transactions in the future. The Company has elected to not treat any of its derivative financial instruments as hedges. ASC Topic 815, Derivatives and Hedging, requires that all derivative instruments be carried at fair value. Changes in fair value are recorded in earnings for each period.

Holding derivatives creates exposure to credit risk related to the potential for failure on the part of counterparties to honor their commitments. In addition, the Company may be required to post collateral based on any declines in the market value of the derivatives. In the event of default by a counterparty, the Company may have difficulty recovering its collateral and may not receive payments provided for under the terms of the agreement. To mitigate this risk, the Company uses well-established commercial banks as counterparties.

Financial Instruments

ASC Topic 825, Financial Instruments, requires disclosure of the fair value of financial instruments for which it is practicable to estimate that value, either in the body of the financial statements or in the accompanying notes. MBS, Eurodollar and T-Note futures contracts, interest rate swaptions and retained interests in securitization transactions are accounted for at fair value in the consolidated balance sheets. The methods and assumptions used to estimate fair value for these instruments are presented in Note 13 of the financial statements.

The estimated fair value of cash and cash equivalents, restricted cash, accrued interest receivable, receivable for securities sold, other assets, repurchase agreements, payable for unsettled securities purchased, accrued interest payable and other liabilities generally approximates their carrying value as of September 30, 2014 and December 31, 2013, due to the short-term nature of these financial instruments.

It is impractical to estimate the fair value of the Company’s junior subordinated notes. Currently, there is a limited market for these types of instruments and the Company is unable to ascertain what interest rates would be available to the Company for similar financial instruments. Information regarding carrying amount, effective interest rate and maturity date for these instruments is presented in Note 7 to the consolidated financial statements.

Property and Equipment, net

Property and equipment, net, consists of computer equipment with a depreciable life of 3 years, office furniture and equipment with depreciable lives of 8 to 20 years, land which has no depreciable life, and buildings and improvements with depreciable lives of 30 years. Property and equipment is recorded at acquisition cost and depreciated using the straight-line method over the estimated useful lives of the assets.

Repurchase Agreements

The Company finances the acquisition of the majority of its PT MBS through the use of repurchase agreements under master repurchase agreements. Pursuant to ASC Topic 860, Transfers and Servicing, the Company accounts for repurchase transactions as collateralized financing transactions, which are carried at their contractual amounts, including accrued interest, as specified in the respective agreements.

Share-Based Compensation

The Company follows the provisions of ASC Topic 718, Compensation – Stock Compensation, to account for stock and stock-based awards. For stock and stock-based awards issued to employees, a compensation charge is recorded against earnings over the vesting period based on the fair value of the award. Payments pursuant to dividend equivalent rights, which are granted along with certain equity based awards, are charged to stockholders' equity when declared. The Company applies a zero forfeiture rate for its equity based awards, as such awards have been granted to a limited number of employees and historical forfeitures have been minimal. A significant forfeiture, or an indication that significant forfeitures may occur, would result in a revised forfeiture rate which would be accounted for prospectively as a change in an estimate. For transactions with non-employees in which services are performed in exchange for the Company's common stock or other equity instruments, the transactions are recorded on the basis of the fair value of the service received or the fair value of the equity instruments issued, whichever is more readily measurable at the date of issuance.

Earnings Per Share

The Company follows the provisions of ASC Topic 260, Earnings Per Share, which requires companies with complex capital structures, common stock equivalents or two (or more) classes of securities that participate in dividend distributions to present both basic and diluted earnings per share ("EPS") on the face of the consolidated statement of operations. Basic EPS is calculated as income available to common stockholders divided by the weighted average number of common shares outstanding during the period. Diluted EPS is calculated using the "if converted" method for common stock equivalents. However, the common stock equivalents are not included in computing diluted EPS if the result is anti-dilutive.

Outstanding shares of Class B Common Stock, participating and convertible into Class A Common Stock, are entitled to receive dividends in an amount equal to the dividends declared on each share of Class A Common Stock if, as and when authorized and declared by the Board of Directors. Accordingly, shares of the Class B Common Stock are included in the computation of basic EPS using the two-class method and, consequently, are presented separately from Class A Common Stock.

The shares of Class C Common Stock are not included in the basic EPS computation as these shares do not have participation rights. The outstanding shares of Class B and Class C Common Stock are not included in the computation of diluted EPS for the Class A Common Stock as the conditions for conversion into shares of Class A Common Stock were not met.

Income Taxes

Bimini Capital has elected to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"), and Orchid, until the closing of its IPO on February 20, 2013, was a "qualified REIT subsidiary" of Bimini Capital under the Code. Beginning with its short tax period commencing on February 20, 2013 and ended December 31, 2013, Orchid has qualified and elected to be taxed as a REIT, and filed a REIT tax return separate from Bimini Capital. REITs are generally not subject to federal income tax on their REIT taxable income provided that they distribute to their stockholders at least 90% of their REIT taxable income on an annual basis. In addition, a REIT must meet other provisions of the Code to retain its tax status. At September 30, 2014, management believes that the Company has complied with the Code requirements and Bimini Capital continues to qualify as a REIT. As further described in Note 11, Income Taxes, Bimini Advisors and MortCo are taxpaying entities for income tax purposes and are taxed separately from Bimini Capital and Orchid.

The Company's U.S. federal income tax returns for years ended on or after December 31, 2011 remain open for examination. Although management believes its calculations for tax returns are correct and the positions taken thereon are reasonable, the final outcome of tax audits could be materially different from the tax returns filed by the Company, and those differences could result in significant costs or benefits to the Company.

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The Company measures, recognizes and presents its uncertain tax positions in accordance with ASC Topic 740, Income Taxes. Under that guidance, the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of uncertain tax positions is adjusted when new information is available, or when an event occurs that requires a change.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentations.

Recent Accounting Pronouncements

In June 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standard Update (“ASU”) 2014-12, Compensation-Stock Compensation: Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period. ASU 2014-12 requires that performance targets that affect vesting and that could be achieved after the requisite service period be treated as performance conditions. The effective date of ASU 2014-12 is for interim and annual reporting periods beginning after December 15, 2015. The ASU is not expected to materially impact the Company’s consolidated financial statements.

In June 2014, the FASB issued ASU 2014-11, Transfers and Servicing (Topic 860): Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures. ASU 2014-11 amends the accounting guidance for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings, and requires additional disclosure about certain transactions by the transferor. ASU 2014-11 is effective for certain transactions that qualify for sales treatment for the first interim or annual period beginning after December 15, 2014. The new disclosure requirements for repurchase agreements, securities lending transactions and repurchase-to-maturity transactions that qualify for secured borrowing treatment is effective for annual periods beginning after December 15, 2014 and for interim periods beginning after March 15, 2015. We currently record our repurchase arrangements as secured borrowings and do not anticipate that ASU 2014-11 will have any impact on the Company’s consolidated financial statements.

In July 2013, the FASB issued ASU 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists. This new standard requires the netting of unrecognized tax benefits against a deferred tax asset for a loss or other carryforward that would apply in settlement of the uncertain tax positions. Under the new standard, unrecognized tax benefits will be netted against all available same-jurisdiction loss or other tax carryforwards that would be utilized, rather than only against carryforwards that are created by the unrecognized tax benefits. The ASU is effective beginning January 1, 2014 on either a prospective or retrospective basis. The guidance represents a change in financial statement presentation only and the adoption of this ASU did not have any impact on the Company’s consolidated financial results.

In June 2013, the FASB issued ASU 2013-08, Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements. The amendments in this update modify the guidance for determining whether an entity is an investment company, update the measurement requirements for noncontrolling interests in other investment companies and require additional disclosures for investment companies under US GAAP. The amendments in the update develop a two-tiered approach for the assessment of whether an entity is an investment company which requires an entity to possess certain fundamental characteristics while allowing judgment in assessing other typical characteristics. The amendments in this update also revised the measurement guidance in

Topic 946 such that investment companies must measure noncontrolling ownership interests in other investment companies at fair value, rather than applying the equity method of accounting to such interests. The new guidance became effective beginning January 1, 2014. The adoption of this ASU did not have any impact on the Company's consolidated financial statements.

In February 2013, the FASB issued ASU 2013-04, Liabilities (Topic 405) - Obligations Resulting from Joint and Several Liability Arrangements for Which the Total Amount of the Obligation Is Fixed at the Reporting Date. The objective of this ASU is to provide guidance for the recognition, measurement, and disclosure of obligations resulting from joint and several liability arrangements for which the total amount of the obligation within the scope of this guidance is fixed at the reporting date, except for obligations addressed within existing US GAAP. The amendments in ASU 2013-04 became effective for fiscal years, and interim periods within those years, beginning after December 15, 2013, and should be retrospectively applied to all prior periods presented for those obligations resulting from joint and several liability arrangements within the ASU's scope that exist at the beginning of an entity's fiscal year of adoption. The adoption of this ASU had no impact on the Company's consolidated financial statements.

NOTE 2. MORTGAGE-BACKED SECURITIES

The following table presents the Company's MBS portfolio as of September 30, 2014 and December 31, 2013:

(in thousands)

	September 30, 2014	December 31, 2013
Pass-Through MBS:		
Hybrid Adjustable-rate Mortgages	\$71,958	\$90,487
Adjustable-rate Mortgages	3,847	5,334
Fixed-rate Mortgages	1,119,828	267,481
Total Pass-Through MBS	1,195,633	363,302
Structured MBS:		
Interest-Only Securities	47,553	20,443
Inverse Interest-Only Securities	21,908	5,596
Total Structured MBS	69,461	26,039
Total	\$1,265,094	\$389,341

Included in the table above at September 30, 2014 are \$1,175.5 million of MBS assets that may only be used to settle liabilities of the consolidated VIE.

The following table summarizes the Company's MBS portfolio as of September 30, 2014 and December 31, 2013, according to the contractual maturities of the securities in the portfolio. Actual maturities of MBS investments are generally shorter than stated contractual maturities and are affected by the contractual lives of the underlying mortgages, periodic payments of principal, and prepayments of principal.

(in thousands)

	September 30, 2014	December 31, 2013
Less than one year	\$9	\$46
Greater than five years and less than ten years	1,047	1,520
Greater than or equal to ten years	1,264,038	387,775
Total	\$1,265,094	\$389,341

The Company generally pledges its MBS assets as collateral under repurchase agreements. At September 30, 2014 and December 31, 2013, the Company had unpledged securities totaling \$102.9 million and \$17.2 million, respectively. The unpledged balance at September 30, 2014 includes unsettled security purchases with a fair value of approximately \$67.1 million that will be pledged as collateral under repurchase agreements on their settlement dates.

in October 2014.

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NOTE 3. RETAINED INTERESTS IN SECURITIZATIONS

The following table summarizes the estimated fair value of the Company's retained interests in asset backed securities as of September 30, 2014 and December 31, 2013:

(in thousands)

Series	Issue Date	September 30, 2014	December 31, 2013
HMAC 2004-1	March 4, 2004	\$3	\$-
HMAC 2004-2	May 10, 2004	294	-
HMAC 2004-3	June 30, 2004	567	1,518
HMAC 2004-4	August 16, 2004	868	654
HMAC 2004-5	September 28, 2004	255	359
Total		\$1,987	\$2,531

NOTE 4. REPURCHASE AGREEMENTS

As of September 30, 2014, the Company had outstanding repurchase agreement obligations of approximately \$1,339.2 million with a net weighted average borrowing rate of 0.34%. These agreements were collateralized by MBS with a fair value, including accrued interest, of approximately \$1,414.4 million (including unsettled securities sold with a fair value of \$246.9 million), and cash pledged to counterparties of approximately \$4.8 million. As of December 31, 2013, the Company had outstanding repurchase agreement obligations of approximately \$353.4 million with a net weighted average borrowing rate of 0.39%. These agreements were collateralized by MBS with a fair value, including accrued interest, of approximately \$373.4 million.

As of September 30, 2014 and December 31, 2013, the Company's repurchase agreements had remaining maturities as summarized below:

(\$ in thousands)

	OVERNIGHT (1 DAY OR LESS)	BETWEEN 2 AND 30 DAYS	BETWEEN 31 AND 90 DAYS	GREATER THAN 90 DAYS	TOTAL
September 30, 2014					
Fair value of securities pledged, including accrued interest receivable	\$ 48,439	\$763,782	\$482,685	\$119,449	\$1,414,355
Repurchase agreement liabilities associated with these securities	\$ 47,080	\$725,184	\$454,437	\$112,495	\$1,339,196
Net weighted average borrowing rate	0.32	% 0.34	% 0.34	% 0.38	% 0.34
December 31, 2013					
Fair value of securities pledged, including accrued interest receivable	\$ -	\$357,338	\$16,081	\$-	\$373,419
Repurchase agreement liabilities associated with these securities	\$ -	\$337,977	\$15,419	\$-	\$353,396

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Net weighted average borrowing rate	-	0.39	%	0.37	%	-	0.39	%
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As of September 30, 2014, the outstanding repurchase obligations of the consolidated VIE included in the table above was \$1,256.0 million collateralized by MBS with a fair value, including accrued interest, of approximately \$1,325.7 million (including unsettled securities sold with a fair value of approximately \$246.9 million).

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If, during the term of a repurchase agreement, a lender files for bankruptcy, the Company might experience difficulty recovering its pledged assets, which could result in an unsecured claim against the lender for the difference between the amount loaned to the Company plus interest due to the counterparty and the fair value of the collateral pledged to such lender, including the accrued interest receivable, receivable for securities sold, and cash posted by the Company as collateral, if any. At September 30, 2014 and December 31, 2013, the Company had a maximum amount at risk (the difference between the amount loaned to the Company, including interest payable, and the fair value of securities and cash pledged (if any), including accrued interest on such securities) of approximately \$79.5 million and \$19.9 million, respectively. Summary information regarding amounts at risk with individual counterparties greater than 10% of equity at September 30, 2014 and December 31, 2013 is as follows:

(\$ in thousands)

	Amount at Risk	% of Stockholders' Equity at Risk		Weighted Average Maturity (in Days)
Repurchase Agreement Counterparties				
September 30, 2014				
Citigroup Global Markets, Inc.	\$19,965	11.9	%	20
December 31, 2013				
Citigroup Global Markets, Inc.	\$5,487	16.4	%	11

At September 30, 2014 and December 31, 2013, Bimini Capital had a maximum amount at risk (the difference between the amount loaned to Bimini Capital, including interest payable, and the fair value of securities and cash pledged (if any), including accrued interest on such securities) of approximately \$5.5 million and \$1.6 million, respectively. Summary information regarding amounts at risk with individual counterparties greater than 10% of stockholders' equity attributable to Bimini Capital at September 30, 2014 and December 31, 2013 is as follows:

(\$ in thousands)

	Amount at Risk	% of Stockholders' Equity at Risk		Weighted Average Maturity (in Days)
Repurchase Agreement Counterparties				
September 30, 2014				
ED&F Man Capital Markets Inc.	\$1,530	20.9	%	39
Citigroup Global Markets, Inc.	891	12.2	%	78
JVB Financial Group, LLC	793	10.8	%	9
Suntrust Robinson Humphrey, Inc.	750	10.2	%	27
December 31, 2013				
Suntrust Robinson Humphrey, Inc.	\$715	41.0	%	3
JVB Financial Group, LLC	559	32.1	%	21

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

In connection with its interest rate risk management strategy, the Company economically hedges a portion of the cost of its repurchase agreement funding and junior subordinated notes by entering into derivatives, such as Eurodollar and T-Note futures contracts and interest rate swaptions. The Company has not elected hedging treatment under GAAP, and as such all gains or losses (realized and unrealized) on these instruments are reflected in earnings for all periods presented.

As of December 31, 2013, such instruments were comprised entirely of Eurodollar futures contracts. During the nine months ended September 30, 2014, the Company entered into, and settled before the end of the quarter, a T-Note futures contract. Eurodollar and T-Note futures are cash settled futures contracts on an interest rate, with gains or losses credited or charged to the Company's account on a daily basis and reflected in earnings as they occur. A minimum balance, or "margin", is required to be maintained in the account on a daily basis. The Company is exposed to the changes in value of the futures by the amount of margin held by the broker. This margin represents the collateral the Company has posted for its open positions and is recorded on the consolidated balance sheets as part of restricted cash.

During the nine months ended September 30, 2014, the Company was a party to interest rate swaption agreements. At September 30, 2014, the Company had outstanding swaption agreements which grant the Company the right but not the obligation to enter into underlying pay fixed interest rate swap ("payer swaption"). The Company may also enter into swaption agreements that provide the Company the option to enter into a receive fixed interest rate swap ("receiver swaption").

Derivative Assets (Liability), at Fair Value

The table below summarizes fair value information about our derivative assets and liability as of September 30, 2014 and December 31, 2013.

(in thousands)

Derivative Instruments and Related Accounts	Balance Sheet Location	September 30, 2014	December 31, 2013
Assets			
Eurodollar futures - Margin posted to counterparty	Restricted cash	\$3,344	\$2,557
Payer swaptions	Derivative assets, at fair value	3,906	-
		\$7,250	\$2,557
Liability			
Payer swaptions - Margin posted by counterparty	Other liabilities	\$(3,776)	\$-

The tables below present information related to the Company's Eurodollar futures positions at September 30, 2014 and December 31, 2013.

(\$ in thousands)

Eurodollar Futures Positions (Consolidated)

As of September 30, 2014

Expiration Year	Repurchase Agreement Funding Hedges			Junior Subordinated Debt Funding Hedges		
	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)
2015	0.74	% \$580,000	\$(312)	0.70	% \$26,000	\$(202)
2016	1.77	% 586,500	1,452	1.80	% 26,000	7
2017	2.68	% 430,000	1,122	2.68	% 26,000	50
2018	3.06	% 420,000	(165)	3.03	% 26,000	12
Total / Weighted Average	1.87	% \$509,733	\$2,097	1.91	% \$26,000	\$(133)

(\$ in thousands)

Eurodollar Futures Positions (Consolidated)

As of December 31, 2013

Expiration Year	Repurchase Agreement Funding Hedges			Junior Subordinated Debt Funding Hedges		
	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)
2014	0.40	% \$262,500	\$(189)	0.35	% \$26,000	\$(428)
2015	0.80	% 275,000	(146)	0.80	% 26,000	(176)
2016	1.90	% 250,000	1,367	1.74	% 26,000	9
2017	3.03	% 250,000	2,291	-	-	-
2018	3.77	% 250,000	1,575	-	-	-
Total / Weighted Average	2.02	% \$257,353	\$4,898	0.89	% \$26,000	\$(595)

(1) Open equity represents the cumulative gains (losses) recorded on open futures positions from inception.

The tables below present information related solely to Bimini Capital's Eurodollar futures positions at September 30, 2014 and December 31, 2013.

(\$ in thousands)

Eurodollar Futures Positions (Parent-Only)

Repurchase Agreement Funding Hedges

Expiration Year	September 30, 2014			December 31, 2013		
	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)
2015	0.70	% \$30,000	\$17	-	\$-	\$-
2016	1.82	% 36,500	73	-	-	-
2017	2.68	% 30,000	55	-	-	-
2018	3.03	% 30,000	12	-	-	-
Total / Weighted Average	1.91	% \$31,857	\$157	-	\$-	\$-

(\$ in thousands)

Eurodollar Futures Positions (Parent-Only)

Junior Subordinated Debt Funding Hedges

Expiration Year	September 30, 2014			December 31, 2013		
	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity	Weighted Average LIBOR Rate	Average Contract Notional Amount	Open Equity(1)
2014	-	\$-	\$-	0.35	% \$26,000	\$(428)
2015	0.70	% 26,000	(202)	0.80	% 26,000	(176)
2016	1.80	% 26,000	7	1.74	% 26,000	9
2017	2.68	% 26,000	50	-	-	-

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2018	3.03	%	26,000	12	-	-	-
Total / Weighted Average	1.91	%	\$26,000	\$(133)	0.89	%	\$26,000 \$(595)

(1) Open equity represents the cumulative gains (losses) recorded on open futures positions from inception.

The table below presents information related to the Company's interest rate swaption positions at September 30, 2014.

(\$ in thousands)

Expiration	Option Cost	Fair Value	Weighted Average Months to Expiration	Underlying Swap			Weighted Average Term (Years)
				Notional Amount	Fixed Pay Rate	Receive Rate (LIBOR)	
≤ 1 year	\$4,720	\$3,906	10	\$275,000	2.96%	3 Month	8.2

Gain (Loss) From Derivative Instruments, Net

The tables below present the effect of the Company's derivative financial instruments on the consolidated statements of operations for the nine and three months ended September 30, 2014 and 2013.

(in thousands)

Nine Months Ended September 30,	Consolidated		Parent-Only	
	2014	2013	2014	2013
Eurodollar futures contracts (short positions)	\$(3,151)	\$4,146	\$165	\$50
T-Note futures contracts (short positions)	86	-	14	-
Payer swaptions	(1,120)	-	-	-
Net (losses) gains on derivative instruments	\$(4,185)	\$4,146	\$179	\$50

(in thousands)

Three Months Ended September 30,	Consolidated		Parent-Only	
	2014	2013	2014	2013
Eurodollar futures contracts (short positions)	\$3,154	\$(2,450)	\$334	\$(178)
T-Note futures contracts (short positions)	86	-	14	-
Payer swaptions	166	-	-	-
Net gains (losses) on derivative instruments	\$3,406	\$(2,450)	\$348	\$(178)

Credit Risk-Related Contingent Features

The use of derivatives creates exposure to credit risk relating to potential losses that could be recognized in the event that the counterparties to these instruments fail to perform their obligations under the contracts. We minimize this risk by limiting our counterparties for instruments which are not centrally cleared on a registered exchange to major financial institutions with acceptable credit ratings and monitoring positions with individual counterparties. In addition, we may be required to pledge assets as collateral for our derivatives, whose amounts vary over time based on the market value, notional amount and remaining term of the derivative contract. In the event of a default by a counterparty, we may not receive payments provided for under the terms of our derivative agreements, and may have difficulty obtaining our assets pledged as collateral for our derivatives. The cash and cash equivalents pledged as collateral for our derivative instruments are included in restricted cash on our consolidated balance sheets.

NOTE 6. OFFSETTING ASSETS AND LIABILITIES

The Company's derivatives and repurchase agreements are subject to underlying agreements with master netting or similar arrangements, which provide for the right of offset in the event of default or in the event of bankruptcy of either party to the transactions. The Company reports its assets and liabilities subject to these arrangements on a gross

basis.

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The following tables present information regarding those assets and liabilities subject to such arrangements as if the Company had presented them on a net basis as of September 30, 2014 and December 31, 2013.

(in thousands)

	Offsetting of Assets			Gross Amount Not Offset in the Balance Sheet		
	Gross Amount of Recognized Assets	Gross Amount Offset in the Balance Sheet	Net Amount of Assets Presented in the Balance Sheet	Instruments Received as Collateral	Cash Received as Collateral	Net Amount
September 30, 2014						
Derivative assets - Payer swaptions	\$3,906	\$-	\$3,906	\$-	\$(3,776)	\$130
December 31, 2013						
Derivative asset	\$-	\$-	\$-	\$-	\$-	\$-

(in thousands)

	Offsetting of Liabilities			Gross Amount Not Offset in the Balance Sheet		
	Gross Amount of Recognized Liabilities	Gross Amount Offset in the Balance Sheet	Net Amount of Liabilities Presented in the Balance Sheet	Instruments Posted as Collateral	Cash Posted as Collateral	Net Amount
September 30, 2014						
Repurchase Agreements	\$1,339,196	\$-	\$1,339,196	\$(1,334,415)	\$(4,781)	\$-
December 31, 2013						