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, 2021

☐ **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	**72-1571637**
(State or other jurisdiction of incorporation or organization)	(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)

Securities registered pursuant to Section 12(b) of the Act: None.

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 the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company", and "emerging growth company" in Rule 12b-2 of the Exchange Act. Check one:

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 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 9, 2021	10,726,864
Class B Common Stock, $0.001 par value	November 9, 2021	31,938
Class C Common Stock, $0.001 par value	November 9, 2021	31,938

BIMINI CAPITAL MANAGEMENT, INC.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

BIMINI CAPITAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	(Unaudited) September 30, 2021	December 31, 2020
ASSETS:		
Mortgage-backed securities, at fair value		
Pledged to counterparties	$ 64,371,408	$ 65,153,274
Unpledged	18,869	24,957
Total mortgage-backed securities	64,390,277	65,178,231
Cash and cash equivalents	7,854,843	7,558,342
Restricted cash	1,690,160	3,353,015
Orchid Island Capital, Inc. common stock, at fair value	12,691,296	13,547,764
Accrued interest receivable	247,716	202,192
Property and equipment, net	2,041,503	2,093,440
Deferred tax assets	34,332,078	34,668,467
Due from affiliates	934,797	632,471
Other assets	1,551,073	1,466,647
Total Assets	$ 125,733,743	$ 128,700,569
LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES:		
Repurchase agreements	$ 63,159,999	$ 65,071,113
Long-term debt	27,444,508	27,612,781
Accrued interest payable	53,868	107,417
Other liabilities	1,322,784	1,421,409
Total Liabilities	91,981,159	94,212,720
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.001 par value; 10,000,000 shares authorized; 100,000 shares designated Series A Junior Preferred Stock; 9,900,000 shares undesignated; no shares issued and outstanding as of September 30, 2021 and December 31, 2020	-	-
Class A Common stock, $0.001 par value; 98,000,000 shares designated: 10,794,481 and 11,608,555 shares issued and outstanding as of September 30, 2021 and December 31, 2020, respectively.	10,794	11,609
Class B Common stock, $0.001 par value; 1,000,000 shares designated, 31,938 shares issued and outstanding as of September 30, 2021 and December 31, 2020	32	32
Class C Common stock, $0.001 par value; 1,000,000 shares designated, 31,938 shares issued and outstanding as of September 30, 2021 and December 31, 2020	32	32
Additional paid-in capital	331,073,064	332,642,758
Accumulated deficit	(297,331,338)	(298,166,582)
Stockholders' Equity	33,752,584	34,487,849
Total Liabilities and Stockholders' Equity	$ 125,733,743	$ 128,700,569

See Notes to Condensed Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
For the Nine and Three Months Ended September 30, 2021 and 2020

	Nine Months Ended September		Three Months Ended September	
	2021	**2020**	**2021**	**2020**
Revenues:				
Advisory services	$ 6,757,799	$ 4,969,143	$ 2,546,578	$ 1,629,463
Interest income	1,726,268	3,167,439	537,200	604,158
Dividend income from Orchid Island Capital, Inc. common stock	1,518,284	1,246,636	506,095	493,118
Total revenues	10,002,351	9,383,218	3,589,873	2,726,739
Interest expense				
Repurchase agreements	(94,926)	(1,030,372)	(23,729)	(42,955)
Long-term debt	(747,577)	(893,299)	(248,465)	(261,341)
Net revenues	9,159,848	7,459,547	3,317,679	2,422,443
Other income (expense):				
Unrealized (losses) gains on mortgage-backed securities	(2,221,521)	303,651	(323,659)	275,796
Realized gains (losses) on mortgage-backed securities	69,498	(5,804,656)	69,498	-
Unrealized (losses) gains on Orchid Island Capital, Inc. common stock	(856,468)	38,935	(778,607)	793,727
(Losses) gains on derivative instruments	(280)	(5,292,346)	(147)	75
Gains on retained interests in securitizations	-	58,735	-	58,735
Other income (expense)	154,122	(8,248)	149	(8,890)
Total other (expense) income	(2,854,649)	(10,703,929)	(1,032,766)	1,119,443
Expenses:				
Compensation and related benefits	3,219,685	3,157,074	1,029,465	1,010,407
Directors' fees and liability insurance	568,087	511,786	190,453	166,093
Audit, legal and other professional fees	405,828	467,015	133,925	120,374
Administrative and other expenses	939,966	870,919	298,719	318,874
Total expenses	5,133,566	5,006,794	1,652,562	1,615,748
Net income (loss) before income tax provision	1,171,633	(8,251,176)	632,351	1,926,138
Income tax provision	336,389	9,295,859	167,751	608,351
Net income (loss)	**$ 835,244**	**$ (17,547,035)**	**$ 464,600**	**$ 1,317,787**
Basic and Diluted Net income (loss) Per Share of:				
CLASS A COMMON STOCK				
Basic and Diluted	$ 0.07	$ (1.51)	$ 0.04	$ 0.11
CLASS B COMMON STOCK				
Basic and Diluted	$ 0.07	$ (1.51)	$ 0.04	$ 0.11
Weighted Average Shares Outstanding:				
CLASS A COMMON STOCK				
Basic and Diluted	11,358,346	11,608,555	10,866,087	11,608,555
CLASS B COMMON STOCK				
Basic and Diluted	31,938	31,938	31,938	31,938

See Notes to Condensed Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(Unaudited)
For the Nine and Three Months Ended September 30, 2021 and 2020

	Stockholders' Equity				
	Common Stock		Additional	Accumulated	
	Shares	Par Value	Paid-in Capital	Deficit	Total
Balances, January 1, 2020	11,672,431	$ 11,673	$ 332,642,758	$ (292,677,440)	$ 39,976,991
Net loss	-	-	-	(22,332,947)	(22,332,947)
Balances, March 31, 2020	11,672,431	$ 11,673	$ 332,642,758	$ (315,010,387)	$ 17,644,044
Net income	-	-	-	3,468,125	3,468,125
Balances, June 30, 2020	11,672,431	$ 11,673	$ 332,642,758	$ (311,542,262)	$ 21,112,169
Net income	-	-	-	1,317,787	1,317,787
Balances, September 30, 2020	11,672,431	$ 11,673	$ 332,642,758	$ (310,224,475)	$ 22,429,956
Balances, January 1, 2021	11,672,431	$ 11,673	$ 332,642,758	$ (298,166,582)	$ 34,487,849
Net income	-	-	-	1,290,430	1,290,430
Balances, March 31, 2021	11,672,431	$ 11,673	$ 332,642,758	$ (296,876,152)	$ 35,778,279
Net loss	-	-	-	(919,786)	(919,786)
Balances, June 30, 2021	11,672,431	$ 11,673	$ 332,642,758	$ (297,795,938)	$ 34,858,493
Net income	-	-	-	464,600	464,600
Class A common shares repurchased and retired	(814,074)	(815)	(1,569,694)	-	(1,570,509)
Balances, September 30, 2021	10,858,357	$ 10,858	$ 331,073,064	$ (297,331,338)	$ 33,752,584

See Notes to Condensed Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
For the Nine Months Ended September 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 835,244	$ (17,547,035)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	51,937	52,223
Deferred income tax provision	336,389	9,285,344
Losses on mortgage-backed securities, net	2,152,023	5,501,005
Gains on retained interests in securitizations	-	(58,735)
PPP loan forgiveness	(153,724)	-
Unrealized losses (gains) on Orchid Island Capital, Inc. common stock	856,468	(38,935)
Realized and unrealized losses on forward settling TBA securities	-	1,441,406
Changes in operating assets and liabilities:		
Accrued interest receivable	(45,524)	516,444
Due from affiliates	(302,326)	32,057
Other assets	(84,426)	1,558,632
Accrued interest payable	(51,990)	(561,918)
Other liabilities	(98,625)	(26,123)
NET CASH PROVIDED BY OPERATING ACTIVITIES	3,495,446	154,365
CASH FLOWS FROM INVESTING ACTIVITIES:		
From mortgage-backed securities investments:		
Purchases	(26,189,505)	(43,129,835)
Sales	13,063,248	171,155,249
Principal repayments	11,762,188	11,170,005
Costs associated with termination of retained interests	-	58,735
Net settlement of forward settling TBA contracts	-	(1,500,000)
Purchases of Orchid Island Capital, Inc. common stock	-	(4,071,593)
NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES	(1,364,069)	133,682,561
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from repurchase agreements	195,962,000	501,460,570
Principal repayments on repurchase agreements	(197,873,114)	(640,729,398)
Proceeds from long-term debt	-	152,165
Principal repayments on long-term debt	(16,108)	(15,238)
Class A common shares repurchased and retired	(1,570,509)	-
NET CASH USED IN FINANCING ACTIVITIES	(3,497,731)	(139,131,901)
NET DECREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH	(1,366,354)	(5,294,975)
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of the period	10,911,357	12,385,117
CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of the period	$ 9,545,003	$ 7,090,142
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid (received) during the period for:		
Interest expense	$ 896,052	$ 2,485,589
Income taxes	$ -	$ (1,568,363)

See Notes to Condensed Consolidated Financial Statements

BIMINI CAPITAL MANAGEMENT, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
September 30, 2021

NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Business Description

Bimini Capital Management, Inc., a Maryland corporation ("Bimini Capital" or the "Company") formed in September 2003, is a holding company. The Company operates in two business segments through its principal wholly-owned operating subsidiary, Royal Palm Capital, LLC, which includes its wholly-owned subsidiary, Bimini Advisors Holdings, LLC.

Bimini Advisors Holdings, LLC and its wholly-owned subsidiary, Bimini Advisors, LLC (an investment advisor registered with the Securities and Exchange Commission), are collectively referred to as "Bimini Advisors." Bimini Advisors manages a residential mortgage-backed securities ("MBS") portfolio for Orchid Island Capital, Inc. ("Orchid") and receives fees for providing these services. Bimini Advisors also manages the MBS portfolio of Royal Palm Capital, LLC.

Royal Palm Capital, LLC maintains an investment portfolio, consisting primarily of MBS investments and shares of Orchid common stock, for its own benefit. Royal Palm Capital, LLC and its wholly-owned subsidiaries are collectively referred to as "Royal Palm."

Consolidation

The accompanying consolidated financial statements include the accounts of Bimini Capital, Bimini Advisors and Royal Palm. All inter-company accounts and transactions have been eliminated from the consolidated financial statements.

Variable Interest Entities ("VIEs")

A variable interest entity ("VIE") is consolidated by an enterprise if it is deemed the primary beneficiary of the VIE. Bimini Capital has a common share investment in a trust used in connection with the issuance of Bimini Capital's junior subordinated notes. See Note 8 for a description of the accounting used for this VIE.

The Company obtains interests in VIEs through its investments in mortgage-backed securities. The interests in these VIEs are passive in nature and are not expected to result in the Company obtaining a controlling financial interest in these VIEs in the future. As a result, the Company does not consolidate these VIEs and accounts for the interest in these VIEs as mortgage-backed securities. See Note 3 for additional information regarding the Company's investments in mortgage-backed securities. The maximum exposure to loss for these VIEs is the carrying value of the mortgage-backed securities.

Basis of Presentation

The accompanying unaudited condensed 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 may 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, 2021 are not necessarily indicative of the results that may be expected for the year ending December 31, 2021.

The consolidated balance sheet at December 31, 2020 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, 2020.

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 consolidated 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 consolidated financial statements include determining the fair values of MBS, investment in Orchid common shares and derivatives, determining the amounts of asset valuation allowances, and the computation of the income tax provision or benefit and the deferred tax asset allowances recorded for each accounting period.

Segment Reporting

The Company's operations are classified into two principal reportable segments: the asset management segment and the investment portfolio segment. These segments are evaluated by management in deciding how to allocate resources and in assessing performance. The accounting policies of the operating segments are the same as the Company's accounting policies with the exception that inter-segment revenues and expenses are included in the presentation of segment results. For further information see Note 14.

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 the time of purchase. Restricted cash includes cash pledged as collateral for repurchase agreements and derivative instruments. The following table presents the Company's cash, cash equivalents and restricted cash as of September 30, 2021 and December 31, 2020.

	September 30, 2021	December 31, 2020
Cash and cash equivalents	$ 7,854,843	$ 7,558,342
Restricted cash	1,690,160	3,353,015
Total cash, cash equivalents and restricted cash	$ 9,545,003	$ 10,911,357

The Company maintains cash balances at several banks and excess margin with an exchange clearing member. 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. Restricted cash balances are uninsured, but are held in separate accounts that are segregated from the general funds of the counterparty. The Company limits uninsured balances to only large, well-known banks and exchange clearing members and believes that it is not exposed to significant credit risk on cash and cash equivalents or restricted cash balances.

Advisory Services

Orchid is externally managed and advised by Bimini Advisors pursuant to the terms of a management agreement. Under the terms of the management agreement, Orchid is obligated to pay Bimini Advisors a monthly management fee and a pro rata portion of certain overhead costs and to reimburse the Company for any direct expenses incurred on its behalf. Revenues from management fees are recognized over the period of time in which the service is performed.

Mortgage-Backed Securities

The Company invests primarily in mortgage pass-through (“PT”) mortgage-backed certificates issued by Freddie Mac, Fannie Mae or Ginnie Mae (“MBS”), collateralized mortgage obligations (“CMOs”), interest-only (“IO”) securities and inverse interest-only (“IIO”) securities representing interest in or obligations backed by pools of mortgage-backed loans. We refer to MBS and CMOs as PT MBS. We refer to IO and IIO securities as structured MBS. 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.

Fair value is defined as 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 losses on MBS in the consolidated statements of operations. 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 for future reporting periods 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.

Orchid Island Capital, Inc. Common Stock

The Company accounts for its investment in Orchid common shares at fair value. The change in the fair value and dividends received on this investment are reflected in the consolidated statements of operations. We estimate the fair value of our investment in Orchid on a market approach using “Level 1” inputs based on the quoted market price of Orchid’s common stock on a national stock exchange.

Retained Interests in Securitizations

The Company holds retained interests in the subordinated tranches of securities created in securitization transactions. These retained interests currently have a recorded fair value of zero, as the prospect of future cash flows being received is uncertain. Any cash received from the retained interests is reflected in the consolidated statements of operations.

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 Treasury Note (“T-Note”) and Eurodollar futures contracts, and “to-be-announced” (“TBA”) securities transactions, but it may enter into other derivative instruments in the future.

The Company accounts for TBA securities as derivative instruments. Gains and losses associated with TBA securities transactions are reported in gain (loss) on derivative instruments in the accompanying consolidated statements of operations.

Derivative instruments are carried at fair value, and changes in fair value are recorded in the consolidated operations for each period. The Company's derivative financial instruments are not designated as hedge accounting relationships, but rather are used as economic hedges of its portfolio assets and liabilities.

Holding derivatives creates exposure to credit risk related to the potential for failure by counterparties to honor their commitments. 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. The Company's derivative agreements require it to post or receive collateral to mitigate such risk. In addition, the Company uses only registered central clearing exchanges and well-established commercial banks as counterparties, monitors positions with individual counterparties and adjusts posted collateral as required.

Financial Instruments

The fair value of financial instruments for which it is practicable to estimate that value is disclosed, either in the body of the consolidated financial statements or in the accompanying notes. MBS, Orchid common stock and derivative assets and liabilities 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 consolidated financial statements.

The estimated fair value of cash and cash equivalents, restricted cash, accrued interest receivable, other assets, repurchase agreements, accrued interest payable and other liabilities generally approximates their carrying value as of September 30, 2021 and December 31, 2020, 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. Further information regarding these instruments is presented in Note 8 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. Depreciation is included in administrative and other expenses in the consolidated statement of operations.

Repurchase Agreements

The Company finances the acquisition of the majority of its PT MBS through the use of repurchase agreements under master repurchase agreements. Repurchase agreements are accounted for as collateralized financing transactions, which are carried at their contractual amounts, including accrued interest, as specified in the respective agreements.

Earnings Per Share

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 treasury stock or two-class method, as applicable 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, if any, on each share of Class A Common Stock. 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

Income taxes are provided for using the asset and liability method. Deferred tax assets and liabilities represent the differences between the financial statement and income tax bases of assets and liabilities using enacted tax rates. The measurement of net deferred tax assets is adjusted by a valuation allowance if, based on the Company's evaluation, it is more likely than not that they will not be realized.

The Company's U.S. federal income tax returns for years ended on or after December 31, 2018 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. For tax filing purposes, Bimini Capital and its includable subsidiaries, and Royal Palm and its includable subsidiaries, file as separate tax paying entities.

The Company assesses the likelihood, based on their technical merit, that uncertain 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. The Company recognizes tax positions in the consolidated financial statements only when it is more likely than not that the position will be sustained upon examination by the relevant taxing authority based on the technical merits of the position. A position that meets this standard is measured at the largest amount of benefit that will more likely than not be realized upon settlement. The difference between the benefit recognized and the tax benefit claimed on a tax return is referred to as an unrecognized tax benefit and is recorded as a liability in the consolidated balance sheets. The Company records income tax-related interest and penalties, if applicable, within the income tax provision.

Recent Accounting Pronouncements

In March 2020, the FASB issued ASU 2020-04 “Reference Rate Reform (Topic 848): *Facilitation of the Effects of Reference Rate Reform on Financial Reporting*.” ASU 2020-04 provides optional expedients and exceptions to GAAP requirements for modifications on debt instruments, leases, derivatives, and other contracts, related to the expected market transition from the London Interbank Offered Rate (“LIBOR,”), and certain other floating rate benchmark indices, or collectively, IBORs, to alternative reference rates. ASU 2020-04 generally considers contract modifications related to reference rate reform to be an event that does not require contract remeasurement at the modification date nor a reassessment of a previous accounting determination. The guidance in ASU 2020-04 is optional and may be elected over time, through December 31, 2022, as reference rate reform activities occur. The Company does not believe the adoption of this ASU will have a material impact on its consolidated financial statements.

In January 2021, the FASB issued ASU 2021-01 “Reference Rate Reform (Topic 848)”. ASU 2021-01 expands the scope of ASC 848 to include all affected derivatives and give market participants the ability to apply certain aspects of the contract modification and hedge accounting expedients to derivative contracts affected by the discounting transition. In addition, ASU 2021-01 adds implementation guidance to permit a company to apply certain optional expedients to modifications of interest rate indexes used for margining, discounting or contract price alignment of certain derivatives as a result of reference rate reform initiatives and extends optional expedients to account for a derivative contract modified as a continuation of the existing contract and to continue hedge accounting when certain critical terms of a hedging relationship change to modifications made as part of the discounting transition. The guidance in ASU 2021-01 is effective immediately and available generally through December 31, 2022, as reference rate reform activities occur. The Company does not believe the adoption of this ASU will have a material impact on its consolidated financial statements.

NOTE 2. ADVISORY SERVICES

Bimini Advisors serves as the manager and advisor for Orchid pursuant to the terms of a management agreement. As Manager, Bimini Advisors is responsible for administering Orchid's business activities and day-to-day operations. Pursuant to the terms of the management agreement, Bimini Advisors provides Orchid with its management team, including its officers, along with appropriate support personnel. Bimini Advisors is at all times subject to the supervision and oversight of Orchid's board of directors and has only such functions and authority as delegated to it. Bimini Advisors receives a monthly management fee in the amount of:

- One-twelfth of 1.5% of the first $250 million of Orchid’s month-end equity, as defined in the management agreement,
- One-twelfth of 1.25% of Orchid’s month-end equity that is greater than $250 million and less than or equal to $500 million, and
- One-twelfth of 1.00% of Orchid’s month-end equity that is greater than $500 million.

Orchid is obligated to reimburse Bimini Advisors for any direct expenses incurred on its behalf and to pay to Bimini Advisors an amount equal to Orchid's pro rata portion of certain overhead costs set forth in the management agreement. The management agreement has been renewed through February 20, 2022 and provides for automatic one-year extension options thereafter. Should Orchid terminate the management agreement without cause, it will be obligated to pay Bimini Advisors a termination fee equal to three times the average annual management fee, as defined in the management agreement, before or on the last day of the automatic renewal term.

The following table summarizes the advisory services revenue from Orchid for the nine and three months ended September 30, 2021 and 2020.

(in thousands)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	**2020**	**2021**	**2020**
Management fee	$ 5,569	$ 3,897	$ 2,157	$ 1,252
Allocated overhead	1,189	1,072	390	377
Total	$ 6,758	$ 4,969	$ 2,547	$ 1,629

At September 30, 2021 and December 31, 2020, the net amount due from Orchid was approximately $0.9 million and $0.6 million, respectively.

NOTE 3. MORTGAGE-BACKED SECURITIES

The following table presents the Company’s MBS portfolio as of September 30, 2021 and December 31, 2020:

(in thousands)

	September 30, 2021	December 31, 2020
Fixed-rate MBS	$ 61,372	$ 64,902
Interest-Only MBS	2,999	251
Inverse Interest-Only MBS	19	25
Total	$ 64,390	$ 65,178

NOTE 4. REPURCHASE AGREEMENTS

The Company pledges certain of its MBS as collateral under repurchase agreements with financial institutions. Interest rates are generally fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is generally paid at the termination of a borrowing. If the fair value of the pledged securities declines, lenders will typically require the Company to post additional collateral or pay down borrowings to re-establish agreed upon collateral requirements, referred to as "margin calls." Similarly, if the fair value of the pledged securities increases, lenders may release collateral back to the Company. As of September 30, 2021, the Company had met all margin call requirements.

As of September 30, 2021 and December 31, 2020, 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, 2021					
Fair value of securities pledged, including accrued interest receivable	$ -	$ 46,857	$ 17,761	$ -	$ 64,618
Repurchase agreement liabilities associated with these securities	$ -	$ 45,730	$ 17,430	$ -	$ 63,160
Net weighted average borrowing rate	-	0.14%	0.12%	-	0.13%
December 31, 2020					
Fair value of securities pledged, including accrued interest receivable	$ -	$ 49,096	$ 8,853	$ 7,405	$ 65,354
Repurchase agreement liabilities associated with these securities	$ -	$ 49,120	$ 8,649	$ 7,302	$ 65,071
Net weighted average borrowing rate	-	0.25%	0.23%	0.30%	0.25%

In addition, cash pledged to counterparties for repurchase agreements was approximately $1.7 million and $3.4 million as of September 30, 2021 and December 31, 2020, respectively.

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 and cash posted by the Company as collateral, if any. At September 30, 2021 and December 31, 2020, the Company had an aggregate 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) with all counterparties of approximately $3.1 million and $3.6 million, respectively. As of September 30, 2021 and December 31, 2020, the Company did not have an amount at risk with any individual counterparty greater than 10% of the Company's equity.

NOTE 5. DERIVATIVE FINANCIAL INSTRUMENTS

Eurodollar and T-Note futures are cash settled futures contracts on an interest rate, with gains and losses credited or charged to the Company's cash accounts on a daily basis. A minimum balance, or "margin", is required to be maintained in the account on a daily basis. The tables below present information related to the Company's Eurodollar and T-note futures positions at September 30, 2021 and December 31, 2020.

($ in thousands)

As of September 30, 2021

	Junior Subordinated Debt Funding Hedges			
Expiration Year	Average Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity[1]
2021	$ 1,000	1.01%	0.17%	$ (2)

($ in thousands)

As of December 31, 2020

	Junior Subordinated Debt Funding Hedges			
Expiration Year	Average Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity[1]
2021	$ 1,000	1.02%	0.18%	$ (8)

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

(Losses) Gains on Derivative Instruments

The table below presents the effect of the Company's derivative financial instruments on the consolidated statements of operations for the nine and three months ended September 30, 2021 and 2020

(in thousands)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	2020	2021	2020
Eurodollar futures contracts (short positions)				
Repurchase agreement funding hedges	$ -	$ (2,328)	$ -	$ -
Junior subordinated debt funding hedges	-	(517)	-	-
T-Note futures contracts (short positions)				
Repurchase agreement funding hedges	-	(1,006)	-	-
Net TBA securities	-	(1,441)	-	-
Losses on derivative instruments	$ -	$ (5,292)	$ -	$ -

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. The Company attempts to minimize this risk in several ways. For instruments which are not centrally cleared on a registered exchange, the Company limits its counterparties to major financial institutions with acceptable credit ratings, and by monitoring positions with individual counterparties. In addition, the Company may be required to pledge assets as collateral for its 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, the Company may not receive payments provided for under the terms of its derivative agreements, and may have difficulty recovering its assets pledged as collateral for its derivatives. The cash and cash equivalents pledged as collateral for the Company's derivative instruments are included in restricted cash on the consolidated balance sheets. It is the Company's policy not to offset assets and liabilities associated with open derivative contracts. However, the Chicago Mercantile Exchange ("CME") rules characterize variation margin transfers as settlement payments, as opposed to adjustments to collateral. As a result, derivative assets and liabilities associated with centrally cleared derivatives for which the CME serves as the central clearing party are presented as if these derivatives had been settled as of the reporting date.

NOTE 6. PLEDGED ASSETS

Assets Pledged to Counterparties

The table below summarizes Bimini's assets pledged as collateral under its repurchase agreements and derivative agreements as of September 30, 2021 and December 31, 2020.

($ in thousands)

	September 30, 2021			December 31, 2020		
Assets Pledged to Counterparties	**Repurchase Agreements**	**Derivative Agreements**	**Total**	**Repurchase Agreements**	**Derivative Agreements**	**Total**
PT MBS - at fair value	$ 61,372	$ -	$ 61,372	$ 64,902	$ -	$ 64,902
Structured MBS - at fair value	2,999	-	2,999	251	-	251
Accrued interest on pledged securities	248	-	248	201	-	201
Restricted cash	1,690	-	1,690	3,352	1	3,353
Total	$ 66,309	$ -	$ 66,309	$ 68,706	$ 1	$ 68,707

Assets Pledged from Counterparties

The table below summarizes cash pledged to Bimini from counterparties under repurchase agreements and derivative agreements as of September 30, 2021 and December 31, 2020. Cash received as margin is recognized in cash and cash equivalents with a corresponding amount recognized as an increase in repurchase agreements or other liabilities in the consolidated balance sheets.

($ in thousands)

Assets Pledged to Bimini	**September 30, 2021**	**December 31, 2020**
Repurchase agreements	$ 487	$ 80
Total	$ 487	$ 80

NOTE 7. 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. 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, 2021 and December 31, 2020.

(in thousands)

Offsetting of Liabilities						
				Gross Amount Not Offset in the Consolidated Balance Sheet		
	Gross Amount of Recognized Liabilities	**Gross Amount Offset in the Consolidated Balance Sheet**	**Net Amount of Liabilities Presented in the Consolidated Balance Sheet**	**Financial Instruments Posted as Collateral**	**Cash Posted as Collateral**	**Net Amount**
September 30, 2021						
Repurchase Agreements	$ 63,160	$ -	$ 63,160	$ (61,470)	$ (1,690)	$ -
	$ 63,160	$ -	$ 63,160	$ (61,470)	$ (1,690)	$ -
December 31, 2020						
Repurchase Agreements	$ 65,071	$ -	$ 65,071	$ (61,719)	$ (3,352)	$ -
	$ 65,071	$ -	$ 65,071	$ (61,719)	$ (3,352)	$ -

The amounts disclosed for collateral received by or posted to the same counterparty are limited to the amount sufficient to reduce the asset or liability presented in the consolidated balance sheet to zero. The fair value of the actual collateral received by or posted to the same counterparty typically exceeds the amounts presented. See Note 6 for a discussion of collateral posted for, or received against, repurchase obligations and derivative instruments.

NOTE 8. LONG-TERM DEBT

Long-term debt at September 30, 2021 and December 31, 2020 is summarized as follows:

(in thousands)

	September 30, 2021	December 31, 2020
Junior subordinated debt	$ 26,804	$ 26,804
Note payable	641	657
Paycheck Protection Plan ("PPP") loan	-	152
Total	$ 27,445	$ 27,613

Junior Subordinated Debt

During 2005, Bimini Capital sponsored the formation of a statutory trust, known as Bimini Capital Trust II ("BCTII") of which 100% of the common equity is owned by Bimini Capital. It was formed for the purpose of issuing trust preferred capital securities to third-party investors and investing the proceeds from the sale of such capital securities solely in junior subordinated debt securities of Bimini Capital. The debt securities held by BCTII are the sole assets of BCTII.

As of September 30, 2021 and December 31, 2020, the outstanding principal balance on the junior subordinated debt securities owed to BCTII was $26.8 million. The BCTII trust preferred securities and Bimini Capital's BCTII Junior Subordinated Notes have a rate of interest that floats at a spread of 3.50% over the prevailing three-month LIBOR rate. As of September 30, 2021, the interest rate was 3.62%. The BCTII trust preferred securities and Bimini Capital's BCTII Junior Subordinated Notes require quarterly interest distributions and are redeemable at Bimini Capital's option, in whole or in part and without penalty. Bimini Capital's BCTII Junior Subordinated Notes are subordinate and junior in right of payment to all present and future senior indebtedness.

BCTII is a VIE because the holders of the equity investment at risk do not have substantive decision-making ability over BCTII's activities. Since Bimini Capital's investment in BCTII's common equity securities was financed directly by BCTII as a result of its loan of the proceeds to Bimini Capital, that investment is not considered to be an equity investment at risk. Since Bimini Capital's common share investment in BCTII is not a variable interest, Bimini Capital is not the primary beneficiary of BCTII. Therefore, Bimini Capital has not consolidated the financial statements of BCTII into its consolidated financial statements, and this investment is accounted for on the equity method.

The accompanying consolidated financial statements present Bimini Capital's BCTII Junior Subordinated Notes issued to BCTII as a liability and Bimini Capital's investment in the common equity securities of BCTII as an asset (included in other assets). For financial statement purposes, Bimini Capital records payments of interest on the Junior Subordinated Notes issued to BCTII as interest expense.

Note Payable

On October 30, 2019, the Company borrowed $680,000 from a bank. The note is payable in equal monthly principal and interest installments of approximately $4,500 through October 30, 2039. Interest accrues at 4.89% through October 30, 2024. Thereafter, interest accrues based on the weekly average yield to the United States Treasury securities adjusted to a constant maturity of 5 years, plus 3.25%. The note is secured by a mortgage on the Company's office building.

Paycheck Protection Plan Loan

On April 13, 2020, the Company received approximately $152,000 through the Paycheck Protection Program ("PPP") of the CARES Act in the form of a low interest loan. PPP loans carry a fixed rate of 1.00% and a term of two years, if not forgiven, in whole or in part. The

Small Business Administration notified the Company that, effective as of April 22, 2021, all principal and accrued interest under the PPP loan has been forgiven.

The table below presents the future scheduled principal payments on the Company’s long-term debt.

(in thousands)		
Last three months of 2021	$	6
2022		23
2023		24
2024		25
2025		26
After 2025		27,341
Total	$	27,445

NOTE 9. COMMON STOCK

There were no issuances of Bimini Capital's Class A Common Stock, Class B Common Stock or Class C Common Stock during the nine months ended September 30, 2021 and 2020.

Stock Repurchase Plans

On March 26, 2018, the Board of Directors of the Company (the “Board”) approved a Stock Repurchase Plan (the “2018 Repurchase Plan”). Pursuant to the 2018 Repurchase Plan, the Company could purchase up to 500,000 shares of its Class A Common Stock from time to time, subject to certain limitations imposed by Rule 10b-18 of the Securities Exchange Act of 1934. The 2018 Repurchase Plan was terminated on September 16, 2021

During the three months ended September 30, 2021, the Company repurchased a total of 1,195 shares under the 2018 Repurchase Plan at an aggregate cost of approximately $2,298, including commissions and fees, for a weighted average price of $1.92 per share. From the inception of the 2018 Repurchase Plan through its termination, the Company repurchased a total of 71,598 shares at an aggregate cost of approximately $169,243, including commissions and fees, for a weighted average price of $2.36 per share.

On September 16, 2021, the Board authorized a share repurchase plan pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934 (the “2021 Repurchase Plan”). Pursuant to the 2021 Repurchase Plan, the Company may purchase shares of its Class A Common Stock from time to time for an aggregate purchase price not to exceed $2.5 million. Share repurchases may be executed through various means, including, without limitation, open market transactions. The 2021 Repurchase Plan does not obligate the Company to purchase any shares, and it expires on September 16, 2023. The authorization for the 2021 Repurchase Plan may be terminated, increased or decreased by the Company’s Board of Directors in its discretion at any time. There were no shares repurchased during the nine months ended September 30, 2021 under 2021 Repurchase Plan.

Tender Offer

In July 2021, the Company completed a “modified Dutch auction” tender offer and paid $1.5 million, excluding fees and related expenses, to repurchase 812,879 shares of Bimini Capital’s Class A common stock at a price of $1.85 per share. The aggregate cost of the tender offer, including commissions and fees, was approximately $1.6 million.

NOTE 10. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business.

On April 22, 2020, the Company received a demand for payment from Citigroup, Inc. in the amount of $33.1 million related to the indemnification provisions of various mortgage loan purchase agreements (“MLPA’s”) entered into between Citigroup Global Markets Realty Corp and Royal Palm Capital, LLC (f/k/a Opteum Financial Services, LLC) prior to the date Royal Palm’s mortgage origination operations ceased in 2007. The demand is based on Royal Palm’s alleged breaches of certain representations and warranties in the related MLPA’s. The Company believes the demands are without merit and intends to defend against the demand vigorously. No provision or accrual has been recorded as of September 30, 2021 related to the Citigroup demand.

Management is not aware of any other significant reported or unreported contingencies at September 30, 2021.

NOTE 11. INCOME TAXES

The total income tax provision recorded for the nine months ended September 30, 2021 and 2020 was $0.3 million and $9.3 million, respectively, on consolidated pre-tax book income (loss) of $1.2 million and $(8.3) million in the nine months ended September 30, 2021 and 2020, respectively. The total income tax provision recorded for the three months ended September 30, 2021 and 2020 was $0.2 million and $0.6 million, respectively, on consolidated pre-tax book income of $0.6 million and $1.9 million in the three months ended September 30, 2021 and 2020, respectively.

The Company’s tax provision is based on a projected effective rate based on annualized amounts applied to actual income to date and includes the expected realization of a portion of the tax benefits of federal and state net operating losses carryforwards (“NOLs”). In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of capital loss and NOL carryforwards is dependent upon the generation of future capital gains and taxable income in periods prior to their expiration. The Company currently provides a valuation allowance against a portion of the NOLs since the Company believes that it is more likely than not that some of the benefits will not be realized in the future. The Company will continue to assess the need for a valuation allowance at each reporting date.

As a result of adverse economic impacts of COVID-19 on its business, the Company performed an assessment of the need for additional valuation allowances against existing deferred tax assets as of March 31, 2020. Following the more-likely-than-not standard that benefits will not be realized in the future, the Company determined an additional valuation allowance of approximately $11.2 million was necessary for the net operating loss carryforwards and capital loss carryforwards during the three months ended March 31, 2020.

NOTE 12. EARNINGS PER SHARE

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, and when, authorized and declared by the Board of Directors. The Class B common stock is included in the computation of basic EPS using the two-class method, and consequently is presented separately from Class A common stock. Shares of Class B common stock are not included in the computation of diluted Class A EPS as the conditions for conversion to Class A common stock were not met at September 30, 2021 and 2020.

Shares of Class C common stock are not included in the basic EPS computation as these shares do not have participation rights. Shares of Class C common stock are not included in the computation of diluted Class A EPS as the conditions for conversion to Class A common stock were not met at September 30, 2021 and 2020.

The table below reconciles the numerator and denominator of EPS for the nine and three months ended September 30, 2021 and 2020.

(in thousands, except per-share information)

	Nine Months Ended September 30,		Three Months Ended September 30,	
	2021	**2020**	**2021**	**2020**

Basic and diluted EPS per Class A common share:				
Income (loss) attributable to Class A common shares:				
Basic and diluted	$ 833	$ (17,499)	$ 464	$ 1,314
Weighted average common shares:				
Class A common shares outstanding at the balance sheet date	10,794	11,609	10,794	11,609
Effect of weighting	564	-	72	-
Weighted average shares-basic and diluted	11,358	11,609	10,866	11,609
Income (loss) per Class A common share:				
Basic and diluted	$ 0.07	$ (1.51)	$ 0.04	$ 0.11

(in thousands, except per-share information)

	Nine Months Ended September 30,		**Three Months Ended September 30,**	
	2021	**2020**	**2021**	**2020**
Basic and diluted EPS per Class B common share:				
Income (loss) attributable to Class B common shares:				
Basic and diluted	$ 2	$ (48)	$ 1	$ 4
Weighted average common shares:				
Class B common shares outstanding at the balance sheet date	32	32	32	32
Weighted average shares-basic and diluted	32	32	32	32
Income (loss) per Class B common share:				
Basic and diluted	$ 0.07	$ (1.51)	$ 0.04	$ 0.11

NOTE 13. FAIR VALUE

Fair value is the price that would be received to sell an asset or paid to transfer a liability (an exit price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of non-performance. Required disclosures include stratification of balance sheet amounts measured at fair value based on inputs the Company uses to derive fair value measurements. These stratifications are:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Company-specific data. These unobservable assumptions reflect the Company's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

MBS, Orchid common stock, retained interests and TBA securities were all recorded at fair value on a recurring basis during the nine and three months ended September 30, 2021 and 2020. When determining fair value measurements, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset. When possible, the Company looks to active and observable markets to price identical assets. When identical assets are not traded in active markets, the Company looks to market observable data for similar assets. Fair value measurements for the retained interests are generated by a model that requires management to make a significant number of assumptions, and this model resulted in a value of zero at both September 30, 2021 and December 31, 2020.

The Company's MBS and TBA securities are valued using Level 2 valuations, and such valuations currently are determined by the

Company based on independent pricing sources and/or third party broker quotes, when available. Because the price estimates may vary, the Company must make certain judgments and assumptions about the appropriate price to use to calculate the fair values. The Company and the independent pricing sources use various valuation techniques to determine the price of the Company's securities. These techniques include observing the most recent market for like or identical assets (including security coupon, maturity, yield, and prepayment speeds), spread pricing techniques to determine market credit spreads (option adjusted spread, zero volatility spread, spread to the U.S. Treasury curve or spread to a benchmark such as a TBA security), and model driven approaches (the discounted cash flow method, Black Scholes and SABR models which rely upon observable market rates such as the term structure of interest rates and volatility). The appropriate spread pricing method used is based on market convention. The pricing source determines the spread of recently observed trade activity or observable markets for assets similar to those being priced. The spread is then adjusted based on variances in certain characteristics between the market observation and the asset being priced. Those characteristics include: type of asset, the expected life of the asset, the stability and predictability of the expected future cash flows of the asset, whether the coupon of the asset is fixed or adjustable, the guarantor of the security if applicable, the coupon, the maturity, the issuer, size of the underlying loans, year in which the underlying loans were originated, loan to value ratio, state in which the underlying loans reside, credit score of the underlying borrowers and other variables if appropriate. The fair value of the security is determined by using the adjusted spread.

The Company's futures contracts are Level 1 valuations, as they are exchange-traded instruments and quoted market prices are readily available. Futures contracts are settled daily. The Company's interest rate swaps and interest rate swaptions are Level 2 valuations. The fair value of interest rate swaps is determined using a discounted cash flow approach using forward market interest rates and discount rates, which are observable inputs. The fair value of interest rate swaptions is determined using an option pricing model.

The following table presents financial assets and liabilities measured at fair value on a recurring basis as of September 30, 2021 and December 31, 2020:

(in thousands)

	Fair Value Measurements	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
September 30, 2021				
Mortgage-backed securities	$ 64,390	$ -	$ 64,390	$ -
Orchid Island Capital, Inc. common stock	12,691	12,691	-	-
December 31, 2020				
Mortgage-backed securities	$ 65,178	$ -	$ 65,178	$ -
Orchid Island Capital, Inc. common stock	13,548	13,548	-	-

During the nine months ended September 30, 2021 and 2020, there were no transfers of financial assets or liabilities between levels 1, 2 or 3.

NOTE 14. SEGMENT INFORMATION

The Company's operations are classified into two principal reportable segments: the asset management segment and the investment portfolio segment.

The asset management segment includes the investment advisory services provided by Bimini Advisors to Orchid and Royal Palm. As discussed in Note 2, the revenues of the asset management segment consist of management fees and overhead reimbursements received pursuant to a management agreement with Orchid. Total revenues received under this management agreement for the nine months ended September 30, 2021 and 2020, were approximately $6.8 million and $5.0 million, respectively, accounting for approximately 68% and 53% of consolidated revenues, respectively.

The investment portfolio segment includes the investment activities conducted by Royal Palm. The investment portfolio segment receives revenue in the form of interest and dividend income on its investments.

Segment information for the nine months ended September 30, 2021 and 2020 is as follows:

(in thousands)

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2021					
Advisory services, external customers	$ 6,758	$ -	$ -	$ -	$ 6,758
Advisory services, other operating segments [1]	108	-	-	(108)	-
Interest and dividend income	-	3,245	-	-	3,245
Interest expense	-	(95)	(748) [2]	-	(843)
Net revenues	6,866	3,150	(748)	(108)	9,160
Other income	-	(3,008)	154 [3]	-	(2,854)
Operating expenses [4]	(3,396)	(1,738)	-	-	(5,134)
Intercompany expenses [1]	-	(108)	-	108	-
Income (loss) before income taxes	$ 3,470	$ (1,704)	$ (594)	$ -	$ 1,172

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2020					
Advisory services, external customers	$ 4,969	$ -	$ -	$ -	$ 4,969
Advisory services, other operating segments [1]	116	-	-	(116)	-
Interest and dividend income	-	4,414	-	-	4,414
Interest expense	-	(1,030)	(893) [2]	-	(1,923)
Net revenues	5,085	3,384	(893)	(116)	7,460
Other expenses	-	(10,238)	(466) [3]	-	(10,704)
Operating expenses [4]	(2,632)	(2,375)	-	-	(5,007)
Intercompany expenses [1]	-	(116)	-	116	-
Income (loss) before income taxes	$ 2,453	$ (9,345)	$ (1,359)	$ -	$ (8,251)

Segment information for the three months ended September 30, 2021 and 2020 is as follows:

(in thousands)

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2021					
Advisory services, external customers	$ 2,547	$ -	$ -	$ -	$ 2,547
Advisory services, other operating segments [1]	35	-	-	(35)	-
Interest and dividend income	-	1,043	-	-	1,043
Interest expense	-	(24)	(248) [2]	-	(272)
Net revenues	2,582	1,019	(248)	(35)	3,318
Other	-	(1,033)	-	-	(1,033)
Operating expenses [4]	(1,157)	(496)	-	-	(1,653)
Intercompany expenses [1]	-	(35)	-	35	-
Income (loss) before income taxes	$ 1,425	$ (545)	$ (248)	$ -	$ 632

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2020					
Advisory services, external customers	$ 1,629	$ -	$ -	$ -	$ 1,629
Advisory services, other operating segments [1]	32	-	-	(32)	-

Interest and dividend income	-	1,097	-	-	1,097
Interest expense	-	(43)	(261)(2)	-	(304)
Net revenues	1,661	1,054	(261)	(32)	2,422
Other	-	1,070	49(3)	-	1,119
Operating expenses(4)	(956)	(659)	-	-	(1,615)
Intercompany expenses(1)	-	(32)	-	32	-
Income (loss) before income taxes	$ 705	$ 1,433	$ (212)	$ -	$ 1,926

(1) Includes fees paid by Royal Palm to Bimini Advisors for advisory services.
(2) Includes interest on long-term debt.
(3) Includes income recognized on the forgiveness of the PPP loan and gains (losses) on Eurodollar futures contracts entered into as a hedge on junior subordinated notes.
(4) Corporate expenses are allocated based on each segment's proportional share of total revenues.

Assets in each reportable segment as of September 30, 2021 and December 31, 2020 were as follows:

(in thousands)

	Asset Management	Investment Portfolio	Corporate	Total
September 30, 2021	$ 1,823	$ 110,711	13,200	$ 125,734
December 31, 2020	1,469	113,764	13,468	128,701

NOTE 15. RELATED PARTY TRANSACTIONS

Relationships with Orchid

At both September 30, 2021 and December 31, 2020, the Company owned 2,595,357 shares of Orchid common stock, representing approximately 1.7% and 3.4% of Orchid's outstanding common stock on such dates. The Company received dividends on this common stock investment of approximately $1.5 million and $0.5 million during the nine and three months ended September 30, 2021, and approximately $1.2 million and $0.5 million during the nine and three months ended September 30, 2020, respectively.

Robert Cauley, the Chief Executive Officer and Chairman of the Board of Directors of the Company, also serves as Chief Executive Officer and Chairman of the Board of Directors of Orchid, receives compensation from Orchid, and owns shares of common stock of Orchid. In addition, Hunter Haas, the Chief Financial Officer, Chief Investment Officer and Treasurer of the Company also serves as Chief Financial Officer, Chief Investment Officer and Secretary of Orchid, is a member of Orchid's Board of Directors, receives compensation from Orchid, and owns shares of common stock of Orchid. Robert J. Dwyer and Frank E. Jaumot, our independent directors, each own shares of common stock of Orchid.

ITEM 2. MANAGEMENT'SDISCUSSION AND ANALYSIS OF FINANCIALCONDITION AND RESULTS OF OPERATIONS.

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes to those statements included in Item 1 of this Form 10-Q. The discussion may contain certain forward-looking statements that involve risks and uncertainties. Forward-looking statements are those that are not historical in nature. As a result of many factors, such as those set forth under "Risk Factors" in our most recent Annual Report on Form 10-K and any subsequent Quarterly Reports on Form 10-Q, our actual results may differ materially from those anticipated in such forward-looking statements.

Overview

Bimini Capital Management, Inc. ("Bimini Capital" or the "Company") is a holding company that was formed in September 2003. The Company's principal wholly-owned operating subsidiary is Royal Palm Capital, LLC. We operate in two business segments: the asset management segment, which includes (a) the investment advisory services provided by Royal Palm's wholly-owned subsidiary Bimini Advisors Holdings, LLC, to Orchid, and (b) the investment portfolio segment, which includes the investment activities conducted by Royal Palm.

Bimini Advisors Holdings, LLC and its wholly-owned subsidiary, Bimini Advisors, LLC (an investment advisor registered with the Securities and Exchange Commission), are collectively referred to as "Bimini Advisors." Bimini Advisors serves as the external manager of the portfolio of Orchid Island Capital, Inc. ("Orchid"). From this arrangement, the Company receives management fees and expense reimbursements. As manager, Bimini Advisors is responsible for administering Orchid's business activities and day-to-day operations. Pursuant to the terms of the management agreement, Bimini Advisors provides Orchid with its management team, including its officers, along with appropriate support personnel. Bimini Advisors is at all times subject to the supervision and oversight of Orchid's board of directors and has only such functions and authority as delegated to it.

Royal Palm Capital, LLC (collectively with its wholly-owned subsidiaries referred to as "Royal Palm") maintains an investment portfolio, consisting primarily of residential mortgage-backed securities ("MBS") issued and guaranteed by a federally chartered corporation or agency ("Agency MBS"). Our investment strategy focuses on, and our portfolio consists of, two categories of Agency MBS: (i) traditional pass-through Agency MBS, such as mortgage pass-through certificates issued by Fannie Mae, Freddie Mac or Ginnie Mae (the "GSEs") and collateralized mortgage obligations ("CMOs") issued by the GSEs ("PT MBS") and (ii) structured Agency MBS, such as interest only securities ("IOs"), inverse interest only securities ("IIOs") and principal only securities ("POs"), among other types of structured Agency MBS. In addition, Royal Palm receives dividends from its investment in Orchid common shares.

Stock Repurchase Plans

On March 26, 2018, the Board of Directors of the Company approved a Stock Repurchase Plan the "2018 Repurchase Plan"). Pursuant to the 2018 Repurchase Plan, we could purchase up to 500,000 shares of the Company's Class A Common Stock from time to time, subject to certain limitations imposed by Rule 10b-18 of the Securities Exchange Act of 1934. The 2018 Repurchase Plan was terminated on September 16, 2021.

During the three months ended September 30, 2021, the Company repurchased a total of 1,195 shares under the 2018 Repurchase Plan at an aggregate cost of approximately $2,298, including commissions and fees, for a weighted average price of $1.92 per share. From commencement of the 2018 Repurchase Plan, through its termination, the Company repurchased a total of 71,599 shares at an aggregate cost of approximately $169,243, including commissions and fees, for a weighted average price of $2.36 per share.

On September 16, 2021, the Board authorized a share repurchase plan pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934 (the "2021 Repurchase Plan"). Pursuant to the 2021 Repurchase Plan, we may purchase shares of our Class A Common Stock from time to time for an aggregate purchase price not to exceed $2.5 million. Share repurchases may be executed through various means, including, without limitation, open market transactions. The 2021 Repurchase Plan does not obligate the Company to purchase any shares, and it expires on September 16, 2023. The authorization for the 2021 Repurchase Plan may be terminated, increased or decreased by the Company's Board of Directors in its discretion at any time. No shares were repurchased under the 2021 Repurchase Plan through September 30, 2021.

Tender Offer

In July 2021, we completed a "modified Dutch auction" tender offer and paid $1.5 million, excluding fees and related expenses, to repurchase 812,879 shares of our Class A common stock, which were retired, at a price of $1.85 per share.

Factors that Affect our Results of Operations and Financial Condition

A variety of industry and economic factors (in addition to those related to the COVID-19 pandemic) may impact our results of operations and financial condition. These factors include:

- interest rate trends;
- the difference between Agency MBS yields and our funding and hedging costs;
- competition for, and supply of, investments in Agency MBS;
- actions taken by the U.S. government, including the presidential administration, the U.S. Federal Reserve (the "Fed"), the Federal Open Market Committee (the "FOMC"), the Federal Housing Finance Agency (the "FHFA") and the U.S. Treasury;
- prepayment rates on mortgages underlying our Agency MBS, and credit trends insofar as they affect prepayment rates; and
- the equity markets and the ability of Orchid to raise additional capital; and
- other market developments.

In addition, a variety of factors relating to our business may also impact our results of operations and financial condition. These factors include:

- our degree of leverage;
- our access to funding and borrowing capacity;
- our borrowing costs;
- our hedging activities;
- the market value of our investments;
- the requirements to qualify for a registration exemption under the Investment Company Act;
- our ability to use net operating loss carryforwards and net capital loss carryforwards to reduce our taxable income;
- the impact of possible future changes in tax laws or tax rates; and
- our ability to manage the portfolio of Orchid and maintain our role as manager.

Results of Operations

Described below are the Company's results of operations for the nine and three months ended September 30, 2021, as compared to the nine and three months ended September 30, 2020.

Net Income (Loss) Summary

Consolidated net income for the nine months ended September 30, 2021 was $0.8 million, or $0.07 basic and diluted income per share of Class A Common Stock, as compared to consolidated net loss of $17.5 million, or $1.51 basic and diluted loss per share of Class A Common Stock, for the nine months ended September 30, 2020.

Consolidated net income for the three months ended September 30, 2021 was $0.5 million, or $0.04 basic and diluted income per share of Class A Common Stock, as compared to consolidated net income of $1.3 million, or $0.11 basic and diluted income per share of Class A Common Stock, for the three months ended September 30, 2020.

The components of net income (loss) for the nine and three months ended September 30, 2021 and 2020, along with the changes in those components are presented in the table below:

(in thousands)

	Nine Months Ended September 30,			Three Months Ended September 30,		
	2021	**2020**	**Change**	**2021**	**2020**	**Change**
Advisory services revenues	$ 6,758	$ 4,969	$ 1,789	$ 2,547	$ 1,629	$ 918
Interest and dividend income	3,245	4,414	(1,169)	1,043	1,097	(54)
Interest expense	(843)	(1,924)	1,081	(272)	(304)	32
Net revenues	9,160	7,459	1,701	3,318	2,422	896
Other (expense) income	(2,855)	(10,703)	7,848	(1,033)	1,119	(2,152)
Expenses	(5,134)	(5,007)	(127)	(1,653)	(1,615)	(38)
Net income (loss) before income tax provision	1,171	(8,251)	9,422	632	1,926	(1,294)
Income tax provision	(336)	(9,296)	8,960	(167)	(608)	441
Net income (loss)	$ 835	$ (17,547)	$ 18,382	$ 465	$ 1,318	$ (853)

GAAP and Non-GAAP Reconciliation

Economic Interest Expense and Economic Net Interest Income

We use derivative instruments, specifically Eurodollar and Treasury Note ("T-Note") futures contracts and TBA short positions to hedge a portion of the interest rate risk on repurchase agreements in a rising rate environment.

We have not designated our derivative financial instruments as hedge accounting relationships, but rather hold them for economic hedging purposes. Changes in fair value of these instruments are presented in a separate line item in our consolidated statements of operations and not included in interest expense. As such, for financial reporting purposes, interest expense and cost of funds are not impacted by the fluctuation in value of the derivative instruments.

For the purpose of computing economic net interest income and ratios relating to cost of funds measures, GAAP interest expense has been adjusted to reflect the realized and unrealized gains or losses on certain derivative instruments the Company uses that pertain to each period presented. We believe that adjusting our interest expense for the periods presented by the gains or losses on these derivative instruments would not accurately reflect our economic interest expense for these periods. The reason is that these derivative instruments may cover periods that extend into the future, not just the current period. Any realized or unrealized gains or losses on the instruments reflect the change in market value of the instrument caused by changes in underlying interest rates applicable to the term covered by the instrument, not just the current period.

For each period presented, we have combined the effects of the derivative financial instruments in place for the respective period with the actual interest expense incurred on borrowings to reflect total economic interest expense for the applicable period. Interest expense, including the effect of derivative instruments for the period, is referred to as economic interest expense. Net interest income, when calculated to include the effect of derivative instruments for the period, is referred to as economic net interest income. This presentation includes gains or losses on all contracts in effect during the reporting period, covering the current period as well as periods in the future.

We believe that economic interest expense and economic net interest income provide meaningful information to consider, in addition to the respective amounts prepared in accordance with GAAP. The non-GAAP measures help management to evaluate its financial position and performance without the effects of certain transactions and GAAP adjustments that are not necessarily indicative of our current investment portfolio or operations. The unrealized gains or losses on derivative instruments presented in our consolidated statements of operations are not necessarily representative of the total interest rate expense that we will ultimately realize. This is because as interest rates move up or down in the future, the gains or losses we ultimately realize, and which will affect our total interest rate expense in future periods, may differ from the unrealized gains or losses recognized as of the reporting date.

Our presentation of the economic value of our hedging strategy has important limitations. First, other market participants may calculate economic interest expense and economic net interest income differently than the way we calculate them. Second, while we believe that the calculation of the economic value of our hedging strategy described above helps to present our financial position and performance, it may be of limited usefulness as an analytical tool. Therefore, the economic value of our investment strategy should not be viewed in isolation and is not a substitute for interest expense and net interest income computed in accordance with GAAP.

The tables below present a reconciliation of the adjustments to interest expense shown for each period relative to our derivative instruments, and the consolidated statements of operations line item, gains (losses) on derivative instruments, calculated in accordance with GAAP for each quarter in 2021 and 2020.

As a result of the market turmoil during the first quarter of 2020 several hedge positions where closed. However, the hedges closed were hedges that covered periods well beyond the first quarter of 2020. Accordingly, the open equity at the time these hedges were closed will result in adjustments to economic interest expense through the balance of their respective original hedge periods. Since the Company's portfolio was significantly reduced during the first quarter of 2020, the effect of applying the open equity at the time of closure of these hedge instruments to the current, and much smaller, repurchase agreement interest expense amounts has materially impacted the economic interest amounts reported below.

Losses on Derivative Instruments - Recognized in Consolidated Statement of Operations (GAAP)

(in thousands)

Three Months Ended	Recognized in Statement of Operations (GAAP)	TBA Securities Loss	Futures Contracts
September 30, 2021	$ -	$ -	$ -
June 30, 2021	-	-	-
March 31, 2021	-	-	-
December 31, 2020	-	-	-
September 30, 2020	-	-	-
June 30, 2020	(2)	-	(2)
March 31, 2020	(5,291)	(1,441)	(3,850)
Nine Months Ended			
September 30, 2021	$ -	$ -	$ -
September 30, 2020	(5,292)	(1,441)	(3,851)

Gains (Losses) on Derivative Instruments - Attributed to Current Period (Non-GAAP)

(in thousands)

	Attributed to Current Period (Non-GAAP)			Attributed to Future Periods (Non-GAAP)			
Three Months Ended	Repurchase Agreements	Long-Term Debt	Total	Repurchase Agreements	Long-Term Debt	Total	Statement of Operations
September 30, 2021	$ (709)	$ (57)	$ (766)	$ 709	$ 57	$ 766	$ -
June 30, 2021	(708)	(58)	(766)	708	58	766	-
March 31, 2021	(708)	(58)	(766)	708	58	766	-
December 31, 2020	(615)	(40)	(655)	615	40	655	-
September 30, 2020	(1,065)	(40)	(1,105)	1,065	40	1,105	-
June 30, 2020	(456)	(40)	(496)	456	38	494	(2)
March 31, 2020	(456)	(40)	(496)	(2,879)	(475)	(3,354)	(3,850)
Nine Months Ended							
September 30, 2021	$ (2,125)	$ (173)	$ (2,298)	$ 2,125	$ 173	$ 2,298	$ -
September 30, 2020	(1,977)	(120)	(2,097)	(1,358)	(396)	(1,754)	$ (3,851)

Economic Net Portfolio Interest Income

(in thousands)

Three Months Ended	Interest Income	Interest Expense on Repurchase Agreements: GAAP Basis	Interest Expense on Repurchase Agreements: Effect of Non-GAAP Hedges[1]	Interest Expense on Repurchase Agreements: Economic Basis[2]	Net Portfolio Interest Income: GAAP Basis	Net Portfolio Interest Income: Economic Basis[3]
September 30, 2021	$ 537	$ 24	$ (709)	$ 733	$ 513	$ (196)
June 30, 2021	578	31	(708)	739	547	(161)
March 31, 2021	611	40	(708)	748	571	(137)
December 31, 2020	597	43	(615)	658	554	(61)
September 30, 2020	604	43	(1,065)	1,108	561	(504)
June 30, 2020	523	60	(456)	516	463	7
March 31, 2020	2,040	928	(456)	1,384	1,112	656
Nine Months Ended						
September 30, 2021	$ 1,726	$ 95	$ (2,125)	$ 2,220	$ 1,631	$ (494)
September 30, 2020	3,167	1,030	(1,978)	3,008	2,137	159

(1) Reflects the effect of derivative instrument hedges for only the period presented.
(2) Calculated by subtracting the effect of derivative instrument hedges attributed to the period presented from GAAP interest expense.
(3) Calculated by adding the effect of derivative instrument hedges attributed to the period presented to GAAP net portfolio interest income.

Economic Net Interest Income

(in thousands)

Three Months Ended	Net Portfolio Interest Income: GAAP Basis	Net Portfolio Interest Income: Economic Basis[1]	Interest Expense on Long-Term Debt: GAAP Basis	Interest Expense on Long-Term Debt: Effect of Non-GAAP Hedges[2]	Interest Expense on Long-Term Debt: Economic Basis[3]	Net Interest Income (Loss): GAAP Basis	Net Interest Income (Loss): Economic Basis[4]
September 30, 2021	$ 513	$ (196)	$ 248	$ (57)	$ 305	$ 265	$ (501)
June 30, 2021	547	(161)	250	(58)	308	297	(469)
March 31, 2021	571	(137)	250	(58)	308	321	(445)
December 31, 2020	554	(61)	257	(40)	297	297	(358)
September 30, 2020	561	(504)	261	(40)	301	300	(805)
June 30, 2020	463	7	282	(40)	322	181	(315)
March 31, 2020	1,112	656	350	(40)	390	762	266
Nine Months Ended							
September 30, 2021	$ 1,631	$ (494)	$ 748	$ (173)	$ 921	$ 883	$ (1,415)
September 30, 2020	2,137	159	893	(120)	1,013	1,244	(854)

(1) Calculated by adding the effect of derivative instrument hedges attributed to the period presented to GAAP net portfolio interest income.
(2) Reflects the effect of derivative instrument hedges for only the period presented.
(3) Calculated by subtracting the effect of derivative instrument hedges attributed to the period presented from GAAP interest expense.
(4) Calculated by adding the effect of derivative instrument hedges attributed to the period presented to GAAP net interest income.

Segment Information

We have two operating segments. The asset management segment includes the investment advisory services provided by Bimini Advisors to Orchid and Royal Palm. The investment portfolio segment includes the investment activities conducted by Royal Palm. Segment information for the nine months ended September 30, 2021 and 2020 is as follows:

(in thousands)

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total

2021	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
Advisory services, external customers	$ 6,758	$ -	$ -	$ -	$ 6,758
Advisory services, other operating segments (1)	108	-	-	(108)	-
Interest and dividend income	-	3,245	-	-	3,245
Interest expense	-	(95)	(748) (2)	-	(843)
Net revenues	6,866	3,150	(748)	(108)	9,160
Other income	-	(3,008)	154 (3)	-	(2,854)
Operating expenses (4)	(3,396)	(1,738)	-	-	(5,134)
Intercompany expenses (1)	-	(108)	-	108	-
Income (loss) before income taxes	$ 3,470	$ (1,704)	$ (594)	$ -	$ 1,172

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2020					
Advisory services, external customers	$ 4,969	$ -	$ -	$ -	$ 4,969
Advisory services, other operating segments (1)	116	-	-	(116)	-
Interest and dividend income	-	4,414	-	-	4,414
Interest expense	-	(1,030)	(893) (2)	-	(1,923)
Net revenues	5,085	3,384	(893)	(116)	7,460
Other expenses	-	(10,238)	(466) (3)	-	(10,704)
Operating expenses (4)	(2,632)	(2,375)	-	-	(5,007)
Intercompany expenses (1)	-	(116)	-	116	-
Income (loss) before income taxes	$ 2,453	$ (9,345)	$ (1,359)	$ -	$ (8,251)

Segment information for the three months ended September 30, 2021 and 2020 is as follows:

(in thousands)

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2021					
Advisory services, external customers	$ 2,547	$ -	$ -	$ -	$ 2,547
Advisory services, other operating segments (1)	35	-	-	(35)	-
Interest and dividend income	-	1,043	-	-	1,043
Interest expense	-	(24)	(248) (2)	-	(272)
Net revenues	2,582	1,019	(248)	(35)	3,318
Other	-	(1,033)	-	-	(1,033)
Operating expenses (4)	(1,157)	(496)	-	-	(1,653)
Intercompany expenses (1)	-	(35)	-	35	-
Income (loss) before income taxes	$ 1,425	$ (545)	$ (248)	$ -	$ 632

	Asset Management	Investment Portfolio	Corporate	Eliminations	Total
2020					
Advisory services, external customers	$ 1,629	$ -	$ -	$ -	$ 1,629
Advisory services, other operating segments (1)	32	-	-	(32)	-
Interest and dividend income	-	1,097	-	-	1,097
Interest expense	-	(43)	(261) (2)	-	(304)
Net revenues	1,661	1,054	(261)	(32)	2,422
Other	-	1,070	49 (3)	-	1,119
Operating expenses (4)	(956)	(659)	-	-	(1,615)
Intercompany expenses (1)	-	(32)	-	32	-
Income (loss) before income taxes	$ 705	$ 1,433	$ (212)	$ -	$ 1,926

(1) Includes advisory services revenue received by Bimini Advisors from Royal Palm.

(2) Includes interest on long-term debt.
(3) Includes income recognized on the forgiveness of the PPP loan and gains (losses) on Eurodollar futures contracts entered into as a hedge on junior subordinated notes.
(4) Corporate expenses are allocated based on each segment's proportional share of total revenues.

Assets in each reportable segment were as follows:

(in thousands)	Asset Management	Investment Portfolio	Corporate	Total
September 30, 2021	$ 1,823	110,711	$ 13,200	$ 125,734
December 31, 2020	1,469	113,764	13,468	128,701

Asset Management Segment

Advisory Services Revenue

Advisory services revenue consists of management fees and overhead reimbursements charged to Orchid for the management of its portfolio pursuant to the terms of a management agreement. We receive a monthly management fee in the amount of:

- One-twelfth of 1.5% of the first $250 million of Orchid's month-end equity, as defined in the management agreement,
- One-twelfth of 1.25% of Orchid's month-end equity that is greater than $250 million and less than or equal to $500 million, and
- One-twelfth of 1.00% of Orchid's month-end equity that is greater than $500 million.

In addition, Orchid is obligated to reimburse us for any direct expenses incurred on its behalf and to pay to us an amount equal to Orchid's pro rata portion of certain overhead costs set forth in the management agreement. The management agreement has been renewed through February 2022 and provides for automatic one-year extension options. Should Orchid terminate the management agreement without cause, it will be obligated to pay to us a termination fee equal to three times the average annual management fee, as defined in the management agreement, before or on the last day of the automatic renewal term.

The following table summarizes the advisory services revenue received from Orchid in each quarter during 2021 and 2020.

(in thousands)			Advisory Services		
Three Months Ended	Average Orchid MBS	Average Orchid Equity	Management Fee	Overhead Allocation	Total
September 30, 2021	$ 5,136,331	$ 672,384	$ 2,157	$ 390	$ 2,547
June 30, 2021	4,504,887	542,679	1,791	395	2,186
March 31, 2021	4,032,716	456,687	1,621	404	2,025
December 31, 2020	3,633,631	387,503	1,384	442	1,826
September 30, 2020	3,422,564	368,588	1,252	377	1,629
June 30, 2020	3,126,779	361,093	1,268	347	1,615
March 31, 2020	3,269,859	376,673	1,377	348	1,725
Nine Months Ended					
September 30, 2021	$ 4,557,978	$ 557,250	$ 5,569	$ 1,189	$ 6,758
September 30, 2020	3,273,068	368,785	3,897	1,072	4,969

Investment Portfolio Segment

Net Portfolio Interest Income

We define net portfolio interest income as interest income on MBS less interest expense on repurchase agreement funding. During the nine months ended September 30, 2021, we generated $1.6 million of net portfolio interest income, consisting of $1.7 million of interest income from MBS assets offset by $0.1 million of interest expense on repurchase liabilities. For the comparable period ended September 30, 2020, we generated $2.1 million of net portfolio interest income, consisting of $3.2 million of interest income from MBS assets offset by $1.0 million of interest expense on repurchase liabilities. The $1.5 million decrease in interest income for the nine months ended September 30, 2021 was due to a $15.4 million decrease in average MBS balances, combined with a 167 basis point ("bp") decrease in yields earned on the portfolio. The $0.9 million decrease in interest expense for the nine months ended September 30, 2021 was due to a combination of an $11.9 million decrease in average repurchase liabilities and a 151 bp decrease in cost of funds.

Our economic interest expense on repurchase liabilities for the nine months ended September 30, 2021 and 2020 was $2.2 million and $3.0 million, respectively, resulting in ($0.5) million and $0.2 million of economic net portfolio interest income, respectively.

During the three months ended September 30, 2021, we generated approximately $513,000 of net portfolio interest income, consisting of approximately $537,000 of interest income from MBS assets offset by approximately $24,000 of interest expense on repurchase liabilities. For the three months ended September 30, 2020, we generated approximately $561,000 of net portfolio interest income, consisting of approximately $604,000 of interest income from MBS assets offset by approximately $43,000 of interest expense on repurchase liabilities.

Our economic interest expense on repurchase liabilities for the three months ended September 30, 2021 and 2020 was $0.7 million and $1.1 million, respectively, resulting in approximately ($0.2) million and ($0.5) million of economic net portfolio interest expense, respectively.

The tables below provide information on our portfolio average balances, interest income, yield on assets, average repurchase agreement balances, interest expense, cost of funds, net interest income and net interest rate spread for the nine months ended September 30, 2021 and 2020 and each quarter in 2021 and 2020 on both a GAAP and economic basis.

($ in thousands)

Three Months Ended	Average MBS Held(1)	Interest Income(2)	Yield on Average MBS	Average Repurchase Agreements(1)	Interest Expense: GAAP Basis	Interest Expense: Economic Basis(2)	Average Cost of Funds: GAAP Basis	Average Cost of Funds: Economic Basis(3)
September 30, 2021	$ 66,692	$ 537	3.22%	$ 67,253	$ 24	$ 733	0.14%	4.36%
June 30, 2021	70,925	578	3.26%	$ 72,241	31	739	0.17%	4.09%
March 31, 2021	69,017	611	3.54%	69,104	40	748	0.23%	4.33%
December 31, 2020	69,161	597	3.45%	67,878	43	658	0.25%	3.88%
September 30, 2020	62,981	604	3.84%	61,151	43	1,108	0.28%	7.25%
June 30, 2020	53,630	523	3.90%	51,987	60	516	0.46%	3.97%
March 31, 2020	136,142	2,040	5.99%	131,156	928	1,384	2.83%	4.22%
Nine Months Ended								
September 30, 2021	$ 68,878	$ 1,726	3.34%	$ 69,533	$ 95	$ 2,220	0.18%	4.26%
September 30, 2020	84,251	3,167	5.01%	81,431	1,031	3,008	1.69%	4.92%

($ in thousands)

Three Months Ended	Net Portfolio Interest Income: GAAP Basis	Net Portfolio Interest Income: Economic Basis(2)	Net Portfolio Interest Spread: GAAP Basis	Net Portfolio Interest Spread: Economic Basis(4)
September 30, 2021	$ 513	$ (196)	3.08%	(1.14)%
June 30, 2021	547	(161)	3.09%	(0.83)%
March 31, 2021	571	(137)	3.31%	(0.79)%
December 31, 2020	554	(61)	3.20%	(0.42)%
September 30, 2020	561	(504)	3.56%	(3.40)%
June 30, 2020	463	7	3.44%	(0.07)%

March 31, 2020	1,112	656	3.16%	1.77%
Nine Months Ended				
September 30, 2021	$ 1,631	$ (494)	3.16%	(0.92)%
September 30, 2020	2,136	159	3.32%	0.09%

(1) Portfolio yields and costs of borrowings presented in the tables above and the tables on pages 29 and 30 are calculated based on the average balances of the underlying investment portfolio/repurchase agreement balances and are annualized for the periods presented. Average balances for quarterly periods are calculated using two data points, the beginning and ending balances.
(2) Economic interest expense and economic net interest income presented in the tables above and the tables on page 30 include the effect of derivative instrument hedges for only the period presented.
(3) Represents interest cost of our borrowings and the effect of derivative instrument hedges attributed to the period related to hedging activities divided by average MBS.
(4) Economic net interest spread is calculated by subtracting average economic cost of funds from yield on average MBS.

Interest Income and Average Earning Asset Yield

Our interest income was $1.7 million for the nine months ended September 30, 2021 and $3.2 million for the nine months ended September 30, 2020. Average MBS holdings were $68.9 million and $84.3 million for the nine months ended September 30, 2021 and 2020, respectively. The $1.5 million decrease in interest income was due to a $15.4 million decrease in average MBS holdings, combined with a 167 bp decrease in yields.

Our interest income was $0.5 million for the three months ended September 30, 2021 and $0.6 million for the three months ended September 30, 2020. Average MBS holdings were $66.7 million and $63.0 million for the three months ended September 30, 2021 and 2020, respectively. The $0.1 million decrease in interest income was due to a 62 bp decrease in yields, partially offset by a $3.7 million increase in average MBS holdings.

The tables below present the average portfolio size, income and yields of our respective sub-portfolios, consisting of structured and PT MBS, for the nine months ended September 30, 2021 and 2020, and for each quarter during 2021 and 2020.

($ in thousands)

	Average MBS Held			Interest Income			Realized Yield on Average MBS		
Three Months Ended	**PT MBS**	**Structured MBS**	**Total**	**PT MBS**	**Structured MBS**	**Total**	**PT MBS**	**Structured MBS**	**Total**
September 30, 2021	$ 64,641	$ 2,051	$ 66,692	$ 533	$ 4	$ 537	3.30%	0.91%	3.22%
June 30, 2021	70,207	718	70,925	579	(1)	578	3.30%	(0.11)%	3.26%
March 31, 2021	68,703	314	69,017	605	6	611	3.53%	6.54%	3.54%
December 31, 2020	68,842	319	69,161	598	(1)	597	3.47%	(1.20)%	3.45%
September 30, 2020	62,564	417	62,981	588	16	604	3.76%	15.35%	3.84%
June 30, 2020	53,101	529	53,630	502	21	523	3.78%	16.12%	3.90%
March 31, 2020	135,044	1,098	136,142	2,029	11	2,040	6.01%	3.93%	5.99%
Nine Months Ended									
September 30, 2021	$ 67,851	$ 1,027	$ 68,878	$ 1,717	$ 9	$ 1,726	3.37%	1.25%	3.34%
September 30, 2020	83,570	681	84,251	3,119	48	3,167	4.98%	9.42%	5.01%

Interest Expense on Repurchase Agreements and the Cost of Funds

Our average outstanding balances under repurchase agreements were $69.5 million and $81.4 million, generating interest expense of $0.1 million and $1.0 million for the nine months ended September 30, 2021 and 2020, respectively. Our average cost of funds was 0.18% and 1.69% for nine months ended September 30, 2021 and 2020, respectively. There was a 151 bp decrease in the average cost of funds and a $11.9 million decrease in average outstanding repurchase agreements during the nine months ended September 30, 2021, compared to the nine months ended September 30, 2020.

Our economic interest expense was $2.2 million and $3.0 million for the nine months ended September 30, 2021 and 2020, respectively. There was a 66 bp decrease in the average economic cost of funds to 4.26% for the nine months ended September 30, 2021 from 4.92% for the nine months ended September 30, 2020. The $0.8 million decrease in economic interest expense was due to the $11.9 million decrease in average outstanding repurchase agreements during the nine months ended September 30, 2021.

Our average outstanding balances under repurchase agreements were $67.3 million and $61.2 million, generating interest expense of approximately $24,000 and 43,000 for the three months ended September 30, 2021 and 2020, respectively. Our average cost of funds was 0.14% and 0.28% for three months ended September 30, 2021 and 2020, respectively. There was a 14 bp decrease in the average cost of funds and a $6.1 million increase in average outstanding repurchase agreements during the three months ended September 30, 2021 compared to the three months ended September 30, 2020.

Our economic interest expense was $0.7 million and $1.1 million for the three months ended September 30, 2021 and 2020, respectively. There was a 289 bp decrease in the average economic cost of funds to 4.36% for the three months ended September 30, 2021 from 7.25% for the three months ended September 30, 2020.

Because all of our repurchase agreements are short-term, changes in market rates have a more immediate impact on our interest expense. Our average cost of funds calculated on a GAAP basis was 5 bps above the average one-month LIBOR and 2 bps below the average six-month LIBOR for the quarter ended September 30, 2021. Our average economic cost of funds was 427 bps above the average one-month LIBOR and 420 bps above the average six-month LIBOR for the quarter ended September 30, 2021. The average term to maturity of the outstanding repurchase agreements decreased from 33 days at December 31, 2020 to 25 days at September 30, 2021.

The tables below present the average outstanding balances under our repurchase agreements, interest expense and average economic cost of funds, and average one-month and six-month LIBOR rates for the nine months ended September 30, 2021 and 2020, and for each quarter in 2021 and 2020, on both a GAAP and economic basis.

($ in thousands)

Three Months Ended	Average Balance of Repurchase Agreements	Interest Expense: GAAP Basis	Interest Expense: Economic Basis	Average Cost of Funds: GAAP Basis	Average Cost of Funds: Economic Basis
September 30, 2021	$ 67,253	$ 24	$ 733	0.14%	4.36%
June 30, 2021	72,241	31	739	0.17%	4.09%
March 31, 2021	69,104	40	748	0.23%	4.33%
December 31, 2020	67,878	43	658	0.25%	3.88%
September 30, 2020	61,151	43	1,108	0.28%	7.25%
June 30, 2020	51,987	60	516	0.46%	3.97%
March 31, 2020	131,156	928	1,384	2.83%	4.22%
Nine Months Ended					
September 30, 2021	$ 69,533	$ 95	$ 2,220	0.18%	4.26%
September 30, 2020	81,431	1,030	3,008	1.69%	4.92%

Three Months Ended	Average LIBOR: One-Month	Average LIBOR: Six-Month	Average GAAP Cost of Funds Relative to Average: One-Month LIBOR	Average GAAP Cost of Funds Relative to Average: Six-Month LIBOR	Average Economic Cost of Funds Relative to Average: One-Month LIBOR	Average Economic Cost of Funds Relative to Average: Six-Month LIBOR
September 30, 2021	0.09%	0.16%	0.05%	(0.02)%	4.27%	4.20%
June 30, 2021	0.10%	0.18%	0.07%	(0.01)%	3.99%	3.91%
March 31, 2021	0.13%	0.23%	0.10%	0.00%	4.20%	4.10%
December 31, 2020	0.15%	0.27%	0.10%	(0.02)%	3.73%	3.61%
September 30, 2020	0.17%	0.35%	0.11%	(0.07)%	7.08%	6.90%
June 30, 2020	0.55%	0.70%	(0.09)%	(0.24)%	3.42%	3.27%

March 31, 2020	1.34%	1.43%	1.49%	1.40%	2.88%	2.79%
Nine Months Ended						
September 30, 2021	0.10%	0.19%	0.08%	(0.01)%	4.16%	4.07%
September 30, 2020	0.68%	0.83%	1.01%	0.86%	4.24%	4.09%

Dividend Income

We owned 1,520,036 shares of Orchid common stock as of March 31, 2020. We acquired 975,321 additional shares during the three months ended June 30, 2020, and an additional 100,000 shares during the three months ended September 30, 2020, bringing our total ownership to 2,595,357 shares. Orchid paid total dividends of $0.585 per share and $0.195 per share during the nine and three months ended September 30, 2021, respectively, and $0.595 per share and $0.19 per share during the nine and three months ended September 30, 2020, respectively. During the nine and three months ended September 30, 2021, we received dividends on this common stock investment of approximately $1.5 million and $0.5 million, respectively, compared to $1.2 million and $0.5 million during the nine and three months ended September 30, 2020, respectively.

Long-Term Debt

Junior Subordinated Notes

Interest expense on our junior subordinated debt securities was $0.7 million and $0.9 million for the nine months ended September 30, 2021 and 2020, respectively. The average rate of interest paid for the nine months ended September 30, 2021 was 3.67% compared to 4.38% for the comparable period in 2020.

Interest expense on our junior subordinated debt securities was $0.2 million and $0.3 million for the three month periods ended September 30, 2021 and 2020, respectively. The average rate of interest paid for the three months ended September 30, 2021 was 3.62% compared to 3.80% for the comparable period in 2020.

The junior subordinated debt securities pay interest at a floating rate. The rate is adjusted quarterly and set at a spread of 3.50% over the prevailing three-month LIBOR rate on the determination date. As of September 30, 2021, the interest rate was 3.62%.

Note Payable

On October 30, 2019, the Company borrowed $680,000 from a bank. The note is payable in equal monthly principal and interest installments of approximately $4,500 through October 30, 2039. Interest accrues at 4.89% through October 30, 2024. Thereafter, interest accrues based on the weekly average yield to the United States Treasury securities adjusted to a constant maturity of 5 years, plus 3.25%. The note is secured by a mortgage on the Company's office building.

Paycheck Protection Plan Loan

On April 13, 2020, the Company received approximately $152,000 through the Paycheck Protection Program ("PPP") of the CARES Act in the form of a low interest loan. The Small Business Administration notified the Company that, effective as of April 22, 2021, all principal and accrued interest under the PPP loan has been forgiven.

Gains or Losses and Other Income

The table below presents our gains or losses and other income for the nine and three months ended September 30, 2021 and 2020.

(in thousands)	**Nine Months Ended September 30,**	**Three Months Ended September 30,**

	2021	2020	Change	2021	2020	Change
Realized gains (losses) on sales of MBS	$ 69	$ (5,805)	$ 5,874	$ 69	$ -	$ 69
Unrealized (losses) gains on MBS	(2,222)	304	(2,526)	(324)	276	(600)
Total (losses) gains on MBS	(2,153)	(5,501)	3,348	(255)	276	(531)
Losses on derivative instruments	-	(5,292)	5,292	-	-	-
Gains on retained interests in securitizations	-	59	(59)	-	59	(59)
Unrealized (losses) gains on Orchid Island Capital, Inc. common stock	(856)	39	(895)	(779)	794	(1,573)

We invest in MBS with the intent to earn net income from the realized yield on those assets over their related funding and hedging costs, and not for the purpose of making short term gains from trading in these securities. However, we have sold, and may continue to sell, existing assets to acquire new assets, which our management believes might have higher risk-adjusted returns in light of current or anticipated interest rates, federal government programs or general economic conditions or to manage our balance sheet as part of our asset/liability management strategy. During the nine months ended September 30, 2020, we received proceeds of $171.2 million from the sales of MBS. Most of these sales occurred during the second half of March 2020 as we sold assets in order to maintain our leverage ratio at prudent levels, maintain sufficient cash and liquidity and reduce risk associated with the market turmoil brought about by COVID-19. During the nine months ended September 30, 2021, we received proceeds of $13.1 million from the sales of MBS.

The fair value of our MBS portfolio and derivative instruments, and the gains (losses) reported on those financial instruments, are sensitive to changes in interest rates. The table below presents historical interest rate data for each quarter end during 2021 and 2020.

	5 Year U.S. Treasury Rate(1)	10 Year U.S. Treasury Rate(1)	15 Year Fixed-Rate Mortgage Rate(2)	30 Year Fixed-Rate Mortgage Rate(2)	Three Month Libor(3)
September 30, 2021	1.00%	1.53%	2.18%	2.90%	0.12%
June 30, 2021	0.87%	1.44%	2.27%	2.98%	0.13%
March 31, 2021	0.94%	1.75%	2.39%	3.08%	0.19%
December 31, 2020	0.36%	0.92%	2.22%	2.68%	0.23%
September 30, 2020	0.27%	0.68%	2.39%	2.89%	0.24%
June 30, 2020	0.29%	0.65%	2.60%	3.16%	0.31%
March 31, 2020	0.38%	0.70%	2.89%	3.45%	1.10%

(1) Historical 5 Year and 10 Year U.S. Treasury Rates are obtained from quoted end of day prices on the Chicago Board Options Exchange.
(2) Historical 15 Year and 30 Year Fixed Rate Mortgage Rates are obtained from Freddie Mac's Primary Mortgage Market Survey.
(3) Historical LIBOR are obtained from the Intercontinental Exchange Benchmark Administration Ltd.

Operating Expenses

For the nine and three months ended September 30, 2021, our total operating expenses were approximately $5.1 million and $1.7 million, respectively, compared to approximately $5.0 million and $1.6 million for the nine and three months ended September 30, 2020, respectively. The table below presents a breakdown of operating expenses for the nine and three months ended September 30, 2021 and 2020.

(in thousands)

	Nine Months Ended September 30,			Three Months Ended September 30,		
	2021	2020	Change	2021	2020	Change
Compensation and related benefits	$ 3,220	$ 3,157	$ 63	$ 1,029	$ 1,010	$ 19
Legal fees	113	122	(9)	37	27	10
Accounting, auditing and other professional fees	293	345	(52)	97	94	3
Directors' fees and liability insurance	568	512	56	190	166	24
Administrative and other expenses	940	871	69	300	319	(19)
	$ 5,134	$ 5,007	$ 127	$ 1,653	$ 1,616	$ 37

Income Tax Provision

We recorded an income tax provision for the nine and three months ended September 30, 2021 of approximately $0.3 million and $0.2 million, respectively, on consolidated pre-tax book income of $1.2 million and $0.6 million, respectively. We recorded an income tax provision for the nine and three months ended September 30, 2020 of approximately $9.3 million and $0.6 million, respectively, on consolidated pre-tax book (loss) income of $(8.3) million and $1.9 million.

As a result of adverse economic impacts of COVID-19 on our business, management performed an assessment of the need for additional valuation allowances against existing deferred tax assets. Following the more-likely-than-not standard that benefits will not be realized in the future, we determined an additional valuation allowance of approximately $11.2 million was necessary during the three months ended March 31, 2020 for the net operating loss carryforwards and capital loss carryforwards.

Financial Condition:

Mortgage-Backed Securities

As of September 30, 2021, our MBS portfolio consisted of $64.4 million of agency or government MBS at fair value and had a weighted average coupon of 3.40%. During the nine months ended September 30, 2021, we received principal repayments of $11.8 million compared to $11.2 million for the comparable period ended September 30, 2020. The average prepayment speeds for the quarters ended September 30, 2021 and 2020 were 18.3% and 15.8%, respectively.

The following table presents the 3-month constant prepayment rate ("CPR") experienced on our structured and PT MBS sub-portfolios, on an annualized basis, for the quarterly periods presented. CPR is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year. Specifically, the CPR in the chart below represents the three-month prepayment rate of the securities in the respective asset category.

Three Months Ended	PT MBS Portfolio (%)	Structured MBS Portfolio (%)	Total Portfolio (%)
September 30, 2021	15.5	26.9	18.3
June 30, 2021	21.0	31.3	21.9
March 31, 2021	18.5	16.4	18.3
December 31, 2020	12.8	24.5	14.4
September 30, 2020	13.0	32.0	15.8
June 30, 2020	12.4	25.0	15.3
March 31, 2020	11.6	18.1	13.7

The following tables summarize certain characteristics of our PT MBS and structured MBS as of September 30, 2021 and December 31, 2020:

($ in thousands)

Asset Category	Fair Value	Percentage of Entire Portfolio	Weighted Average Coupon	Weighted Average Maturity in Months	Longest Maturity
September 30, 2021					
Fixed Rate MBS	$ 61,372	95.3%	3.69%	333	1-Sep-51
Interest-Only MBS	2,999	4.7%	2.87%	305	15-May-51
Inverse Interest-Only MBS	19	0.0%	5.90%	212	15-May-39

Total MBS Portfolio	$	64,390	100.0%	3.40%	331	1-Sep-51
December 31, 2020						
Fixed Rate MBS	$	64,902	99.6%	3.89%	333	1-Aug-50
Interest-Only MBS		251	0.4%	3.56%	299	15-Jul-48
Inverse Interest-Only MBS		25	0.0%	5.84%	221	15-May-39
Total MBS Portfolio	$	65,178	100.0%	3.89%	333	1-Aug-50

($ in thousands)

		September 30, 2021			December 31, 2020	
Agency		**Fair Value**	**Percentage of Entire Portfolio**		**Fair Value**	**Percentage of Entire Portfolio**
Fannie Mae	$	41,938	65.1%	$	38,946	59.8%
Freddie Mac		22,452	34.9%		26,232	40.2%
Total Portfolio	$	64,390	100.0%	$	65,178	100.0%

		September 30, 2021		**December 31, 2020**
Weighted Average Pass-through Purchase Price	$	109.33	$	109.51
Weighted Average Structured Purchase Price	$	4.81	$	4.28
Weighted Average Pass-through Current Price	$	110.38	$	112.67
Weighted Average Structured Current Price	$	9.45	$	3.20
Effective Duration (1)		2.542		3.309

(1) Effective duration is the approximate percentage change in price for a 100 basis point change in rates. An effective duration of 2.542 indicates that an interest rate increase of 1.0% would be expected to cause a 2.542% decrease in the value of the MBS in our investment portfolio at September 30, 2021. An effective duration of 3.309 indicates that an interest rate increase of 1.0% would be expected to cause a 3.309% decrease in the value of the MBS in our investment portfolio at December 31, 2020. These figures include the structured securities in the portfolio but do include the effect of our hedges. Effective duration quotes for individual investments are obtained from The Yield Book, Inc.

The following table presents a summary of our portfolio assets acquired during the nine months ended September 30, 2021 and 2020.

($ in thousands)

	Nine Months Ended September 30,							
	2021				2020			
		Total Cost		**Average Price**	**Weighted Average Yield**		**Total Cost**		**Average Price**	**Weighted Average Yield**
PT MBS	$	23,337	$	106.48	1.41%	$	43,130	$	111.44	1.99%
Structured MBS		2,852		10.01	0.43%		-		-	-

Our portfolio of PT MBS is typically comprised of adjustable-rate MBS, fixed-rate MBS and hybrid adjustable-rate MBS. We generally seek to acquire low duration assets that offer high levels of protection from mortgage prepayments provided that they are reasonably priced by the market. The stated contractual final maturity of the mortgage loans underlying our portfolio of PT MBS generally ranges up to 30 years. However, the effect of prepayments of the underlying mortgage loans tends to shorten the resulting cash flows from our investments substantially. Prepayments occur for various reasons, including refinancing of underlying mortgages, loan payoffs in connection with home sales, and borrowers paying more than their scheduled loan payments, which accelerates the amortization of the loans.

The duration of our IO and IIO portfolio will vary greatly depending on the structural features of the securities. While prepayment activity will always affect the cash flows associated with the securities, the interest only nature of IO's may cause their durations to become extremely negative when prepayments are high, and less negative when prepayments are low. Prepayments affect the duration of IIO's similarly, but the floating rate nature of the coupon of IIOs (which is inversely related to the level of one month LIBOR) causes their price movements - and model duration - to be affected by changes in both prepayments and one month LIBOR - both current and anticipated levels. As a result, the duration of IIO securities will also vary greatly.

Prepayments on the loans underlying our MBS can alter the timing of the cash flows received by us. As a result, we gauge the interest rate sensitivity of its assets by measuring their effective duration. While modified duration measures the price sensitivity of a bond to movements in interest rates, effective duration captures both the movement in interest rates and the fact that cash flows to a mortgage related security are altered when interest rates move. Accordingly, when the contract interest rate on a mortgage loan is substantially above prevailing interest rates in the market, the effective duration of securities collateralized by such loans can be quite low because of expected prepayments.

We face the risk that the market value of our PT MBS assets will increase or decrease at different rates than that of our structured MBS or liabilities, including our hedging instruments. Accordingly, we assess our interest rate risk by estimating the duration of our assets and the duration of our liabilities. We generally calculate duration and effective duration using various third-party models or obtain these quotes from third parties. However, empirical results and various third-party models may produce different duration numbers for the same securities.

The following sensitivity analysis shows the estimated impact on the fair value of our interest rate-sensitive investments and hedge positions as of September 30, 2021, assuming rates instantaneously fall 100 bps, rise 100 bps and rise 200 bps, adjusted to reflect the impact of convexity, which is the measure of the sensitivity of our hedge positions and Agency MBS' effective duration to movements in interest rates.

($ in thousands)

	Fair	$ Change in Fair Value			% Change in Fair Value		
MBS Portfolio	**Value**	**-100BPS**	**+100BPS**	**+200BPS**	**-100BPS**	**+100BPS**	**+200BPS**
Fixed Rate MBS	$ 61,372	$ 2,070	$ (2,857)	$ (6,133)	3.37%	(4.66)%	(9.99)%
Interest-Only MBS	2,999	(955)	636	996	(31.84)%	21.21%	33.22%
Inverse Interest-Only MBS	19	1	(3)	(5)	6.09%	(13.97)%	(28.53)%
Total MBS Portfolio	$ 64,390	$ 1,116	$ (2,224)	$ (5,142)	1.73%	(3.45)%	(7.99)%

($ in thousands)

	Notional	$ Change in Fair Value			% Change in Fair Value		
	Amount(1)	**-100BPS**	**+100BPS**	**+200BPS**	**-100BPS**	**+100BPS**	**+200BPS**
Eurodollar Futures Contracts							
Junior Subordinated Debt Hedges	$ 1,000	$ (3)	$ 3	$ 5	(1.00)%	1.00%	2.00%
	$ 1,000	$ (3)	$ 3	$ 5			
Gross Totals		$ 1,113	$ (2,221)	$ (5,137)			

(1) Represents the average contract/notional amount of Eurodollar futures contracts.

In addition to changes in interest rates, other factors impact the fair value of our interest rate-sensitive investments and hedging instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of our assets would likely differ from that shown above and such difference might be material and adverse to our stockholders.

Repurchase Agreements

As of September 30, 2021, we had established borrowing facilities in the repurchase agreement market with a number of commercial banks and other financial institutions and had borrowings in place with six of these counterparties. We believe these facilities provide borrowing capacity in excess of our needs. None of these lenders are affiliated with us. These borrowings are secured by our MBS.

As of September 30, 2021, we had obligations outstanding under the repurchase agreements of approximately $63.2 million with a net weighted average borrowing cost of 0.13%. The remaining maturity of our outstanding repurchase agreement obligations ranged from 6 to 53 days, with a weighted average maturity of 25 days. Securing the repurchase agreement obligation as of September 30, 2021 are MBS with an estimated fair value, including accrued interest, of $64.6 million and a weighted average maturity of 332 months. Through November 8, 2021, we have been able to maintain our repurchase facilities with comparable terms to those that existed at September 30, 2021 with maturities through January 14, 2022.

The table below presents information about our period-end, maximum and average repurchase agreement obligations for each quarter in 2021 and 2020.

($ in thousands)

Three Months Ended	Ending Balance of Repurchase Agreements	Maximum Balance of Repurchase Agreements	Average Balance of Repurchase Agreements	Difference Between Ending Repurchase Agreements and Average Repurchase Agreements Amount	Percent
September 30, 2021	$ 63,160	$ 72,047	$ 67,253	$ (4,093)	(6.09)%
June 30, 2021	71,346	72,372	72,241	(895)	(1.24)%
March 31, 2021	73,136	76,004	69,104	4,032	5.83%
December 31, 2020	65,071	70,684	67,878	(2,807)	(4.14)%
September 30, 2020	70,685	70,794	61,151	9,534	15.59%(1)
June 30, 2020	51,617	52,068	51,987	(370)	(0.71)%
March 31, 2020	52,357	214,921	131,156	(78,799)	(60.08)%(2)

(1) The higher ending balance relative to the average balance during the quarter ended September 30, 2020 reflects the increase in the portfolio. During that quarter, the Company's investment in PT MBS increased $20.4 million.

(2) The lower ending balance relative to the average balance during the quarter ended March 31, 2020 reflects the Company's response to the COVID-19 pandemic. During that quarter, the Company's investment in PT MBS decreased $162.4 million.

Liquidity and Capital Resources

Liquidity is our ability to turn non-cash assets into cash, purchase additional investments, repay principal and interest on borrowings, fund overhead and fulfill margin calls. Our primary immediate sources of liquidity include cash balances, unencumbered assets, the availability to borrow under repurchase agreements, and fees and dividends received from Orchid. Our borrowing capacity will vary over time as the market value of our interest earning assets varies. Our investments also generate liquidity on an on-going basis through payments of principal and interest we receive on our MBS portfolio.

The COVID-19 pandemic has adversely affected our liquidity, assets under management and operating results. During March 2020, we significantly reduced our MBS assets to meet margin calls and repay debts. As described elsewhere in this report, since March 2020, Bimini's operating results have stabilized, liquidity has improved and our investments in MBS and Orchid shares have increased as compared to investments in MBS and Orchid shares at March 31, 2020.

Our hedging strategy typically involves taking short positions in Eurodollar futures, T-Note futures, TBAs or other instruments. Currently, our hedge positions are limited to short positions in Eurodollar futures. When the market causes these short positions to decline in value we are required to meet margin calls with cash. This can reduce our liquidity position to the extent other securities in our portfolio move in price in such a way that we do not receive enough cash through margin calls to offset the Eurodollar related margin calls. If this were to occur in sufficient magnitude, the loss of liquidity might force us to reduce the size of the levered portfolio, pledge additional structured securities to raise funds or risk operating the portfolio with less liquidity.

Our master repurchase agreements have no stated expiration, but can be terminated at any time at our option or at the option of the counterparty. However, once a definitive repurchase agreement under a master repurchase agreement has been entered into, it generally may not be terminated by either party. A negotiated termination can occur, but may involve a fee to be paid by the party seeking to terminate the repurchase agreement transaction.

Under our repurchase agreement funding arrangements, we are required to post margin at the initiation of the borrowing. The margin posted represents the haircut, which is a percentage of the market value of the collateral pledged. To the extent the market value of the asset collateralizing the financing transaction declines, the market value of our posted margin will be insufficient and we will be required to post additional collateral. Conversely, if the market value of the asset pledged increases in value, we would be over collateralized and we would be entitled to have excess margin returned to us by the counterparty. Our lenders typically value our pledged securities daily to ensure the adequacy of our margin and make margin calls as needed, as do we. Typically, but not always, the parties agree to a minimum threshold amount for margin calls so as to avoid the need for nuisance margin calls on a daily basis.

As discussed above, we invest a portion of our capital in structured MBS. We generally do not apply leverage to this portion of our portfolio. The leverage inherent in the structured securities replaces the leverage obtained by acquiring PT securities and funding them in the repurchase market. This structured MBS strategy has been a core element of the Company's overall investment strategy since 2008. However, we have and may continue to pledge a portion of our structured MBS in order to raise our cash levels, but generally will not pledge these securities in order to acquire additional assets.

In future periods we expect to continue to finance our activities through repurchase agreements. As of September 30, 2021, we had cash and cash equivalents of $7.9 million. We generated cash flows of $13.4 million from principal and interest payments on our MBS portfolio and had average repurchase agreements outstanding of $69.5 million during the nine months ended September 30, 2021. In addition, during the nine months ended September 30, 2021, we received approximately $6.5 million in management fees and expense reimbursements as manager of Orchid and approximately $1.5 million in dividends from our investment in Orchid common stock.

In order to generate additional cash to be invested in our MBS portfolio, on October 30, 2019, we obtained a $680,000 loan secured by a mortgage on the Company's office property. The loan is payable in equal monthly principal and interest installments of approximately $4,500 through October 30, 2039. Interest accrues at 4.89%, through October 30, 2024. Thereafter, interest accrued based on the weekly average yield to the United States Treasury securities adjusted to a constant maturity of five years, plus 3.25%. Net loan proceeds were approximately $651,000. In addition, during 2020, we completed the sale of real property that was not used in the Company's business. The proceeds from this sale were approximately $462,000 and were invested in our MBS portfolio.

The table below summarizes the effect that certain future contractual obligations existing as of September 30, 2021 will have on our liquidity and cash flows. The figures below reflect forgiveness of all principal and interest under the PPP loan.

(in thousands)

	Obligations Maturing				
	Within One Year	One to Three Years	Three to Five Years	More than Five Years	Total
Repurchase agreements	$ 63,160	$ -	$ -	$ -	$ 63,160
Interest expense on repurchase agreements (1)	18	-	-	-	18
Junior subordinated notes (2)	-	-	-	26,000	26,000
Interest expense on junior subordinated notes (1)	995	1,909	1,906	8,783	13,593
Principal and interest on mortgage loan (1)	54	107	108	703	972
Totals	$ 64,227	$ 2,016	$ 2,014	$ 35,486	$ 103,743

(1) Interest expense on repurchase agreements, junior subordinated notes and mortgage loan are based on current interest rates as of September 30, 2021 and the remaining term of liabilities existing at that date.

(2) We hold a common equity interest in Bimini Capital Trust II. The amount presented represents our net cash outlay.

Outlook

Orchid Island Capital Inc.

Orchid Island Capital continued to grow its capital base in the third quarter of 2021. Orchid raised net proceeds of approximately $207.5 million through its "at the market" ("ATM") program during the third quarter and an additional $38.4 million subsequent to September 30, 2021. The capital raised subsequent to September 30, 2021, exhausted the remaining capacity under the ATM program in place at the time and Orchid announced a new ATM program on October 29, 2021, of $250 million. As for Orchid's financial performance, Orchid recorded GAAP net income of $0.20 per share or $26.0 million in the third quarter of 2021. The net effect of the new shares issued, net income and dividends paid resulted in Orchid's capital base increasing $176.8 million, or 32% for during the third quarter. Year to date Orchid has increased its capital base by approximately $315.3 million, or 76%. As a result, Bimini Advisor's advisory services revenue increased 17% over the second quarter and, as the increased capital base at Orchid was not in place for the entire quarter, the run rate entering the fourth quarter is higher still. Orchid's financial performance and dividend activity will also continue to impact the size of its capital base going forward.

Orchid is obligated to reimburse us for direct expenses paid on its behalf and to pay to us Orchid's pro rata share of overhead as defined in the management agreement. As a stockholder of Orchid, we will also continue to share in distributions, if any, paid by Orchid to its stockholders. Our operating results are also impacted by changes in the market value of our holdings of Orchid common shares, although these market value changes do not impact our cash flows from Orchid. The Company increased its holdings of Orchid during the second quarter of 2020, as the shares of Orchid were trading at a significant discount to Orchid's reported book value as of March 31, 2020. The Company currently owns approximately 2.6 million shares of Orchid.

The independent Board of Directors of Orchid has the ability to terminate the management agreement and thus end our ability to collect management fees and share overhead costs. Should Orchid terminate the management agreement without cause, it will be obligated to pay us a termination fee equal to three times the average annual management fee, as defined in the management agreement, before or on the last day of the current automatic renewal term.

Economic Summary

The effects of COVID-19 continued to dominate economic activity during the third quarter of 2021, particularly the Delta variant that first emerged in earnest during July. Daily new infections from the Delta variant rose rapidly during the summer but appeared to peak in early September and have been slowly falling since. COVID related deaths have followed a similar pattern. Progress on vaccinations has slowed, and most of the new cases were among the unvaccinated. This has led to various measures by governments and corporations to mandate employees receive vaccinations. The net effect of a spreading virus and a reluctance on the part of many to get vaccinated has been subdued job growth during the third quarter of 2021. This is particularly true among workers with high exposure to customers, such as those in the leisure and hospitality industries. The various forms of pandemic related supplemental unemployment insurance ended in early September, so job growth may accelerate in the fourth quarter. In the interim, the combination of a reluctance to return to work on the part of many individuals, coupled with sufficient income via unemployment insurance, has resulted in both robust demand for goods and services and shortages of labor in many industries. Coupled with a demand/supply imbalance in favor of demand for many commodities and parts, the combination of the two forces has led to severe supply shortages across the economy. The supply imbalances for goods and services have in turn led to price pressures for both, driving inflation to multi-decade highs. The Fed chairman, among other members of the Federal Open Market Committee ("FOMC") has maintained these inflationary forces are temporary and will ease once the effects of the COVID pandemic fade and workers can return to work. Yet, as implied by market pricing of inflation linked U.S. Treasury securities and opinions expressed by various market participants, inflation may prove to be more than transitory, and of late even FOMC members themselves have admitted inflation has remained high longer than they had anticipated.

Over the course of the third quarter and into the fourth, expectations for growth in the U.S. economy continued to decline. On October 28, 2021, the advanced read on gross domestic product growth for the U.S. economy was reported to be 2.0%. Expectations for growth during the quarter were significantly higher at the beginning of the quarter. As noted above, job growth has decelerated, and supply constraints of goods and services are keeping activity levels suppressed. Over the course of the balance of the year it should become apparent whether the supply constraints, especially with respect to labor, are transitory now that essentially all forms of pandemic related unemployment insurance have ended and the new cases of the Delta variant of the COVID virus are subsiding. This in turn should also answer the question about the transitory nature of inflation.

The housing market remains robust as evidenced by sales of new and existing homes, as well as new home construction. However, as home prices have risen at 10% – 20% over the last year and supply shortages of goods and materials are constraining new home construction, this trend may slow. If this were to occur, it would be beneficial for the Company's RMBS portfolio as prepayments related to housing turnover may decelerate.

Legislative Response and the Fed

Congress passed the CARES Act quickly in response to the pandemic's emergence in the spring of 2020 and followed with additional legislation over the ensuing months. However, as certain provisions of the CARES Act expired, such as supplemental unemployment insurance in July of this year, there appeared to be a need for additional stimulus for the economy to deal with the surge in the pandemic that occurred as cold weather set in, particularly over the Christmas holiday. As mentioned above, the Federal government eventually passed an additional stimulus package in late December of 2020 and again in March of 2021. In addition, the Fed has provided, and continues to provide, as much support to the markets and the economy as it can within the constraints of its mandate. During the third quarter of 2020, the Fed unveiled a new monetary policy framework focused on average inflation rate targeting that allows the Fed Funds rate to remain quite low, even if inflation is expected to temporarily surpass the 2% target level. Further, the Fed has indicated that it will look past the presence of very tight labor markets, should they be present at the time. This marks a significant shift from their prior policy framework, which was focused on the unemployment rate as a key indicator of impending inflation. Adherence to this policy could steepen the U.S. Treasury curve as short-term rates could remain low for a considerable period but longer-term rates could rise given the Fed's intention to let inflation potentially run above 2% in the future as the economy more fully recovers. The response of U.S. Treasury rates appeared to follow this pattern precisely during the first quarter of 2021, but have since reversed since early in the second quarter 2021.

Interest Rates

Interest rates across the U.S. Treasury curve and U.S. dollar swap curve were little changed during the third quarter of 2021. The only notable development within the rates complex was the slight flattening of both curves between the five- and 30-year points as the market anticipates the eventual tapering of asset purchases beginning in the fourth quarter of 2021 and increases to the Fed funds rate in either the second half of 2022 or early 2023.

As described above, the COVID virus has dominated economic activity, since March 2020, with the Delta variant in particular becoming dominant during the third quarter of 2021. However, the FOMC and the Fed chairman have looked through the effects of the pandemic and see the impact fading. At the November FOMC meeting, the Fed announced they would commence the tapering of their asset purchases beginning in November. The pace of the tapering will be $10 billion of treasury securities per month and $5 billion of Agency MBS per month. The Fed stated the pace of tapering could be adjusted if economic conditions warranted. The Fed indicated that absent an adjustment to the pace of the tapering of their asset purchases they would likely complete the tapering by mid next year. At the conclusion of the Fed's September FOMC meeting the Fed released their summary of economic projections, or "Dot Plot" as it is known. As was the case with the June FOMC Dot Plot, the Dot Plot indicated FOMC members anticipated increasing the Fed Funds rate sooner and by a larger amount than the market anticipated. Nine of the eighteen FOMC members, as evidenced by the Dot Plot released in September, expect the Fed to increase the funds rate at least once in 2022. This surprised the market, and the market pricing of forward short-term rates quickly adjusted to reflect these expectations.

As the fourth quarter has unfolded and inflationary pressures have continued to build, market pricing of forward short-term rates have continued to reflect additional increases to the Fed Funds rate. Further, as inflation persists at higher levels and continues to challenge the Fed's assertion that it will prove transitory, longer maturity rates have moved higher so far in the fourth quarter.

The Agency RMBS Market

Performance for the Agency RMBS market for the third quarter was a modest 0.01%, generally in-line with most other asset classes. The excess return to comparable duration U.S. Treasuries and swaps for the Agency RMBS sub-index was 0.1% for both for the quarter. Within the Agency RMBS sector, higher coupon fixed rate securities outperformed lower coupons, specifically the coupon currently in widespread production. Total returns for the third quarter for 2.0% and 2.5% securities were -0.4% and 0.00%, respectively. For 3.0% and 3.5% coupons the returns were 0.6% and 0.5%, respectively. Thirty-year and fifteen-year securities both returned 0.1% for the quarter. As mentioned above, the Fed announced they will begin to taper their asset purchases in November and, absent an adjustment in the pace of their tapering, which could occur if economic conditions warrant, conclude the $40 billion per month purchases of Agency RMBS assets by mid-2022. Given the length of time the Fed has been supporting the Agency RMBS market, coupled with banks that are flush with deposits that need to be invested, price levels in the Agency RMBS market were quite rich prior to this development, especially the coupons the Fed routinely purchases, which have been the 2.0% and 2.5% coupons predominantly. These factors are what drove the relative underperformance of these two coupons for the quarter and has continued to do so into the fourth quarter.

The second driver of Agency RMBS performance, both for the third quarter of 2021 and beyond, is, as always, the level of prepayments. With interest rates relatively steady during the third quarter and, after such a prolonged period of low interest rates prepayment speeds on higher coupon, premium priced securities were expected to eventually slow. This appears to be finally happening as evidenced by the August and September prepayment reports, released in September and October, respectively. As interest rates have moved higher so far in the fourth quarter these coupons have been impacted further quarter to date.

Recent Legislative and Regulatory Developments

The Fed conducted large scale overnight repo operations from late 2019 until July 2020 to address disruptions in the U.S. Treasury, Agency debt and Agency MBS financing markets. These operations ceased in July 2020 after the central bank successfully tamed volatile funding costs that had threatened to cause disruption across the financial system.

The Fed has taken a number of other actions to stabilize markets as a result of the impacts of the COVID-19 pandemic. In March of 2020, the Fed announced a $700 billion asset purchase program to provide liquidity to the U.S. Treasury and Agency RMBS markets. The Fed also lowered the Fed Funds rate to a range of 0.0% – 0.25%, after having already lowered the Fed Funds rate by 50 bps earlier in the month. Later that same month the Fed announced a program to acquire U.S. Treasuries and Agency RMBS in the amounts needed to support smooth market functioning. With these purchases, market conditions improved substantially. Currently, the Fed is committed to purchasing $80 billion of U.S. Treasuries and $40 billion of Agency RMBS each month. Chairman Powell and the Fed have reiterated their commitment to this level of asset purchases at every meeting since their meeting on June 30, 2020. However, at the November 2021 meeting, the Fed concluded that substantial further progress towards their dual mandate had been met and they will begin to taper their asset purchases in November. They further stated that the pace of the tapering could be adjusted if economic conditions warranted, but otherwise would conclude the tapering in mid-2022. The Fed has taken various other steps to support certain other fixed income markets, to support mortgage servicers and to implement various portions of the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act.

The CARES Act was passed by Congress and signed into law on March 27, 2020. This over $2 trillion COVID-19 relief bill, among other things, provided for direct payments to each American making up to $75,000 a year, increased unemployment benefits for up to four months (on top of state benefits), funding to hospitals and health providers, loans and investments to businesses, states and municipalities and grants to the airline industry. On April 24, 2020, President Trump signed an additional funding bill into law that provided an additional $484 billion of funding to individuals, small businesses, hospitals, health care providers and additional coronavirus testing efforts. Various provisions of the CARES Act began to expire in July 2020, including a moratorium on evictions, expanded unemployment benefits, and a moratorium on foreclosures. On August 8, 2020, President Trump issued Executive Order 13945, directing the Department of Health and Human Services, the Centers for Disease Control and Prevention (“CDC”), the Department of Housing and Urban Development, and Department of the Treasury to take measures to temporarily halt residential evictions and foreclosures, including through temporary financial assistance.

On December 27, 2020, an additional $900 billion coronavirus aid package was signed into law as part of the Consolidated Appropriations Act of 2021, providing for extensions of many of the CARES Act policies and programs as well as additional relief. The package provided for, among other things, direct payments to most Americans with a gross income of less than $75,000 a year, extension of unemployment benefits through March 14, 2021, funding for procurement of vaccines and health providers, loans to qualified businesses, funding for rental assistance and funding for schools. On January 29, 2021, the CDC issued guidance extending eviction moratoriums for covered persons through March 31, 2021, which was extended to July 31, 2021. On August 26, 2021, the U.S. Supreme Court issued a decision ending the CDC eviction moratorium. In addition, on February 9, 2021, the FHFA announced that the foreclosure moratorium begun under the CARES Act for loans backed by Fannie Mae and Freddie Mac and the eviction moratorium for real estate owned by Fannie Mae and Freddie Mac were extended until March 31, 2021, which was further extended through September 30, 2021. On July 30, 2021, the FHA announced an extension of the eviction moratorium through September 30, 2021 for foreclosed borrowers and other occupants and noted the expiration of the foreclosure moratorium on July 31, 2021.

On March 11, 2021, the $1.9 trillion American Rescue Plan Act of 2021 was signed into law. This stimulus program furthered the Federal government's efforts to stabilize the economy and provide assistance to sectors of the population still suffering from the various physical and economic effects of the pandemic.

On September 30, 2019, the FHFA announced that Fannie Mae and Freddie Mac were allowed to increase their capital buffers to $25 billion and $20 billion, respectively, from the prior limit of $3 billion each. On June 30, 2020, the FHFA released a proposed rule on a new regulatory framework for the GSEs which seeks to implement both a risk-based capital framework and minimum leverage capital requirements. The final rule on the new capital framework for the GSEs was published in the federal register in December 2020. On January 14, 2021, the U.S. Treasury and the FHFA executed letter agreements allowing the GSEs to continue to retain capital up to their regulatory minimums, including buffers, as prescribed in the December rule. These letter agreements provide, in part, (i) there will be no exit from conservatorship until all material litigation is settled and the GSE has common equity Tier 1 capital of at least 3% of its assets, (ii) the GSEs will comply with the FHFA's regulatory capital framework, (iii) higher-risk single-family mortgage acquisitions will be restricted to current levels, and (iv) the U.S. Treasury and the FHFA will establish a timeline and process for future GSE reform. However, no definitive proposals or legislation have been released or enacted with respect to ending the conservatorship, unwinding the GSEs, or materially reducing the roles of the GSEs in the U.S. mortgage market. On June 23, 2021, President Biden removed the director of the FHFA and appointed an acting director. On September 14, 2021, the FHFA suspended certain provisions added to the letter agreements on January 14, 2021, including limits on the enterprises' cash windows, multifamily lending, loans with higher risk characteristics, and second homes and investment properties. The enterprises will continue to build capital under the continuing provisions of the letter agreements. Additionally, the FHFA is reviewing the enterprise regulatory capital framework and expects to announce further action in the near future.

In 2017, policymakers announced that LIBOR will be replaced by December 31, 2021. The directive was spurred by the fact that banks are uncomfortable contributing to the LIBOR panel given the shortage of underlying transactions on which to base levels and the liability associated with submitting an unfounded level. The ICE Benchmark Administration, in its capacity as administrator of USD LIBOR, has confirmed that it will cease publication of (i) the one-week and two-month USD LIBOR settings immediately following the LIBOR publication on December 31, 2021, and (ii) the overnight and one, three, six and 12-month USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. A joint statement by key regulatory authorities calls on banks to cease entering into new contracts that use USD LIBOR as a reference rate by no later than December 31, 2021. The Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has proposed replacing USD-LIBOR with a new SOFR, a rate based on U.S. repo trading. Many banks believe that it may take four to five years to complete the transition to SOFR, for certain, despite the 2021 deadline. We will monitor the emergence of this new rate carefully as it will potentially become the new benchmark for hedges and a range of interest rate investments. At this time, however, no consensus exists as to what rate or rates may become accepted alternatives to LIBOR.

Effective January 1, 2021, Fannie Mae, in alignment with Freddie Mac, will extend the timeframe for its delinquent loan buyout policy for Single-Family Uniform Mortgage-Backed Securities (UMBS) and Mortgage-Backed Securities (MBS) from four consecutively missed monthly payments to twenty-four consecutively missed monthly payments (i.e., 24 months past due). This new timeframe will apply to outstanding single-family pools and newly issued single-family pools and was first reflected when January 2021 factors were released on the fourth business day in February 2021.

For Agency RMBS investors, when a delinquent loan is bought out of a pool of mortgage loans, the removal of the loan from the pool is the same as a total prepayment of the loan. The respective GSEs currently anticipate, however, that delinquent loans will be repurchased in most cases before the 24-month deadline under one of the following exceptions listed below.

- a loan that is paid in full, or where the related lien is released and/or the note debt is satisfied or forgiven;
- a loan repurchased by a seller/servicer under applicable selling and servicing requirements;
- a loan entering a permanent modification, which generally requires it to be removed from the MBS. During any modification trial period, the loan will remain in the MBS until the trial period ends;
- a loan subject to a short sale or deed-in-lieu of foreclosure; or
- a loan referred to foreclosure.

Because of these exceptions, the GSEs currently believe based on prevailing assumptions and market conditions this change will have only a marginal impact on prepayment speeds, in aggregate. Cohort level impacts may vary. For example, more than half of loans referred to foreclosure are historically referred within six months of delinquency. The degree to which speeds are affected depends on delinquency levels, borrower response, and referral to foreclosure timelines.

The scope and nature of the actions the U.S. government or the Fed will ultimately undertake are unknown and will continue to evolve, especially in light of the COVID-19 pandemic, President Biden’s new administration and the new Congress in the United States.

Effect on Us

Regulatory developments, movements in interest rates and prepayment rates affect us in many ways, including the following:

Effects on our Assets

A change in or elimination of the guarantee structure of Agency RMBS may increase our costs (if, for example, guarantee fees increase) or require us to change our investment strategy altogether. For example, the elimination of the guarantee structure of Agency RMBS may cause us to change our investment strategy to focus on non-Agency RMBS, which in turn would require us to significantly increase our monitoring of the credit risks of our investments in addition to interest rate and prepayment risks.

Lower long-term interest rates can affect the value of our Agency RMBS in a number of ways. If prepayment rates are relatively low (due, in part, to the refinancing problems described above), lower long-term interest rates can increase the value of higher-coupon Agency RMBS. This is because investors typically place a premium on assets with yields that are higher than market yields. Although lower long-term interest rates may increase asset values in our portfolio, we may not be able to invest new funds in similarly-yielding assets.

If prepayment levels increase, the value of our Agency RMBS affected by such prepayments may decline. This is because a principal prepayment accelerates the effective term of an Agency RMBS, which would shorten the period during which an investor would receive above-market returns (assuming the yield on the prepaid asset is higher than market yields). Also, prepayment proceeds may not be able to be reinvested in similar-yielding assets. Agency RMBS backed by mortgages with high interest rates are more susceptible to prepayment risk because holders of those mortgages are most likely to refinance to a lower rate. IOs and IIOs, however, may be the types of Agency RMBS most sensitive to increased prepayment rates. Because the holder of an IO or IIO receives no principal payments, the values of IOs and IIOs are entirely dependent on the existence of a principal balance on the underlying mortgages. If the principal balance is eliminated due to prepayment, IOs and IIOs essentially become worthless. Although increased prepayment rates can negatively affect the value of our IOs and IIOs, they have the opposite effect on POs. Because POs act like zero-coupon bonds, meaning they are purchased at a discount to their par value and have an effective interest rate based on the discount and the term of the underlying loan, an increase in prepayment rates would reduce the effective term of our POs and accelerate the yields earned on those assets, which would increase our net income.

Higher long-term rates can also affect the value of our Agency RMBS. As long-term rates rise, rates available to borrowers also rise. This tends to cause prepayment activity to slow and extend the expected average life of mortgage cash flows. As the expected average life of the mortgage cash flows increases, coupled with higher discount rates, the value of Agency RMBS declines. Some of the instruments the Company uses to hedge our Agency RMBS assets, such as interest rate futures, swaps and swaptions, are stable average life instruments. This means that to the extent we use such instruments to hedge our Agency RMBS assets, our hedges may not adequately protect us from price declines, and therefore may negatively impact our book value. It is for this reason we use interest only securities in our portfolio. As interest rates rise, the expected average life of these securities increases, causing generally positive price movements as the number and size of the cash flows increase the longer the underlying mortgages remain outstanding. This makes interest only securities desirable hedge instruments for pass-through Agency RMBS.

As described above, the Agency RMBS market began to experience severe dislocations in mid-March 2020 as a result of the economic, health and market turmoil brought about by COVID-19. In March of 2020, the Fed announced that it would purchase Agency RMBS and U.S. Treasuries in the amounts needed to support smooth market functioning, which largely stabilized the Agency RMBS market, a commitment it reaffirmed at all subsequent Fed meetings. At the November 2021 meeting, the Fed concluded that the economy had progressed to the point that they could begin the process of tapering their asset purchases. Beginning in November, the Fed will reduce their purchases of treasury securities by $10 billion per month and their purchases of Agency MBS by $5 billion per month. At this rate they will completely eliminate the current level of purchases by mid-2022 although the Fed did state that if economic conditions warranted, they could alter the pace of the tapering accordingly. The reduction of the Fed's purchases of Agency RMBS could negatively impact our investment portfolio. Further, the moratoriums on foreclosures described above will likely delay potential defaults on loans that would otherwise be bought out of Agency MBS pools as described above. Depending on the ultimate resolution of the foreclosures, when and if it occurs, these loans may be removed from the pool into which they were securitized. If this were to occur, it would have the effect of delaying a prepayment on the Company's securities until such time. As the majority of the Company's Agency RMBS assets were acquired at a premium to par, this will tend to increase the realized yield on the asset in question.

Because we base our investment decisions on risk management principles rather than anticipated movements in interest rates, in a volatile interest rate environment we may allocate more capital to structured Agency RMBS with shorter durations. We believe these securities have a lower sensitivity to changes in long-term interest rates than other asset classes. We may attempt to mitigate our exposure to changes in long-term interest rates by investing in IOs and IIOs, which typically have different sensitivities to changes in long-term interest rates than PT RMBS, particularly PT RMBS backed by fixed-rate mortgages.

Effects on our borrowing costs

We leverage our PT RMBS portfolio and a portion of our structured Agency RMBS with principal balances through the use of short-term repurchase agreement transactions. The interest rates on our debt are determined by the short term interest rate markets. An increase in the Fed Funds rate or LIBOR would increase our borrowing costs, which could affect our interest rate spread if there is no corresponding increase in the interest we earn on our assets. This would be most prevalent with respect to our Agency RMBS backed by fixed rate mortgage loans because the interest rate on a fixed-rate mortgage loan does not change even though market rates may change.

In order to protect our net interest margin against increases in short-term interest rates, we may enter into interest rate swaps, which economically convert our floating-rate repurchase agreement debt to fixed-rate debt, or utilize other hedging instruments such as Eurodollar, Fed Funds and T-Note futures contracts or interest rate swaptions.

Summary

Once again COVID-19 dominated economic activity this quarter. However, we may be at a crossroads as the effects of the Delta variant appear to be waning and the number of people with either a vaccination and/or prior infections of the virus grow. Pandemic related relief measures such as supplemental unemployment insurance payments and foreclosure moratoriums have lapsed. Hopefully the combination of all of these factors will lead to surging job growth and act to quickly lessen the severe supply shortage of goods and labor. This in turn should slow the stubbornly high inflation the economy has suffered. If these events come to pass, the economy appears to be positioned to perform very well. The Fed views this outcome as likely and will commence a tapering of their asset purchases in November as they slowly remove the considerable accommodation they have provided the market since the onset of the pandemic. Conversely, if these events do not unfold and the supply shortages of goods and labor remain, the economy will likely continue to suffer from elevated levels of inflation. Under this scenario the path of economic growth is less certain, and the path of monetary policy could prove to be quite challenging for the Fed.

The performance of the Agency RMBS market was very modest in absolute returns, at 0.0% and 0.1% versus comparable duration interest rates and swaps. Performance for the sector was generally in line with other sectors of the fixed income markets. Within the Agency RMBS universe, performance was skewed towards higher coupons and away from lower coupons that comprise the bulk of recent production and Fed purchases. This has continued into the fourth quarter, in large part because at the November FOMC meeting the Fed stated they will begin to taper their asset purchases and likely conclude the process in mid-2022. Prepayment speeds, particularly on high coupon securities, have moderated and are likely to do so even more with rates higher so far in the fourth quarter and the typical seasonal slow down as we approach the winter months.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with GAAP. GAAP requires our management to make some complex and subjective decisions and assessments. Our most critical accounting policies involve decisions and assessments which could significantly affect reported assets, liabilities, revenues and expenses, and these decisions and assessments can change significantly each reporting period. There have been no changes to the processes used to determine our critical accounting estimates as discussed in our annual report on Form 10-K for the year ended December 31, 2020.

Capital Expenditures

At September 30, 2021, we had no material commitments for capital expenditures.

Off-Balance Sheet Arrangements

At September 30, 2021, we did not have any off-balance sheet arrangements.

Inflation

Virtually all of our assets and liabilities are interest rate sensitive in nature. As a result, interest rates and other factors influence our performance far more so than does inflation. Changes in interest rates do not necessarily correlate with inflation rates or changes in inflation rates. Our activities and balance sheet are measured with reference to historical cost and/or fair market value without considering inflation.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

Not Applicable.

ITEM 4. CONTROLS AND PROCEDURES.

Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report (the “evaluation date”), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”), of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the “Exchange Act”). Based on this evaluation, the CEO and CFO concluded our disclosure controls and procedures, as designed and implemented, were effective as of the evaluation date (1) in ensuring that information regarding the Company and its subsidiaries is accumulated and communicated to our management, including our CEO and CFO, by our employees, as appropriate to allow timely decisions regarding required disclosure and (2) in providing reasonable assurance that information we must disclose in our periodic reports under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by the SEC’s rules and forms.

Changes in Internal Controls over Financial Reporting

There were no material changes in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

On April 22, 2020, the Company received a demand for payment from Citigroup, Inc. in the amount of $33.1 million related to the indemnification provisions of various mortgage loan purchase agreements ("MLPA's") entered into between Citigroup Global Markets Realty Corp and Royal Palm Capital, LLC (f/k/a Opteum Financial Services, LLC) prior to the date Royal Palm's mortgage origination operations ceased in 2007. The demand is based on Royal Palm's alleged breaches of certain representations and warranties in the related MLPA's. The Company believes the demands are without merit and intends to defend against the demand vigorously. No provision or accrual has been recorded as of September 30, 2021 related to the Citigroup demand.

We are not party to any other material pending legal proceedings as described in Item 103 of Regulation S-K.

ITEM 1A. RISK FACTORS.

There have been no material changes to the risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2020, filed with the SEC on March 15, 2021.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

In July 2021, the Company completed a "modified Dutch auction" tender offer and paid an aggregate of $1.6 million, including fees and related expenses, to repurchase 812,879 shares of Bimini Capital's Class A common stock at a price of $1.93 per share. The tender offer was announced on May 27, 2021.

On March 26, 2018, the Board of Directors of the Company (the "Board") approved a Stock Repurchase Plan (the "2018 Repurchase Plan"). Pursuant to the 2018 Repurchase Plan, the Company could purchase up to 500,000 shares of its Class A Common Stock from time to time, subject to certain limitations imposed by Rule 10b-18 of the Securities Exchange Act of 1934. The 2018 Repurchase Plan was terminated on September 16, 2021.

On September 16, 2021, the Board authorized a share repurchase plan pursuant to Rule 10b5-1 of the Securities Exchange Act of 1934 (the "2021 Repurchase Plan"). Pursuant to the 2021 Repurchase Plan, the Company may purchase shares of its Class A Common Stock from time to time for an aggregate purchase price not to exceed $2.5 million.

The table below presents the Company's share repurchase activity for the three months ended September 30, 2021.

	Total Number of Shares Repurchased	Weighted-Average Price Paid Per Share	Shares Purchased as Part of Publicly Announced Programs	Maximum Number of Shares or Approximate Dollar Amount of Shares That May Yet be Repurchased Under the Authorization
July 1, 2021 - July 31, 2021	812,879	$ 1.93	-	429,596
August 1, 2021 - August 31, 2021	-	-	-	429,596
September 1, 2021 - September 30, 2021	1,195	1.92	1,195	$ 2,500,000
Totals / Weighted Average	814,074	$ 1.93	1,195	2,500,000

The Company did not have any unregistered sales of its equity securities during the three months ended September 30, 2021.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. MINE SAFETY DISCLOSURES.

Not Applicable.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

Exhibit No

3.1 Articles of Amendment and Restatement, incorporated by reference to Exhibit 3.1 to the Company's Form S-11/A, filed with the SEC on April 29, 2004
3.2 Articles Supplementary, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated November 3, 2005, filed with the SEC on November 8, 2005
3.3 Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated February 10, 2006, filed with the SEC on February 15, 2006
3.4 Articles of Amendment, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K, dated September 24, 2007, filed with the SEC on September 24, 2007
3.5 Amended and Restated Bylaws, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K, dated September 24, 2007, filed with the SEC on September 24, 2007
31.1 Certification of the Principal Executive Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002*
31.2 Certification of the Principal Financial Officer, pursuant to Rule 13a-14(a) or 15d-14(a) of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes Oxley Act of 2002*
32.1 Certification of the Chief Executive Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002**
32.2 Certification of the Chief Financial Officer, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes Oxley Act of 2002**

101.INS Instance Document***
101.SCH Taxonomy Extension Schema Document***
101.CAL Taxonomy Extension Calculation Linkbase Document***
101.DEF Additional Taxonomy Extension Definition Linkbase Document***
101.LAB Taxonomy Extension Label Linkbase Document***
101.PRE Taxonomy Extension Presentation Linkbase Document***

* Filed herewith.
** Furnished herewith
*** Submitted electronically herewith.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BIMINI CAPITAL MANAGEMENT, INC.

Date: November 9, 2021

By: /s/ Robert E. Cauley
Robert E. Cauley
Chairman and Chief Executive Officer

Date: November 9, 2021

By: /s/ G. Hunter Haas, IV
G. Hunter Haas, IV
President, Chief Financial Officer, Chief Investment Officer and Treasurer (Principal Financial Officer and Principal Accounting Officer)

Exhibit 31.1

CERTIFICATIONS

I, Robert E. Cauley, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bimini Capital Management, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

    a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

/s/ Robert E. Cauley

Robert E. Cauley

Chairman of the Board and Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, G. Hunter Haas, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Bimini Capital Management, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing equivalent functions):

   a) all significant deficiencies and material weakness in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 9, 2021

/s/ G. Hunter Haas, IV

G. Hunter Haas, IV
President and Chief Financial Officer

Exhibit 32.1

**CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 10 U.S.C. SECTION 1350**

I, Robert E. Cauley, in compliance 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report") filed with the Securities and Exchange Commission:

1. fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934

November 9, 2021	/s/ Robert E.Cauley Robert E. Cauley, Chairman of the Board and Chief Executive Officer

Exhibit 32.2

CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 10 U.S.C. SECTION 1350

I, G. Hunter Haas, in compliance 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, hereby certify that, the Company's Quarterly Report on Form 10-Q for the period ended September 30, 2021 (the "Report") filed with the Securities and Exchange Commission:

1. fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934

November 9, 2021

/s/ G. Hunter Haas, IV
G. Hunter Haas, IV
President and Chief Financial Officer