

BIMINI CAPITAL MANAGEMENT, INC.  
Form 10-Q  
May 12, 2008

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended March 31, 2008

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-32171

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

Maryland  
(State or other jurisdiction of  
incorporation or organization)

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

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

(772) 231-1400  
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES þ NO ..

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer .. Accelerated filer ý  
Non-accelerated filer .. Smaller Reporting Company ý

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

As of May 9, 2008, the number of shares outstanding of the registrant's Class A Common Stock, \$0.001 par value, was 25,032,645; the number of shares outstanding of the registrant's Class B Common Stock, \$0.001 par value, was 319,388; and the number of shares outstanding of the registrant's Class C Common Stock, \$0.001 par value, was 319,388.

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BIMINI CAPITAL MANAGEMENT, INC.

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## PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

BIMINI CAPITAL MANAGEMENT, INC.  
CONSOLIDATED BALANCE SHEETS

|  | (Unaudited)<br>March 31,<br>2008 | December 31,<br>2007  |
|--|----------------------------------|-----------------------|
| <b>ASSETS:</b>   |                                  |                       |
| <b>Mortgage-backed securities:</b>                         |                                  |                       |
| Available-for-sale, pledged to counterparties, at LOCOM    | \$ -                             | \$ 293,729,451        |
| Held for trading, pledged to counterparties, at fair value | 509,826,331                      | 396,175,157           |
| Unpledged, at fair value                                   | 5,490,612                        | 674,326               |
| <b>Total mortgage-backed securities</b>                    | <b>515,316,943</b>               | <b>690,578,934</b>    |
| Cash and cash equivalents                                  | 15,131,512                       | 27,284,760            |
| Restricted cash  | -                                | 8,800,000             |
| Principal payments receivable                              | 200,751                          | 99,089                |
| Accrued interest receivable                                | 2,611,736                        | 3,637,302             |
| Property and equipment, net                                | 4,151,647                        | 4,181,813             |
| Prepays and other assets                                   | 5,032,121                        | 5,315,835             |
| Assets held for sale                                       | 92,266,517                       | 96,619,615            |
| <b>Total Assets</b>  | <b>\$ 634,711,227</b>            | <b>\$ 836,517,348</b> |

**LIABILITIES AND STOCKHOLDERS' EQUITY****LIABILITIES:**

|  |                    |                    |
|--|--------------------|--------------------|
| Repurchase agreements  | \$ 491,016,999     | \$ 678,177,771     |
| Junior subordinated notes due to Bimini Capital Trust I & II | 103,097,000        | 103,097,000        |
| Accrued interest payable                                     | 2,511,707          | 3,872,101          |
| Accounts payable, accrued expenses and other                 | 583,506            | 644,858            |
| Liabilities related to assets held for sale                  | 17,593,615         | 27,842,174         |
| <b>Total Liabilities</b>                                     | <b>614,802,827</b> | <b>813,633,904</b> |

**COMMITMENTS AND CONTINGENCIES****STOCKHOLDERS' EQUITY**

|   |        |        |
|---|--------|--------|
| Preferred stock, \$0.001 par value; 10,000,000 shares authorized; designated, 1,800,000 shares as Class A Redeemable and 2,000,000 shares as Class B Redeemable; no shares issued and outstanding         | -      | -      |
| Class A Common Stock, \$0.001 par value; 98,000,000 shares designated: 25,013,099 shares issued and outstanding as of March 31, 2008 and 24,861,404 shares issued and outstanding as of December 31, 2007 | 25,013 | 24,861 |
| Class B Common Stock, \$0.001 par value; 1,000,000 shares designated, 319,388 shares issued and outstanding as of March 31, 2008 and December 31, 2007  | 319    | 319    |
| Class C Common Stock, \$0.001 par value; 1,000,000 shares designated, 319,388 shares issued and outstanding as of March 31, 2008 and December 31, 2007  | 319    | 319    |

|  |                |                |
|--|----------------|----------------|
| Additional paid-in capital                 | 338,656,567    | 338,241,582    |
| Accumulated deficit                        | (318,773,818)  | (315,383,637)  |
| Stockholders' Equity, net                  | 19,908,400     | 22,883,444     |
| Total Liabilities and Stockholders' Equity | \$ 634,711,227 | \$ 836,517,348 |

See Notes to Consolidated Financial Statements

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

|  | Three Months Ended March<br>31, |                 |
|--|---------------------------------|-----------------|
|  | 2008                            | 2007            |
| Interest income, net of amortization of premium and discount | \$ 10,110,893                   | \$ 38,634,264   |
| Interest expense   | (7,627,461)                     | (37,552,204)    |
| Net interest income, before interest on trust preferred debt | 2,483,432                       | 1,082,060       |
| Interest expense on trust preferred debt                     | (2,090,432)                     | (2,090,432)     |
| Net interest income (expense)                                | 393,000                         | (1,008,372)     |
| Fair value adjustment - held for trading securities          | 603,081                         | -               |
| Gains/(loss) on sale of mortgage-backed securities, net      | 322,571                         | (820,271)       |
| Revenues (Deficiency of revenues), net                       | 1,318,652                       | (1,828,643)     |
| Direct REIT operating expenses                               | 185,289                         | 228,247         |
| General and administrative expenses:                         |                                 |                 |
| Compensation and related benefits                            | 845,378                         | 1,192,385       |
| Directors' fees and liability insurance                      | 174,046                         | 188,574         |
| Audit, legal and other professional fees                     | 394,087                         | 342,396         |
| Other administrative   | 490,628                         | 156,691         |
| Total general and administrative expenses                    | 1,904,139                       | 1,880,046       |
| Total expenses   | 2,089,428                       | 2,108,293       |
| Loss from continuing operations before minority interest     | (770,776)                       | (3,936,936)     |
| Minority interest in consolidated subsidiary                 | -                               | 770,563         |
| Loss from continuing operations                              | (770,776)                       | (3,166,373)     |
| Loss from discontinued operations, net of tax                | (4,333,501)                     | (74,903,645)    |
| Net loss   | \$ (5,104,277)                  | \$ (78,070,018) |
| Basic And Diluted Net Loss Per Share Of:                     |                                 |                 |
| CLASS A COMMON STOCK   |                                 |                 |
| Continuing operations  | \$ (0.03)                       | \$ (0.13)       |
| Discontinued operations                                      | (0.17)                          | (3.01)          |
| Total basic and diluted net loss per Class A share           | \$ (0.20)                       | \$ (3.14)       |
| CLASS B COMMON STOCK   |                                 |                 |
| Continuing operations  | \$ (0.03)                       | \$ (0.13)       |
| Discontinued operations                                      | (0.17)                          | (3.01)          |
| Total basic and diluted net loss per Class B share           | \$ (0.20)                       | \$ (3.14)       |
| Average Shares Outstanding                                   |                                 |                 |
| CLASS A COMMON STOCK   | 24,929,750                      | 24,534,374      |
| CLASS B COMMON STOCK   | 319,388                         | 319,388         |
| Cash dividends declared per share of:                        |                                 |                 |
| CLASS A COMMON STOCK   | \$ -                            | \$ 0.05         |
| CLASS B COMMON STOCK   | \$ -                            | \$ 0.05         |

See Notes to Consolidated Financial Statements

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BIMINI CAPITAL MANAGEMENT, INC.  
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
(Unaudited)  
Three Months Ended March 31, 2008

|   | Common Stock,<br>Amounts at par value |         |         | Additional<br>Paid-in<br>Capital | Accumulated<br>Deficit | Total         |
|---|---------------------------------------|---------|---------|----------------------------------|------------------------|---------------|
|   | Class A                               | Class B | Class C |                                  |                        |               |
| Balances, December 31, 2007   | \$ 24,861                             | \$ 319  | \$ 319  | \$ 338,241,582                   | \$ (315,383,637)       | \$ 22,883,444 |
| Cumulative effect adjustment upon adoption of SFAS No. 159                                    | -                                     | -       | -       | -                                | 1,714,096              | 1,714,096     |
| Net loss and comprehensive loss   | -                                     | -       | -       | -                                | (5,104,277)            | (5,104,277)   |
| Issuance of Class A common shares for board compensation and equity plan share exercises, net | 152                                   | -       | -       | 61,125                           | -                      | 61,277        |
| Amortization of equity plan compensation  | -                                     | -       | -       | 355,225                          | -                      | 355,225       |
| Equity plan shares withheld for statutory minimum withholding taxes                           | -                                     | -       | -       | (422)                            | -                      | (422)         |
| Stock issuance costs, and other adjustments   | -                                     | -       | -       | (943)                            | -                      | (943)         |
| Balances, March 31, 2008  | \$ 25,013                             | \$ 319  | \$ 319  | \$ 338,656,567                   | \$ (318,773,818)       | \$ 19,908,400 |

See Notes to Consolidated Financial Statements



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

|  | Three Months Ended March |                 |
|--|--------------------------|-----------------|
|  | 31,                      |                 |
|  | 2008                     | 2007            |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                          |                 |
| Net loss   | \$ (5,104,277)           | \$ (78,070,018) |
| Adjustments to reconcile loss from continuing operations to net cash provided by operating activities: |                          |                 |
| Net loss from discontinued operations  | 4,333,501                | 74,903,645      |
| Amortization of premium and discount on mortgage-backed securities, net                                | -                        | 2,390,095       |
| Stock compensation   | 416,502                  | 679,536         |
| Depreciation and amortization  | 38,338                   | 59,028          |
| (Gain) loss on sale of mortgage-backed securities, net   | (322,571)                | 820,271         |
| Fair value adjustment - held for trading securities  | (603,081)                | -               |
| From trading securities:   |                          |                 |
| Purchases  | (22,199,857)             | -               |
| Sales  | 158,390,897              | -               |
| Principal repayments   | 41,609,037               | -               |
| Changes in operating assets and liabilities:   |                          |                 |