

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **October 27, 2022**

**Orchid Island Capital, Inc.**  
(Exact Name of Registrant as Specified in Charter)

**Maryland**  
(State or Other Jurisdiction of Incorporation)

**001-35236**  
(Commission File Number)

**27-3269228**  
(IRS Employer Identification No.)

**3305 Flamingo Drive, Vero Beach, Florida 32963**  
(Address of Principal Executive Offices) (Zip Code)

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

**N/A**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<b>Title of each class:</b>	<b>Trading symbol:</b>	<b>Name of each exchange on which registered:</b>
Common Stock, par value \$0.01 per share	ORC	NYSE

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

## Item 2.02. Results of Operations and Financial Condition.

On October 27, 2022, Orchid Island Capital, Inc. (the “Company”) issued the press release attached hereto as Exhibit 99.1 announcing the Company’s results of operations for the period ended September 30, 2022. In addition, the Company posted supplemental financial information on the investor relations section of its website (<https://ir.orchidislandcapital.com>). The press release, attached as Exhibit 99.1, is being furnished under this “Item 2.02 Results of Operations and Financial Condition,” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of the Company, except as shall be expressly set forth by specific reference in such document.

## Item 8.01 Other Events

In a Form 8-K filed with the Securities and Exchange Commission (the “SEC”) on October 12, 2022 (the “Original 8-K”), the Company announced the approval by its board of directors of an increase to its previously announced stock repurchase program (the “Repurchase Program”) for up to an additional 4,300,000 shares of the Company’s common stock. The total number of shares authorized under the Repurchase Program immediately after the increase was 6,183,601 shares, representing approximately 18% of the Company’s then-outstanding shares of common stock. The Original 8-K incorrectly stated that the total authorization under the Repurchase Program after the increase was 5,046,499 shares, representing approximately 15% of the Company’s then-outstanding shares of common stock.

## Caution About Forward-Looking Statements.

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws, including, but not limited to, statements regarding interest rates, inflation, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio positioning and repositioning, hedging levels, dividends, growth, the supply and demand for Agency RMBS and the performance of the Agency RMBS sector generally, the effect of actual or expected actions of the U.S. government, including the Federal Reserve, market expectations, future opportunities and prospects of the Company, the stock repurchase program and general economic conditions. These forward-looking statements are based upon the Company’s present expectations, but the Company cannot assure investors that actual results will not vary from the expectations contained in the forward-looking statements. Investors should not place undue reliance upon forward-looking statements. For further discussion of the factors that could affect outcomes, please refer to the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021, which has been filed with the SEC, and other documents that the Company files with the SEC. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect the Company. Except as required by law, the Company is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release dated October 27, 2022</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

### Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: October 27, 2022

ORCHID ISLAND CAPITAL, INC.

By: /s/ Robert E. Cauley

Robert E. Cauley

Chairman and Chief Executive Officer



## ORCHID ISLAND CAPITAL ANNOUNCES THIRD QUARTER 2022 RESULTS

VERO BEACH, Fla. (October 27, 2022) – Orchid Island Capital, Inc. (NYSE:ORC) ("Orchid" or the "Company"), a real estate investment trust ("REIT"), today announced results of operations for the three month period ended September 30, 2022.

### Third Quarter 2022 Results

- Net loss of \$84.5 million, or \$2.40 per common share, which consists of:
- Net interest income of \$14.2 million, or \$0.40 per common share
- Total expenses of \$5.2 million, or \$0.15 per common share
- Net realized and unrealized losses of \$93.5 million, or \$2.66 per common share, on RMBS and derivative instruments, including net interest income on interest rate swaps
- Third quarter total dividends declared and paid of \$0.545 per common share
- Book value per common share of \$11.42 at September 30, 2022
- Total return of (16.7)%, comprised of \$0.545 dividend per common share and \$2.94 decrease in book value per common share, divided by beginning book value per common share

### Other Financial Highlights

- Orchid maintains a strong liquidity position of \$219.6 million in cash and cash equivalents and unpledged RMBS, or 54% of stockholder's equity as of September 30, 2022
- Borrowing capacity in excess of September 30, 2022 outstanding repurchase agreement balances of \$3,133.9 million, across 20 active lenders
- Since June 30, 2022, the Company has repurchased 5.2%, or 1.8 million shares, of Orchid's June 30, 2022 common stock at a weighted average price of \$9.02 per share
- Estimated book value per share as of October 26, 2022 between \$10.60 and \$10.70 per share
- On August 30, 2022, the Company effected a one-for-five reverse stock split. All share and per share numbers have been retroactively adjusted to reflect the reverse stock split, as applicable
- Company to discuss results on Friday, October 28, 2022, at 10:00 AM ET
- Supplemental materials to be discussed on the call can be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>

### Management Commentary

Commenting on the third quarter results, Robert E. Cauley, Chairman and Chief Executive Officer, said, "In a continuation of extremely turbulent and volatile market conditions that have existed since the onset of the COVID-19 pandemic, during the third quarter of 2022 the markets and the outlook for monetary policy changed materially. The reaction on the part of the Federal Reserve (the "Fed") to inflation and economic data has shaped the rates markets, currency markets and the outlook for the economy since the beginning of 2021. This is when inflation first began to accelerate in the U.S. During the third quarter their outlook the Fed's outlook changed significantly. Through early August of 2022 the markets perceived that, while inflation was not transitory, the Fed would be able to dampen demand by raising rates and cause inflation to decrease back towards the Fed's long-term target of 2%. Further, the markets anticipated this would happen by early in 2023 and that the Fed would then start to loosen monetary policy shortly thereafter. The Fed, through repeated public comments by various Fed officials, stressed that this was not going to be the case. Incoming economic data for the period was persistently strong, indicating the rate increases to date had yet to slow demand. More importantly, incoming inflation data showed no evidence of slowing at all and was in fact becoming more widespread, possibly even well entrenched. This reinforced the notion that the Fed will have to take rates higher and for longer.

“The result of these developments was significant and widespread. Specific to Orchid Island were increases in market interest rates and a widening in the spreads that Agency RMBS securities trade relative to comparable duration U.S. Treasuries or swaps. The yield on the 10-year U.S. Treasury closed just above 3.83% on September 30, 2022, and surpassed 4% in October of 2022. Short-term rates increased even more as the curve became even more inverted. Interest rates on maturities inside three months increased by 160 basis points by the end of the quarter and by over 236 basis points since the end of the second quarter through October 26, 2022. As of September 30, 2022, market pricing implied the terminal rate for the current cycle would be approximately 4.33% and is expected to occur late in the first quarter of 2023. As of October 26, 2022, the market is pricing in a terminal rate of approximately 4.85% sometime late in the second quarter of 2023 and with the Fed funds rate still over 4.39% in early 2024.

“Agency RMBS spreads relative to benchmark interest rates increased to levels observed in March of 2020 by the end of the third quarter of 2022 and have exceeded those levels in October. Returns for the Agency RMBS market for the third quarter of 2022 were 1.7% and these returns were 1.7% lower than comparable duration LIBOR swaps. The relative performance across the Agency RMBS universe is skewed in favor of higher coupon, 30-year securities that are currently in production by originators. Lower coupon securities, especially those held in large amounts by the Fed, and which may eventually be sold by the Fed, have performed the worst. These results are consistent with the relative duration of the securities, as higher coupons have shorter durations, or less sensitivity to movements in interest rates. Actions by the Fed as described above may prevent the sector from performing well in the near term. If the economy does contract and enter a recession, the sector could do well on a relative performance basis owing to the lack of exposure of Agency RMBS. This is consistent with the sector’s history of performance in a counter-cyclical manner – doing well when the economy is soft and relatively poorly when the economy is strong.”

#### **Details of Third Quarter 2022 Results of Operations**

The Company reported net loss of \$84.5 million for the three month period ended September 30, 2022, compared with net loss of \$26.0 million for the three month period ended September 30, 2021. The Company decreased its Agency RMBS portfolio over the course of the first nine months of 2022, from \$6.5 billion at December 31, 2021 to \$3.2 billion at September 30, 2022. Interest income on the portfolio in the third quarter was up approximately \$0.3 million from the second quarter of 2022. The yield on our average Agency RMBS increased from 3.31% in the second quarter of 2022 to 3.99% for the third quarter of 2022, repurchase agreement borrowing costs increased from 0.80% for the second quarter of 2022 to 2.48% for the third quarter of 2022, and our net interest spread decreased from 2.51% in the second quarter of 2022 to 1.51% in the third quarter of 2022.

Book value decreased by \$2.94 per share in the third quarter of 2022. The decrease in book value reflects our net loss of \$2.40 per share and the dividend distribution of \$0.545 per share. The Company recorded net realized and unrealized losses of \$2.66 per share on Agency RMBS assets and derivative instruments, including net interest income on interest rate swaps.

The Company estimates book value per share as of October 26, 2022 to be approximately \$10.60 to \$10.70 per share. The estimated book value per share includes a deduction for the Company’s September 2022 dividend of \$0.16 per share of common stock which will be paid on October 27, 2022, which was declared on September 12, 2022 with a September 30, 2022 record date. The estimated book value per share range is unaudited and has not been verified or reviewed by any third party. The Company has no obligations to update or revise its estimated book value per share.

## Prepayments

For the quarter ended September 30, 2022, Orchid received \$96.6 million in scheduled and unscheduled principal repayments and prepayments, which equated to a 3-month constant prepayment rate (“CPR”) of approximately 6.5%. Prepayment rates on the two RMBS sub-portfolios were as follows (in CPR):

Three Months Ended	PT RMBS	Structured	Total
	Portfolio (%)	RMBS Portfolio (%)	Portfolio (%)
September 30, 2022	6.1	10.4	6.5
June 30, 2022	8.3	13.7	9.4
March 31, 2022	8.1	19.5	10.7
December 31, 2021	9.0	24.6	11.4
September 30, 2021	9.8	25.1	12.4
June 30, 2021	10.9	29.9	12.9
March 31, 2021	9.9	40.3	12.0

## Portfolio

The following tables summarize certain characteristics of Orchid’s PT RMBS (as defined below) and structured RMBS as of September 30, 2022 and December 31, 2021:

(\$ in thousands)

Asset Category	Fair Value	Percentage	Weighted Average Coupon	Weighted	Longest Maturity
		of Entire Portfolio		Average	
<b>September 30, 2022</b>					
Fixed Rate RMBS	\$ 3,150,403	98.4%	3.30%	341	1-Aug-52
Interest-Only Securities	50,274	1.6%	3.72%	278	25-Nov-51
Inverse Interest-Only Securities	537	0.0%	1.51%	289	15-Jun-42
Total Mortgage Assets	\$ 3,201,214	100.0%	3.31%	336	1-Aug-52
<b>December 31, 2021</b>					
Fixed Rate RMBS	\$ 6,298,189	96.7%	2.93%	342	1-Dec-51
Interest-Only Securities	210,382	3.2%	3.40%	263	25-Jan-52
Inverse Interest-Only Securities	2,524	0.1%	3.75%	300	15-Jun-42
Total Mortgage Assets	\$ 6,511,095	100.0%	3.03%	325	25-Jan-52

(\$ in thousands)

Agency	September 30, 2022		December 31, 2021	
	Fair Value	Percentage of Entire Portfolio	Fair Value	Percentage of Entire Portfolio
Fannie Mae	\$ 2,231,699	69.7%	\$ 4,719,349	72.5%
Freddie Mac	969,515	30.3%	1,791,746	27.5%
Total Portfolio	\$ 3,201,214	100.0%	\$ 6,511,095	100.0%

	September 30, 2022	December 31, 2021
Weighted Average Pass-through Purchase Price	\$ 107.06	\$ 107.19
Weighted Average Structured Purchase Price	\$ 18.08	\$ 15.21
Weighted Average Pass-through Current Price	\$ 89.44	\$ 105.31
Weighted Average Structured Current Price	\$ 17.32	\$ 14.08
Effective Duration <sup>(1)</sup>	5.800	3.390

- (1) Effective duration of 5.800 indicates that an interest rate increase of 1.0% would be expected to cause a 5.800% decrease in the value of the RMBS in the Company's investment portfolio at September 30, 2022. An effective duration of 3.390 indicates that an interest rate increase of 1.0% would be expected to cause a 3.390% decrease in the value of the RMBS in the Company's investment portfolio at December 31, 2021. These figures include the structured securities in the portfolio, but do not include the effect of the Company's funding cost hedges. Effective quotes for individual investments are obtained from The Yield Book, Inc.

### Financing, Leverage and Liquidity

As of September 30, 2022, the Company had outstanding repurchase obligations of approximately \$3,133.9 million with a net weighted average borrowing rate of 3.00%. These agreements were collateralized by RMBS with a fair value, including accrued interest of approximately \$3,206.4 million and cash pledged to counterparties of approximately \$49.4 million. The Company's leverage ratio as of September 30, 2022 was 8.5 to 1. At September 30, 2022, the Company's liquidity was approximately \$219.6 million, consisting of cash and cash equivalents and unpledged RMBS (not including unsettled securities purchases). To enhance our liquidity even further, we plan to pledge more of our structured RMBS as part of a repurchase agreement funding, but retain the cash in lieu of acquiring additional assets. In this way we can, at a modest cost, retain higher levels of cash on hand and decrease the likelihood we will have to sell assets in a stressed market in order to raise cash. Below is a list of our outstanding borrowings under repurchase obligations at September 30, 2022.

ORC Announces Third Quarter 2022 Results

Page 5

October 27, 2022

(\$ in thousands)

<b>Counterparty</b>	<b>Total Outstanding Balances</b>	<b>% of Total</b>	<b>Weighted Average Borrowing Rate</b>	<b>Amount at Risk<sup>(1)</sup></b>	<b>Weighted Average Maturity in Days</b>
Daiwa Capital Markets America, Inc.	\$ 305,822	9.9%	3.05%	\$ 9,118	25
Merrill Lynch, Pierce, Fenner & Smith Inc.	296,050	9.4%	2.81%	7,977	15
Mirae Asset Securities (USA) Inc.	286,438	9.1%	3.02%	10,056	52
Cantor Fitzgerald & Co.	234,245	7.5%	3.04%	10,742	36
J.P. Morgan Securities LLC	223,180	7.1%	2.90%	10,833	13
Mitsubishi UFJ Securities (USA), Inc.	206,189	6.6%	3.09%	13,020	33
ED&F Man Capital Markets Inc.	200,001	6.4%	3.12%	6,550	22
ABN AMRO Bank N.V.	194,818	6.2%	2.89%	2,131	44
RBC Capital Markets, LLC	173,422	5.5%	2.75%	3,374	7
ING Financial Markets LLC	149,958	4.8%	3.14%	4,772	34
Goldman Sachs & Co. LLC	129,760	4.1%	3.14%	5,924	38
Nomura Securities International, Inc.	123,060	3.9%	3.15%	5,806	39
Santander Bank, N.A.	117,062	3.7%	3.14%	5,293	27
Citigroup Global Markets, Inc.	111,594	3.6%	2.87%	5,141	28
Wells Fargo Bank, N.A.	101,431	3.2%	2.88%	4,397	36
BMO Capital Markets Corp.	80,692	2.6%	3.14%	3,703	24
StoneX Financial Inc.	74,348	2.4%	3.14%	3,184	24
ASL Capital Markets Inc.	64,836	2.1%	3.15%	3,025	21
South Street Securities, LLC	38,047	1.2%	3.12%	1,484	19
Lucid Cash Fund USG LLC	22,908	0.7%	2.78%	914	13
<b>Total / Weighted Average</b>	<b>\$ 3,133,861</b>	<b>100.0%</b>	<b>3.00%</b>	<b>\$ 117,444</b>	<b>29</b>

- (1) Equal to the sum of the fair value of securities sold, accrued interest receivable and cash posted as collateral (if any), minus the sum of repurchase liabilities, accrued interest payable and the fair value of securities posted by the counterparties (if any).



## Hedging

In connection with its interest rate risk management strategy, the Company economically hedges a portion of the cost of its repurchase agreement funding against a rise in interest rates by entering into derivative financial instrument contracts. The Company has elected hedging treatment under U.S. generally accepted accounting principles (“GAAP”) in order to align the accounting treatment of these instruments with the treatment of its portfolio assets under the fair value option election. As such, all gains or losses on these instruments are reflected in earnings for all periods presented. At September 30, 2022, such instruments were comprised of Treasury (T-Note) futures contracts, interest rate swap agreements, interest rate swaption agreements, interest rate caps and contracts to buy and sell TBA securities.

The table below presents information related to the Company’s T-Note futures contracts at September 30, 2022.

(\$ in thousands)

Expiration Year	Average Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity <sup>(1)</sup>
<b>Treasury Note Futures Contracts (Short Positions)</b>				
December 2022 5-year T-Note futures (Dec 2022 - Dec 2027 Hedge Period)	\$ 750,500	3.54%	4.32%	29,141
December 2022 10-year Ultra futures (Dec 2022 - Dec 2032 Hedge Period)	\$ 174,500	3.03%	3.77%	\$ 13,141

- (1) Open equity represents the cumulative gains (losses) recorded on open futures positions from inception.
- (2) 5-Year T-Note futures contracts were valued at a price of \$107.51 at September 30, 2022. The contract values of the short positions were \$806.8 million at September 30, 2022. 10-Year Ultra futures contracts were valued at a price of \$118.48 at September 30, 2022. The value of the short position was \$206.8 million at September 30, 2022.

The table below presents information related to the Company’s interest rate swap positions at September 30, 2022.

(\$ in thousands)

Expiration	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
> 3 to ≤ 5 years	\$ 500,000	0.84%	3.46%	\$ 60,776	4.0
> 5 years	900,000	1.70%	2.56%	108,854	6.8
	\$ 1,400,000	1.39%	2.88%	\$ 169,630	5.8

The following table presents information related to our interest rate swaption positions as of September 30, 2022.

(\$ in thousands)

Expiration	Option			Underlying Swap			
	Cost	Fair Value	Weighted Average Months to Expiration	Notional Amount	Average Fixed Rate	Average Adjustable Rate (LIBOR)	Weighted Average Term (Years)
<b>Payer Swaptions - long</b>							
≤ 1 year	\$ 35,230	\$ 83,470	10.6	\$ 1,303,600	2.95%	3 Month	10.0
>10 years	7,267	7,725	238.9	80,000	2.07%	3 Month	10.0
	\$ 42,497	\$ 91,195	23.8	\$ 1,383,600	2.90%	3 Month	10.0
<b>Payer Swaptions - short</b>							
≤ 1 year	\$ (17,500)	\$ 52,315	4.7	\$ (958,300)	2.95%	3 Month	10.0

The following table presents information related to our interest cap positions as of September 30, 2022.

(\$ in thousands)

Expiration	Notional Amount	Cost	Strike Swap Rate	Curve Spread	Net Estimated Fair Value
February 8, 2024	\$ 200,000	\$ 1,450	0.09%	2Y10Y	\$ 1,188

The following table summarizes our contracts to purchase and sell TBA securities as of September 30, 2022.

(\$ in thousands)

	Notional Amount Long (Short)	Cost Basis <sup>(2)</sup>	Market Value <sup>(3)</sup>	Net Carrying Value <sup>(4)</sup>
<b>September 30, 2022</b>				
<b>30-Year TBA securities:</b>				
2.0%	\$ (175,000)	\$ (141,329)	\$ (141,723)	(394)
3.0%	(300,000)	(261,047)	(261,047)	-
	\$ (475,000)	\$ (402,376)	\$ (402,770)	(394)

(1) Notional amount represents the par value (or principal balance) of the underlying Agency RMBS.

(2) Cost basis represents the forward price to be paid (received) for the underlying Agency RMBS.

(3) Market value represents the current market value of the TBA securities (or of the underlying Agency RMBS) as of period-end.

(4) Net carrying value represents the difference between the market value and the cost basis of the TBA securities as of period-end and is reported as derivative assets (liabilities) at fair value in our balance sheets.

## Dividends

In addition to other requirements that must be satisfied to qualify as a REIT, we must pay annual dividends to our stockholders of at least 90% of our REIT taxable income, determined without regard to the deduction for dividends paid and excluding any net capital gains. We intend to pay regular monthly dividends to our stockholders and have declared the following dividends since our IPO.

(in thousands, except per share data)

Year	Per Share Amount	Total
2013	\$ 6.975	\$ 4,662
2014	10.800	22,643
2015	9.600	38,748
2016	8.400	41,388
2017	8.400	70,717
2018	5.350	55,814
2019	4.800	54,421
2020	3.950	53,570
2021	3.900	97,601
2022 - YTD	2.155	76,024
Totals	\$ 64.330	\$ 515,588

(1) On October 12, 2022, the Company declared a dividend of \$0.16 per share to be paid on November 28, 2022. The effect of this dividend is included in the table above but is not reflected in the Company's financial statements as of September 30, 2022.

## Book Value Per Share

The Company's book value per share at September 30, 2022 was \$11.42. The Company computes book value per share by dividing total stockholders' equity by the total number of shares outstanding of the Company's common stock. At September 30, 2022, the Company's stockholders' equity was \$400.4 million with 35,066,251 shares of common stock outstanding.

## Capital Allocation and Return on Invested Capital

The table below details the changes to the respective sub-portfolios during the quarter.

(in thousands)

	Portfolio Activity for the Quarter					
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	Total
		Interest-Only Securities	Inverse Interest Only Securities			
<b>Market value - June 30, 2022</b>	\$ 3,766,151	\$ 173,754	\$ 955	\$ 174,709	\$ 3,940,860	
Securities purchased	431,897	-	-	-	431,897	
Securities sold	(683,895)	(112,998)	-	(112,998)	(796,893)	
Losses on sales	(60,740)	(5,403)	-	(5,403)	(66,143)	
Return of investment	n/a	(5,221)	33	(5,188)	(5,188)	
Pay-downs	(91,283)	n/a	-	n/a	(91,283)	
Discount accretion due to pay-downs	4,647	n/a	-	n/a	4,647	
Mark to market (losses) gains	(216,374)	142	(451)	(309)	(216,683)	
<b>Market value - September 30, 2022</b>	\$ 3,150,403	\$ 50,274	\$ 537	\$ 50,811	\$ 3,201,214	

October 27, 2022

The Company allocates capital to two RMBS sub-portfolios, the pass-through RMBS portfolio, consisting of mortgage pass-through securities issued by Fannie Mae, Freddie Mac or Ginnie Mae (the “GSEs”) and collateralized mortgage obligations (“CMOs”) issued by the GSEs (“PT RMBS”), and the structured RMBS portfolio, consisting of interest-only (“IO”) and inverse interest-only (“IIO”) securities. As of June 30, 2022, approximately 62% of the Company’s investable capital (which consists of equity in pledged PT RMBS, available cash and unencumbered assets) was deployed in the PT RMBS portfolio. At September 30, 2022, the allocation to the PT RMBS portfolio increased to approximately 85%.

The tables below present the allocation of capital between the respective portfolios at September 30, 2022 and June 30, 2022, and the return on invested capital for each sub-portfolio for the three month period ended September 30, 2022.

(\$ in thousands)

Capital Allocation						
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	Total
		Interest-Only Securities	Inverse Interest Only Securities			
<b>September 30, 2022</b>						
Market value	\$ 3,150,403	\$ 50,274	\$ 537	\$ 50,811	\$ 3,201,214	
Cash	280,952	-	-	-	280,952	
Borrowings <sup>(1)</sup>	(3,133,861)	-	-	-	(3,133,861)	
Total	\$ 297,494	\$ 50,274	\$ 537	\$ 50,811	\$ 348,305	
% of Total	85.4%	14.4%	0.2%	14.6%	100.0%	
<b>June 30, 2022</b>						
Market value	\$ 3,766,151	\$ 173,754	\$ 955	\$ 174,709	\$ 3,940,860	
Cash	283,371	-	-	-	283,371	
Borrowings <sup>(2)</sup>	(3,758,980)	-	-	-	(3,758,980)	
Total	\$ 290,542	\$ 173,754	\$ 955	\$ 174,709	\$ 465,251	
% of Total	62.4%	37.4%	0.2%	37.6%	100.0%	

- (1) At September 30, 2022, there were outstanding repurchase agreement balances of \$41.0 million secured by IO securities and \$0.5 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.
- (2) At June 30, 2022, there were outstanding repurchase agreement balances of \$144.9 million secured by IO securities and \$0.8 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

The return on invested capital in the PT RMBS and structured RMBS portfolios was approximately (26.5)% and (1.4)%, respectively, for the third quarter of 2022. The combined portfolio generated a return on invested capital of approximately (17.0)%.

(\$ in thousands)

Returns for the Quarter Ended September 30, 2022						
	Structured Security Portfolio					Total
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities	Sub-total		
Income (net of borrowing cost)	\$ 10,936	\$ 3,094	\$ 219	\$ 3,313	\$ 14,249	
Realized and unrealized losses	(272,652)	(5,261)	(451)	(5,712)	(278,364)	
Derivative gains	184,820	n/a	n/a	n/a	184,820	
Total Return	\$ (76,896)	\$ (2,167)	\$ (232)	\$ (2,399)	\$ (79,295)	
Beginning Capital Allocation	\$ 290,542	\$ 173,754	\$ 955	\$ 174,709	\$ 465,251	
Return on Invested Capital for the Quarter	(26.5)%	(1.2)%	(24.3)%	(1.4)%	(17.0)%	
Average Capital Allocation	\$ 294,018	\$ 112,014	\$ 746	\$ 112,760	\$ 406,778	
Return on Average Invested Capital for the Quarter	(26.2)%	(1.9)%	(31.1)%	(2.1)%	(19.5)%	

- (1) Calculated by dividing the Total Return by the Beginning Capital Allocation, expressed as a percentage.
- (2) Calculated using two data points, the Beginning and Ending Capital Allocation balances.
- (3) Calculated by dividing the Total Return by the Average Capital Allocation, expressed as a percentage.

### Stock Offerings

On October 29, 2021, we entered into an equity distribution agreement (the "October 2021 Equity Distribution Agreement") with four sales agents pursuant to which we may offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of shares of our common stock in transactions that are deemed to be "at the market" offerings and privately negotiated transactions. Through September 30, 2022, we issued a total of 3,167,140 shares under the October 2021 Equity Distribution Agreement for aggregate proceeds of approximately \$78.3 million, and net proceeds of approximately \$77.0 million, after commissions and fees. We did not issue any shares under the October 2021 Equity Distribution Agreement during the nine months ended September 30, 2022.

### Stock Repurchase Program

On July 29, 2015, the Company's Board of Directors authorized the repurchase of up to 400,000 shares of our common stock. The timing, manner, price and amount of any repurchases is determined by the Company in its discretion and is subject to economic and market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate the Company to acquire any particular amount of common stock and the program may be suspended or discontinued at the Company's discretion without prior notice. On February 8, 2018, the Board of Directors approved an increase in the stock repurchase program for up to an additional 904,564 shares of the Company's common stock. Coupled with the 156,751 shares remaining from the original 400,000 share authorization, the increased authorization brought the total authorization to 1,061,316 shares, representing 10% of the Company's then outstanding share count. On December 9, 2021, the Board of Directors approved an increase in the number of shares of the Company's common stock available in the stock repurchase program for up to an additional 3,372,399 shares, bringing the remaining authorization under the stock repurchase program to 3,539,861 shares, representing approximately 10% of the Company's outstanding shares of common stock. On October 12, 2022, the Board of Directors approved an increase in the number of shares of the Company's common stock available in the stock repurchase program for up to an additional 4,300,000 shares, bringing the remaining authorization under the stock repurchase program to 6,183,601 shares, representing approximately 18% of the Company's outstanding shares of common stock. This stock repurchase program has no termination date.

From the inception of the stock repurchase program through September 30, 2022, the Company repurchased a total of 1,487,362 shares at an aggregate cost of approximately \$44.8 million, including commissions and fees, for a weighted average price of \$30.12 per share. During the nine months ended September 30, 2022, the Company repurchased a total of 350,206 shares at an aggregate cost of approximately \$4.4 million, including commissions and fees, for a weighted average price of \$12.68 per share. Subsequent to September 30, 2022, the Company repurchased a total of 1,644,044 shares at an aggregate cost of approximately \$14.2 million, including commissions and fees, for a weighted average price of \$8.64 per share.

### Earnings Conference Call Details

An earnings conference call and live audio webcast will be hosted Friday, October 28, 2022, at 10:00 AM ET. The conference call may be accessed by dialing toll free (888) 510-2356. The conference passcode is 8493186. The supplemental materials may be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>. A live audio webcast of the conference call can be accessed via the investor relations section of the Company's website at <https://ir.orchidislandcapital.com> and an audio archive of the webcast will be available until November 27, 2022.

### About Orchid Island Capital, Inc.

Orchid Island Capital, Inc. is a specialty finance company that invests on a leveraged basis in Agency RMBS. Our investment strategy focuses on, and our portfolio consists of, two categories of Agency RMBS: (i) traditional pass-through Agency RMBS, such as mortgage pass-through certificates, and CMOs issued by the GSEs, and (ii) structured Agency RMBS, such as IOs, IIOs and principal securities, among other types of structured Agency RMBS. Orchid is managed by Bimini Advisors, LLC, a registered investment adviser with the Securities and Exchange Commission.

### Forward Looking Statements

Statements herein relating to matters that are not historical facts, including, but not limited to statements regarding interest rates, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio positioning and repositioning, hedging levels, dividends, growth, the supply and demand for Agency RMBS and the performance of the Agency RMBS sector generally, the effect of actual or expected actions of the U.S. government, including the Federal Reserve, market expectations, opportunities and prospects of the Company, the stock repurchase program and general economic conditions, are forward-looking statements as defined in the Private Securities Litigation Reform Act of 1995. The reader is cautioned that such forward-looking statements are based on information available at the time and on management's good faith belief with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in such forward-looking statements. Important factors that could cause such differences are described in Orchid Island Capital, Inc.'s filings with the Securities and Exchange Commission, including its most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q. Orchid Island Capital, Inc. assumes no obligation to update forward-looking statements to reflect subsequent results, assumptions or changes in other factors affecting forward-looking statements.

### CONTACT:

Orchid Island Capital, Inc.

Robert E. Cauley, 772-231-1400

Chairman and Chief Executive Officer

<https://ir.orchidislandcapital.com>

**Summarized Financial Statements**

The following is a summarized presentation of the unaudited balance sheets as of September 30, 2022, and December 31, 2021, and unaudited quarterly statements of operations for the nine and three months ended September 30, 2022 and 2021. Amounts presented are subject to change.

**ORCHID ISLAND CAPITAL, INC.**  
**BALANCE SHEETS**  
(\$ in thousands, except per share data)  
(Unaudited - Amounts Subject to Change)

	September 30, 2022	December 31, 2021
<b>ASSETS:</b>		
Mortgage-backed securities	\$ 3,201,214	\$ 6,511,095
U.S. Treasury Notes	36,118	37,175
Cash, cash equivalents and restricted cash	280,952	450,442
Accrued interest receivable	10,527	18,859
Derivative assets, at fair value	262,318	50,786
Receivable for securities sold	13,684	-
Other assets	1,027	320
<b>Total Assets</b>	<b>\$ 3,805,840</b>	<b>\$ 7,068,677</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Repurchase agreements	\$ 3,133,861	\$ 6,244,106
Dividends payable	5,636	11,530
Derivative liabilities, at fair value	53,013	7,589
Accrued interest payable	4,424	788
Due to affiliates	1,075	1,062
Other liabilities	207,454	35,505
Total Liabilities	3,405,463	6,300,580
<b>Total Stockholders' Equity</b>	<b>400,377</b>	<b>768,097</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 3,805,840</b>	<b>\$ 7,068,677</b>
Common shares outstanding	35,066,251	35,398,610
Book value per share	\$ 11.42	\$ 21.70

**ORCHID ISLAND CAPITAL, INC.**  
**STATEMENTS OF OPERATIONS**  
(\$ in thousands, except per share data)  
(Unaudited - Amounts Subject to Change)

	<u>Nine Months Ended September 30,</u>		<u>Three Months Ended September 30,</u>	
	2022	2021	2022	2021
Interest income	\$ 112,735	\$ 90,279	\$ 35,610	\$ 34,169
Interest expense	(32,196)	(5,067)	(21,361)	(1,570)
Net interest income	80,539	85,212	14,249	32,599
Losses on RMBS and derivative contracts	(359,059)	(94,522)	(93,544)	(2,887)
Net portfolio (loss) income	(278,520)	(9,310)	(79,295)	29,712
Expenses	14,859	10,886	5,218	3,674
<b>Net (loss) income</b>	<b>\$ (293,379)</b>	<b>\$ (20,196)</b>	<b>\$ (84,513)</b>	<b>\$ 26,038</b>
<b>Basic net (loss) income per share</b>	<b>\$ (8.31)</b>	<b>\$ (0.95)</b>	<b>\$ (2.40)</b>	<b>\$ 1.00</b>
<b>Diluted net (loss) income per share</b>	<b>\$ (8.31)</b>	<b>\$ (0.95)</b>	<b>\$ (2.40)</b>	<b>\$ 1.00</b>
<b>Weighted Average Shares Outstanding</b>	<b>35,336,702</b>	<b>21,061,154</b>	<b>35,205,888</b>	<b>25,717,469</b>
<b>Dividends Declared Per Common Share:</b>	<b>\$ 1.995</b>	<b>\$ 2.925</b>	<b>\$ 0.545</b>	<b>\$ 0.975</b>

<b>Key Balance Sheet Metrics</b>	<u>Three Months Ended September 30,</u>	
	2022	2021
Average RMBS	\$ 3,571,037	\$ 5,136,331
Average repurchase agreements	3,446,420	4,864,287
Average stockholders' equity	453,369	642,225
Leverage ratio <sup>(1)</sup>	8.5:1	7.2:1
<b>Key Performance Metrics</b>		
Average yield on RMBS	3.99%	2.66%
Average cost of funds <sup>(2)</sup>	2.48%	0.13%
Average economic cost of funds <sup>(3)</sup>	1.89%	0.23%
Average interest rate spread <sup>(4)</sup>	1.51%	2.53%
Average economic interest rate spread <sup>(5)</sup>	2.10%	2.43%

- (1) Average RMBS, borrowings and stockholders' equity balances are calculated using two data points, the beginning and ending balances.
- (2) The leverage ratio is calculated by dividing total ending liabilities by ending stockholders' equity.
- (3) Portfolio yields and costs of funds are calculated based on the average balances of the underlying investment portfolio/borrowings balances and are annualized for the quarterly periods presented.
- (4) Represents the interest cost of our borrowings and the effect of derivative agreements attributed to the period related to hedging activities, divided by average borrowings.
- (5) Average interest rate spread is calculated by subtracting average cost of funds from average yield on RMBS.
- (6) Average economic interest rate spread is calculated by subtracting average economic cost of funds from average yield on RMBS.



