

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): **July 31, 2017**

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))

Indicate by check mark whether the registrant is an emerging growth company as defined in 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 July 31, 2017, 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 June 30, 2016. In addition, the Company posted supplemental financial information on the investor relations section of its website (www.orchidislandcapital.com). A copy of these materials is filed as Exhibit 99.2 to this report. The press release is being furnished under this "Item 2.02 Results of Operations and Financial Condition," including Exhibit 99.1 related hereto, 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.

Forward-Looking Statements Disclaimer

This Current Report on Form 8-K contains "forward-looking statements" made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, including, but not limited to statements regarding interest rates, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio positioning, inflation, the effect of actions of the U.S. government, including the Fed, market expectations and general economic conditions. Forward-looking statements typically are identified by use of the terms such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may" or similar expressions. Forward-looking statements are based on the Company's beliefs, assumptions and expectations of the Company's future performance, taking into account all information currently available to the Company. The Company cannot assure you that actual results will not vary from the expectations contained in the forward-looking statements. All of the forward-looking statements are subject to numerous possible events, factors and conditions, many of which are beyond the control of the Company and not all of which are known to the Company, including, without limitation, market conditions and those described in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2016, which has been filed with the Securities and Exchange Commission. 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 us. 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

Exhibit No.	Description
99.1	Press Release dated July 31, 2017
99.2	Supplemental Materials dated July 31, 2017

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: July 31, 2017

ORCHID ISLAND CAPITAL, INC.

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

INDEX TO EXHIBITS

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ORCHID ISLAND CAPITAL ANNOUNCES SECOND QUARTER 2017 RESULTS

VERO BEACH, Fla. (July 31, 2017) – 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 June 30, 2017.

Second Quarter 2017 Highlights

- Net loss of \$9.6 million, or \$0.26 per common share, which consists of:
 - Net interest income of \$25.8 million, or \$0.69 per common share
 - Total expenses of \$2.9 million, or \$0.08 per common share
 - Net realized and unrealized losses of \$32.6 million, or \$0.88 per share, on RMBS and derivative instruments
- Second quarter total dividends declared and paid of \$0.42 per common share
- Book value per share of \$9.23 at June 30, 2017
- 1.0% economic loss on common equity for the quarter, or 4.1% annualized, comprised of \$0.42 dividend per common share and \$0.52 decrease in net book value per common share, divided by beginning book value per share
- Company to discuss results on Tuesday, August 1, 2017, at 10:00 AM ET
- Supplemental materials to be discussed on the call can be downloaded from the Company's website

Details of Second Quarter 2017 Results of Operations

The Company reported a net loss of \$9.6 million for the three month period ended June 30, 2017, compared with net income of \$6.5 million for the three month period ended June 30, 2016. The second quarter net loss included net interest income of \$25.8 million, net portfolio losses of \$32.6 million (which includes realized and unrealized gains (losses) on RMBS and derivative instruments, and net interest expense realized in interest rate swaps), management fees and allocated overhead of \$1.8 million, audit, legal and other professional fees of \$0.2 million, accrued incentive compensation of \$0.2 million, and other operating, general and administrative expenses of \$0.7 million.

Capital Allocation and Return on Invested Capital

The Company allocates capital to two RMBS sub-portfolios, the pass-through RMBS portfolio ("PT RMBS"), and the structured RMBS portfolio, consisting of interest only ("IO") and inverse interest-only ("IIO") securities. As of March 31, 2017, approximately 52% 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 June 30, 2017, the allocation to the PT RMBS had increased by 12% to approximately 64%.

The table below details the changes to the respective sub-portfolios during the quarter, as well as the returns generated by each.
(in thousands)

Portfolio Activity for the Quarter					
	Pass-Through Portfolio	Structured Security Portfolio			Total
		Interest-Only Securities	Inverse Interest Only Securities	Sub-total	
Market value - March 31, 2017	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017
Securities purchased	2,223,226	4,926	-	4,926	2,228,152
Securities sold	(1,657,306)	-	-	-	(1,657,306)
Gains on sales	3,935	-	-	-	3,935
Return of investment	NA	(6,565)	(1,850)	(8,415)	(8,415)
Pay-downs	(73,466)	n/a	n/a	n/a	(73,466)
Premium lost due to pay-downs	(5,499)	n/a	n/a	n/a	(5,499)
Mark to market losses	(8,126)	(3,023)	(442)	(3,465)	(11,591)
Market value - June 30, 2017	\$ 3,590,424	\$ 102,552	\$ 44,851	\$ 147,403	\$ 3,737,827

The tables below present the allocation of capital between the respective portfolios at June 30, 2017 and March 31, 2017, and the return on invested capital for each sub-portfolio for the three month period ended June 30, 2017. The return on invested capital in the PT RMBS and structured RMBS portfolios was approximately (3.2)% and (0.9)%, respectively, for the second quarter of 2017. The combined portfolio generated a return on invested capital of approximately (2.1)%.

(\$ in thousands)

Capital Allocation					
	Pass-Through Portfolio	Structured Security Portfolio			Total
		Interest-Only Securities	Inverse Interest Only Securities	Sub-total	
June 30, 2017					
Market value	\$ 3,590,424	\$ 102,552	\$ 44,851	\$ 147,403	\$ 3,737,827
Cash ⁽¹⁾	(54,028)	-	-	-	(54,028)
Borrowings ⁽²⁾	(3,278,456)	-	-	-	(3,278,456)
Total	\$ 257,940	\$ 102,552	\$ 44,851	\$ 147,403	\$ 405,343
% of Total	63.6%	25.3%	11.1%	36.4%	100.0%
March 31, 2017					
Market value	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017
Cash	112,723	-	-	-	112,723
Borrowings ⁽³⁾	(3,050,608)	-	-	-	(3,050,608)
Total	\$ 169,775	\$ 107,214	\$ 47,143	\$ 154,357	\$ 324,132
% of Total	52.4%	33.1%	14.5%	47.6%	100.0%

(1) At June 30, 2017, cash was reduced by unsettled security purchases of \$273.7 million, which have already been included in the value of the portfolio.

(2) At June 30, 2017, there were outstanding repurchase agreement balances of \$74.4 million and \$34.6 million secured by IO and IIO securities, respectively. 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.

(3) At March 31, 2017, there were outstanding repurchase agreement balances of \$63.8 million and \$33.6 million secured by IO and IIO securities, respectively. 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.

(\$ in thousands)

Returns for the Quarter Ended June 30, 2017

	Structured Security Portfolio					Total
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities	Sub-total		
Income (net of borrowing cost)	\$ 23,716	\$ 843	\$ 1,257	\$ 2,100	\$ 25,816	
Realized and unrealized losses	(9,690)	(3,023)	(442)	(3,465)	(13,155)	
Derivative losses	(19,442)	NA	NA	NA	(19,442)	
Total Return	\$ (5,416)	\$ (2,180)	\$ 815	\$ (1,365)	\$ (6,781)	
Beginning Capital Allocation	\$ 169,775	\$ 107,214	\$ 47,143	\$ 154,357	\$ 324,132	
Return on Invested Capital for the Quarter ⁽¹⁾	(3.2)%	(2.0)%	1.7%	(0.9)%	(2.1)%	
Average Capital Allocation ⁽²⁾	\$ 213,858	\$ 104,883	\$ 45,997	\$ 150,880	\$ 364,738	
Return on Average Invested Capital for the Quarter ⁽³⁾	(2.5)%	(2.1)%	1.8%	(0.9)%	(1.9)%	

(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.

Prepayments

For the quarter ended June 30, 2017, Orchid received \$82.0 million in scheduled and unscheduled principal repayments and prepayments, which equated to a constant prepayment rate ("CPR") of approximately 9.5%. Prepayment rates on the two RMBS sub-portfolios were as follows (in CPR):

Three Months Ended	PT RMBS Portfolio (%)	Structured RMBS Portfolio (%)	Total Portfolio (%)
June 30, 2017	7.0	12.7	9.5
March 31, 2017	7.5	14.3	9.9
December 31, 2016	9.7	18.4	12.2
September 30, 2016	8.9	17.9	11.7
June 30, 2016	8.4	15.9	11.0
March 31, 2016	5.5	12.4	8.2

Portfolio

The following tables summarize certain characteristics of Orchid's PT RMBS and structured RMBS as of June 30, 2017 and December 31, 2016:
 (\$ in thousands)

Asset Category	Fair Value	Percentage of Entire Portfolio	Weighted Average Coupon	Weighted Average Maturity in Months	Longest Maturity	Weighted Average Coupon Reset in Months	Weighted Average Lifetime Cap	Weighted Average Periodic Cap
June 30, 2017								
Adjustable Rate RMBS	\$ 1,929	0.1%	3.52%	212	1-Sep-35	0.83	10.04%	2.00%
Fixed Rate RMBS	3,545,614	94.9%	4.42%	345	1-Jul-47	NA	NA	NA
Hybrid Adjustable Rate RMBS	42,881	1.1%	2.55%	307	1-Aug-43	67.03	7.55%	2.00%
Total Mortgage-backed Pass-through	3,590,424	96.1%	4.39%	344	1-Jul-47	NA	NA	NA
Interest-Only Securities	102,552	2.7%	3.74%	267	15-Apr-47	NA	NA	NA
Inverse Interest-Only Securities	44,851	1.2%	5.02%	324	25-Feb-47	NA	6.22%	NA
Total Structured RMBS	147,403	3.9%	4.13%	284	15-Apr-47	NA	NA	NA
Total Mortgage Assets	\$ 3,737,827	100.0%	4.38%	342	1-Jul-47	NA	NA	NA
December 31, 2016								
Adjustable Rate RMBS	\$ 2,062	0.1%	3.50%	219	1-Sep-35	5.67	10.05%	2.00%
Fixed Rate RMBS	2,826,694	93.5%	4.21%	325	1-Dec-46	NA	NA	NA
Hybrid Adjustable Rate RMBS	45,459	1.5%	2.55%	313	1-Aug-43	73.08	7.55%	2.00%
Total Mortgage-backed Pass-through	2,874,215	95.1%	4.19%	324	1-Dec-46	NA	NA	NA
Interest-Only Securities	69,726	2.3%	3.59%	235	25-Apr-45	NA	NA	NA
Inverse Interest-Only Securities	78,233	2.6%	5.40%	338	25-Dec-46	NA	6.14%	NA
Total Structured RMBS	147,959	4.9%	4.55%	290	25-Dec-46	NA	NA	NA
Total Mortgage Assets	\$ 3,022,174	100.0%	4.20%	323	25-Dec-46	NA	NA	NA

(\$ in thousands)

Agency	June 30, 2017		December 31, 2016	
	Fair Value	Percentage of Entire Portfolio	Fair Value	Percentage of Entire Portfolio
Fannie Mae	\$ 2,621,464	70.1%	\$ 2,226,893	73.7%
Freddie Mac	1,107,792	29.6%	785,496	26.0%
Ginnie Mae	8,571	0.3%	9,785	0.3%
Total Portfolio	\$ 3,737,827	100.0%	\$ 3,022,174	100.0%

	June 30, 2017	December 31, 2016
Weighted Average Pass-through Purchase Price	\$ 108.36	\$ 108.64
Weighted Average Structured Purchase Price	\$ 14.60	\$ 15.39
Weighted Average Pass-through Current Price	\$ 107.71	\$ 107.14
Weighted Average Structured Current Price	\$ 14.29	\$ 15.49
Effective Duration ⁽¹⁾	2.244	4.579

(1) Effective duration of 2.244 indicates that an interest rate increase of 1.0% would be expected to cause a 2.244% decrease in the value of the RMBS in the Company's investment portfolio at June 30, 2017. An effective duration of 4.579 indicates that an interest rate increase of 1.0% would be expected to cause a 4.579% decrease in the value of the RMBS in the Company's investment portfolio at December 31, 2016. These figures include the structured securities in the portfolio, but do not include the effect of the Company's funding cost hedges. Effective duration quotes for individual investments are obtained from The Yield Book, Inc.

Financing, Leverage and Liquidity

As of June 30, 2017, the Company had outstanding repurchase obligations of approximately \$3,278.5 million with a net weighted average borrowing rate of 1.30%. These agreements were collateralized by RMBS with a fair value, including accrued interest, of approximately \$3,464.7 million and cash pledged to counterparties of approximately \$6.5 million. The Company's leverage ratio at June 30, 2017 was 7.9 to 1 (excluding the \$273.7 million of payable for unsettled securities purchased at June 30, 2017). At June 30, 2017, the Company's liquidity was approximately \$213.0 million, consisting of unpledged RMBS (excluding the value of the unsettled purchases) and cash and cash equivalents. To enhance our liquidity even further, we may 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 distressed market in order to raise cash. Below is a list of outstanding borrowings under repurchase obligations at June 30, 2017. (*\$ in thousands*)

Counterparty	Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
J.P. Morgan Securities LLC	\$ 610,851	18.5%	1.32%	\$ 35,463	12
Wells Fargo Bank, N.A.	313,206	9.6%	1.28%	15,235	11
Citigroup Global Markets, Inc.	269,560	8.2%	1.30%	22,151	17
ICBC Financial Services, LLC	241,736	7.4%	1.30%	12,226	12
Cantor Fitzgerald & Co.	229,485	7.0%	1.34%	12,037	31
RBC Capital Markets, LLC	227,896	7.0%	1.32%	12,018	13
Mitsubishi UFJ Securities (USA), Inc.	192,516	5.9%	1.08%	9,790	17
South Street Securities, LLC	173,925	5.3%	1.27%	8,524	11
Merrill Lynch, Pierce, Fenner & Smith Inc	159,470	4.9%	1.36%	5,176	17
ED&F Man Capital Markets Inc.	155,908	4.8%	1.29%	7,837	51
Natixis, New York Branch	142,158	4.3%	1.45%	22,085	18
Mirae Asset Securities (USA) Inc.	127,280	3.9%	1.28%	6,550	43
Daiwa Capital Markets America, Inc.	92,750	2.8%	1.32%	4,331	12
FHLB-Cincinnati	80,180	2.4%	1.17%	2,773	3
KGS-Alpha Capital Markets, L.P.	68,296	2.1%	1.30%	3,527	11
Nomura Securities International, Inc.	63,992	2.0%	1.16%	3,056	40
Goldman Sachs & Co.	53,858	1.6%	1.37%	3,951	14
Guggenheim Securities, LLC	53,020	1.6%	1.34%	2,608	40
Mizuho Securities USA, Inc.	22,369	0.7%	1.35%	1,243	26
Total / Weighted Average	\$ 3,278,456	100.0%	1.30%	\$ 190,581	18

(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 agreement 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 not elected hedging treatment under U.S. generally accepted accounting principles ("GAAP") in order to align the accounting treatment of its derivative 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 June 30, 2017, such instruments were comprised of Eurodollar and Treasury note ("T-Note") futures contracts and interest rate swap agreements.

The table below presents information related to the Company's Eurodollar and T-Note futures contracts at June 30, 2017.
(\$ in thousands)

Expiration Year	Average Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity(1)
Eurodollar Futures Contracts (Short Positions)				
2017	\$ 1,000,000	1.56%	1.42%	\$ (723)
2018	1,000,000	1.84%	1.68%	(1,666)
2019	1,000,000	2.09%	1.95%	(1,463)
2020	925,000	2.62%	2.16%	(4,268)
Total / Weighted Average	\$ 978,571	2.08%	1.85%	\$ (8,120)
Treasury Note Futures Contracts (Short Positions)(2)				
September 2017 10-year T-Note futures				
(Sep 2017 - Sep 2027 Hedge Period)	\$ 465,000	2.06%	2.12%	\$ 1,582

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

(2) T-Note futures contracts were valued at a price of \$125.53 at June 30, 2017. The nominal contract value of the short position was \$583.7 million.

The table below presents information related to the Company's interest rate swap positions at June 30, 2017.
(\$ in thousands)

Expiration	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
> 1 to ≤ 3 years	\$ 650,000	1.09%	1.18%	\$ 8,485	2.6
> 3 to ≤ 5 years	300,000	2.08%	1.24%	(2,674)	4.7
	\$ 950,000	1.40%	1.20%	\$ 5,811	3.2

The following table summarizes our contracts to purchase and sell TBA securities as of June 30, 2017.

(\$ in thousands)

	Notional Amount		Cost Basis ⁽²⁾		Market Value ⁽³⁾		Net Carrying Value ⁽⁴⁾	
	Long (Short) ⁽¹⁾							
June 30, 2017								
30-Year TBA securities:								
3.0%	\$	(250,000)	\$	(251,063)	\$	(249,628)	\$	1,435
4.5%		(150,000)		(161,531)		(160,876)		655
	\$	(400,000)	\$	(412,594)	\$	(410,504)	\$	2,090

(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 in derivative assets (liabilities), at fair value in our consolidated 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 February 2013 IPO.

(in thousands, except per share data)

Year	Per Share Amount		Total	
2013	\$	1.395	\$	4,662
2014		2.160		22,643
2015		1.920		38,748
2016		1.680		41,388
2017 - YTD ⁽¹⁾		0.980		36,977
Totals	\$	8.135	\$	144,418

(1) On July 12, 2017, the Company declared a dividend of \$0.14 per share to be paid on August 10, 2017. The effect of this dividend is included in the table above, but is not reflected in the Company's financial statements as of June 30, 2017.

Peer Performance

The table below presents total return data for Orchid compared to a selected group of peers for periods through June 30, 2017.

Portfolio Total Rate of Return Versus Peer Group Average

	ORC Total Rate of Return ⁽¹⁾	Peer Average ⁽¹⁾⁽²⁾	ORC Spread Over / (Under) Peer Average ⁽³⁾
Second Quarter 2013	(3.0)%	(10.6)%	7.6%
Third Quarter 2013	(2.2)%	0.5%	(2.7)%
Fourth Quarter 2013	3.3%	(0.2)%	3.5%
Stub 2013 (Annualized) ⁽⁴⁾	(2.8)%	(13.5)%	10.7%
First Quarter 2014	(2.9)%	4.3%	(7.2)%
Second Quarter 2014	9.0%	7.1%	1.9%
Third Quarter 2014	5.8%	1.2%	4.6%
Fourth Quarter 2014	2.5%	2.3%	0.2%
2014 Total Return	13.6%	15.2%	(1.6)%
First Quarter 2015	2.7%	0.2%	2.5%
Second Quarter 2015	0.4%	(1.7)%	2.1%
Third Quarter 2015	(2.2)%	(2.6)%	0.4%
Fourth Quarter 2015	3.2%	(1.1)%	4.3%
2015 Total Return	3.8%	(2.9)%	6.7%
First Quarter 2016	(1.8)%	(2.0)%	0.2%
Second Quarter 2016	2.5%	3.1%	(0.6)%
Third Quarter 2016	7.1%	5.2%	1.9%
Fourth Quarter 2016	(6.2)%	(5.7)%	(0.5)%
2016 Total Return	1.1%	0.0%	1.1%
First Quarter 2017	0.8%	3.9%	(3.1)%
Second Quarter 2017 ⁽⁵⁾	(1.0)%	N/A	N/A
One Year Return - 7/1/16 - 6/30/17 ⁽⁵⁾	0.5%	N/A	N/A
Two Year Return - 7/1/15 - 6/30/17 ⁽⁵⁾	1.7%	N/A	N/A
Three Year Total Return - 7/1/14 - 6/30/17 ⁽⁵⁾	13.0%	N/A	N/A
ORC IPO to Second Quarter 2017 - 3/31/13 - 6/30/17 ⁽⁴⁾⁽⁵⁾	14.1%	N/A	N/A

Source: Company SEC filings and press releases

- (1) Total rate of return for each period is change in book value per share over the period plus dividends per share declared divided by the book value per share at the beginning of the period. None of the return calculations are annualized except the Stub 2013 calculation.
- (2) The peer average is the unweighted, simple, average of the total rate of return for each of the following companies in each respective measurement period: NLY, ANH, CMO, CYS, ARR, AGNC and AI. HTS was included through Q1 2016. NLY acquired HTS in Q2 2016. HTS is excluded from any measurement periods after Q1 2016.
- (3) Represents the total return for Orchid minus peer average in each respective measurement period.
- (4) Orchid completed its Initial Public Offering, or IPO, in February 2013. We have elected to start our comparison beginning with Orchid's first full operating quarter, which was the second quarter of 2013. The Orchid IPO price was \$15.00 per share on February 13, 2013, and Orchid paid its first dividend of \$0.135 per share in March 2013. The book value per share at March 31, 2013 was \$14.98.
- (5) As of July 31, 2017, earnings data for the second quarter of 2017 was not available for all companies included in the peer average calculation.

Book Value Per Share

The Company's book value per share at June 30, 2017 was \$9.23. 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 June 30, 2017, the Company's stockholders' equity was \$418.2 million with 45,299,812 shares of common stock outstanding.

Stock Offerings

On February 23, 2017, Orchid entered into a fifth equity distribution agreement, as amended and restated on May 10, 2017, (the "May 2017 Equity Distribution Agreement") with two sales agents pursuant to which the Company may offer and sell, from time to time, up to an aggregate amount of \$125,000,000 of shares of the Company's common stock in transactions that are deemed to be "at the market" offerings and privately negotiated transactions. The May 2017 Equity Distribution Agreement replaced the July 2016 Equity Distribution Agreement. Through June 30, 2017, the Company issued a total of 12,299,032 shares under the May 2017 Equity Distribution Agreement for aggregate proceeds of approximately \$122.9 million, net of commissions and fees.

Management Commentary

Commenting on the second quarter, Robert E. Cauley, Chairman and Chief Executive Officer, said, "The developments that began to unfold during the first quarter and early second quarter of 2017 continued during the balance of the second quarter and early third quarter. Economic data – particularly inflation data – softened significantly. The Trump administration (the "Administration") appears to have lost most, if not all, of its momentum with respect to its legislative agenda. The Administration's attempts to repeal and replace the Affordable Care Act thus far have failed and the Administration will now likely face a political battle over the budget and debt ceiling early this fall. The Administration momentum has been further sapped by the ongoing investigation into potential collusion with Russian officials in the 2016 presidential election. The Federal Reserve (the "Fed"), despite the fact that it raised rates by another 25 basis points in June and may announce a tapering of its asset purchases in September, has turned more dovish of late, particularly the Chairwoman of the Fed.

"The equity markets were flush with optimism as we entered 2017, and with a pro-business administration taking the rein in Washington, risk assets generally rallied. The stock market has continued to rally into the second and early third quarter, although not for the reasons anticipated. The economic data has been generally soft. Inflation data has made a significant reversal, and now all measures of consumer inflation are well below levels seen at the end of 2016. Initially the Fed, in particular the Chairwoman, discounted the softness due to short-term, transitory causes such as cellular phone and prescription drug cost declines that were viewed as unsustainable. This rhetoric has reversed and recent comments from the Fed chair and other members of the FOMC suggest the Fed has become quite concerned with the level and direction of inflation measures. The market – especially the Euro Dollar and U.S. treasury futures markets, including Fed Funds futures – have priced out most future Fed rate hikes. Current pricing implies at most one more full rate hike by the end of 2018. This is in sharp contrast to projections published by the Fed as recently as June 14th, which call for one more rate hike this year and three next year and a terminal rate near 3 percent. While the market still expects the Fed to announce a tapering of its re-investment of maturing U.S. treasury and MBS holdings – likely after the conclusion of its September meeting – the market views any such actions as likely to suppress already low inflation and the interest rate curve flattened. During the second quarter, the spread between the 5-year and 30-year U.S. treasuries declined from approximately 110 basis points at the beginning of the second quarter to less than 95 basis points at quarter end. The absence of meaningful inflationary pressures is pervasive – as both Europe and Asia are experiencing subdued inflation as well. As a result of these developments, the equity markets have rallied. However, the factors that fueled the optimism at the end of 2016 never materialized and the market is faced with a vastly different reality. The prospect of robust growth, fiscal stimulus, renewed inflationary pressures and higher rates have been replaced with expectations for less Fed rate hiking, low inflation, and lower long-term rates.

"During the second quarter of 2017 yields on benchmark U.S. treasury securities were slightly higher on the curve out to 4 years – reflecting the 25 basis point hike in June. Yields beyond the 4 year point of the curve declined modestly. The mortgage market had mixed results for the second quarter. Current coupon, 30-year mortgages traded at slightly tighter spreads to comparable duration U.S. treasuries at the end of the quarter, tightening approximately 1 to 2 basis points, and tightening another 3 or 4 basis points since the end of the quarter. Higher coupon mortgages underperformed comparable duration U.S. treasuries and lower coupon mortgages. Prepayment speeds remained subdued despite the rally in longer maturities of the U.S. treasury curve. We experienced mark to market losses on our funding hedge positions as a result of this significant shift in expectations surrounding monetary policy going forward. With the widening in higher coupon, fixed rate mortgages – our core holding – there was no offsetting price appreciation on the asset side and we experienced a book value decline for the second quarter."

Earnings Conference Call Details

An earnings conference call and live audio webcast will be hosted Tuesday, August 1, 2017, at 10:00 AM ET. The conference call may be accessed by dialing toll free (877) 341-5668. International callers dial (224) 357-2205. The conference passcode is 58134423. The supplemental materials may be downloaded from the investor relations section of the Company's website. A live audio webcast of the conference call can be accessed via the investor relations section of the Company's website at www.orchidislandcapital.com, and an audio archive of the webcast will be available until August 31, 2017.

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 and (ii) structured Agency RMBS, such as CMOs, IOs, IIOs and POs, 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, inflation, the effect of actions of the U.S. government, including the Fed, market expectations 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, changes in 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
www.orchidislandcapital.com

Summarized Financial Statements

The following is a summarized presentation of the unaudited balance sheets as of June 30, 2017, and December 31, 2016, and the unaudited quarterly results of operations for the six and three months ended June 30, 2017 and 2016. Amounts presented are subject to change.

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

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
ASSETS:		
Total mortgage-backed securities	\$ 3,737,827	\$ 3,022,174
Cash, cash equivalents and restricted cash	219,661	94,425
Accrued interest receivable	14,366	11,512
Derivative assets, at fair value	10,613	10,365
Other assets	421	218
Total Assets	<u>\$ 3,982,888</u>	<u>\$ 3,138,694</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Repurchase agreements	\$ 3,278,456	\$ 2,793,705
Payable for unsettled securities purchased	273,689	-
Dividends payable	6,342	4,616
Derivative liabilities, at fair value	2,712	1,982
Accrued interest payable	2,168	1,826
Due to affiliates	690	566
Other liabilities	657	3,220
Total Liabilities	<u>3,564,714</u>	<u>2,805,915</u>
Total Stockholders' Equity	<u>418,174</u>	<u>332,779</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,982,888</u>	<u>\$ 3,138,694</u>
Common shares outstanding	45,299,812	32,962,919
Book value per share	<u>\$ 9.23</u>	<u>\$ 10.10</u>

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	2017	2016	2017	2016
Interest income	\$ 66,890	\$ 39,701	\$ 34,579	\$ 19,235
Interest expense	(15,478)	(6,649)	(8,763)	(3,330)
Net interest income	51,412	33,052	25,816	15,905
Losses	(53,324)	(26,865)	(32,597)	(7,308)
Net portfolio (loss) income	(1,912)	6,187	(6,781)	8,597
Expenses	5,281	4,315	2,862	2,134
Net (loss) income	\$ (7,193)	\$ 1,872	\$ (9,643)	\$ 6,463
Basic and diluted net (loss) income per share	\$ (0.21)	\$ 0.08	\$ (0.26)	\$ 0.29
Weighted Average Shares Outstanding	35,117,364	21,853,949	37,211,362	21,920,573
Dividends Declared Per Common Share:	\$ 0.84	\$ 0.84	\$ 0.42	\$ 0.42

Key Balance Sheet Metrics	Three Months Ended June 30,	
	2017	2016
Average RMBS ⁽¹⁾	\$ 3,499,922	\$ 2,100,151
Average repurchase agreements ⁽¹⁾	3,164,532	2,000,158
Average stockholders' equity ⁽¹⁾	376,193	241,731
Leverage ratio ⁽²⁾	7.9:1	8.5:1

Key Performance Metrics	Three Months Ended June 30,	
	2017	2016
Average yield on RMBS ⁽³⁾	3.95%	3.66%
Average cost of funds ⁽³⁾	1.11%	0.67%
Average economic cost of funds ⁽⁴⁾	1.57%	1.11%
Average interest rate spread ⁽⁵⁾	2.84%	2.99%
Average economic interest rate spread ⁽⁶⁾	2.38%	2.55%

(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. There were \$273.7 million and \$4.3 million payable for unsettled securities purchases as of June 30, 2017 and 2016, respectively, that have been excluded from the total liabilities for this ratio.

(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.



Q2 2017 Supplemental Materials
July 31, 2017

Disclaimers

Forward-Looking Information

This presentation contains forward-looking statements and information. Statements that are not historical facts, including statements about our beliefs and expectations, are forward-looking statements. Forward-looking statements include statements preceded by, followed by or that include the words "may," "could," "would," "should," "believe," "expect," "anticipate," "plan," "estimate," "target," "project," "intend" and similar expressions. These statements include, among others, statements regarding our expected performance, anticipated returns on our investment, financing, and hedging strategies and means to implement those strategies.

The forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. Some of these factors are described under the caption "Risk Factors" in this Quarterly Report on Form 10-Q. If a change occurs, our business, financial condition, liquidity and results of operations may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward looking statements, whether as a result of new information, future events or otherwise.

GAAP to Non-GAAP Reconciliation

In addition to the results presented in accordance with GAAP, our results of operations discussed below include certain non-GAAP financial information, including "Net Income Excluding Realized and Unrealized Gains and Losses."

Net Income Excluding Realized and Unrealized Gains and Losses

We have elected the fair value option for all of our MBS assets and have not elected to designate our derivative holdings for hedge accounting treatment under the Financial Accounting Standards Board (the "FASB"), Accounting Standards Codification ("ASC"), Topic 815, *Derivatives and Hedging*. Changes in fair value of these instruments are presented in a separate line item in our consolidated statements of operations. Therefore, we mark all of our MBS assets and hedge instruments to market every reporting period. With the volatility that occurs in markets every quarter, the market value of these assets and hedge instruments varies as well. These fluctuations in value are reported in our statement of operations every period. We have presented the results of our operations in the tables below with and without these realized and unrealized gains and losses included in the calculation of net income/(loss).

We believe that net income excluding realized and unrealized gains and losses provides meaningful information to consider, in addition to the respective amounts prepared in accordance with GAAP. This non-GAAP measure helps management to evaluate its financial position and performance without the effects of these realized and unrealized gains and losses that are not necessarily indicative of our financial performance. The unrealized gains or losses on derivative instruments and MBS assets presented in our consolidated statements of operations are not necessarily representative of the ultimate gain or loss, if any, that we may realize in the future. 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 net income for the then current period, may differ from the unrealized gains or losses recognized as of the reporting date. With respect to realized gains and losses, the application of the fair value method of accounting may cause users of our financial statements to conclude that the realized gains or losses in a given period are indicative of the gains and losses incurred from the date we purchased the assets or hedge instruments. This is not the case, as the fair value method of accounting requires us to report gains and losses based on the movement in the market value of the instrument in question since the beginning of the period only.

Our presentation of net income excluding realized and unrealized gains and losses has important limitations. First, other market participants may use the available for sale method of accounting for their MBS assets. Under the available for sale method of accounting, fluctuation in the value of MBS assets are reflected in other comprehensive income, a component of the shareholders equity section of the balance sheet. Second, while we believe that the calculation of net income excluding realized and unrealized gains and losses described above helps to present our financial position and performance, it may be of limited usefulness as an analytical tool. Therefore, net income excluding realized and unrealized gains and losses should not be viewed in isolation and is not a substitute for net income computed in accordance with GAAP.

The table below on page 14 and the appendix associated with the earnings per share chart on page 15 present a reconciliation of the adjustments to net income calculated in accordance with GAAP, as well as the associated per share amounts, for the second quarter of 2017 and all previous quarters.

Table of Contents

Topic Point	Slide(s)
▪ Financial Highlights for the Quarter	5
▪ Market Developments	6 – 12
▪ Financial Results	13 – 18
▪ MBS Portfolio Characteristics, Credit Counterparties, and Hedge Position	19 – 28
▪ Appendix	29 – 30

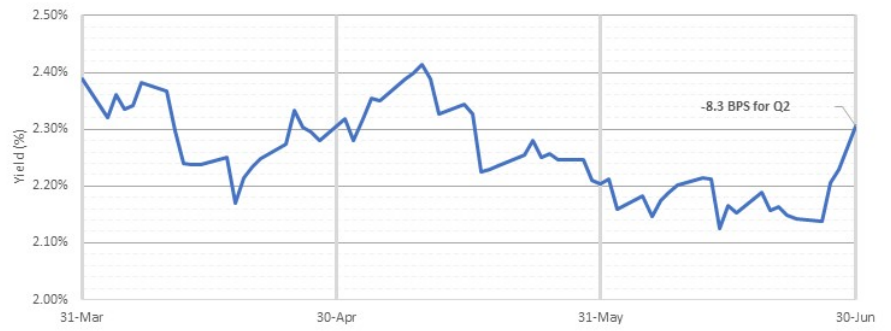
Financial Highlights for the Quarter Ended June 30, 2017

- Earnings per share of \$(0.26)
- Incurred \$0.88 loss per share from net realized and unrealized gain/(losses) on MBS and derivative instruments
- Earnings per share of \$0.62 excluding realized and unrealized gains/(losses) on MBS and derivative instruments (See page 14 for a reconciliation of this non-GAAP measure to earnings per share)
- Book value per share of \$9.23 at June 30, 2017
 - A decrease of \$0.52 (or -5.3%) from \$9.75 at March 31, 2017
- Dividend of \$0.42 declared during the quarter
- Economic return of \$(0.10) per share, or (1.0)% unannualized / (4.1)% annualized

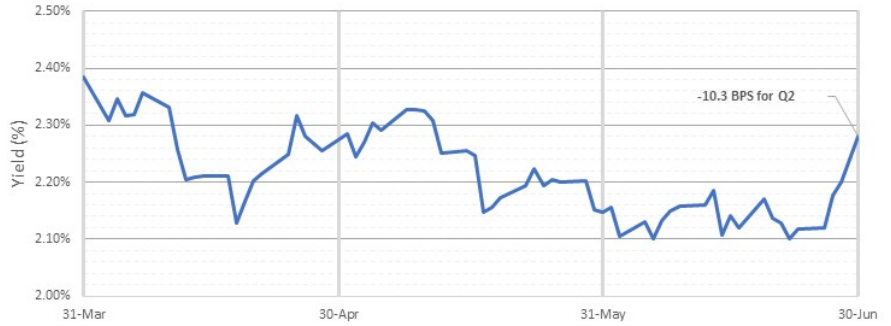
Market Developments

10-Year U.S. Treasury Note & U.S. Dollar Swap: Q2 2017

10-Year U.S. Treasury Note:
Q2 2017

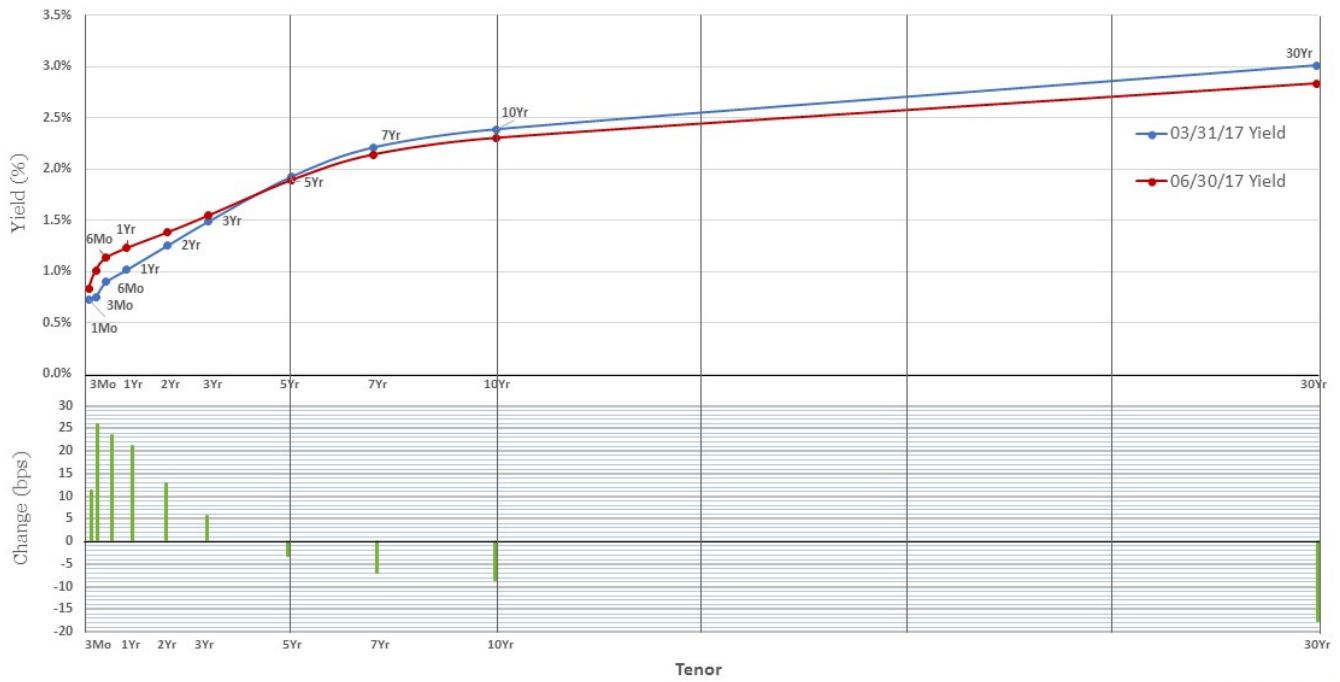


10-Year U.S. Dollar Swap:
Q2 2017



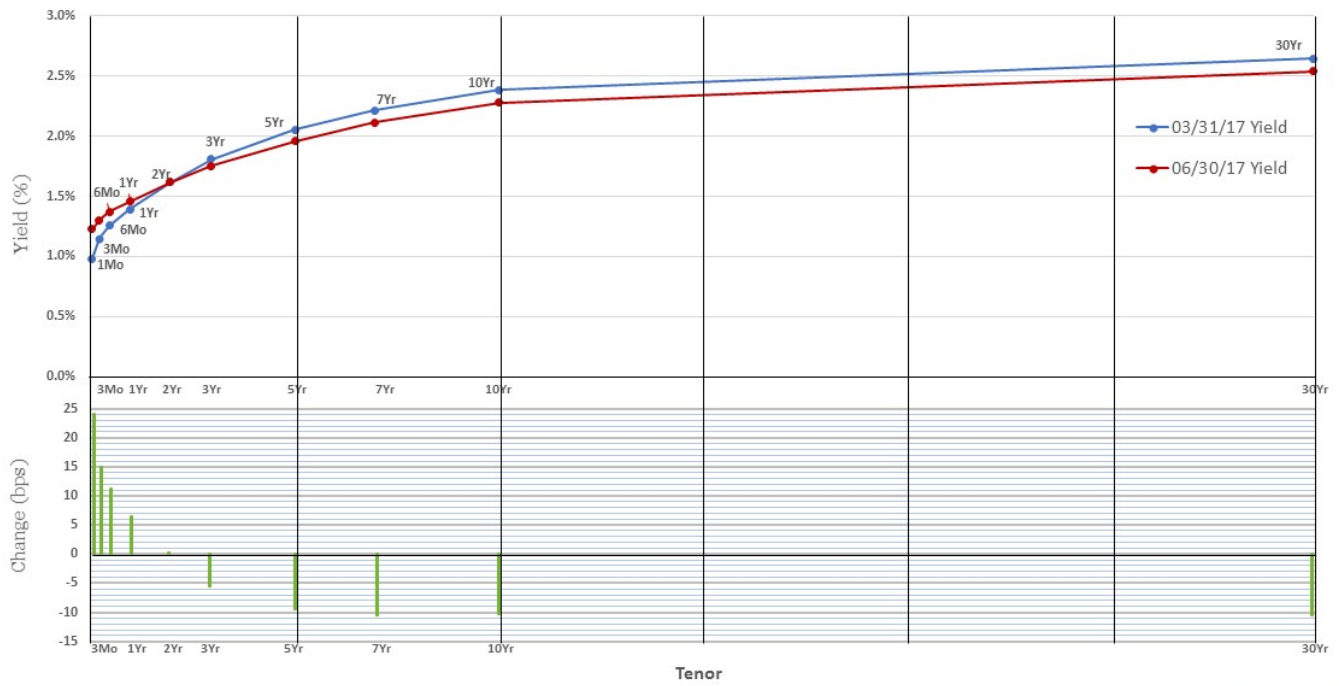
Source: Bloomberg Data

U.S. Treasury Curve: Q2 2017 Performance



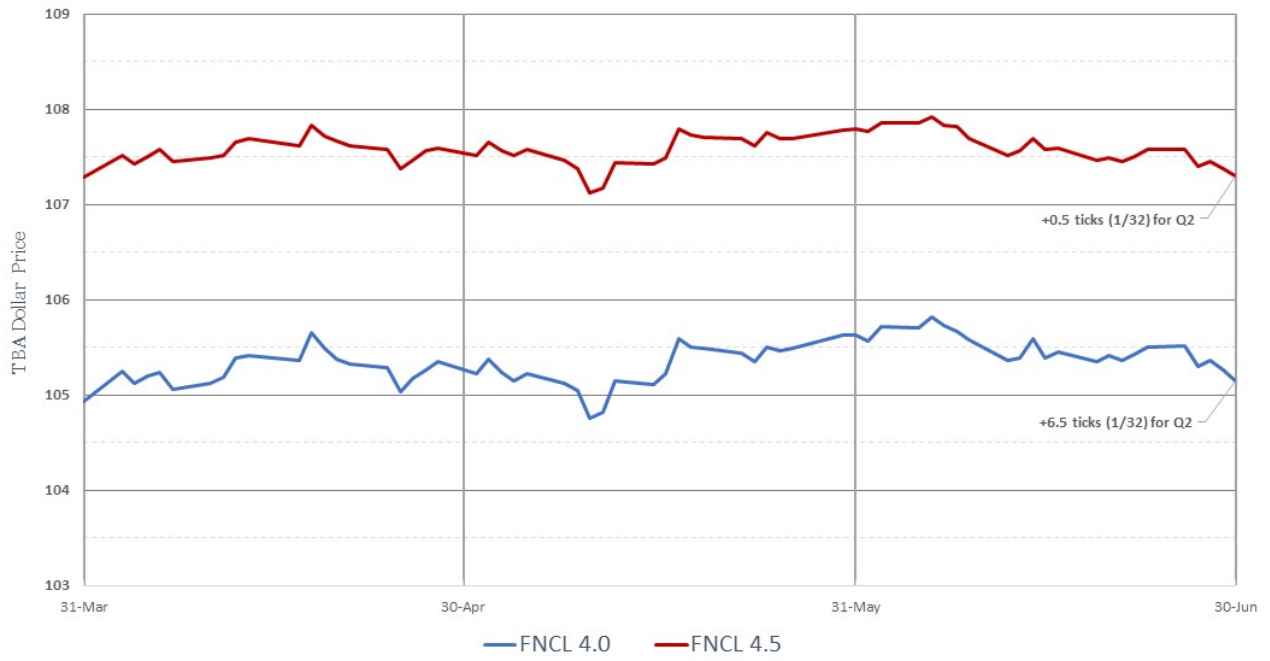
Source: Bloomberg Data

U.S. Dollar Swap Curve: Q2 2017 Performance



Source: Bloomberg Data

FNCL 4.0 & FNCL 4.5: Q2 2017



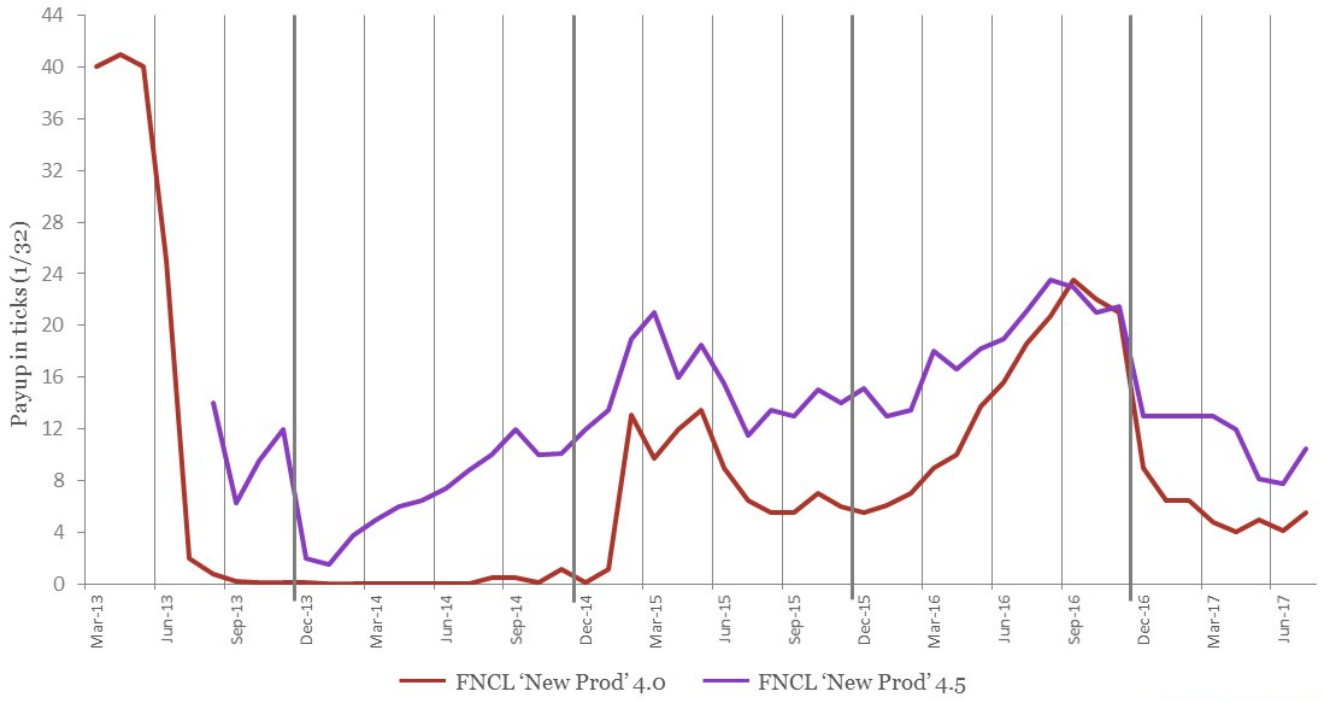
Source: Bloomberg Data

Wells Fargo Production '85k Max' Specified Pool Payup over TBA



Source: Wells Fargo Securities

Wells Fargo 'New Production' Specified Pool Payup over TBA



Source: Wells Fargo Securities

Financial Results

Financial Results for the Three Months Ended June 30, 2017

(\$ in thousands, except per share data)	Net Income Excluding Realized and Unrealized Gains and (Losses)	Realized and Unrealized Gains/(Losses)	Total
Interest income	\$ 34,579	\$ -	\$ 34,579
Interest expense	(8,763)	-	(8,763)
Net interest income	25,816	-	25,816
Realized gains on mortgage-backed securities	-	3,935	3,935
Unrealized losses on mortgage-backed securities	-	(17,090)	(17,090)
Losses on interest rate futures and TBA contracts	-	(15,264)	(15,264)
Losses on interest rate swaps	-	(4,178)	(4,178)
Net portfolio income (loss)	\$ 25,816	\$ (32,597)	\$ (6,781)
Expenses:			
Management fees	1,400	-	1,400
Allocated overhead	388	-	388
Accrued incentive compensation	218	-	218
Directors' fees and liability insurance	232	-	232
Audit, legal and other professional fees	219	-	219
Direct REIT operating expenses	265	-	265
Other administrative	140	-	140
Total expenses	2,862	-	2,862
Net income (loss)	\$ 22,954	\$ (32,597)	\$ (9,643)
Basic and diluted net income (loss) per share	\$ 0.62	\$ (0.88)	\$ (0.26)
Weighted average shares outstanding - Basic and diluted	37,211,362	37,211,362	37,211,362
Dividends declared per common share			\$0.42

Source: Company Financials

Earnings Per Share (EPS) as Reported and with Gains/(Losses) Removed⁽¹⁾



(1) See appendix for supporting data.

Source: Company Financials

MBS Portfolio Roll Forward March 31, 2017 to June 30, 2017

(in thousands)

Portfolio Activity for the Quarter					
	Structured Security Portfolio				
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities	Sub-total	Total
Market value - March 31, 2017	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017
Securities purchased	2,223,226	4,926	-	4,926	2,228,152
Securities sold	(1,657,306)	-	-	-	(1,657,306)
Gains on sales	3,935	-	-	-	3,935
Return of investment	n/a	(6,565)	(1,850)	(8,415)	(8,415)
Pay-downs	(73,466)	n/a	n/a	n/a	(73,466)
Premium lost due to pay-downs	(5,499)	n/a	n/a	n/a	(5,499)
Mark to market losses	(8,126)	(3,023)	(442)	(3,465)	(11,591)
Market value - June 30, 2017	\$ 3,590,424	\$ 102,552	\$ 44,851	\$ 147,403	\$ 3,737,827

Source: Company Financials

MBS Portfolio Capital Allocation at March 31, 2017 and June 30, 2017

(\$ in thousands)

	Capital Allocation					Total
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	
		Interest-Only Securities	Inverse Interest Only Securities			
As of June 30, 2017						
Market value	\$ 3,590,424	\$ 102,552	\$ 44,851	\$ 147,403	\$ 3,737,827	
Cash ⁽¹⁾	(54,028)	-	-	-	(54,028)	
Borrowings ⁽²⁾	(3,278,456)	-	-	-	(3,278,456)	
	Total	\$ 257,940	\$ 102,552	\$ 44,851	\$ 147,403	\$ 405,343
	% of Total	63.60%	25.30%	11.10%	36.40%	100.00%
As of March 31, 2017						
Market value	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017	
Cash	112,723	-	-	-	112,723	
Borrowings ⁽³⁾	(3,050,608)	-	-	-	(3,050,608)	
	Total	\$ 169,775	\$ 107,214	\$ 47,143	\$ 154,357	\$ 324,132
	% of Total	52.40%	33.10%	14.50%	47.60%	100.00%

(1) At June 30, 2017, cash was reduced by unsettled security purchases of \$273.7 million which have already been included in the value of the portfolio.

(2) At June 30, 2017, there were outstanding repurchase agreement balances of \$74.4 million and \$34.6 million secured by IO and IIO securities, respectively. We entered into these arrangements to generate additional cash available to meet margin calls on Pass-Through MBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(3) At March 31, 2017, there were outstanding repurchase agreement balances of \$63.8 million and \$33.6 million secured by IO and IIO securities, respectively. We entered into these arrangements to generate additional cash available to meet margin calls on Pass-Through MBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

Source: Company Financials

MBS Portfolio Returns by Sector for the Quarter Ended June 30, 2017

(\$ in thousands)

Returns for the Quarter Ended June 30, 2017

	Structured Security Portfolio				
	Pass-Through	Interest-Only	Inverse Interest		Total
	Portfolio	Securities	Only Securities	Sub-total	
Net interest income	\$ 23,716	\$ 843	\$ 1,257	\$ 2,100	\$ 25,816
Realized and unrealized losses	(9,690)	(3,023)	(442)	(3,465)	(13,155)
Derivative losses	(19,442)	n/a	n/a	n/a	(19,442)
Net portfolio income (loss)	\$ (5,416)	\$ (2,180)	\$ 815	\$ (1,365)	\$ (6,781)
Beginning Capital Allocation	\$ 169,775	\$ 107,214	\$ 47,143	\$ 154,357	\$ 324,132
Return on Invested Capital for the Quarter ⁽¹⁾	(3.20)%	(2.00)%	1.70%	(0.90)%	(2.10)%
Average Capital Allocation ⁽²⁾	\$ 213,858	\$ 104,883	\$ 45,997	\$ 150,880	\$ 364,738
Return on Average Invested Capital for the Quarter ⁽³⁾	(2.50)%	(2.10)%	1.80%	(0.90)%	(1.90)%

(1) Calculated by dividing the Total Return by the Beginning Capital Allocation, expressed as a percentage.

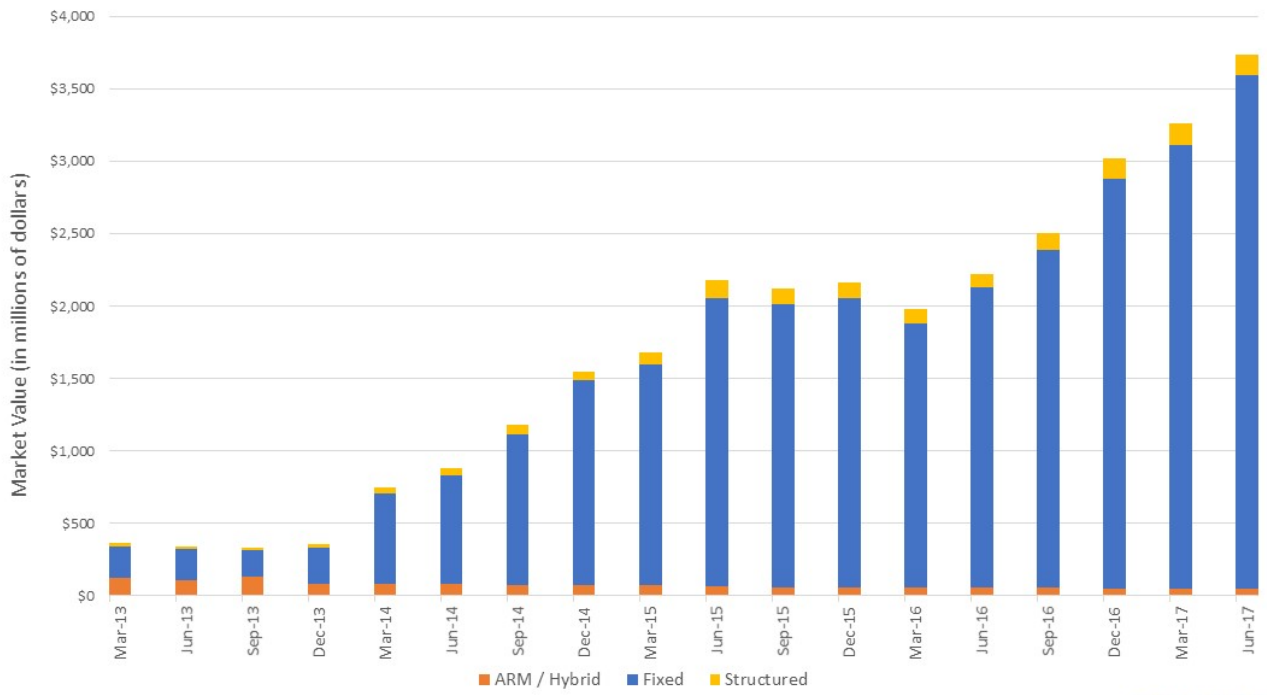
(2) Calculated using two data points, the Beginning and Ending Capital Allocation balances.

(3) Calculated by dividing the Total Return by the Average Capital Allocation, expressed as a percentage.

Source: Company Financials

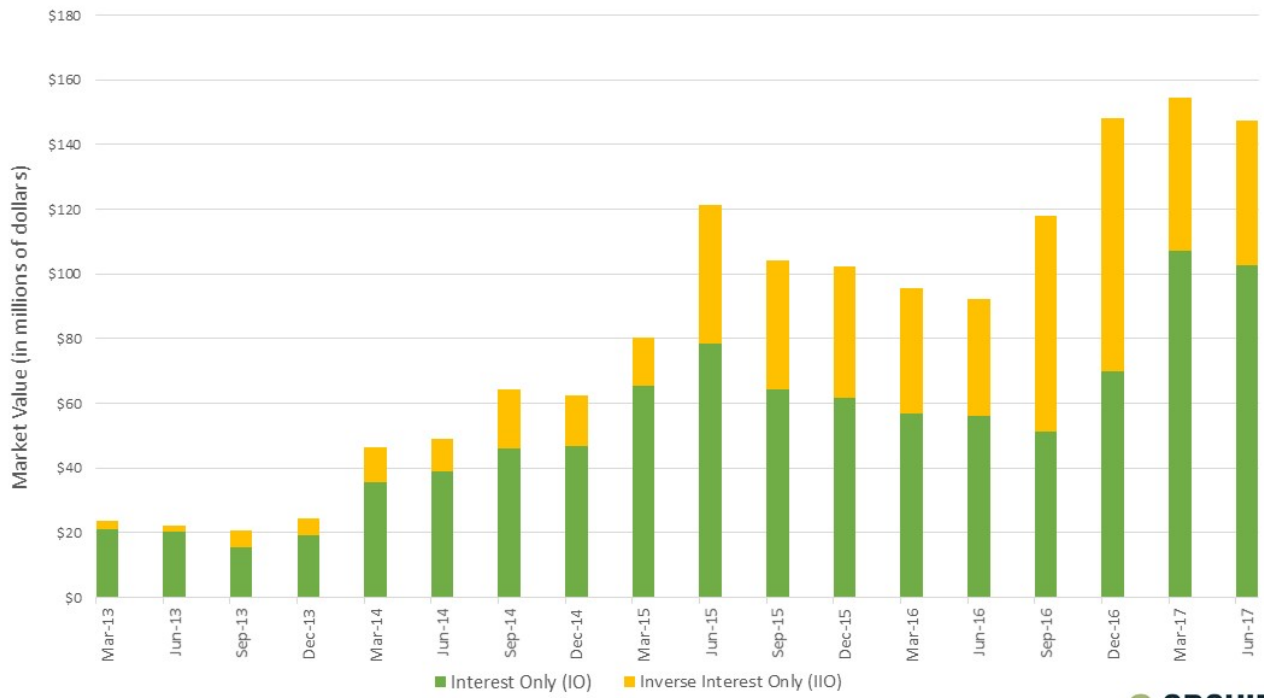
Portfolio Characteristics, Credit Counterparties & Hedge Position

Orchid Island Capital Portfolio Market Value Composition



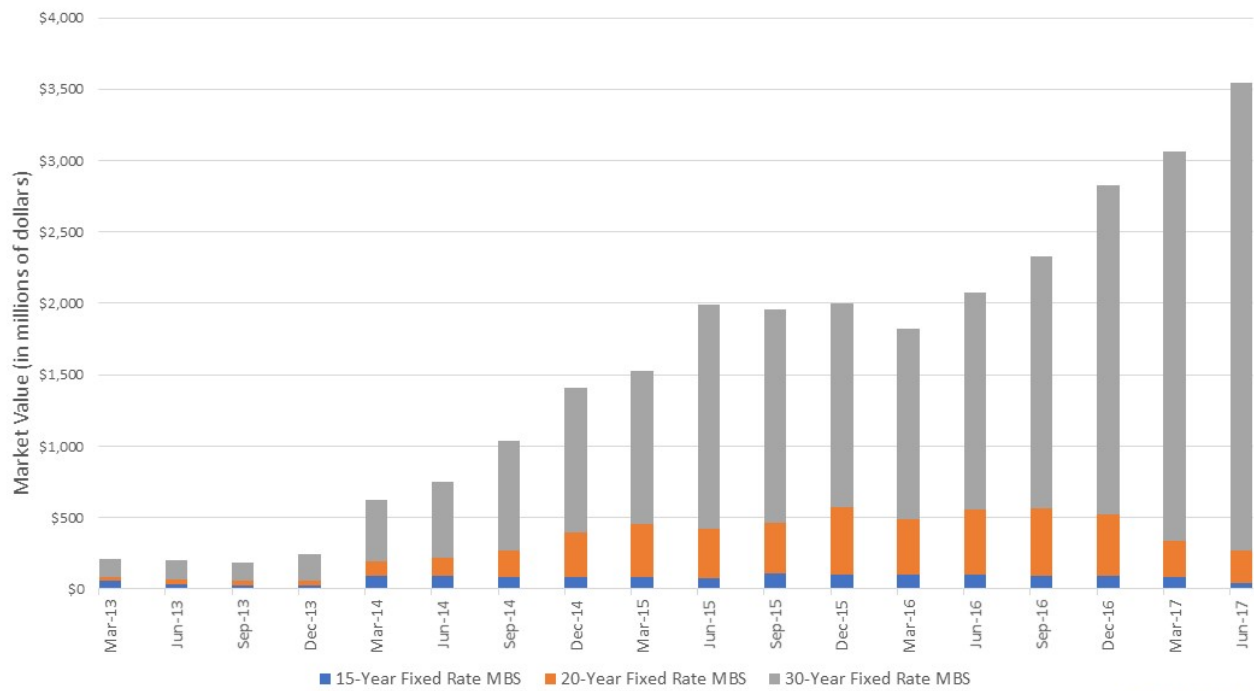
Source: Company Press Releases

Orchid Island Capital Market Value of Structured Securities (IO & IIO)



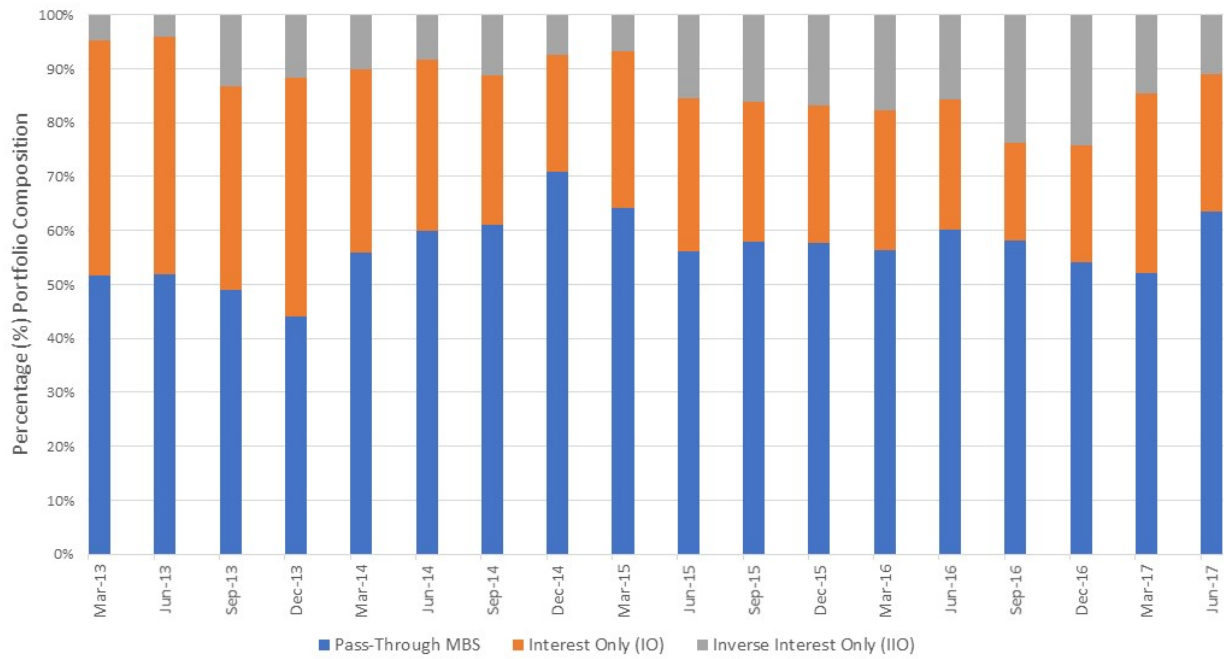
Source: Company Press Releases

Orchid Island Capital Fixed Rate MBS Holdings



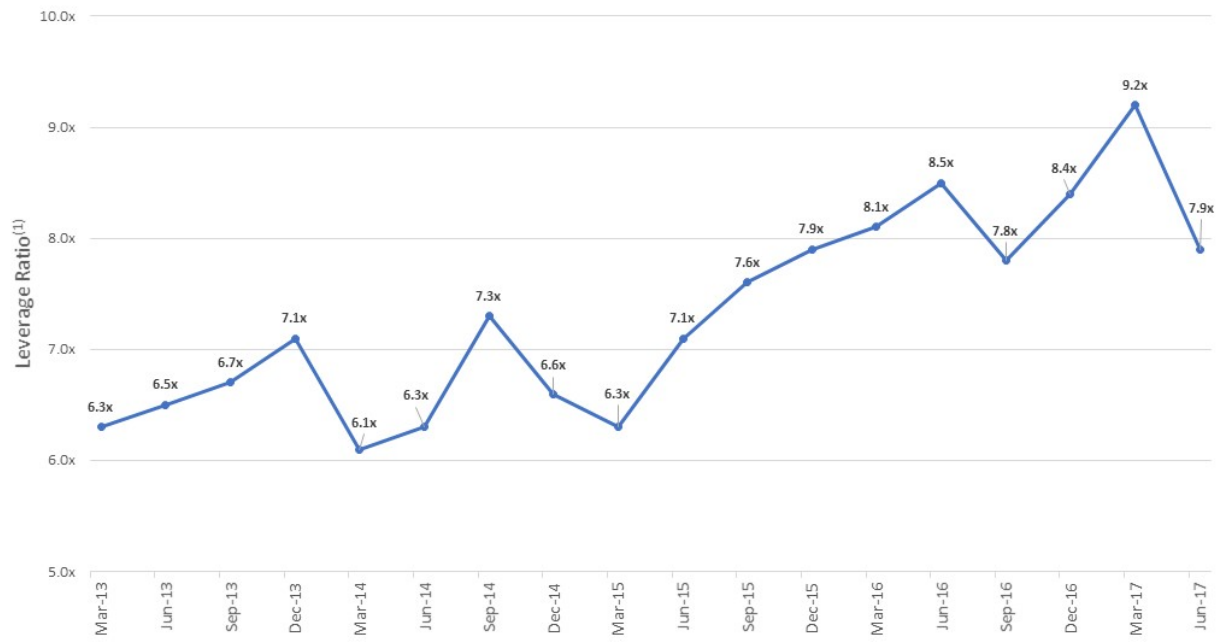
Source: Company Press Releases

Orchid Island Capital Portfolio Capital Allocation



Source: Company Press Releases

Orchid Island Capital Leverage Ratio History



(1) Total liabilities minus unsettled purchases divided by stockholders equity.

Source: Company Press Releases

Orchid Island Capital MBS Portfolio Characteristics as of June 30, 2017

MBS Valuation Characteristics

(in thousands of \$s)

Asset Category	Current Face	Fair Value	Current Price	Percentage of Portfolio	Weighted Average Coupon	Realized Jun 2017 CPR (Reported in Jul)
As of June 30, 2017						
Adjustable Rate MBS	\$ 1,814	\$ 1,929	106.34	0.05%	3.52%	0.1%
10-1 Hybrid Rate MBS	41,839	42,881	102.49	1.15%	2.55%	0.8%
Total Hybrid Adjustable Rate MBS	41,839	42,881	102.49	1.15%	2.55%	0.8%
15 Year Fixed Rate MBS	42,907	45,049	104.99	1.21%	3.50%	11.8%
20 Year Fixed Rate MBS	212,874	226,258	106.29	6.05%	4.00%	4.2%
30 Year Fixed Rate MBS	3,034,026	3,274,307	107.92	87.60%	4.46%	6.6%
Total Fixed Rate MBS	3,289,807	3,545,614	107.78	94.86%	4.42%	6.5%
Total Mortgage-backed Pass-through MBS	3,333,460	3,590,425	107.71	96.06%	4.39%	6.4%
Interest-Only Securities	798,981	102,552	12.84	2.74%	3.74%	15.5%
Inverse Interest-Only Securities	232,723	44,851	19.27	1.20%	5.02%	14.1%
Structured MBS	1,031,704	147,402	14.29	3.94%	4.13%	15.2%
Total Mortgage Assets	\$ 4,365,165	\$ 3,737,827		100.00%	4.38%	8.6%

MBS Assets by Agency

(in thousands of \$s)

As of June 30, 2017	Fair Value	Percentage of Portfolio
FannieMae	\$ 2,621,464	70.1%
FreddieMac	1,107,792	29.6%
GinnieMae	8,571	0.2%
Total Portfolio	\$ 3,737,827	100%

Investment Company Act of 1940 (Whole Pool) Test

(in thousands of \$s)

As of June 30, 2017	Fair Value	Percentage of Portfolio
Whole Pool Assets	\$ 3,187,442	85.3%
Non Whole Pool Assets	550,385	14.7%
Total Portfolio	\$ 3,737,827	100%

Source: Company Financials

Orchid Island Capital Credit Counterparties

(\$ in thousands)

As of June 30, 2017

Counterparty		Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
J.P. Morgan Securities LLC	\$	610,851	18.50%	1.32%	\$ 35,463	12
Wells Fargo Bank, N.A.		313,206	9.60%	1.28%	15,235	11
Citigroup Global Markets, Inc.		269,560	8.20%	1.30%	22,151	17
ICBC Financial Services, LLC		241,736	7.40%	1.30%	12,226	12
Cantor Fitzgerald & Co.		229,485	7.00%	1.34%	12,037	31
RBC Capital Markets, LLC		227,896	7.00%	1.32%	12,018	13
Mitsubishi UFJ Securities (USA), Inc.		192,516	5.90%	1.08%	9,790	17
South Street Securities, LLC		173,925	5.30%	1.27%	8,524	11
Merrill Lynch, Pierce, Fenner & Smith Inc.		159,470	4.90%	1.36%	5,176	17
ED&F Man Capital Markets Inc.		155,908	4.80%	1.29%	7,837	51
Natixis, New York Branch		142,158	4.30%	1.45%	22,085	18
Mirae Asset Securities (USA) Inc.		127,280	3.90%	1.28%	6,550	43
Daiwa Capital Markets America, Inc.		92,750	2.80%	1.32%	4,331	12
FHLB-Cincinnati		80,180	2.40%	1.17%	2,773	3
KGS-Alpha Capital Markets, L.P.		68,296	2.10%	1.30%	3,527	11
Nomura Securities International, Inc.		63,992	2.00%	1.16%	3,056	40
Goldman Sachs & Co.		53,858	1.60%	1.37%	3,951	14
Guggenheim Securities, LLC		53,020	1.60%	1.34%	2,608	40
Mizuho Securities USA, Inc.		22,369	0.70%	1.35%	1,243	26
Total / Weighted Average	\$	3,278,456	100.00%	1.30%	\$ 190,581	18

(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 agreement liabilities, accrued interest payable and the fair value of securities posted by the counterparties (if any).

Source: Company Financials

Orchid Island Capital Hedge Positions as of June 30, 2017

(\$ in thousands)

Expiration Year	As of 6/30/2017			
	Average Contract National Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity ⁽¹⁾
Eurodollar Futures Contracts (Short Positions)				
2017				
September	\$ 1,000,000	1.50%	1.36%	\$ (371)
December	1,000,000	1.62%	1.47%	(353)
2018				
March	\$ 1,000,000	1.71%	1.56%	\$ (369)
June	1,000,000	1.81%	1.64%	(432)
September	1,000,000	1.90%	1.71%	(475)
December	1,000,000	1.96%	1.80%	(390)
2019				
March	\$ 1,000,000	2.02%	1.86%	\$ (416)
June	1,000,000	2.02%	1.92%	(316)
September	1,000,000	2.11%	1.97%	(358)
December	1,000,000	2.19%	2.05%	(373)
2020				
March	\$ 1,000,000	2.54%	2.09%	\$ (1,116)
June	1,000,000	2.59%	2.14%	(1,142)
September	1,000,000	2.65%	2.19%	(1,152)
December	700,000	2.74%	2.25%	(858)
Total / Weighted Average	\$ 978,571	2.08%	1.85%	\$ (8,120)
Treasury Note Futures Contracts (Short Position)⁽²⁾				
June 2017 10 year T-Note futures				
(Jun 2017 - Jun 2027 Hedge Period)	\$ 465,000	2.06%	2.12%	\$ 1,582

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

(2) T-Note futures contracts were valued at a price of \$125.53 at June 30, 2017 and \$124.28 at December 31, 2016. The notional contract values of the short positions were \$583.7 million and \$577.9 million at June 30, 2017 and December 31, 2016, respectively.

Source: Company Financials

Orchid Island Capital Hedge Positions as of June 30, 2017 - continued

TBA Positions (\$ in thousands)

		Notional Amount Long (Short) ⁽¹⁾	Cost Basis ⁽²⁾	Market Value ⁽³⁾	Net Carrying Value ⁽⁴⁾
As of June 30, 2017					
30-Year TBA securities:					
	3.00%	\$ (250,000)	\$ (251,063)	\$ (249,628)	\$ 1,435
	4.50%	(150,000)	(161,531)	(160,876)	655
		\$ (400,000)	\$ (412,594)	\$ (410,504)	\$ 2,090
As of March 31, 2017					
30-Year TBA securities:					
	3.00%	\$ (150,000)	\$ (147,406)	\$ (148,267)	\$ (861)
	4.50%	(297,000)	(317,199)	(318,574)	(1,375)
		\$ (447,000)	\$ (464,605)	\$ (466,841)	\$ (2,236)

Swap Agreements (\$ in thousands)

	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
As of June 30, 2017					
Expiration > 1 to ≤ 3 years	\$ 650,000	1.09%	1.18%	\$ 8,485	2.6
Expiration > 3 to ≤ 5 years	300,000	2.08%	1.24%	(2,674)	4.7
	\$ 950,000	1.40%	1.20%	\$ 5,811	3.2
As of March 31, 2017					
Expiration > 1 to ≤ 3 years	\$ 600,000	1.05%	1.04%	\$ 12,430	2.9
Expiration > 3 to ≤ 5 years	200,000	2.14%	1.15%	(1,397)	4.9
	\$ 800,000	1.32%	1.07%	\$ 11,033	3.4

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

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

(3) Market value represents the current market value of the TBA securities (or of the underlying Agency MBS) 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 in derivative assets (liabilities), at fair value in our consolidated balance sheets.

Source: Company Financials

Appendix

Orchid Island Capital Earnings per Share Support Data

Quarter	Net Income	Realized and Unrealized Gains and (Losses)	Net Income Less Realized and Unrealized Gains and (Losses)	Weighted Average Shares Outstanding	Per Share Amounts		
					Net Income	Realized and Unrealized Gains and (Losses)	Net Income Less Realized and Unrealized Gains and (Losses)
2013 - Q1	\$ 400,358	\$ (412,530)	\$ 812,888	2,004,332	\$ 0.20	\$ (0.21)	\$ 0.41
2013 - Q2	\$ (1,546,152)	\$ (3,201,488)	\$ 1,655,336	3,341,665	\$ (0.46)	\$ (0.96)	\$ 0.50
2013 - Q3	\$ (997,107)	\$ (2,852,987)	\$ 1,855,880	3,341,665	\$ (0.30)	\$ (0.85)	\$ 0.56
2013 - Q4	\$ 1,444,895	\$ (634,926)	\$ 2,079,821	3,341,665	\$ 0.43	\$ (0.19)	\$ 0.62
2014 - Q1	\$ 3,595,264	\$ 758,306	\$ 2,836,958	5,093,554	\$ 0.71	\$ 0.15	\$ 0.56
2014 - Q2	\$ 10,634,941	\$ 5,836,099	\$ 4,798,842	9,078,107	\$ 1.17	\$ 0.64	\$ 0.53
2014 - Q3	\$ 6,768,486	\$ (305,944)	\$ 7,074,430	10,710,153	\$ 0.63	\$ (0.03)	\$ 0.66
2014 - Q4	\$ 3,521,000	\$ (6,055,000)	\$ 9,576,000	14,565,000	\$ 0.24	\$ (0.42)	\$ 0.66
2015 - Q1	\$ 5,509,000	\$ (6,063,000)	\$ 11,572,000	16,846,950	\$ 0.33	\$ (0.36)	\$ 0.69
2015 - Q2	\$ (2,832,000)	\$ (16,017,000)	\$ 13,185,000	19,751,871	\$ (0.14)	\$ (0.81)	\$ 0.67
2015 - Q3	\$ (9,417,000)	\$ (23,682,000)	\$ 14,265,000	22,545,019	\$ (0.42)	\$ (1.05)	\$ 0.63
2015 - Q4	\$ 7,809,918	\$ (6,813,000)	\$ 14,622,918	21,771,000	\$ 0.36	\$ (0.31)	\$ 0.67
2016 - Q1	\$ (4,591,000)	\$ (19,561,000)	\$ 14,970,000	21,756,065	\$ (0.21)	\$ (0.90)	\$ 0.69
2016 - Q2	\$ 6,463,000	\$ (7,319,000)	\$ 13,782,000	21,920,573	\$ 0.29	\$ (0.33)	\$ 0.63
2016 - Q3	\$ 20,526,000	\$ 4,418,000	\$ 16,108,000	24,133,343	\$ 0.85	\$ 0.18	\$ 0.67
2016 - Q4	\$ (20,419,000)	\$ (38,005,000)	\$ 17,586,000	28,494,000	\$ (0.72)	\$ (1.33)	\$ 0.62
2017 - Q1	\$ 2,449,000	\$ (20,727,000)	\$ 23,176,000	33,069,064	\$ 0.07	\$ (0.63)	\$ 0.70
2017 - Q2	\$ (9,643,000)	\$ (32,597,000)	\$ 22,954,000	37,211,362	\$ (0.26)	\$ (0.88)	\$ 0.62

Source: Company Financials

