

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): **April 27, 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))

ITEM 2.02. RESULTS OF OPERATIONS AND FINANCIAL CONDITION.

On April 27, 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 March 31, 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, net interest income, net interest expense, liquidity, pledging of our structured RMBS, funding levels and spreads, inflation, prepayment speeds, portfolio positioning, 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 April 27, 2017
99.2	Supplemental Materials dated April 27, 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: April 27, 2017

ORCHID ISLAND CAPITAL, INC.

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

Exhibit No.**Description**

99.1	Press Release dated April 27, 2017
99.2	Supplemental Materials dated April 27, 2017

**ORCHID ISLAND CAPITAL ANNOUNCES FIRST QUARTER 2017 RESULTS**

VERO BEACH, Fla. (April 27, 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 March 31, 2017.

First Quarter 2017 Highlights

- Net income of \$2.4 million, or \$0.07 per common share, which consists of:
 - Net interest income of \$25.6 million, or \$0.77 per common share
 - Total expenses of \$2.4 million, or \$0.07 per common share
 - Net realized and unrealized losses of \$20.7 million, or \$0.63 per share, on RMBS and derivative instruments
- First quarter total dividends declared and paid of \$0.42 per common share
- Book value per share of \$9.75 at March 31, 2017
- 0.7% economic gain on common equity for the quarter, or 2.8% annualized, comprised of \$0.42 dividend per common share and \$0.35 decrease in net book value per common share, divided by beginning book value per share
- Company to discuss results on Friday, April 28, 2017, at 10:00 AM ET
- Supplemental materials to be discussed on the call can be downloaded from the Company's website

Details of First Quarter 2017 Results of Operations

The Company reported net income of \$2.4 million for the three month period ended March 31, 2017, compared with net loss of \$4.6 million for the three month period ended March 31, 2016. The first quarter net income included net interest income of \$25.6 million, net portfolio losses of \$20.7 million (which includes realized and unrealized losses (losses) on RMBS and derivative instruments, and net interest expense realized in interest rate swaps), management fees and allocated overhead of \$1.7 million, audit, legal and other professional fees of \$0.2 million, and other operating, general and administrative expenses of \$0.5 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 December 31, 2016, approximately 54% 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 March 31, 2017, the allocation to the PT RMBS had decreased by 2% to approximately 52%.

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 - December 31, 2016	\$ 2,874,215	\$ 69,726	\$ 78,233	\$ 147,959	\$ 3,022,174
Securities purchased	1,682,894	43,498	10,848	54,346	1,737,240
Securities sold	(1,369,585)	-	(38,088)	(38,088)	(1,407,673)
Losses on sales	(910)	-	(440)	(440)	(1,350)
Return of investment	n/a	(5,859)	(2,668)	(8,527)	(8,527)
Pay-downs	(64,889)	n/a	n/a	n/a	(64,889)
Premium lost due to pay-downs	(4,653)	n/a	n/a	n/a	(4,653)
Mark to market losses	(9,412)	(151)	(742)	(893)	(10,305)
Market value - March 31, 2017	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017

The tables below present the allocation of capital between the respective portfolios at March 31, 2017 and December 31, 2016, and the return on invested capital for each sub-portfolio for the three month period ended March 31, 2017. The return on invested capital in the PT RMBS and structured RMBS portfolios was approximately 2.1% and 0.8%, respectively, for the first quarter of 2017. The combined portfolio generated a return on invested capital of approximately 1.5%.

(\$ in thousands)

Capital Allocation					
	Pass-Through Portfolio	Structured Security Portfolio			Total
		Interest-Only Securities	Inverse Interest Only Securities	Sub-total	
March 31, 2017					
Market value	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017
Cash	112,723	-	-	-	112,723
Borrowings ⁽¹⁾	(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%
December 31, 2016					
Market value	\$ 2,874,215	\$ 69,726	\$ 78,233	\$ 147,959	\$ 3,022,174
Cash	94,425	-	-	-	94,425
Borrowings ⁽²⁾	(2,793,705)	-	-	-	(2,793,705)
Total	\$ 174,935	\$ 69,726	\$ 78,233	\$ 147,959	\$ 322,894
% of Total	54.2%	21.6%	24.2%	45.8%	100.0%

(1) 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 to invest in PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(2) At December 31, 2016, there were outstanding repurchase agreement balances of \$33.3 million and \$45.5 million secured by IO and IIO securities, respectively. We entered into these arrangements to generate additional cash to invest in PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(\$ in thousands)

Returns for the Quarter Ended March 31, 2017

	Structured Security Portfolio				Sub-total	Total
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities			
Income (net of borrowing cost)	\$ 23,057	\$ 541	\$ 1,998	\$ 2,539	\$ 25,596	
Realized and unrealized losses	(14,975)	(151)	(1,182)	(1,333)	(16,308)	
Derivative losses	(4,419)	n/a	n/a	n/a	(4,419)	
Total Return	\$ 3,663	\$ 390	\$ 816	\$ 1,206	\$ 4,869	
Beginning Capital Allocation	\$ 174,935	\$ 69,726	\$ 78,233	\$ 147,959	\$ 322,894	
Return on Invested Capital for the Quarter ⁽¹⁾	2.1%	0.6%	1.0%	0.8%	1.5%	
Average Capital Allocation ⁽²⁾	\$ 172,355	\$ 88,470	\$ 62,688	\$ 151,158	\$ 323,513	
Return on Average Invested Capital for the Quarter ⁽³⁾	2.1%	0.4%	1.3%	0.8%	1.5%	

(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.

Prepayments

For the quarter ended March 31, 2017, Orchid received \$73.3 million in scheduled and unscheduled principal repayments and prepayments, which equated to a constant prepayment rate ("CPR") of approximately 9.9%. Prepayment rates on the two RMBS sub-portfolios were as follows (in CPR):

Three Months Ended	PT RMBS Portfolio (%)	Structured RMBS Portfolio (%)	Total Portfolio (%)
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 March 31, 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
March 31, 2017								
Adjustable Rate RMBS	\$ 1,947	0.1%	3.52%	215	1-Sep-35	3.22	10.04%	2.00%
Fixed Rate RMBS	3,061,957	93.9%	4.33%	338	1-Mar-47	NA	NA	NA
Hybrid Adjustable Rate RMBS	43,756	1.3%	2.55%	310	1-Aug-43	70.01	7.55%	2.00%
Total Mortgage-backed Pass-through	3,107,660	95.3%	4.31%	337	1-Mar-47	NA	NA	NA
Interest-Only Securities	107,214	3.3%	3.74%	266	25-Dec-45	NA	NA	NA
Inverse Interest-Only Securities	47,143	1.4%	5.26%	326	25-Feb-47	NA	6.22%	NA
Total Structured RMBS	154,357	4.7%	4.20%	284	25-Feb-47	NA	NA	NA
Total Mortgage Assets	\$ 3,262,017	100.0%	4.30%	335	1-Mar-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	n/a	n/a
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	n/a	n/a
Inverse Interest-Only Securities	78,233	2.6%	5.40%	338	25-Dec-46	NA	6.14%	n/a
Total Structured RMBS	147,959	4.9%	4.55%	290	25-Dec-46	NA	NA	n/a
Total Mortgage Assets	\$ 3,022,174	100.0%	4.20%	323	25-Dec-46	NA	NA	NA

(\$ in thousands)

Agency	March 31, 2017		December 31, 2016	
	Fair Value	Percentage of Entire Portfolio	Fair Value	Percentage of Entire Portfolio
Fannie Mae	\$ 2,491,752	76.4%	\$ 2,226,893	73.7%
Freddie Mac	761,590	23.3%	785,496	26.0%
Ginnie Mae	8,675	0.3%	9,785	0.3%
Total Portfolio	\$ 3,262,017	100.0%	\$ 3,022,174	100.0%

	March 31, 2017	December 31, 2016
Weighted Average Pass-through Purchase Price	\$ 108.26	\$ 108.64
Weighted Average Structured Purchase Price	\$ 14.52	\$ 15.39
Weighted Average Pass-through Current Price	\$ 107.19	\$ 107.14
Weighted Average Structured Current Price	\$ 14.58	\$ 15.49
Effective Duration (1)	3.495	4.579

(1) Effective duration of 3.495 indicates that an interest rate increase of 1.0% would be expected to cause a 3.495% decrease in the value of the RMBS in the Company's investment portfolio at March 31, 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 March 31, 2017, the Company had outstanding repurchase obligations of approximately \$3,050.6 million with a net weighted average borrowing rate of 1.01%. These agreements were collateralized by RMBS with a fair value, including accrued interest, of approximately \$3,244.3 million and cash pledged to counterparties of approximately \$4.4 million. The Company's leverage ratio at March 31, 2017 was 9.2 to 1. At March 31, 2017, the Company's liquidity was approximately \$125.3 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 listing of outstanding borrowings under repurchase obligations at March 31, 2017.

(\$ in thousands)

Counterparty	Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
Wells Fargo Bank, N.A.	\$ 423,078	13.8%	0.98%	\$ 23,102	11
Citigroup Global Markets, Inc.	286,584	9.4%	1.04%	28,586	27
ICBC Financial Services, LLC	240,705	7.9%	1.04%	12,885	43
J.P. Morgan Securities LLC	231,617	7.6%	1.11%	18,241	13
RBC Capital Markets, LLC	229,689	7.5%	0.98%	12,399	12
Cantor Fitzgerald & Co.	228,461	7.5%	0.91%	12,440	18
Mitsubishi UFJ Securities (USA), Inc.	207,082	6.8%	0.86%	11,237	21
South Street Securities, LLC	172,080	5.6%	0.98%	9,130	7
ED&F Man Capital Markets Inc.	153,325	5.0%	0.99%	8,374	59
KGS-Alpha Capital Markets, L.P.	149,426	4.9%	1.06%	14,056	44
Merrill Lynch, Pierce, Fenner & Smith Inc	149,096	4.9%	0.99%	5,067	17
Daiwa Capital Markets America, Inc.	123,675	4.1%	1.01%	6,638	13
Goldman Sachs & Co.	111,342	3.6%	1.12%	9,059	70
Guggenheim Securities, LLC	81,432	2.7%	1.05%	4,609	78
FHLB-Cincinnati	80,435	2.6%	1.04%	2,963	3
Natixis, New York Branch	72,100	2.4%	0.93%	3,910	6
Nomura Securities International, Inc.	65,701	2.2%	1.05%	3,592	38
Mizuho Securities USA, Inc.	44,780	1.5%	1.21%	6,720	17
Total / Weighted Average	\$ 3,050,608	100.0%	1.01%	\$ 193,008	25

(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 March 31, 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 March 31, 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	\$ 866,667	1.53%	1.44%	\$ (556)
2018	1,000,000	1.84%	1.83%	(91)
2019	1,000,000	2.09%	2.20%	1,050
2020	925,000	2.62%	2.43%	(1,767)
Total / Weighted Average	\$ 953,333	2.06%	2.02%	\$ (1,364)
Treasury Note Futures Contracts (Short Positions)⁽²⁾				
June 2017 10 year T-Note futures				
(June 2017 - June 2027 Hedge Period)	\$ 465,000	2.22%	2.20%	\$ (2,347)

(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 \$124.56 at March 31, 2017. The nominal contract value of the short position was \$579.2 million.

The table below presents information related to the Company's interest rate swap positions at March 31, 2017.

(\$ in thousands)

Expiration	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
> 1 to ≤ 3 years	\$ 600,000	1.05%	1.04%	\$ 12,430	2.9
> 3 to ≤ 5 years	200,000	2.14%	1.15%	(1,397)	4.9
	\$ 800,000	1.32%	1.07%	\$ 11,033	3.4

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⁾	0.560	18,942
Totals	<u>\$ 7.715</u>	<u>\$ 126,383</u>

(1) On April 12, 2016, the Company declared a dividend of \$0.14 per share to be paid on May 10, 2016. The effect of this dividend is included in the table above, but is not reflected in the Company's financial statements as of March 31, 2017.

Peer Performance

The table below presents total return data for Orchid compared to a selected group of peers for periods through March 31, 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 ⁽⁵⁾	0.8%	N/A	N/A
One Year Return - 4/1/16 - 3/31/17 ⁽⁵⁾	3.8%	N/A	N/A
Two Year Return - 4/1/15 - 3/31/17 ⁽⁵⁾	2.8%	N/A	N/A
Three Year Total Return - 4/1/14 - 3/31/17 ⁽⁵⁾	23.4%	N/A	N/A
ORC IPO to First Quarter 2016 - 3/31/13 - 3/31/17 ⁽⁴⁾⁽⁵⁾	14.8%	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, 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 April 27, 2017, earnings data for the first 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 March 31, 2017 was \$9.75. 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 March 31, 2017, the Company's stockholders' equity was \$334.2 million with 34,270,126 shares of common stock outstanding.

Stock Offerings

On February 23, 2017, Orchid entered into a fifth equity distribution agreement (the "February 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 February 2017 Equity Distribution Agreement replaced the July 2016 Equity Distribution Agreement. Through March 31, 2017, the Company issued a total of 1,286,196 shares under the February 2017 Equity Distribution Agreement for aggregate proceeds of approximately \$12.8 million, net of commissions and fees. After March 31, 2017, the Company issued an additional 594,784 shares under the February 2017 Equity Distribution Agreement for aggregate proceeds of approximately \$6.0 million, net of commissions and fees.

Management Commentary

As the year 2017 unfolded, risk markets and particularly the equity markets were buoyed by optimism stemming from developments in Washington generated by the incoming Trump administration. The President-elect made every effort to let the world and markets know that a Trump administration was going to be very pro-business, and pursue an aggressive legislative agenda that encompassed health-care reform, tax reform, infrastructure projects and regulatory relief. As various cabinet nominations were announced, most of which were from the business world, and the new President continuously met with leaders of most major industries, the equity and risk markets continued to rally, setting new all-time highs in the case of the Dow Industrials and S&P 500 in early March. Optimism was so high that when the Federal Reserve raised the Fed Funds Rate by 25 bps at their March meeting the markets reacted calmly. By quarter end, the treasury curve in the US was close to unchanged from year end 2016 levels. The 10-year point of the curve was less than 5 bps lower in yield and short rates were slightly higher – approximately 6.5 bps in the case of the 2 year note and just over 30 bps in the case of the 1 month bill.

Various members of the Federal Open Market Committee and Fed governors have increasingly discussed the reduction of the Fed's balance sheet as the next phase of the removal of monetary accommodation, in addition to increasing the Fed Funds Rate. Members of the Fed have indicated that this reduction in the Fed's balance sheet would be accomplished by tapering the reinvestment of the paydowns they receive on its MBS holdings and maturities of the treasury and agency debt holdings. The market, particularly the MBS market, is keenly focused on the timing and extent of a reduction in Fed purchases. The prospect of the largest source of demand for agency MBS reducing its purchases has caused agency MBS assets to cheapen to comparable duration treasuries. Further, the flattening of the US treasury yield curve described above also negatively impacted MBS asset valuations, as the prospects for net interest income from owning the assets diminished. Prepayment speeds moderated during the quarter with the combination of the typical seasonal slowdown coupled with substantially higher mortgage rates versus levels prior to the election. Prepayment speeds appear to have hit their trough in February – based on the report released in March – before picking up again slightly in March – based on the report released in April.

These developments in the rates and MBS markets caused both our PT RMBS and structured RMBS to incur mark to market losses for the quarter. In the case of structured RMBS, both IO and IIO securities had negative mark to market losses. However, these mark to market losses were not enough to prevent all three asset types from generating positive returns for the quarter. The flattening of the treasury yield curve resulted in negative mark to market losses on our Euro Dollar positions as well as our 10-year treasury note futures position. The total realized and unrealized losses for the quarter – on assets as well as hedge positions - was (\$20.7) million, or (\$0.63) per common share. Due to slower prepayment rates, changes in the mix of IO's in the portfolio and slightly higher leverage the portfolio generated increased net interest income versus the prior quarter. We executed several trades to reposition the portfolio slightly which resulted in a slightly higher weighted average coupon and slightly lower weighted average purchase price. We increased our capital allocation to structured RMBS in the first quarter and added better up rate protection as well. These changes, in conjunction with changes to our TBA shorts, where we lowered the weighted average coupon of the short position, allowed us to increase our leverage slightly while maintaining what we believe to be a similar risk profile to interest rate shocks.

The early days of the second quarter of 2017 have been quite volatile. The 10-year T-Note rallied approximately 40 bps from March 13, 2017 through April 18, 2017. This was caused by a combination of geo-political events, softer economic data and a lack of progress by the Trump administration on its legislative agenda. The market has since reversed some of this move. However, it is unclear which direction the markets will go from here. The success or failure of the Trump administration with its legislative agenda will play a key role in determining this outcome, as will the incoming economic data.

Earnings Conference Call Details

An earnings conference call and live audio webcast will be hosted Friday, April 28, 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 11263288. 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 May 28, 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 and fiscal policy changes by the Trump administration, 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 March 31, 2017, and December 31, 2016, and the unaudited quarterly results of operations for the three months ended March 31, 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>March 31, 2017</u>	<u>December 31, 2016</u>
ASSETS:		
Total mortgage-backed securities	\$ 3,262,017	\$ 3,022,174
Cash, cash equivalents and restricted cash	112,723	94,425
Accrued interest receivable	13,188	11,512
Derivative assets, at fair value	12,430	10,365
Other assets	750	218
Total Assets	<u>\$ 3,401,108</u>	<u>\$ 3,138,694</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Repurchase agreements	\$ 3,050,608	\$ 2,793,705
Derivative liabilities, at fair value	3,633	1,982
Accrued interest payable	1,990	1,826
Due to affiliates	828	566
Dividends payable	4,799	4,616
Other liabilities	5,038	3,220
Total Liabilities	<u>3,066,896</u>	<u>2,805,915</u>
Total Stockholders' Equity	<u>334,212</u>	<u>332,779</u>
Total Liabilities and Stockholders' Equity	<u>\$ 3,401,108</u>	<u>\$ 3,138,694</u>
Common shares outstanding	34,270,126	32,962,919
Book value per share	<u>\$ 9.75</u>	<u>\$ 10.10</u>

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

	Three Months Ended March 31,	
	2017	2016
Interest income	\$ 32,311	\$ 20,466
Interest expense	(6,715)	(3,319)
Net interest income	25,596	17,147
Losses	(20,727)	(19,558)
Net portfolio income (loss)	4,869	(2,411)
Expenses	2,420	2,180
Net income (loss)	\$ 2,449	\$ (4,591)
Basic and diluted net income (loss) per share	\$ 0.07	\$ (0.21)
Dividends Declared Per Common Share:	\$ 0.42	\$ 0.42
Weighted average shares outstanding	33,069,064	21,756,065
	Three Months Ended March 31,	
	2017	2016
Key Balance Sheet Metrics		
Average RMBS ⁽¹⁾	\$ 3,142,095	\$ 2,067,527
Average repurchase agreements ⁽¹⁾	2,922,157	1,962,901
Average stockholders' equity ⁽¹⁾	333,496	246,517
Leverage ratio ⁽²⁾	9.2:1	8.1:1
Key Performance Metrics		
Average yield on RMBS ⁽³⁾	4.11%	3.96%
Average cost of funds ⁽³⁾	0.92%	0.68%
Average economic cost of funds ⁽⁴⁾	1.36%	1.07%
Average interest rate spread ⁽⁵⁾	3.19%	3.28%
Average economic interest rate spread ⁽⁶⁾	2.75%	2.89%

(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. At March 31, 2016, the \$21.5 million of payable for unsettled securities purchased 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 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.



Q1 2017 Supplemental Materials

April 27, 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 and our investment, financing, and hedging strategies and means to implement the strategy.

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 Annual Report on Form 10-K and any subsequent Quarterly Reports 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 presents a reconciliation of the adjustments to net income calculated in accordance with GAAP for the first quarter of 2017.

Table of Contents

Topic Point	Slide(s)
▪ Financial Highlights for the Quarter	5
▪ Market Developments	6 - 12
▪ Financial Results	13 - 17
▪ MBS Portfolio Characteristics, Credit Counterparties, and Hedge Position	18 - 23

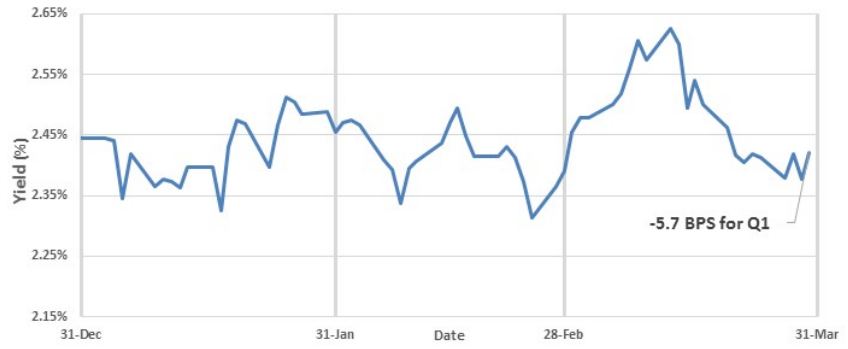
Financial Highlights for the Quarter Ended March 31, 2017

- Earnings per Share of \$0.07
- Incurred \$0.63 loss per Share from net realized and unrealized gain/(losses) on MBS and derivative instruments
- Earnings per Share of \$0.70 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 \$9.75 at March 31, 2017
 - A decrease of \$0.35 (or -3.5%) from \$10.10 at December 31, 2016
- Dividend of \$0.42 declared during the quarter
- Economic return of \$0.07 per share, or 0.7% unannualized / 2.8% annualized

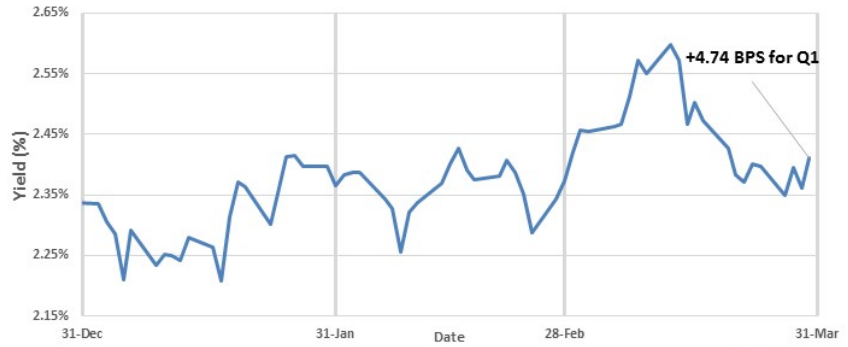
Market Developments

10-Year US Treasury Note & US Dollar Swap: Q1 2017

10-Year US Treasury Note:
Q1 2017

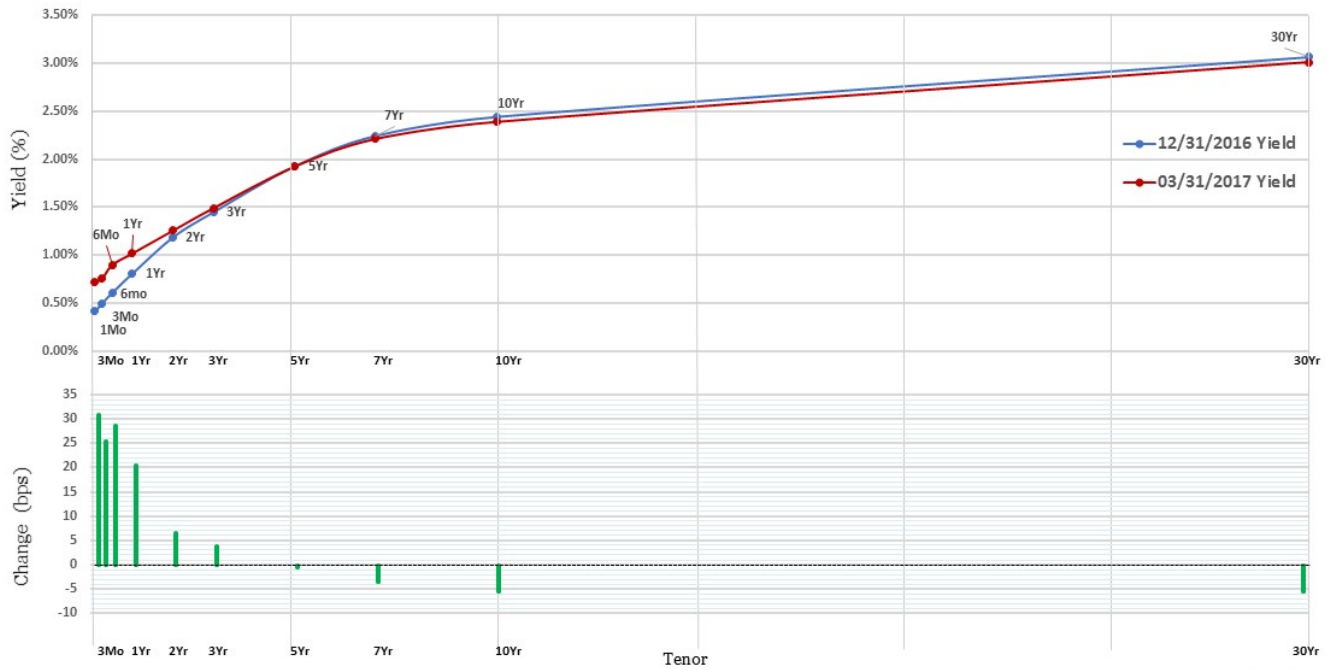


10-Year US Dollar Swap:
Q1 2017



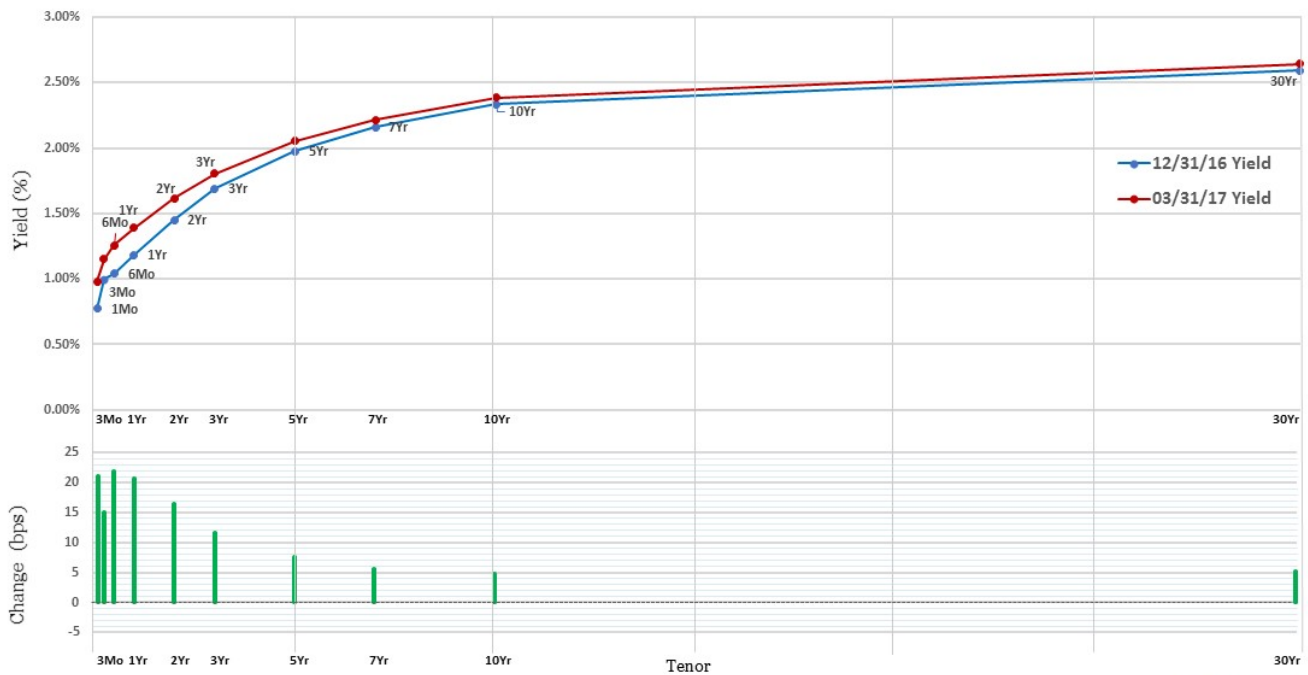
Source: Bloomberg Data

US Treasury Curve: Q1 2017 Performance



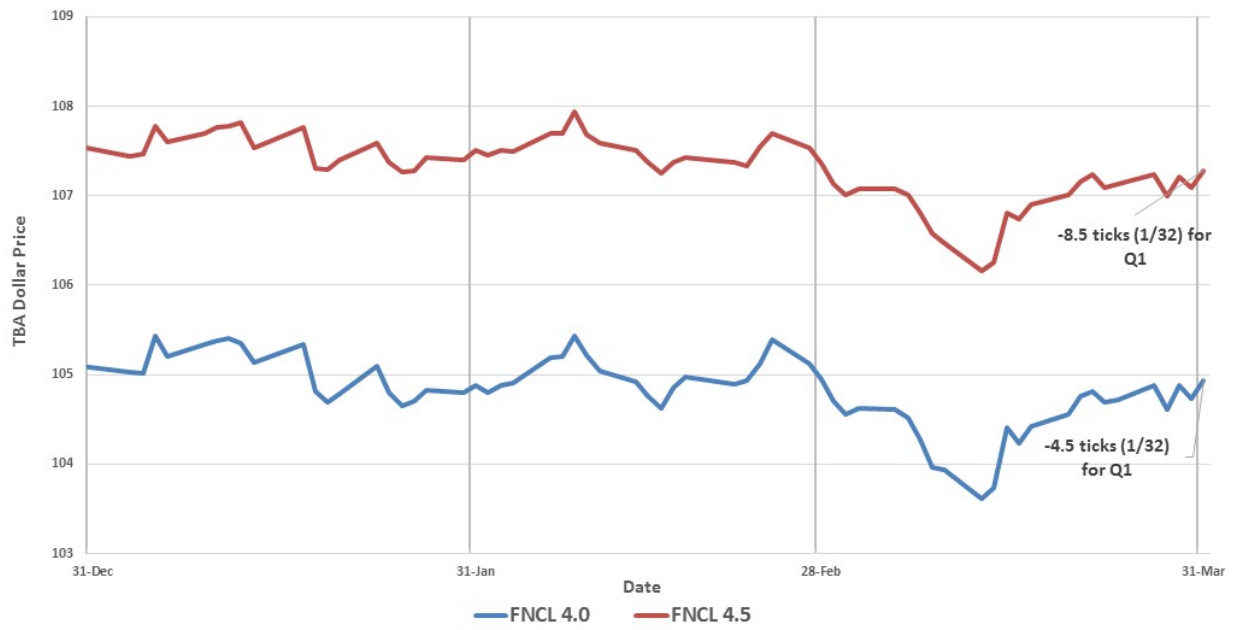
Source: Bloomberg Data

US Dollar Swap Curve: Q1 2017 Performance



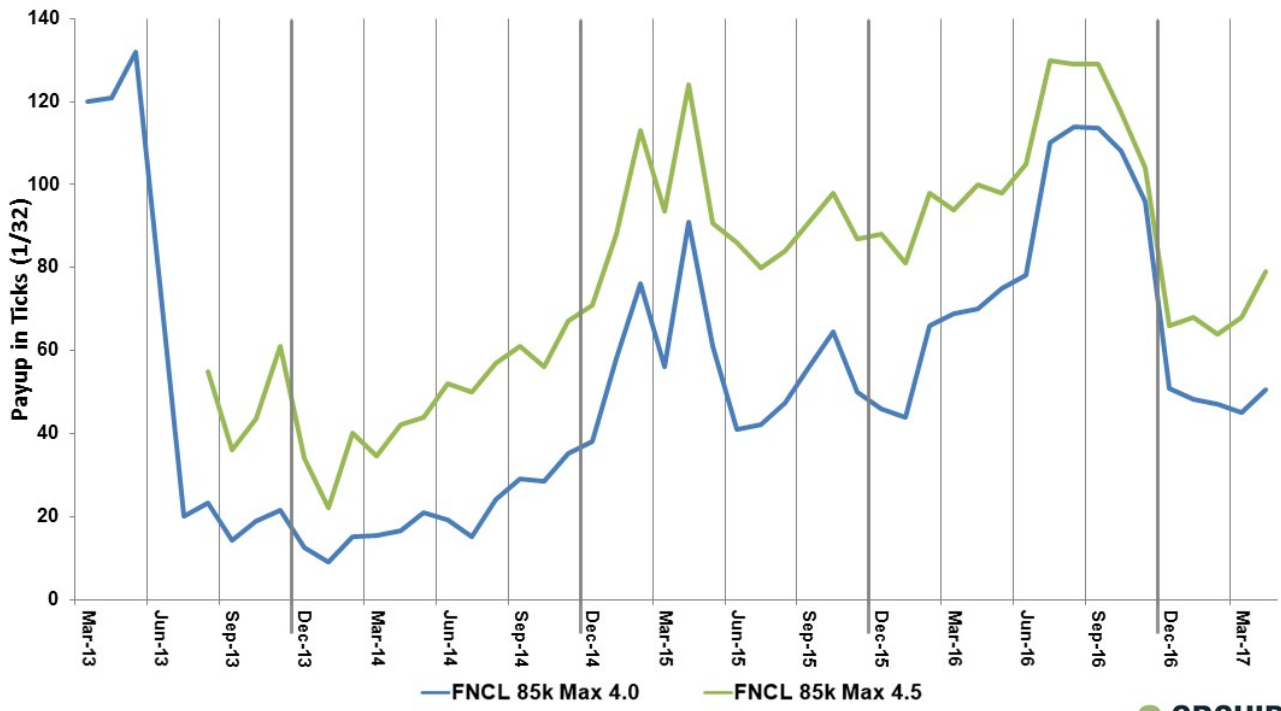
Source: Bloomberg Data

FNCL 4.0 & FNCL 4.5: Q1 2017



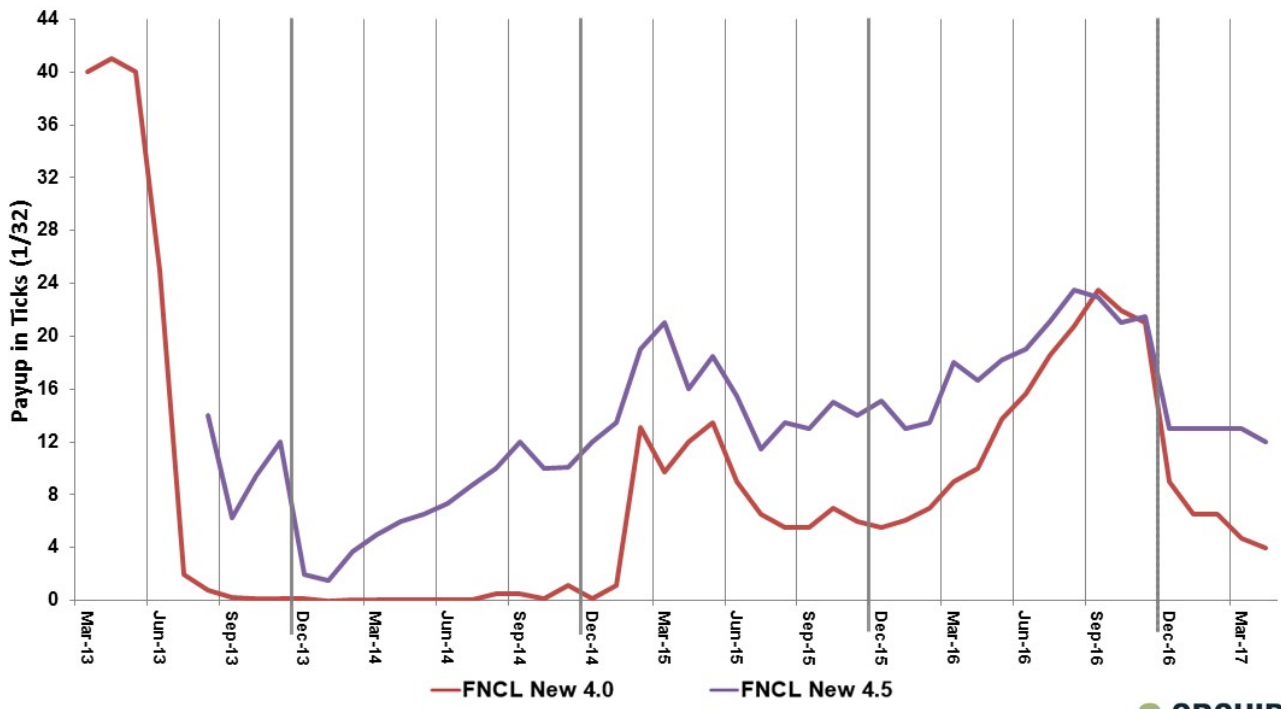
Source: Bloomberg Data

Wells Fargo Production 85k Max Specified Pool Payups 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 March 31, 2017

<i>(\$ in thousands, except per share data)</i>	Net Income Excluding Realized and Unrealized Gains and Losses	Realized and Unrealized Gains/(Losses)	Total
Interest income	\$ 32,311	\$ -	\$ 32,311
Interest expense	(6,715)	-	(6,715)
Net interest income	25,596	-	25,596
Realized losses on mortgage-backed securities	-	(1,350)	(1,350)
Unrealized (losses) on mortgage-backed securities	-	(14,958)	(14,958)
Losses on interest rate futures	-	(4,422)	(4,422)
Gains on interest rate swaps	-	3	3
Net portfolio income (loss)	\$ 25,596	\$ (20,727)	\$ 4,869
Expenses:			
Management fees	1,302	-	1,302
Allocated overhead	368	-	368
Accrued incentive compensation	12	-	12
Directors' fees and liability insurance	276	-	276
Audit, legal and other professional fees	170	-	170
Direct REIT operating expenses	231	-	231
Other administrative	61	-	61
Total expenses	2,420	-	2,420
Net income (loss)	\$ 23,176	\$ (20,727)	\$ 2,449
Basic and diluted net income (loss) per share	\$ 0.701	\$ (0.627)	\$ 0.074
Weighted average shares outstanding - Basic and diluted	33,069,064	33,069,064	33,069,064
Dividends declared per common share			\$ 0.42

MBS Portfolio Roll Forward Dec 31, 2016 to Mar 31, 2017

(\$ 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 - December 31, 2016	\$ 2,874,215	\$ 69,726	\$ 78,233	\$ 147,959	\$ 3,022,174
Securities purchased	1,682,894	43,498	10,848	54,346	1,737,240
Securities sold	(1,369,585)	-	(38,088)	(38,088)	(1,407,673)
Losses on sales	(910)	-	(440)	(440)	(1,350)
Return of investment	n/a	(5,859)	(2,668)	(8,527)	(8,527)
Pay-downs	(64,889)	n/a	n/a	n/a	(64,889)
Premium lost due to pay-downs	(4,653)	n/a	n/a	n/a	(4,653)
Mark to market losses	(9,412)	(151)	(742)	(893)	(10,305)
Market value - March 31, 2017	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017

MBS Portfolio Capital Allocation at Dec 31, 2016 and Mar 31, 2017

(\$ in thousands)

	Capital Allocation					Total
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	
		Interest-Only Securities	Inverse Interest Only Securities			
31-Mar-17						
Market value	\$ 3,107,660	\$ 107,214	\$ 47,143	\$ 154,357	\$ 3,262,017	
Cash	112,723	-	-	-	112,723	
Borrowings ⁽¹⁾	(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%	
31-Dec-16						
Market value	\$ 2,874,215	\$ 69,726	\$ 78,233	\$ 147,959	\$ 3,022,174	
Cash	94,425	-	-	-	94,425	
Borrowings ⁽²⁾	(2,793,705)	-	-	-	(2,793,705)	
Total	\$ 174,935	\$ 69,726	\$ 78,233	\$ 147,959	\$ 322,894	
% of Total	54.20%	21.60%	24.20%	45.80%	100.00%	

(1) 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 to invest in PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(2) At December 31, 2016, there were outstanding repurchase agreement balances of \$33.3 million and \$45.5 million secured by IO and IIO securities, respectively. We entered into these arrangements to generate additional cash to invest in PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

MBS Portfolio Returns by Sector for the Quarter Ended Mar 31, 2017

(\$ in thousands)

Returns for the Quarter Ended March 31, 2017					
	Pass-Through Portfolio	Structured Security Portfolio			Total
		Interest-Only Securities	Inverse Interest Only Securities	Sub-total	
Income (net of borrowing cost)	\$ 23,057	\$ 541	\$ 1,998	\$ 2,539	\$ 25,596
Realized and unrealized losses	(14,975)	(151)	(1,182)	(1,333)	(16,308)
Derivative losses	(4,419)	n/a	n/a	n/a	(4,419)
Total Return	\$ 3,663	\$ 390	\$ 816	\$ 1,206	\$ 4,869
Beginning Capital Allocation	\$ 174,935	\$ 69,726	\$ 78,233	\$ 147,959	\$ 322,894
Return on Invested Capital for the Quarter ⁽¹⁾	2.10%	0.60%	1.00%	0.80%	1.50%
Average Capital Allocation ⁽²⁾	\$ 172,355	\$ 88,470	\$ 62,688	\$ 151,158	\$ 323,513
Return on Average Invested Capital for the Quarter ⁽³⁾	2.10%	0.40%	1.30%	0.80%	1.50%

(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.

Portfolio Characteristics, Credit Counterparties & Hedge Position

MBS Portfolio Characteristics as of March 31, 2017

MBS Valuation Characteristics (in thousands of \$s)

Asset Category	Current Face	Fair Value	Current Price	Percentage of Portfolio	Weighted Average Coupon	Realized March 2017 CPR (Reported in Apr)
As of March 31, 2017						
Adjustable Rate MBS	\$ 1,832	\$ 1,947	106.26	0.06%	3.52%	0.1%
10-1 Hybrid Rate MBS	42,680	43,756	102.52	1.34%	2.55%	0.6%
Total Hybrid Adjustable Rate MBS	42,680	43,756	102.52	1.34%	2.55%	0.6%
15 Year Fixed Rate MBS	80,902	84,266	104.16	2.58%	3.28%	9.2%
20 Year Fixed Rate MBS	237,234	253,347	106.79	7.77%	4.00%	10.4%
30 Year Fixed Rate MBS	2,536,513	2,724,344	107.41	83.52%	4.40%	6.2%
Total Fixed Rate MBS	2,854,649	3,061,957	107.26	93.87%	4.33%	6.6%
Total Mortgage-backed Pass-through MBS	2,899,161	3,107,659	107.19	95.27%	4.31%	6.5%
Interest-Only Securities	815,467	107,214	13.15	3.29%	3.74%	13.3%
Inverse Interest-Only Securities	243,293	47,143	19.38	1.45%	5.26%	13.7%
Structured MBS	1,058,760	154,357	14.58	4.73%	4.20%	13.4%
Total Mortgage Assets	\$ 3,957,921	\$ 3,262,017		100.00%	4.30%	8.4%

MBS Assets by Agency (in thousands of \$s)

As of March 31, 2017	Fair Value	Percentage of Portfolio
Fannie Mae	\$ 2,491,752	76.4%
Freddie Mac	761,590	23.3%
Ginnie Mae	8,675	0.3%
Total Portfolio	\$ 3,262,017	100%

Investment Company Act of 1940 (Whole Pool) Test (in thousands of \$s)

As of March 31, 2017	Fair Value	Percentage of Portfolio
Whole Pool Assets	\$ 2,882,506	88.4%
Non Whole Pool Assets	379,510	11.6%
Total Portfolio	\$ 3,262,017	100%

Credit Counterparties & Trading Activity

(\$ in thousands)

As of March 31, 2017	Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
Wells Fargo Bank, N.A.	\$ 423,078	13.8%	0.98%	\$ 23,102	11
Citigroup Global Markets, Inc.	286,584	9.4%	1.04%	28,586	27
ICBC Financial Services, LLC	240,705	7.9%	1.04%	12,885	43
J.P. Morgan Securities LLC	231,617	7.6%	1.11%	18,241	13
RBC Capital Markets, LLC	229,689	7.5%	0.98%	12,399	12
Cantor Fitzgerald & Co.	228,461	7.5%	0.91%	12,440	18
Mitsubishi UFJ Securities (USA), Inc.	207,082	6.8%	0.86%	11,237	21
South Street Securities, LLC	172,080	5.6%	0.98%	9,130	7
ED&F Man Capital Markets Inc.	153,325	5.0%	0.99%	8,374	59
KGS-Alpha Capital Markets, L.P.	149,426	4.9%	1.06%	14,056	44
Merrill Lynch, Pierce, Fenner & Smith Inc.	149,096	4.9%	0.99%	5,067	17
Daiwa Capital Markets America, Inc.	123,675	4.1%	1.01%	6,638	13
Goldman Sachs & Co.	111,342	3.6%	1.12%	9,059	70
Guggenheim Securities, LLC	81,432	2.7%	1.05%	4,609	78
FHLB-Cincinnati	80,435	2.6%	1.04%	2,963	3
Natixis, New York Branch	72,100	2.4%	0.93%	3,910	6
Nomura Securities International, Inc.	65,701	2.2%	1.05%	3,592	38
Mizuho Securities USA, Inc.	44,780	1.5%	1.21%	6,720	17
Total / Weighted Average	\$ 3,050,608	100.0%	1.01%	\$ 193,008	25

(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).

Hedge Position as of March 31, 2017

(\$ in thousands)

Expiration Year	As of 3/31/2017			
	Average Contract National Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity ⁽¹⁾
Eurodollar Futures Contracts (Short Positions)				
2017				
June	\$ 600,000	1.43%	1.29%	\$ (207)
September	1,000,000	1.50%	1.43%	(183)
December	1,000,000	1.62%	1.55%	(165)
2018				
March	\$ 1,000,000	1.71%	1.66%	\$ (131)
June	1,000,000	1.81%	1.78%	(70)
September	1,000,000	1.90%	1.89%	(25)
December	1,000,000	1.96%	2.01%	135
2019				
March	\$ 1,000,000	2.02%	2.08%	\$ 159
June	1,000,000	2.04%	2.16%	297
September	1,000,000	2.11%	2.23%	293
December	1,000,000	2.19%	2.32%	302
2020				
March	\$ 1,000,000	2.54%	2.36%	\$ (441)
June	1,000,000	2.59%	2.41%	(455)
September	1,000,000	2.65%	2.46%	(477)
December	700,000	2.74%	2.52%	(394)
Total / Weighted Average	\$ 953,333	2.06%	2.02%	\$ (1,364)
Treasury Note Futures Contracts (Short Position)⁽²⁾				
March 2017 10 year T-Note futures				
(Mar 2017 - Mar 2027 Hedge Period)	\$ 465,000	2.27%	2.24%	\$ (3,134)

(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 \$124.56 at March 31, 2017 and \$124.28 at December 31, 2016. The nominal values of the short positions was \$579.2 million and \$577.9 million at March 31, 2017 and December 31, 2016, respectively

Hedge Position as of March 31, 2017

TBA Positions (\$ in thousands)

		Notional Amount Long (Short) ⁽¹⁾	Cost Basis ⁽²⁾	Market Value ⁽³⁾	Net Carrying Value ⁽⁴⁾
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)
As of December 31, 2016					
30-Year TBA securities:					
	3.00%	\$ (100,000)	\$ (99,406)	\$ (99,344)	\$ 62
	4.00%	(100,000)	(103,898)	(105,078)	(1,180)
		\$ (200,000)	\$ (203,304)	\$ (204,422)	\$ (1,118)

Swap Agreements (\$ in thousands)

	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
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
As of December 31, 2016					
Expiration > 3 to ≤ 5 years	\$ 700,000	1.20%	0.91%	\$ 9,500	3.4

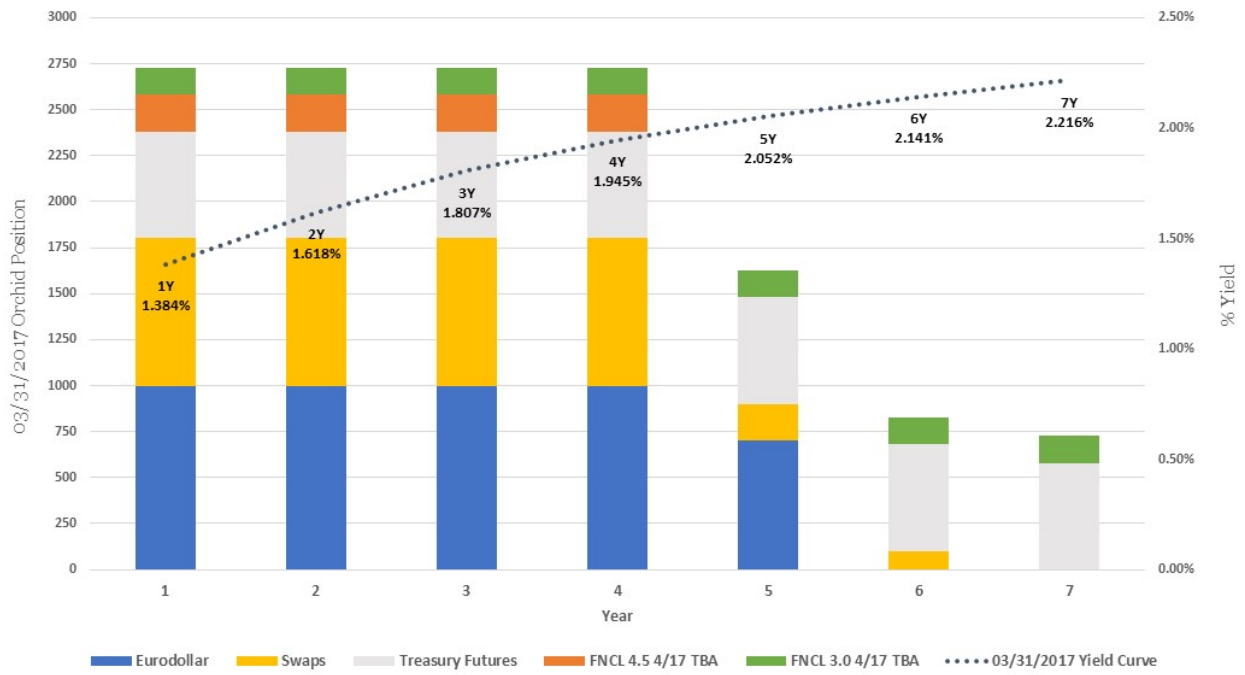
(1) Notional amount represents the par value (or principal balance) of the underlying Agency RMBS.

(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.

Hedge Position by Tenor (Years)



Source: Bloomberg Data

