

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 25, 2024**

**Orchid Island Capital, Inc.**

(Exact Name of Registrant as Specified in Charter)

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

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

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

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

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

**N/A**

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

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

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

On July 25, 2024, 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 three and six month periods ended June 30, 2024. In addition, the Company posted supplemental financial information on the investor relations section of its website (<https://ir.orchidislandcapital.com>). The press release, attached as Exhibit 99.1, is being furnished under this “Item 2.02 Results of Operations and Financial Condition,” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of the Company, except as shall be expressly set forth by specific reference in such document.

## Caution About Forward-Looking Statements.

This Current Report on Form 8-K contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and other federal securities laws, including, but not limited to, statements regarding interest rates, inflation, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio composition, positioning and repositioning, hedging levels, dividends, investment and return opportunities, the supply and demand for Agency RMBS and the performance of the Agency RMBS sector generally, the effect of actual or expected actions of the U.S. government, including the Federal Reserve, market expectations, capital raising, future opportunities and prospects of the Company and general economic conditions. These forward-looking statements are based upon the Company’s present expectations, but the Company cannot assure investors that actual results will not vary from the expectations contained in the forward-looking statements. Investors should not place undue reliance upon forward-looking statements. For further discussion of the factors that could affect outcomes, please refer to the “Risk Factors” section of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, which has been filed with the Securities and Exchange Commission (“SEC”), and other documents that the Company files with the SEC. All forward-looking statements speak only as of the date on which they are made. New risks and uncertainties arise over time, and it is not possible to predict those events or how they may affect the Company. Except as required by law, the Company is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

| <u>Exhibit No.</u> | <u>Description</u>  |
|--------------------|---|
| 99.1               | <a href="#">Press Release dated July 25, 2024</a>                           |
| 104                | Cover Page Interactive Data File (embedded within the Inline XBRL document) |

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## 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 25, 2024

ORCHID ISLAND CAPITAL, INC.

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



## ORCHID ISLAND CAPITAL ANNOUNCES SECOND QUARTER 2024 RESULTS

VERO BEACH, Fla. (July 25, 2024) – 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, 2024.

### Second Quarter 2024 Results

- Net loss of \$5.0 million, or \$0.09 per common share, which consists of:
- Net interest expense of \$0.7 million, or \$0.01 per common share
- Total expenses of \$4.4 million, or \$0.08 per common share
- Net realized and unrealized gains of \$0.1 million, on RMBS and derivative instruments, including net interest income on interest rate swaps
- Second quarter dividends declared and paid of \$0.36 per common share
- Book value per common share of \$8.58 at June 30, 2024
- Total return of (1.97)%, comprised of \$0.36 dividend per common share and \$0.54 decrease in book value per common share, divided by beginning book value per common share

### Other Financial Highlights

- Orchid maintained a strong liquidity position of \$265.3 million in cash and cash equivalents and unpledged securities (net of unsettled purchased securities), or 48% of stockholders' equity as of June 30, 2024
- Borrowing capacity in excess of June 30, 2024 outstanding repurchase agreement balances of \$4,345.7 million, spread across 22 active lenders
- Company to discuss results on Friday, July 26, 2024, at 10:00 AM ET
- Supplemental materials to be discussed on the call can be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>

### Management Commentary

Commenting on the second quarter results, Robert E. Cauley, Chairman and Chief Executive Officer, said, "The long-awaited pivot on the part of Federal Reserve may finally be at hand. Persistently strong growth of the U.S. economy and above trend inflation appear to have moderated sufficiently that the Fed now sees the risks to the economy as balanced – implying there is equal risk of more growth or a slow-down. Since the Fed sees their current monetary policy as restrictive, it may now be time to reverse some of the tightening that occurred in 2022 and 2023 and ease monetary policy if inflation data continues to moderate. Current market pricing is for between two and three 25 basis point cuts by year end with several more in 2025. Should such conditions persist, the Fed should begin lowering the Fed funds rate this year, perhaps starting in September.

"With the turn in the outlook for monetary policy towards more accommodation equity prices for mortgage REITs have strengthened and we have been able to raise common equity capital via our at-the-market program. We were able to raise approximately \$100.7 million during the second quarter of 2024, generally at a slight discount to book value. The proceeds were deployed into Agency RMBS assets at very attractive levels as mortgages, as measured by the spread of the current coupon 30-year fixed rate security, traded at spreads that averaged between 140 and 145 basis points to the five-year U.S. Treasury over the course of the quarter versus approximately 80 basis points over the five-year U.S. Treasury prior to the pandemic. We continue to find investment opportunities available in the market to be very attractive. As a result of this new equity capital, we were able to increase the size of the portfolio by approximately 16.6% in the second quarter of 2024.

"Looking forward, we anticipate investment opportunities to remain attractive with potential total returns that could improve if the Federal Reserve were to begin easing monetary policy, especially so if the banking community became active in the Agency RMBS space again. Absent such a development, total returns available today are still quite attractive and hedged net-interest spreads are ample in relation to the current dividend level."

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## Details of Second Quarter 2024 Results of Operations

The Company reported net loss of \$5.0 million for the three month period ended June 30, 2024, compared with net income of \$10.2 million for the three month period ended June 30, 2023. Interest income on the portfolio in the second quarter was up approximately \$4.2 million from the first quarter of 2024. The yield on our average Agency RMBS increased from 5.03% in the first quarter of 2024 to 5.05% for the second quarter of 2024, and our repurchase agreement borrowing costs decreased from 5.54% for the first quarter of 2024 to 5.34% for the second quarter of 2024. Book value decreased by \$0.54 per share in the second quarter of 2024. The decrease in book value reflects our net loss of \$0.09 per share and the dividend distribution of \$0.36 per share. The Company recorded net realized and unrealized losses of \$0.1 million on Agency RMBS assets and derivative instruments, including net interest income on interest rate swaps.

### Prepayments

For the quarter ended June 30, 2024, Orchid received \$98.3 million in scheduled and unscheduled principal repayments and prepayments, which equated to a 3-month constant prepayment rate (“CPR”) of approximately 7.6%. Prepayment rates on the two RMBS sub-portfolios were as follows (in CPR):

| Three Months Ended | PT RMBS<br>Portfolio (%) | Structured<br>RMBS<br>Portfolio (%) | Total<br>Portfolio (%) |
|--------------------|--------------------------|-------------------------------------|------------------------|
| June 30, 2024      | 7.6                      | 7.1                                 | 7.6                    |
| March 31, 2024     | 6.0                      | 5.9                                 | 6.0                    |
| December 31, 2023  | 5.4                      | 7.9                                 | 5.5                    |
| September 30, 2023 | 6.1                      | 5.7                                 | 6.0                    |
| June 30, 2023      | 5.6                      | 7.0                                 | 5.6                    |
| March 31, 2023     | 3.9                      | 5.7                                 | 4.0                    |

### Portfolio

The following tables summarize certain characteristics of Orchid’s PT RMBS (as defined below) and structured RMBS as of June 30, 2024 and December 31, 2023:

(\$ in thousands)

| Asset Category                   | Fair Value   | Percentage of Entire Portfolio | Weighted Average Coupon | Weighted Average Maturity in Months | Longest Maturity |
|----------------------------------|--------------|--------------------------------|-------------------------|-------------------------------------|------------------|
| <b>June 30, 2024</b>             |              |                                |                         |                                     |                  |
| Fixed Rate RMBS                  | \$ 4,509,084 | 99.6%                          | 4.72%                   | 331                                 | 1-Jun-54         |
| Interest-Only Securities         | 16,447       | 0.4%                           | 4.01%                   | 217                                 | 25-Jul-48        |
| Inverse Interest-Only Securities | 224          | 0.0%                           | 0.00%                   | 267                                 | 15-Jun-42        |
| Total Mortgage Assets            | \$ 4,525,755 | 100.0%                         | 4.68%                   | 329                                 | 1-Jun-54         |
| <b>December 31, 2023</b>         |              |                                |                         |                                     |                  |
| Fixed Rate RMBS                  | \$ 3,877,082 | 99.6%                          | 4.33%                   | 334                                 | 1-Nov-53         |
| Interest-Only Securities         | 16,572       | 0.4%                           | 4.01%                   | 223                                 | 25-Jul-48        |
| Inverse Interest-Only Securities | 358          | 0.0%                           | 0.00%                   | 274                                 | 15-Jun-42        |
| Total Mortgage Assets            | \$ 3,894,012 | 100.0%                         | 4.30%                   | 331                                 | 1-Nov-53         |

(\$ in thousands)

| Agency          | June 30, 2024 |                                | December 31, 2023 |                                |
|-----------------|---------------|--------------------------------|-------------------|--------------------------------|
|                 | Fair Value    | Percentage of Entire Portfolio | Fair Value        | Percentage of Entire Portfolio |
| Fannie Mae      | \$ 2,906,690  | 64.2%                          | \$ 2,714,192      | 69.7%                          |
| Freddie Mac     | 1,619,065     | 35.8%                          | 1,179,820         | 30.3%                          |
| Total Portfolio | \$ 4,525,755  | 100.0%                         | \$ 3,894,012      | 100.0%                         |

|  | June 30, 2024 | December 31, 2023 |
|--|---------------|-------------------|
| Weighted Average Pass-through Purchase Price | \$ 102.75     | \$ 104.10         |
| Weighted Average Structured Purchase Price   | \$ 18.74      | \$ 18.74          |
| Weighted Average Pass-through Current Price  | \$ 94.86      | \$ 95.70          |
| Weighted Average Structured Current Price    | \$ 14.24      | \$ 13.51          |
| Effective Duration (1)                       | 4.290         | 4.400             |

- (1) Effective duration is the approximate percentage change in price for a 100 basis point change in rates. An effective duration of 4.290 indicates that an interest rate increase of 1.0% would be expected to cause a 4.290% decrease in the value of the RMBS in the Company's investment portfolio at June 30, 2024. An effective duration of 4.400 indicates that an interest rate increase of 1.0% would be expected to cause a 4.400% decrease in the value of the RMBS in the Company's investment portfolio at December 31, 2023. 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, 2024, the Company had outstanding repurchase obligations of approximately \$4,345.7 million with a net weighted average borrowing rate of 5.46%. These agreements were collateralized by RMBS and U.S. Treasury securities with a fair value, including accrued interest, of approximately \$4,540.1 million and cash pledged to counterparties of approximately \$11.2 million. The Company's adjusted leverage ratio, defined as the balance of repurchase agreement liabilities divided by stockholders' equity, at June 30, 2024 was 7.8 to 1. At June 30, 2024, the Company's liquidity was approximately \$265.3 million consisting of cash and cash equivalents and unpledged RMBS (not including unsettled securities purchases). 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 our outstanding borrowings under repurchase obligations at June 30, 2024.

(\$ in thousands)

| Counterparty                          | Total<br>Outstanding<br>Balances | % of<br>Total | Weighted<br>Average<br>Borrowing<br>Rate | Weighted<br>Average<br>Maturity<br>in Days |
|---------------------------------------|----------------------------------|---------------|--|--|
| ABN AMRO Bank N.V.                    | \$ 292,120                       | 6.6%          | 5.45%                                    | 40   |
| DV Securities, LLC Repo               | 276,688                          | 6.4%          | 5.45%                                    | 28   |
| Mitsubishi UFJ Securities (USA), Inc. | 264,103                          | 6.1%          | 5.47%                                    | 33   |
| JPMorgan Securities LLC               | 248,837                          | 5.7%          | 5.46%                                    | 8  |
| Wells Fargo Bank, N.A.                | 245,795                          | 5.7%          | 5.46%                                    | 14   |
| Banco Santander SA                    | 244,119                          | 5.6%          | 5.47%                                    | 36   |
| Citigroup Global Markets Inc.         | 243,766                          | 5.6%          | 5.45%                                    | 22   |
| Cantor Fitzgerald & Co                | 240,022                          | 5.5%          | 5.45%                                    | 15   |
| RBC Capital Markets, LLC              | 230,733                          | 5.3%          | 5.47%                                    | 15   |
| Marex Capital Markets Inc.            | 220,831                          | 5.1%          | 5.45%                                    | 50   |
| ASL Capital Markets Inc.              | 213,654                          | 4.9%          | 5.44%                                    | 17   |
| Goldman, Sachs & Co.                  | 207,923                          | 4.8%          | 5.46%                                    | 15   |
| Bank of Montreal                      | 206,039                          | 4.7%          | 5.47%                                    | 15   |
| Clear Street LLC                      | 190,252                          | 4.4%          | 5.46%                                    | 40   |
| Mirae Asset Securities (USA) Inc.     | 189,247                          | 4.4%          | 5.47%                                    | 64   |
| Merrill Lynch, Pierce, Fenner & Smith | 187,004                          | 4.3%          | 5.48%                                    | 15   |
| Daiwa Securities America Inc.         | 169,261                          | 3.9%          | 5.47%                                    | 54   |
| StoneX Financial Inc.                 | 159,516                          | 3.7%          | 5.46%                                    | 16   |
| South Street Securities, LLC          | 150,210                          | 3.5%          | 5.46%                                    | 65   |
| ING Financial Markets LLC             | 124,998                          | 2.9%          | 5.47%                                    | 32   |
| Lucid Prime Fund, LLC                 | 23,454                           | 0.5%          | 5.46%                                    | 18   |
| Lucid Cash Fund USG LLC               | 17,132                           | 0.4%          | 5.47%                                    | 18   |
| Total / Weighted Average              | \$ 4,345,704                     | 100.0%        | 5.46%                                    | 29   |

## 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, 2024, such instruments were comprised of U.S. Treasury note ("T-Note") and Secured Overnight Financing Rate ("SOFR") futures contracts, dual digital options, interest rate swap agreements, interest rate swaption agreements, interest rate caps, interest rate floors and contracts to sell to-be-announced ("TBA") securities.

The table below presents information related to the Company's T-Note and SOFR futures contracts at June 30, 2024.

(\$ in thousands)

| Expiration Year   | June 30, 2024                    |                             |                                 |                |
|---|----------------------------------|-----------------------------|---------------------------------|----------------|
|   | Average Contract Notional Amount | Weighted Average Entry Rate | Weighted Average Effective Rate | Open Equity(1) |
| <b>Treasury Note Futures Contracts (Short Positions)(2)</b>             |                                  |                             |                                 |                |
| September 2024 5-year T-Note futures (Sep 2024 - Sep 2029 Hedge Period) | \$ 421,500                       | 4.42%                       | 4.52%                           | \$ (2,025)     |
| <b>SOFR Futures Contracts (Short Positions)</b>                         |                                  |                             |                                 |                |
| December 2024 3-Month SOFR futures (Sep 2024 - Dec 2024 Hedge Period)   | \$ 25,000                        | 4.27%                       | 5.15%                           | \$ 220         |
| March 2025 3-Month SOFR futures (Dec 2024 - Mar 2025 Hedge Period)      | 25,000                           | 3.90%                       | 4.86%                           | 239            |
| June 2025 3-Month SOFR futures (Mar 2025 - Jun 2025 Hedge Period)       | 25,000                           | 3.58%                       | 4.57%                           | 245            |
| September 2025 3-Month SOFR futures (Jun 2025 - Sep 2025 Hedge Period)  | 25,000                           | 3.37%                       | 4.32%                           | 237            |
| December 2025 3-Month SOFR futures (Sep 2025 - Dec 2025 Hedge Period)   | 25,000                           | 3.25%                       | 4.12%                           | 218            |
| March 2026 3-Month SOFR futures (Dec 2025 - Mar 2026 Hedge Period)      | 25,000                           | 3.21%                       | 3.97%                           | 191            |

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

(2) 5-Year T-Note futures contracts were valued at a price of \$106.58. The contract values of the short positions were \$449.2 million.

The table below presents information related to the Company's interest rate swap positions at June 30, 2024.

(\$ in thousands)

|                             | Notional Amount | Average        | Average      | Average          |
|-----------------------------|-----------------|----------------|--------------|------------------|
|                             |                 | Fixed Pay Rate | Receive Rate | Maturity (Years) |
| Expiration > 1 to ≤ 5 years | \$ 1,200,000    | 1.34%          | 5.45%        | 3.6              |
| Expiration > 5 years        | 1,936,800       | 3.56%          | 5.37%        | 7.5              |
|                             | \$ 3,136,800    | 2.71%          | 5.40%        | 6.0              |

The following table presents information related to our dual digital option position as of June 30, 2024.

(\$ in thousands)

| Expiration              | Option |            |                                       | Underlying Swap |                    |                         |                               |
|-------------------------|--------|------------|---------------------------------------|-----------------|--------------------|-------------------------|-------------------------------|
|                         | Cost   | Fair Value | Weighted Average Months to Expiration | Notional Amount | Average Fixed Rate | Average Adjustable Rate | Weighted Average Term (Years) |
| Dual Digital Option (1) | \$ 500 | \$ 105     | 2.7                                   | \$ 9,412        | n/a                | n/a                     | n/a                           |

(1) If, on September 20, 2024, the S&P 500 Index (SPX) is lower than 4,725.166, and the SOFR 10 Year Swap Rate is above 3.883%, the Company will receive the notional amount. If either condition is not met, the Company will receive \$0.

The following table summarizes our contracts to sell TBA securities as of June 30, 2024.

(\$ in thousands)

|                                | Notional<br>Amount<br>Long<br>(Short)(1) | Cost<br>Basis(2) | Market<br>Value(3) | Net<br>Carrying<br>Value(4) |
|--------------------------------|--|------------------|--------------------|-----------------------------|
| <b>June 30, 2024</b>           |  |                  |                    |                             |
| <b>30-Year TBA securities:</b> |  |                  |                    |                             |
| 3.0%                           | \$ (400,000)                             | \$ (340,281)     | \$ (341,125)       | \$ (844)                    |
|                                | \$ (400,000)                             | \$ (340,281)     | \$ (341,125)       | \$ (844)                    |

- (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 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          | \$               | 6.975         | \$ 4,662          |
| 2014          |                  | 10.800        | 22,643            |
| 2015          |                  | 9.600         | 38,748            |
| 2016          |                  | 8.400         | 41,388            |
| 2017          |                  | 8.400         | 70,717            |
| 2018          |                  | 5.350         | 55,814            |
| 2019          |                  | 4.800         | 54,421            |
| 2020          |                  | 3.950         | 53,570            |
| 2021          |                  | 3.900         | 97,601            |
| 2022          |                  | 2.475         | 87,906            |
| 2023          |                  | 1.800         | 81,127            |
| 2024 - YTD(1) |                  | 0.840         | 49,001            |
| <b>Totals</b> | <b>\$</b>        | <b>67.290</b> | <b>\$ 657,598</b> |

- (1) On July 10, 2024, the Company declared a dividend of \$0.12 per share to be paid on August 29, 2024. 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, 2024.

## Book Value Per Share

The Company's book value per share at June 30, 2024 was \$8.58. 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, 2024, the Company's stockholders' equity was \$555.9 million with 64,824,374 shares of common stock outstanding.



## Capital Allocation and Return on Invested Capital

The Company allocates capital to two RMBS sub-portfolios, the pass-through RMBS portfolio, consisting of mortgage pass-through certificates issued by Fannie Mae, Freddie Mac or Ginnie Mae (the “GSEs”) and collateralized mortgage obligations (“CMOs”) issued by the GSEs (“PT RMBS”), and the structured RMBS portfolio, consisting of interest-only (“IO”) and inverse interest-only (“IIO”) securities. As of June 30, 2024, approximately 96.2% 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, 2024, the allocation to the PT RMBS portfolio was approximately 95.6%.

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

(in thousands)

|                                      | Portfolio Activity for the Quarter |                               |                                  |           |              | Total |
|--------------------------------------|------------------------------------|-------------------------------|----------------------------------|-----------|--------------|-------|
|                                      | Pass-Through Portfolio             | Structured Security Portfolio |                                  |           | Sub-total    |       |
|                                      |                                    | Interest Only Securities      | Inverse Interest Only Securities |           |              |       |
| <b>Market value - March 31, 2024</b> | \$ 3,864,505                       | \$ 16,326                     | \$ 247                           | \$ 16,573 | \$ 3,881,078 |       |
| Securities purchased                 | 768,916                            | -                             | -                                | -         | 768,916      |       |
| Securities sold                      | -                                  | -                             | -                                | -         | -            |       |
| Return of investment                 | n/a                                | (574)                         | -                                | (574)     | (574)        |       |
| Pay-downs                            | (97,695)                           | n/a                           | n/a                              | n/a       | (97,695)     |       |
| Discount accretion due to pay-downs  | 4,402                              | n/a                           | n/a                              | n/a       | 4,402        |       |
| Mark to market (losses) gains        | (31,044)                           | 695                           | (23)                             | 672       | (30,372)     |       |
| <b>Market value - June 30, 2024</b>  | \$ 4,509,084                       | \$ 16,447                     | \$ 224                           | \$ 16,671 | \$ 4,525,755 |       |

The tables below present the allocation of capital between the respective portfolios at June 30, 2024 and March 31, 2024, and the return on invested capital for each sub-portfolio for the three month period ended June 30, 2024.

(\$ in thousands)

|                       | Capital Allocation     |                               |                                  |           |              | Total |
|-----------------------|------------------------|-------------------------------|----------------------------------|-----------|--------------|-------|
|                       | Pass-Through Portfolio | Structured Security Portfolio |                                  |           | Sub-total    |       |
|                       |                        | Interest Only Securities      | Inverse Interest Only Securities |           |              |       |
| <b>June 30, 2024</b>  |                        |                               |                                  |           |              |       |
| Market value          | \$ 4,509,084           | \$ 16,447                     | \$ 224                           | \$ 16,671 | \$ 4,525,755 |       |
| Cash                  | 257,011                | -                             | -                                | -         | 257,011      |       |
| Borrowings(1)         | (4,345,704)            | -                             | -                                | -         | (4,345,704)  |       |
| Total                 | \$ 420,391             | \$ 16,447                     | \$ 224                           | \$ 16,671 | \$ 437,062   |       |
| % of Total            | 96.2%                  | 3.8%                          | 0.1%                             | 3.8%      | 100.0%       |       |
| <b>March 31, 2024</b> |                        |                               |                                  |           |              |       |
| Market value          | \$ 3,864,505           | \$ 16,326                     | \$ 247                           | \$ 16,573 | \$ 3,881,078 |       |
| Cash                  | 203,620                | -                             | -                                | -         | 203,620      |       |
| Borrowings(2)         | (3,711,498)            | -                             | -                                | -         | (3,711,498)  |       |
| Total                 | \$ 356,627             | \$ 16,326                     | \$ 247                           | \$ 16,573 | \$ 373,200   |       |
| % of Total            | 95.6%                  | 4.4%                          | 0.1%                             | 4.4%      | 100.0%       |       |

(1) At June 30, 2024, there were outstanding repurchase agreement balances of \$13.5 million secured by IO securities and \$0.2 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(2) At March 31, 2024, there were outstanding repurchase agreement balances of \$13.7 million secured by IO securities and \$0.2 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

The return on invested capital in the PT RMBS and structured RMBS portfolios was approximately (0.5)% and 6.2%, respectively, for the second quarter of 2024. The combined portfolio generated a return on invested capital of approximately (0.2)%.

(\$ in thousands)

| Returns for the Quarter Ended June 30, 2024                       |                        |                               |                                  |           |            |       |
|---|------------------------|-------------------------------|----------------------------------|-----------|------------|-------|
|   | Pass-Through Portfolio | Structured Security Portfolio |                                  |           | Sub-total  | Total |
|   |                        | Interest Only Securities      | Inverse Interest Only Securities |           |            |       |
| Income (net of borrowing cost)                                    | \$ (1,056)             | \$ 359                        | \$ -                             | \$ 359    | \$ (697)   |       |
| Realized and unrealized (losses) gains                            | (26,642)               | 695                           | (23)                             | 672       | (25,970)   |       |
| Derivative gains  | 26,068                 | n/a                           | n/a                              | n/a       | 26,068     |       |
| Total Return  | \$ (1,630)             | \$ 1,054                      | \$ (23)                          | \$ 1,031  | \$ (599)   |       |
| Beginning Capital Allocation                                      | \$ 356,627             | \$ 16,326                     | \$ 247                           | \$ 16,573 | \$ 373,200 |       |
| Return on Invested Capital for the Quarter <sup>(1)</sup>         | (0.5)%                 | 6.5%                          | (9.3)%                           | 6.2%      | (0.2)%     |       |
| Average Capital Allocation <sup>(2)</sup>                         | \$ 388,509             | \$ 16,387                     | \$ 236                           | \$ 16,623 | \$ 405,132 |       |
| Return on Average Invested Capital for the Quarter <sup>(3)</sup> | (0.4)%                 | 6.4%                          | (9.7)%                           | 6.2%      | (0.1)%     |       |

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

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

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

### Stock Offerings

On October 29, 2021, we entered into an equity distribution agreement (the “October 2021 Equity Distribution Agreement”) with four sales agents pursuant to which we could offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of shares of our common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. We issued a total of 9,742,188 shares under the October 2021 Equity Distribution Agreement for aggregate gross proceeds of approximately \$151.8 million, and net proceeds of approximately \$149.3 million, after commissions and fees, prior to its termination in March 2023.

On March 7, 2023, we entered into an equity distribution agreement (the “March 2023 Equity Distribution Agreement”) with three sales agents pursuant to which we could offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of shares of our common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. We issued a total of 24,675,497 shares under the March 2023 Equity Distribution Agreement for aggregate gross proceeds of approximately \$228.8 million and net proceeds of approximately \$225.0 million, after commissions and fees, prior to its termination in June 2024.

On June 11, 2024, we entered into an equity distribution agreement (the “June 2024 Equity Distribution Agreement”) with three sales agents pursuant to which we may offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of shares of our common stock in transactions that are deemed to be “at the market” offerings and privately negotiated transactions. Through June 30, 2024, we issued a total of 1,995,000 shares under the June 2024 Equity Distribution Agreement for aggregate gross proceeds of approximately \$16.9 million, and net proceeds of approximately \$16.6 million, after commissions and fees. Subsequent to June 30, 2024, we issued a total of 6,514,200 shares under the June 2024 Equity Distribution Agreement for aggregate gross proceeds of approximately \$55.5 million, and net proceeds of approximately \$54.6 million, after commissions and fees.

## **Stock Repurchase Program**

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

From the inception of the stock repurchase program through June 30, 2024, the Company repurchased a total of 5,081,134 shares at an aggregate cost of approximately \$77.0 million, including commissions and fees, for a weighted average price of \$15.16 per share. During the six months ended June 30, 2024, the Company repurchased a total of 332,773 shares at an aggregate cost of approximately \$2.8 million, including commissions and fees, for a weighted average price of \$8.35 per share.

## **Earnings Conference Call Details**

An earnings conference call and live audio webcast will be hosted Friday, July 26, 2024, at 10:00 AM ET. The conference call may be accessed by dialing toll free (800)715-9871. The conference passcode is 8307491. The supplemental materials may be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>. A live audio webcast of the conference call can be accessed via the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>, and an audio archive of the webcast will be available until August 25, 2024.

## **About Orchid Island Capital, Inc.**

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

## **Forward Looking Statements**

Statements herein relating to matters that are not historical facts, including, but not limited to statements regarding interest rates, inflation, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio composition, positioning and repositioning, hedging levels, dividends, investment and return opportunities, the supply and demand for Agency RMBS and the performance of the Agency RMBS sector generally, the effect of actual or expected actions of the U.S. government, including the Fed, market expectations, capital raising, future opportunities and prospects of the Company 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  
<https://ir.orchidislandcapital.com>

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## Summarized Financial Statements

The following is a summarized presentation of the unaudited balance sheets as of June 30, 2024, and December 31, 2023, and the unaudited quarterly statements of operations for the six and three months ended June 30, 2024 and 2023. Amounts presented are subject to change.

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

|  | June 30, 2024       | December 31, 2023   |
|--|---------------------|---------------------|
| <b>ASSETS:</b>   |                     |                     |
| Mortgage-backed securities, at fair value              | \$ 4,525,755        | \$ 3,894,012        |
| U.S. Treasury securities, available-for-sale           | 98,099              | 148,820             |
| Cash, cash equivalents and restricted cash             | 257,011             | 200,289             |
| Accrued interest receivable                            | 18,988              | 14,951              |
| Derivative assets, at fair value                       | 29,319              | 6,420               |
| Other assets   | 733                 | 455                 |
| <b>Total Assets</b>                                    | <b>\$ 4,929,905</b> | <b>\$ 4,264,947</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>            |                     |                     |
| Repurchase agreements                                  | \$ 4,345,704        | \$ 3,705,649        |
| Payable for investment securities and TBA transactions | -                   | 60,454              |
| Dividends payable                                      | 7,805               | 6,222               |
| Derivative liabilities, at fair value                  | 844                 | 12,694              |
| Accrued interest payable                               | 17,597              | 7,939               |
| Due to affiliates                                      | 1,086               | 1,013               |
| Other liabilities                                      | 937                 | 1,031               |
| Total Liabilities                                      | 4,373,973           | 3,795,002           |
| <b>Total Stockholders' Equity</b>                      | <b>555,932</b>      | <b>469,945</b>      |
| <b>Total Liabilities and Stockholders' Equity</b>      | <b>\$ 4,929,905</b> | <b>\$ 4,264,947</b> |
| Common shares outstanding                              | 64,824,374          | 51,636,074          |
| Book value per share                                   | \$ 8.58             | \$ 9.10             |

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

|  | Six Months Ended June 30, |                   | Three Months Ended June 30, |                   |
|--|---------------------------|-------------------|-----------------------------|-------------------|
|  | 2024                      | 2023              | 2024                        | 2023              |
| Interest income                                      | \$ 101,935                | \$ 77,923         | \$ 53,064                   | \$ 39,911         |
| Interest expense                                     | (105,122)                 | (90,888)          | (53,761)                    | (48,671)          |
| Net interest expense                                 | (3,187)                   | (12,965)          | (697)                       | (8,760)           |
| Gains on RMBS and derivative contracts               | 26,102                    | 36,567            | 98                          | 23,828            |
| Net portfolio income (loss)                          | 22,915                    | 23,602            | (599)                       | 15,068            |
| Expenses   | 8,118                     | 9,823             | 4,380                       | 4,819             |
| <b>Net income (loss)</b>                             | <b>\$ 14,797</b>          | <b>\$ 13,779</b>  | <b>\$ (4,979)</b>           | <b>\$ 10,249</b>  |
| Other comprehensive loss                             | (10)                      | -                 | 37                          | -                 |
| <b>Comprehensive net income (loss)</b>               | <b>\$ 14,787</b>          | <b>\$ 13,779</b>  | <b>\$ (4,942)</b>           | <b>\$ 10,249</b>  |
| <b>Basic and diluted net income (loss) per share</b> | <b>\$ 0.27</b>            | <b>\$ 0.35</b>    | <b>\$ (0.09)</b>            | <b>\$ 0.25</b>    |
| <b>Weighted Average Shares Outstanding</b>           | <b>54,798,596</b>         | <b>39,356,054</b> | <b>57,763,857</b>           | <b>40,210,844</b> |
| <b>Dividends Declared Per Common Share:</b>          | <b>\$ 0.720</b>           | <b>\$ 0.960</b>   | <b>\$ 0.360</b>             | <b>\$ 0.480</b>   |

| Key Balance Sheet Metrics                                 | Three Months Ended June 30, |              |
|---|-----------------------------|--------------|
|   | 2024                        | 2023         |
| Average RMBS <sup>(1)</sup>                               | \$ 4,203,416                | \$ 4,186,939 |
| Average repurchase agreements <sup>(1)</sup>              | 4,028,601                   | 3,985,577    |
| Average stockholders' equity <sup>(1)</sup>               | 518,782                     | 470,723      |
| Adjusted leverage ratio - as of period end <sup>(2)</sup> | 7.8:1                       | 8.6:1        |
| Economic leverage ratio - as of period end <sup>(3)</sup> | 7.1:1                       | 8.1:1        |

| Key Performance Metrics                              |         |         |
|--|---------|---------|
|  | 2024    | 2023    |
| Average yield on RMBS <sup>(4)</sup>                 | 5.05%   | 3.81%   |
| Average cost of funds <sup>(4)</sup>                 | 5.34%   | 4.88%   |
| Average economic cost of funds <sup>(5)</sup>        | 2.41%   | 2.53%   |
| Average interest rate spread <sup>(6)</sup>          | (0.29)% | (1.07)% |
| Average economic interest rate spread <sup>(7)</sup> | 2.64%   | 1.28%   |

- (1) Average RMBS, borrowings and stockholders' equity balances are calculated using two data points, the beginning and ending balances.
- (2) The adjusted leverage ratio is calculated by dividing ending repurchase agreement liabilities by ending stockholders' equity.
- (3) The economic leverage ratio is calculated by dividing ending total liabilities adjusted for net notional TBA positions by ending stockholders' equity.
- (4) 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.
- (5) 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.
- (6) Average interest rate spread is calculated by subtracting average cost of funds from average yield on RMBS.
- (7) Average economic interest rate spread is calculated by subtracting average economic cost of funds from average yield on RMBS.