

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended June 30, 2026

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

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

Commission File Number: 001-35236



Orchid Island Capital, Inc.

(Exact name of registrant as specified in its charter)

Maryland  
(State or other jurisdiction of  
incorporation or organization)

27-3269228  
(I.R.S. Employer  
Identification No.)

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

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

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, \$0.01 par value | ORC             | New York Stock Exchange                   |

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

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

|                         |                                     |                           |                          |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer         | <input type="checkbox"/> |
| Non-accelerated filer   | <input type="checkbox"/>            | Smaller reporting company | <input type="checkbox"/> |
|                         |                                     | Emerging growth company   | <input type="checkbox"/> |

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. ☐

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

Number of shares outstanding at July 23, 2026: 199,603,438

**ORCHID ISLAND CAPITAL, INC.**

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# PART I. FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

### **ORCHID ISLAND CAPITAL, INC.** **CONDENSED BALANCE SHEETS** (\$ in thousands, except per share data)

|                                                                                                                                                                                                    | (Unaudited)<br>June 30,<br>2026 | December 31,<br>2025 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------|
| <b>ASSETS:</b>                                                                                                                                                                                     |                                 |                      |
| Mortgage-backed securities, at fair value (includes pledged assets of \$11,446,771 and \$10,502,743, respectively)                                                                                 | \$ 11,540,164                   | \$ 10,628,658        |
| U.S. Treasury securities, available-for-sale (amortized cost of \$183,000 and \$134,715; includes pledged assets of \$182,862 and \$135,133, respectively)                                         | 182,862                         | 135,133              |
| Cash and cash equivalents                                                                                                                                                                          | 682,598                         | 665,865              |
| Restricted cash                                                                                                                                                                                    | 131,037                         | 58,696               |
| Accrued interest receivable                                                                                                                                                                        | 53,411                          | 49,127               |
| Derivative assets                                                                                                                                                                                  | 15,062                          | 9,253                |
| Reverse repurchase agreements                                                                                                                                                                      | 495,828                         | 128,613              |
| Receivable for investment securities and TBA transactions                                                                                                                                          | 2,017                           | -                    |
| Other assets                                                                                                                                                                                       | 1,133                           | 648                  |
| <b>Total Assets</b>                                                                                                                                                                                | <b>\$ 13,104,112</b>            | <b>\$ 11,675,993</b> |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                                                                                                                                                        |                                 |                      |
| <b>LIABILITIES:</b>                                                                                                                                                                                |                                 |                      |
| Repurchase agreements                                                                                                                                                                              | \$ 11,086,915                   | \$ 10,115,466        |
| Payable for investment securities and TBA transactions                                                                                                                                             | -                               | 1,519                |
| Dividends payable                                                                                                                                                                                  | 19,986                          | 21,865               |
| Derivative liabilities                                                                                                                                                                             | 4,723                           | 1,846                |
| Accrued interest payable                                                                                                                                                                           | 49,275                          | 31,397               |
| Due to affiliates                                                                                                                                                                                  | 1,802                           | 1,661                |
| Obligation to return securities borrowed under reverse repurchase agreements, at fair value                                                                                                        | 496,036                         | 128,724              |
| Other liabilities                                                                                                                                                                                  | 4,117                           | 1,567                |
| <b>Total Liabilities</b>                                                                                                                                                                           | <b>11,662,854</b>               | <b>10,304,045</b>    |
| <b>COMMITMENTS AND CONTINGENCIES</b>                                                                                                                                                               |                                 |                      |
| <b>STOCKHOLDERS' EQUITY:</b>                                                                                                                                                                       |                                 |                      |
| Preferred stock, \$0.01 par value; 20,000,000 shares authorized; no shares issued and outstanding as of June 30, 2026 and December 31, 2025                                                        | -                               | -                    |
| Common Stock, \$0.01 par value; 400,000,000 shares authorized, 199,603,438 shares issued and outstanding as of June 30, 2026 and 181,985,900 shares issued and outstanding as of December 31, 2025 | 1,996                           | 1,820                |
| Additional paid-in capital                                                                                                                                                                         | 1,553,904                       | 1,553,451            |
| Accumulated deficit                                                                                                                                                                                | (114,504)                       | (183,741)            |
| Accumulated other comprehensive (loss) income                                                                                                                                                      | (138)                           | 418                  |
| <b>Total Stockholders' Equity</b>                                                                                                                                                                  | <b>1,441,258</b>                | <b>1,371,948</b>     |
| <b>Total Liabilities and Stockholders' Equity</b>                                                                                                                                                  | <b>\$ 13,104,112</b>            | <b>\$ 11,675,993</b> |

*See Notes to Financial Statements*

**ORCHID ISLAND CAPITAL, INC.**  
**CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**  
**(Unaudited)**  
**For the Six and Three Months Ended June 30, 2026 and 2025**  
**(\$ in thousands, except per share data)**

|                                                                                                                            | <b>Six Months Ended June 30,</b> |                    | <b>Three Months Ended June 30,</b> |                    |
|----------------------------------------------------------------------------------------------------------------------------|----------------------------------|--------------------|------------------------------------|--------------------|
|                                                                                                                            | <b>2026</b>                      | <b>2025</b>        | <b>2026</b>                        | <b>2025</b>        |
| Interest income                                                                                                            | \$ 322,025                       | \$ 173,379         | \$ 164,187                         | \$ 92,289          |
| Interest expense                                                                                                           | (204,990)                        | (130,512)          | (104,215)                          | (69,135)           |
| <b>Net interest income</b>                                                                                                 | <b>117,035</b>                   | <b>42,867</b>      | <b>59,972</b>                      | <b>23,154</b>      |
| Realized gains (losses) on mortgage-backed securities                                                                      | 924                              | (9,288)            | 885                                | (7,990)            |
| Unrealized (losses) gains on mortgage-backed securities                                                                    | (143,270)                        | 87,132             | (27,302)                           | 9,540              |
| Gains (losses) on derivative and other hedging instruments                                                                 | 108,708                          | (127,945)          | 62,400                             | (53,286)           |
| <b>Net portfolio income (loss)</b>                                                                                         | <b>83,397</b>                    | <b>(7,234)</b>     | <b>95,955</b>                      | <b>(28,582)</b>    |
| <b>Expenses:</b>                                                                                                           |                                  |                    |                                    |                    |
| Management fees                                                                                                            | 8,111                            | 5,729              | 4,123                              | 2,982              |
| Allocated overhead                                                                                                         | 1,371                            | 1,190              | 585                                | 582                |
| Incentive compensation                                                                                                     | 1,830                            | 21                 | 415                                | 228                |
| Directors' fees and liability insurance                                                                                    | 635                              | 672                | 323                                | 334                |
| Audit, legal and other professional fees                                                                                   | 712                              | 753                | 400                                | 360                |
| Direct REIT operating expenses                                                                                             | 981                              | 474                | 509                                | 247                |
| Other administrative                                                                                                       | 520                              | 383                | 408                                | 263                |
| <b>Total expenses</b>                                                                                                      | <b>14,160</b>                    | <b>9,222</b>       | <b>6,763</b>                       | <b>4,996</b>       |
| <b>Net income (loss)</b>                                                                                                   | <b>\$ 69,237</b>                 | <b>\$ (16,456)</b> | <b>\$ 89,192</b>                   | <b>\$ (33,578)</b> |
| Unrealized (losses) gains on U.S. Treasury securities measured at fair value through other comprehensive net income (loss) | (556)                            | 186                | (277)                              | (64)               |
| <b>Comprehensive net income (loss)</b>                                                                                     | <b>\$ 68,681</b>                 | <b>\$ (16,270)</b> | <b>\$ 88,915</b>                   | <b>\$ (33,642)</b> |
| <b>Basic and diluted net income (loss) per share</b>                                                                       | <b>\$ 0.35</b>                   | <b>\$ (0.16)</b>   | <b>\$ 0.44</b>                     | <b>\$ (0.29)</b>   |
| <b>Weighted Average Shares Outstanding</b>                                                                                 | <b>195,140,950</b>               | <b>104,742,591</b> | <b>200,932,367</b>                 | <b>114,453,216</b> |

*See Notes to Financial Statements*

**ORCHID ISLAND CAPITAL, INC.**  
**CONDENSED STATEMENTS OF STOCKHOLDERS' EQUITY**  
**(Unaudited)**  
**For the Six Months Ended June 30, 2026 and 2025**  
**(in thousands)**

|                                                            | Common Stock |           | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Loss) | Total        |
|------------------------------------------------------------|--------------|-----------|----------------------------------|-----------------------------------|-----------------------------------------------------------|--------------|
|                                                            | Shares       | Par Value |                                  |                                   |                                                           |              |
| Balances, January 1, 2026                                  | 181,986      | \$ 1,820  | \$ 1,553,451                     | \$ (183,741)                      | \$ 418                                                    | \$ 1,371,948 |
| Net loss                                                   | -            | -         | -                                | (19,955)                          | -                                                         | (19,955)     |
| Unrealized loss on available-for-sale securities           | -            | -         | -                                | -                                 | (279)                                                     | (279)        |
| Cash dividends declared (\$0.36 per share)                 | -            | -         | (68,977)                         | -                                 | -                                                         | (68,977)     |
| Stock based awards and amortization                        | 155          | 2         | 1,302                            | -                                 | -                                                         | 1,304        |
| Issuance of common stock pursuant to public offerings, net | 14,559       | 145       | 107,622                          | -                                 | -                                                         | 107,767      |
| Balances, March 31, 2026                                   | 196,700      | \$ 1,967  | \$ 1,593,398                     | \$ (203,696)                      | \$ 139                                                    | \$ 1,391,808 |
| Net income                                                 | -            | -         | -                                | 89,192                            | -                                                         | 89,192       |
| Unrealized loss on available-for-sale securities           | -            | -         | -                                | -                                 | (277)                                                     | (277)        |
| Cash dividends declared (\$0.30 per share)                 | -            | -         | (60,265)                         | -                                 | -                                                         | (60,265)     |
| Stock based awards and amortization                        | 10           | -         | 386                              | -                                 | -                                                         | 386          |
| Issuance of common stock pursuant to public offerings, net | 4,000        | 40        | 27,718                           | -                                 | -                                                         | 27,758       |
| Shares repurchased and retired                             | (1,107)      | (11)      | (7,333)                          | -                                 | -                                                         | (7,344)      |
| Balances, June 30, 2026                                    | 199,603      | \$ 1,996  | \$ 1,553,904                     | \$ (114,504)                      | \$ (138)                                                  | \$ 1,441,258 |

|                                                            | Common Stock |           | Additional<br>Paid-in<br>Capital | Retained<br>Earnings<br>(Deficit) | Accumulated<br>Other<br>Comprehensive<br>Income<br>(Loss) | Total      |
|------------------------------------------------------------|--------------|-----------|----------------------------------|-----------------------------------|-----------------------------------------------------------|------------|
|                                                            | Shares       | Par Value |                                  |                                   |                                                           |            |
| Balances, January 1, 2025                                  | 82,622       | \$ 826    | \$ 1,010,306                     | \$ (342,771)                      | \$ 139                                                    | \$ 668,500 |
| Net income                                                 | -            | -         | -                                | 17,122                            | -                                                         | 17,122     |
| Unrealized gain on available-for-sale securities           | -            | -         | -                                | -                                 | 250                                                       | 250        |
| Cash dividends declared (\$0.36 per share)                 | -            | -         | (35,729)                         | -                                 | -                                                         | (35,729)   |
| Stock based awards and amortization                        | 23           | -         | 313                              | -                                 | -                                                         | 313        |
| Issuance of common stock pursuant to public offerings, net | 25,142       | 252       | 205,172                          | -                                 | -                                                         | 205,424    |
| Balances, March 31, 2025                                   | 107,787      | \$ 1,078  | \$ 1,180,062                     | \$ (325,649)                      | \$ 389                                                    | \$ 855,880 |
| Net loss                                                   | -            | -         | -                                | (33,578)                          | -                                                         | (33,578)   |
| Unrealized loss on available-for-sale securities           | -            | -         | -                                | -                                 | (64)                                                      | (64)       |
| Cash dividends declared (\$0.36 per share)                 | -            | -         | (42,635)                         | -                                 | -                                                         | (42,635)   |
| Stock based awards and amortization                        | 9            | -         | 201                              | -                                 | -                                                         | 201        |
| Issuance of common stock pursuant to public offerings, net | 19,884       | 199       | 139,217                          | -                                 | -                                                         | 139,416    |
| Shares repurchased and retired                             | (1,113)      | (11)      | (7,249)                          | -                                 | -                                                         | (7,260)    |
| Balances, June 30, 2025                                    | 126,567      | \$ 1,266  | \$ 1,269,596                     | \$ (359,227)                      | \$ 325                                                    | \$ 911,960 |

*See Notes to Financial Statements*

**ORCHID ISLAND CAPITAL, INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
**(Unaudited)**  
**For the Six Months Ended June 30, 2026 and 2025**  
**(\$ in thousands)**

|                                                                                                     | 2026               | 2025               |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>                                                        |                    |                    |
| Net income (loss)                                                                                   | \$ 69,237          | \$ (16,456)        |
| Adjustments to reconcile net income (loss) to net cash provided by operating activities:            |                    |                    |
| Stock based compensation                                                                            | 1,674              | (50)               |
| Net discount accretion on U.S. Treasury securities                                                  | (260)              | (316)              |
| Realized (gains) losses on mortgage-backed securities                                               | (924)              | 9,288              |
| Unrealized losses (gains) on mortgage-backed securities                                             | 143,270            | (87,132)           |
| Realized and unrealized (gains) losses on derivative instruments                                    | (96,192)           | 144,349            |
| Changes in operating assets and liabilities:                                                        |                    |                    |
| Accrued interest receivable                                                                         | (4,284)            | (8,938)            |
| Other assets                                                                                        | (701)              | (196)              |
| Accrued interest payable                                                                            | 17,878             | 3,098              |
| Other liabilities                                                                                   | 383                | 393                |
| Due to affiliates                                                                                   | 141                | 182                |
| <b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>                                                    | <b>130,222</b>     | <b>44,222</b>      |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>                                                        |                    |                    |
| From mortgage-backed securities investments:                                                        |                    |                    |
| Purchases                                                                                           | (2,273,827)        | (2,728,263)        |
| Sales and maturities                                                                                | 356,475            | 733,904            |
| Principal repayments                                                                                | 863,500            | 332,154            |
| Purchases of U.S. Treasury securities, available-for-sale                                           | (183,025)          | (74,098)           |
| Proceeds from maturity of U.S. Treasury securities, available-for-sale                              | 135,000            | 50,000             |
| Net payments on reverse repurchase agreements                                                       | (367,215)          | -                  |
| Net proceeds from (payments on) derivative instruments                                              | 460,032            | (131,446)          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>                                                        | <b>(1,009,060)</b> | <b>(1,817,749)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>                                                        |                    |                    |
| Proceeds from repurchase agreements                                                                 | 42,801,202         | 28,368,377         |
| Principal payments on repurchase agreements                                                         | (41,829,753)       | (26,738,041)       |
| Cash dividends                                                                                      | (131,046)          | (73,026)           |
| Proceeds from issuance of common stock, net of issuance costs                                       | 135,525            | 344,840            |
| Common stock repurchases, including shares withheld from employee stock awards for payment of taxes | (8,016)            | (7,348)            |
| <b>NET CASH PROVIDED BY FINANCING ACTIVITIES</b>                                                    | <b>967,912</b>     | <b>1,894,802</b>   |
| <b>NET INCREASE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH</b>                                   | <b>89,074</b>      | <b>121,275</b>     |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, beginning of the period</b>                          | <b>724,561</b>     | <b>335,053</b>     |
| <b>CASH, CASH EQUIVALENTS AND RESTRICTED CASH, end of the period</b>                                | <b>\$ 813,635</b>  | <b>\$ 456,328</b>  |
| <b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>                                            |                    |                    |
| Cash paid during the period for:                                                                    |                    |                    |
| Interest                                                                                            | \$ 187,113         | \$ 127,414         |

*See Notes to Financial Statements*

**ORCHID ISLAND CAPITAL, INC.**  
**NOTES TO CONDENSED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**June 30, 2026**

**NOTE 1. ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization and Business Description**

Orchid Island Capital, Inc. (“Orchid” or the “Company”) was incorporated in Maryland on August 17, 2010 for the purpose of creating and managing a leveraged investment portfolio consisting of residential mortgage-backed securities (“RMBS”). From incorporation to the completion of Orchid’s initial public offering of its common stock on February 20, 2013, Orchid was a wholly owned subsidiary of Bimini Capital Management, Inc. (“Bimini”). Orchid began operations on November 24, 2010 (the date of commencement of operations). From incorporation through November 24, 2010, Orchid’s only activity was the issuance of common stock to Bimini.

On June 11, 2024, Orchid entered into an equity distribution agreement (the “June 2024 Equity Distribution Agreement”) with three sales agents pursuant to which the Company could offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of gross proceeds from the sales of shares of the Company’s common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. The Company issued a total of 30,513,253 shares under the June 2024 Equity Distribution Agreement for aggregate gross proceeds of approximately \$250.0 million and net proceeds of approximately \$245.8 million, after commissions and fees, prior to its termination in February 2025.

On February 24, 2025, Orchid entered into an equity distribution agreement (the “February 2025 Equity Distribution Agreement”) with four sales agents pursuant to which the Company could offer and sell, from time to time, up to an aggregate amount of \$350,000,000 of gross proceeds from the sales of shares of the Company’s common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. On July 28, 2025, the February 2025 Equity Distribution Agreement was amended to increase the aggregate amount of gross proceeds from the sales of shares that may be offered by \$150,000,000 to a total of \$500,000,000. The Company issued a total of 59,492,504 shares under the February 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$445.1 million and net proceeds of approximately \$438.0 million, after commissions and fees, prior to its termination in October 2025.

On October 27, 2025, Orchid entered into an equity distribution agreement (the “October 2025 Equity Distribution Agreement”) with four sales agents pursuant to which the Company may offer and sell, from time to time, up to an aggregate amount of \$500,000,000 of gross proceeds from the sales of shares of the Company’s common stock in transactions that are deemed to be “at the market” offerings and privately negotiated transactions. From inception through June 30, 2026, the Company issued a total of 48,824,644 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$360.9 million, and net proceeds of approximately \$355.2 million, after commissions and fees. For the six months ended June 30, 2026, the Company issued a total of 18,558,681 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$137.7 million, and net proceeds of approximately \$135.5 million, after commissions and fees.

**Basis of Presentation and Use of Estimates**

The accompanying unaudited financial statements have been prepared in accordance with accounting principles generally accepted in the United States (“GAAP”) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair statement of results for the interim period have been included. Operating results for the six and three-month periods ended June 30, 2026 are not necessarily indicative of the results that may be expected for the year ending December 31, 2026.

The balance sheet at December 31, 2025 has been derived from the audited financial statements at that date but does not include all of the information and footnotes required by GAAP for complete financial statements. For further information, refer to the financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2025.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could significantly differ from those estimates. The significant estimates affecting the accompanying financial statements are the fair values of RMBS and derivatives. Management believes the estimates and assumptions underlying the financial statements are reasonable based on the information available as of June 30, 2026.

### Variable Interest Entities (“VIEs”)

The Company obtains interests in VIEs through its investments in mortgage-backed securities. The Company’s interests in these VIEs are passive in nature and are not expected to result in the Company obtaining a controlling financial interest in these VIEs in the future. As a result, the Company does not consolidate these VIEs and accounts for these interests in these VIEs as mortgage-backed securities. See Note 2 for additional information regarding the Company’s investments in mortgage-backed securities. The maximum exposure to loss for these VIEs is the carrying value of the mortgage-backed securities.

### Cash and Cash Equivalents and Restricted Cash

Cash and cash equivalents include cash on deposit with financial institutions and highly liquid investments with original maturities of three months or less at the time of purchase. Restricted cash includes cash pledged as collateral for repurchase agreements and other borrowings, and interest rate swaps and other derivative instruments.

The following table provides a reconciliation of cash, cash equivalents, and restricted cash reported within the statement of financial position that sum to the total of the same such amounts shown in the statement of cash flows.

(in thousands)

|                                                         | June 30, 2026     | December 31, 2025 |
|---------------------------------------------------------|-------------------|-------------------|
| Cash and cash equivalents                               | \$ 682,598        | \$ 665,865        |
| Restricted cash                                         | 131,037           | 58,696            |
| <b>Total cash, cash equivalents and restricted cash</b> | <b>\$ 813,635</b> | <b>\$ 724,561</b> |

The Company maintains cash balances at three banks, an overnight cash sweep position backed by Federal Deposit Insurance Corporation (“FDIC”) insured deposit balances at participating banks, a government securities backed overnight sweep fund, and excess margin on account with three exchange clearing members. At times, balances may exceed federally insured limits. The Company has not experienced any losses related to these balances. Restricted cash balances are uninsured, but are held in separate customer accounts that are segregated from the general funds of the counterparty. The Company limits uninsured balances to only large, well-known banks and exchange clearing members and believes that it is not exposed to any significant credit risk on cash and cash equivalents or restricted cash balances.

### Mortgage-Backed Securities and U.S. Treasury Securities

The Company invests primarily in mortgage pass-through (“PT”) residential mortgage backed securities (“RMBS”) and collateralized mortgage obligations (“CMOs”) issued by Freddie Mac, Fannie Mae or Ginnie Mae, interest-only (“IO”) securities and inverse interest-only (“IIO”) securities representing interest in or obligations backed by pools of RMBS. The Company refers to RMBS and CMOs as PT RMBS. The Company refers to IO and IIO securities as structured RMBS. The Company also invests in U.S. Treasury Notes (“T-Notes”) and U.S. Treasury Bills (collectively, “U.S. Treasury securities”), primarily to satisfy collateral requirements of derivative counterparties. The Company has elected to account for its investment in RMBS under the fair value option. The Company recorded changes in fair value in net income. The Company has designated its U.S. Treasury securities as available-for-sale, and changes in fair value during the period for reasons other than expected credit losses are recognized in other comprehensive income (loss).

The Company records securities transactions on the trade date. Security purchases that have not settled as of the balance sheet date are included in the portfolio balance with an offsetting liability recorded, whereas securities sold that have not settled as of the balance sheet date are removed from the portfolio balance with an offsetting receivable recorded.

Fair value is defined as the price that would be received to sell the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability either occurs in the principal market for the asset or liability, or in the absence of a principal market, occurs in the most advantageous market for the asset or liability. Estimated fair values for RMBS are based on independent pricing sources and/or third party broker quotes, when available. Estimated fair values for U.S. Treasury securities are based on quoted prices for identical assets in active markets.

Income on PT RMBS is based on the stated interest rate of the security. Premiums or discounts present at the date of purchase are not amortized. Premium lost and discount accretion resulting from monthly principal repayments are reflected in unrealized gains (losses) on RMBS in the statements of comprehensive income (loss). For IO securities, the income is accrued based on the carrying value and the effective yield. The difference between income accrued and the interest received on the security is characterized as a return of investment and serves to reduce the asset's carrying value. At each reporting date, the effective yield is adjusted prospectively for future reporting periods based on the new estimate of prepayments and the contractual terms of the security. For IIO securities, effective yield and income recognition calculations also take into account the index value applicable to the security. Income on U.S. Treasury securities is based on the stated interest rate (if any) of the security. Premiums or discounts associated with the purchase are amortized or accreted income over the life of the investment and reported in the statements of comprehensive income (loss) as interest income.

Changes in fair value of investments for which the fair value option is elected are recorded in earnings and reported as unrealized gains or losses on mortgage-backed securities and U.S. Treasury securities in the accompanying statements of comprehensive income (loss). Realized gains and losses on sales of investments for which the fair value option has been elected, using the specific identification method, are reported as a separate component of net portfolio income on the statements of comprehensive income (loss). Changes in fair value of U.S. Treasury securities that are classified as available-for-sale are reported in accumulated other comprehensive income (loss) ("OCI"). Upon the sale of a security designated as available-for-sale, we determine the cost of the security and the amount of unrealized gain or loss to reclassify out of accumulated OCI into earnings based on the specific identification method.

The Company evaluated securities for allowance for credit losses and since all of the Company's available-for-sale securities designated investments consist of U.S. Treasury securities, which are backed by the full faith and credit of the U.S. government, the Company does not record an allowance for credit losses.

### **Derivative and Other Hedging Instruments**

The Company uses derivative and other hedging instruments to manage interest rate risk, facilitate asset/liability strategies and manage other exposures, and it may continue to do so in the future. The principal instruments that the Company has used to date are T-Note, Secured Overnight Financing Rate ("SOFR"), federal funds ("Fed Funds") and ERIS SOFR Swap futures contracts, short positions in U.S. Treasury securities, interest rate swaps, options to enter in interest rate swaps ("interest rate swaptions"), dual digital options, interest rate caps and floors, and "to-be-announced" ("TBA") securities transactions, but the Company may enter into other derivative and other hedging instruments in the future.

The Company accounts for TBA securities as derivative instruments. Gains and losses associated with TBA securities transactions are reported in gain (loss) on derivative instruments in the accompanying statements of comprehensive income (loss).

The Company enters into short-sales of U.S. Treasury securities by borrowing the securities under reverse repurchase agreements and selling them into the market. The Company accounts for these as securities borrowing transactions and recognizes an obligation to return the borrowed securities at fair value on our accompanying balance sheets based on the value of the underlying U.S. Treasury security as of the reporting date. Gains and losses associated with U.S. Treasury security short positions are recognized in gain (loss) on derivative instruments, net in our statements of comprehensive income (loss).

Derivative and other hedging instruments are carried at fair value, and changes in fair value are recorded in income as gains or losses on derivative and other hedging instruments for each period. The Company's derivative financial instruments are not designated as hedge accounting relationships, but rather are used as economic hedges of its portfolio assets and liabilities. Gains and losses on derivatives, except those that result in cash receipts or payments, are included in operating activities on the statements of cash flows. Cash payments and cash receipts from settlements of derivatives, including current period net cash settlements on interest rate swaps, are classified as an investing activity on the statements of cash flows.

Holding derivatives creates exposure to credit risk related to the potential for failure on the part of counterparties and exchanges to honor their commitments. In the event of default by a counterparty, the Company may have difficulty recovering its collateral and may not receive payments provided for under the terms of the agreement. The Company's derivative agreements require it to post or receive collateral to mitigate such risk. In addition, the Company uses only registered central clearing exchanges and well-established commercial banks as counterparties, monitors positions with individual counterparties and adjusts posted collateral as required.

## **Financial Instruments**

The fair value of financial instruments for which it is practicable to estimate that value is disclosed either in the body of the financial statements or in the accompanying notes. RMBS, Fed Funds, SOFR and T-Note futures contracts, interest rate swaps, interest rate swaptions, dual digital options, interest rate floors and caps, and TBA securities are accounted for at fair value in the balance sheets. The methods and assumptions used to estimate fair value for these instruments are presented in Note 13 of the financial statements.

## **Repurchase Agreements**

The Company finances the acquisition of the majority of its RMBS through the use of repurchase agreements under master repurchase agreements. Repurchase agreements are accounted for as collateralized financing transactions, which are carried at their contractual amounts, including accrued interest, as specified in the respective agreements.

## **Reverse Repurchase Agreements and Obligations to Return Securities Borrowed under Reverse Repurchase Agreements**

The Company borrows securities to cover short sales of U.S. Treasury securities through reverse repurchase transactions under our master repurchase agreements. We account for these as securities borrowing transactions and recognize an obligation to return the borrowed securities at fair value on the balance sheet based on the value of the underlying borrowed securities as of the reporting date. The securities received as collateral in connection with our reverse repurchase agreements mitigate our credit risk exposure to counterparties. Our reverse repurchase agreements typically have maturities of 30 days or less.

## **Manager Compensation**

The Company is externally managed by Bimini Advisors, LLC (the "Manager" or "Bimini Advisors"), a Maryland limited liability company and wholly-owned subsidiary of Bimini. The Company's management agreement with the Manager provides for payment to the Manager of a management fee and reimbursement of certain operating expenses, which are accrued and expensed during the period for which they are earned or incurred. Refer to Note 14 for the terms of the management agreement.

## **Earnings Per Share**

Basic earnings per share ("EPS") is calculated as net income or loss attributable to common stockholders divided by the weighted average number of shares of common stock outstanding during the period. Diluted EPS is calculated using the treasury stock or two-class method, as applicable, for common stock equivalents, if any. However, the common stock equivalents are not included in computing diluted EPS if the result is anti-dilutive.

## **Stock-Based Compensation**

The Company may grant equity-based compensation to non-employee members of its Board of Directors and to the executive officers and employees of the Manager. Stock-based awards issued include performance units ("PUs"), deferred stock units ("DSUs") and immediately vested common stock awards. Compensation expense is measured and recognized for all stock-based payment awards made to employees and non-employee directors based on the fair value of the Company's common stock on the date of grant. Compensation expense is recognized over each award's respective service period using the graded vesting attribution method. The Company does not estimate forfeiture rates; but rather, adjusts for forfeitures in the periods in which they occur.

## **Income Taxes**

Orchid has elected and is organized and operated so as to qualify to be taxed as a real estate investment trust ("REIT") under the Internal Revenue Code of 1986, as amended (the "Code"). REITs are generally not subject to U.S. federal income tax on their REIT taxable income provided that they distribute to their stockholders all of their REIT taxable income on an annual basis. A REIT must distribute at least 90% of its REIT taxable income, determined without regard to the deductions for dividends paid and excluding net capital gain, and meet other requirements of the Code to retain its tax status.

Orchid assesses the likelihood, based on their technical merit, that uncertain tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. All of Orchid's tax positions are categorized as highly certain. There is no accrual for any tax, interest or penalties related to Orchid's tax position assessment. The measurement of uncertain tax positions is adjusted when new information is available, or when an event occurs that requires a change.

## Recent Accounting Pronouncements

In November 2024, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") No. 2024-03, *"Income Statement—Reporting Comprehensive Income—Expense Disaggregation Disclosures (Subtopic 220-40): Disaggregation of Income Statement Expenses"*. The amendments in the ASU require disclosures about specific types of expenses included in the expense captions presented on the Statements of Income, as well as disclosures about selling expenses. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026. We are currently evaluating the impact of adoption on our financial disclosures.

## NOTE 2. MORTGAGE-BACKED SECURITIES, AT FAIR VALUE

The following table presents the Company's RMBS portfolio that are remeasured at fair value through earnings as of June 30, 2026 and December 31, 2025:

(in thousands)

|                 | June 30, 2026 |               |               | December 31, 2025 |               |               |
|-----------------|---------------|---------------|---------------|-------------------|---------------|---------------|
|                 | Par Value     | Cost(1)       | Fair Value    | Par Value         | Cost(1)       | Fair Value    |
| Fixed-rate RMBS | \$ 11,396,946 | \$ 11,602,269 | \$ 11,528,198 | \$ 10,345,029     | \$ 10,558,236 | \$ 10,615,570 |
| Other(2)(3)(4)  | -             | 14,963        | 11,966        | -                 | 16,103        | 13,088        |
| Total           | \$ 11,396,946 | \$ 11,617,232 | \$ 11,540,164 | \$ 10,345,029     | \$ 10,574,339 | \$ 10,628,658 |

- (1) The cost information in the table above represents the aggregate current par value, multiplied by the purchase price of each security in the portfolio.
- (2) Other securities are comprised of interest-only and inverse interest-only securities.
- (3) The notional balance for the interest-only securities portfolio was \$68.5 million and \$72.9 million as of June 30, 2026 and December 31, 2025, respectively.
- (4) The notional balance for the inverse interest-only securities portfolio was \$14.1 million and \$17.7 million as of June 30, 2026 and December 31, 2025, respectively.

The following table is a summary of the Company's net gain (loss) from the sale of RMBS for the six months ended June 30, 2026 and 2025.

(in thousands)

|                                  | Six Months Ended June 30, |            |
|----------------------------------|---------------------------|------------|
|                                  | 2026                      | 2025       |
| Proceeds from sales of RMBS      | \$ 356,475                | \$ 733,904 |
| Carrying value of RMBS sold      | (355,551)                 | (743,192)  |
| Net gain (loss) on sales of RMBS | \$ 924                    | \$ (9,288) |
| Gross gain on sales of RMBS      | \$ 924                    | \$ -       |
| Gross loss on sales of RMBS      | -                         | (9,288)    |
| Net gain (loss) on sales of RMBS | \$ 924                    | \$ (9,288) |

## NOTE 3. U.S. TREASURY SECURITIES, AVAILABLE-FOR-SALE

The following table presents the amortized cost, gross unrealized holding gains and losses, and fair value of available-for-sale investments as of June 30, 2026 and December 31, 2025. U.S. Treasury securities are held primarily to satisfy collateral requirements of the Company's repurchase and derivative counterparties.

(in thousands)

|                                                 | Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Gross<br>Unrealized<br>Losses | Fair<br>Value |
|-------------------------------------------------|-------------------|------------------------------|-------------------------------|---------------|
| <b>June 30, 2026</b>                            |                   |                              |                               |               |
| U.S. Treasury Note, 4.125%, 10/31/2026 Maturity | \$ 20,032         | \$ -                         | \$ (20)                       | \$ 20,012     |
| U.S. Treasury Note, 4.50%, 5/15/2027 Maturity   | 65,818            | -                            | (92)                          | 65,726        |
| U.S. Treasury Note, 0.50%, 4/30/2027 Maturity   | 97,150            | -                            | (26)                          | 97,124        |
|                                                 | \$ 183,000        | \$ -                         | \$ (138)                      | \$ 182,862    |
| <b>December 31, 2025</b>                        |                   |                              |                               |               |
| U.S. Treasury Note, 4.625%, 6/30/2026 Maturity  | \$ 100,136        | \$ 395                       | \$ -                          | \$ 100,531    |
| U.S. Treasury Note, 0.75%, 5/31/2026 Maturity   | 34,579            | 23                           | -                             | 34,602        |
|                                                 | \$ 134,715        | \$ 418                       | \$ -                          | \$ 135,133    |

Because all of the Company's available-for-sale securities are backed by the full faith and credit of the U.S. government, the Company has not recorded an allowance for credit losses.

#### NOTE 4. REPURCHASE AGREEMENTS AND REVERSE REPURCHASE AGREEMENTS

##### Repurchase Agreements

The Company pledges certain of its RMBS as collateral under repurchase agreements with financial institutions. Interest rates are generally fixed based on prevailing rates corresponding to the terms of the borrowings, and interest is generally paid at the termination of a borrowing. If the fair value of the pledged securities declines, lenders will typically require the Company to post additional collateral or pay down borrowings to re-establish agreed upon collateral requirements, referred to as "margin calls." Similarly, if the fair value of the pledged securities increases, lenders may release collateral back to the Company. As of June 30, 2026, the Company had met all margin call requirements.

As of June 30, 2026 and December 31, 2025, the Company's repurchase agreements had remaining maturities as summarized below:

(\$ in thousands)

|                                                                         | OVERNIGHT<br>(1 DAY OR<br>LESS) | BETWEEN 2<br>AND<br>30 DAYS | BETWEEN 31<br>AND<br>90 DAYS | GREATER<br>THAN<br>90 DAYS | TOTAL         |
|-------------------------------------------------------------------------|---------------------------------|-----------------------------|------------------------------|----------------------------|---------------|
| <b>June 30, 2026</b>                                                    |                                 |                             |                              |                            |               |
| Fair value of securities pledged, including accrued interest receivable | \$ -                            | \$ 7,522,852                | \$ 3,876,650                 | \$ 99,663                  | \$ 11,499,165 |
| Repurchase agreement liabilities associated with these securities       | \$ -                            | \$ 7,254,945                | \$ 3,750,480                 | \$ 81,490                  | \$ 11,086,915 |
| Net weighted average borrowing rate                                     | -                               | 3.77%                       | 3.78%                        | 3.80%                      | 3.77%         |
| <b>December 31, 2025</b>                                                |                                 |                             |                              |                            |               |
| Fair value of securities pledged, including accrued interest receivable | \$ -                            | \$ 6,821,306                | \$ 3,445,678                 | \$ 284,296                 | \$ 10,551,280 |
| Repurchase agreement liabilities associated with these securities       | \$ -                            | \$ 6,544,072                | \$ 3,297,567                 | \$ 273,827                 | \$ 10,115,466 |
| Net weighted average borrowing rate                                     | -                               | 4.00%                       | 3.96%                        | 3.92%                      | 3.98%         |

In addition, cash pledged to counterparties for repurchase agreements was approximately \$111.5 million and \$51.2 million as of June 30, 2026 and December 31, 2025, respectively.

If, during the term of a repurchase agreement, a lender files for bankruptcy, the Company might experience difficulty recovering its pledged assets, which could result in an unsecured claim against the lender for the difference between the amount loaned to the Company plus interest due to the counterparty and the fair value of the collateral pledged to such lender, including the accrued interest receivable and cash posted by the Company as collateral. At June 30, 2026, the Company had an aggregate amount at risk (the difference between the amount loaned to the Company, including interest payable and securities posted by the counterparty (if any), and the fair value of securities and cash pledged (if any), including accrued interest on such securities) with all counterparties of approximately \$472.2 million. The Company did not have an amount at risk with any individual counterparty that was greater than 10% of the Company's equity at June 30, 2026 or December 31, 2025.

## Reverse Repurchase Agreements

As of June 30, 2026 and December 31, 2025, the Company had \$495.8 million and \$128.6 million of reverse repurchase agreements outstanding, respectively, for which we had associated obligations to return borrowed securities at fair value of \$496.0 million and \$128.7 million.

## NOTE 5. DERIVATIVE AND OTHER HEDGING INSTRUMENTS

The table below summarizes fair value information about the Company's derivative and other hedging instruments assets and liabilities as of June 30, 2026 and December 31, 2025.

(in thousands)

| Derivative and Other Hedging Instruments                       | Balance Sheet Location                | June 30, 2026 | December 31, 2025 |
|----------------------------------------------------------------|---------------------------------------|---------------|-------------------|
| <b>Assets</b>                                                  |                                       |               |                   |
| Interest rate swaps                                            | Derivative assets, at fair value      | \$ 11,520     | \$ 8,238          |
| Payer swaptions                                                | Derivative assets, at fair value      | 3,542         | -                 |
| TBA securities                                                 | Derivative assets, at fair value      | -             | 1,015             |
| Total derivative assets, at fair value                         |                                       | \$ 15,062     | \$ 9,253          |
| <b>Liabilities</b>                                             |                                       |               |                   |
| TBA securities                                                 | Derivative liabilities, at fair value | \$ 4,723      | \$ 1,846          |
| Total derivative liabilities, at fair value                    |                                       | \$ 4,723      | \$ 1,846          |
| <b>Margin Balances Posted to (from) Counterparties</b>         |                                       |               |                   |
| Futures contracts                                              | Restricted cash                       | \$ 4,140      | \$ 5,131          |
| Interest rate swaps                                            | Restricted cash                       | 9,479         | -                 |
| TBA securities (including margin paid on unsettled trades)     | Restricted cash                       | 5,949         | 2,394             |
| TBA securities (including margin received on unsettled trades) | Other liabilities                     | (2,020)       | (360)             |
| Swaption margin                                                | Other liabilities                     | (1,120)       | -                 |
| Total margin balances on derivative contracts                  |                                       | \$ 16,428     | \$ 7,165          |

T-Note and SOFR futures are cash and securities settled futures contracts on their respective underlying or delivery eligible underlying U.S. Treasury security, with gains and losses credited or charged to the Company's cash accounts on a daily basis. A minimum balance, or "margin," is required to be maintained in the account on a daily basis. The tables below present information related to the Company's T-Note and SOFR futures positions at June 30, 2026 and December 31, 2025.

(\$ in thousands)

| Expiration Year                                                                  | June 30, 2026                    |                             |                                 |                            |
|----------------------------------------------------------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------------------|
|                                                                                  | Average Contract Notional Amount | Weighted Average Entry Rate | Weighted Average Effective Rate | Open Equity <sup>(1)</sup> |
| <b>U.S. Treasury Note Futures Contracts (Short Positions)<sup>(2)</sup></b>      |                                  |                             |                                 |                            |
| September 2026 10-year T-Note futures (Sep 2026 - Sep 2036 Hedge Period)         | \$ 188,600                       | 4.46%                       | 4.31%                           | \$ (1,773)                 |
| September 2026 10-year Ultra futures (Sep 2026 - Sep 2036 Hedge Period)          | 60,000                           | 4.62%                       | 4.43%                           | (954)                      |
| <b>SOFR Futures Contracts (Short Positions)</b>                                  |                                  |                             |                                 |                            |
| September 2026 3-Month SOFR futures (Jun 2026 - Sep 2026 Hedge Period)           | \$ 97,500                        | 3.38%                       | 3.70%                           | \$ 316                     |
| December 2026 3-Month SOFR futures (Sep 2026 - Dec 2026 Hedge Period)            | 97,500                           | 3.27%                       | 3.92%                           | 630                        |
| March 2027 3-Month SOFR futures (Dec 2026 - Mar 2027 Hedge Period)               | 97,500                           | 3.22%                       | 4.04%                           | 802                        |
| June 2027 3-Month SOFR futures (Mar 2027 - Jun 2027 Hedge Period)                | 97,500                           | 3.21%                       | 4.08%                           | 851                        |
| <b>ERIS SOFR Swap Futures Contracts (Short Positions)<sup>(3)</sup></b>          |                                  |                             |                                 |                            |
| September 2026 5-Year Term, 3.75% fixed rate, (Sep 2026 - Sep 2031 Hedge Period) | \$ 10,000                        | 4.01%                       | 3.91%                           | \$ (38)                    |

(\$ in thousands)

| Expiration Year                                                             | December 31, 2025                |                             |                                 |                |
|-----------------------------------------------------------------------------|----------------------------------|-----------------------------|---------------------------------|----------------|
|                                                                             | Average Contract Notional Amount | Weighted Average Entry Rate | Weighted Average Effective Rate | Open Equity(1) |
| <b>U.S. Treasury Note Futures Contracts (Short Positions)(2)</b>            |                                  |                             |                                 |                |
| March 2026 5-year T-Note futures (Mar 2026 - Mar 2031 Hedge Period)         | \$ 122,500                       | 3.65%                       | 3.65%                           | \$ 10          |
| March 2026 10-year T-Note futures (Mar 2026 - Mar 2036 Hedge Period)        | 90,000                           | 3.79%                       | 3.91%                           | 739            |
| March 2026 10-year Ultra futures (Mar 2026 - Mar 2036 Hedge Period)         | 60,000                           | 4.03%                       | 4.14%                           | 575            |
| <b>SOFR Futures Contracts (Short Positions)</b>                             |                                  |                             |                                 |                |
| March 2026 3-Month SOFR futures (Dec 2025 - Mar 2026 Hedge Period)          | \$ 97,500                        | 3.73%                       | 3.69%                           | \$ (44)        |
| June 2026 3-Month SOFR futures (Mar 2026 - Jun 2026 Hedge Period)           | 97,500                           | 3.55%                       | 3.52%                           | (33)           |
| September 2026 3-Month SOFR futures (Jun 2026 - Sep 2026 Hedge Period)      | 97,500                           | 3.38%                       | 3.31%                           | (66)           |
| December 2026 3-Month SOFR futures (Sep 2026 - Dec 2026 Hedge Period)       | 97,500                           | 3.27%                       | 3.16%                           | (111)          |
| March 2027 3-Month SOFR futures (Dec 2026 - Mar 2027 Hedge Period)          | 97,500                           | 3.22%                       | 3.11%                           | (105)          |
| June 2027 3-Month SOFR futures (Mar 2027 - Jun 2027 Hedge Period)           | 97,500                           | 3.21%                       | 3.11%                           | (90)           |
| <b>ERIS SOFR Swap Futures Contracts (Short Positions)(3)</b>                |                                  |                             |                                 |                |
| March 2026 5-Year Term, 3.75% fixed rate (Mar 2026 - Mar 2031 Hedge Period) | \$ 10,000                        | 3.48%                       | 3.45%                           | \$ (13)        |

- (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 \$109.30 of at December 31, 2025. The contract values of the short positions were \$133.9 million at December 31, 2025. 10-Year T-Note futures contracts were valued at a price of \$109.89 at June 30, 2026 and \$112.44 at December 31, 2025. The contract values of the short positions were \$207.3 million and \$101.2 million at June 30, 2026 and December 31, 2025, respectively. 10-Year Ultra futures contracts were valued at a price of \$112.47 at June 30, 2026 and \$115.02 at December 31, 2025. The contract values of the short positions were \$67.5 million and \$69.0 million at June 30, 2026 and December 31, 2025, respectively.
- (3) ERIS swap futures are exchange traded futures that replicate the cash flows of an underlying swap position.

Under its interest rate swap agreements, the Company typically pays a fixed rate and receives a floating rate ("payer swaps") based on an index, such as SOFR. The floating rate the Company receives under its swap agreements has the effect of offsetting the repricing characteristics of its repurchase agreements and cash flows on such liabilities. The Company is typically required to post margin on its interest rate swap agreements. The table below presents information related to the Company's interest rate swap positions at June 30, 2026 and December 31, 2025.

(\$ in thousands)

|                             | Notional Amount | Average Fixed Pay Rate | Average Receive Rate | Average Maturity (Years) |
|-----------------------------|-----------------|------------------------|----------------------|--------------------------|
| <b>June 30, 2026</b>        |                 |                        |                      |                          |
| Expiration > 1 to ≤ 5 years | \$ 5,292,800    | 3.46%                  | 3.68%                | 3.0                      |
| Expiration > 5 years        | 2,521,400       | 3.92%                  | 3.68%                | 8.0                      |
|                             | \$ 7,814,200    | 3.61%                  | 3.68%                | 4.6                      |
| <b>December 31, 2025</b>    |                 |                        |                      |                          |
| Expiration > 1 to ≤ 5 years | \$ 4,162,500    | 3.38%                  | 3.87%                | 3.2                      |
| Expiration > 5 years        | 1,695,800       | 3.87%                  | 3.87%                | 7.1                      |
|                             | \$ 5,858,300    | 3.53%                  | 3.87%                | 4.3                      |

Our interest rate swaps are centrally cleared through two registered commodities exchanges, the Chicago Mercantile Exchange ("CME") and the London Clearing House ("LCH"). The clearing exchanges require that we post an "initial margin" amount determined by the exchanges. Initial margin is intended to be set at a level sufficient to protect the exchange against potential losses that could arise during the period required to close out or hedge the interest rate swap positions following a participant default. The amount is determined using risk-based models that consider potential market movements over a multi-day liquidation period and is subject to adjustment based on changes in market volatility, portfolio composition, liquidity, concentration and other factors. We also exchange daily settlements of "variation margin" based upon changes in fair value, as measured by the exchanges. Pursuant to rules governing central clearing activities, we recognize variation margin settlements as a direct reduction of the carrying value of the interest rate swap asset or liability.

The table below presents information related to the Company's payer swaption positions as of June 30, 2026. The Company did not have any open swaption positions as of December 31, 2025.

(\$ in thousands)

|                                 |          | Option     |                                       |                 | Underlying Swap    |                       |                               |
|---------------------------------|----------|------------|---------------------------------------|-----------------|--------------------|-----------------------|-------------------------------|
|                                 | Cost     | Fair Value | Weighted Average Months to Expiration | Notional Amount | Average Fixed Rate | Adjustable Rate Index | Weighted Average Term (Years) |
| June 30, 2026                   |          |            |                                       |                 |                    |                       |                               |
| Payer Swaption (long position)  | \$ 7,124 | \$ 5,633   | 5.0                                   | \$ 1,000,000    | 4.11%              | SOFR                  | 5.0                           |
| Payer Swaption (short position) | (3,024)  | (2,091)    | 5.0                                   | 1,000,000       | 4.51%              | SOFR                  | 5.0                           |
| Total                           | \$ 4,100 | \$ 3,542   |                                       | \$ 2,000,000    |                    |                       |                               |

We purchase interest rate swaptions to help mitigate the potential impact of larger, more rapid changes in interest rates on the performance of our investment portfolio. Interest rate swaptions provide us the option to enter into an interest rate swap agreement for a predetermined notional amount, stated term and pay and receive interest rates in the future. Our interest rate swaption agreements are *not* subject to central clearing. The difference between the premium paid and the fair value of the swaption is reported in gain (loss) on derivative and other hedging instruments in our statements of comprehensive income (loss). If a swaption expires unexercised, the realized loss on the swaption would be equal to the premium paid. If we sell or exercise a swaption, the realized gain or loss on the swaption would be equal to the difference between the cash or the fair value of the underlying interest rate swap and the premium paid.

The following table summarizes the Company's contracts to purchase and sell TBA securities as of June 30, 2026 and December 31, 2025.

(\$ in thousands)

|                                | Notional Amount Long (Short)(1) | Cost Basis(2) | Market Value(3) | Net Carrying Value(4) |
|--------------------------------|---------------------------------|---------------|-----------------|-----------------------|
| <b>June 30, 2026</b>           |                                 |               |                 |                       |
| <b>30-Year TBA securities:</b> |                                 |               |                 |                       |
| 5.0%                           | \$ (145,000)                    | \$ (141,270)  | \$ (142,689)    | \$ (1,419)            |
| 5.5%                           | (449,900)                       | (448,564)     | (451,868)       | (3,304)               |
| Total                          | \$ (594,900)                    | \$ (589,834)  | \$ (594,557)    | \$ (4,723)            |
| <b>December 31, 2025</b>       |                                 |               |                 |                       |
| <b>15-Year TBA securities:</b> |                                 |               |                 |                       |
| 4.5%                           | \$ 250,000                      | \$ 249,998    | \$ 250,186      | \$ 188                |
| <b>30-Year TBA securities:</b> |                                 |               |                 |                       |
| 3.0%                           | -                               | (343)         | -               | 343                   |
| 3.5%                           | -                               | 34            | -               | (34)                  |
| 4.0%                           | -                               | (215)         | -               | 215                   |
| 5.0%                           | -                               | 218           | -               | (218)                 |
| 5.5%                           | (275,000)                       | (277,696)     | (278,996)       | (1,300)               |
| 6.5%                           | (155,000)                       | (161,103)     | (161,127)       | (24)                  |
| Total                          | \$ (180,000)                    | \$ (189,107)  | \$ (189,937)    | \$ (830)              |

(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 the balance sheets.

## Gain (Loss) From Derivative and Other Hedging Instruments, Net

The table below presents the effect of the Company's derivative and other hedging instruments on the statements of comprehensive income (loss) for the six and three months ended June 30, 2026 and 2025.

(in thousands)

|                                                  | Six Months Ended June 30, |              | Three Months Ended June 30, |             |
|--------------------------------------------------|---------------------------|--------------|-----------------------------|-------------|
|                                                  | 2026                      | 2025         | 2026                        | 2025        |
| Interest rate futures contracts (short position) | \$ 8,659                  | \$ (23,630)  | \$ 4,222                    | \$ (8,688)  |
| Interest rate swaps                              | 104,355                   | (100,251)    | 63,353                      | (37,408)    |
| Payer swaptions (short positions)                | 932                       | -            | 932                         | -           |
| Payer swaptions (long positions)                 | (1,490)                   | -            | (1,490)                     | -           |
| TBA securities (short positions)                 | (3,033)                   | (4,636)      | (3,228)                     | (7,662)     |
| TBA securities (long positions)                  | 930                       | 572          | (347)                       | 472         |
| U.S. Treasury securities (short positions)       | (1,645)                   | -            | (1,042)                     | -           |
| Total                                            | \$ 108,708                | \$ (127,945) | \$ 62,400                   | \$ (53,286) |

## Credit Risk-Related Contingent Features

The use of derivatives and other hedging instruments creates exposure to credit risk relating to potential losses that could be recognized in the event that the counterparties to these instruments fail to perform their obligations under the contracts. The Company attempts to minimize this risk by limiting its counterparties for instruments which are not centrally cleared on a registered exchange to major financial institutions with acceptable credit ratings and monitoring positions with individual counterparties. In addition, the Company may be required to pledge assets as collateral for its derivatives, whose amounts vary over time based on the market value, notional amount and remaining term of the derivative contract. In the event of a default by a counterparty, the Company may not receive payments provided for under the terms of its derivative agreements and may have difficulty obtaining its assets pledged as collateral for its derivatives. The cash and cash equivalents pledged as collateral for the Company's derivative instruments are included in restricted cash on its balance sheets.

It is the Company's policy not to offset assets and liabilities associated with open derivative contracts. However, CME and LCH rules characterize variation margin transfers as settlement payments, as opposed to adjustments to collateral. As a result, derivative assets and liabilities associated with centrally cleared derivatives for which the CME or LCH serves as the central clearing party are presented as if these derivatives had been settled as of the reporting date.

## NOTE 6. PLEDGED ASSETS

### Assets Pledged to Counterparties

The table below summarizes the Company's assets pledged as collateral under repurchase agreements and derivative agreements by type, including securities pledged related to securities sold but not yet settled, as of June 30, 2026 and December 31, 2025.

(in thousands)

|                                        | June 30, 2026         |                       |               | December 31, 2025     |                       |               |
|----------------------------------------|-----------------------|-----------------------|---------------|-----------------------|-----------------------|---------------|
| Assets Pledged to Counterparties       | Repurchase Agreements | Derivative Agreements | Total         | Repurchase Agreements | Derivative Agreements | Total         |
| PT RMBS - fair value                   | \$ 11,434,805         | \$ -                  | \$ 11,434,805 | \$ 10,489,655         | \$ -                  | \$ 10,489,655 |
| Structured RMBS - fair value           | 11,966                | -                     | 11,966        | 13,088                | -                     | 13,088        |
| U.S. Treasury securities               | -                     | 182,862               | 182,862       | -                     | 135,133               | 135,133       |
| Accrued interest on pledged securities | 52,394                | 600                   | 52,994        | 48,537                | 36                    | 48,573        |
| Restricted cash                        | 111,469               | 19,568                | 131,037       | 51,171                | 7,525                 | 58,696        |
| Total                                  | \$ 11,610,634         | \$ 203,030            | \$ 11,813,664 | \$ 10,602,451         | \$ 142,694            | \$ 10,745,145 |

## Assets Pledged from Counterparties

The table below summarizes assets pledged to the Company from counterparties under repurchase agreements and derivative agreements as of June 30, 2026 and December 31, 2025.

(in thousands)

|                                       | Repurchase<br>Agreements | Reverse<br>Repurchase<br>Agreements | Derivative<br>Agreements | Total      |
|---------------------------------------|--------------------------|-------------------------------------|--------------------------|------------|
| <b>June 30, 2026</b>                  |                          |                                     |                          |            |
| Cash                                  | \$ 9,363                 | \$ -                                | \$ 3,140                 | \$ 12,503  |
| U.S. Treasury securities - fair value | 2,345                    | 496,036                             | -                        | 498,381    |
| Total                                 | \$ 11,708                | \$ 496,036                          | \$ 3,140                 | \$ 510,884 |
| <b>December 31, 2025</b>              |                          |                                     |                          |            |
| Cash                                  | \$ 12,549                | \$ -                                | \$ 360                   | \$ 12,909  |
| U.S. Treasury securities - fair value | -                        | 128,724                             | -                        | 128,724    |
| Total                                 | \$ 12,549                | \$ 128,724                          | \$ 360                   | \$ 141,633 |

U.S. Treasury securities received as margin under the Company's repurchase agreements are not recorded in the balance sheets because the counterparty retains ownership of the security. Cash received as margin is recognized in cash and cash equivalents with a corresponding amount recognized as an increase in repurchase agreements or other liabilities in the balance sheets.

## NOTE 7. OFFSETTING ASSETS AND LIABILITIES

The Company's derivative agreements and repurchase agreements are subject to underlying agreements with master netting or similar arrangements, which provide for the right of offset in the event of default or in the event of bankruptcy of either party to the transactions. The Company reports its assets and liabilities subject to these arrangements on a gross basis in the case of repurchase agreements and for certain derivative agreements. CME and LCH rules characterize variation margin transfers as settlement payments, as opposed to adjustments to collateral. As a result, derivative assets and liabilities associated with centrally cleared derivatives for which the CME or LCH serves as the central clearing party are presented as if these derivatives had been settled as of the reporting date.

The following table presents information regarding those assets and liabilities subject to such arrangements as if the Company had presented them on a net basis as of June 30, 2026 and December 31, 2025.

(in thousands)

| Offsetting of Assets          |                                               |                                                      |                                                                    |                                                       |                                   |               |
|-------------------------------|-----------------------------------------------|------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------|---------------|
|                               | Gross<br>Amount<br>of<br>Recognized<br>Assets | Gross<br>Amount<br>Offset in the<br>Balance<br>Sheet | Net Amount<br>of Assets<br>Presented<br>in the<br>Balance<br>Sheet | Gross Amount Not<br>Offset in the Balance Sheet       |                                   | Net<br>Amount |
|                               |                                               |                                                      |                                                                    | Financial<br>Instruments<br>Received as<br>Collateral | Cash<br>Received as<br>Collateral |               |
| <b>June 30, 2026</b>          |                                               |                                                      |                                                                    |                                                       |                                   |               |
| Interest rate swaps           | \$ 13,041                                     | \$ (1,521)                                           | \$ 11,520                                                          | \$ -                                                  | \$ (11,520)                       | \$ -          |
| Payer swaptions               | 3,542                                         | -                                                    | 3,542                                                              | -                                                     | (1,120)                           | 2,422         |
| Reverse repurchase agreements | 495,828                                       | -                                                    | 495,828                                                            | (495,828)                                             | -                                 | -             |
|                               | \$ 512,411                                    | \$ (1,521)                                           | \$ 510,890                                                         | \$ (495,828)                                          | \$ (12,640)                       | \$ 2,422      |
| <b>December 31, 2025</b>      |                                               |                                                      |                                                                    |                                                       |                                   |               |
| Interest rate swaps           | \$ 8,237                                      | \$ -                                                 | \$ 8,237                                                           | \$ -                                                  | \$ -                              | \$ 8,237      |
| TBA securities                | 1,015                                         | -                                                    | 1,015                                                              | -                                                     | (360)                             | 655           |
| Reverse repurchase agreement  | 128,613                                       | -                                                    | 128,613                                                            | (128,613)                                             | -                                 | -             |
|                               | \$ 137,865                                    | \$ -                                                 | \$ 137,865                                                         | \$ (128,613)                                          | \$ (360)                          | \$ 8,892      |

(in thousands)

| Offsetting of Liabilities |                                        |                                          |                                                          |                                              |                           |        |            |
|---------------------------|----------------------------------------|------------------------------------------|----------------------------------------------------------|----------------------------------------------|---------------------------|--------|------------|
|                           | Gross Amount of Recognized Liabilities | Gross Amount Offset in the Balance Sheet | Net Amount of Liabilities Presented in the Balance Sheet | Gross Amount Not Offset in the Balance Sheet |                           |        | Net Amount |
|                           |                                        |                                          |                                                          | Financial Instruments Posted as Collateral   | Cash Posted as Collateral |        |            |
| <b>June 30, 2026</b>      |                                        |                                          |                                                          |                                              |                           |        |            |
| Repurchase Agreements     | \$ 11,086,915                          | \$ -                                     | \$ 11,086,915                                            | \$ (10,975,446)                              | \$ (111,469)              | \$ -   |            |
| Interest rate swaps       | 1,521                                  | (1,521)                                  | -                                                        | -                                            | -                         | -      |            |
| TBA securities            | 4,723                                  | -                                        | 4,723                                                    | -                                            | (3,929)                   | 794    |            |
|                           | \$ 11,093,159                          | \$ (1,521)                               | \$ 11,091,638                                            | \$ (10,975,446)                              | \$ (115,398)              | \$ 794 |            |
| <b>December 31, 2025</b>  |                                        |                                          |                                                          |                                              |                           |        |            |
| Repurchase Agreements     | \$ 10,115,466                          | \$ -                                     | \$ 10,115,466                                            | \$ (10,064,295)                              | \$ (51,171)               | \$ -   |            |
| TBA securities            | 1,846                                  | -                                        | 1,846                                                    | -                                            | (1,846)                   | -      |            |
|                           | \$ 10,117,312                          | \$ -                                     | \$ 10,117,312                                            | \$ (10,064,295)                              | \$ (53,017)               | \$ -   |            |

The amounts disclosed for collateral received by or posted to the same counterparty up to and not exceeding the net amount of the asset or liability presented in the balance sheets. The fair value of the actual collateral received by or posted to the same counterparty typically exceeds the amounts presented. See Note 6 for a discussion of collateral posted or received against or for repurchase obligations and derivative and other hedging instruments.

## NOTE 8. CAPITAL STOCK

### Common Stock Issuances

During the six months ended June 30, 2026 and the year ended December 31, 2025, the Company completed the following public offerings of shares of its common stock.

(\$ in thousands, except per share amounts)

| Type of Offering                              | Period         | Weighted Average Price Received Per Share <sup>(1)</sup> | Shares      | Net Proceeds <sup>(2)</sup> |
|-----------------------------------------------|----------------|----------------------------------------------------------|-------------|-----------------------------|
| <b>2026</b>                                   |                |                                                          |             |                             |
| At the Market Offering Program <sup>(3)</sup> | First Quarter  | \$ 7.40                                                  | 14,558,681  | \$ 107,767                  |
| At the Market Offering Program <sup>(3)</sup> | Second Quarter | \$ 6.94                                                  | 4,000,000   | 27,758                      |
| Total                                         |                |                                                          | 18,558,681  | \$ 135,525                  |
| <b>2025</b>                                   |                |                                                          |             |                             |
| At the Market Offering Program <sup>(3)</sup> | First Quarter  | \$ 8.17                                                  | 25,142,046  | \$ 205,424                  |
| At the Market Offering Program <sup>(3)</sup> | Second Quarter | 7.01                                                     | 19,884,204  | 139,416                     |
| At the Market Offering Program <sup>(3)</sup> | Third Quarter  | 7.03                                                     | 21,664,659  | 152,345                     |
| At the Market Offering Program <sup>(3)</sup> | Fourth Quarter | 7.24                                                     | 33,738,722  | 244,238                     |
| Total                                         |                |                                                          | 100,429,631 | \$ 741,423                  |

(1) Weighted average price received per share is after deducting the underwriters' discount, if applicable, and other offering costs.

(2) Net proceeds are net of the underwriters' discount, if applicable, and other offering costs.

(3) The Company has entered into 14 equity distribution agreements, 13 of which have either been terminated because all shares were sold or were replaced with a subsequent agreement.

## **Stock Repurchase Program**

On July 29, 2015, the Company's Board of Directors authorized the repurchase of up to 400,000 shares of the Company's common stock. 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 1,061,315 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.

On June 22, 2026, 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 25,000,000 shares, bringing the remaining authorization under the stock repurchase program to 26,612,580 shares, representing approximately 13.3% of the Company's currently outstanding shares of common stock.

As part of the stock repurchase program, shares may be purchased in open market transactions, block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Open market repurchases will be made in accordance with Exchange Act Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of open market stock repurchases. The timing, manner, price and amount of any repurchases will be determined by the Company in its discretion and will be 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. The stock repurchase program may be suspended or discontinued at the Company's discretion without prior notice and has no termination date.

From the inception of the stock repurchase program through June 30, 2026, the Company repurchased a total of 7,364,383 shares at an aggregate cost of approximately \$92.1 million, including commissions and fees, for a weighted average price of \$12.51 per share. During the six and three months ended June 30, 2026, the Company repurchased a total of 1,106,557 shares at an aggregate cost of approximately \$7.3 million, including commissions and fees, for a weighted average price of \$6.64 per share. During the year ended December 31, 2025, the Company repurchased a total of 1,113,224 shares at an aggregate cost of approximately \$7.3 million, including commissions and fees, for a weighted average price of \$6.52 per share. The remaining authorization under the stock repurchase program as of July 23, 2026 was 26,612,580 shares.

## Cash Dividends

The table below presents the cash dividends declared on the Company's common stock.

(in thousands, except per share amounts)

| 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                      | 1.440            | 96,309       |
| 2025                      | 1.440            | 190,930      |
| 2026 - YTD <sup>(1)</sup> | 0.760            | 149,256      |
| Totals                    | \$ 70.090        | \$ 1,045,092 |

(1) On July 8, 2026, the Company declared a dividend of \$0.10 per share to be paid on August 28, 2026. 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, 2026.

## NOTE 9. STOCK INCENTIVE PLAN

In 2021, the Company's Board of Directors adopted, and the stockholders approved, the Orchid Island Capital, Inc. 2021 Equity Incentive Plan (the "2021 Incentive Plan") to replace the Orchid Island Capital, Inc. 2012 Equity Incentive Plan (the "2012 Incentive Plan" and together with the 2021 Incentive Plan, the "Incentive Plans"). The 2021 Incentive Plan provides for the award of stock options, stock appreciation rights, stock awards, PUs, other equity-based awards (and dividend equivalents with respect to awards of PUs and other equity-based awards) and incentive awards. The 2021 Incentive Plan is administered by the Compensation Committee of the Company's Board of Directors except that the Company's full Board of Directors will administer awards made to directors who are not employees of the Company or its affiliates. The 2021 Incentive Plan provides for awards of up to an aggregate of 10% of the issued and outstanding shares of the Company's common stock (on a fully diluted basis) at the time of the awards, subject to a maximum aggregate 1,473,324 shares of the Company's common stock that may be issued under the 2021 Incentive Plan.

### Performance Units

The Company has issued, and may in the future issue additional, PUs under the Incentive Plans to certain executive officers and employees of its Manager. PUs vest after the end of a defined performance period, based on satisfaction of the performance conditions set forth in the PU agreement. When earned, each PU will be settled by the issuance of one share of the Company's common stock, at which time the PU will be cancelled. The PUs contain dividend equivalent rights, which entitle the Participants to receive distributions declared by the Company on common stock, but do not include the right to vote the underlying shares of common stock. PUs are subject to forfeiture should the participant no longer serve as an executive officer or employee of the Company or the Manager. Compensation expense for the PUs, included in incentive compensation on the statements of comprehensive income (loss), is recognized over the remaining vesting period once it becomes probable that the performance conditions will be achieved. The dividend payable on the PUs as of June 30, 2026 and December 31, 2025 was \$27,000 and \$6,000, respectively, and is included in "Due to affiliates" in the Company's balance sheet.

The following table presents information related to PUs outstanding during the six months ended June 30, 2026 and 2025.

(\$ in thousands, except per share data)

|                                                    | Six Months Ended June 30, |                                        |          |                                        |
|----------------------------------------------------|---------------------------|----------------------------------------|----------|----------------------------------------|
|                                                    | 2026                      |                                        | 2025     |                                        |
|                                                    | Shares                    | Weighted Average Grant Date Fair Value | Shares   | Weighted Average Grant Date Fair Value |
| Unvested, beginning of period                      | 51,463                    | \$ 9.05                                | 80,201   | \$ 10.12                               |
| Granted                                            | 240,486                   | 7.23                                   | 18,137   | 8.27                                   |
| Forfeited <sup>(1)</sup>                           | -                         | -                                      | (2,393)  | 9.13                                   |
| Vested and issued                                  | (23,416)                  | 9.77                                   | (24,476) | 11.17                                  |
| Unvested, end of period                            | 268,533                   | \$ 7.36                                | 71,469   | \$ 9.32                                |
| Compensation expense during period                 |                           | \$ 349                                 |          | \$ 171                                 |
| Unrecognized compensation expense, end of period   |                           | \$ 1,547                               |          | \$ 286                                 |
| Intrinsic value, end of period                     |                           | \$ 1,872                               |          | \$ 501                                 |
| Weighted-average remaining vesting term (in years) |                           | 1.8                                    |          | 1.1                                    |

(1) During 2025, a participant's service as an employee of the Manager ended, resulting in the forfeiture of 2,393 PUs as provided in the Plans.

### Stock Awards

The Company has issued, and may in the future issue additional, immediately vested common stock under the Incentive Plans to certain executive officers and employees of its Manager. The following table presents information related to fully vested common stock issued during the six months ended June 30, 2026 and 2025. All of the fully vested shares of common stock issued during the six months ended June 30, 2026 and 2025, and the related compensation expense, were granted with respect to service performed during the fiscal years ended December 31, 2025 and 2024, respectively.

(\$ in thousands, except per share data)

|                                                                                           | Six Months Ended June 30, |         |      |        |
|-------------------------------------------------------------------------------------------|---------------------------|---------|------|--------|
|                                                                                           | 2026                      |         | 2025 |        |
| Fully vested shares granted                                                               |                           | 240,486 |      | 18,137 |
| Weighted average grant date price per share                                               | \$                        | 7.23    | \$   | 8.27   |
| Compensation expense related to fully vested shares of common stock awards <sup>(1)</sup> | \$                        | 1,739   | \$   | 150    |

(1) The awards issued during the three months ended March 31, 2026 and 2025 were granted with respect to service performed in 2025 and 2024, respectively.

### Deferred Stock Units

Non-employee directors receive a portion of their compensation in the form of DSU awards pursuant to the Incentive Plans. Each DSU represents a right to receive one share of the Company's common stock. Each non-employee director may elect to receive all of his or her compensation in the form of DSUs. The DSUs are immediately vested and are settled at a future date based on the election of the individual participant. Compensation expense for the DSUs is included in directors' fees and liability insurance in the statements of comprehensive income (loss). The DSUs contain dividend equivalent rights, which entitle the participant to receive distributions declared by the Company on common stock. These dividend equivalent rights are settled in cash or additional DSUs at the participant's election. The DSUs do not include the right to vote the underlying shares of common stock. The dividend payable on the DSUs as of June 30, 2026 and December 31, 2025 was \$75,000 and \$74,000, respectively, and is included in "Other liabilities" in the Company's balance sheet.

The following table presents information related to the DSUs outstanding during the six months ended June 30, 2026 and 2025.

(\$ in thousands, except per share data)

|                                    | Six Months Ended June 30, |                                                 |         |                                                 |
|------------------------------------|---------------------------|-------------------------------------------------|---------|-------------------------------------------------|
|                                    | 2026                      |                                                 | 2025    |                                                 |
|                                    | Shares                    | Weighted<br>Average<br>Grant Date<br>Fair Value | Shares  | Weighted<br>Average<br>Grant Date<br>Fair Value |
| Outstanding, beginning of period   | 232,968                   | \$ 11.07                                        | 154,385 | \$ 12.98                                        |
| Granted and vested                 | 38,464                    | 7.13                                            | 36,797  | 7.63                                            |
| Outstanding, end of period         | 271,432                   | \$ 10.51                                        | 191,182 | \$ 11.95                                        |
| Compensation expense during period |                           | \$ 186                                          |         | \$ 229                                          |
| Intrinsic value, end of period     |                           | \$ 1,892                                        |         | \$ 1,340                                        |

#### NOTE 10. COMMITMENTS AND CONTINGENCIES

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business. Management is not aware of any reported or unreported contingencies as of June 30, 2026.

#### NOTE 11. INCOME TAXES

The Company will generally not be subject to U.S. federal income tax on its REIT taxable income to the extent that it distributes its REIT taxable income to its stockholders and satisfies the ongoing REIT requirements, including meeting certain asset, income and stock ownership tests. A REIT must generally distribute at least 90% of its REIT taxable income, determined without regard to the deductions for dividends paid and excluding net capital gain, to its stockholders, annually to maintain REIT status. An amount equal to the sum of which 85% of its REIT ordinary income and 95% of its REIT capital gain net income, plus certain undistributed income from prior taxable years, must be distributed within the taxable year, in order to avoid the imposition of a 4% excise tax. The remaining balance may be distributed up to the end of the following taxable year, provided the REIT elects to treat such amount as a prior year distribution and meets certain other requirements.

#### NOTE 12. EARNINGS PER SHARE (EPS)

The Company had dividend eligible PUs and DSUs that were outstanding during the six and three months ended June 30, 2026 and 2025. The basic and diluted per share computations include these unvested PUs and DSUs if there is income available to common stock, as they have dividend participation rights. The unvested PUs and DSUs have no contractual obligation to share in losses. Because there is no such obligation, the unvested PUs and DSUs are not included in the basic and diluted EPS computations when no income is available to common stock even though they are considered participating securities.

The table below reconciles the numerator and denominator of EPS for the six and three months ended June 30, 2026 and 2025.

(in thousands, except per share information)

|                                                                                           | Six Months Ended June 30, |             | Three Months Ended June 30, |             |
|-------------------------------------------------------------------------------------------|---------------------------|-------------|-----------------------------|-------------|
|                                                                                           | 2026                      | 2025        | 2026                        | 2025        |
| <b>Basic and diluted EPS per common share:</b>                                            |                           |             |                             |             |
| Numerator for basic and diluted EPS per share of common stock:                            |                           |             |                             |             |
| Net income (loss) - Basic and diluted                                                     | \$ 69,237                 | \$ (16,456) | \$ 89,192                   | \$ (33,578) |
| Weighted average shares of common stock:                                                  |                           |             |                             |             |
| Shares of common stock outstanding at the balance sheet date                              | 199,603                   | 126,567     | 199,603                     | 126,567     |
| Unvested dividend eligible share based compensation outstanding at the balance sheet date | 540                       | -           | 540                         | -           |
| Effect of weighting                                                                       | (5,002)                   | (21,824)    | 789                         | (12,114)    |
| Weighted average shares-basic and diluted                                                 | 195,141                   | 104,743     | 200,932                     | 114,453     |
| Net income (loss) per common share:                                                       |                           |             |                             |             |
| Basic and diluted                                                                         | \$ 0.35                   | \$ (0.16)   | \$ 0.44                     | \$ (0.29)   |
| Anti-dilutive incentive shares not included in calculation                                | -                         | 263         | -                           | 263         |

### NOTE 13. FAIR VALUE

The framework for using fair value to measure assets and liabilities defines fair value as the price that would be received to sell an asset or paid to transfer a liability (an exit price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset and the risk of non-performance. Required disclosures include presentation of balance sheet amounts measured at fair value based on inputs the Company uses to derive fair value measurements. These inputs are:

- Level 1 valuations, where the valuation is based on quoted market prices for identical assets or liabilities traded in active markets (which include exchanges and over-the-counter markets with sufficient volume),
- Level 2 valuations, where the valuation is based on quoted market prices for similar instruments traded in active markets, quoted prices for identical or similar instruments in markets that are not active and model-based valuation techniques for which all significant assumptions are observable in the market, and
- Level 3 valuations, where the valuation is generated from model-based techniques that use significant assumptions not observable in the market, but observable based on Company-specific data. These unobservable assumptions reflect the Company's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques typically include option pricing models, discounted cash flow models and similar techniques, but may also include the use of market prices of assets or liabilities that are not directly comparable to the subject asset or liability.

The Company's RMBS and TBA securities are Level 2 valuations, and such valuations currently are determined by the Company based on independent pricing sources and/or third party broker quotes. Because the price estimates may vary, the Company must make certain judgments and assumptions about the appropriate price to use to calculate the fair values. The Company and the independent pricing sources use various valuation techniques to determine the price of the Company's securities. These techniques include observing the most recent market for like or identical assets (including security coupon, maturity, yield, and prepayment speeds), spread pricing techniques to determine market credit spreads (option adjusted spread, zero volatility spread, spread to the U.S. Treasury curve or spread to a benchmark such as a TBA), and model driven approaches (the discounted cash flow method, Black Scholes and SABR models which rely upon observable market rates such as the term structure of interest rates and volatility). The appropriate spread pricing method used is based on market convention. The pricing source determines the spread of recently observed trade activity or observable markets for assets similar to those being priced. The spread is then adjusted based on variances in certain characteristics between the market observation and the asset being priced. Those characteristics include: type of asset, the expected life of the asset, the stability and predictability of the expected future cash flows of the asset, whether the coupon of the asset is fixed or adjustable, the guarantor of the security if applicable, the coupon, the maturity, the issuer, size of the underlying loans, year in which the underlying loans were originated, loan to value ratio, state in which the underlying loans reside, credit score of the underlying borrowers and other variables if appropriate. The fair value of the security is determined by using the adjusted spread.

The Company's U.S. Treasury securities that are based on quoted prices for identical instruments in active markets are classified as Level 1 assets. U.S. Treasury securities are considered Level 2 investments when they were issued before the most recent issue and were still outstanding at measurement day.

The Company's futures contracts are Level 1 valuations, as they are exchange-traded instruments and quoted market prices are readily available. Futures contracts are settled daily. The Company's interest rate swaps, interest rate swaptions and dual digital options are Level 2 valuations. The fair value of interest rate swaps is determined using a discounted cash flow approach using forward market interest rates and discount rates, which are observable inputs. The fair value of interest rate swaptions and dual digital options are determined using an option pricing model.

RMBS, U.S. Treasury securities, derivatives and TBA securities were recorded at fair value on a recurring basis during the six and three months ended June 30, 2026 and 2025. When determining fair value measurements, the Company considers the principal or most advantageous market in which it would transact and considers assumptions that market participants would use when pricing the asset. When possible, the Company looks to active and observable markets to price identical assets. When identical assets are not traded in active markets, the Company looks to market observable data for similar assets.

The estimated fair value of cash and cash equivalents, restricted cash, accrued interest receivable, receivable for securities sold, other assets, due to affiliates, repurchase agreements, payable for unsettled securities purchased, accrued interest payable and other liabilities generally approximates their carrying values due to the short-term nature of these financial instruments as of June 30, 2026 and December 31, 2025. The Company estimates the fair value of the cash and cash equivalents using Level 1 inputs, and the accrued interest receivable, receivable for securities sold, other assets, due to affiliates, repurchase agreements, payable for unsettled securities purchased, accrued interest payable and other liabilities using Level 2 inputs.

The following table presents financial assets (liabilities) measured at fair value on a recurring basis as of June 30, 2026 and December 31, 2025. Derivative contracts are reported as a net position by contract type, and not based on master netting arrangements.

(in thousands)

|                                                                              | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------|-----------------------------------------------------------|----------------------------------------------------|
| <b>June 30, 2026</b>                                                         |                                                                               |                                                           |                                                    |
| Mortgage-backed securities                                                   | \$ -                                                                          | \$ 11,540,164                                             | \$ -                                               |
| U.S. Treasury securities                                                     | -                                                                             | 182,862                                                   | -                                                  |
| Interest rate swaps                                                          | -                                                                             | 11,520                                                    | -                                                  |
| Interest rate swaptions                                                      | -                                                                             | 3,542                                                     | -                                                  |
| TBA securities                                                               | -                                                                             | (4,723)                                                   | -                                                  |
| Obligation to return securities borrowed under reverse repurchase agreements |                                                                               | (496,036)                                                 |                                                    |
| <b>December 31, 2025</b>                                                     |                                                                               |                                                           |                                                    |
| Mortgage-backed securities                                                   | \$ -                                                                          | \$ 10,628,658                                             | \$ -                                               |
| U.S. Treasury securities                                                     | -                                                                             | 135,133                                                   | -                                                  |
| Interest rate swaps                                                          | -                                                                             | 8,238                                                     | -                                                  |
| TBA securities                                                               | -                                                                             | (831)                                                     | -                                                  |
| Obligation to return securities borrowed under reverse repurchase agreements |                                                                               | (128,724)                                                 |                                                    |

During the six and three months ended June 30, 2026 and 2025, there were no transfers of financial assets or liabilities between levels 1, 2 or 3.

#### NOTE 14. RELATED PARTY TRANSACTIONS

##### Management Agreement

The Company is externally managed and advised by Bimini Advisors, LLC (the "Manager") pursuant to the terms of a management agreement. The management agreement has been renewed through February 20, 2027 and provides for automatic one-year extension options thereafter and is subject to certain termination rights. Under the terms of the management agreement, the Manager is responsible for administering the business activities and day-to-day operations of the Company. The Manager receives a monthly management fee in the amount of:

- One-twelfth of 1.5% of the first \$250 million of the Company's month-end equity, as defined in the management agreement,
- One-twelfth of 1.25% of the Company's month-end equity that is greater than \$250 million and less than or equal to \$500 million, and
- One-twelfth of 1.00% of the Company's month-end equity that is greater than \$500 million.

The Manager also provides certain repurchase agreement trading, clearing and administrative services to the Company. In consideration for such services, the Company pays the following fees to the Manager:

- A daily fee equal to the outstanding principal balance of repurchase agreement funding in place as of the end of such day multiplied by 1.5 basis points for the amount of aggregate outstanding principal balance less than or equal to \$5 billion, and multiplied by 1.0 basis point for any amount of aggregate outstanding principal balance in excess of \$5 billion, and
- A fee for the clearing and operational services provided by personnel of the Manager equal to \$10,000 per month.

The Company is obligated to reimburse the Manager for any direct expenses incurred on its behalf and to pay the Manager the Company's pro rata portion of certain overhead costs set forth in the management agreement. Should the Company terminate the management agreement without cause, it will pay the Manager a termination fee equal to three times the average annual management fee, as defined in the management agreement, before or on the last day of the term of the agreement.

Total expenses recorded for the management fee, allocated overhead and repurchase agreement trading, clearing and administrative services were approximately \$10.2 million and \$5.1 million for the six and three months ended June 30, 2026, respectively, and \$7.4 million and \$3.8 million for the six and three months ended June 30, 2025, respectively. At June 30, 2026 and December 31, 2025, the net amount due to affiliates was approximately \$1.8 million and \$1.7 million, respectively.

#### **Other Relationships with Bimini**

Robert Cauley, the Company's Chief Executive Officer and Chairman of the Board of Directors, also serves as Chief Executive Officer and Chairman of the Board of Directors of Bimini and owns shares of common stock of Bimini. George H. Haas, IV, the Company's Chief Financial Officer, Chief Investment Officer, Secretary and a member of the Board of Directors, also serves as the Chief Financial Officer, Chief Investment Officer and Treasurer of Bimini and owns shares of common stock of Bimini. In addition, as of June 30, 2026, Bimini owned 569,071 shares, or 0.3%, of the Company's common stock.

#### **NOTE 15. SEGMENT INFORMATION**

The Company follows ASC 280, *Segment Reporting*, which establishes standards for the way public business enterprises report information about operating segments in annual financial statements and requires that those enterprises report selected information about operating segments in financial statements issued to shareholders. The Company's Chief Operating Decision Maker ("CODM"), its CEO, assesses performance and allocates resources based on company-wide financial information. The Company derives nearly all of its income from interest on its RMBS portfolio. Consequently, the Company has determined that it operates in a single reportable segment and the strategic purpose of all operating activities is to support that one segment. The CODM evaluates company-wide performance based on multiple performance measures, including net income, which is the Company's primary measure of segment performance. The CODM does not generally evaluate our performance using asset or historical cash flow information. Since the Company operates in one operating segment, all required financial segment information can be found in the financial statements. Significant expenses within net income that are used to evaluate performance are each separately presented in the statements of comprehensive income (loss). The Company does not distinguish between markets or segments for the purpose of internal reporting. The Company's segment assets are presented in the Company's Balance Sheets under total assets.

## ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with the financial statements and notes to those statements included in Item 1 of this Form 10-Q. Certain written statements in this Quarterly Report on Form 10-Q that are not historical facts constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act. Statements in this report addressing expectations, assumptions, beliefs, projections, future plans and strategies, future events, developments that we expect or anticipate will occur in the future, and future operating results, capital management, and dividend policy are forward-looking statements. Forward-looking statements are based upon management’s beliefs, assumptions, and expectations as of the date of this report regarding future events and operating performance, considering all information currently available to us, and are applicable only as of the date of this report. Forward-looking statements generally can be identified by the use of words such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “may,” “will,” “intend,” “should,” “could,” or similar expressions. We caution readers not to place undue reliance on our forward-looking statements, which are not historical facts and may be based on projections, assumptions, expectations, and anticipated events that do not materialize. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this Quarterly Report on Form 10-Q may include, but are not limited to, statements about interest rates, inflation, liquidity, pledging of our structured RMBS, funding levels and spreads, prepayment speeds, portfolio composition, positioning and repositioning, hedging levels, leverage ratio, 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, the stock repurchase program, geopolitical uncertainty and general economic conditions (including the effects of artificial intelligence, wars, tariffs, trade wars, inflation, the U.S. deficit, and the strength of the U.S. dollar). As a result of many factors, such as those set forth under “Risk Factors” in our most recent Annual Report on Form 10-K, our actual results may differ materially from those anticipated in such forward-looking statements.

### Overview

We are a specialty finance company that invests in residential mortgage-backed securities (“RMBS”) which are issued and guaranteed by a federally chartered corporation or agency (“Agency RMBS”). Our investment strategy focuses on, and our portfolio consists of, two categories of Agency RMBS: (i) traditional pass-through (“PT”) Agency RMBS, such as mortgage PT certificates issued by the Federal National Mortgage Association (“Fannie Mae”), the Federal Home Loan Mortgage Corporation (“Freddie Mac” and together with Fannie Mae, the “Enterprises”) or the Government National Mortgage Association (“Ginnie Mae” and, together with the Enterprises the “GSEs”) and collateralized mortgage obligations (“CMOs”) issued by the GSEs (“PT RMBS”) and (ii) structured Agency RMBS, such as interest-only securities (“IOs”), inverse interest-only securities (“IIOs”) and principal only securities (“POs”), among other types of structured Agency RMBS. We were formed by Bimini Capital Management, Inc. (“Bimini”) in August 2010, commenced operations on November 24, 2010 and completed our initial public offering (“IPO”) on February 20, 2013. We are externally managed by Bimini Advisors, LLC (“Bimini Advisors,” or our “Manager”), an investment adviser registered with the Securities and Exchange Commission (the “SEC”).

Our business objective is to provide attractive risk-adjusted total returns over the long term through a combination of capital appreciation and the payment of regular monthly distributions. We intend to achieve this objective by investing in the two categories of Agency RMBS described above. We seek to generate income from the net interest margin on our leveraged PT RMBS and structured Agency RMBS portfolio. We intend to fund our PT RMBS and structured Agency RMBS through short-term borrowings structured as repurchase agreements.

We operate so as to qualify to be taxed as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Code”). We generally will not be subject to U.S. federal income tax to the extent that we currently distribute all of our REIT taxable income (as defined in the Code) to our stockholders and maintain our REIT qualification.

The Company’s common stock trades on the New York Stock Exchange under the symbol “ORC”.

## Capital Raising Activities

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 could offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of gross proceeds from the sales 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 30,513,253 shares under the June 2024 Equity Distribution Agreement for aggregate gross proceeds of approximately \$250.0 million and net proceeds of approximately \$245.8 million, after commissions and fees, prior to its termination in February 2025.

On February 24, 2025, we entered into an equity distribution agreement (the “February 2025 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 \$350,000,000 of gross proceeds from the sales of shares of our common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. On July 28, 2025, the February 2025 Equity Distribution Agreement was amended to increase the aggregate amount of gross proceeds from the sales of shares that may be offered by \$150,000,000 to a total of \$500,000,000. We issued a total of 59,492,504 shares under the February 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$445.1 million and net proceeds of approximately \$438.0 million, after commissions and fees, prior to its termination in October 2025.

On October 27, 2025, we entered into an equity distribution agreement (the “October 2025 Equity Distribution Agreement”) with four sales agents pursuant to which we may offer and sell, from time to time, up to an aggregate amount of \$500,000,000 of gross proceeds from the sales of shares of our common stock in transactions that are deemed to be “at the market” offerings and privately negotiated transactions. From inception through June 30, 2026, we issued a total of 48,824,644 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$360.9 million, and net proceeds of approximately \$355.2 million, after commissions and fees. For the six months ended June 30, 2026, we issued a total of 18,558,681 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$137.7 million, and net proceeds of approximately \$135.5 million, after commissions and fees.

## Stock Repurchase Agreement

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 1,061,315 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.

On June 22, 2026, 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 25,000,000 shares, bringing the remaining authorization under the stock repurchase program to 26,612,580 shares, representing approximately 13.3% of the Company’s currently outstanding shares of common stock.

From the inception of the stock repurchase program through June 30, 2026, the Company repurchased a total of 7,364,383 shares at an aggregate cost of approximately \$92.1 million, including commissions and fees, for a weighted average price of \$12.51 per share. During the six and three months ended June 30, 2026, the Company repurchased a total of 1,106,557 shares at an aggregate cost of approximately \$7.3 million, including commissions and fees, for a weighted average price of \$6.64 per share. During the year ended December 31, 2025, the Company repurchased a total of 1,113,224 shares at an aggregate cost of approximately \$7.3 million, including commissions and fees, for a weighted average price of \$6.52 per share. The remaining authorization under the stock repurchase program as of July 23, 2026 was 26,612,580 shares.

## Factors that Affect our Results of Operations and Financial Condition

A variety of industry and economic factors may impact our results of operations and financial condition. These factors include:

- interest rate trends;
- changes in our cost of funds, including decreases in the Fed Funds rate that are controlled by the Federal Reserve (the "Fed") that occurred in 2025, or potential additional changes in the Fed Funds rate;
- the difference between Agency RMBS yields and our funding and hedging costs;
- competition for, and supply of, investments in Agency RMBS;
- actions taken by the U.S. government, including the presidential administration, the Fed, the Federal Housing Financing Agency (the "FHFA"), the FDIC, Federal Housing Administration (the "FHA"), the Federal Open Market Committee (the "FOMC") and the U.S. Treasury;
- prepayment rates on mortgages underlying our Agency RMBS and credit trends insofar as they affect prepayment rates; and
- other market developments, including bank failures.

In addition, a variety of factors relating to our business may also impact our results of operations and financial condition. These factors include:

- our degree of leverage;
- our access to funding and borrowing capacity;
- our borrowing costs;
- our hedging activities;
- the market value of our investments; and
- the requirements to maintain our qualification as a REIT and the requirements to qualify for a registration exemption under the Investment Company Act.

## Results of Operations

Described below are the Company's results of operations for the six and three months ended June 30, 2026, as compared to the Company's results of operations for the six and three months ended June 30, 2025.

### Net Income (Loss) Summary

Net income for the six months ended June 30, 2026 was \$69.2 million, or \$0.35 per share. Net loss for the six months ended June 30, 2025 was \$16.5 million, or \$0.16 per share. Net income for the three months ended June 30, 2026 was \$89.2 million, or \$0.44 per share. Net loss for the three months ended June 30, 2025 was \$33.6 million, or \$0.29 per share. The components of net income (loss) for the six and three months ended June 30, 2026 and 2025, along with the changes in those components are presented in the table below:

(in thousands)

|                                                 | Six Months Ended June 30, |             |            | Three Months Ended June 30, |             |            |
|-------------------------------------------------|---------------------------|-------------|------------|-----------------------------|-------------|------------|
|                                                 | 2026                      | 2025        | Change     | 2026                        | 2025        | Change     |
| Interest income                                 | \$ 322,025                | \$ 173,379  | \$ 148,646 | \$ 164,187                  | \$ 92,289   | \$ 71,898  |
| Interest expense                                | (204,990)                 | (130,512)   | (74,478)   | (104,215)                   | (69,135)    | (35,080)   |
| Net interest income                             | 117,035                   | 42,867      | 74,168     | 59,972                      | 23,154      | 36,818     |
| (Losses) gains on RMBS and derivative contracts | (33,638)                  | (50,101)    | 16,463     | 35,983                      | (51,736)    | 87,719     |
| Net portfolio income (loss)                     | 83,397                    | (7,234)     | 90,631     | 95,955                      | (28,582)    | 124,537    |
| Expenses                                        | (14,160)                  | (9,222)     | (4,938)    | (6,763)                     | (4,996)     | (1,767)    |
| Net income (loss)                               | \$ 69,237                 | \$ (16,456) | \$ 85,693  | \$ 89,192                   | \$ (33,578) | \$ 122,770 |

## GAAP and Non-GAAP Reconciliations

In addition to the results presented in accordance with GAAP, our results of operations discussed below include certain non-GAAP financial information, including “Net Earnings Excluding Realized and Unrealized Gains and Losses”, “Economic Interest Expense,” “Economic Net Interest Income,” “Interest Income – Inclusive of Premium Amortization/Discount Accretion” and “Yield on Average RMBS – Inclusive of Premium Amortization/Discount Accretion.”

### *Net Earnings Excluding Realized and Unrealized Gains and Losses*

We have elected to account for our Agency RMBS under the fair value option. Securities held under the fair value option are recorded at estimated fair value, with changes in the fair value recorded as unrealized gains or losses through the statements of comprehensive income (loss).

In addition, we have not designated our derivative financial instruments used for hedging purposes as hedges for accounting purposes, but rather hold them for economic hedging purposes. Changes in fair value of these instruments are presented in a separate line item in the Company’s statements of comprehensive income (loss) and are not included in interest expense. As such, for financial reporting purposes, interest expense and cost of funds are not impacted by the fluctuation in value of the derivative instruments.

Presenting net earnings excluding realized and unrealized gains and losses allows management to: (i) isolate the net interest income and other expenses of the Company over time, free of all fair value adjustments and (ii) assess the effectiveness of our funding and hedging strategies on our capital allocation decisions and our asset allocation performance. Our funding and hedging strategies, capital allocation and asset selection are integral to our risk management strategy, and therefore critical to the management of our portfolio. We believe that the presentation of our net earnings excluding realized and unrealized gains is useful to investors because it provides a means of comparing our results of operations to those of our peers who have not elected the same accounting treatment. Our presentation of net earnings excluding realized and unrealized gains and losses may not be comparable to similarly-titled measures of other companies, who may use different calculations. As a result, net earnings excluding realized and unrealized gains and losses should not be considered as a substitute for our GAAP net income (loss) as a measure of our financial performance or any measure of our liquidity under GAAP. The table below presents a reconciliation of our net income (loss) determined in accordance with GAAP and net earnings excluding realized and unrealized gains and losses.

Described below are the Company’s results of operations for the six months ended June 30, 2026 and 2025, and for each quarter in 2026 to date and 2025.

### Net Earnings Excluding Realized and Unrealized Gains and Losses

(in thousands, except per share data)

|                    | Per Share                         |                                                                  |                                                                                        |                                   |                                                   |                                                                                        |
|--------------------|-----------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------|-----------------------------------|---------------------------------------------------|----------------------------------------------------------------------------------------|
|                    | Net<br>Income<br>(Loss)<br>(GAAP) | Realized and<br>Unrealized<br>Gains and<br>Losses <sup>(1)</sup> | Net<br>Income (Loss)<br>Excluding<br>Realized and<br>Unrealized<br>Gains and<br>Losses | Net<br>Income<br>(Loss)<br>(GAAP) | Realized and<br>Unrealized<br>Gains and<br>Losses | Net<br>Income (Loss)<br>Excluding<br>Realized and<br>Unrealized<br>Gains and<br>Losses |
| Three Months Ended |                                   |                                                                  |                                                                                        |                                   |                                                   |                                                                                        |
| June 30, 2026      | \$ 89,193                         | \$ 35,983                                                        | \$ 53,210                                                                              | \$ 0.44                           | \$ 0.18                                           | \$ 0.26                                                                                |
| March 31, 2026     | (19,955)                          | (69,621)                                                         | 49,666                                                                                 | (0.11)                            | (0.37)                                            | 0.26                                                                                   |
| December 31, 2025  | 103,408                           | 70,742                                                           | 32,666                                                                                 | 0.62                              | 0.43                                              | 0.19                                                                                   |
| September 30, 2025 | 72,078                            | 50,600                                                           | 21,478                                                                                 | 0.53                              | 0.37                                              | 0.16                                                                                   |
| June 30, 2025      | (33,578)                          | (51,736)                                                         | 18,158                                                                                 | (0.29)                            | (0.45)                                            | 0.16                                                                                   |
| March 31, 2025     | 17,122                            | 1,635                                                            | 15,487                                                                                 | 0.18                              | 0.02                                              | 0.16                                                                                   |
| Six Months Ended   |                                   |                                                                  |                                                                                        |                                   |                                                   |                                                                                        |
| June 30, 2026      | \$ 69,238                         | \$ (33,638)                                                      | \$ 102,876                                                                             | \$ 0.35                           | \$ (0.17)                                         | \$ 0.52                                                                                |
| June 30, 2025      | (16,456)                          | (50,101)                                                         | 33,645                                                                                 | (0.16)                            | (0.48)                                            | 0.32                                                                                   |

(1) Includes realized and unrealized gains (losses) on RMBS and derivative financial instruments, including net interest income or expense on interest rate swaps.

*Economic Interest Expense and Economic Net Interest Income*

We use derivative and other hedging instruments, specifically Fed Funds, SOFR, ERIS SOFR Swap, and T-Note futures contracts, short positions in U.S. Treasury securities, dual digital options, interest rate floors and caps, and interest rate swaps and swaptions, to hedge a portion of the interest rate risk on repurchase agreements in a rising rate environment.

We have not elected to designate our derivative holdings for hedge accounting treatment. Changes in fair value of these instruments are presented in a separate line item in our statements of comprehensive income (loss) and not included in interest expense. As such, for financial reporting purposes, interest expense and cost of funds are not impacted by the fluctuation in value of the derivative instruments.

For the purpose of computing economic net interest income and ratios relating to cost of funds measures, GAAP interest expense has been adjusted to reflect the realized and unrealized gains or losses on certain derivative instruments the Company uses, specifically Fed Funds, SOFR, ERIS SOFR Swap, and U.S. Treasury futures, dual digital options, interest rate floors and caps, and interest rate swaps and swaptions, that pertain to each period presented. We believe that adjusting our interest expense for the periods presented by the gains or losses on these derivative instruments would not accurately reflect our economic interest expense for these periods. The reason is that these derivative instruments may cover periods that extend into the future, not just the current period. Any realized or unrealized gains or losses on the instruments reflect the change in market value of the instrument caused by changes in underlying interest rates applicable to the term covered by the instrument, not just the current period. For each period presented, we have combined the effects of the derivative financial instruments in place for the respective period with the actual interest expense incurred on borrowings to reflect total economic interest expense for the applicable period. Interest expense, including the effect of derivative instruments for the period, is referred to as economic interest expense. Net interest income, when calculated to include the effect of derivative instruments for the period, is referred to as economic net interest income. This presentation includes gains or losses on all contracts in effect during the reporting period, covering the current period as well as periods in the future.

From time to time, we invest in TBAs, which are forward contracts for the purchase or sale of Agency RMBS at a predetermined price, face amount, issuer, coupon and stated maturity on an agreed-upon future date. The specific Agency RMBS to be delivered into the contract are not known until shortly before the settlement date. We may choose, prior to settlement, to move the settlement of these securities out to a later date by entering into a dollar roll transaction. The Agency RMBS purchased or sold for a forward settlement date are typically priced at a discount to equivalent securities settling in the current month. Consequently, forward purchases of Agency RMBS and dollar roll transactions represent a form of off-balance sheet financing. These TBAs are accounted for as derivatives and marked to market through the income statement. Gains or losses on TBAs are included with gains or losses on other derivative contracts and are not included in interest income for purposes of the discussions below.

We believe that economic interest expense and economic net interest income provide meaningful information to consider, in addition to the respective amounts prepared in accordance with GAAP. The non-GAAP measures help management to evaluate its financial position and performance without the effects of certain transactions and GAAP adjustments that are not necessarily indicative of our current investment portfolio or operations. The unrealized gains or losses on derivative instruments presented in our statements of comprehensive income (loss) are not necessarily representative of the total interest rate expense that we will ultimately realize. 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 total interest rate expense in future periods, may differ from the unrealized gains or losses recognized as of the reporting date.

Our presentation of the economic value of our hedging strategy has important limitations. First, other market participants may calculate economic interest expense and economic net interest income differently than the way we calculate them. Second, while we believe that the calculation of the economic value of our hedging strategy described above helps to present our financial position and performance, it may be of limited usefulness as an analytical tool. Therefore, the economic value of our investment strategy should not be viewed in isolation and is not a substitute for interest expense and net interest income computed in accordance with GAAP.

The tables below present a reconciliation of the adjustments to interest expense shown for each period relative to our derivative instruments, and the income statement line item, gains (losses) on derivative instruments, calculated in accordance with GAAP for each quarter in 2026 to date and 2025.

### Gains (Losses) on Derivative Instruments

(in thousands)

|                           | Recognized<br>in Income<br>Statement<br>(GAAP) | U.S. Treasury Short and<br>TBA Securities<br>Gain (Loss) |                   | Funding Hedges                                   |                                                  |  |
|---------------------------|------------------------------------------------|----------------------------------------------------------|-------------------|--------------------------------------------------|--------------------------------------------------|--|
|                           |                                                | Short<br>Positions                                       | Long<br>Positions | Attributed to<br>Current<br>Period<br>(Non-GAAP) | Attributed to<br>Future<br>Periods<br>(Non-GAAP) |  |
|                           |                                                |                                                          |                   |                                                  |                                                  |  |
| <b>Three Months Ended</b> |                                                |                                                          |                   |                                                  |                                                  |  |
| June 30, 2026             | \$ 62,400                                      | \$ (4,270)                                               | \$ (347)          | \$ 12,953                                        | \$ 54,064                                        |  |
| March 31, 2026            | 46,307                                         | (408)                                                    | 1,277             | 14,643                                           | 30,795                                           |  |
| December 31, 2025         | 14,048                                         | (3,478)                                                  | 158               | 19,578                                           | (2,210)                                          |  |
| September 30, 2025        | (8,772)                                        | (4,272)                                                  | 957               | 21,872                                           | (27,329)                                         |  |
| June 30, 2025             | (53,286)                                       | (7,662)                                                  | 472               | 20,937                                           | (67,033)                                         |  |
| March 31, 2025            | (74,659)                                       | 3,026                                                    | 100               | 20,912                                           | (98,697)                                         |  |
| <b>Six Months Ended</b>   |                                                |                                                          |                   |                                                  |                                                  |  |
| June 30, 2026             | \$ 108,707                                     | \$ (4,678)                                               | \$ 930            | \$ 27,596                                        | \$ 84,859                                        |  |
| June 30, 2025             | (127,945)                                      | (4,636)                                                  | 572               | 41,849                                           | (165,730)                                        |  |

### Economic Interest Expense and Economic Net Interest Income

(in thousands)

|                    |                            | Interest Expense on Borrowings                    |                                       |                                    |                                             |                                       |  |
|--------------------|----------------------------|---------------------------------------------------|---------------------------------------|------------------------------------|---------------------------------------------|---------------------------------------|--|
|                    |                            | Gains<br>(Losses) on<br>Derivative<br>Instruments |                                       |                                    |                                             | Net Interest Income                   |  |
|                    | GAAP<br>Interest<br>Income | GAAP<br>Interest<br>Expense                       | Attributed<br>to Current<br>Period(1) | Economic<br>Interest<br>Expense(2) | GAAP<br>Net Interest<br>Income<br>(Expense) | Economic<br>Net Interest<br>Income(3) |  |
| Three Months Ended |                            |                                                   |                                       |                                    |                                             |                                       |  |
| June 30, 2026      | \$ 164,187                 | \$ 104,215                                        | \$ 12,953                             | \$ 91,262                          | \$ 59,972                                   | \$ 72,925                             |  |
| March 31, 2026     | 157,838                    | 100,775                                           | 14,643                                | 86,132                             | 57,063                                      | 71,706                                |  |
| December 31, 2025  | 132,188                    | 93,705                                            | 19,578                                | 74,127                             | 38,483                                      | 58,061                                |  |
| September 30, 2025 | 108,434                    | 81,515                                            | 21,872                                | 59,643                             | 26,919                                      | 48,791                                |  |
| June 30, 2025      | 92,289                     | 69,135                                            | 20,937                                | 48,198                             | 23,154                                      | 44,091                                |  |
| March 31, 2025     | 81,090                     | 61,377                                            | 20,912                                | 40,465                             | 19,713                                      | 40,625                                |  |
| Six Months Ended   |                            |                                                   |                                       |                                    |                                             |                                       |  |
| June 30, 2026      | \$ 322,025                 | \$ 204,990                                        | \$ 27,596                             | \$ 177,394                         | \$ 117,035                                  | \$ 144,631                            |  |
| June 30, 2025      | 173,379                    | 130,512                                           | 41,849                                | 88,663                             | 42,867                                      | 84,716                                |  |

- (1) Reflects the effect of derivative instrument hedges for only the period presented.  
(2) Calculated by adding the effect of derivative instrument hedges attributed to the period presented to GAAP interest expense.  
(3) Calculated by adding the effect of derivative instrument hedges attributed to the period presented to GAAP net interest income.

### Net Interest Income (Expense)

During the six months ended June 30, 2026, we earned net interest income of \$117.0 million consisting of \$322.0 million of interest income from RMBS assets offset by \$205.0 million of interest expense on borrowings. For the comparable period ended June 30, 2025, we earned \$42.9 million of net interest income, consisting of \$173.4 million of interest income from RMBS assets offset by \$130.5 million of interest expense on borrowings. The \$148.6 million increase in interest income was due to a 35 basis point ("bp") increase in the yield on average RMBS, combined with a \$4,780.8 million increase in average RMBS. The \$74.5 million increase in interest expense was due to a \$4,603.3 million increase in average outstanding borrowings, offset by a 44 bps decrease in the average cost of funds.

During the three months ended June 30, 2026, we earned net interest income of \$60.0 million consisting of \$164.2 million of interest income from RMBS assets offset by \$104.2 million of interest expense on borrowings. For the comparable period ended June 30, 2025, we earned \$23.2 million of net interest income, consisting of \$92.3 million of interest income from RMBS assets offset by \$69.1 million of interest expense on borrowings. The \$71.9 million increase in interest income was due to a 36 basis point ("bp") increase in the yield on average RMBS, combined with a \$4,573.6 million increase in average RMBS. The \$35.1 million increase in interest expense was due to a \$4,438.5 million increase in average outstanding borrowings, offset by a 43 bps decrease in the average cost of funds.

On an economic basis, our interest expense on borrowings for the six months ended June 30, 2026 and 2025 was \$177.4 million and \$88.7 million, respectively, resulting in \$144.6 million and \$84.7 million of economic net interest income, respectively.

On an economic basis, our interest expense on borrowings for the three months ended June 30, 2026 and 2025 was \$91.3 million and \$48.2 million, respectively, resulting in \$72.9 million and \$44.1 million of economic net interest income, respectively.

The tables below provide information on our portfolio average balances, interest income, yield on assets, average borrowings, interest expense, cost of funds, net interest income and net interest spread for the six months ended June 30, 2026 and 2025, and for each quarter in 2026 to date and 2025 on both a GAAP and economic basis.

(\$ in thousands)

|                    | Average<br>RMBS<br>Held <sup>(1)</sup> | Interest<br>Income | Yield on<br>Average<br>RMBS | Average<br>Borrowings <sup>(1)</sup> | Interest Expense |                                  | Average Cost of Funds |                                  |
|--------------------|----------------------------------------|--------------------|-----------------------------|--------------------------------------|------------------|----------------------------------|-----------------------|----------------------------------|
|                    |                                        |                    |                             |                                      | GAAP<br>Basis    | Economic<br>Basis <sup>(2)</sup> | GAAP<br>Basis         | Economic<br>Basis <sup>(3)</sup> |
| Three Months Ended |                                        |                    |                             |                                      |                  |                                  |                       |                                  |
| June 30, 2026      | \$ 11,439,353                          | \$ 164,187         | 5.74%                       | \$ 10,975,819                        | \$ 104,215       | \$ 91,262                        | 3.80%                 | 3.33%                            |
| March 31, 2026     | 10,983,600                             | 157,838            | 5.75%                       | 10,490,095                           | 100,775          | 86,132                           | 3.84%                 | 3.28%                            |
| December 31, 2025  | 9,492,369                              | 132,188            | 5.57%                       | 9,061,222                            | 93,705           | 74,127                           | 4.14%                 | 3.27%                            |
| September 30, 2025 | 7,674,720                              | 108,434            | 5.65%                       | 7,331,428                            | 81,515           | 59,643                           | 4.45%                 | 3.25%                            |
| June 30, 2025      | 6,865,727                              | 92,289             | 5.38%                       | 6,537,260                            | 69,135           | 48,198                           | 4.23%                 | 2.95%                            |
| March 31, 2025     | 5,995,702                              | 81,090             | 5.41%                       | 5,722,092                            | 61,377           | 40,465                           | 4.29%                 | 2.83%                            |
| Six Months Ended   |                                        |                    |                             |                                      |                  |                                  |                       |                                  |
| June 30, 2026      | \$ 11,211,476                          | \$ 322,025         | 5.74%                       | \$ 10,732,957                        | \$ 204,990       | \$ 177,394                       | 3.82%                 | 3.31%                            |
| June 30, 2025      | 6,430,715                              | 173,379            | 5.39%                       | 6,129,676                            | 130,512          | 88,663                           | 4.26%                 | 2.89%                            |

(\$ in thousands)

|                           | Net Interest Income |                                  | Net Interest Spread |                                  |
|---------------------------|---------------------|----------------------------------|---------------------|----------------------------------|
|                           | GAAP<br>Basis       | Economic<br>Basis <sup>(2)</sup> | GAAP<br>Basis       | Economic<br>Basis <sup>(4)</sup> |
| <b>Three Months Ended</b> |                     |                                  |                     |                                  |
| June 30, 2026             | \$ 59,972           | \$ 72,925                        | 1.94%               | 2.41%                            |
| March 31, 2026            | 57,063              | 71,706                           | 1.91%               | 2.47%                            |
| December 31, 2025         | 38,483              | 58,061                           | 1.43%               | 2.30%                            |
| September 30, 2025        | 26,919              | 48,791                           | 1.20%               | 2.40%                            |
| June 30, 2025             | 23,154              | 44,091                           | 1.15%               | 2.43%                            |
| March 31, 2025            | 19,713              | 40,625                           | 1.12%               | 2.58%                            |
| <b>Six Months Ended</b>   |                     |                                  |                     |                                  |
| June 30, 2026             | \$ 117,035          | \$ 144,631                       | 1.92%               | 2.43%                            |
| June 30, 2025             | 42,867              | 84,716                           | 1.13%               | 2.50%                            |

- (1) Portfolio yields and costs of borrowings presented in the tables above are calculated based on the average balances of the underlying investment portfolio/borrowings balances and are annualized for the periods presented. Average balances for quarterly periods are calculated using two data points, the beginning and ending balances.
- (2) Economic interest expense and economic net interest expense presented in the table above includes the effect of our derivative instrument hedges for only the periods presented.
- (3) Represents interest cost of our borrowings and the effect of derivative instrument hedges attributed to the period divided by average RMBS.
- (4) Economic net interest spread is calculated by subtracting average economic cost of funds from realized yield on average RMBS.

### Interest Expense and the Cost of Funds

We had average outstanding borrowings of \$10,733.0 million and \$6,129.7 million and total interest expense of \$205.0 million and \$130.5 million for the six months ended June 30, 2026 and 2025, respectively. Our average cost of funds was 3.82% for the six months ended June 30, 2026, compared to 4.26% for the comparable period in 2025.

We had average outstanding borrowings of \$10,975.8 million and \$6,537.3 million and total interest expense of \$104.2 million and \$69.1 million for the three months ended June 30, 2026 and 2025, respectively. Our average cost of funds was 3.80% for the three months ended June 30, 2026, compared to 4.23% for the comparable period in 2025.

Our economic interest expense was \$177.4 million and \$88.7 million for the six months ended June 30, 2026 and 2025, respectively. There was a 42 bps increase in the average economic cost of funds to 3.31% for the six months ended June 30, 2026, from 2.89% for the six months ended June 30, 2025.

Our economic interest expense was \$91.3 million and \$48.2 million for the three months ended June 30, 2026 and 2025, respectively. There was a 38 bps increase in the average economic cost of funds to 3.33% for the three months ended June 30, 2026, from 2.95% for the three months ended June 30, 2025.

Since all of our repurchase agreements are short-term, changes in market rates directly affect our interest expense. Our average cost of funds calculated on a GAAP basis was 17 bps above the one-month average SOFR and 13 bps above the six-month average SOFR for the quarter ended June 30, 2026. Our average economic cost of funds was 30 bps below the average one-month SOFR and 34 bps below the average six-month SOFR for the quarter ended June 30, 2026. The average term to maturity of the outstanding repurchase agreements was 33 days at June 30, 2026 and 39 days at December 31, 2025.

The table below presents the one-month average and six-month average SOFR rates for the six months ended June 30, 2026 and 2025, and for each quarter in 2026 to date and 2025.

|                           | Average SOFR |           | Average GAAP Cost of Funds<br>Relative to Average |                   | Average Economic Cost of Funds<br>Relative to Average |                   |
|---------------------------|--------------|-----------|---------------------------------------------------|-------------------|-------------------------------------------------------|-------------------|
|                           | One-Month    | Six-Month | One-Month<br>SOFR                                 | Six-Month<br>SOFR | One-Month<br>SOFR                                     | Six-Month<br>SOFR |
| <b>Three Months Ended</b> |              |           |                                                   |                   |                                                       |                   |
| June 30, 2026             | 3.63%        | 3.67%     | 0.17%                                             | 0.13%             | (0.30)%                                               | (0.34)%           |
| March 31, 2026            | 3.65%        | 3.86%     | 0.19%                                             | (0.02)%           | (0.37)%                                               | (0.58)%           |
| December 31, 2025         | 3.79%        | 4.20%     | 0.35%                                             | (0.06)%           | (0.52)%                                               | (0.93)%           |
| September 30, 2025        | 4.31%        | 4.37%     | 0.14%                                             | 0.08%             | (1.06)%                                               | (1.12)%           |
| June 30, 2025             | 4.32%        | 4.37%     | (0.09)%                                           | (0.14)%           | (1.37)%                                               | (1.42)%           |
| March 31, 2025            | 4.33%        | 4.55%     | (0.04)%                                           | (0.26)%           | (1.50)%                                               | (1.72)%           |
| <b>Six Months Ended</b>   |              |           |                                                   |                   |                                                       |                   |
| June 30, 2026             | 3.64%        | 3.77%     | 0.18%                                             | 0.05%             | (0.33)%                                               | (0.46)%           |
| June 30, 2025             | 4.33%        | 4.46%     | (0.07)%                                           | (0.20)%           | (1.44)%                                               | (1.57)%           |

### Gains or Losses

The table below presents our gains or losses for the six and three months ended June 30, 2026 and 2025.

(in thousands)

|                                                      | Six Months Ended June 30, |              |            | Three Months Ended June 30, |             |            |
|------------------------------------------------------|---------------------------|--------------|------------|-----------------------------|-------------|------------|
|                                                      | 2026                      | 2025         | Change     | 2026                        | 2025        | Change     |
| Realized gains (losses) on sales of RMBS             | \$ 924                    | \$ (9,288)   | \$ 10,212  | \$ 885                      | \$ (7,990)  | \$ 8,875   |
| Unrealized (losses) gains on RMBS                    | (143,270)                 | 87,132       | (230,402)  | (27,302)                    | 9,540       | (36,842)   |
| Total (losses) gains on RMBS                         | (142,346)                 | 77,844       | (220,190)  | (26,417)                    | 1,550       | (27,967)   |
| Gains (losses) on interest rate futures              | 8,659                     | (23,630)     | 32,289     | 4,222                       | (8,688)     | 12,910     |
| Gains (losses) on interest rate swaps                | 104,355                   | (100,251)    | 204,606    | 63,353                      | (37,408)    | 100,761    |
| Gains (losses) on payer swaptions (short positions)  | 932                       | -            | 932        | 932                         | -           | 932        |
| Losses on payer swaptions (long positions)           | (1,490)                   | -            | (1,490)    | (1,490)                     | -           | (1,490)    |
| Losses on TBA securities (short positions)           | (3,033)                   | (4,636)      | 1,603      | (3,228)                     | (7,662)     | 4,434      |
| Gains on TBA securities (long positions)             | 930                       | 572          | 358        | (347)                       | 472         | (819)      |
| Losses on U.S. Treasury securities (short positions) | (1,645)                   | -            | (1,645)    | (1,042)                     | -           | (1,042)    |
| Total gains (losses) from derivative instruments     | \$ 108,708                | \$ (127,945) | \$ 236,653 | \$ 62,400                   | \$ (53,286) | \$ 115,686 |

We invest in RMBS with the intent to earn net income from the realized yield on those assets over their related funding and hedging costs, and not for the purpose of making short term gains from sales. However, we have sold, and may continue to sell, existing assets to acquire new assets, which our management believes might have higher risk-adjusted returns in light of current or anticipated interest rates, federal government programs or general economic conditions or to manage our balance sheet as part of our asset/liability management strategy. During the six months ended June 30, 2026, we received proceeds of \$356.5 million from sales of RMBS, resulting in gains of approximately \$0.9 million. During the six months ended June 30, 2025, we received proceeds of \$733.9 million from sales of RMBS, resulting in losses of approximately \$9.3 million.

Realized and unrealized gains and losses on RMBS are driven in part by changes in yields and interest rates, the spreads that Agency RMBS trade relative to comparable duration U.S. Treasuries or swaps, as well as varying levels of demand for RMBS, which affect the pricing of the securities in our portfolio. The unrealized gains and losses on RMBS may also include the premium lost as a result of prepayments on the underlying mortgages, decreasing unrealized gains or increasing unrealized losses as prepayment speeds or premiums increase. To the extent RMBS are carried at a discount to par, unrealized gains or losses on RMBS would also include discount accreted as a result of prepayments on the underlying mortgages, increasing unrealized gains or decreasing unrealized losses as speeds on discounts increase. Gains and losses on interest rate futures contracts are affected by changes in implied forward rates during the reporting period. The table below presents historical interest rate data for each quarter in 2026 to date and 2025.

|                    | <b>5 Year<br/>U.S.<br/>Treasury<br/>Rate(1)</b> | <b>10 Year<br/>U.S.<br/>Treasury<br/>Rate(1)</b> | <b>15 Year<br/>Fixed-Rate<br/>Mortgage<br/>Rate(2)</b> | <b>30 Year<br/>Fixed-Rate<br/>Mortgage<br/>Rate(2)</b> | <b>90 Day<br/>Average<br/>SOFR(3)</b> |
|--------------------|-------------------------------------------------|--------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|---------------------------------------|
| June 30, 2026      | 4.19%                                           | 4.42%                                            | 5.82%                                                  | 6.43%                                                  | 3.63%                                 |
| March 31, 2026     | 3.95%                                           | 4.31%                                            | 5.75%                                                  | 6.38%                                                  | 3.68%                                 |
| December 31, 2025  | 3.72%                                           | 4.16%                                            | 5.44%                                                  | 6.15%                                                  | 4.01%                                 |
| September 30, 2025 | 3.73%                                           | 4.15%                                            | 5.49%                                                  | 6.30%                                                  | 4.35%                                 |
| June 30, 2025      | 3.80%                                           | 4.23%                                            | 5.89%                                                  | 6.77%                                                  | 4.34%                                 |
| March 31, 2025     | 3.98%                                           | 4.25%                                            | 5.89%                                                  | 6.65%                                                  | 4.35%                                 |

(1) Historical 5 and 10 Year U.S. Treasury Rates are obtained from quoted end of day prices on the Chicago Board Options Exchange.

(2) Historical 30 Year and 15 Year Fixed Rate Mortgage Rates are obtained from Freddie Mac's Primary Mortgage Market Survey.

(3) Historical SOFR is obtained from the Federal Reserve Bank of New York. The SOFR averages are compounded averages of the SOFR over rolling 30 and 180 calendar day periods.

### ***Unrealized Gains and Losses on PT RMBS***

For the purpose of recording income on the Company's investments in PT RMBS, interest income is based on the stated interest rate of the security. Using the fair value accounting method, premiums or discounts to the face value of the PT RMBS present at the date of purchase are not amortized. Premium lost and discount accretion resulting from monthly principal repayments are reflected in unrealized gains (losses) on RMBS in the statements of comprehensive income (loss). The following table adjusts the Company's interest income as reported on the Company's statements of comprehensive income for the periods indicated to show interest income adjusted for premium amortization and discount accretion on its mortgage-backed security investments. The purpose of presenting this non-GAAP measure of interest income is to provide management and investors with an alternative way of evaluating yield on RMBS that may be more comparable to some of the Company's peers who amortize premiums and discounts on their PT RMBS investments.

(\$ in thousands)

|                    | Unrealized Gains (Losses) on PT RMBS |                    |                             |                   |                                                        |                                                  | Inclusive of                                |                                |
|--------------------|--------------------------------------|--------------------|-----------------------------|-------------------|--------------------------------------------------------|--------------------------------------------------|---------------------------------------------|--------------------------------|
|                    | Average<br>RMBS<br>Held              | Interest<br>Income | Yield on<br>Average<br>RMBS | As<br>Reported(1) | (Premium<br>Amortization)/<br>Discount<br>Accretion(2) | Price<br>Only<br>Unrealized<br>Gains<br>(Losses) | Premium Amortization/<br>Discount Accretion |                                |
|                    |                                      |                    |                             |                   |                                                        |                                                  | Interest<br>Income(3)                       | Yield on<br>Average<br>RMBS(3) |
|                    |                                      |                    |                             |                   |                                                        |                                                  |                                             |                                |
| Three Months Ended |                                      |                    |                             |                   |                                                        |                                                  |                                             |                                |
| June 30, 2026      | \$ 11,439,353                        | \$ 164,187         | 5.74%                       | \$ (27,326)       | \$ (11,679)                                            | \$ (15,647)                                      | \$ 152,508                                  | 5.33%                          |
| March 31, 2026     | 10,983,600                           | 157,838            | 5.75%                       | (115,868)         | (13,551)                                               | (102,317)                                        | 144,287                                     | 5.25%                          |
| December 31, 2025  | 9,492,369                            | 132,188            | 5.57%                       | 53,960            | (7,412)                                                | 61,372                                           | 124,776                                     | 5.26%                          |
| September 30, 2025 | 7,674,720                            | 108,434            | 5.65%                       | 59,418            | (1,412)                                                | 60,830                                           | 107,022                                     | 5.58%                          |
| June 30, 2025      | 6,865,727                            | 92,289             | 5.38%                       | 9,264             | (1,471)                                                | 10,735                                           | 90,818                                      | 5.29%                          |
| March 31, 2025     | 5,995,702                            | 81,090             | 5.41%                       | 77,445            | 2,608                                                  | 74,837                                           | 83,698                                      | 5.58%                          |

- (1) As reported in the Company's statements of comprehensive income (loss) using the fair value accounting method.
- (2) Premium amortization/discount accretion for each period is calculated using the beginning of period market value of all securities. Amounts presented are intended to approximate amortization/accretion using the yield method over the life of the security based on premium/discount present at purchase date.
- (3) Interest Income – Inclusive of Premium Amortization/Discount Accretion and Yield on Average RMBS – Inclusive of Premium Amortization/Discount Accretion are non-GAAP measures. See “—GAAP and Non-GAAP Reconciliations,” for a description of our non-GAAP measures.

## Expenses

For the six and three months ended June 30, 2026, the Company's total operating expenses were approximately \$14.2 million and \$6.8 million, respectively, compared to approximately \$9.2 million and \$5.0 million for the six and three months ended June 30, 2025, respectively. The table below presents a breakdown of operating expenses for the six and three months ended June 30, 2026 and 2025.

(in thousands)

|                                          | Six Months Ended June 30, |          |          | Three Months Ended June 30, |          |          |
|------------------------------------------|---------------------------|----------|----------|-----------------------------|----------|----------|
|                                          | 2026                      | 2025     | Change   | 2026                        | 2025     | Change   |
| Management fees                          | \$ 8,111                  | \$ 5,729 | \$ 2,382 | \$ 4,123                    | \$ 2,982 | \$ 1,141 |
| Allocated overhead                       | 1,371                     | 1,190    | 181      | 585                         | 582      | 3        |
| Incentive compensation                   | 1,830                     | 21       | 1,809    | 415                         | 228      | 187      |
| Directors fees and liability insurance   | 635                       | 672      | (37)     | 323                         | 334      | (11)     |
| Audit, legal and other professional fees | 712                       | 753      | (41)     | 400                         | 360      | 40       |
| Direct REIT operating expenses           | 981                       | 474      | 507      | 509                         | 247      | 262      |
| Other administrative                     | 520                       | 383      | 137      | 408                         | 263      | 145      |
| Total expenses                           | \$ 14,160                 | \$ 9,222 | \$ 4,938 | \$ 6,763                    | \$ 4,996 | \$ 1,767 |

As of December 31, 2025 and 2024, the Company had accrued a liability of \$0.6 million for bonuses to be paid to the Manager's employees. During the six months ended June 30, 2026 and 2025, the Company awarded shares of Company common stock with a fair value of \$1.7 million and \$0.3 million, respectively. Accrued incentive compensation for the six months ended June 30, 2026 includes a reversal of a \$1.1 million under accrual of the December 31, 2025 liability. Incentive compensation for the six months ended June 30, 2025 includes a reversal of a \$0.4 million over accrual of the December 31, 2024 liability.

We are externally managed and advised by Bimini Advisors, LLC (the “Manager”) pursuant to the terms of a management agreement. The management agreement has been renewed through February 20, 2027 and provides for automatic one-year extension options thereafter and is subject to certain termination rights. Under the terms of the management agreement, the Manager is responsible for administering the business activities and day-to-day operations of the Company. The Manager receives a monthly management fee in the amount of:

- One-twelfth of 1.5% of the first \$250 million of the Company's month-end equity, as defined in the management agreement,
- One-twelfth of 1.25% of the Company's month-end equity that is greater than \$250 million and less than or equal to \$500 million, and
- One-twelfth of 1.00% of the Company's month-end equity that is greater than \$500 million.

The Manager also provides certain repurchase agreement trading, clearing and administrative services to the Company. In consideration for such services, the Company pays the following fees to the Manager:

- A daily fee equal to the outstanding principal balance of repurchase agreement funding in place as of the end of such day multiplied by 1.5 basis points for the amount of aggregate outstanding principal balance less than or equal to \$5 billion, and multiplied by 1.0 basis point for any amount of aggregate outstanding principal balance in excess of \$5 billion, and
- A fee for the clearing and operational services provided by personnel of the Manager equal to \$10,000 per month.

The Company is obligated to reimburse the Manager for any direct expenses incurred on its behalf and to pay the Manager the Company's pro rata portion of certain overhead costs set forth in the management agreement. Should the Company terminate the management agreement without cause, it will pay the Manager a termination fee equal to three times the average annual management fee, as defined in the management agreement, before or on the last day of the term of the agreement.

The following table summarizes the management fee and overhead allocation expenses for six months ended June 30, 2026 and 2025, and for each quarter in 2026 to date and 2025.

(\$ in thousands)

| Three Months Ended      | Advisory Services        |                             |                                     |                   |                        |                                              | Total     |
|-------------------------|--------------------------|-----------------------------|-------------------------------------|-------------------|------------------------|----------------------------------------------|-----------|
|                         | Average<br>Orchid<br>MBS | Average<br>Orchid<br>Equity | Average<br>Repurchase<br>Agreements | Management<br>Fee | Overhead<br>Allocation | Repurchase<br>Clearing and<br>Administrative |           |
| June 30, 2026           | \$ 11,439,353            | \$ 1,442,960                | \$ 10,975,819                       | \$ 4,123          | \$ 585                 | \$ 369                                       | \$ 5,077  |
| March 31, 2026          | 10,983,600               | 1,365,471                   | 10,490,095                          | 3,988             | 786                    | 353                                          | 5,127     |
| December 31, 2025       | 9,492,369                | 1,233,957                   | 9,061,222                           | 3,700             | 705                    | 319                                          | 4,724     |
| September 30, 2025      | 7,674,720                | 1,108,307                   | 7,331,428                           | 3,294             | 887                    | 277                                          | 4,458     |
| June 30, 2025           | 6,865,727                | 1,012,986                   | 6,537,260                           | 2,982             | 582                    | 247                                          | 3,811     |
| March 31, 2025          | 5,995,702                | 902,590                     | 5,722,092                           | 2,747             | 608                    | 227                                          | 3,582     |
| <b>Six Months Ended</b> |                          |                             |                                     |                   |                        |                                              |           |
| June 30, 2026           | \$ 11,211,476            | \$ 1,404,216                | \$ 10,732,957                       | \$ 8,111          | \$ 1,371               | \$ 722                                       | \$ 10,204 |
| June 30, 2025           | 6,430,715                | 957,788                     | 6,129,676                           | 5,729             | 1,190                  | 474                                          | 7,393     |

#### Financial Condition:

##### *Mortgage-Backed Securities*

As of June 30, 2026, our RMBS portfolio consisted of \$11.5 billion of Agency RMBS at fair value and had a weighted average coupon on assets of 5.52%. During the six months ended June 30, 2026, we received principal repayments of \$863.5 million, compared to \$332.2 million for the six months ended June 30, 2025. The average three month prepayment speeds for the quarters ended June 30, 2026 and 2025 were 10.9% and 10.1%, respectively.

The following table presents the 3-month constant prepayment rate ("CPR") experienced on our RMBS portfolio, on an annualized basis, for the quarterly periods presented. CPR is a method of expressing the prepayment rate for a mortgage pool that assumes that a constant fraction of the remaining principal is prepaid each month or year. Specifically, the CPR in the chart below represents the three month prepayment rate of the securities in the respective asset category.

| Three Months Ended | Total<br>Portfolio (%) |
|--------------------|------------------------|
| June 30, 2026      | 10.9                   |
| March 31, 2026     | 14.7                   |
| December 31, 2025  | 15.7                   |
| September 30, 2025 | 10.1                   |
| June 30, 2025      | 10.1                   |
| March 31, 2025     | 7.8                    |

The following tables summarize certain characteristics of the Company's RMBS portfolio as of June 30, 2026 and December 31, 2025:

(\$ in thousands)

| Asset Category           | Fair Value    | Percentage of Entire Portfolio | Weighted Average Coupon | Weighted Average Maturity in Months | Longest Maturity |
|--------------------------|---------------|--------------------------------|-------------------------|-------------------------------------|------------------|
| <b>June 30, 2026</b>     |               |                                |                         |                                     |                  |
| Fixed Rate RMBS          | \$ 11,528,198 | 99.9%                          | 5.54%                   | 338                                 | 1-Jun-56         |
| Other                    | 11,966        | 0.1%                           | 3.39%                   | 204                                 | 25-Jul-48        |
| Total Mortgage Assets    | \$ 11,540,164 | 100.0%                         | 5.52%                   | 337                                 | 1-Jun-56         |
| <b>December 31, 2025</b> |               |                                |                         |                                     |                  |
| Fixed Rate RMBS          | \$ 10,615,570 | 99.9%                          | 5.67%                   | 341                                 | 1-Jan-56         |
| Other                    | 13,088        | 0.1%                           | 3.25%                   | 210                                 | 25-Jul-48        |
| Total Mortgage Assets    | \$ 10,628,658 | 100.0%                         | 5.64%                   | 340                                 | 1-Jan-56         |

(\$ in thousands)

| Agency          | June 30, 2026 |                                | December 31, 2025 |                                |
|-----------------|---------------|--------------------------------|-------------------|--------------------------------|
|                 | Fair Value    | Percentage of Entire Portfolio | Fair Value        | Percentage of Entire Portfolio |
| Fannie Mae      | \$ 6,022,655  | 52.2%                          | \$ 5,675,461      | 53.4%                          |
| Freddie Mac     | 5,517,509     | 47.8%                          | 4,953,197         | 46.6%                          |
| Total Portfolio | \$ 11,540,164 | 100.0%                         | \$ 10,628,658     | 100.0%                         |

As of June 30, 2026, the Company's portfolio had an effective duration of 3.180, indicating that an interest rate increase of 1.0% would be expected to cause a 3.180% decrease in the value of the RMBS in the Company's investment portfolio. As of December 31, 2025, the Company's portfolio had an effective duration of 2.513, indicating that an interest rate increase of 1.0% would be expected to cause a 2.513% decrease in the value of the RMBS in the Company's investment portfolio. These figures 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.

The following table presents a summary of portfolio assets acquired during the six months ended June 30, 2026 and 2025, including securities purchased during the period that settled after the end of the period, if any.

(\$ in thousands)

|         | 2026         |               |                        | 2025         |               |                        |
|---------|--------------|---------------|------------------------|--------------|---------------|------------------------|
|         | Total Cost   | Average Price | Weighted Average Yield | Total Cost   | Average Price | Weighted Average Yield |
| PT RMBS | \$ 2,273,827 | \$ 100.85     | 5.04%                  | \$ 2,728,263 | \$ 101.84     | 5.52%                  |

### Borrowings

As of June 30, 2026, we had established borrowing facilities in the repurchase agreement market with a number of commercial banks and other financial institutions and had borrowings in place with 33 of these counterparties. None of these lenders are affiliated with the Company. These borrowings are secured by the Company's RMBS and cash, and bear interest at prevailing market rates. We believe our established repurchase agreement borrowing facilities provide borrowing capacity in excess of our needs.

As of June 30, 2026, we had obligations outstanding under the repurchase agreements of approximately \$11.1 billion with a net weighted average borrowing cost of 3.77%. The remaining maturity of our outstanding repurchase agreement obligations ranged from 2 to 136 days, with a weighted average remaining maturity of 33 days. Securing the repurchase agreement obligations as of June 30, 2026 are RMBS with an estimated fair value, including accrued interest, of approximately \$11.5 billion, and cash pledged to counterparties of approximately \$111.5 million. Through July 24, 2026, we have been able to maintain our repurchase facilities with comparable terms to those that existed at June 30, 2026, with maturities through November 13, 2026.

The table below presents information about our period end, maximum and average balances of borrowings for each quarter in 2026 to date and 2025.

(\$ in thousands)

| Three Months Ended | Ending<br>Balance of<br>Borrowings | Maximum<br>Balance of<br>Borrowings | Average<br>Balance of<br>Borrowings | Difference Between Ending<br>Borrowings and<br>Average Borrowings |         |
|--------------------|------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------------------------------------|---------|
|                    |                                    |                                     |                                     | Amount                                                            | Percent |
| June 30, 2026      | \$ 11,086,915                      | \$ 11,139,168                       | \$ 10,975,819                       | \$ 111,096                                                        | 1.01%   |
| March 31, 2026     | 10,864,723                         | 11,023,983                          | 10,490,095                          | 374,628                                                           | 3.57%   |
| December 31, 2025  | 10,115,466                         | 10,119,839                          | 9,061,222                           | 1,054,244                                                         | 11.63%  |
| September 30, 2025 | 8,006,978                          | 8,024,512                           | 7,331,428                           | 675,550                                                           | 9.21%   |
| June 30, 2025      | 6,655,879                          | 6,655,879                           | 6,537,260                           | 118,619                                                           | 1.81%   |
| March 31, 2025     | 6,418,641                          | 6,453,905                           | 5,722,092                           | 696,549                                                           | 12.17%  |

### Leverage

We use two primary measures of leverage. Economic leverage is calculated by dividing total liabilities, adjusted for our net notional TBA position and securities borrowed, by stockholders' equity. We include our net TBA position in our calculation of economic leverage because a forward contract to purchase or sell an Agency RMBS in the TBA market carries similar risks to an Agency RMBS purchased or sold in the cash market and funded with repurchase agreement liabilities. Adjusted leverage is calculated by dividing our repurchase agreements by stockholders' equity. Our economic leverage as of June 30, 2026 and December 31, 2025 was 7.3 to 1. Our adjusted leverage as of June 30, 2026 was 7.7 to 1, compared to 7.4 to 1 as of December 31, 2025. The following table presents information related to our historical leverage.

(\$ in thousands)

|                    | Ending<br>Repurchase<br>Agreements | Ending<br>Total<br>Liabilities | Ending<br>Net TBA<br>Positions | Ending<br>Securities<br>Borrowed | Ending<br>Stockholders'<br>Equity | Adjusted<br>Leverage | Economic<br>Leverage |
|--------------------|------------------------------------|--------------------------------|--------------------------------|----------------------------------|-----------------------------------|----------------------|----------------------|
| June 30, 2026      | \$ 11,086,915                      | \$ 11,662,854                  | \$ (594,900)                   | \$ 496,036                       | \$ 1,441,258                      | 7.7:1                | 7.3:1                |
| March 31, 2026     | 10,864,723                         | 11,279,585                     | 95,000                         | 359,202                          | 1,391,808                         | 7.8:1                | 7.9:1                |
| December 31, 2025  | 10,115,466                         | 10,304,045                     | (180,000)                      | 128,754                          | 1,371,948                         | 7.4:1                | 7.3:1                |
| September 30, 2025 | 8,006,978                          | 8,052,945                      | (32,000)                       | -                                | 1,086,090                         | 7.4:1                | 7.4:1                |
| June 30, 2025      | 6,655,879                          | 6,698,673                      | -                              | -                                | 911,959                           | 7.3:1                | 7.3:1                |
| March 31, 2025     | 6,418,641                          | 6,448,407                      | 200,000                        | -                                | 855,879                           | 7.5:1                | 7.8:1                |

### Liquidity and Capital Resources

Liquidity is our ability to turn non-cash assets into cash, purchase additional investments, repay principal and interest on borrowings, fund overhead, fulfill margin calls and pay dividends. We have both internal and external sources of liquidity. However, our material unused sources of liquidity include cash balances, unencumbered assets and our ability to sell encumbered assets to raise cash. Our balance sheet also generates liquidity on an on-going basis through payments of principal and interest we receive on our RMBS portfolio. Management believes that we currently have sufficient short-term and long-term liquidity and capital resources available for (a) the acquisition of additional investments consistent with the size and nature of our existing RMBS portfolio, (b) the repayments on borrowings and (c) the payment of dividends to the extent required for our continued qualification as a REIT. We may also generate liquidity from time to time by selling our equity or debt securities in public offerings or private placements.

#### Internal Sources of Liquidity

Our internal sources of liquidity include our cash balances, unencumbered assets and our ability to liquidate our encumbered security holdings. Our balance sheet also generates liquidity on an on-going basis through payments of principal and interest we receive on our RMBS portfolio. Because our PT RMBS portfolio consists entirely of government and agency securities, we do not anticipate having difficulty converting our assets to cash should our liquidity needs ever exceed our immediately available sources of cash. Our structured RMBS portfolio also consists entirely of governmental agency securities, although they typically do not trade with comparable bid / ask spreads as PT RMBS. However, we anticipate that we would be able to liquidate such securities readily, even in distressed markets, although we would likely do so at prices below where such securities could be sold in a more stable market.

Our strategy for hedging our funding costs typically involves taking short positions in interest rate futures, interest rate swaps, interest rate swaptions or other instruments. When the market causes these short positions to decline in value we are required to meet margin calls with cash. This can reduce our liquidity position to the extent other securities in our portfolio move in price in such a way that we do not receive enough cash via margin calls to offset the derivative related margin calls. If this were to occur in sufficient magnitude, the loss of liquidity might force us to reduce the size of the levered portfolio, pledge additional structured securities to raise funds or risk operating the portfolio with less liquidity.

#### *External Sources of Liquidity*

Our primary external sources of liquidity are our ability to (i) borrow under master repurchase agreements, (ii) use the TBA security market and (iii) sell our equity or debt securities in public offerings or private placements. Our borrowing capacity will vary over time as the market value of our interest earning assets varies. Our master repurchase agreements have no stated expiration but can be terminated at any time at our option or at the option of the counterparty. However, once a definitive repurchase agreement under a master repurchase agreement has been entered into, it generally may not be terminated by either party. A negotiated termination can occur but may involve a fee to be paid by the party seeking to terminate the repurchase agreement transaction.

Under our repurchase agreement funding arrangements, we are required to post margin at the initiation of the borrowing. The margin posted represents the haircut, which is a percentage of the market value of the collateral pledged. To the extent the market value of the asset collateralizing the financing transaction declines, the market value of our posted margin will be insufficient, and we will be required to post additional collateral. Conversely, if the market value of the asset pledged increases in value, we would be over collateralized and we would be entitled to have excess margin returned to us by the counterparty. Our lenders typically value our pledged securities daily to ensure the adequacy of our margin and make margin calls as needed, as do we. Typically, but not always, the parties agree to a minimum threshold amount for margin calls so as to avoid the need for nuisance margin calls on a daily basis. Our master repurchase agreements do not specify the haircut; rather haircuts are determined on an individual repo transaction basis. Throughout the six months ended June 30, 2026, haircuts on our pledged collateral remained stable and as of June 30, 2026, our weighted average haircut was approximately 4.1% of the value of our collateral.

TBAs represent a form of off-balance sheet financing and are accounted for as derivative instruments. (See Note 5 to our Financial Statements in this Form 10-Q for additional details on our TBAs). Under certain market conditions, it may be uneconomical for us to roll our TBAs into future months and we may need to take or make physical delivery of the underlying securities. If we were required to take physical delivery to settle a long TBA, we would have to fund our total purchase commitment with cash or other financing sources and our liquidity position could be negatively impacted.

Our TBAs are also subject to margin requirements governed by the Mortgage-Backed Securities Division ("MBSD") of the FICC and by our Master Securities Forward Transaction Agreements ("MSFTAs"), which may establish margin levels in excess of the MBSD. Such provisions require that we establish an initial margin based on the notional value of the TBA, which is subject to increase if the estimated fair value of our TBAs or the estimated fair value of our pledged collateral declines. The MBSD has the sole discretion to determine the value of our TBAs and of the pledged collateral securing such contracts. In the event of a margin call, we must generally provide additional collateral on the same business day.

Settlement of our TBA obligations by taking delivery of the underlying securities as well as satisfying margin requirements could negatively impact our liquidity position. However, since we do not use TBA dollar roll transactions as our primary source of financing, we believe that we will have adequate sources of liquidity to meet such obligations.

In future periods, we expect to continue to finance our activities in a manner that is consistent with our current operations through repurchase agreements. As of June 30, 2026, we had cash and cash equivalents of \$682.6 million. We generated cash flows of \$1,163.4 million from principal and interest payments on our RMBS and had average repurchase agreements outstanding of \$10.7 billion during the six months ended June 30, 2026.

As described more fully below, we may also access liquidity by selling our equity or debt securities in public offerings or private placements.

#### *Capital Expenditures*

At June 30, 2026, we had no material commitments for capital expenditures.

## ***Stockholders' Equity***

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 could offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of gross proceeds from the sales 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 30,513,253 shares under the June 2024 Equity Distribution Agreement for aggregate gross proceeds of approximately \$250.0 million and net proceeds of approximately \$245.8 million, after commissions and fees, prior to its termination in February 2025.

On February 24, 2025, we entered into an equity distribution agreement (the “February 2025 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 \$350,000,000 of gross proceeds from the sales of shares of our common stock in transactions that were deemed to be “at the market” offerings and privately negotiated transactions. On July 28, 2025, the February 2025 Equity Distribution Agreement was amended to increase the aggregate amount of gross proceeds from the sales of shares that may be offered by \$150,000,000 to a total of \$500,000,000. We issued a total of 59,492,504 shares under the February 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$445.1 million and net proceeds of approximately \$438.0 million, after commissions and fees, prior to its termination in October 2025.

On October 27, 2025, we entered into an equity distribution agreement (the “October 2025 Equity Distribution Agreement”) with four sales agents pursuant to which we may offer and sell, from time to time, up to an aggregate amount of \$500,000,000 of gross proceeds from the sales of shares of our common stock in transactions that are deemed to be “at the market” offerings and privately negotiated transactions. From inception through June 30, 2026, we issued a total of 48,824,644 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$360.9 million, and net proceeds of approximately \$355.2 million, after commissions and fees. For the six months ended June 30, 2026, we issued a total of 18,558,681 shares under the October 2025 Equity Distribution Agreement for aggregate gross proceeds of approximately \$137.7 million, and net proceeds of approximately \$135.5 million, after commissions and fees.

## **Outlook**

### *Economic Summary*

The second quarter of 2026 was pivotal in many ways. The Federal Reserve (“Fed”) transitioned from an easing bias to a hiking bias and a new Fed Chairman with a strong anti-inflation disposition was seated. Meanwhile, the war between the United States, Israel and Iran (the “Iran War”) appeared to be on course to wind down by June before conditions deteriorated materially. A near-term resolution now appears unlikely, allowing energy related inflationary pressures to persist.

On May 22, 2026, Kevin Warsh became the new Chairman of the Fed, replacing Jerome Powell as Chairman. The new Chairman brings an elevated level of vigor in addressing the persistently high inflation that has exceeded the Fed’s 2% target for approximately 5 years. Even before Chairman Warsh assumed his new role, the FOMC appeared to be shifting its bias away from additional easing toward hiking. At the Fed’s meeting on April 29, 2026, there were three votes in favor of signaling a more two-side characterization of the Fed’s future interest rate decisions. At Chairman Warsh’s first press conference on June 17, 2026, all doubt regarding the bias of the FOMC was put to rest. The new Chairman was very stern in declaring his highest priority was bringing inflation back to the Fed’s target.

The Iran War appeared to be nearing conclusion when a ceasefire was announced on April 8, 2026, and a formal Memorandum of Understanding (“MOU”) was signed by the parties on June 17, 2026. Shipping traffic through the Strait of Hormuz (“SOH”) was slowly returning to pre-war levels, and market volatility materially subsided. However, shortly after the MOU was signed, hostilities between the parties began to escalate and shipping traffic through the SOH has slowed significantly again. Commodity prices have rebounded in turn and are slowly heading back toward the peak levels reached in the early days of the war. At this point, there is no obvious path to an end to the war, as the two crucial points of disagreement – control over the SOH and the status of Iran’s nuclear capability – seem unlikely to be resolved diplomatically. Unless and until the war pivots again toward a peaceful resolution, upward pressure on commodity prices seems likely to persist, adding to already elevated levels of inflation in the United States and globally.

Developments in the Iran War have only exacerbated problems for the new Fed Chair and the FOMC. The economy in the United States has proven to be very resilient in the face of inflation, particularly elevated commodity prices and disruptions to critical supply channels. At the beginning of 2026, the labor market appeared to be stable, yet at low levels of job growth. During the second quarter of 2026, the labor market appeared to pivot as job growth rebounded. Consumer spending has also remained robust. If the war remains unresolved for an extended period, the Fed will likely need to act and increase the Fed Funds rate. Data for June 2026 released in July – namely the jobs report and the consumer price index and producer price index – were all weak. As a result, market pricing of Fed hikes over the balance of 2026 and into 2027 has subsided. Unless this data remains weak, the market is likely to see higher funding levels.

### *Interest Rates*

Consistent with the pivot in the outlook for Fed policy during the quarter, the nominal rates curve moved higher and flatter during the second quarter of 2026. Specifically, the yield on the 2-year U.S. Treasury note increased from 3.796% at March 31, 2026 to 4.175% at June 30, 2026, while the yield on the 10-year U.S. Treasury note increased from 4.319% at March 31, 2026 to 4.466% at June 30, 2026. As a result, the curve between these two points flattened by approximately 9 basis points. Most proxies for the shape of the rates curve show comparable – or greater – levels of flattening during the second quarter of 2026. The primary impetus for the movements in the nominal U.S. Treasury curve and the swap curve was the pivot in market expectations for Fed Funds rate going forward. At March 31, 2026, market expectations for the Fed Funds rate (based on Fed Funds futures contracts) were for slightly more than one rate cut by year end and two cuts by mid-2027. By the end of the second quarter of 2026, Fed Funds futures implied nearly two hikes by year-end and in excess of three hikes by the end of first quarter of 2027. Current pricing, reflecting the soft June 2026 data released in early July, is unchanged in terms of year-end levels but now reflects very modest cuts in early 2027.

The Fed ended its quantitative tightening program, which reduced its balance sheet via the maturation of its holdings, and began reinvesting them into additional U.S. Treasury holdings on December 1, 2025. Run-off from the Agency RMBS holdings is now directed toward purchasing U.S. Treasuries. The Fed also announced its intention, via Reserve Management Purchases (“RMPs”), to grow its balance sheet over time to maintain a stable relationship between the size of its balance sheet and the economy. These steps resulted in increased purchases of U.S. Treasuries by the Fed. When the RMP program was first introduced, U.S. Treasury purchases were \$40 billion per month, although they have declined since and are currently \$10 billion per month. However, even at the lower level of purchases the program has been successful at taking pressure off of the overnight funding markets, as market participants such as money-market funds had fewer options to deploy their liquidity and therefore increased the pool of available funds for the overnight repurchase agreement (“repo”) funding markets. As a result, funding levels available to the Company in the repo markets – typically expressed as a spread over SOFR – have remained stable during the second quarter, continuing the trend we saw during the first quarter of 2026.

### *The Agency RMBS Market*

Interest rate volatility spiked meaningfully after the outbreak of the Iran War, consistent with the increase in interest rates across the curve. Volatility peaked just before the first quarter of 2026 ended, with the Merrill Lynch Option Volatility Estimate Index reaching 115.02. Following the announcement of a ceasefire on April 8, 2026, rate volatility dropped nearly to pre-war levels by mid-April and remained relatively stable throughout the balance of the second quarter. Implied interest rate volatility has remained range bound at low levels since the end of the second quarter. As is typically the case, subdued levels of implied interest rate volatility and range-bound interest rates are conducive to Agency RMBS market performance, and the sector had a positive quarter in both absolute and excess returns. For the second quarter of 2026, the Agency RMBS sector generated a total return of 0.6% and 0.5% versus comparable duration swaps. By comparison, the high-yield and investment-grade corporate bond sectors produced returns of 2.5% and 1.4%, respectively, and excess returns of 2.4% and 1.5%, respectively, versus comparable duration swaps over the same period.

Within Agency RMBS for the second quarter of 2026, conventional 30-year mortgages generated a total return of 0.6%, 15-year mortgages generated a total return of 0.1% and Ginnie Mae 30-year mortgages generated a total return of 0.7%. Versus comparable duration swaps, the returns were 0.6%, 0.0% and 0.6% for 30-year conventional, 15-year conventional and Ginnie Mae 30-year mortgages, respectively. The Company invests predominantly in 30-year conventional mortgages. Returns with the 30-year stack were lowest for lower coupons and increased for progressively higher coupons, with returns for coupons 4% and lower between 0.2% and 0.5%, and above 1.0% for coupons of 5% and higher. This is consistent with higher interest rates, lower prepayment expectations and the durations of the various coupons inversely related to coupon – the lower the coupon the higher the duration, and visa-versa. Conversely, excess returns were best for middle coupons – between the 4.5% and 6.0% coupons, with lower and higher coupons lagging. Excess returns for middle coupons were between 0.7% and 1.2%, while the lower and higher coupons ranged between 0.3% and 0.8%.

*Recent Legislative and Regulatory Developments*

In response to the deterioration in the markets for U.S. Treasuries, Agency RMBS and other mortgage and fixed income markets resulting from the impacts of the COVID-19 pandemic, the Fed implemented a program of quantitative easing. Through November of 2021, the Fed was committed to purchasing \$80 billion of U.S. Treasuries and \$40 billion of Agency RMBS each month. In November of 2021, it began tapering its net asset purchases each month, ended net asset purchases by early March of 2022, and ended asset purchases entirely in September of 2022. On May 4, 2022, the FOMC announced a plan for reducing the Fed's balance sheet. In June of 2022, in accordance with this plan, the Fed began reducing its balance sheet by a maximum of \$30 billion of U.S. Treasuries and \$17.5 billion of Agency RMBS each month. On September 21, 2022, the FOMC announced the Fed's decision to continue reducing its balance sheet by a maximum of \$60 billion of U.S. Treasuries and \$35 billion of Agency RMBS per month. On May 1, 2024, the FOMC announced the Fed's decision to reduce its balance sheet by a maximum of \$25 billion of U.S. Treasury securities and remove the cap on Agency RMBS reduction, with any amounts in excess of \$35 billion per month being reinvested in U.S. Treasury securities. On March 19, 2025, the FOMC announced the Fed's decision to reduce its balance sheet by a maximum of \$5 billion of U.S. Treasury securities beginning April 1, 2025. Relatively high interest rates and slow prepayment speeds kept the balance sheet reduction for Agency RMBS below \$20 billion per month throughout 2024 and 2025. On December 1, 2025, the Fed ended quantitative tightening and began reinvesting all proceeds from maturing Agency RMBS up to a \$35 billion per month cap in U.S. Treasuries and announced that it would begin buying an additional \$40 billion per month of U.S. Treasuries via RMPs in order to maintain an ample level of reserves on an ongoing basis. RMPs were reduced to \$25 billion per month in April 2026, and further reduced to \$10 billion per month in May 2026. As of June 30, 2026, the Fed had reduced its balance sheet for Agency RMBS by approximately \$792 billion from the peak of approximately \$2.7 trillion to approximately \$1.9 trillion, shedding approximately 58% of the Agency RMBS added during pandemic quantitative easing and representing the lowest level since August 2020.

On September 14, 2021, the U.S. Treasury and the FHFA suspended certain policy provisions in the Enterprise capital framework established in December 2020, including limits on loans acquired for cash consideration, multifamily loans, loans with higher risk characteristics and second homes and investment properties (the "September 2021 Provisions"). Effective April 26, 2022, the FHFA further amended this framework by, among other things, replacing the fixed leverage buffer equal to 1.5% of an Enterprise's adjusted total assets with a dynamic leverage buffer equal to 50% of an Enterprise's stability capital buffer, reducing the risk weight floor from 10% to 5%, and removing the requirement that the Enterprises must apply an overall effectiveness adjustment to their credit risk transfer exposures. On June 14, 2022, the Enterprises announced that they would each charge a 50 bps fee for commingled securities issued on or after July 1, 2022 to cover the additional capital required for such securities under the Enterprise capital framework, which was subsequently reduced on January 19, 2023 to 9.375 bps for commingled securities issued on or after April 1, 2023 to address industry concern that the fee posed a risk to the fungibility of the Uniform Mortgage-Backed Security and negatively impacted liquidity and pricing in the market for TBA securities. On November 30, 2023, the FHFA published a final rule, which became effective April 1, 2024, which reduced the risk weight and credit conversion factor for guarantees on commingled securities to 5% and 50%, respectively; replaced the current exposure methodology with the standardized approach for counterparty credit risk as the method for computing exposure and risk-weighted asset amounts for derivatives and cleared transactions; updated the credit score assumption to 680 for single-family mortgage exposures originated without a representative credit score; and introduced a risk weight of 20% for guarantee assets. On January 2, 2025, the U.S. Treasury and FHFA entered into a letter agreement deleting the September 2021 Provisions entirely, as well as providing additional guidance on the process for a potential end to the conservatorship of the Enterprises. Throughout 2025 and early 2026, there was some speculation in the market regarding progress towards an end to the conservatorship, including through an initial public offering, but no definitive action has been taken and many analysts believe additional capital is needed before the Enterprises can safely exit conservatorship.

On July 27, 2023, the federal banking regulators, including the Office of the Comptroller of the Currency, (the "OCC") the FDIC and the Fed, jointly issued a proposed rule that would revise large bank capital requirements (the "2023 Basel III Endgame"). The 2023 Basel III Endgame, if implemented as originally proposed, would have significantly increased the credit weight risk for balance-sheet mortgages and for Agency RMBS sold to the GSEs, which could have disincentivized banks from originating mortgages for sale to the GSEs and impacted pricing in the Agency RMBS markets. The comment period for the 2023 Basel III Endgame closed on January 16, 2024, and the proposed rule was met with strong objections from the banking industry.

On November 25, 2025, the Fed, OCC and FDIC jointly adopted a final rule to revise the enhanced supplementary leverage ratio for globally systemically important bank holding companies ("GSIBs"). The rule, which became effective April 1, 2026 and may be adopted by banks subject to the rule as early as January 1, 2026, seeks to promote effective GSIB capital management and remove disincentives for banks to engage in low-risk activities, particularly in the U.S. Treasury market. This shift is expected to free up significant capital, allowing GSIBs greater discretion in asset allocation and potentially fostering increased lending and economic activity.

On March 19, 2026, the OCC, FDIC and the Fed rescinded the 2023 Basel III Endgame proposal and concurrently issued three revised notices of proposed rulemaking. The three proposals include (i) a revised Basel III Endgame proposal that would apply an expanded risk-based approach to Category I and Category II banking organizations, thus narrowing the mandatory scope from the 2023 proposal, with all other banking organizations permitted to opt in; (ii) a revised standardized approach proposal that would reduce risk weights for traditional lending activities for banking organizations not subject to the expanded risk-based approach; and (iii) a revised GSIB capital surcharge proposal. The OCC, FDIC, and the Fed estimate that the revised proposals would decrease aggregate common equity tier 1 capital requirements by approximately 4.8 percent for Category I and Category II banking organizations, in contrast to the significant capital increases that would have resulted under the 2023 Basel III Endgame. Additionally, the revised proposal would eliminate the requirement to deduct mortgage servicing assets from common equity tier 1 capital, instead assigning a 250% risk weight, which is designed to promote mortgage origination and servicing by banking organizations. The Fed voted 6-to-1 to advance all three proposals and the FDIC board voted unanimously in favor of the revised Basel III Endgame and standardized approach proposals. The comment period for the revised proposals closed on June 18, 2026, with the Fed indicating that they hope to release the final rule by the end of 2026.

The scope and nature of the actions the U.S. government or the Fed will ultimately undertake are unknown and will continue to evolve.

### *Effect on Us*

Regulatory developments, movements in interest rates and prepayment rates affect us in many ways, including the following:

### *Effects on our Assets*

A change in or elimination of the guarantee structure of Agency RMBS may increase our costs (if, for example, guarantee fees increase) or require us to change our investment strategy altogether. For example, the elimination of the guarantee structure of Agency RMBS may cause us to change our investment strategy to focus on non-Agency RMBS, which in turn would require us to significantly increase our monitoring of the credit risks of our investments in addition to interest rate and prepayment risks.

If prepayment rates are relatively low (due, in part, to the refinancing problems described above), lower long-term interest rates can increase the value of our Agency RMBS. This is because investors typically place a premium on assets with coupon/yields that are higher than coupon/yields available in the market. To the extent such securities pre-pay slower than would otherwise be the case, we benefit from an above market coupon/yield for longer, enhancing the return from the security. Although lower long-term interest rates may increase asset values in our portfolio, we may not be able to invest new funds in similarly yielding assets.

If prepayment levels increase, the value of any of our Agency RMBS that are carried at a premium to par that are affected by such prepayments may decline. This is because a principal prepayment accelerates the effective term of an Agency RMBS, which would shorten the period during which an investor would receive above-market returns (assuming the yield on the prepaid asset is higher than market yields). Also, prepayment proceeds may not be able to be reinvested in similar-yielding assets. Agency RMBS backed by mortgages with high interest rates are more susceptible to prepayment risk because holders of those mortgages are most likely to refinance to a lower rate. If prepayment levels decrease, the value of any of our Agency RMBS that are carried at a discount to par that are affected by such prepayments may increase. This is because a principal prepayment accelerates the effective term of an Agency RMBS, which would shorten the timeframe over which an investor would receive the principal of the underlying loans. Agency RMBS backed by mortgages with low interest rates are less susceptible to prepayment risk because holders of those mortgages are less likely to refinance to a higher rate. IOs and IIOs, however, may be the types of Agency RMBS most sensitive to increased prepayment rates. Because the holder of an IO or IIO receives no principal payments, the values of IOs and IIOs are entirely dependent on the existence of a principal balance on the underlying mortgages. If the principal balance is eliminated due to prepayment, IOs and IIOs essentially become worthless. Although increased prepayment rates can negatively affect the value of our IOs and IIOs, they have the opposite effect on POs. Because POs act like zero-coupon bonds, meaning they are purchased at a discount to their par value and have an effective interest rate based on the discount and the term of the underlying loan, an increase in prepayment rates would reduce the effective term of our POs and accelerate the yields earned on those assets, which would increase our net income.

Higher long-term rates can also affect the value of our Agency RMBS. As long-term rates rise, rates available to borrowers also rise. This tends to cause prepayment activity to slow and extend the expected average life of mortgage cash flows. As the expected average life of the mortgage cash flows increases, coupled with higher discount rates, the value of Agency RMBS declines. Some of the instruments we use to hedge our Agency RMBS assets, such as interest rate futures, swaps and swaptions, are stable average life instruments. This means that to the extent we use such instruments to hedge our Agency RMBS assets, our hedges may not adequately protect us from price declines, and therefore may negatively impact our book value. It is for this reason we use interest only securities in our portfolio. As interest rates rise, the expected average life of these securities increases, causing generally positive price movements as the number and size of the cash flows increase the longer the underlying mortgages remain outstanding. This makes interest only securities desirable hedge instruments for PT Agency RMBS.

Because we base our investment decisions on risk management principles rather than anticipated movements in interest rates, in a volatile interest rate environment we may allocate more capital to structured Agency RMBS with shorter durations. We believe these securities have a lower sensitivity to changes in long-term interest rates than other asset classes. We may attempt to mitigate our exposure to changes in long-term interest rates by investing in IOs and IIOs, which typically have different sensitivities to changes in long-term interest rates than PT RMBS, particularly PT RMBS backed by fixed-rate mortgages.

#### *Effects on our borrowing costs*

We leverage our PT RMBS and structured Agency RMBS through the use of short-term repurchase agreement transactions. The interest rates on our debt are determined by the short term interest rate markets. Increases in the Fed Funds rate or SOFR typically increase our borrowing costs, which could affect our interest rate spread if there is no corresponding increase in the interest we earn on our assets. The impact of these increases would be most prevalent with respect to our Agency RMBS backed by fixed rate mortgage loans because the interest rate on a fixed-rate mortgage loan does not change even though market rates may change.

In order to protect our net interest margin against increases in short-term interest rates, we may enter into interest rate swaps, which economically convert our floating-rate repurchase agreement debt to fixed-rate debt or utilize other hedging instruments such as Fed Funds, SOFR, ERIS SOFR Swap, and T-Note futures contracts, dual digital options or interest rate swaptions.

#### *Summary*

The Company invests exclusively in Agency RMBS securities and applies leverage utilizing repurchase agreement funding. The primary drivers of the performance of our assets – both absolute performance and performance relative to our hedges, are interest rates, their impact on both our asset prices and the level of prepayments, interest rate volatility, particularly the level of implied volatility in interest rate swaptions and various interest rate derivatives, and finally our funding levels. Accordingly, we have significant exposure to interest rates, and our performance is driven by our ability to select assets, manage our leverage, and our hedging strategy. As we entered 2026, interest rates had been range bound for more than 12 months, but the range was broken during the first quarter of 2026 as a result of the Iran War. After a brief respite in the conflict, rates moved higher once again as prospects for a resolution dimmed and a new Fed Chairman, Kevin Warsh, took control of the Fed, immediately expressing his strong conviction in ending the five-year period of inflation running above the Fed's 2% target. Interest rate volatility, both realized and implied in interest rate options, has remained subdued outside of the temporary spike at the onset of the Iran War.

At the outset of 2026, there was uncertainty about how the risks facing the economy would ultimately drive Fed policy and the level of interest rates, with resulting impacts on risk assets and Agency RMBS. Inflation was elevated, but risks to the growth outlook were clearly present, creating a quandary for policy makers. This does not appear to be the case now. Growth has proven to be remarkably resilient, as has the labor market, and the growth of the economy is not a pressing concern for policy makers or markets. Inflation, however, remains well above the Fed's target and the Iran War seems likely to persist, representing a continued source of commodity inflation. Data released for June in early July reflected a welcome decrease in the various inflation measures, but considerable doubt remains regarding the sustainability of these readings. Looking forward, the Iran War continues to be a dominant force driving the performance of all markets. At this point, it is unclear what the ultimate outcome of the war will be or when it will end. As for the economy and monetary policy, the outlook is no longer uncertain, as the path of inflation alone is likely to drive monetary policy and interest rate levels in the United States. The Company has maintained modest levels of leverage for the past several quarters and is likely to continue to do so given the prevailing market uncertainty.

## Critical Accounting Estimates

Our condensed financial statements are prepared in accordance with GAAP. GAAP requires our management to make some complex and subjective decisions and assessments. Our most critical accounting estimates involve decisions and assessments which could significantly affect reported assets, liabilities, revenues and expenses. There have been no changes to our critical accounting estimates as discussed in our annual report on Form 10-K for the year ended December 31, 2025.

## Dividends

In addition to other requirements that must be satisfied to continue 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. REIT taxable income (loss) is computed in accordance with the Code and can be greater than or less than our financial statement net income (loss) computed in accordance with GAAP. These book to tax differences primarily relate to the recognition of interest income on RMBS, unrealized gains and losses on RMBS, and the amortization of losses on derivative instruments that are treated as funding hedges for tax purposes.

We intend to pay regular monthly dividends to our stockholders and have declared the following dividends since the completion of our IPO.

(in thousands, except per share amounts)

| 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                      |                  | 1.440  |       | 96,309    |
| 2025                      |                  | 1.440  |       | 190,930   |
| 2026 - YTD <sup>(1)</sup> |                  | 0.760  |       | 149,256   |
| Totals                    | \$               | 70.090 | \$    | 1,045,092 |

(1) On July 8, 2026, the Company declared a dividend of \$0.10 per share to be paid on August 28, 2026. 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, 2026.

## ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices and equity prices. The primary market risks that we are exposed to are interest rate risk, prepayment risk, spread risk, liquidity risk, extension risk and counterparty credit risk.

### Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control.

Changes in the general level of interest rates can affect our net interest income, which is the difference between the interest income earned on interest-earning assets and the interest expense incurred in connection with our interest-bearing liabilities, by affecting the spread between our interest-earning assets and interest-bearing liabilities. Changes in the level of interest rates can also affect the rate of prepayments of our securities and the value of the RMBS that constitute our investment portfolio, which affects our net income, ability to realize gains from the sale of these assets and ability to borrow, and the amount that we can borrow against these securities.

We may utilize a variety of financial instruments in order to limit the effects of changes in interest rates on our operations. The principal instruments that we use are futures contracts, dual digital options, interest rate swaps and swaptions, and interest rate floors and caps. These instruments are intended to serve as an economic hedge against future interest rate increases on our repurchase agreement borrowings. Hedging techniques are partly based on assumed levels of prepayments of our Agency RMBS. If prepayments are slower or faster than assumed, the life of the Agency RMBS will be longer or shorter, which would reduce the effectiveness of any hedging strategies we may use and may cause losses on such transactions. Hedging strategies involving the use of derivative securities are highly complex and may produce volatile returns. Hedging techniques are also limited by the rules relating to REIT qualification. In order to preserve our REIT status, we may be forced to terminate a hedging transaction at a time when the transaction is most needed.

Our profitability and the value of our investment portfolio (including derivatives used for hedging purposes) may be adversely affected during any period as a result of changing interest rates, including changes in the forward yield curve.

Our portfolio of PT RMBS is typically comprised of fixed-rate RMBS, adjustable-rate RMBS (“ARMs”) and hybrid adjustable-rate RMBS. We generally seek to acquire low duration assets that offer high levels of protection from mortgage prepayments provided that they are reasonably priced by the market. Although the duration of an individual asset can change as a result of changes in interest rates, we strive to maintain a hedged PT RMBS portfolio with an effective duration of less than 2.0. The stated contractual final maturity of the mortgage loans underlying our portfolio of PT RMBS generally ranges up to 30 years. However, the effect of prepayments of the underlying mortgage loans tends to shorten the resulting cash flows from our investments substantially. Prepayments occur for various reasons, including refinancing of underlying mortgages and loan payoffs in connection with home sales, and borrowers paying more than their scheduled loan payments, which accelerates the amortization of the loans.

The duration of our IO and IIO portfolios will vary greatly depending on the structural features of the securities. While prepayment activity will always affect the cash flows associated with the securities, the interest only nature of IOs may cause their durations to become extremely negative when prepayments are high, and less negative when prepayments are low. Prepayments affect the durations of IIOs similarly, but the floating rate nature of the coupon of IIOs (which is inversely related to the level of one month SOFR) causes their price movements, and model duration, to be affected by changes in both prepayments and one month SOFR, both current and anticipated levels. As a result, the duration of IIO securities will also vary greatly.

Prepayments on the loans underlying our RMBS can alter the timing of the cash flows from the underlying loans to us. As a result, we gauge the interest rate sensitivity of our assets by measuring their effective duration. While modified duration measures the price sensitivity of a bond to movements in interest rates, effective duration captures both the movement in interest rates and the fact that cash flows to a mortgage related security are altered when interest rates move. Accordingly, when the contract interest rate on a mortgage loan is substantially above prevailing interest rates in the market, the effective duration of securities collateralized by such loans can be quite low because of expected prepayments.

We face the risk that the market value of our RMBS assets will increase or decrease at different rates than that of our hedging instruments. Accordingly, we assess our interest rate risk by estimating the duration of our assets and the duration of our hedge instruments. We generally calculate duration using various third party models. However, empirical results and various third party models may produce different duration numbers for the same securities.

The following sensitivity analysis shows the estimated impact on the fair value of our interest rate-sensitive investments and hedge positions as of June 30, 2026 and December 31, 2025, assuming rates instantaneously fall 200 bps, fall 100 bps, fall 50 bps, rise 50 bps, rise 100 bps and rise 200 bps, adjusted to reflect the impact of convexity, which is the measure of the sensitivity of our hedge positions and Agency RMBS’ effective duration to movements in interest rates. We have a negatively convex asset profile and a linear to slightly positively convex hedge portfolio (short positions). It is common for us to have losses in both directions.

All changes in value in the table below are measured as percentage changes from the investment portfolio value and net asset value at the base interest rate scenario. The base interest rate scenario assumes interest rates and prepayment projections as of June 30, 2026 and December 31, 2025.

Actual results could differ materially from estimates, especially in the current market environment. To the extent that these estimates or other assumptions do not hold true, which is likely in a period of high price volatility, actual results will likely differ materially from projections and could be larger or smaller than the estimates in the table below. Moreover, if different models were employed in the analysis, materially different projections could result. Lastly, while the table below reflects the estimated impact of interest rate increases and decreases on a static portfolio, we may from time to time sell any of our agency securities as a part of the overall management of our investment portfolio.

# Interest Rate Sensitivity(1)

| Change in Interest Rate        | Portfolio<br>Market<br>Value(2)(3) | Book<br>Value(2)(4) |
|--------------------------------|------------------------------------|---------------------|
| <b>As of June 30, 2026</b>     |                                    |                     |
| -200 Basis Points              | (2.60)%                            | (20.79)%            |
| -100 Basis Points              | (0.70)%                            | (5.61)%             |
| -50 Basis Points               | (0.17)%                            | (1.36)%             |
| +50 Basis Points               | (0.18)%                            | (1.47)%             |
| +100 Basis Points              | (0.70)%                            | (5.58)%             |
| +200 Basis Points              | (2.56)%                            | (20.53)%            |
| <b>As of December 31, 2025</b> |                                    |                     |
| -200 Basis Points              | (2.23)%                            | (17.30)%            |
| -100 Basis Points              | (0.65)%                            | (5.07)%             |
| -50 Basis Points               | (0.15)%                            | (1.14)%             |
| +50 Basis Points               | (0.29)%                            | (2.22)%             |
| +100 Basis Points              | (0.98)%                            | (7.62)%             |
| +200 Basis Points              | (3.27)%                            | (25.31)%            |

- (1) Interest rate sensitivity is derived from models that are dependent on inputs and assumptions provided by third parties as well as by our Manager and assumes there are no changes in mortgage spreads and assumes a static portfolio. Actual results could differ materially from these estimates.
- (2) Includes the effect of derivatives and other securities used for hedging purposes.
- (3) Estimated dollar change in investment portfolio value expressed as a percent of the total fair value of our investment portfolio as of such date.
- (4) Estimated dollar change in portfolio value expressed as a percent of stockholders' equity as of such date.

In addition to changes in interest rates, other factors impact the fair value of our interest rate-sensitive investments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of our assets would likely differ from that shown above and such difference might be material and adverse to our stockholders.

## Prepayment Risk

Because residential borrowers have the option to prepay their mortgage loans at par at any time, we face the risk that we will experience a return of principal on our investments faster than anticipated. Various factors affect the rate at which mortgage prepayments occur, including changes in the level of and directional trends in housing prices, interest rates, general economic conditions, loan age and size, loan-to-value ratio, the location of the property and social and demographic conditions. Additionally, changes to government sponsored entity underwriting practices or other governmental programs could also significantly impact prepayment rates or expectations. Generally, prepayments on Agency RMBS increase during periods of falling mortgage interest rates and decrease during periods of rising mortgage interest rates. However, this may not always be the case. We may reinvest principal repayments at a yield that is lower or higher than the yield on the repaid investment, thus affecting our net interest income by altering the average yield on our assets.

## Spread Risk

When the market spread widens between the yield on our Agency RMBS and benchmark interest rates, our net book value could decline if the value of our Agency RMBS falls by more than the offsetting fair value increases on our hedging instruments tied to the underlying benchmark interest rates. We refer to this as "spread risk" or "basis risk." The spread risk associated with our mortgage assets and the resulting fluctuations in fair value of these securities can occur independent of changes in benchmark interest rates and may relate to other factors impacting the mortgage and fixed income markets, such as actual or anticipated monetary policy actions by the Fed, market liquidity, or changes in required rates of return on different assets. Consequently, while we use futures contracts, dual digital options, interest rate swaps and swaptions, and interest rate caps and floors to attempt to protect against moves in interest rates, such instruments typically will not protect our net book value against spread risk.

### *Liquidity Risk*

The primary liquidity risk for us arises from financing long-term assets with shorter-term borrowings through repurchase agreements. Our assets that are pledged to secure repurchase agreements are Agency RMBS and cash. As of June 30, 2026, we had unrestricted cash and cash equivalents of \$682.6 million and unpledged securities of approximately \$93.4 million (not including unsettled securities purchases or securities pledged to us) available to meet margin calls on our repurchase agreements and derivative contracts, and for other corporate purposes. However, should the value of our Agency RMBS pledged as collateral or the value of our derivative instruments suddenly decrease, margin calls relating to our repurchase and derivative agreements could increase, causing an adverse change in our liquidity position. Further, there is no assurance that we will always be able to renew (or roll) our repurchase agreements. In addition, our counterparties have the option to increase our haircuts (margin requirements) on the assets we pledge against repurchase agreements, thereby reducing the amount that can be borrowed against an asset even if they agree to renew or roll the repurchase agreement. Significantly higher haircuts can reduce our ability to leverage our portfolio or even force us to sell assets, especially if correlated with asset price declines or faster prepayment rates on our assets.

### *Extension Risk*

The projected weighted average life and the duration (or interest rate sensitivity) of our investments is based on our Manager's assumptions regarding the rate at which the borrowers will prepay the underlying mortgage loans. In general, we use futures contracts, dual digital options and interest rate swaps and swaptions to help manage our funding cost on our investments in the event that interest rates rise. These hedging instruments allow us to reduce our funding exposure on the notional amount of the instrument for a specified period of time.

However, if prepayment rates decrease in a rising interest rate environment, the average life or duration of our fixed-rate assets or the fixed-rate portion of the ARMs or other assets generally extends. This could have a negative impact on our results from operations, as our hedging instrument expirations are fixed and will, therefore, cover a smaller percentage of our funding exposure on our mortgage assets to the extent that their average lives increase due to slower prepayments. This situation may also cause the market value of our Agency RMBS and CMOs collateralized by fixed rate mortgages or hybrid ARMs to decline by more than otherwise would be the case while most of our hedging instruments would not receive any incremental offsetting gains. In extreme situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur realized losses.

### *Counterparty Credit Risk*

We are exposed to counterparty credit risk relating to potential losses that could be recognized in the event that the counterparties to our repurchase agreements and derivative contracts fail to perform their obligations under such agreements. The amount of assets we pledge as collateral in accordance with our agreements varies over time based on the market value and notional amount of such assets as well as the value of our derivative contracts. In the event of a default by a counterparty, we may not receive payments provided for under the terms of our agreements and may have difficulty obtaining our assets pledged as collateral under such agreements. Our credit risk related to certain derivative transactions is largely mitigated through daily adjustments to collateral pledged based on changes in market value and we limit our counterparties to registered central clearing exchanges and major financial institutions with acceptable credit ratings, monitoring positions with individual counterparties and adjusting collateral posted as required. However, there is no guarantee our efforts to manage counterparty credit risk will be successful and we could suffer significant losses if unsuccessful.

## **ITEM 4. CONTROLS AND PROCEDURES**

### **Evaluation of Disclosure Controls and Procedures**

As of the end of the period covered by this report (the “evaluation date”), we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer (the “CEO”) and Chief Financial Officer (the “CFO”), of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rule 13a-15(e) under the Exchange Act. Based on this evaluation, the CEO and CFO concluded our disclosure controls and procedures, as designed and implemented, were effective as of the evaluation date (1) in ensuring that information regarding the Company is accumulated and communicated to our management, including our CEO and CFO, by our Manager's employees, as appropriate to allow timely decisions regarding required disclosure and (2) in providing reasonable assurance that information we must disclose in our periodic reports under the Exchange Act is recorded, processed, summarized and reported within the time periods prescribed by the SEC’s rules and forms.

### **Changes in Internal Control over Financial Reporting**

There were no significant changes in the Company’s internal control over financial reporting that occurred during the Company’s most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**PART II. OTHER INFORMATION****ITEM 1. LEGAL PROCEEDINGS**

We are not party to any material pending legal proceedings as described in Item 103 of Regulation S-K.

**ITEM 1A. RISK FACTORS**

A description of certain factors that may affect our future results and risk factors is set forth in our Annual Report on Form 10-K for the year ended December 31, 2025. As of June 30, 2026, there have been no material changes in our risk factors from those set forth in our Annual Report on Form 10-K for the year ended December 31, 2025.

**ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS**

The Company did not have any unregistered sales of its equity securities during the three months ended June 30, 2026.

The table below presents the Company's share repurchase activity for the three months ended June 30, 2026.

|                                | <b>Total Number<br/>of Shares of<br/>Common Stock<br/>Repurchased<sup>(1)</sup></b> | <b>Weighted-<br/>Average<br/>Price Paid<br/>Per Share</b> | <b>Shares Purchased<br/>as Part of<br/>Publicly<br/>Announced<br/>Programs</b> | <b>Maximum Number<br/>of Shares That May<br/>Yet Be<br/>Be Repurchased Under<br/>the Authorization</b> |
|--------------------------------|-------------------------------------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|
| April 1, 2026 - April 30, 2026 | -                                                                                   | \$ -                                                      | -                                                                              | 2,719,137                                                                                              |
| May 1, 2026 - May 31, 2026     | -                                                                                   | -                                                         | -                                                                              | 2,719,137                                                                                              |
| June 1, 2026 - June 30, 2026   | 1,108,492                                                                           | 6.64                                                      | 1,106,557                                                                      | 26,612,580                                                                                             |
| Totals / Weighted Average      | 1,108,492                                                                           | \$ 6.64                                                   | 1,106,557                                                                      | 26,612,580                                                                                             |

(1) Includes 1,935 shares of the Company's common stock acquired by the Company in connection with the satisfaction of tax withholding obligations on vested employment related awards under equity incentive plans. These repurchases do not reduce the number of shares available under the stock repurchase program authorization.

**ITEM 3. DEFAULTS UPON SENIOR SECURITIES**

None.

**ITEM 4. MINE SAFETY DISCLOSURES**

Not Applicable.

**ITEM 5. OTHER INFORMATION****Trading Arrangements**

During the quarter ended June 30, 2026, none of the Company's directors or officers (as defined in Rule 16a-1(f) under the Exchange Act) adopted, modified or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as each term is defined in Item 408 of Regulation S-K).

## ITEM 6. EXHIBITS

Exhibit No.

- 3.1 [Articles of Amendment and Restatement of Orchid Island Capital, Inc. \(filed as Exhibit 3.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 \(File No. 333-184538\) filed on November 28, 2012 and incorporated herein by reference\).](#)
- 3.2 [Certificate of Correction of Orchid Island Capital, Inc. \(filed as Exhibit 3.2 to the Company's Annual Report on Form 10-K filed on February 22, 2019 and incorporated herein by reference\).](#)
- 3.3 [Articles of Amendment to the Articles of Amendment and Restatement of the Company \(filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on August 30, 2022 and incorporated herein by reference\).](#)
- 3.4 [Articles of Amendment to the Articles of Amendment and Restatement of the Company \(filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on February 14, 2025 and incorporated herein by reference\).](#)
- 3.5 [Articles of Amendment to the Articles of Amendment and Restatement of the Company \(filed as Exhibit 3.5 to the Company's Quarterly Report on Form 10-Q filed on October 24, 2025 and incorporated herein by reference\).](#)
- 3.6 [Amended and Restated Bylaws of Orchid Island Capital, Inc. \(filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on December 13, 2022 and incorporated herein by reference\).](#)
- 4.1 [Specimen Certificate of common stock of Orchid Island Capital, Inc. \(filed as Exhibit 4.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 \(File No. 333-184538\) filed on November 28, 2012 and incorporated herein by reference\).](#)
- 31.1 [Certification of Robert E. Cauley, Chief Executive Officer and President of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\\*](#)
- 31.2 [Certification of George H. Haas, IV, Chief Financial Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.\\*](#)
- 32.1 [Certification of Robert E. Cauley, Chief Executive Officer and President of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\\*\\*](#)
- 32.2 [Certification of George H. Haas, IV, Chief Financial Officer of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.\\*\\*](#)

|                 |                                                                                                                                                                           |
|-----------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Exhibit 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.*** |
| Exhibit 101.SCH | Inline XBRL Taxonomy Extension Schema Document ***                                                                                                                        |
| Exhibit 101.CAL | Inline XBRL Taxonomy Extension Calculation Linkbase Document***                                                                                                           |
| Exhibit 101.DEF | Inline XBRL Additional Taxonomy Extension Definition Linkbase Document Created***                                                                                         |
| Exhibit 101.LAB | Inline XBRL Taxonomy Extension Label Linkbase Document ***                                                                                                                |
| Exhibit 101.PRE | Inline XBRL Taxonomy Extension Presentation Linkbase Document ***                                                                                                         |
| Exhibit 104     | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)                                                                                  |

\* Filed herewith.

\*\* Furnished herewith.

\*\*\* Submitted electronically herewith.

**Signatures**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**Orchid Island Capital, Inc.**  
Registrant

Date: July 24, 2026

By: /s/ Robert E. Cauley  
Robert E. Cauley  
Chief Executive Officer, President and Chairman of the Board  
(Principal Executive Officer)

Date: July 24, 2026

By: /s/ George H. Haas, IV  
George H. Haas, IV  
Secretary, Chief Financial Officer, Chief Investment Officer and  
Director (Principal Financial and Accounting Officer)

**ORCHID ISLAND CAPITAL, INC.**  
**2026 LONG-TERM EQUITY INCENTIVE COMPENSATION PLAN**

This 2026 Long-Term Equity Incentive Compensation Plan (the “2026 Plan”) sets forth terms and conditions on which equity awards may be made by Orchid Island Capital, Inc. (the “Company”) pursuant to the Orchid Island Capital, Inc. 2021 Equity Incentive Plan (the “2021 Plan”).

All employees of Bimini Advisors, LLC, which is the Company’s external manager (the “Manager”), and employees of entities affiliated with the Manager (collectively, the “Employees”) are eligible to participate in the 2026 Plan. Members of our Manager’s and its affiliates’ senior management team also serve as the Company’s executive officers, including the Company’s Chief Executive Officer and Chief Financial Officer. All of the Employees are referred to as “Participants.” Being a Participant does not entitle the individual to an award under the 2026 Plan. The Compensation Committee of the Board of Directors of the Company (the “Committee”) will have absolute sole discretion over all aspects of the 2026 Plan, including but not limited to the ability to reduce the amount of any bonus award or the size of the bonus pool even if the performance objectives and other terms of the 2026 Plan are satisfied and to adjust the Company’s book value for purposes of the 2026 Plan due to dilutive issuances of the Company’s common stock.

Participants will be eligible to earn awards under the 2026 Plan for performance over the next one-year, three-year and five-year periods. A bonus pool will be established under the 2026 Plan for each of the one-, three- and five-year measurement periods. The amount credited to the bonus pool will be based on the Company’s performance under each of the three performance criteria (which are described below) of the 2026 Plan for each of the three measurement periods. The Committee, in its discretion, will determine each Participant’s award (*i.e.*, the percentage of the bonus pool paid to each Participant).

The maximum amount that may be credited to the bonus pool for each measurement period will equal the average management fees paid by the Company to the Manager (pursuant to the terms of the management agreement between the Company and the Manager) for such period multiplied by the applicable percentage described in the table below. Under the 2026 Plan, the maximum bonus pool for awards to be issued for performance during (i) the one-year measurement period will equal 20% of the average monthly management fee earned during 2026 multiplied by 12, (ii) the three-year measurement period will equal 35% of the average annual management fee paid for 2026 through 2028 and (iii) for the five-year measurement period will equal 45% of the average annual management fee paid for 2026 through 2030.

As noted above, the amount credited to the bonus pool for each measurement period will reflect the Company’s performance measured against the three performance criteria described below. The table below illustrates the maximum amount that may be credited to the bonus pool for each measurement period (as a percentage of the average management fees for the applicable period). The table also shows the amount that may be credited to the bonus pool for each measurement period (also as a percentage of the average management fees for the applicable period) for achievement of objectives with respect to each of the performance criteria. For example, the maximum amount that may be credited to the bonus pool for the three-year measurement period based on the Agency RMBS rate (as defined below) relative performance is 10.50% of the average management fees paid for 2026 through 2028.

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|                                       | 1-year        | 3-year        | 5-year        |
|---------------------------------------|---------------|---------------|---------------|
| Peer-relative financial performance   | 9.00%         | 15.75%        | 20.25%        |
| Agency RMBS rate relative performance | 6.00%         | 10.50%        | 13.50%        |
| Peer-relative book value performance  | 5.00%         | 8.75%         | 11.25%        |
| <b>Total for Measurement Period</b>   | <b>20.00%</b> | <b>35.00%</b> | <b>45.00%</b> |

The Committee established the following performance measures and the performance thresholds that must be satisfied for awards to be earned under the 2026 Plan.

*Peer-Relative Financial Performance.* No amount will be earned for this performance measure unless the Company's financial performance for the applicable measurement period exceeds the mean of the financial performance of the companies in the Peer Group (defined below) for the applicable measurement period. The financial performance of the Company and those in the Peer Group will equal the sum of total dividends paid during the measurement period and the change in book value during the measurement period divided by the book value on the first day of the applicable measurement period. The "Peer Group" consists of the following companies: AGNC Investment Corp., Annaly Capital Management, Inc., ARMOUR Residential REIT, Inc., Cherry Hill Mortgage Investment Corporation, Dynex Capital, Inc. and Invesco Mortgage Capital Inc. In the event that a company in the Peer Group merges with another entity, sells all or a significant portion of its business, dissolves, liquidates or the Committee determines that a company has substantially changed its business in such a way that it no longer conducts a similar business to the Company's business, then such company will be removed from the Peer Group for the measurement period(s) when such event occurs.

*Agency RMBS Rate Relative Performance.* The Company's performance under this performance measure will equal the sum of the change in book value during the applicable measurement period and total dividends paid during the measurement period. No amount will be earned for this performance measure unless the Company's performance as calculated in the preceding sentence for the applicable measurement period exceeds the Agency RMBS rate multiplied by the number of years in the measurement period. The "Agency RMBS rate" will equal the yield on the Fannie Mae 30-year fixed rate current coupon mortgage as of the beginning of 2026 of 5.06584% (determined by averaging the rate as of the last business day of 2025 and the first business day of 2026) plus 400 bps, or 9.0658%.

*Peer-Relative Book Value Performance.* No amount will be earned for this performance measure unless the Company's change in book value for the applicable measurement period (calculated in accordance with the following sentence) exceeds the mean change in book value for the companies in the Peer Group. The change in book value for the Company and those in the Peer Group will be determined by subtracting the book value on the first day of the measurement period from the book value on the last day in the measurement period, with such amount divided by the book value on the first day of the measurement period.

If the Company's results for a performance measure equal or are less than the threshold for a measurement period, no amount will be added to the bonus pool for the measurement period with respect to that measurement criterion. The table below details the amounts by which the Company's performance must exceed the threshold performance measures described above for the maximum bonus award to be added to the bonus pool. Linear interpolation will be used for results falling between the threshold and the result that must be achieved to earn the maximum award.

|                                       | 1-year           | 3-year            | 5-year            |
|---------------------------------------|------------------|-------------------|-------------------|
| Peer-relative financial performance   | Threshold + 5.0% | Threshold + 10.0% | Threshold + 15.0% |
| Agency RMBS rate relative performance | Threshold + 5.0% | Threshold + 10.0% | Threshold + 15.0% |
| Peer-relative book value performance  | Threshold + 2.0% | Threshold + 4.0%  | Threshold + 6.0%  |

Awards for these three measurement periods will be paid no later than March 30 of the year

following the end of the relevant measurement period. The Committee anticipates that 50% of earned bonuses will be paid in unrestricted shares of the Company's common stock and 50% will be paid in the form of "Performance Units," all of which will be issued under the 2021 Plan. The number of unrestricted shares of the Company's common stock and Performance Units to be issued in satisfaction of the earned bonuses will be determined by dividing the amount of such bonus by the average closing price of the Company's common stock on the New York Stock Exchange for the 10 trading days preceding the grant date of the common stock and Performance Units rounded down to the nearest whole number, with a cash payment issued in lieu of any fractional share of common stock or Performance Unit. The Performance Units will vest at the rate of 10% per quarter commencing with the first quarter after the one year anniversary of the end of the applicable measurement period, with the Participant receiving one share of the Company's common stock for each Performance Unit that vests. The Participant must continue to be employed by the Company as of the end of each such quarter in order to vest in the number of Performance Units scheduled to vest on that date. In the event of a Change in Control (as defined in the 2021 Plan) or the death or disability of the Participant, all of his or her Performance Units will be vested. When vested, each Performance Unit will be settled by the issuance of one share of the Company's common stock, at which time the Performance Unit shall be cancelled immediately, but in no case later than March 30 of the year after the year in which the Performance Units vest.

The Performance Units will contain dividend equivalent rights which entitle the Participants to receive distributions declared by the Company on common stock. One Performance Unit is equivalent to one share of common stock for purposes of the dividend equivalent rights. Other than dividend equivalent rights, the Performance Units do not entitle the Participants to any of the rights of a stockholder of the Company.

The number of outstanding Performance Units will be subject to the following adjustments prior to the date on which such Performance Unit vests:

*Book Value Impairment.* A "Book Value Impairment" will occur if over any two consecutive quarters the following conditions are satisfied: (i) the Company's book value per share declines by 15% or more during the first of such two quarters and (ii) the Company's book value per share decline from the beginning of such two quarters to the end of such two quarters is at least 10%. If a Book Value Impairment occurs, then the number of Performance Units that are outstanding as of the last day of such two quarter period shall be reduced by 15%.

*Extraordinary Book Value Preservation.* “Extraordinary Book Value Preservation” will occur in any quarter in which the following conditions are satisfied: (i) the median change in the book value per share of the companies in the Peer Group (the “Median Book Value Decline”) is a decline of 6% or more and (ii) the Company’s book value per share either (a) increases or (b) declines by a percentage that is less than 50% of the Median Book Value Decline. If an event of Extraordinary Book Value Preservation occurs, then the number of Performance Units that are outstanding as of the last day of the quarter in which the Extraordinary Book Value Preservation has occurred shall be increased by 5 basis points for every 1 basis point of difference between the Company’s book value per share percentage change and the Median Book Value Decline during such quarter.

*Outperform All Peer Companies.* The Company will “Outperform All Peer Companies” in any quarter in which the following conditions are satisfied: (i) the companies in the Peer Group all experience a decline in book value per share and (ii) the Company’s book value per share either (a) increases or (b) declines by an amount that is less than the decline experienced by each company in the Peer Group. If the Company Outperforms All Peer Companies in any quarter, then the number of Performance Units that are outstanding as of the last day of such quarter shall increase by 10%.

### **Discretionary Awards**

In addition to the awards under the 2026 Plan described above, the Committee may grant awards under the 2026 Plan and the 2021 Plan on a discretionary basis. The Committee may grant discretionary awards for 2026 as permitted under the 2021 Plan, including to reward Participants when the Company grows its capital base in an effort to lower its cost structure compared to the size of its equity capital base. Specifically, the Committee may consider granting awards to Participants when the Manager successfully grows the Company’s capital base while containing its cost structure, such as general and administrative expenses (inclusive of the management fee paid to the Manager), and reducing the Company’s cost structure as a percentage of its equity capital base relative to those of the Peer Group.

The Committee anticipates adopting similar plans for future years with modifications to the performance measures and hurdle rates as the Committee deems appropriate.

**FOURTH AMENDMENT TO  
MANAGEMENT AGREEMENT**

**THIS FOURTH AMENDMENT TO MANAGEMENT AGREEMENT** (the “**Amendment**”) is entered into as of April 23, 2026 (the “**Effective Date**”), by and between Orchid Island Capital, Inc., a Maryland corporation (the “**Company**”), and Bimini Advisors, LLC, a Maryland limited liability company (“**Manager**”), with an effective date as of April 1, 2026. Capitalized terms used but not defined in this Amendment shall have the meanings set forth in the Agreement (as defined below).

**W I T N E S S E T H:**

**WHEREAS**, the Company and the Manager entered into a Management Agreement effective as of February 20, 2013, the First Amendment to Management Agreement effective as of April 1, 2014, the Second Amendment to Management Agreement effective as of June 30, 2014 and the Third Amendment to Management Agreement effective as of November 16, 2021 (collectively, the “**Agreement**”);

**WHEREAS**, the Manager is a wholly-owned subsidiary of Bimini Capital Management, Inc. (“**Bimini**”);

**WHEREAS**, Bimini acquired eighty percent (80%) of the fully diluted equity interests of Tom Johnson Investment Management, LLC, a privately held registered investment adviser (“**TGIM**”), on April 1, 2026; and

**WHEREAS**, in connection with Bimini’s acquisition of TGIM, the Company and the Manager now desire to amend the Agreement on the terms set forth herein to more fairly allocate certain of the expenses between the Company and the Manager.

**NOW, THEREFORE**, in consideration of the premises and agreements contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are expressly acknowledged, the parties hereby amend and modify the Agreement in the manner set forth below:

1. Section 7(b)(xiii) of the Agreement is hereby deleted and replaced with the following:

“(xiii) all travel and related expenses of directors, officers and employees of the Company and the Manager, incurred in connection with attending meetings of the Board of Directors or holders of securities of the Company or any Subsidiary or performing other business activities that relate to the Company or any Subsidiary, including, without limitation, travel and related expenses incurred in connection with the purchase, consideration for purchase, financing, refinancing, sale or other disposition of any investment or potential investment of the Company; provided, however, that the Company shall only be responsible for its pro rata share of such expenses where such expenses were not incurred solely for the benefit of the Company;”

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2. Section 7(b)(xvi) of the Agreement is hereby deleted and replaced by the following:

“(xvi) all costs and expenses related to (A) the design and maintenance of the Company’s web site or sites and (B) the Company’s pro rata share, based on the relative revenue of the Company and Bimini (excluding any expense reimbursements pursuant to this Agreement) for (I) the immediately preceding fiscal year for purposes of each of the first and second quarters and (II) the first six months of the fiscal year for purposes of each of the third and fourth quarters, of any computer software, hardware or information technology services that is used by the Company;”
3. Section 7(b)(xvii) of the Agreement is hereby deleted and replaced by the following:

“(xvii) all costs and expenses incurred with respect to market information systems and publications, research publications and materials, and settlement, clearing and custodial fees and expenses; provided, however, that the Company shall only be responsible for its pro rata share of such expenses, based on the Company’s percentage of the aggregate amount of the Manager’s RMBS assets under management (measured as of the first day of each month), where such expenses were not incurred solely for the benefit of the Company;”
4. Section 7(b)(xix) of the Agreement is hereby deleted and replaced by the following:

“(xix) rent (including disaster recovery facilities costs and expenses), telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Manager and its Affiliates required for the Company’s operations; provided, however, that the Company shall only be responsible for its pro rata share of such expenses, based on the relative revenue of the Company and Bimini (excluding any expense reimbursements pursuant to this Agreement) for (I) the immediately preceding fiscal year for purposes of each of the first and second quarters and (II) the first six months of the fiscal year for purposes of each of the third and fourth quarters, where such expenses were not incurred solely for the benefit of the Company; and;”
5. This Amendment constitutes an amendment or modification of the Agreement that is entered into pursuant to Section 16(d) of the Agreement.
6. Except as set forth in this Amendment, the parties acknowledge and agree that all other terms of the Agreement shall remain in full force and effect.
7. All prior agreements, promises, representations, or statements, whether oral or in writing, regarding this Amendment are merged and integrated herein. This Amendment and the Agreement, as so amended, constitute the entire agreement with respect to the subject matter hereof. No amendments, waivers or modifications to the terms of the Agreement shall be valid unless set forth in writing and signed by the Company and the Manager.
8. This Amendment may be executed in counterparts, each of which will be deemed an original, and all of which taken together shall constitute a single agreement.

[Signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Amendment as of the date first written above.

**ORCHID ISLAND CAPITAL, INC.**

By: /s/ Robert E. Cauley

Name: Robert E. Cauley

Title: Chief Executive Officer

**BIMINI ADVISORS, LLC**

By: /s/ George H. Haas, IV

Name: George H. Haas, IV

Title: Chief Financial Officer, Chief Investment Officer  
and Secretary

*Signature Page to Fourth Amendment to Management Agreement*

## CERTIFICATIONS

I, Robert E. Cauley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orchid Island Capital, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2026

/s/ Robert E. Cauley

Robert E. Cauley  
Chairman of the Board, Chief Executive Officer and  
President

## CERTIFICATIONS

I, George H. Haas, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Orchid Island Capital, Inc. (the "registrant");
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 24, 2026

/s/ George H. Haas, IV

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George H. Haas, IV  
Chief Financial Officer

**CERTIFICATION  
PURSUANT TO SECTION 906 OF THE  
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the quarterly report on Form 10-Q of Orchid Island Capital, Inc. (the "Company") for the period ended June 30, 2026 to be filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, Robert E. Cauley, Chairman of the Board and Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

July 24, 2026

/s/ Robert E. Cauley

\_\_\_\_\_  
Robert E. Cauley,  
Chairman of the Board and  
Chief Executive Officer

**CERTIFICATION**  
**PURSUANT TO SECTION 906 OF THE**  
**SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the quarterly report on Form 10-Q of Orchid Island Capital, Inc. (the "Company") for the period ended June 30, 2026 to be filed with the Securities and Exchange Commission on or about the date hereof (the "Report"), I, George H. Haas, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

July 24, 2026

/s/ George H. Haas, IV

George H. Haas, IV

Chief Financial Officer