

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **April 28, 2022**

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

Maryland
(State or Other Jurisdiction of
Incorporation)

001-35236
(Commission File Number)

27-3269228
(IRS Employer Identification No.)

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

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

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

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

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

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

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

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

Emerging growth company

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

ITEM 2.02. Results of Operations and Financial Condition.

On April 28, 2022, Orchid Island Capital, Inc. (the “Company”) issued the press release attached hereto as Exhibit 99.1 announcing the Company’s results of operations for the period ended March 31, 2022. In addition, the Company posted supplemental financial information on the investor relations section of its website (<https://ir.orchidislandcapital.com>). The press release, attached as Exhibit 99.1, is being furnished under this “Item 2.02 Results of Operations and Financial Condition,” and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, nor shall it be deemed incorporated by reference in any disclosure document of the Company, except as shall be expressly set forth by specific reference in such document.

Caution About Forward-Looking Statements.

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

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release dated April 28, 2022
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

Signatures

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

Date: April 28, 2022

ORCHID ISLAND CAPITAL, INC.

By: /s/ Robert E. Cauley

Robert E. Cauley

Chairman and Chief Executive Officer



ORCHID ISLAND CAPITAL ANNOUNCES FIRST QUARTER 2022 RESULTS

VERO BEACH, Fla. (April 28, 2022) – Orchid Island Capital, Inc. (NYSE:ORC) ("Orchid" or the "Company"), a real estate investment trust ("REIT"), today announced results of operations for the three month period ended March 31, 2022.

First Quarter 2022 Highlights

- Net loss of \$148.7 million, or \$0.84 per common share, which consists of:
 - Net interest income of \$39.2 million, or \$0.22 per common share
 - Total expenses of \$4.7 million, or \$0.03 per common share
 - Net realized and unrealized losses of \$183.2 million, or \$1.04 per common share, on RMBS and derivative instruments, including net interest expense on interest rate swaps
- First quarter total dividends declared and paid of \$0.155 per common share
- Book value per common share of \$3.34 at March 31, 2022
- Total return of (19.5)%, comprised of \$0.155 dividend per common share and \$1.00 decrease in book value per common share, divided by beginning book value per common share
- Company to discuss results on Friday, April 29, 2022, at 10:00 AM ET
- Supplemental materials to be discussed on the call can be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>

Management Commentary

Commenting on the first quarter results, Robert E. Cauley, Chairman and Chief Executive Officer, said, "The first quarter of 2022 was a period of rapid transition on the part of Federal Reserve (the "Fed") policy makers. As 2021 came to a close, the Fed was preparing to slowly remove the emergency monetary policy in place since the onset of the COVID-19 pandemic in early 2020 but concluded in the first quarter of 2022 that the accommodative policy needed to be removed very quickly. This process has continued in the second quarter of 2022 as well. Fed speakers uniformly cite the need to get the policy rate (the "Fed Funds" rate) to the neutral rate by 2022. The neutral rate is generally considered to be approximately 2.50% to 2.75%. This means the Fed has to increase the Fed Funds rate by 225-250 basis points in the next 8 months. Interest rates across the yield curve have increased by over 150 basis points on the front of the curve, and by over 80 basis points in the case of the 10-year U.S. treasury note during the first quarter of 2022. The shape of the curve has flattened materially, and we have already seen the spread between the 2-year and 10-year, as well as the spread between the 5-year and 30-year, points go negative for brief periods. Inflation, which has been accelerating since the second quarter of 2021, has accelerated even further. The war in Ukraine caught the world by surprise, and western countries reacted by imposing numerous sanctions as well as boycotts of various Russian goods. Coupled with the disruption in activity in Ukraine itself, which is one of the world's leading suppliers of food and many other commodities, the war has proven to be a substantial inflationary pressure. COVID-19 induced lock-downs across China have exacerbated supply chain issues that were pervasive already. As inflation has accelerated to levels not seen since the early 1980s – both in the U.S. and across the globe – growth has remained very strong, especially so in the U.S. The Fed is clearly signaling a rapid removal of accommodation, which may involve outright sales from its SOMA portfolio.

"The impact of these developments on the Agency RMBS market was profound and rapid. Levered RMBS investors such as the ones we have solely in the Agency RMBS market have limited options to avoid these headwinds. However, we took advantage of the opportunity we had to minimize the impact and are well positioned to take advantage of the opportunities in the Agency RMBS market that will exist when the market stabilizes. We repositioned our hedge positions, and we have reduced the size of the portfolio through

April 28, 2022

outright asset sales and retaining cash received from our monthly paydowns. Our leverage ratio declined from 8.1 to one at the end of 2021 to 7.5 to one at the end of the first quarter of 2022, and is even lower today. We have increased the allocation to the structured, interest only portfolio. We have maintained ample liquidity at all times and retained cash balances equal to 50% of our shareholders equity throughout. We took the painful step of reducing our dividend in response to the compression of the spread between our funding costs and asset yields. This step was unavoidable, but we look forward to the return of a more generous funding gap in the future. In the interim, we will continue to seek to preserve our liquidity and minimize the impact of the volatile market portfolio so that we are able to take advantage of more favorable market conditions when they arise. Periods such as this are always difficult, but we know from navigating through many such episodes in the past that the key is to preserve Orchid's liquidity. In addition, we intend to do just that."

Details of First Quarter 2022 Results of Operations

The Company reported net loss of \$148.7 million for the three month period ended March 31, 2022, compared with net loss of \$29.4 million for the three month period ended March 31, 2021. The Company decreased its Agency RMBS portfolio over the course of the first quarter of 2022. Interest income on the portfolio in the first quarter was down approximately \$2.6 million from the fourth quarter of 2021. The yield on our average MBS increased from 2.93% in the fourth quarter of 2021 to 3.02% for the first quarter of 2022, repurchase agreement borrowing costs increased from 0.14% for the fourth quarter of 2021 to 0.20% for the first quarter of 2022, and net interest spread increased from 2.79% in the fourth quarter of 2021 to 2.82% in the first quarter of 2022.

Book value decreased by \$1.00 per share in the first quarter of 2022. The decrease in book value reflects our net loss of \$0.84 per share and the dividend distribution of \$0.155 per share. The Company recorded net realized and unrealized losses of \$1.04 per share on Agency RMBS assets and derivative instruments, including net interest expense on interest rate swaps.

Prepayments

For the quarter ended March 31, 2022, Orchid received \$157.1 million in scheduled and unscheduled principal repayments and prepayments, which equated to a 3-month constant prepayment rate ("CPR") of approximately 10.7%. Prepayment rates on the RMBS sub-portfolios were as follows (in CPR):

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

Portfolio

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

(\$ in thousands)

Asset Category	Fair Value	Percentage of Entire Portfolio	Weighted Average Coupon	Weighted Average Maturity in Months	Longest Maturity
March 31, 2022					
Fixed Rate RMBS	\$ 4,372,517	95.5%	3.01%	336	1-Dec-51
Interest-Only Securities	206,617	4.5%	3.42%	257	25-Jan-52
Inverse Interest-Only Securities	1,460	0.0%	3.75%	297	15-Jun-42
Total Mortgage Assets	\$ 4,580,594	100.0%	3.11%	318	25-Jan-52
December 31, 2021					
Fixed Rate RMBS	\$ 6,298,189	96.7%	2.93%	342	1-Dec-51
Interest-Only Securities	210,382	3.2%	3.40%	263	25-Jan-52
Inverse Interest-Only Securities	2,524	0.1%	3.75%	300	15-Jun-42
Total Mortgage Assets	\$ 6,511,095	100.0%	3.03%	325	25-Jan-52

(\$ in thousands)

Agency	March 31, 2022		December 31, 2021	
	Fair Value	Percentage of Entire Portfolio	Fair Value	Percentage of Entire Portfolio
Fannie Mae	\$ 3,016,954	65.9%	\$ 4,719,349	72.5%
Freddie Mac	1,563,640	34.1%	1,791,746	27.5%
Total Portfolio	\$ 4,580,594	100.0%	\$ 6,511,095	100.0%

	March 31, 2022	December 31, 2021
Weighted Average Pass-through Purchase Price	\$ 107.82	\$ 107.19
Weighted Average Structured Purchase Price	\$ 15.25	\$ 15.21
Weighted Average Pass-through Current Price	\$ 98.85	\$ 105.31
Weighted Average Structured Current Price	\$ 15.61	\$ 14.08
Effective Duration ⁽¹⁾	4.890	3.390

- (1) Effective duration of 4.890 indicates that an interest rate increase of 1.0% would be expected to cause a 4.890% decrease in the value of the RMBS in the Company’s investment portfolio at March 31, 2022. An effective duration of 3.390 indicates that an interest rate increase of 1.0% would be expected to cause a 3.390% decrease in the value of the RMBS in the Company’s investment portfolio at December 31, 2021. These include the structured securities in the portfolio, but do not include the effect of the Company’s funding cost hedges. Effective duration for individual investments are obtained from The Yield Book, Inc.

Financing, Leverage and Liquidity

As of March 31, 2022, the Company had outstanding repurchase obligations of approximately \$4,464.1 million with a net weighted borrowing rate of 0.37%. These agreements were collateralized by RMBS with a fair value, including accrued interest, of approximately \$4,591.7 million and cash pledged to counterparties of approximately \$113.6 million. The Company's leverage ratio at March 31, 2022 was 7.8 to 1. At March 31, 2022, the Company's liquidity was approximately \$301.0 million, consisting of equivalents and unpledged RMBS (not including unsettled securities purchases). To enhance our liquidity even further, we may pledge of our structured RMBS as part of a repurchase agreement funding, but retain the cash in lieu of acquiring additional assets. In this way we can, at a modest cost, retain higher levels of cash on hand and decrease the likelihood we will have to sell assets in a distressed order to raise cash. Below is a list of our outstanding borrowings under repurchase obligations at March 31, 2022.

(\$ in thousands)

Counterparty	Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
J.P. Morgan Securities LLC	\$ 390,917	8.6%	0.35%	\$ 21,978	12
Merrill Lynch, Pierce, Fenner & Smith Inc.	376,951	8.4%	0.29%	17,755	15
ABN AMRO Bank N.V.	357,326	8.0%	0.33%	10,722	12
Mitsubishi UFJ Securities (USA), Inc.	326,430	7.3%	0.50%	28,594	35
Cantor Fitzgerald & Co.	315,791	7.1%	0.38%	17,003	27
ED&F Man Capital Markets Inc.	282,992	6.3%	0.27%	15,059	17
Mirae Asset Securities (USA) Inc.	263,899	5.9%	0.32%	11,986	58
RBC Capital Markets, LLC	247,015	5.5%	0.37%	7,996	17
Goldman Sachs & Co. LLC	238,179	5.3%	0.44%	20,101	24
ING Financial Markets LLC	221,203	5.0%	0.40%	9,495	35
ASL Capital Markets Inc.	199,024	4.5%	0.38%	10,575	18
Santander Bank, N.A.	189,837	4.3%	0.38%	10,178	21
Citigroup Global Markets, Inc.	182,158	4.1%	0.39%	9,828	20
Nomura Securities International, Inc.	176,167	3.9%	0.38%	6,845	17
Daiwa Capital Markets America, Inc.	173,083	3.9%	0.39%	7,437	18
Wells Fargo Bank, N.A.	132,026	3.0%	0.35%	7,124	14
BMO Capital Markets Corp.	124,021	2.8%	0.42%	8,196	18
Austin Atlantic Asset Management Co.	87,245	2.0%	0.39%	4,605	6
Lucid Cash Fund USG LLC	82,630	1.9%	0.42%	7,969	14
South Street Securities, LLC	65,571	1.5%	0.37%	3,652	18
StoneX Financial Inc.	27,648	0.6%	0.19%	1,674	19
Mizuho Securities USA, Inc.	3,996	0.1%	0.90%	1,352	12
Total / Weighted Average	\$ 4,464,109	100.0%	0.37%	\$ 240,124	22

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

Hedging

In connection with its interest rate risk management strategy, the Company economically hedges a portion of the cost of its repurchase agreement funding against a rise in interest rates by entering into derivative financial instrument contracts. The Company has elected hedging treatment under U.S. generally accepted accounting principles (“GAAP”) in order to align the accounting treatment of these instruments with the treatment of its portfolio assets under the fair value option election. As such, all gains or losses on these instruments are reflected in earnings for all periods presented. At March 31, 2022, such instruments were comprised of Treasury note (“T-Note”) futures contracts, interest rate swap agreements, and interest rate swaption agreements.

The table below presents information related to the Company’s T-Note futures contracts at March 31, 2022.

(\$ in thousands)

Expiration Year	Average Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity ⁽¹⁾
Treasury Note Futures Contracts (Short Positions)				
June 2022 5-year T-Note futures (Jun 2022 - Jun 2027 Hedge Period)	\$ 1,194,000	2.25%	2.83%	32,928
June 2022 10-year Ultra futures (Jun 2022 - Jun 2032 Hedge Period)	\$ 270,000	1.68%	2.06%	\$ 10,983

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

(2) 5-Year T-Note futures contracts were valued at a price of \$114.69 at March 31, 2022. The contract values of the short positions were \$116.4 million at March 31, 2022. 10-Year Ultra futures contracts were valued at a price of \$135.47 at March 31, 2022. The contract value of the position was \$365.8 million at March 31, 2022.

The table below presents information related to the Company’s interest rate swap positions at March 31, 2022.

(\$ in thousands)

Expiration	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
> 3 to ≤ 5 years	\$ 300,000	0.95%	0.93%	18,138	4.0
> 5 years	1,100,000	1.51%	0.37%	47,056	7.0
	\$ 1,400,000	1.39%	0.49%	\$ 65,194	6.3

The following table presents information related to our interest rate swaption positions as of March 31, 2022.

(\$ in thousands)

Expiration	Option			Underlying Swap			
	Cost	Fair Value	Weighted Average Months to Expiration	Notional Amount	Average Fixed Rate	Average Adjustable Rate (LIBOR)	Weighted Average Term (Years)
Payer Swaptions - long							
≤ 1 year	\$ 31,905	\$ 33,040	11.3	\$ 1,282,400	2.44%	3 Month	11.3
>1 year ≤ 2 years	15,300	27,322	18.8	728,400	2.52%	3 Month	10.0
	\$ 47,205	\$ 60,362	14.0	\$ 2,010,800	2.47%	3 Month	10.8
Payer Swaptions - short							
≤ 1 year	\$ (19,540)	\$ (25,535)	5.8	\$ (1,433,000)	2.47%	3 Month	10.8

The following table presents information related to our interest cap positions as of March 31, 2022.

(\$ in thousands)

Expiration	Notional Amount	Cost	Strike Swap Rate	Curve Spread	Net Estimated Fair Value
February 8, 2024	\$ 200,000	\$ 2,350	0.09%	10Y2Y	\$ 1,354

Dividends

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

(in thousands, except per share data)

Year	Per Share Amount	Total
2013	\$ 1.395	\$ 4,662
2014	2.160	22,643
2015	1.920	38,748
2016	1.680	41,388
2017	1.680	70,717
2018	1.070	55,814
2019	0.960	54,421
2020	0.790	53,570
2021	0.780	97,601
2022 - YTD	0.200	35,484
Totals	\$ 12.635	\$ 475,048

- (1) On April 13, 2022, the Company declared a dividend of \$0.045 per share to be paid on May 27, 2022. The effect of this dividend is included above but is not reflected in the Company's financial statements as of March 31, 2022.

Peer Performance

The tables below present total return data for Orchid compared to a selected group of peers based on stock price performance for periods through March 31, 2022 and based on book value performance for periods through December 31, 2021.

Portfolio Total Rate of Return Versus Peer Group Average - Stock Price Performance			
	ORC Total Rate of Return⁽¹⁾	Peer Average⁽¹⁾⁽²⁾	ORC Spread Over / (Under) Peer Average⁽³⁾
Year to Date (1/1/2022 - 3/31/2022)	(24.6)%	(7.1)%	(17.5)%
One Year Total Return	(36.6)%	(15.9)%	(20.7)%
Two Year Total Return	49.5%	64.6%	(15.1)%
Three Year Total Return	(20.3)%	(19.6)%	(0.7)%
Five Year Total Return	(28.6)%	(11.2)%	(17.4)%
Inception to Date (2/28/2013 - 3/31/2022)	(6.1)%	1.7%	(7.8)%

Source: SEC filings and press releases of Orchid and Peer Group

- (1) Source of total rate of return for each period is the Bloomberg COMP page and includes reinvested dividends for each period noted.
- (2) The peer average is the unweighted, simple, average of the total rate of return for each of the following companies in each respective measurement period: AGNC, NLY, ANH, AAIC, ARR, CMO, CHMI, DX and IVR.
- (3) Represents the total rate of return for Orchid minus peer average in each respective measurement period.
- (4) Orchid completed its Initial Public Offering on February 13, 2013. We have elected to start the comparison with Orchid's first full month of operations.

Portfolio Total Rate of Return Versus Peer Group Average - Book Value Performance			
	ORC Total Rate of Return⁽¹⁾	Peer Average⁽¹⁾⁽²⁾	ORC Spread Over / (Under) Peer Average⁽³⁾
One Year Total Return	(6.4)%	(4.8)%	(1.6)%
Two Year Total Return	(5.2)%	(17.0)%	11.8%
Three Year Total Return	0.5%	(9.6)%	10.1%
Five Year Total Return	(6.6)%	(5.4)%	(1.2)%
Inception to Date (3/31/2013 - 12/31/2021)	10.5%	(4.0)%	14.5%

Source: SEC filings and press releases of Orchid and Peer Group

- (1) Total rate of return for each period is change in book value per share over the period plus dividends per share declared divided by the book value per share at the beginning of the period.
- (2) The peer average is the unweighted, simple, average of the total rate of return for each of the following companies in each respective measurement period: AGNC, NLY, ANH, AAIC, ARR, CMO, CHMI, DX and IVR.
- (3) Represents the total rate of return for Orchid minus peer average in each respective measurement period.
- (4) Peer book values are not available for Orchid's true inception date (2/13/2013). Because all peer book values are not available as of Orchid's inception date (2/13/2013), the starting point for Orchid and all of the peer companies is 3/31/2013.

Book Value Per Share

The Company's book value per share at March 31, 2022 was \$3.34. The Company computes book value per share by dividing total stockholders' equity by the total number of shares outstanding of the Company's common stock. At March 31, 2022, the Company's equity was \$592.4 million with 177,117,186 shares of common stock outstanding.

Capital Allocation and Return on Invested Capital

The Company allocates capital to two RMBS sub-portfolios, the pass-through RMBS portfolio, consisting of mortgage pass-through securities issued by Fannie Mae, Freddie Mac or Ginnie Mae (the “GSEs”) and collateralized mortgage obligations (“CMOs”) issued by the GSEs (“PT RMBS”), and the structured RMBS portfolio, consisting of interest-only (“IO”) and inverse interest-only (“IOI”) securities. As of December 31, 2021, approximately 70% of the Company’s investable capital (which consists of equity in RMBS, available cash and unencumbered assets) was deployed in the PT RMBS portfolio. At March 31, 2022, the allocation to the PT RMBS portfolio decreased by 8% to approximately 62%.

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

(in thousands)

	Portfolio Activity for the Quarter					
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	Total
		Interest-Only Securities	Inverse Interest Only Securities			
Market value - December 31, 2021	\$ 6,298,189	\$ 210,382	\$ 2,524	\$ 212,906	\$ 6,511,095	
Securities sold	(1,401,012)	(12,029)	-	(12,029)	(1,413,041)	
(Losses) Gains on sales	(51,795)	709	-	709	(51,086)	
Return of investment	n/a	(10,205)	(251)	(10,456)	(10,456)	
Pay-downs	(146,653)	n/a	-	n/a	(146,653)	
Premium lost due to pay-downs	(8,431)	n/a	-	n/a	(8,431)	
Mark to market (losses) gains	(317,781)	17,760	(813)	16,947	(300,834)	
Market value - March 31, 2022	\$ 4,372,517	\$ 206,617	\$ 1,460	\$ 208,077	\$ 4,580,594	

The tables below present the allocation of capital between the respective portfolios at March 31, 2022 and December 31, 2021, and the return on invested capital for each sub-portfolio for the three month period ended March 31, 2022. The return on invested capital in the PT RMBS and structured RMBS portfolios was approximately (32.4)% and 9.1%, respectively, for the first quarter of 2022. The combined portfolio generated a return on invested capital of approximately (20.1)%.

(\$ in thousands)

	Capital Allocation					
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	Total
		Interest-Only Securities	Inverse Interest Only Securities			
March 31, 2022						
Market value	\$ 4,372,517	\$ 206,617	\$ 1,460	\$ 208,077	\$ 4,580,594	
Cash	427,445	-	-	-	427,445	
Borrowing ⁽¹⁾	(4,464,109)	-	-	-	(4,464,109)	
Total	\$ 335,853	\$ 206,617	\$ 1,460	\$ 208,077	\$ 543,930	
% of Total	61.7%	38.0%	0.3%	38.3%	100.0%	
December 31, 2021						
Market value	\$ 6,298,189	\$ 210,382	\$ 2,524	\$ 212,906	\$ 6,511,095	
Cash	450,442	-	-	-	450,442	
Borrowing ⁽²⁾	(6,244,106)	-	-	-	(6,244,106)	
Total	\$ 504,525	\$ 210,382	\$ 2,524	\$ 212,906	\$ 717,431	
% of Total	70.3%	29.3%	0.4%	29.7%	100.0%	

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- (1) At March 31, 2022, there were outstanding repurchase agreement balances of \$157.1 million secured by IO securities and \$1.4 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy
- (2) At December 31, 2021, there were outstanding repurchase agreement balances of \$159.0 million secured by IO securities and \$1.0 million secured by IIO securities. We entered into these arrangements to generate additional cash available to meet margin calls on PT RMBS; therefore, we have not considered these balances to be allocated to the structured securities strategy.

(\$ in thousands)

	Returns for the Quarter Ended March 31, 2022					
	Pass-Through Portfolio	Structured Security Portfolio			Sub-total	Total
		Interest-Only Securities	Inverse Interest Only Securities			
Income (net of borrowing cost)	\$ 37,411	\$ 1,654	\$ 137	\$ 1,791	\$ 39,202	
Realized and unrealized (losses) / gains	(378,704)	18,469	(813)	17,656	(361,048)	
Derivative gains	177,816	n/a	n/a	n/a	177,816	
Total Return	\$ (163,477)	\$ 20,123	\$ (676)	\$ 19,447	\$ (144,030)	
Beginning Capital Allocation	\$ 504,525	\$ 210,382	\$ 2,524	\$ 212,906	\$ 717,431	
Return on Invested Capital for the Quarter	(32.4)%	9.6%	(26.8)%	9.1%	(20.1)%	
Average Capital Allocation	\$ 420,189	\$ 208,500	\$ 1,992	\$ 210,492	\$ 630,681	
Return on Average Invested Capital for the Quarter	(38.9)%	9.7%	(33.9)%	9.2%	(22.8)%	

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

Stock Offerings

On October 29, 2021, we entered into an equity distribution agreement (the “October 2021 Equity Distribution Agreement”) with sales agents pursuant to which we may offer and sell, from time to time, up to an aggregate amount of \$250,000,000 of shares of our common stock in transactions that are deemed to be “at the market” offerings and privately negotiated transactions. Through March 31, 2022, we issued a total of 15,835,700 shares under the October 2021 Equity Distribution Agreement for aggregate gross proceeds of approximately \$78.3 million, and net proceeds of approximately \$77.0 million, after commissions and fees. We did not issue shares under the October 2021 Equity Distribution Agreement during the three months ended March 31, 2022.

Stock Repurchase Program

On July 29, 2015, the Company’s Board of Directors authorized the repurchase of up to 2,000,000 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 general market conditions, stock price, applicable legal requirements and other factors. The authorization does not obligate the Company to repurchase 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 4,522,822 shares of the Company’s common stock. Coupled with the 783,757 shares remaining from the original 2,000,000 share authorization, the increased authorization brought the total authorization to 5,306,579 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 16,861,994 shares, bringing the remaining authorization under the stock repurchase program to 17,699,305 shares, representing approximately 10% of the Company’s outstanding shares of common stock. This stock repurchase program has no termination date.

From the inception of the stock repurchase program through March 31, 2022, the Company repurchased a total of 5,685,511 shares at an aggregate cost of approximately \$40.4 million, including commissions and fees, for a weighted average price of \$7.10 per share. The Company did not repurchase any shares of its common stock during the three months ended March 31, 2022 or the three months ended December 31, 2021.

Earnings Conference Call Details

An earnings conference call and live audio webcast will be hosted Friday, April 29, 2022, at 10:00 AM ET. The conference call may be accessed by dialing toll free (888) 510-2536. The conference passcode is 8493186. The supplemental materials may be downloaded from the investor relations section of the Company's website at <https://ir.orchidislandcapital.com>. A live audio webcast of the conference call can be accessed via the investor relations section of the Company's website at <https://ir.orchidislandcapital.com> and an audio archive of the webcast will be available until May 29, 2022.

About Orchid Island Capital, Inc.

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

Forward Looking Statements

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

CONTACT:

Orchid Island Capital, Inc.

Robert E. Cauley, 772-231-1400

Chairman and Chief Executive Officer

<https://ir.orchidislandcapital.com>

Summarized Financial Statements

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

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

	March 31, 2022	December 31, 2021
ASSETS:		
Mortgage-backed securities	\$ 4,580,594	\$ 6,511,095
U.S. Treasury Notes	36,477	37,175
Cash, cash equivalents and restricted cash	427,445	450,442
Accrued interest receivable	14,853	18,859
Derivative assets, at fair value	126,910	50,786
Other assets	1,153	320
Total Assets	\$ 5,187,432	\$ 7,068,677
LIABILITIES AND STOCKHOLDERS' EQUITY		
Repurchase agreements	\$ 4,464,109	\$ 6,244,106
Dividends payable	7,996	11,530
Derivative liabilities, at fair value	25,535	7,589
Accrued interest payable	1,018	788
Due to affiliates	1,066	1,062
Other liabilities	95,290	35,505
Total Liabilities	4,595,014	6,300,580
Total Stockholders' Equity	592,418	768,097
Total Liabilities and Stockholders' Equity	\$ 5,187,432	\$ 7,068,677
Common shares outstanding	177,117,186	176,993,049
Book value per share	\$ 3.34	\$ 4.34

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

	Three Months Ended March 31,	
	2022	2021
Interest income	\$ 41,857	\$ 26,856
Interest expense	(2,655)	(1,941)
Net interest income	39,202	24,915
Losses on RMBS and derivative contracts	(183,232)	(50,791)
Net portfolio loss	(144,030)	(25,876)
Expenses	4,697	3,493
Net loss	\$ (148,727)	\$ (29,369)
Basic net loss per share	\$ (0.84)	\$ (0.34)
Diluted net loss per share	\$ (0.84)	\$ (0.34)
Weighted Average Shares Outstanding	176,997,566	85,344,954
Dividends Declared Per Common Share:	\$ 0.155	\$ 0.195

Key Balance Sheet Metrics	Three Months Ended March 31,	
	2022	2021
Average RMBS	\$ 5,545,844	\$ 4,032,716
Average repurchase agreement	5,354,107	3,888,633
Average stockholders' equity	680,258	440,733
Leverage ratio	7.8:1	9.1:1
Key Performance Metrics		
Average yield on RMBS	3.02%	2.66%
Average cost of funds	0.20%	0.20%
Average economic cost of funds	0.29%	0.62%
Average interest rate spread	2.82%	2.46%
Average economic interest rate spread	2.73%	2.04%

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

