



Q4 2017 Supplemental Materials
February 9, 2018

Disclaimers

Forward-Looking Information

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

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

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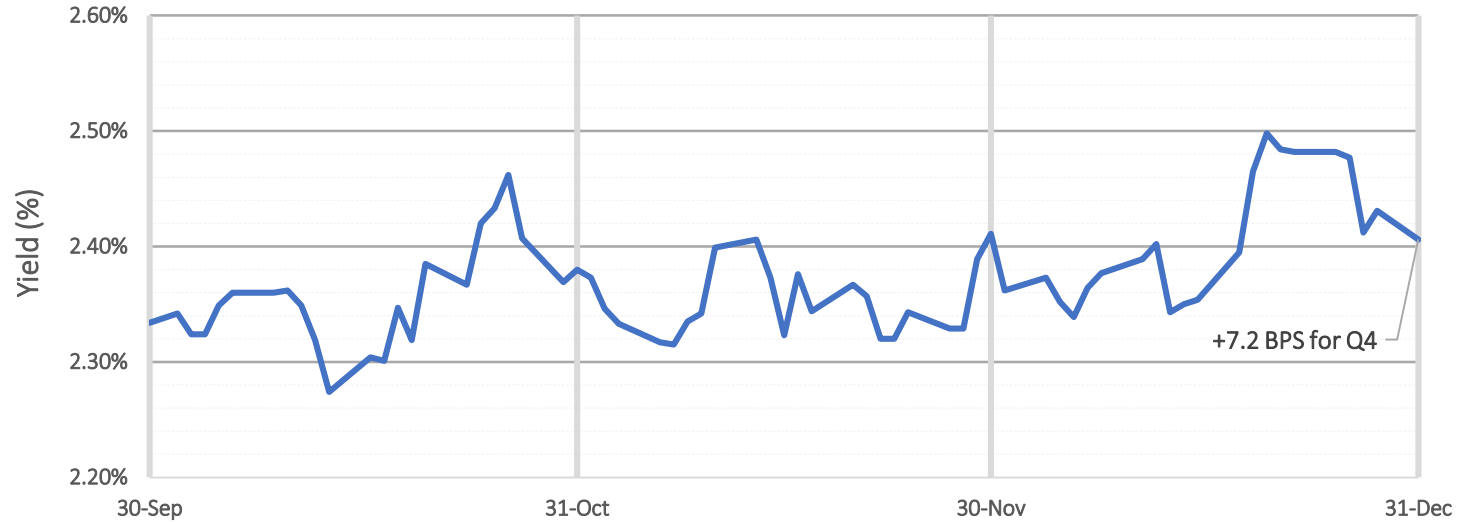
Financial Highlights for the Quarter Ended December 31, 2017

- Earnings per share of (\$0.12)
- Incurred \$0.61 loss per share from net realized and unrealized gain/(losses) on MBS and derivative instruments, including net interest expense on interest rate swaps
- Earnings per share of \$0.49 excluding realized and unrealized gains/(losses) on MBS and derivative instruments, including net interest expense on interest rate swaps (See page 11 for reconciliation of this non-GAAP measure to earnings per share)
- Book value per share of \$8.71 at December 31, 2017
 - A decrease of \$0.44 (or -4.8%) from \$9.15 at September 30, 2017
- Dividend of \$0.42 per share declared during the quarter
- Economic return of (\$0.02) per share, or (0.2)% unannualized / (0.9)% annualized. Total return for the year was 2.9%

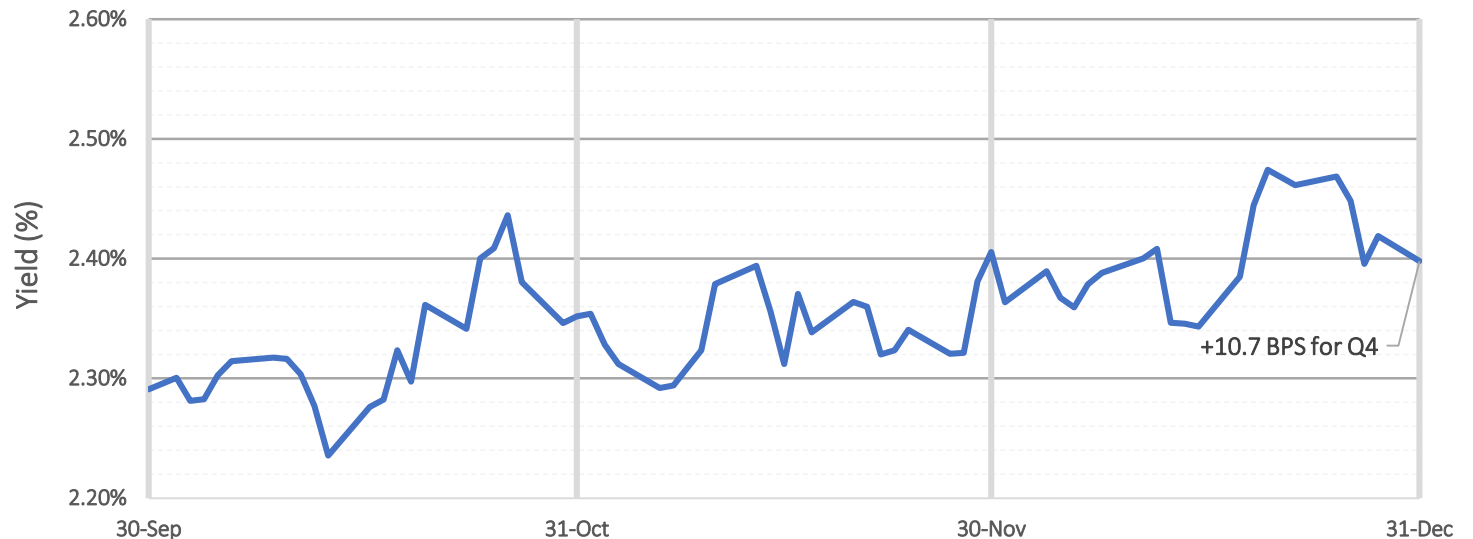
Market Developments

10-Year U.S. Treasury Note & U.S. Dollar Swap: Q4 2017

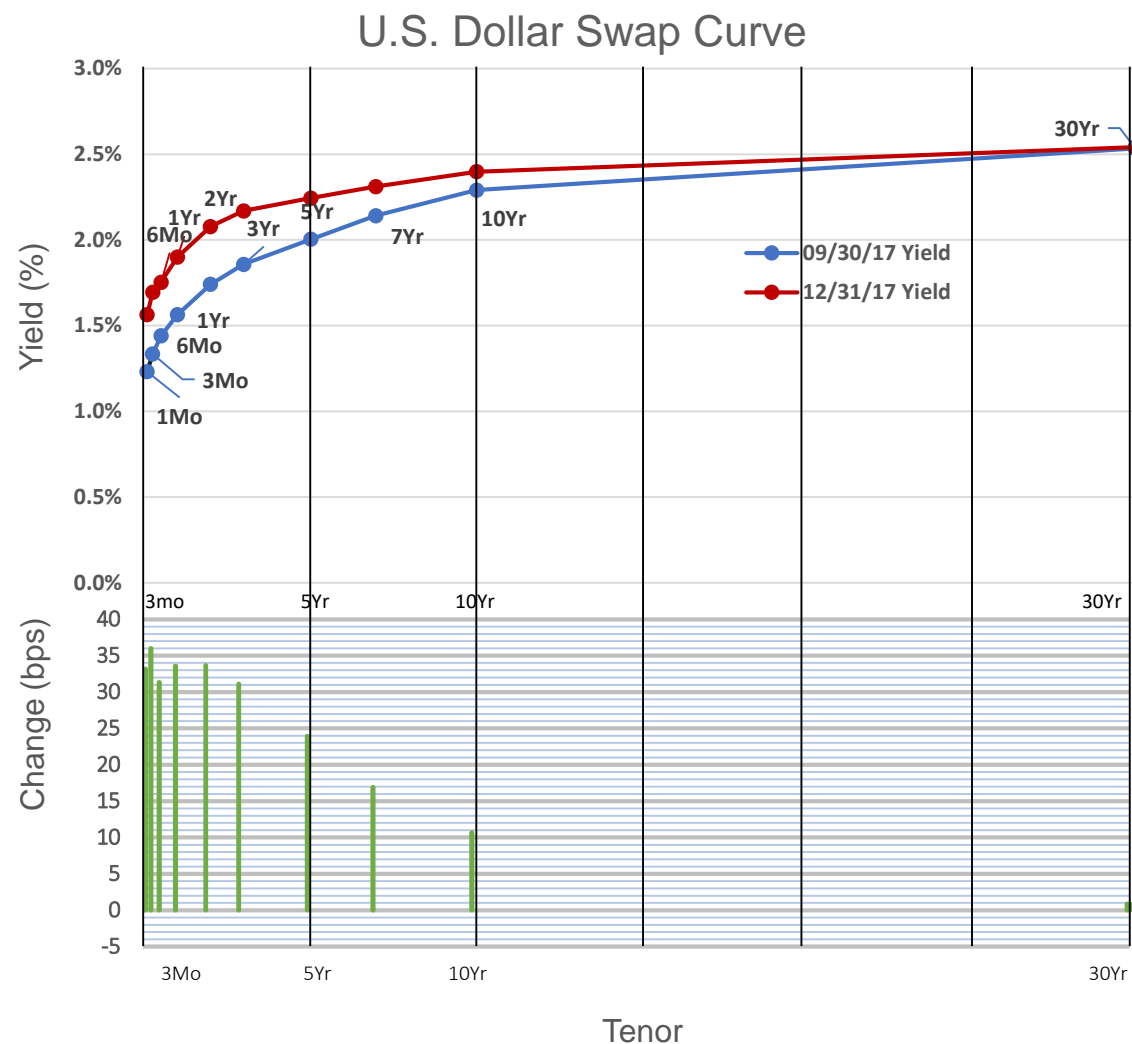
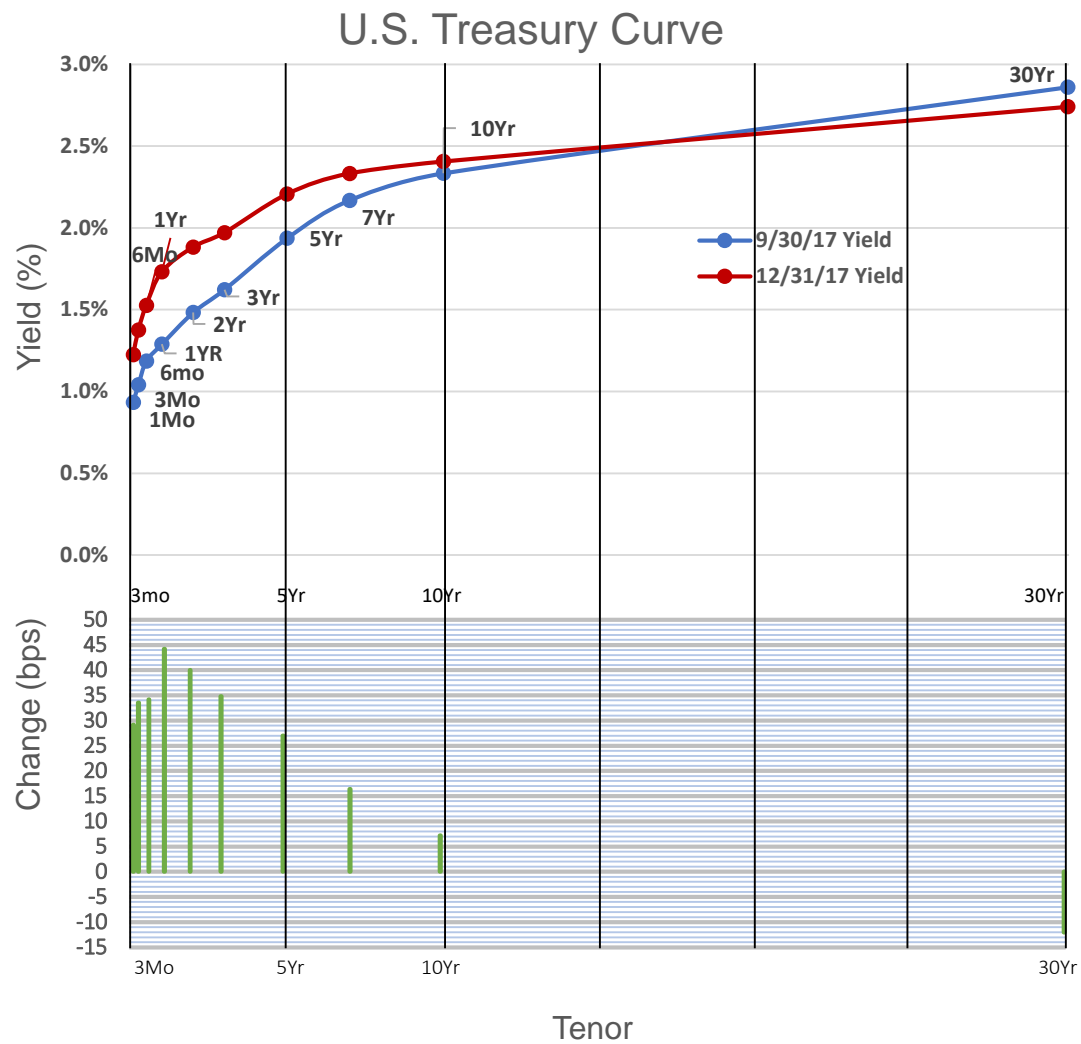
10-Year U.S. Treasury Note:
Q4 2017



10-Year U.S. Dollar Swap:
Q4 2017

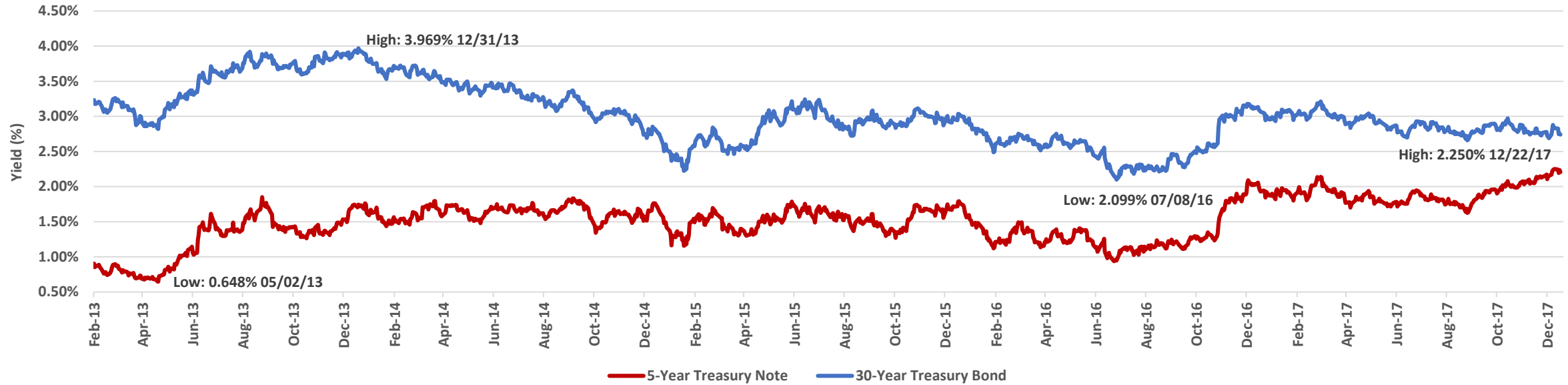


Q4 2017 Performance: U.S. Treasury Curve & U.S. Dollar Swap Curve

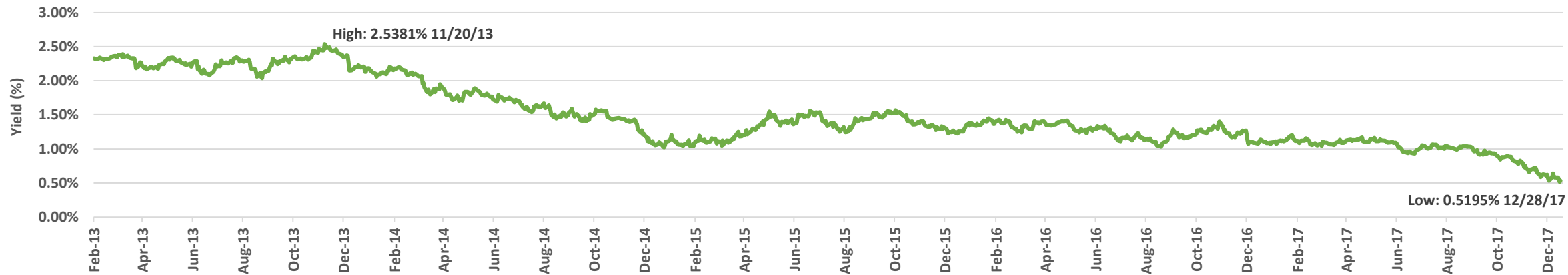


5-Year Treasury Note vs 30-Year Treasury Bond Spread

5-Year Treasury Note and 30-Year Treasury Bond Yield

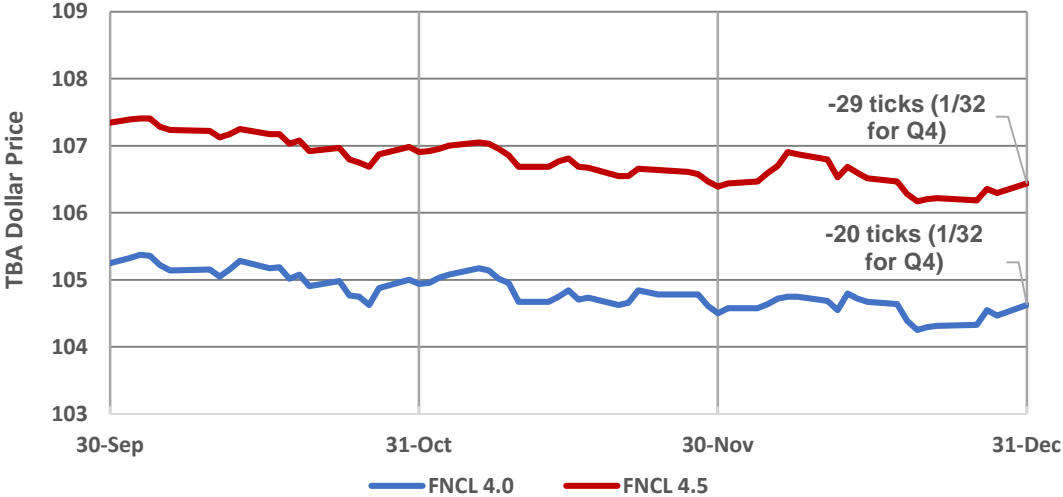


5-Year Treasury Note vs 30-Year Treasury Bond Yield Spread

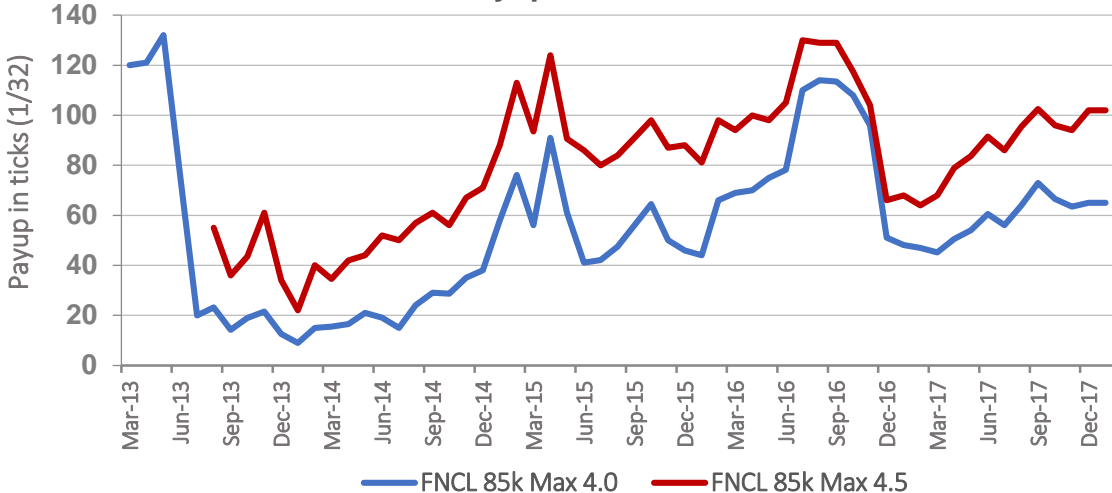


Mortgage Market Update: TBA & Roll vs Specified Pool

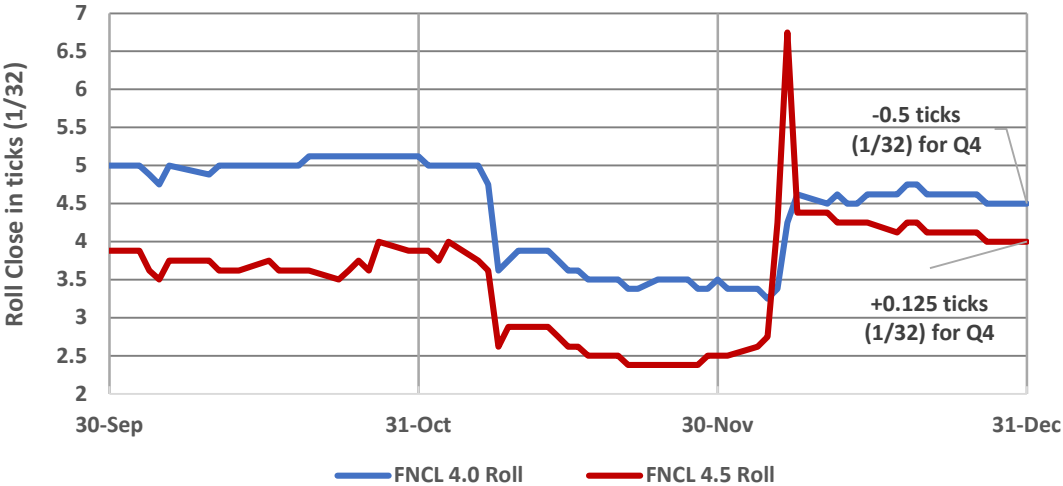
FNCL 4.0 & FNCL 4.5 TBA



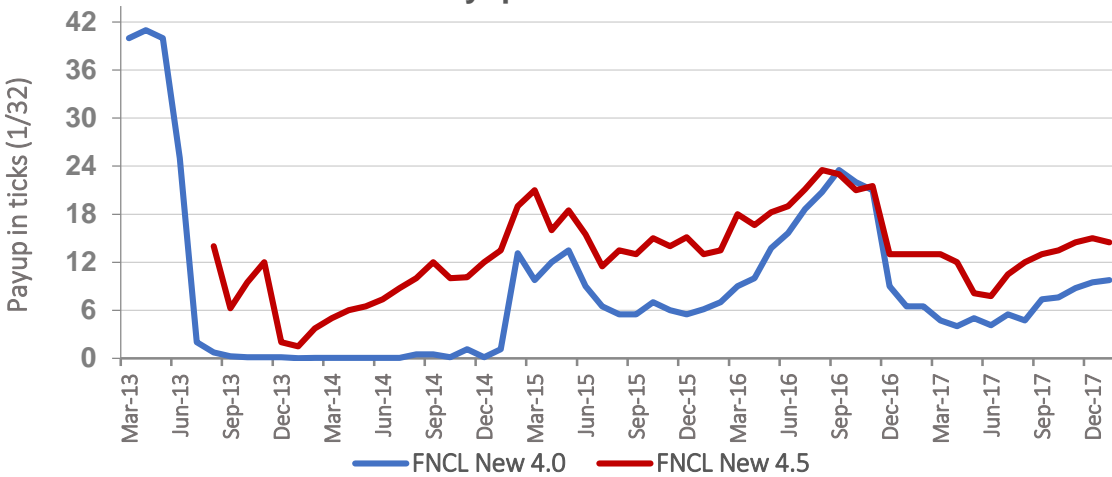
Wells Fargo Production '85k Max' Specified Pool Payup over TBA



FNCL 4.0 & FNCL 4.5 Roll



Wells Fargo 'New Production' Specified Pool Payup over TBA



Source: Bloomberg Data, Wells Fargo Securities



Financial Results

Orchid Island Capital Financial Results for the Three Months Ended December 31, 2017

Income Statement

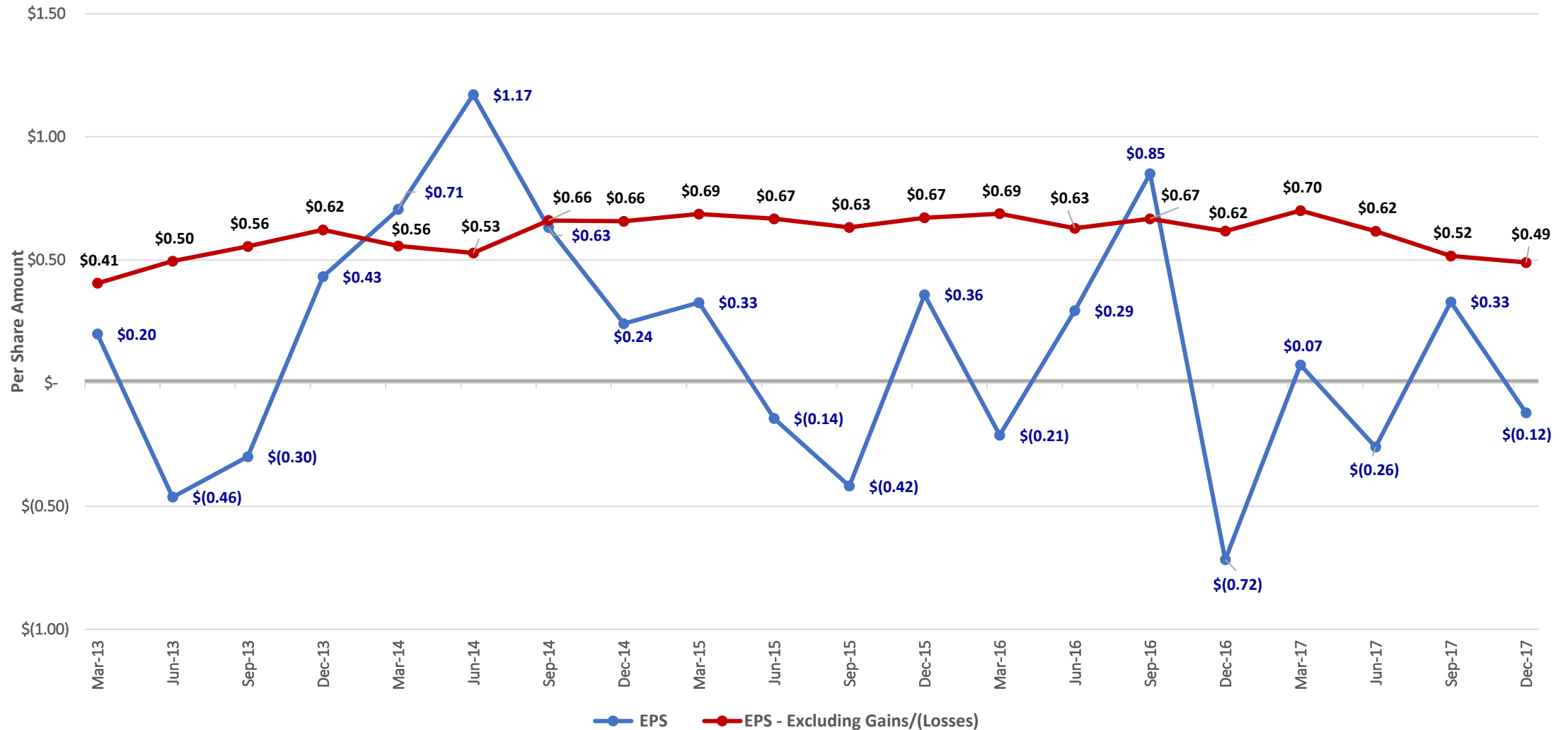
	Net Income Excluding Realized and Unrealized Gains and Losses	Realized and Unrealized Gains/(Losses)	Total
(\$ in thousands, except per share data)			
Interest income	\$ 40,098	\$ -	\$ 40,098
Interest expense	(13,555)	-	(13,555)
Net interest income	26,543	-	26,543
Realized gains/(losses) on MBS	-	(11,142)	(11,142)
Unrealized gains/(losses) on MBS	-	(32,380)	(32,380)
Gains/(losses) on interest rate futures	-	7,385	7,385
Gains/(losses) on interest rate swaps, including net interest expense	-	6,386	6,386
Gains/(losses) on payer swaptions	-	211	211
Net portfolio income (loss)	\$ 26,543	\$ (29,540)	\$ (2,997)
Expenses:			
Management fees	1,625	-	1,625
Allocated overhead	408	-	408
Accrued incentive compensation	201	-	201
Directors' fees and liability insurance	226	-	226
Audit, legal and other professional fees	160	-	160
Direct REIT operating expenses	309	-	309
Other administrative	56	-	56
Total expenses	2,985	-	2,985
Net income (loss)	\$ 23,558	\$ (29,540)	\$ (5,982)
Basic and diluted net income (loss) per share	\$ 0.488	\$ (0.611)	\$ (0.124)
WAVG shares outstanding - Basic and diluted	48,310,191	48,310,191	48,310,191
Dividends declared per common share			\$ 0.42

MBS Portfolio Returns by Sector

(\$ in thousands)	Structured Security Portfolio				Total
	Pass-Through Portfolio	Interest- Only Securities	Inverse Interest Only Securities	Sub-total	
Income (net of borrowing cost)	\$ 25,373	\$ 184	\$ 986	\$ 1,170	\$ 26,543
Realized and unrealized (losses) / gains	(43,379)	2,697	(2,840)	(143)	(43,522)
Derivative gains	13,983	n/a	n/a	n/a	13,983
Total Return	\$ (4,023)	\$ 2,881	\$ (1,854)	\$ 1,027	\$ (2,996)
Beginning Capital Allocation	\$ 255,853	\$ 90,551	\$ 55,147	\$ 145,698	\$ 401,551
Return on Invested Capital for the Quarter(1)	(1.60)%	3.20%	(3.40)%	0.70%	(0.70)%
Average Capital Allocation(2)	\$ 296,232	\$ 88,735	\$ 44,678	\$ 133,413	\$ 429,645
Return on Average Invested Capital for the Quarter(3)	(1.40)%	3.20%	(4.10)%	0.80%	(0.70)%

- (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.

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



(1) See appendix for supporting data.

Orchid Capital Allocation & MBS Portfolio Activity

Capital Allocation

(\$ in thousands)

	Structured Security Portfolio				
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities	Sub-total	Total
Dec 31, 2017					
Market value	\$ 3,623,685	\$ 86,918	\$ 34,208	\$ 121,126	\$ 3,744,811
Cash	246,712	-	-	-	246,712
Borrowings(1)	(3,533,786)	-	-	-	(3,533,786)
Total	\$ 336,611	\$ 86,918	\$ 34,208	\$ 121,126	\$ 457,737
% of Total	73.50%	19.00%	7.50%	26.50%	100.00%
Sep 30, 2017					
Market value	\$ 3,784,642	\$ 90,551	\$ 55,147	\$ 145,698	\$ 3,930,340
Cash	181,288	-	-	-	181,288
Borrowings(2)	(3,710,077)	-	-	-	(3,710,077)
Total	\$ 255,853	\$ 90,551	\$ 55,147	\$ 145,698	\$ 401,551
% of Total	63.70%	22.60%	13.70%	36.30%	100.00%

(1) At December 31, 2017, there were outstanding repurchase agreement balances of \$62.9 million secured by IO securities, and \$16.9 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 September 30, 2017, there were outstanding repurchase agreement balances of \$65.6 million secured by IO securities, and \$41.4 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.

Portfolio Activity

(\$ in thousands)

	Structured Security Portfolio				
	Pass-Through Portfolio	Interest-Only Securities	Inverse Interest Only Securities	Sub-total	Total
Market value - September 30, 2017	\$ 3,784,642	\$ 90,551	\$ 55,147	\$ 145,698	\$ 3,930,340
Securities purchased	1,419,208	-	-	-	1,419,208
Securities sold	(1,428,767)	-	(15,858)	(15,858)	(1,444,625)
Losses on sales	(10,864)	-	(278)	(278)	(11,142)
Return of investment	n/a	(6,330)	(2,241)	(8,571)	(8,571)
Pay-downs	(108,019)	n/a	n/a	n/a	(108,019)
Premium lost due to pay-downs	(8,920)	n/a	n/a	n/a	(8,920)
Mark to market (losses) gains	(23,595)	2,697	(2,562)	135	(23,460)
Market value - December 31, 2017	\$ 3,623,685	\$ 86,918	\$ 34,208	\$ 121,126	\$ 3,744,811

Portfolio Characteristics, Credit Counterparties & Hedge Positions

Orchid Island Capital MBS Portfolio Characteristics as of December 31, 2017

MBS Valuation Characteristics

(in thousands of \$s)

Asset Category	Current Face	Fair Value	Current Price	Percentage of Portfolio	Weighted Average Coupon	Realized Dec 2017 CPR (Reported in Jan)
As of December 31, 2017						
Adjustable Rate MBS	\$ 1,660	\$ 1,754	105.67	0.05%	3.95%	0.0%
10-1 Hybrid Rate MBS	27,173	27,398	100.83	0.73%	2.59%	12.9%
Total Hybrid Adjustable Rate MBS	27,173	27,398	100.83	0.73%	2.59%	12.9%
15 Year Fixed Rate MBS	39,193	40,729	103.92	1.09%	3.50%	12.1%
20 Year Fixed Rate MBS	378,181	400,025	105.78	10.68%	4.00%	6.1%
30 Year Fixed Rate MBS	2,947,170	3,153,779	107.01	84.22%	4.29%	5.7%
Total Fixed Rate MBS	3,364,544	3,594,533	106.84	95.99%	4.25%	5.8%
Total Mortgage-backed Pass-through MBS	3,393,377	3,623,685	106.79	96.77%	4.24%	5.9%
Interest-Only Securities	701,740	86,918	12.39	2.32%	3.75%	13.7%
Inverse Interest-Only Securities	266,958	34,208	12.81	0.91%	4.02%	11.6%
Structured MBS	968,698	121,126	12.50	3.23%	3.82%	13.1%
Total Mortgage Assets	\$ 4,362,075	\$ 3,744,811		100.00%	4.23%	7.5%

(in thousands of \$s)

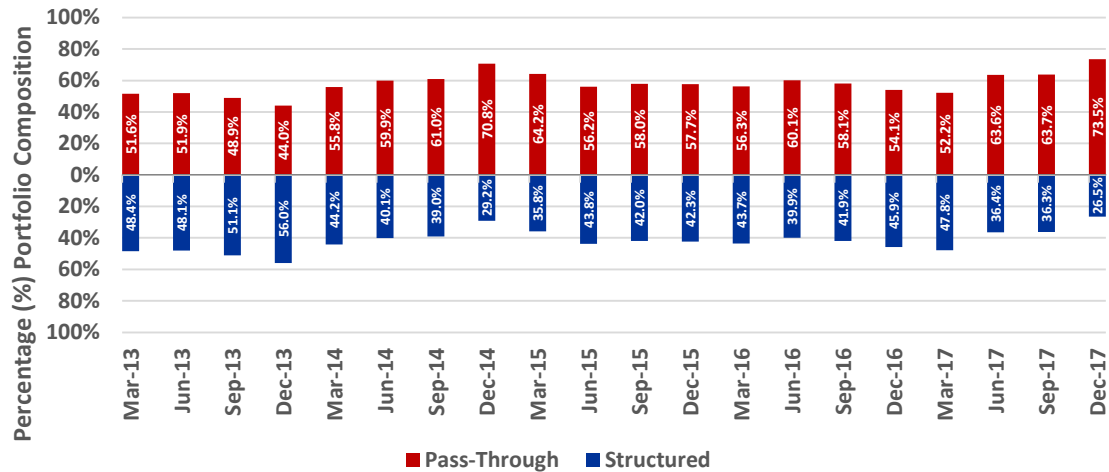
MBS Assets by Agency		
As of December 31, 2017	Fair Value	Percentage of Portfolio
Fannie Mae	\$ 2,242,213	59.9%
Freddie Mac	1,496,615	40.0%
Ginnie Mae	5,982	0.1%
Total Portfolio	\$ 3,744,811	100%

(in thousands of \$s)

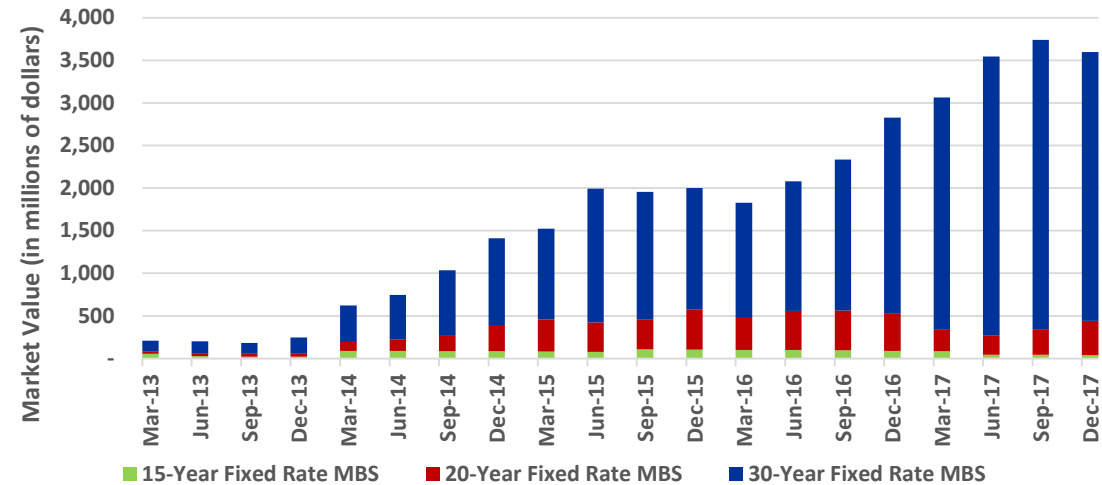
Investment Company Act of 1940 (Whole Pool) Test		
As of December 31, 2017	Fair Value	Percentage of Portfolio
Whole Pool Assets	\$ 3,054,748	81.6%
Non Whole Pool Assets	690,063	18.4%
Total Portfolio	\$ 3,744,811	100%

Orchid Island Capital Portfolio Characteristics

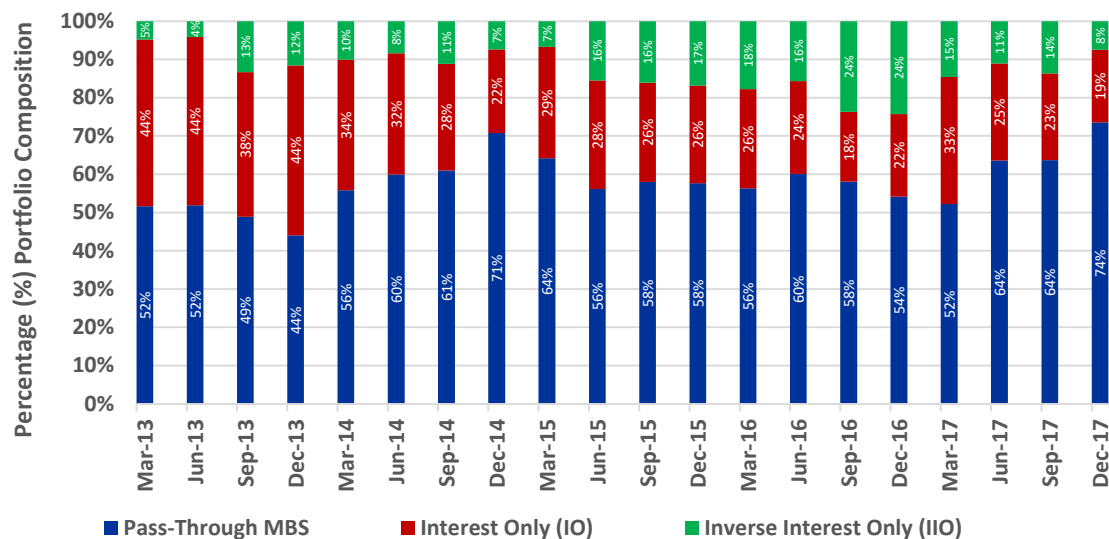
Orchid Portfolio Capital Allocation



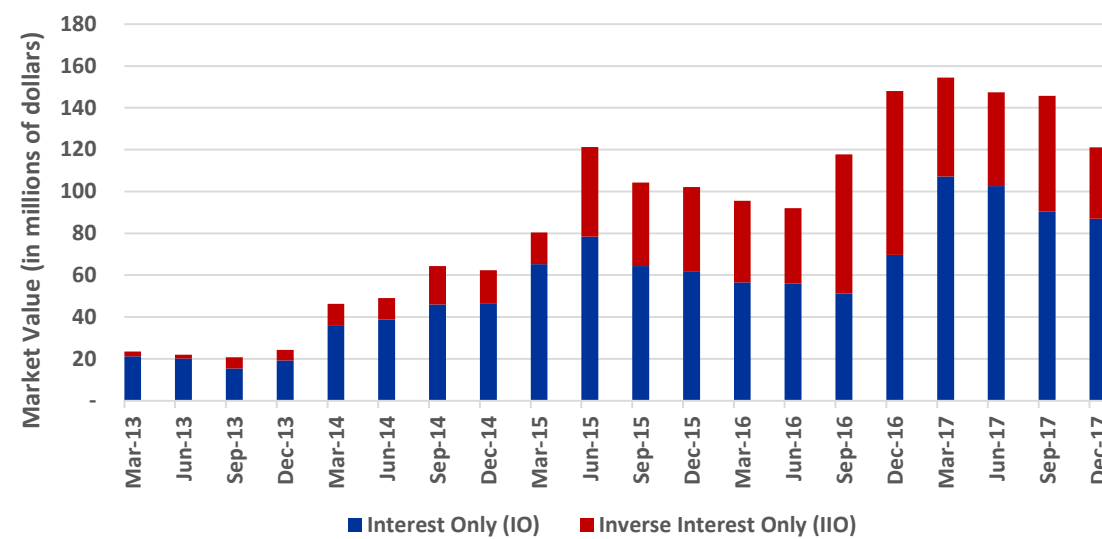
Orchid Fixed Rate MBS Market Value by Tenor



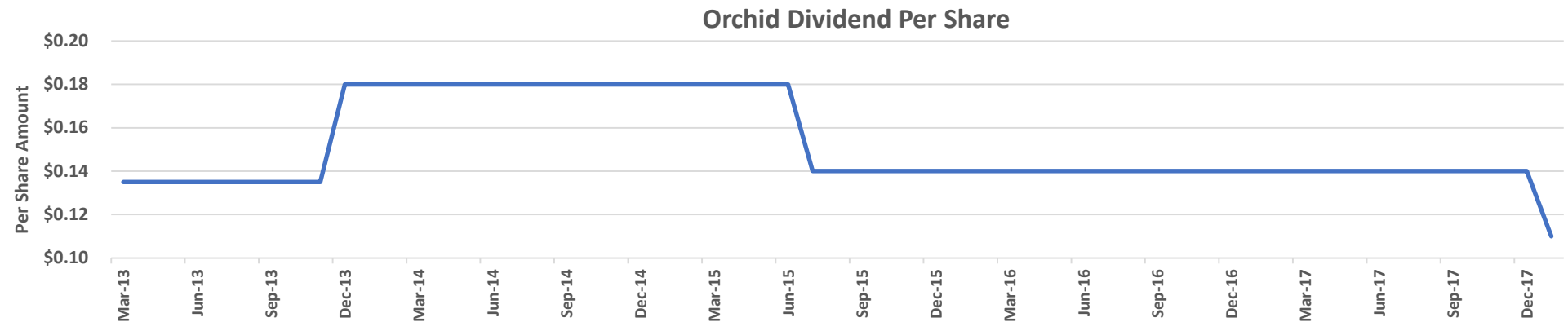
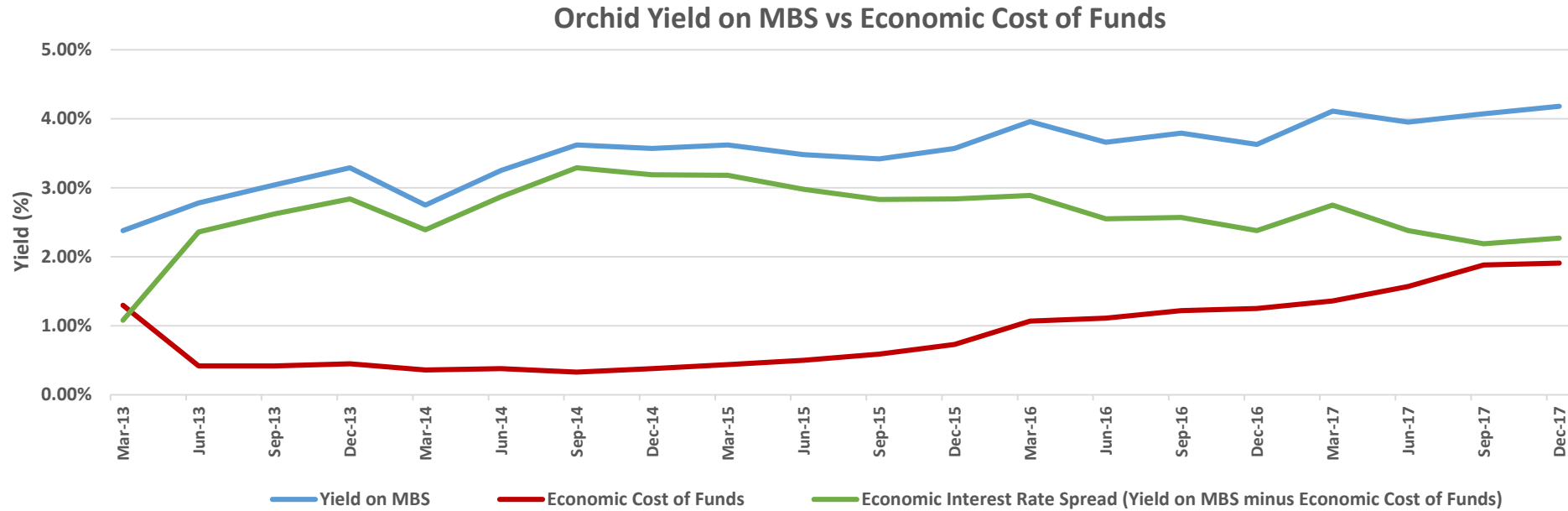
Orchid Capital Allocation



Orchid Market Value of Structured Securities (IO & IIO)



Orchid Economic Interest Rate Spread and Dividend History



Orchid Credit Counterparties and Leverage Ratio History

Orchid Island Capital Credit Counterparties

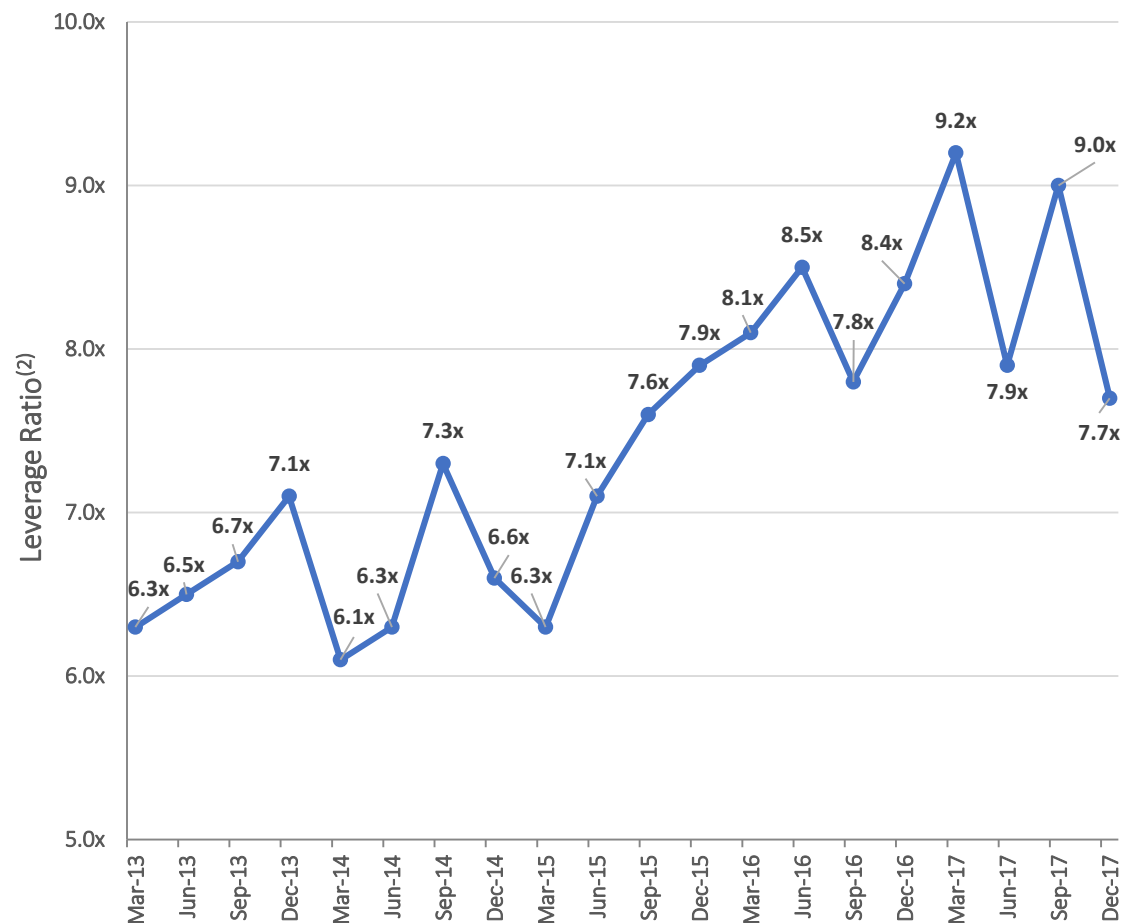
(\$ in thousands)

As of December 31, 2017

Counterparty	Total Outstanding Balances	% of Total	Weighted Average Borrowing Rate	Amount at Risk ⁽¹⁾	Weighted Average Maturity in Days
J.P. Morgan Securities LLC	\$ 603,492	17.00%	1.53%	\$ 39,549	138
Mirae Asset Securities (USA) Inc.	308,553	8.70%	1.50%	17,125	97
Wells Fargo Bank, N.A.	240,456	6.80%	1.60%	12,874	11
Citigroup Global Markets, Inc.	230,329	6.50%	1.51%	19,264	29
RBC Capital Markets, LLC	221,684	6.30%	1.38%	11,965	12
Guggenheim Securities, LLC	213,970	6.10%	1.51%	11,697	46
Cantor Fitzgerald & Co.	206,261	5.80%	1.54%	10,917	33
Mizuho Securities USA, Inc.	197,751	5.60%	1.56%	10,892	17
Mitsubishi UFJ Securities (USA), Inc.	187,974	5.30%	1.45%	9,803	17
ED&F Man Capital Markets Inc.	167,519	4.70%	1.47%	8,919	50
Goldman Sachs & Co.	156,862	4.40%	1.63%	8,694	54
ICBC Financial Services, LLC	154,136	4.40%	1.59%	10,119	31
Nomura Securities International, Inc.	140,555	4.00%	1.39%	7,803	16
Merrill Lynch, Pierce, Fenner & Smith Inc	105,347	3.00%	1.58%	3,557	9
Natixis, New York Branch	103,560	2.90%	1.79%	15,221	20
FHLB-Cincinnati	94,794	2.70%	1.80%	3,487	2
Daiwa Capital Markets America, Inc.	68,945	2.00%	1.58%	3,766	10
KGS-Alpha Capital Markets, L.P.	65,500	1.90%	1.59%	4,047	92
Lucid Cash Fund USG LLC	25,062	0.70%	1.62%	1,400	17
ING Financial Markets LLC	17,114	0.50%	1.47%	876	2
J.V.B Financial Group, LLC	12,915	0.40%	1.56%	692	72
South Street Securities, LLC	11,007	0.30%	1.53%	696	29
Total / Weighted Average	\$ 3,533,786	100.00%	1.54%	\$ 213,363	52

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

Orchid Island Capital Leverage Ratio History



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

Orchid Island Capital Hedge Positions

Eurodollar Futures Contracts

(\$ in thousands) As of 12/31/2017	Eurodollar Futures Contracts (Short Positions)	Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity ⁽¹⁾
2018					
	March	\$ 1,000,000	1.71%	1.76%	\$ 131
	June	1,250,000	1.82%	1.93%	330
	September	1,250,000	1.91%	2.04%	406
	December	1,350,000	1.98%	2.15%	551
2019					
	March	\$ 1,350,000	2.04%	2.21%	\$ 544
	June	1,350,000	2.07%	2.26%	639
	September	1,350,000	2.13%	2.30%	548
	December	1,350,000	2.21%	2.33%	421
2020					
	March	\$ 1,250,000	2.47%	2.34%	\$ (419)
	June	1,000,000	2.59%	2.35%	(605)
	September	1,000,000	2.65%	2.36%	(715)
	December	700,000	2.74%	2.39%	(621)
Total / WAVG		\$ 1,183,333	2.16%	2.20%	\$ 1,210

Treasury Note Futures Contracts

(Short Position)⁽²⁾

(\$ in thousands)	Contract	Contract Notional Amount	Weighted Average Entry Rate	Weighted Average Effective Rate	Open Equity ⁽¹⁾
	March 2018 10-year T-Note futures	\$ 140,000	2.23%	2.33%	\$ 755

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

(2) T-Note futures contracts were valued at a price of \$124.05 at December 31, 2017. The notional contract value of the short position was \$173.7 million.

TBA Positions

(\$ in thousands)		Notional Amount Long (Short) ⁽¹⁾	Cost Basis ⁽²⁾	Market Value ⁽³⁾	Net Carrying Value ⁽⁴⁾
As of December 31, 2017					
30-Year TBA securities:					
	3.00%	\$ (300,000)	\$ (299,371)	\$ (300,153)	\$ (782)
	4.00%	\$ (357,000)	\$ (373,403)	\$ (373,477)	\$ (74)
	4.50%	\$ 356,556	\$ 380,371	\$ 379,414	\$ (957)
		\$ (300,444)	\$ (292,403)	\$ (294,216)	\$ (1,813)
As of December 31, 2016					
30-Year TBA securities:					
	3.00%	\$ (100,000)	\$ (99,406)	\$ (99,344)	\$ 62
	4.00%	(100,000)	(103,898)	(105,078)	(1,180)
		\$ (200,000)	\$ (203,304)	\$ (204,422)	\$ (1,118)

Swap Agreements

(\$ in thousands)	Notional Amount	Average Fixed Pay Rate	Average Receive Rate	Net Estimated Fair Value	Average Maturity (Years)
As of December 31, 2017					
Expiration > 1 to ≤ 3 years	\$ 650,000	1.09%	1.41%	\$ 11,828	2.1
Expiration > 3 to ≤ 5 years	360,000	2.05%	1.53%	1,702	4.3
	\$ 1,010,000	1.43%	1.45%	\$ 13,530	2.8
As of December 31, 2016					
Expiration > 3 to ≤ 5 years	\$ 700,000	1.20%	0.91%	\$ 9,500	3.4

Swaption Agreement

(\$ in thousands)	Option			Underlying Swap				
	Expiration	Cost	Fair Value	Weighted Average Months to Expiration	Notional Amount	Fixed Pay Rate	Receive Rate (LIBOR)	Weighted Average Term (Years)
	≤ 1 year	\$ 2,367	\$ 3,405	8	\$ 200,000	2.16%	3 Month	6.00

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

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

(5) Market value represents the current market value of the TBA securities (or of the underlying Agency MBS) as of period-end.

(6) Net carrying value represents the difference between the market value and the cost basis of the TBA securities as of period-end and is reported in derivative assets (liabilities), at fair value in our consolidated balance sheets.

Appendix

Orchid Island Capital Earnings per Share Support Data

Quarter	Net Income (GAAP)	Realized and Unrealized Gains and Losses	Net Earnings Less Realized and Unrealized Gains and Losses	Weighted Average Shares Outstanding	Net Income Per Share	Realized and Unrealized Gains and Losses Per Share	Net Earnings Less Realized and Unrealized Gains and Losses Per Share
2013 - Q1	\$ 400,000	\$ (413,000)	\$ 812,000	2,004,332	\$ 0.20	\$ (0.21)	\$ 0.41
2013 - Q2	\$ (1,546,000)	\$ (3,201,000)	\$ 1,655,000	3,341,665	\$ (0.46)	\$ (0.96)	\$ 0.50
2013 - Q3	\$ (997,000)	\$ (2,853,000)	\$ 1,855,000	3,341,665	\$ (0.30)	\$ (0.85)	\$ 0.56
2013 - Q4	\$ 1,445,000	\$ (635,000)	\$ 2,079,000	3,341,665	\$ 0.43	\$ (0.19)	\$ 0.62
2014 - Q1	\$ 3,595,000	\$ 758,000	\$ 2,836,000	5,093,554	\$ 0.71	\$ 0.15	\$ 0.56
2014 - Q2	\$ 10,635,000	\$ 5,836,000	\$ 4,798,000	9,078,107	\$ 1.17	\$ 0.64	\$ 0.53
2014 - Q3	\$ 6,768,000	\$ (306,000)	\$ 7,074,000	10,710,153	\$ 0.63	\$ (0.03)	\$ 0.66
2014 - Q4	\$ 3,521,000	\$ (6,055,000)	\$ 9,576,000	14,565,000	\$ 0.24	\$ (0.42)	\$ 0.66
2015 - Q1	\$ 5,509,000	\$ (6,063,000)	\$ 11,572,000	16,846,950	\$ 0.33	\$ (0.36)	\$ 0.69
2015 - Q2	\$ (2,832,000)	\$ (16,017,000)	\$ 13,185,000	19,751,871	\$ (0.14)	\$ (0.81)	\$ 0.67
2015 - Q3	\$ (9,417,000)	\$ (23,682,000)	\$ 14,265,000	22,545,019	\$ (0.42)	\$ (1.05)	\$ 0.63
2015 - Q4	\$ 7,810,000	\$ (6,813,000)	\$ 14,622,000	21,771,000	\$ 0.36	\$ (0.31)	\$ 0.67
2016 - Q1	\$ (4,591,000)	\$ (19,561,000)	\$ 14,970,000	21,756,065	\$ (0.21)	\$ (0.90)	\$ 0.69
2016 - Q2	\$ 6,463,000	\$ (7,319,000)	\$ 13,782,000	21,920,573	\$ 0.29	\$ (0.33)	\$ 0.63
2016 - Q3	\$ 20,526,000	\$ 4,418,000	\$ 16,108,000	24,133,343	\$ 0.85	\$ 0.18	\$ 0.67
2016 - Q4	\$ (20,419,000)	\$ (38,005,000)	\$ 17,586,000	28,494,000	\$ (0.72)	\$ (1.33)	\$ 0.62
2017 - Q1	\$ 2,449,000	\$ (20,727,000)	\$ 23,176,000	33,069,064	\$ 0.07	\$ (0.63)	\$ 0.70
2017 - Q2	\$ (9,643,000)	\$ (32,597,000)	\$ 22,954,000	37,211,362	\$ (0.26)	\$ (0.88)	\$ 0.62
2017 - Q3	\$ 15,183,000	\$ (8,254,000)	\$ 23,437,000	45,355,124	\$ 0.33	\$ (0.18)	\$ 0.52
2017 - Q4	\$ (5,982,000)	\$ (29,540,000)	\$ 23,558,000	48,310,191	\$ (0.12)	\$ (0.61)	\$ 0.49

Orchid Island Capital Book Value and Share Price

