

Investor Presentation - June 2013

Disclaimers

FORWARD-LOOKING INFORMATION

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

Forward-looking statements are only predictions and are not guarantees of performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. These assumptions could prove inaccurate. Forward-looking statements also involve known and unknown risks and uncertainties, which could cause actual results that differ materially from those contained in any forward-looking statement. Many of these factors are beyond our ability to control or predict.

All forward-looking statements speak only as of the date of this presentation. Except as required by applicable law, we are under no obligation to publicly update or revise any forward-looking statements, whether as a result of any new information, future events or otherwise. Potential investors should not place undue reliance on our forward-looking statements. Before you invest in our common stock, you should be aware that the occurrence of the events described in "Risk Factors" section and elsewhere in the Registration Statement on Form S-11 relating to this offering could harm our business, financial condition and results of operations and our ability to pay distributions to our stockholders.

Investment Highlights

Track Record of Performance

- Annualized return on invested capital at Bimini of 22.4% from September 2008 to December 2012
- 149% cumulative return on invested capital based on 18 quarters of operation
- Demonstrated consistent returns through Agencyonly strategy with minimal credit risk

Negatively Correlated Assets

- Values of many structured securities move inversely to pass-through investments
- Results in attractive dividend yields with added book value stability
- Structured securities are fully unencumbered assets

Not A Traditional REIT Model

- Orchid strategy mitigates the challenges inherent in the traditional REIT model
- Profile protects against maturity, counterparty and price risk



Experienced Management Team

- Orchid's leadership team has an average of 9 years experience running a public REIT
- Combined 33 years of experience managing mortgage assets and 58 years industry experience
- Successfully navigated a public REIT through the financial crisis

Opportunistic Market Fundamentals

- Historically steep yield curve combined with low prepayment rates provide attractive Agency RMBS returns
- Smaller size allows Orchid greater flexibility than larger peers to make selective investments in Agency RMBS

Overview of Orchid Island

Target Assets

Agency pass-though securities and structured Agency RMBS

Management

- Robert E. Cauley, CEO
- G. Hunter Haas, CIO

Externally Managed

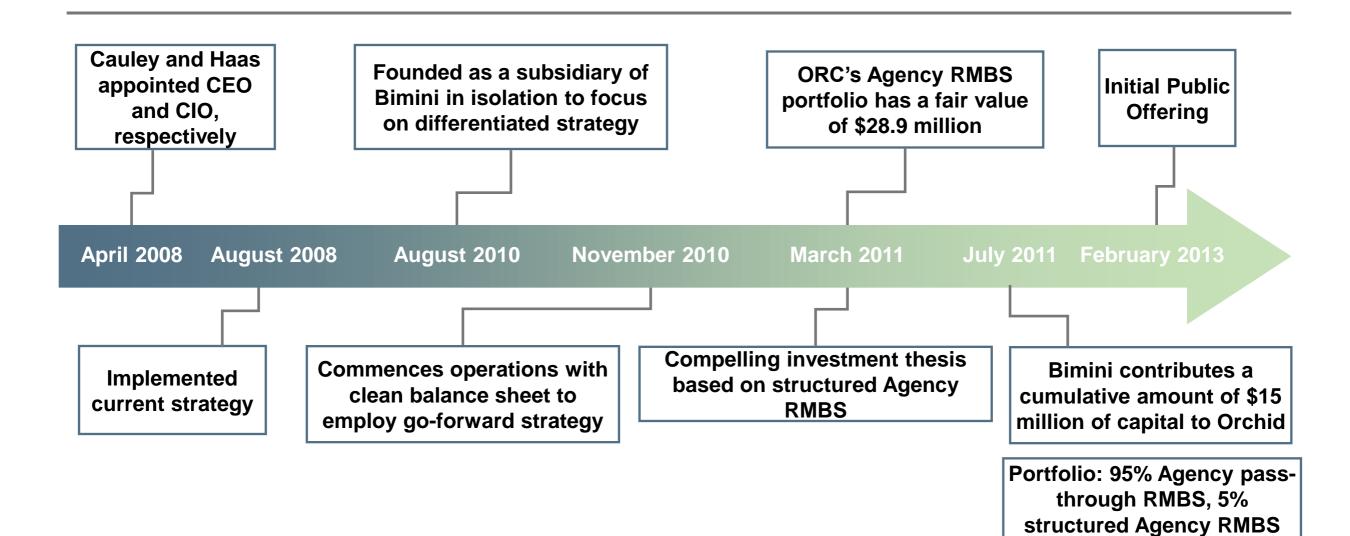
 Manager is a wholly owned subsidiary of Bimini

Management Fee

- 1.50% of equity, scaling down
- No incentive fees

Dividend Policy

 Monthly Dividends to paid out of taxable
 REIT income.



Experienced Management

Robert E. Cauley

Chief Executive Officer, President and Chairman of the Board

Co-Founded Bimini 21 years of industry experience

- Position at Orchid: Chairman,
 President and CEO since August
 2010
- 2008 Present: CEO and Chairman of the Board of Bimini
- 2003 2008: Vice-Chairman, CFO and CIO of Bimini
- 1996 2003: Vice-President and portfolio manager; Federated Investors
- 1994 1996: ABS/MBS structuring desk; Lehman Brothers
- 1992 1994: Credit Analyst; Barclays
 Bank, PLC

G. Hunter Haas, IV

Chief Financial Officer, Secretary, Chief Investment Officer and Director

12 years of industry experience

- Position at Orchid: CFO and CIO and Secretary since August 2010
- 2008 Present: President, Chief
 Investment Officer and Chief Financial
 Officer of Bimini
- 2004 2008: Senior Vice-President and head of Mortgage Research of Bimini
- 2002 2004: Vice President, Servicing Asset Risk Management; National City
- 2001 2002: Assistant Vice President,
 Capital Markets Finance Group;
 HomeSide Lending

Jerry Sintes

Vice President, Controller and Treasurer

25 years of industry accounting and audit experience

- Position at Orchid: Vice President and Treasurer since August 2010
- 2007 Present: Vice President and Controller of Bimini
- 2006 2007: Vice President and Assistant Controller: Riverside National Bank
- 2003 2005: Chief Financial Officer: Guaranty Savings Homestead Association and GS Financial Corp
- 1992 2003: Audit manager; Bain, Freibaum, Sagona & Co., LLP
- 1988 1992 Audit Senior; Whitney National Bank
- Certified Public Accountant, Member AICPA

Independent Directors

John B. Van Heuvelen

Position at Orchid: Director; audit committee chair and financial expert, member compensation committee.

Board Memberships:

2009 – Present: Hallador Energy Company (Nasdaq: HNRG): audit committee chair.

2002 – Present: MasTec, Inc (NYSE: MTZ): Currently the lead outside director and member audit committee and past chairman of the audit committee and financial expert from 2004-2009.

2005 – 2007: LifeVantage, Inc. (OTC: LFVN)

Experience:

President of Morgan Stanley
Dean Witter Trust Company from
1993 - 1999

W. Coleman Bitting

<u>Position at Orchid:</u> Independent director, compensation committee chair and member of nominating and governance committee.

Experience:

23 Years Industry Experience

2007 - Present: Maintains a private consulting practice focused on REITs

<u>2000 - 2007:</u> Founding Partner and Head of Corporate Finance; Flagstone Securities

Prior to Flagstone: Senior equity research position; Stifel, Nicolaus & Co. Inc. and Kidder, Peabody & Co., Inc.

Frank P. Filipps

<u>Position at Orchid:</u> Independent Director, member of audit, compensation, and nominating and governance committees.

Board Memberships:

1995 – Present: Impac Mortgage Holdings, Inc. (Amex: IMH): chair of audit committee

2002 – Present Primus Guaranty, Ltd (NYSE: PRS): chair of compensation committee from 2002-2006 and chair of the nominating and governance committee from 2007 – 2011.

2010 – Present: Fortegra Financial Corp. (NYSE: FRF) chairman of the nominating and governance committee from 2010 – 2011, member of audit committee since 2010 and chair of the compensation committee since 2012.

Experience:

2005 – 2008 Chairm and CEO of Clayton Holdings (Nasdaq: Clay):

1992 – 2005 Chairman and CEO Radian Group, Inc.

1975 – 1992 Various executive positions at AIG including founder, president and CEO of AIG Capital Corp.

Ava L. Parker

Position at Orchid: Independent Director, nominating and governance committee chair, and member of audit committee.

Board Memberships:

2006 - Present: Jacksonville Transportation Authority Board; Past chairman

2010 – 2012: Immediate Prior Chairman of the State of Florida Board of Governors of the State University System; Reappointed by Governor Rick Scott in Jan 2012

Experience:

Lawrence & Parker PA: Partner
Linking Solutions, Inc.: President

Challenges of the Traditional Model

The traditional REIT investment model: Repo-funded pass-through securities

Price Risk

- Holders of premium priced Agency RMBS are vulnerable to losses if prepayments rise unexpectedly
- Limited further price appreciation with premium Agency RMBS, but risk of accelerated price declines remain as rates rise

Reinvestment Risk

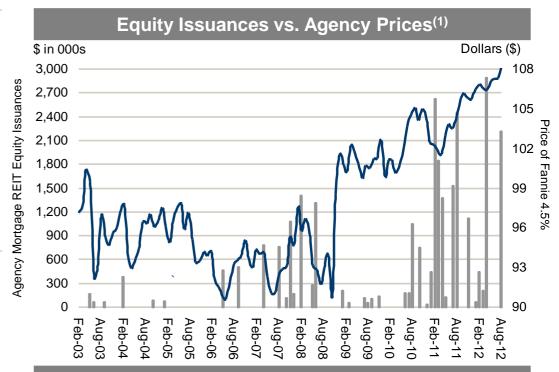
- Agency RMBS prepay faster in low rate environments
 - But capital has to be deployed in a less attractive investment environment due to higher RMBS prices

Maturity Risk

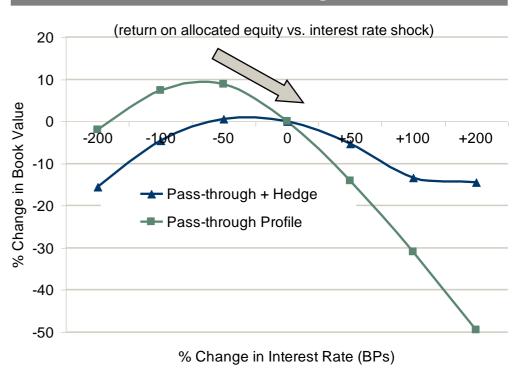
- Short term repo funding comes due before the assets pay off creating funding risk
- Traditional REIT model assumes the ability to continuously roll-over maturing liabilities

Counterparty Risk

- Deteriorating counterparty financial condition can result in funding instability
 - Risk that all funding counterparties pull back simultaneously



Traditional Pass-Through Profile



(1) Source: Bloomberg

Orchid Approach

Issue Traditional REITs buy a narrow catalogue of low-duration MBS Orchid expands the investment focus to include IO and IIO Agency RMBS

 Augments traditional passthrough investing which is based on characteristics of the underlying collateral

 Greater flexibility to hedge performance and invest in cheaper assets

2 Embedded Leverage

- Traditional REITs finance long-term assets with short term debt
- Unfunded structured securities have comparable returns to repo-funded MBS portfolios
- Investing in securities with embedded leverage reduces hedging costs and counterparty risk

 Unencumbered assets and cash represent ~15% of the illustrative asset portfolio

- 3 Protect Book Value
- Traditional REITs imperfectly hedge MBS with swaps
- Many structured securities have negative duration and positive yields
- Gains in the value of the structured securities portfolio offset losses in the pass-through portfolio as rates rise
- Greater expected book value stability to complement attractive returns

Result

Our Approach

Our Approach to Risk Management

Asset Selection

 Structured Agency RMBS can provide more attractive returns than pass-throughs in low rate environments

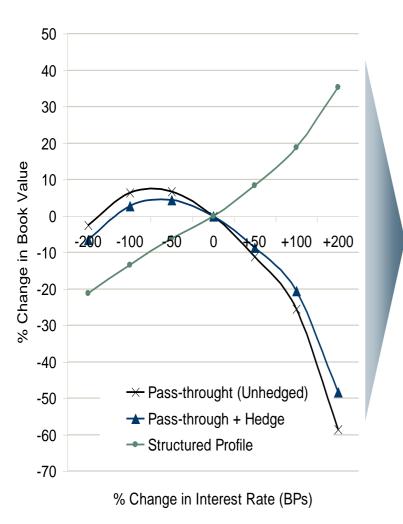
Book Value Stability

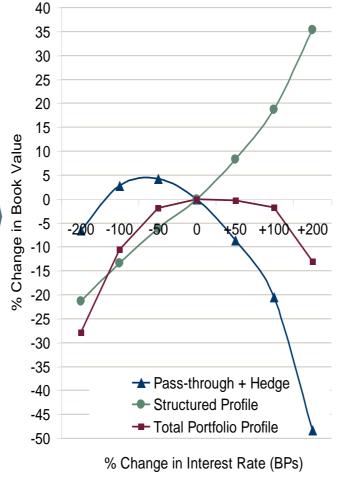
 Agency pass-though securities combined with structured Agency RMBS can protect book value

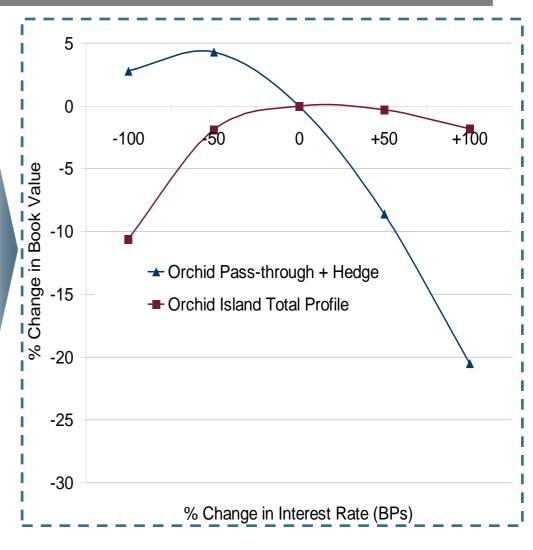
Embedded Leverage

 Strategy does not require ongoing fixed swap payments, yet has a comparable return profile to hedged Agency pass-throughs

Evolution of the Total Portfolio Profile







Specified Pools – Risks & Rewards

Fannie Mae 30yr Fixed Rate MBS	<u>3.50%</u>	4.00%
Low Loan Balance Pools	(2012 Prod)	(2011 Prod)
<u>"Reward"</u>		
Q1 Prepayment Speeds (1) Amortization Period relative to Generic Yield of LLB Pool - May 8, 2013 Price Yield of Generic Pool - May 8, 2013 Price	22% 4.5x 2.72% 2.07%	28% 3.6x 2.47% 1.42%
<u>"Risk"</u>		
"TBA" Price* May 8, 2013 June 5, 2013 Price Decline LLB Premium - May 8, 2013 (2)	106.203 103.172 -3.031 1.306	106.766 104.984 -1.782 4.000
LLB Premium - June 5, 2013 All in Price May 8, 2013 June 5, 2013	0.647 107.509 103.819	2.344 110.766 <u>107.328</u>
Price Decline	-3.690	-3.438

^{*} Source: Bloomberg

⁽¹⁾ As a percentage of generic for the first quarter of 2013 (Source: Banc of Manhattan Capital)

⁽²⁾ Source - BAML