# Orchid Island Capital, Inc. (ORC)

*Updated October 26th, 2026, by Kody Kester*

## Key Metrics

| | | | | | |
|---|---|---|---|---|---|
| **Current Price:** | $5.05 | **5 Year CAGR Estimate:** | 11.6% | **Market Cap:** | $991M |
| **Fair Value Price:** | $5.20 | **5 Year Growth Estimate:** | -5.0% | **Ex-Dividend Date:** | 10/30/26 |
| **% Fair Value:** | 97% | **5 Year Valuation Multiple Estimate:** | 0.6% | **Dividend Payment Date:** | 11/27/26 |
| **Dividend Yield:** | 23.8% | **5 Year Price Target** | $4.00 | **Years Of Dividend Growth:** | 0 |
| **Dividend Risk Score:** | F | **Sector:** | Real Estate | **Rating:** | Sell |

## Overview & Current Events

Orchid Island Capital, Inc. (ORC) is a Real Estate Investment Trust (REIT) operating in the mortgage industry, externally managed by Bimini Advisors LLC. Unlike traditional REITs that own physical real estate, it is a purely financial entity that invests in residential mortgage-backed securities (RMBS), either pass-through or structured agency RMBSs, which are financial instruments that collect cash flow based on residential mortgage loans. ORC's portfolio is entirely composed of Agency RMBS backed by single-family residential mortgage loans, and it generates income through the spread between borrowing costs on short-term repurchase agreements and the yield earned on its mortgage-backed securities portfolio. As of Sept. 30, 2026, the company's RMBS portfolio had a fair value of nearly $10.7 billion.

On Oct. 23, 2026, ORC shared its financial results for the third quarter ended Sept. 30, 2026. The company reported $0.90 in net losses per share (down from $0.53 in net income per share in Q3 2025). Adjusting for mark-to-market valuation losses on Agency RMBS, net interest income was $0.30 per share (up from $0.20 in Q3 2025). This was driven by the core operating performance of the Agency RMBS portfolio, which benefited from higher yields despite market volatility. The average portfolio yield rose by 26 basis points to 5.91%, which also pushed the average economic interest rate spread up by eight basis points over the year-ago period to 2.48% in Q3 2026. On Oct. 14, ORC announced its next monthly dividend per share of $0.10, which is payable on Nov. 27 to shareholders of record as of Oct. 30.

## Growth on a Per-Share Basis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EPS** | $0.40 | $0.25 | ($4.25) | $2.15 | $0.16 | ($2.67) | ($6.90) | ($0.89) | $0.57 | $1.24 | ***$1.04*** | ***$0.80*** |
| **DPS** | $8.40 | $8.40 | $5.35 | $4.80 | $3.95 | $3.90 | $3.32 | $1.80 | $1.44 | $1.44 | ***$1.20*** | ***$0.79*** |
| **Shares**[1] | 6.6 | 10.6 | 9.8 | 12.6 | 15.2 | 35.4 | 36.8 | 51.6 | 82.6 | 182.0 | ***194.7*** | ***380.0*** |

Over the past decade, ORC has experienced extreme earnings volatility, with almost as many years of net losses as years in the positive. Moving forward, we think that net interest income per share will contract by 5% annually through 2031, off an anticipated 2026 base of $1.04. This is mostly due to the aggressive issuance of dilutive common equity (we expect the share count to at least double over the next five years, though ORC did repurchase almost 5 million shares in Q3 2026). In the last few years alone, ORC's share count has nearly quadrupled. At the very least, this makes any per-share growth of any kind mathematically improbable. More likely, this will lead to very inconsistent and likely shrinking earnings power.

[1] Share count is in millions.

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## Valuation Analysis

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | Now | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Avg. P/E** | 135.5 | 182.0 | - | 13.4 | 4.4 | - | - | - | 13.9 | 10.8 | ***4.9*** | ***5.0*** |
| **Avg. Yld.** | 15.5% | 18.1% | 16.6% | 16.5% | 15.1% | 17.3% | 31.6% | 21.4% | 18.2% | 19.5% | ***23.8%*** | ***19.7%*** |

Given that ORC's earnings have been highly volatile over the years, it shouldn't be a surprise that its valuation multiple has been as well. In the years when it generated positive earnings, the P/E ratio ranged from as low as 4 to as high as more than 180. Considering the extreme share dilution and poor earnings consistency, we think that a fair value P/E ratio of 5 represents perhaps even the ceiling for ORC in the years ahead. Relative to the current-year P/E ratio of 4.9, this implies shares are fully valued.

Some investors may be enticed by the extremely high dividend yield for the stock, which drives the investment thesis. However, we offer two cautionary notes. First, the dividend has already been cut multiple times since 2016. Second, and just as important, is that despite an exceptionally high starting yield, total returns can be dampened significantly by the erosion in the share price as time passes.

## Safety, Quality, Competitive Advantage, & Recession Resiliency

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2031 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Payout** | 2,100% | 3,360% | - | 223% | 2,469% | - | - | - | 253% | 116% | ***115%*** | ***98%*** |

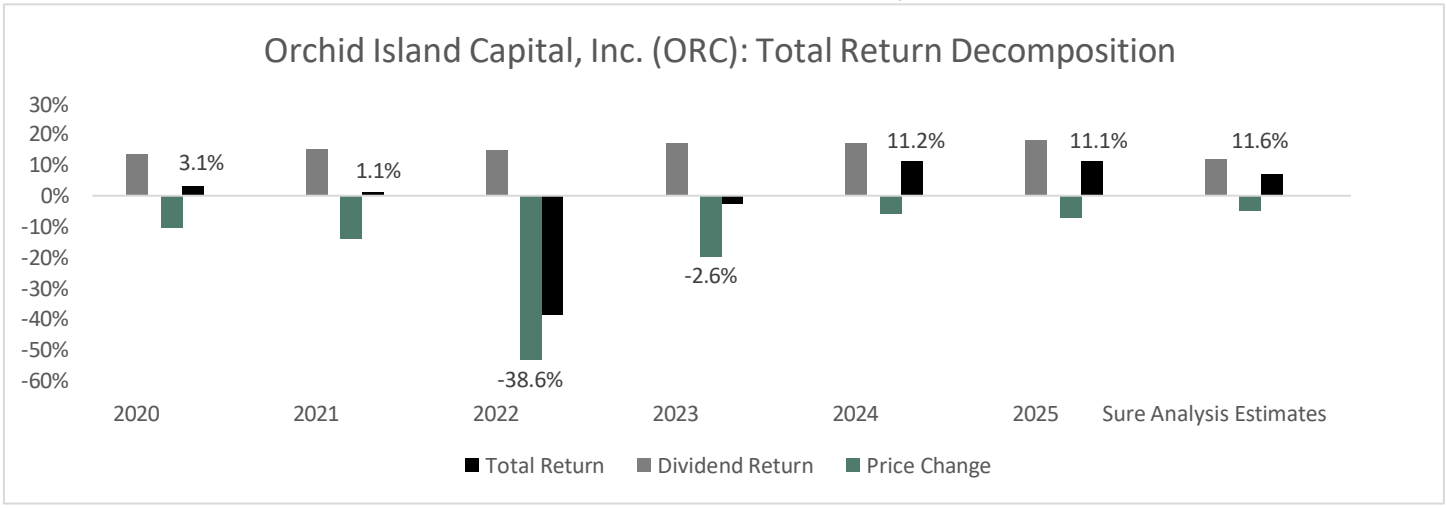
Mortgage REITs come with interest rate risks and credit risks. Additionally, mortgage REITs don't have any competitive advantages. Because they don't provide differentiated products/services, brand power and manufacturing efficiencies don't apply.

Of course, mortgage REITs are also highly leveraged. And even after the recent cut, the dividend payout ratio for 2026 could be around 115%. On top of suboptimal earnings quality, that's why we expect dividend cuts to continue in the years ahead.

## Final Thoughts & Recommendation

ORC's 23.8% dividend yield, 5.0% annual EPS contraction potential, and 0.6% annual valuation multiple upside could deliver 11.6% annual total returns through 2031. However, it's worth noting that the mortgage REIT chronically underperforms expectations. This is why we could even see total returns being nonexistent over the medium term (before even considering inflation). In closing, that's why we're reiterating our Sell rating.

## Total Return Breakdown by Year




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## Income Statement Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 90 | 138 | 124 | 131 | 91 | 129 | 11 | 155 | 237 | 408 |
| Gross Profit | 85 | 131 | 116 | 125 | 85 | 120 | (4) | 144 | 227 | 394 |
| Gross Margin | 94.6% | 94.9% | 93.7% | 95.0% | 93.0% | 92.5% | -32.9% | 92.8% | 95.7% | 96.6% |
| Op. Profit | 2 | 2 | 26 | 24 | 27 | (58) | (197) | 163 | 274 | 465 |
| Op. Margin | 2.2% | 1.5% | 20.9% | 18.5% | 29.9% | -44.7% | -1798% | 105.0% | 115.6% | 114.0% |
| Net Profit | 2 | 2 | (44) | 24 | 2 | (65) | (258) | (39) | 38 | 159 |
| Net Margin | 2.2% | 1.5% | -35.7% | 18.5% | 2.3% | -50.1% | -2362.9% | -25.3% | 15.9% | 39.0% |
| Free Cash Flow | 47 | 85 | 94 | 48 | 55 | 96 | 289 | 8 | 67 | 120 |

## Balance Sheet Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Total Assets | 3,139 | 4,023 | 3,396 | 3,882 | 4,058 | 7,069 | 3,866 | 4,265 | 5,722 | 11,676 |
| Cash & Equivalents | 94 | 247 | 126 | 279 | 300 | 450 | 237 | 349 | 436 | 860 |
| Total Liabilities | 2,806 | 3,561 | 3,060 | 3,487 | 3,643 | 6,301 | 3,427 | 3,795 | 5,053 | 10,304 |
| Long-Term Debt | 333 | 462 | 336 | 396 | 415 | 768 | 439 | 470 | 669 | 1,372 |
| Shareholder's Equity | 8.40 | 7.65 | 9.00 | 8.72 | 8.66 | 8.13 | 7.70 | 7.89 | 7.52 | 7.47 |

## Profitability & Per Share Metrics

| Year | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|
| Return on Assets | 0.1% | 0.1% | -1.2% | 0.7% | 0.1% | -1.2% | -4.7% | -1.0% | 0.8% | 1.8% |
| Return on Equity | 0.7% | 0.5% | -11.1% | 6.6% | 0.5% | -10.9% | -42.8% | -8.6% | 6.6% | 15.6% |
| ROIC | 0.1% | 0.1% | -1.2% | 0.7% | 0.1% | -1.2% | -4.8% | -1.0% | 0.8% | 1.8% |
| Shares Out. | 6.6 | 10.6 | 9.7 | 13.0 | 17.0 | 35.4 | 39.1 | 51.3 | 93.3 | 190 |
| Revenue/Share | 18.72 | 16.83 | 11.91 | 11.67 | 6.77 | 5.33 | 0.29 | 3.47 | 3.62 | 3.18 |
| FCF/Share | 9.76 | 10.35 | 9.00 | 4.28 | 4.12 | 3.98 | 7.72 | 0.18 | 1.02 | 0.94 |

*Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.*


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