

ORCHID ISLAND CAPITAL, INC.
COMPENSATION COMMITTEE CHARTER

The following shall constitute the Charter (the “Charter”) of the Compensation Committee (the “Compensation Committee”) of the Board of Directors (the “Board”) of Orchid Island Capital, Inc. (the “Company”).

I. ORGANIZATION

There shall be constituted a standing committee of the Board to be known as the Compensation Committee.

II. COMPOSITION AND SELECTION

The Compensation Committee shall be comprised of three or more directors. The members of the Compensation Committee shall meet the independence standards of the NYSE MKT as then in effect. In addition, each member of the Compensation Committee shall satisfy the requirements of an “outside director” for purposes of Section 162(m) of the Internal Revenue Code of 1986, as amended, and it is intended that each member of the Compensation Committee satisfy the requirements of a “non-employee director” for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”).

The members of the Compensation Committee shall be appointed by the Board annually on the recommendation of the Nominating and Corporate Governance Committee of the Board and may be removed only by the majority of independent directors of the full Board. The members of the Compensation Committee shall serve until their successors are duly elected and qualified. The Board shall designate the Compensation Committee Chairman on the recommendation of the Nominating and Corporate Governance Committee of the Board.

The duties and responsibilities of Compensation Committee members contained herein shall be in addition to those duties otherwise required for members of the Board.

III. STATEMENT OF PURPOSE

The Compensation Committee is appointed by the Board to assist the Board in discharging its responsibilities relating to compensation of the Company’s directors and administration of the Company’s director and executive officer plans, policies and programs, including but not limited to the 2012 Equity Incentive Plan (the “Plan”). The Compensation Committee has overall responsibility for evaluating and recommending changes to the director and executive officer compensation plans, policies and programs of the Company and approving and recommending to the Board for its approval awards under the Plan and amendments to the Plan.

The Compensation Committee is also responsible for (i) reviewing and discussing with the Company’s management the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement for the annual meeting of stockholders and recommending to the Board whether the CD&A should be included in such proxy statement and (ii) providing the Compensation Committee Report that complies with the federal securities laws

and regulations for inclusion in the Company's proxy statement for the annual meeting of stockholders.

IV. COMMITTEE AUTHORITY AND RESPONSIBILITIES

The Compensation Committee shall have full access to any relevant records of the Company. Furthermore, as it relates to compensation consultants, legal counsel or other advisers (any such party, an "Adviser"), the Compensation Committee shall have, to the extent it deems necessary or appropriate, (i) the sole authority to retain or obtain the advice of an Adviser, (ii) the direct responsibility for the appointment, compensation and oversight of the work of any Adviser so retained and (iii) the authority to determine, and to receive from the Company, the appropriate compensation to be paid to any Adviser.

Prior to appointing or receiving the advice of any Adviser, the Compensation Committee must consider the Adviser's independence from the Company's, taking into consideration the following factors, as well as any other factors that implicate an Adviser's independence:

1. The provision of other services to the Company by the person that employs Adviser;
2. The amount of fees received from the Company by the person that employs the Adviser, as a percentage of the total revenue of the person that employs the Adviser;
3. The policies and procedures of the person that employs the Adviser that are designed to prevent conflicts of interest;
4. Any business or personal relationship of the Adviser with a member of the Compensation Committee;
5. Any stock of the Company owned by the Adviser; and
6. Any business or personal relationship of the Adviser or any member of the Compensation Committee appointing the Adviser with an executive officer of the Company.

The Compensation Committee need not take into consideration the above factors before consulting with or obtaining advice from in-house legal counsel to the Company, if any.

In addition to those set forth in this Charter, the Compensation Committee will perform such other functions as assigned by law, the Board, the NYSE MKT, or other exchange or quotation and trading system on which the Company's securities are then listed or the Company's Articles of Amendment and Restatement, as may be amended from time to time, or Bylaws. The Compensation Committee may form and delegate authority to subcommittees comprised entirely of independent directors or its chair when appropriate. Among its specific duties and responsibilities, the Compensation Committee shall:

1. Review the Company's overall director compensation structure, policies and programs;

2. Make recommendations to the Board with respect to the Plan and any other incentive-compensation plans and equity-based plans the Company's existing incentive compensation plans and the Plan;

3. Annually review the compensation of directors for service on the Board and its committees and recommend changes in compensation to the Board;

4. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval, and annually review the Compensation Committee's performance based upon, among other things, an assessment of the Compensation Committee's fulfillment of its obligations pursuant to this Charter. The Compensation Committee's findings shall be reported to the Board, and such review shall seek to identify specific areas, if any, in need of improvement or strengthening; and

5. Be responsible for (a) reviewing and discussing with the Company's management the Compensation Discussion and Analysis (the "CD&A") required to be included in the Company's proxy statement for the annual meeting of stockholders and recommending to the Board whether the CD&A should be included in such proxy statement and (b) providing the Compensation Committee Report that complies with the federal securities laws and regulations and the listing requirements and rules of the NYSE MKT for inclusion in the Company's proxy statement for the annual meeting of stockholders.

V. MEETINGS

The Compensation Committee shall meet at least twice a year and as often as may be deemed necessary or appropriate in its judgment and report its findings to the Board. The chair or a majority of the members of the Compensation Committee may call meetings of the Compensation Committee. Except in extraordinary circumstances as determined by the Compensation Committee chairperson, notice shall be delivered to all Compensation Committee members at least forty-eight (48) hours in advance of the meeting date.

VI. CONSISTENCY WITH COMPANY'S ARTICLES OF AMENDMENT AND RESTATEMENT

To the extent that any provision or section of this Charter may be inconsistent with any article, provision or section of the Articles of Amendment and Restatement of the Company or the Bylaws of the Company, the Articles of Amendment and Restatement of the Company or the Bylaws of the Company, as appropriate, shall fully control.