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Invesco Mortgage Capital Inc.
2016 Fourth Quarter Earnings Call
February 22, 2017

Richard King
President & Chief Executive Officer

Rob Kuster
Chief Operating Officer

John Anzalone
Chief Investment Officer

Lee Phegley
Chief Financial Officer

IVR
Invesco Mortgage Capital Inc.

Cautionary Notice Regarding Forward-Looking Statements

This presentation and comments made in the associated conference call, may include statements and information that constitute "forward-looking statements" within the meaning of the U.S. securities laws as defined in the Private Securities Litigation Reform Act of 1995, and such statements are intended to be covered by the safe harbor provided by the same. Forward-looking statements include our views on the risk positioning of our portfolio, domestic and global market conditions (including the residential and commercial real estate market), the market for our target assets, mortgage reform programs, our financial performance, including our core earnings, economic return, comprehensive income and changes in our book value, our ability to continue performance trends, the stability of portfolio yields, interest rates, credit spreads, prepayment trends, financing sources, cost of funds, our leverage and equity allocation. In addition, words such as "believes," "expects," "anticipates," "intends," "plans," "estimates," "projects," "forecasts," and future or conditional verbs such as "will," "may," "could," "should," and "would" as well as any other statement that necessarily depends on future events, are intended to identify forward-looking statements.

Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider the risks identified under the captions "Risk Factors," "Forward-Looking Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our annual report on Form 10-K and quarterly reports on Form 10-Q, which are available on the Securities and Exchange Commission's website at www.sec.gov.

All written or oral forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

Overview

Q4 2016 Financial Highlights	
Dividend per common share	$0.40
Basic EPS	$2.42
Core EPS [1]	$0.36
Book value per diluted common share [2]	$17.48
Comprehensive loss per common share	$(0.20)
Economic return [3]	(1.1)%

Equity Allocation:

- 41% Agency RMBS
- 32% Commercial Credit
- 27% Residential Credit

- Core EPS [1] of $0.36 in Q4 2016
  - Decreased from Q3 2016 primarily due to a more conservative portfolio allocation in order to reduce risk and book value volatility
- Book value per diluted common share [2] decreased by $0.60 or 3.3% to $17.48 in Q4 2016 and increased by $0.34 or 2.0% for the year
  - Three-month economic return [3] of -1.1%
  - Full year 2016 economic return [3] of 11.3%
- Q4 2016 portfolio highlights
  - Reduced total debt-to-equity ratio to 5.8x
  - Asset seasoning and improved real estate valuations continue to enhance credit quality
  - Current strategy emphasizes
    - – High credit quality
    - – Improved liquidity
    - – Predictable cash flows
    - – Interest rate hedging
    - – Reduced book value volatility

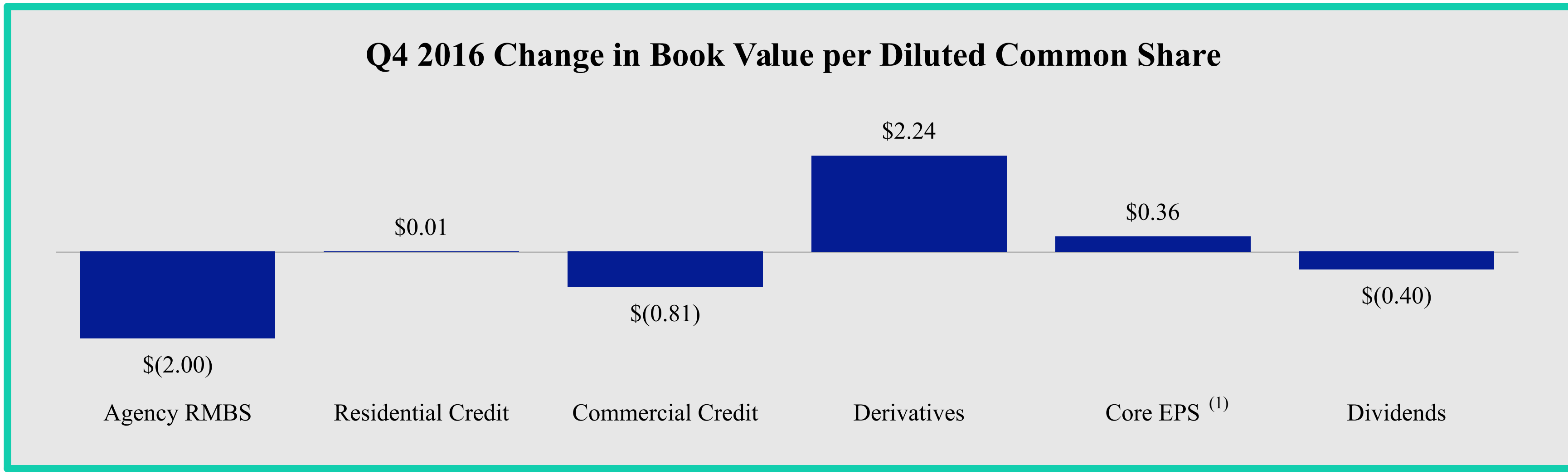
(1) Core EPS is a non-GAAP financial measure. See Slide 15 for non-GAAP reconciliation.

(2) Book value per diluted common share is calculated as total equity less the liquidation preference of our Series A Preferred Stock ($140.0 million) and Series B Preferred Stock ($155.0 million); divided by total common shares outstanding plus Operating Partnership Units convertible into shares of common stock (1,425,000 shares).

(3) Economic return for the three months ended December 31, 2016 is defined as change in book value per diluted common share from September 30, 2016 to December 31, 2016 of ($0.60); plus dividends declared of $0.40 per common share; divided by September 30, 2016 book value per diluted common share of $18.08. Economic return for the year ended December 31, 2016 is defined as the change in book value per diluted common share from December 31, 2015 to December 31, 2016 of $0.34; plus dividends declared of $1.60 per common share; divided by December 31, 2015 book value per diluted common share of $17.14.

Past performance is not a guarantee of future results.

Book Value Performance



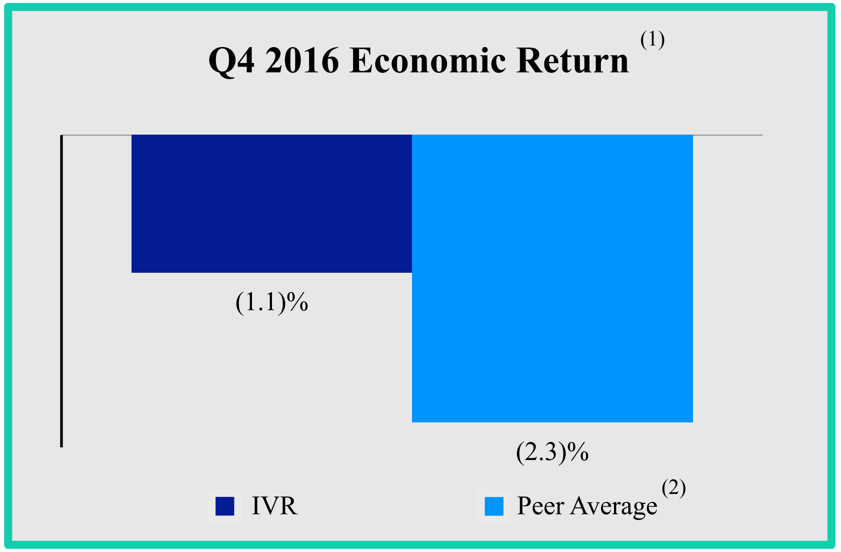
We seek to provide stockholders with attractive income and long term book value stability

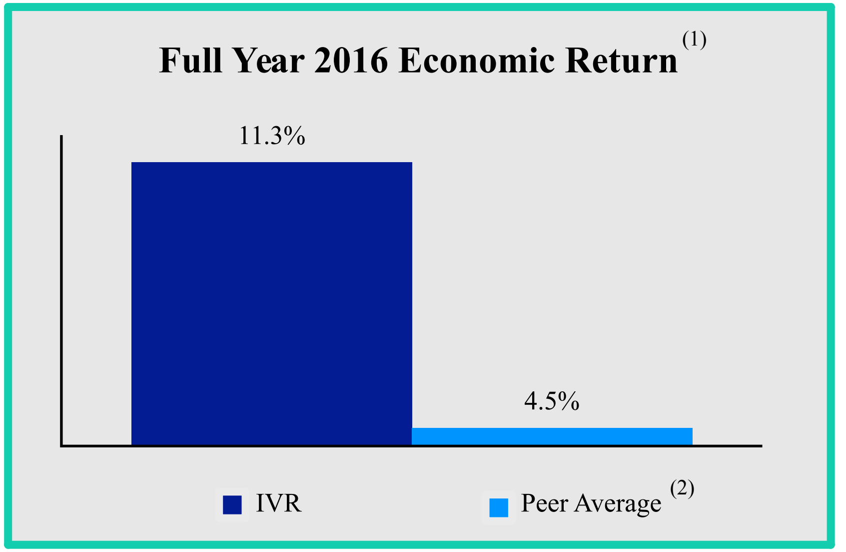
- Book value decreased modestly in Q4 due to conservative portfolio strategy
  - Q4 2016 book value per diluted common share ("BVPS") decreased by $0.60 or 3.3% over Q3 2016
  - Interest rates rose sharply and CMBS and GSE CRT spreads tightened in Q4
    - Rate on the 10 year treasury note increased 84 bps in Q4
    - Our residential credit investments generally benefit from limited interest rate sensitivity
  - Hedging increased our BVPS by $2.24 due to an increase in interest rates

- Key strategies aimed at capital preservation and reduced book value volatility
  - Hedging to limit interest rate risk
  - Asset selection focuses on predictable cash flows
  - Maintain strong asset quality to reduce the risk of credit losses
  - Support dividend through prudent credit spread capture
  - Opportunistically modulate sector exposures and maintain diverse sources of return

(1) Core EPS is a non-GAAP financial measure. See Slide 14 for non-GAAP reconciliation.

IVR Economic Returns





- Outperformed peer average economic return for the three-month and full year ended December 31, 2016
- Conservative equity allocation allowed us to protect book value volatility and economic returns against rising interest rates

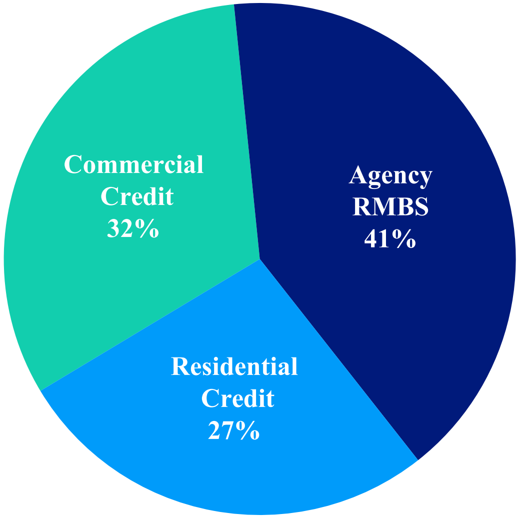
(1) Economic return for the three months ended December 31, 2016 is defined as change in book value per diluted common share from September 30, 2016 to December 31, 2016; plus dividends declared per common share; divided by September 30, 2016 book value per diluted common share. Economic return for the year ended December 31, 2016 is defined as the change in book value per diluted common share from December 31, 2015 to December 31, 2016; plus dividends declared per common share; divided by December 31, 2015 book value per diluted common share.

(2) Peer average includes AGNC Investment Corp, Two Harbor Investment Corp, MTGE Investment Corp, Dynex Capital, Ellington Residential Mortgage REIT, Ellington Financial LLC and Annaly

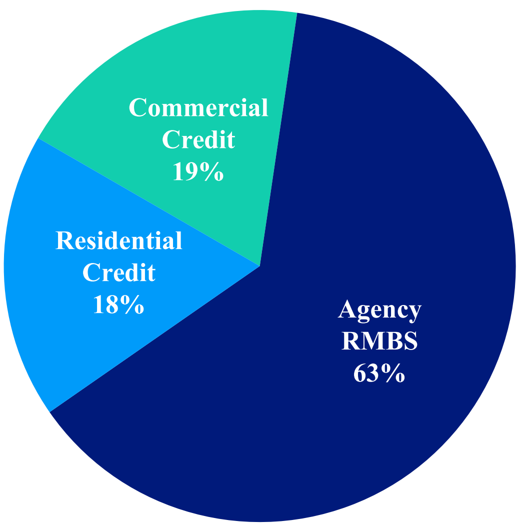
The IVR Portfolio

Q4 2016 Portfolio Update

Equity Allocation



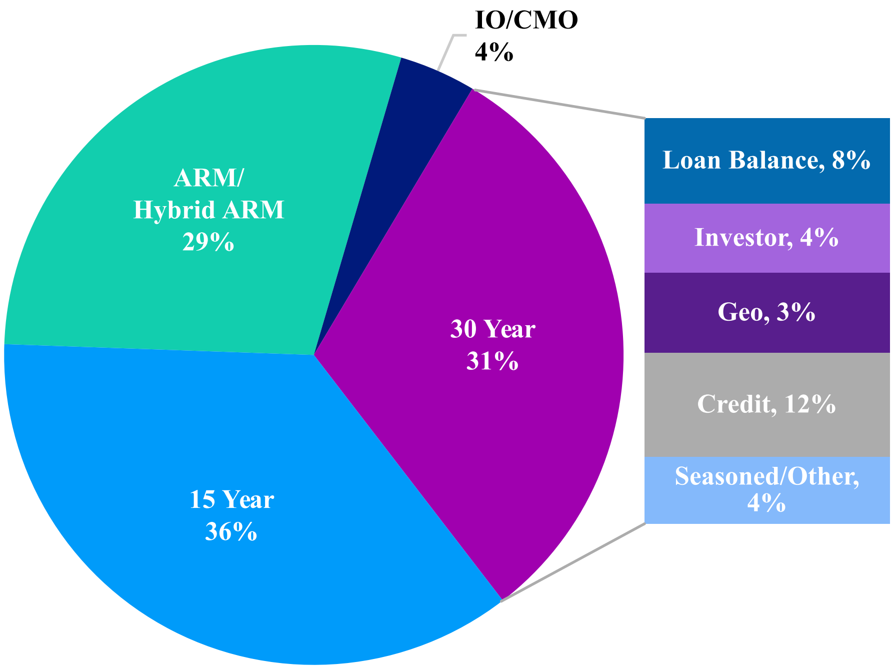
Asset Allocation



Highlights:

- Increased liquidity and credit quality allows us to capitalize on future improvements in investment returns
- 59% of equity and 37% of assets are allocated to credit
  - Both residential and commercial credit fundamentals remain strong
  - Credit assets exhibit significantly less convexity risk than Agency RMBS
- New investments in the quarter included $122 million of GSE CRT

Agency RMBS



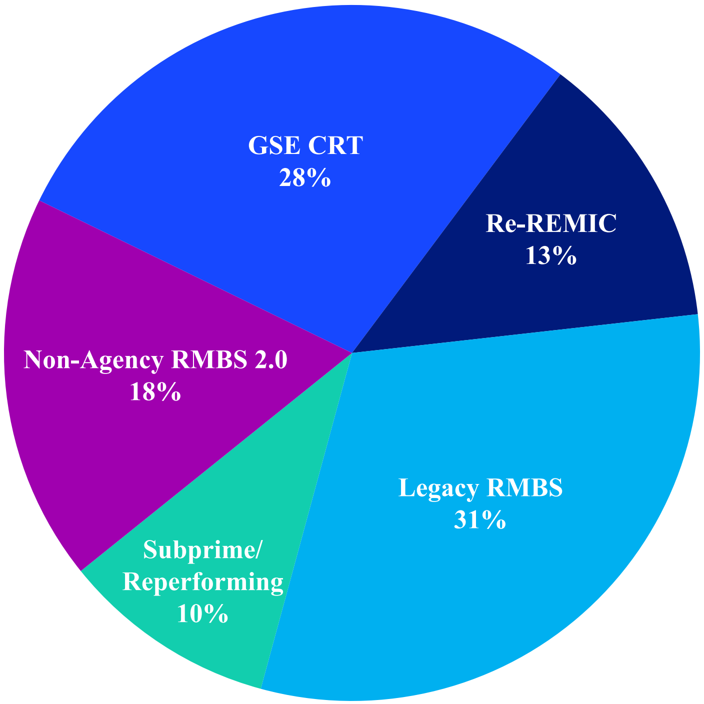
	CPR (1)	Net Wtd Avg Coupon (2)	Period-end Wtd Avg Yield (3)
15 Year	8.9	3.11%	2.19%
30 Year	17.6	4.37%	2.61%
Hybrid ARM	20.5	2.70%	2.52%

Highlights:

- Portfolio Characteristics
  - Fixed-rate 30 year pools consist of well seasoned, high coupon, specified collateral
  - Recent fixed-rate 15 year purchases consist of 2.5% and 3.0% call protected pools
- Agency RMBS prepayment speeds will slow over the next several months due to higher mortgage rates and seasonally slow housing activity

(1) Constant Prepayment Rate
(2) Net weighted average coupon as of December 31, 2016 is presented net of servicing and other fees.
(3) Period-end weighted average yield is based on amortized cost as of December 31, 2016 and incorporates future prepayment and loss assumptions.

Residential Credit



	Duration	Period-end Wtd Avg Yield (1)
Re-REMIC	0.5	4.65%
Legacy RMBS (2)	0.5	6.79%
Subprime/Reperforming	0.8	4.18%
Non-Agency RMBS 2.0 (3)	3.9	3.74%
GSE CRT (4)	0.0	5.14%

Highlights:

- National home price gains accelerated into the end of the year, propelled by strong demand against a backdrop of limited supply
- While higher mortgage rates are detrimental for housing fundamentals, they may be mitigated by the positive effects of improved economic growth
- Residential credit investments continue to benefit from home price appreciation and strong borrower performance
- We increased our allocation to GSE CRT during the quarter based on the sector's limited duration profile, positive fundamentals, and attractive relative value
- Robust demand for floating-rate credit assets contributed to Legacy RMBS and GSE CRT spread tightening during the quarter

(1) Period-end weighted average yield is based on amortized cost as of December 31, 2016 and incorporates future prepayment and loss assumptions.
(2) Non-Agency RMBS issued prior to 2009
(3) Non-Agency RMBS issued after 2010
(4) GSE CRT period-end weighted average yield includes embedded coupon interest recorded as realized and unrealized credit derivative income under U.S. GAAP. Excluding embedded coupon interest recorded as realized and unrealized credit derivative income, the Company's period-end weighted average yield for GSE CRT was 1.51%.

Residential Credit Investment Quality

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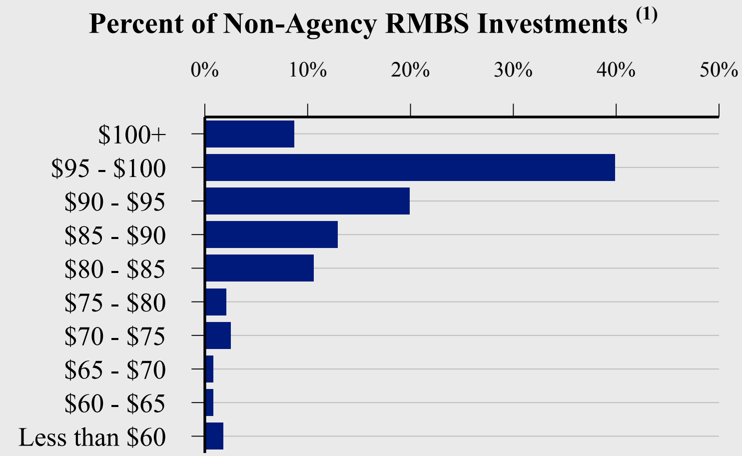
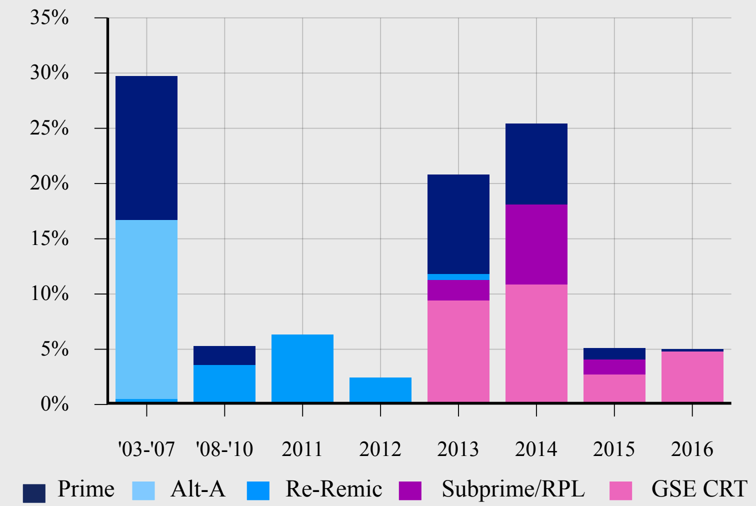
Concentration in High Dollar Price Securities



Non-Agency RMBS and GSE CRT Type by Vintage

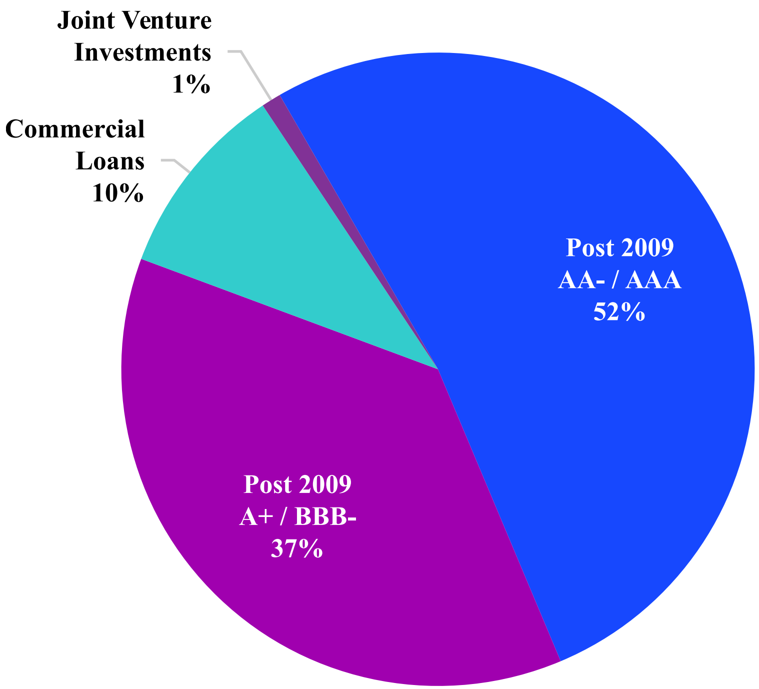


- 68% of Non-Agency RMBS holdings have dollar prices above $90, and 92% above $80
- These high dollar prices generally reflect lower exposure to collateral performance issues, demonstrate less price volatility and are more attractive to finance
- Low dollar price bonds demonstrate greater price volatility, are often unattractive to finance, and are sensitive to changes in servicer advancing and property disposition strategies

- Legacy Non-Agency RMBS investments are focused in securities backed by Prime and Alt-A loans as well as Re-REMICs
- GSE CRT holdings are largely 2013 and 2014 vintage
  - These seasoned transactions demonstrate lower price volatility relative to more recent issuance
  - Reference loans have significant embedded home price appreciation

(1) Excludes GSE CRT and interest-only securities. As of December 31, 2016

Commercial Credit



	Duration	Period-end Wtd Avg Yield (1)
Post 2009 AA- / AAA (2)	5.4	3.72%
Post 2009 A+ / BBB- (3)	4.3	4.91%
Commercial Loans	0.0	8.33%

Highlights:

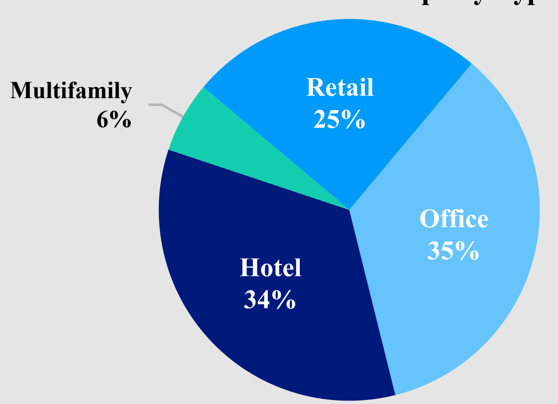
- CMBS credit spreads tightened due to increased demand for risk assets during the quarter
- Favorable trends in property fundamentals provide positive support for commercial mortgage credit investments
- CMBS positions continue to benefit from rating agency upgrades, underlying property price appreciation and limited supply
- Commercial real estate loan portfolio yield increased along with LIBOR

(1) Period-end weighted average yield is based on amortized cost as of December 31, 2016 and incorporates future prepayment and loss assumptions.
(2) CMBS originally rated between AA- and AAA (or an equivalent/comparable ratings by a nationally recognized statistical rating organization) issued after 2009
(3) CMBS originally rated between A+ and BBB- (or an equivalent/comparable rating by a nationally recognized statistical rating organization) issued after 2009

Commercial Loan & Joint Venture Investments

Investment Type	Property Type	Location	Commitment [1]	Borrower	Rate Type	Loan Status
Mezzanine Loan	Retail	New York, NY	$41,013,463	Public REIT	Floating	Current
Mezzanine Loan	Office	Atlanta, GA	$49,700,000	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	Fort Lauderdale, FL	$21,000,000	Private REIT	Floating	Current
Mezzanine Loan	Office	Phoenix, AZ	$33,977,900	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	London, UK	$49,598,925	Institutional Investor	Fixed	Current
Mezzanine Loan	Retail	Aventura, FL	$28,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Hotel	San Antonio, TX	$25,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Multifamily	Apopka, FL	$10,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Multifamily	Irving, TX	$7,000,000	Institutional Investor	Floating	Current
Mezzanine Loan	Office	Oakland, CA	$25,000,000	Institutional Investor	Floating	Current
Joint Venture Investments [2]	Various	U.S. / Ireland	$121,723,000	Various	Floating	NA

As of February 2017



As of December 31, 2016. Joint venture investment property types are not included.

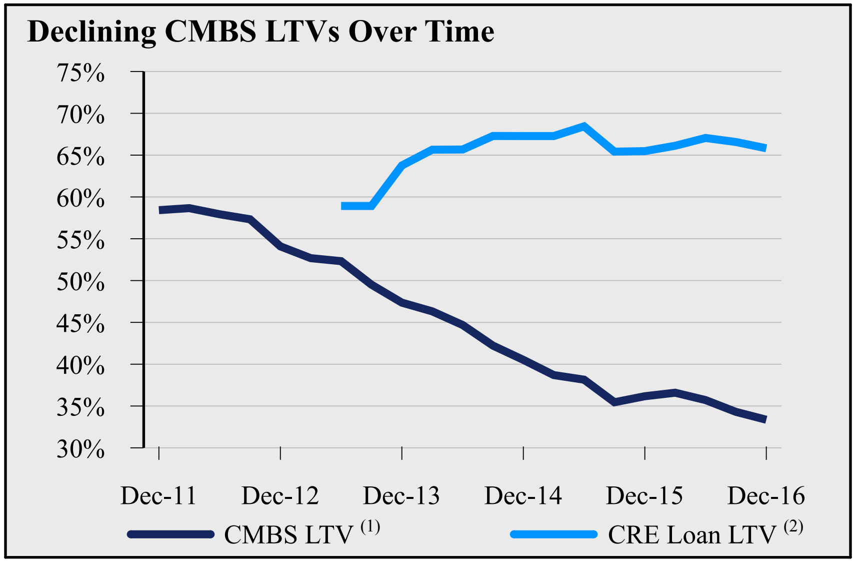
Portfolio Highlights

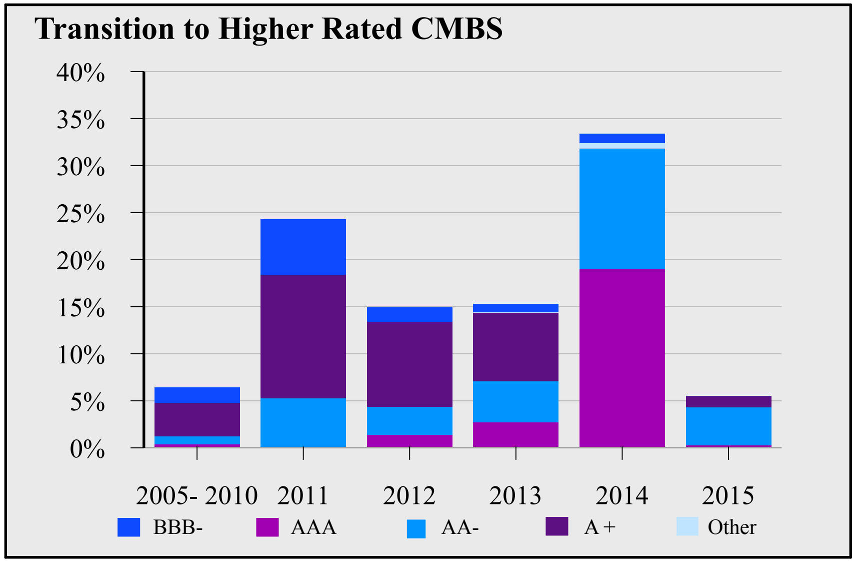
- Quarter-end portfolio of $306.7 million
- Five commercial loans totaling $112 million of principal has been returned through realization of borrower business plans
- No delinquencies as of December 31, 2016
- Investments behind five different balance sheet lenders

(1) As of December 31, 2016 the Company's undrawn commitments in commercial loans and joint venture investments were $9.7 million and $15.5 million, respectively

(2) As of December 31, 2016 the Company has received cumulative distributions totaling $166.7 million from joint venture investments. As of December 31, 2016, the Company's joint venture investment balance was $33.3 million

Improvement in Commercial Mortgage Investment Credit Quality





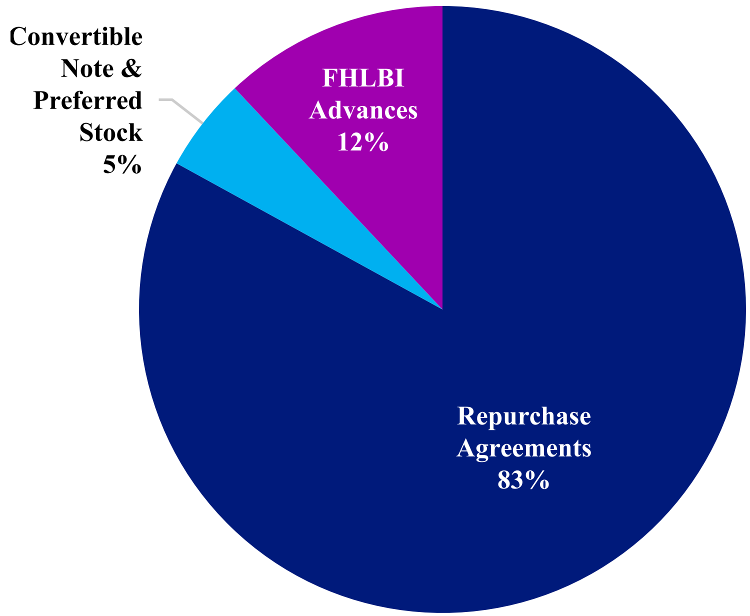
- CMBS LTV [1] of 33% and CRE Loan LTV [2] of 66%
- Approximately 94% of CMBS is collateralized by loans originated during or prior to 2014, which benefit from notable underlying property price appreciation
- Recent vintage CMBS are largely comprised of triple and double-A rated classes benefiting from substantial subordination and FHLB financing
- Commercial loans are collateralized by institutional quality properties and benefit from strong borrowers

Source: Trepp as of December 31, 2016

(1) The product of (a) the weighted average current loan-to-value ratio of the CMBS collateral pool of which the value of the property is adjusted for price appreciation using Moody's/RCA CPPI, multiplied by (b) a fraction, the numerator of which is the total principal balance of the subject class and all other classes senior to such class (if any) less the aggregate balance of underlying defeased loans and the denominator of which is the total principal balance of all classes of the transaction less the aggregate balance of underlying defeased loans. Values are as of December 31, 2016.

(2) The weighted average loan-to-value ratio for each commercial real estate loan investment with property values adjusted to reflect the most recently obtained appraisals.

Financing



Average Cost of Funds [1]	Q4 2016	Q3 2016
Agency RMBS [2]	0.80%	0.67%
CMBS [2]	1.18%	1.14%
Non-Agency RMBS	2.03%	1.94%
GSE CRT	2.15%	2.16%

Highlights:

- Funding sources include:
  - Secured financing: repurchase agreements, debt facility, FHLBI advances
  - Exchangeable senior notes
  - Preferred equity
- 24 active repurchase agreement counterparties
- Average borrowing rates increased in Q4 in anticipation of December Fed meeting
  - Fed Funds target rate increased by 25 bps in December meeting

(1) Average cost of funds is calculated by dividing annualized interest expense excluding amortization of net deferred gain (loss) on de-designated interest rate swaps by the Company's average borrowings.
(2) Agency RMBS and CMBS average borrowings and cost of funds include borrowings under repurchase agreements and secured loans.

Appendix — Non-GAAP Financial Information

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In addition to the results presented in accordance with U.S. GAAP, this presentation contains the non-GAAP financial measure of "core earnings". The Company's management uses core earnings in its internal analysis of results and believes this information is useful to investors for the reasons explained below.

Core earnings should not be considered a substitute for any measures derived in accordance with U.S. GAAP and may not be comparable to other similarly titled measures of other companies. An analysis of any non-GAAP financial measure should be made in conjunction with results presented in accordance with U.S. GAAP. Additional reconciling items may be added in the future to non-GAAP measures if deemed appropriate.

We calculate core earnings as U.S. GAAP net income (loss) attributable to common stockholders adjusted for (gain) loss on investments, net; realized (gain) loss on derivative instruments, net; unrealized (gain) loss on derivative instruments, net; realized and unrealized (gain) loss on GSE CRT embedded derivatives, net; (gain) loss on foreign currency transactions, net; amortization of net deferred (gain) loss on de-designated interest rate swaps; and cumulative adjustments attributable to non-controlling interest. We record changes in the valuation of our mortgage-backed securities, excluding securities for which we elected the fair value option and the valuation assigned to the debt host contract associated with our GSE CRTs in other comprehensive income on our consolidated balance sheets.

We believe the presentation of core earnings provides a consistent measure of operating performance by excluding the impact of gains and losses described above from operating results. We believe that providing transparency into core earnings enables our investors to consistently measure, evaluate and compare our operating performance to that of our peers over multiple reporting periods. However, we caution that core earnings should not be considered as an alternative to net income (determined in accordance with U.S. GAAP), or as an indication of our cash flow from operating activities (determined in accordance with U.S. GAAP), a measure of our liquidity, or as an indication of amounts available to fund our cash needs, including our ability to make cash distributions.

	Three Months Ended			Years Ended	
$ in thousands, except per share data	December 31, 2016	September 30, 2016	December 31, 2015	December 31, 2016	December 31, 2015
Net income (loss) attributable to common stockholders	270,105	129,219	105,832	231,547	89,847
Adjustments:					
(Gain) loss on investments, net	23,402	7,155	29,024	17,542	18,005
Realized (gain) loss on derivative instruments, net	(4,279)	(1,347)	(122)	57,943	44,272
Unrealized (gain) loss on derivative instruments, net	(250,774)	(60,419)	(114,143)	(99,932)	(9,597)
Realized and unrealized (gain) loss on GSE CRT embedded derivatives, net	2,376	(25,963)	11,502	(36,800)	6,411
(Gain) loss on foreign currency transactions, net	2,180	1,340	1,345	8,187	1,875
Amortization of net deferred (gain) loss on de-designated interest rate swaps	(6,177)	(4,831)	15,576	5,154	66,757
Subtotal	(233,272)	(84,065)	(56,818)	(47,906)	127,723
Cumulative adjustments attributable to non-controlling interest	2,942	1,060	680	653	(1,461)
Core earnings	39,775	46,214	49,694	184,294	216,109
Basic income (loss) per common share	2.42	1.16	0.90	2.07	0.74
Core earnings per share attributable to common stockholders	0.36	0.41	0.42	1.65	1.78