

INVESCO MORTGAGE CAPITAL INC.

COMPENSATION COMMITTEE CHARTER

This Compensation Committee Charter (the “Charter”) has been adopted by the Board of Directors (the “Board”) of Invesco Mortgage Capital Inc. (the “Company”) in connection with its oversight of the Company’s management and the business affairs of the Company.

1. **Purpose.** The purpose of the Compensation Committee (the “Committee”) is to:
 - a. Review and approve on an annual basis the corporate goals and objectives relevant to Chief Executive Officer compensation (if any), evaluate the Chief Executive Officer’s performance in light of such goals and objectives and, either as a Committee or together with other independent directors (as directed by the Board) determine and approve the compensation (if any) of the Chief Executive Officer based on such evaluation.
 - b. Review and oversee management’s annual process for evaluating the performance of the Company’s Senior Officers and review and approve on an annual basis the compensation (if any) of the Company’s Senior Officers.

The term “Senior Officers” means (i) the Company's executive officers (other than the Chief Executive Officer) as such term is defined under Rule 3b-7 under the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and (ii) those other senior officers of the Company and its subsidiaries selected for such review and approval from time to time by the Committee in consultation with the Chief Executive Officer.

- c. Oversee the Company’s equity-based and other incentive compensation plans and programs.
 - d. Assist the Board and the Chairman of the Board of Directors in overseeing the development of executive succession plans.
 - e. Determine from time to time the compensation for the Company's non-executive directors.
 - f. Review and discuss the compensation discussion and analysis (“CD&A”) included in the Company's annual proxy statement with management and approve the Committee's report for inclusion in the Company's annual proxy statement.
2. **Membership.**
 - a. **Number.** The Committee shall consist of no fewer than three members of the Board.

- b. **Qualifications.** Each member of the Committee shall be an “independent” director in accordance with the Applicable Corporate Governance Listing Standards and at least two members of the Committee shall also qualify as “outside” directors within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended, and as “non-employee” directors within the meaning of Exchange Act Rule 16b-3.

The term “Applicable Corporate Governance Listing Standards” means the Listed Company Manual of the New York Stock Exchange, and such listing standards of any other applicable securities exchanges on which the Company’s shares may be listed from time to time (together with such other requirements imposed by applicable law or regulation with respect to issuers of shares so listed) and, in each case as amended and in effect from time to time.

- c. **Appointment and Removal.** The members of the Committee shall be appointed and may be removed by the Board, taking into account any applicable recommendations of the Nomination and Corporate Governance Committee.
- d. **Term.** Each member of the Committee shall serve until his or her successor is duly appointed and qualified, or until his or her earlier removal or resignation or such time as he or she no longer meets the qualifications to serve on the Committee.
- e. **Chairman.** The Board shall designate a Chairman of the Committee from among its members from time to time.

3. **Meetings and Operations.**

- a. **Meetings.** The Committee shall meet on a regular basis, and shall hold special meetings as circumstances require. The Committee may meet in executive session and invite one or more officers and/or representatives of its external manager, independent advisors or other third parties to attend as it deems appropriate. The timing of the meetings shall be determined by the Chairman of the Committee, in consultation with the other Committee members.
- b. **Quorum.** At all Committee meetings, a majority of the members of the Committee shall constitute a quorum for the transaction of business.
- c. **Actions.** The action of a majority of those present at a meeting, at which a quorum is present, shall be the action of the Committee. The Committee shall keep a record of its actions and proceedings.
- d. **Reporting to the Board.** The Committee shall regularly report to the Board actions taken by the Committee.

- e. **Delegation.** Subject to applicable law and the Applicable Corporate Governance Listing Standards, in discharging its duties, the Committee shall have full authority to form subcommittees and delegate any or all of its duties to such subcommittees (or, in circumstances deemed appropriate by the Committee, to a single Committee member) as the Committee deems appropriate.
4. **Authority and Responsibilities.** The Committee shall have the following authority and responsibilities:

CEO Evaluation and Compensation

- a. The Committee shall on an annual basis, in consultation with the Chairman of the Board of Directors, (i) review and approve corporate goals and objectives relevant to the compensation (if any) of the Chief Executive Officer, (ii) evaluate the performance of the Chief Executive Officer in light of those goals and objectives and (iii) determine and approve the compensation (if any) of the Chief Executive Officer as the Committee determines is in the best interests of the Company based on this evaluation and other factors the Committee deems appropriate (including, if applicable, the terms of any employment agreement with the Chief Executive Officer).
- b. In setting the compensation of the Chief Executive Officer, the Committee may consider the Company's performance and relative shareholder return, the compensation of chief executive officers at comparable companies, the awards granted to the Company's Chief Executive Officer in past years and any other factors the Committee deems appropriate.
- c. The Committee shall meet annually with the Chief Executive Officer to discuss the recommendations of the Chief Executive Officer concerning performance goals and the evaluation of the Chief Executive Officer of the Company's progress toward meeting those goals.

Other Compensation-Related Responsibilities

- d. The Committee shall review and make recommendations to the Board on the overriding compensation philosophy of the Company.
- e. The Committee shall on an annual basis (i) review and oversee management's annual process for evaluating the performance of the Company's Senior Officers and (ii) review and approve the compensation (if any) of the Senior Officers, including salary, bonus, and awards under equity-based or other long-term incentive compensation plans and programs.
- f. The Committee shall review and approve employment agreements, severance agreements, change in control agreements or provisions and any special or supplemental benefits for the Chief Executive Officer and the Senior Officers

where the amounts exceed certain threshold levels determined by the Committee from time to time.

- g. The Committee shall review and approve any deferred compensation agreements and arrangements between non-executive directors and the Company.
- h. The Committee shall at least annually review and, subject to the Articles of Incorporation and Bylaws (in each case as amended) of the Company, determine the compensation (including equity-based compensation) of the Company's non-executive directors (including the Chairman). In so doing, the Committee shall consider, among other things, the following policies and principles:
 - i. that the compensation should fairly pay the non-executive directors for the work, time commitment, efforts required and responsibilities undertaken by non-executive directors of the Company's size and scope of business activities, including service on Board committees;
 - ii. that a component of the compensation should be designed to align the non-executive directors' interests with the long-term interests of the Company's shareholders; and
 - iii. that non-executive directors' independence may be compromised or impaired for Board or committee purposes if their compensation exceeds customary levels.

In this regard, it is the Company's policy that non-executive directors shall not be compensated by the Company other than by the compensation they receive for their service as directors.

Incentive Plans.

- i. The Committee shall make recommendations to the Board with respect to the adoption and maintenance of, and changes to, the Company's equity-based and other incentive compensation plans and programs.
- j. The Committee shall have and shall exercise all the authority of the Board with respect to the operation of the Company's equity-based and other incentive compensation plans and programs. The Committee shall authorize all awards under the Company's equity-based and other incentive compensation plans and programs. Except as prohibited by the applicable plan documents, the Committee may delegate administrative authority (including authority to approve grants) to members of management as it may deem necessary or appropriate.

Compensation Reports.

- k. The Committee shall review and discuss with management the Compensation Discussion and Analysis (the “CD&A”) required to be included in the Company’s proxy statement and annual report on Form 10-K by the rules and regulations of the Securities and Exchange Commission (the “SEC”) and, based on such review and discussion, determine whether or not to recommend to the Board that the CD&A be so included.
- l. The Committee shall furnish the annual Compensation Committee Report for inclusion in the Company’s proxy statement in compliance with the rules and regulations promulgated by the SEC.

Succession Planning

- m. The Committee shall assist the Board in overseeing the succession planning for the management of the Company.

Other.

- n. The Committee shall have the authority to perform any other activities it deems are appropriate and consistent with this Charter.
- o. The Committee shall have the sole authority to retain, at the expense of the Company, and terminate any compensation consultant to assist in the evaluation of non-executive director, Chief Executive Officer or Senior Officer compensation, including the authority to approve the consultant’s fees and other retention terms. The Committee also shall have the authority to retain other independent advisers, including, but not limited to, independent legal counsel, at the expense of the Company, to assist in carrying out Committee responsibilities, as the Committee may deem appropriate. The Committee shall retain such consultant, legal counsel or other adviser (each, a “Consultant”) only after taking into consideration all factors relevant to the Consultant’s independence from management, including:
 - (i) the provision of other services to the Company by the Consultant’s firm (the “Firm”);
 - (ii) the amount of fees received from the Company by the Firm, as a percentage of the Firm’s total revenue;
 - (iii) the policies and procedures of the Firm designed to prevent conflicts of interest;
 - (iv) any business or personal relationship of the Consultant or the Firm with a member of the Committee;

- (v) any stock of the Company owned by the Consultant; and
- (vi) any business or personal relationship of the Consultant or the Firm with a Senior Officer of the Company.

5. **Annual Performance Evaluation.** The Committee or the Board shall annually review the Committee's performance in such manner as it deems appropriate.
6. **Annual Review of Committee Charter.** The Committee or the Board shall annually review and reassess the adequacy of this Charter and, in the case of the Committee, recommend any proposed changes to the Board for approval.
7. **Miscellaneous.**
 - a. The Company Secretary shall be the Secretary of the Committee except as the Committee may otherwise determine from time to time.
 - b. The Committee will make this Charter publicly available.
8. **General.** This Charter is intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. While it should be interpreted in the context of applicable laws, regulations and listing requirements, as well as in the context of the Company's Bylaws (in each case as amended), it is not intended to establish by its own force any legally binding obligations.

As Adopted February 19, 2015