

## INVESCO MORTGAGE CAPITAL INC.

### CORPORATE GOVERNANCE GUIDELINES

These Corporate Governance Guidelines (the “Guidelines”) have 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 business affairs.

#### 1. Composition of Board of Directors.

- a. Independence of Directors.* A majority of directors must be “independent” directors in accordance with the Applicable Corporate Governance Listing Standards. In addition, at least three directors must also satisfy the additional independence requirements for audit committee members under the Applicable Corporate Governance Listing Standards and Section 10A(m)(3) of the U.S. Securities and Exchange Act of 1934, as amended and the rules and regulations of the U.S. Securities and Exchange Commission.

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

- b. Director Qualifications and Selection.* The Nomination and Corporate Governance Committee of the Board is responsible for establishing a policy setting forth the specific, minimum qualifications that the Committee believes must be met by a nominee recommended by the Committee for a position on the Board, and describing any specific qualities or skills that the Committee believes are necessary for one or more of the directors to possess. Such qualifications shall include the requirements under the Applicable Corporate Governance Listing Standards as well as consideration of the individual skills, experience and perspectives that will help create an effective Board. The Nomination and Corporate Governance Committee shall establish procedures for identifying and evaluating potential nominees for directors, including the consideration of any director candidates recommended by shareholders, and shall recommend to the Board potential nominees for election as directors. The Board shall consider such persons for election as directors by the Company’s shareholders or for filling vacancies that may arise.
- c. Size of Board.* The Board shall periodically evaluate the size of the Board and make any changes it deems appropriate in accordance with the Articles of Incorporation and Bylaws (in each case as amended) of the Company (collectively, the “Articles”).

- d. *Term Limits.* Subject to the requirements of the Articles, the Board does not believe that it should necessarily establish term limits for its members. The Board recognizes the value of continuity of directors who have experience with the Company and who have gained over a period of time a level of understanding about the Company and its operations that enables the director to make a significant contribution to the deliberations of the Board without, in the case of non-executive Board members, any ongoing impairment to their independence.

## **2. Conflicts of Interest and Other Commitments.**

- a. With respect to any matter under discussion by the Board, directors must disclose to the Board any potential conflicts of interest they may have and, if appropriate, refrain from voting on a matter in which they may have a conflict.
- b. Each director is responsible for ensuring that other commitments do not conflict or materially interfere with the director's responsibilities to the Company. To ensure that serving as a director of another company or any other change in circumstances such as employment, business or immediate family relationships (within the meaning of Applicable Corporate Governance Listing Standards) would not conflict with his or her duties to the Company, and to evaluate whether disclosure needs to be made in the Company's Annual Report or the director's status under Applicable Corporate Governance Listing Standards has changed, the director should consult the Chairman of the Board and the Company Secretary in advance of accepting an invitation to serve on another company's board and should report any change in circumstances to the Company Secretary. The Chairman of the Board and the Company Secretary should report to the Nomination and Corporate Governance Committee the results of such consultation.

## **3. Director Responsibilities.**

- a. *Duties.* Maryland law requires a director to perform his duties as a director in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with the care that an ordinarily prudent person in like circumstances would use under similar circumstances. Under Maryland law, a director is presumed to satisfy the standard of conduct required of him as a director. In fulfilling their responsibilities, directors may ask such questions and conduct such investigations as they deem appropriate, and may reasonably rely on the information provided to them by the Company's officers, external manager, outside advisors and auditors. The directors shall be entitled to have the Company purchase directors' and officers' liability insurance on their behalf and receive the benefits of indemnification and exculpation to the fullest extent permitted by law, the Articles and any indemnification agreements, as applicable.
- b. *Meetings and Preparation.* Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, to spend the time

needed in preparation for such meetings and to meet as frequently as they deem necessary to properly discharge their responsibilities. In addition, directors should stay abreast of the Company's business and markets. To the fullest extent possible, directors should review agendas and other meeting materials in advance of any Board or committee meeting.

- c. *Meeting Agendas.* The Chairman of the Board and the Company Secretary will approve and disseminate the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting.
- d. *Company Representation.* The Board believes that management speaks for the Company. Individual directors may, from time to time, expressly represent the Company in meetings or otherwise communicate with various third parties on the Company's behalf. When representing the Company, it is generally expected that directors will do this with the knowledge of management and, unless warranted by unusual circumstance or as contemplated by the committee charters, only at the request of management.
- e. *Roles and Responsibilities of Board and Officers.* The Company's business is conducted by its officers and external manager, under the direction of the chief executive officer (CEO) and the oversight of the Board, to enhance the long-term value of the Company for its shareholders. The Board is elected by the shareholders to oversee the officers of the Company and the external manager and to assure that the long-term interests of the shareholders are being served.
- f. *Certain Functions of the Board.* The Board of Directors has regularly scheduled meetings at which it reviews and discusses reports by management on the performance of the Company, its plans and prospects, as well as immediate issues facing the Company. In addition to its general oversight, the Board also performs a number of specific functions, including:
  - i. selecting, evaluating and compensating the officers and external manager and overseeing officer and external manager succession planning;
  - ii. providing the officers and external manager with counsel and oversight;
  - iii. reviewing, monitoring and, where appropriate, approving fundamental financial and business strategies and major corporate actions;
  - iv. assisting management with assessing major risks facing the Company — and reviewing options for their mitigation; and

- v. working with management to help ensure that processes are in place for maintaining the integrity of the Company — the integrity of the financial statements, the integrity of compliance with law and ethics, the integrity of relationships with clients and other business partners, and the integrity of relationships with other stakeholders.

**4. Executive Sessions.** The independent directors will meet separately without management in regular executive sessions.

**5. Board Committees.**

- a. *Committees.* The Board shall have an Audit Committee, a Compensation Committee and a Nomination and Corporate Governance Committee. All members of each of these committees will be independent directors, as defined in the Applicable Corporate Governance Listing Standards. Each committee's member shall also meet any other qualifications for service on the particular committee pursuant to the committee's written charter or applicable law.
- b. *Appointment, Removal and Term.* Committee members shall be appointed and may be removed by the Board. Each member of a 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 qualification to serve on the committee.
- c. *Chairman.* The Board shall designate a chairman of each committee from among its members from time to time.
- d. *Charters.* Each committee shall have its own written charter. The charters will set forth the purpose, authority and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations, reporting to the Board, and annual performance evaluations of the committee. The charters of each committee will be reviewed periodically with a view toward delegating to the standing committees the full authority of the Board concerning specified matters appropriate to such committee. The charters will be made publicly available on the Company's website.
- e. *Meetings.* Each committee shall meet on a regular basis, but not less frequently than quarterly, and hold special meetings as circumstances require. The timing of the meetings shall be determined by the Chairman of the committee, in consultation with the other committee members. The Chairman of each committee, in consultation with the Chairman of the Company and appropriate members of the committee and management, will develop the committee's agenda.

- f. Additional Committees.* The Board may, from time to time, establish or maintain additional committees as it deems appropriate and delegate to such committees such authority permitted by applicable laws and the Articles as the Board sees fit.

**6. Director Access to Officers, Employees and Independent Advisors.**

- a. Officers, Employees and External Manager.* Directors shall have full and free access to the officers, employees (if any) and external manager of the Company. Any meetings or contacts that a director wishes to initiate may be arranged directly by the director or through the Chairman, the Chief Executive Officer or the Company Secretary.
- b. Independent Advisors.* The Board and each Board committee shall have full and free access to the Company's independent advisors and each shall have the power to retain legal, accounting, financial or other advisors as they may deem appropriate at the expense of the Company, without the need to obtain the prior approval of any officer of the Company. The Company Secretary will arrange for payment of the invoices of any such third party advisors.
- c. Access to Information.* Directors shall be provided with full and free access to information regarding the Company which they believe is necessary, useful or appropriate to the discharge of their duties. A Director may request information at a meeting or by contacting the Chairman or the Chief Executive Officer.

**7. Director Compensation.** The form and amount of director compensation will be determined by the Compensation Committee (subject to any limits under the Articles), in accordance with the policies and principles set forth in the Compensation Committee's charter. The Compensation Committee also will conduct an annual review of director compensation.

**8. Director Orientation and Continuing Education.**

- a. Orientation.* The Board, with the assistance of the Nomination and Corporate Governance Committee, shall establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors of the Company for their benefit either prior to or within a reasonable period of time after their nomination or election as a director. This orientation may include presentations to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance program, its Code of Conduct and these Guidelines, its principal officers, and its internal and independent auditors. All other directors are also invited to attend orientation.
- b. Education.* The Board, with the assistance of the Nomination and Corporate Governance Committee, shall also identify and/or develop continuing education opportunities for the directors. Directors are encouraged to attend continuing

education programs sponsored by universities, stock exchanges or other organizations. The Company will reimburse the reasonable costs and expenses associated with such programs.

- 9. Management Succession.** The Board, with the assistance of the Compensation Committee, shall oversee the succession planning for the management of the Company, including policies and principles for the selection and performance review of the officers and external manager, as well as policies regarding succession in the event of an emergency or the retirement of the Chief Executive Officer.
- 10. Company's Long-Term Strategic Plans.** The Board will periodically review with management the Company's long-term strategic plans.
- 11. Annual Performance Evaluation.** The Board, with the assistance of the Nomination and Corporate Governance Committee, shall annually review its own performance in such manner as it deems appropriate to determine whether the Board and its committees are functioning effectively. The full Board will discuss the evaluation to determine what action, if any, could improve Board and committee performance.
- 12. Review of Corporate Governance Guidelines.** The Board or the Nomination and Corporate Governance Committee, as appropriate, shall periodically review and reassess the adequacy of these Guidelines to determine whether any changes are appropriate and, in the case of the Nomination and Corporate Governance Committee, recommend to the Board any such changes for the Board's approval.
- 13. General.** These Guidelines are intended as a component of the flexible framework within which the Board, assisted by its committees, directs the affairs of the Company. While they should be interpreted in the context of applicable laws, regulations and listing requirements, as well as in the context of the Articles, they are not intended to establish by their own force any legally binding obligations.

*Last revised February 18, 2016*