IVR Invesco Mortgage Capital Inc.

The Expertise. The Resources. Each step of the way.

2019 First Quarter Earnings Call
May 9, 2019

John Anzalone — Chief Executive Officer

Kevin Collins — President

Lee Phegley — Chief Financial Officer

David Lyle — Chief Operating Officer

Brian Norris — Chief Investment Officer

Invesco

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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, 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.

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Invesco Mortgage Capital, Inc.

Overview

Q1 2019 Financial Summary

Basic EPS	$	1.05
Core EPS (1)	$	0.47
Book value per common share (2)	$	16.29
Dividend per common share	$	0.45
Economic return (3)		9.6%

Equity allocation remains diversified

50% Agency RMBS and Agency CMBS

32% Commercial Credit

18% Residential Credit

(1) Core EPS is a non-GAAP financial measure (see Slide 14 for non-GAAP reconciliation)
(2) Book value per common share is calculated as total equity less the liquidation preference of our Series A Preferred Stock ($140.0 million), Series B Preferred Stock ($155.0 million) and Series C Preferred Stock ($287.5 million); divided by total common shares outstanding
(3) Economic return for the three months ended March 31, 2019 is defined as the change in book value per common share from December 31, 2018 to March 31, 2019 of $1.02; plus dividends declared of $0.45 per common share; divided by December 31, 2018 book value per common share of $15.27

Past performance is not a guarantee of future results.

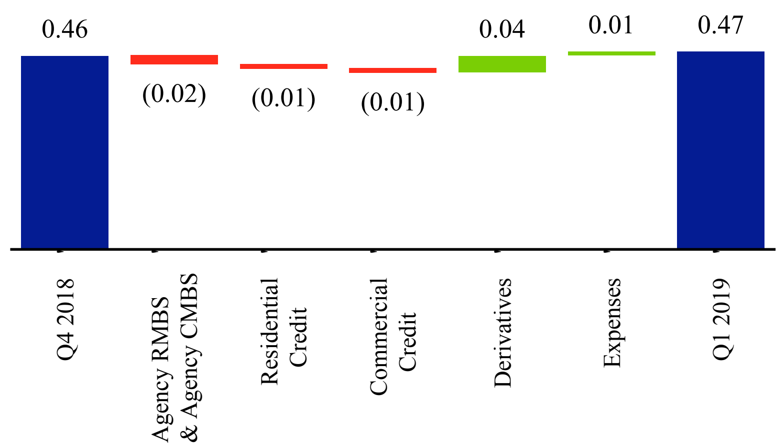
- Reported Core EPS of $0.47 for Q1 2019 compared to $0.46 in Q4 2018
- Book value per common share increased $1.02, or 6.7%, to $16.29 in Q1 2019
- Common stock dividend increased 7.1% to $0.45 per share
- Generated economic return of 9.6%
- Issued $258.6 million of common stock
- Q1 2019 portfolio highlights
  - Core earnings supported by recent portfolio repositioning and deployment of common stock issuance proceeds into accretive investments
  - Effective interest rate margin increased 8 bps due to a 2 bps increase in effective yield and a 6 bps decline in effective cost of funds
  - Book value increase driven by interest rate spread tightening across credit assets and gains in Agency CMBS and specified pool Agency RMBS
  - Credit quality continues to benefit from underlying property price appreciation and strong borrower performance

Performance

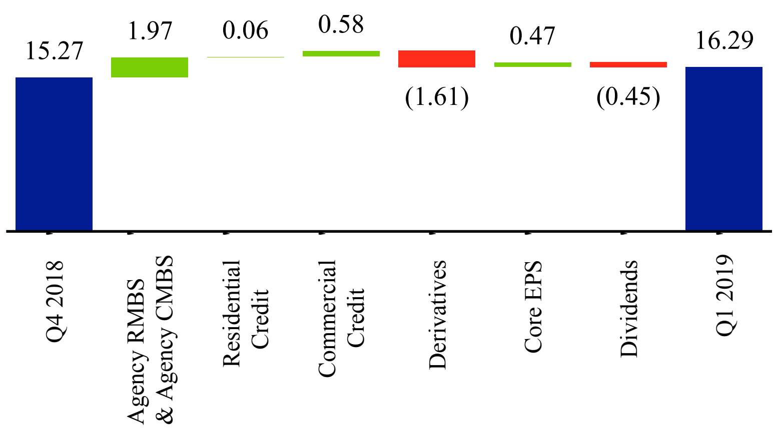
We seek to provide stockholders with attractive income and long term book value stability

- Core EPS increased $0.01 to $0.47 in Q1 2019 reflecting a $4.7 million increase in effective net interest income driven by a higher effective yield and a lower effective cost of funds
- Book value increased $1.02 to $16.29 driven by tighter interest rate spreads across credit assets and gains in Agency CMBS and specified pool Agency RMBS

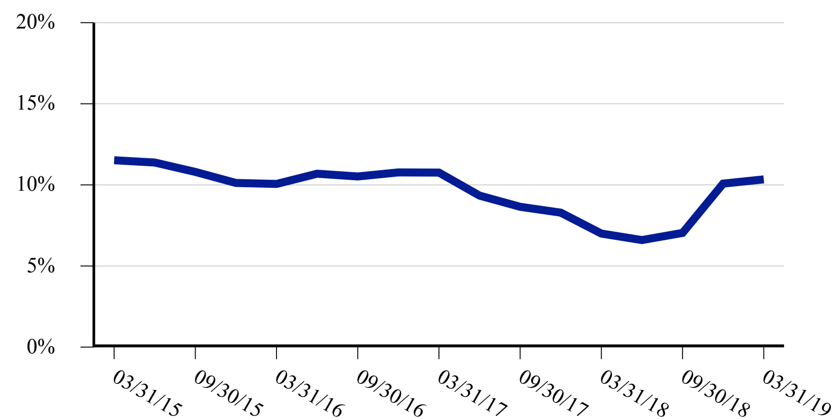
Q1 2019 Change in Core EPS [1]



Q1 2019 Change in Book Value



Annualized Book Value Volatility [2]

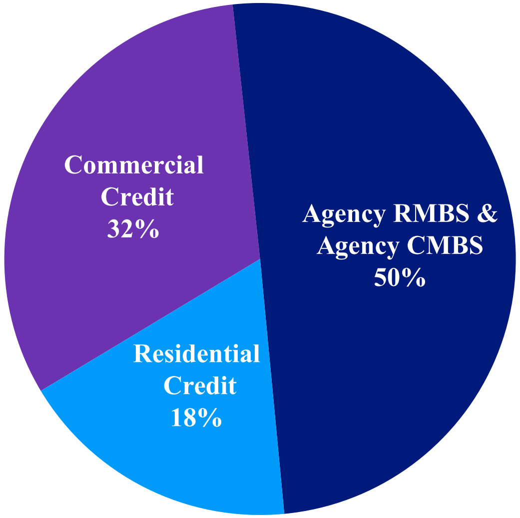


(1) Core EPS is a non-GAAP financial measure. See Slide 14 for non-GAAP reconciliation
(2) Book value volatility is based on the rolling 3 year standard deviation of quarterly book value results

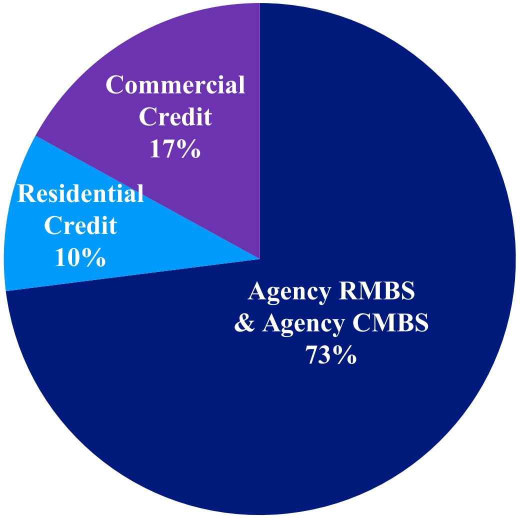
The IVR Portfolio

Q1 2019 Portfolio Update

Equity Allocation

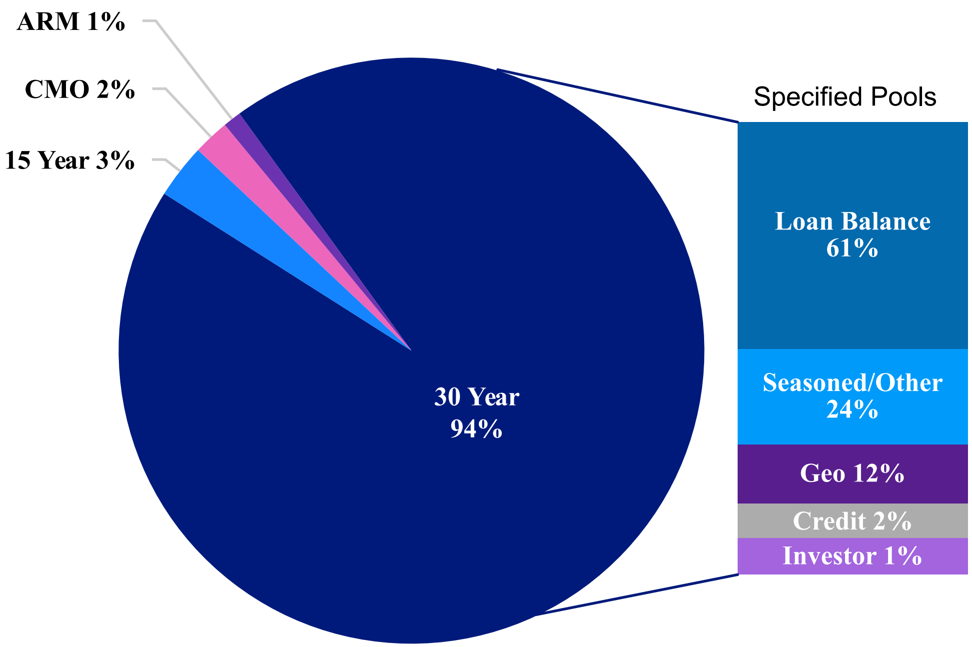


Asset Allocation



- Invested proceeds from capital raise and paydowns primarily into newly issued Agency RMBS and Agency CMBS, as these sectors provided the most attractive risk-adjusted return profiles
- Credit and Agency CMBS spreads tightened over the quarter
- Agency RMBS specified pool pay-ups increased sharply during the quarter
- 50% of equity and 27% of assets are allocated to credit
  - Favorable residential and commercial mortgage credit fundamentals support non-Agency RMBS and non-Agency CMBS valuations
  - Credit assets, along with Agency CMBS, reduce prepayment risk in the portfolio

Agency RMBS

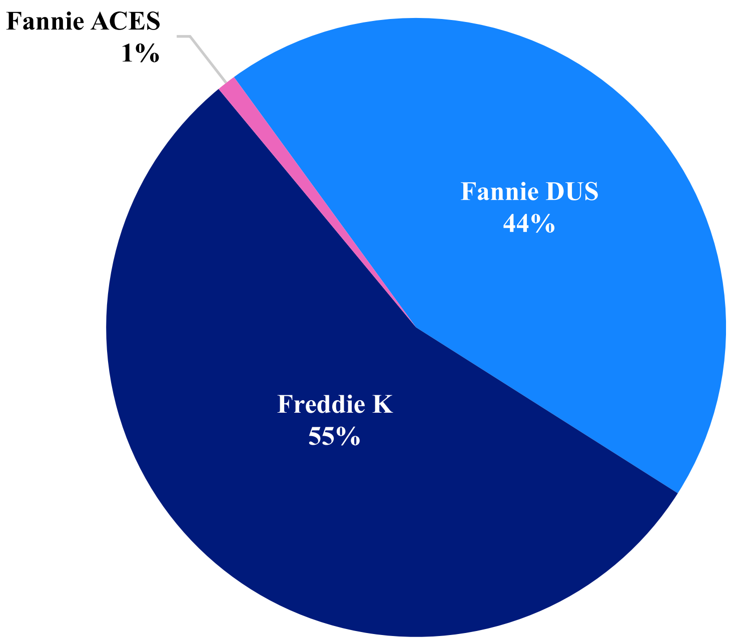


- Purchased $3.1 billion of 30-year specified pools during the quarter
- ROEs on 30-year fixed rate Agency RMBS remain attractive at ~ 14%
- Environment remains supportive for valuations given Fed pivot to a more accommodative monetary policy stance

($ in millions)	Fair Market Value	Duration	CPR [1]	Net Wtd. Avg Coupon [2]	Period-end Wtd.Avg Yield [3]
30 Year	$ 12,717	3.5	4.9	3.96%	3.66%
15 Year	$ 352	3.1	7.1	3.65%	3.34%
CMO	$ 327	4.7	8.0	2.16%	3.65%
ARM	$ 174	1.2	15.7	3.34%	3.11%

(1) Constant Prepayment Rate
(2) Net weighted average coupon as of March 31, 2019 is presented net of servicing and other fees
(3) Period-end weighted average yield is based on amortized cost as of March 31, 2019 and incorporates future prepayment and loss assumptions

Agency CMBS

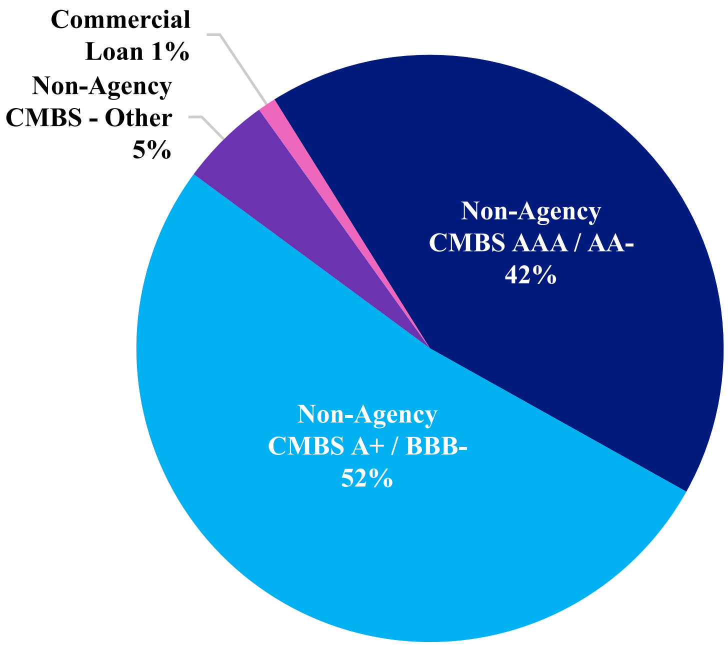


- Purchased $948 million of Agency CMBS
- Despite recent spread tightening, ROEs remain attractive
- Benefits include:
  - Targeted exposure to multifamily loans
  - GSE guarantee
  - Underlying loan prepayment protection
  - Less sensitive to interest rate risk
  - Low hedging costs given limited extension risk and prepayment protection

($ in millions)	Fair Market Value	Duration	Period-end Wtd Avg Yield (1)
Freddie K	$ 1,096	7.7	3.51%
Fannie DUS	$ 892	8.6	3.43%
Fannie ACES	$ 13	11.3	3.63%

(1) Period-end weighted average yield is based on amortized cost as of March 31, 2019 and incorporates future prepayment and loss assumptions

Commercial Credit

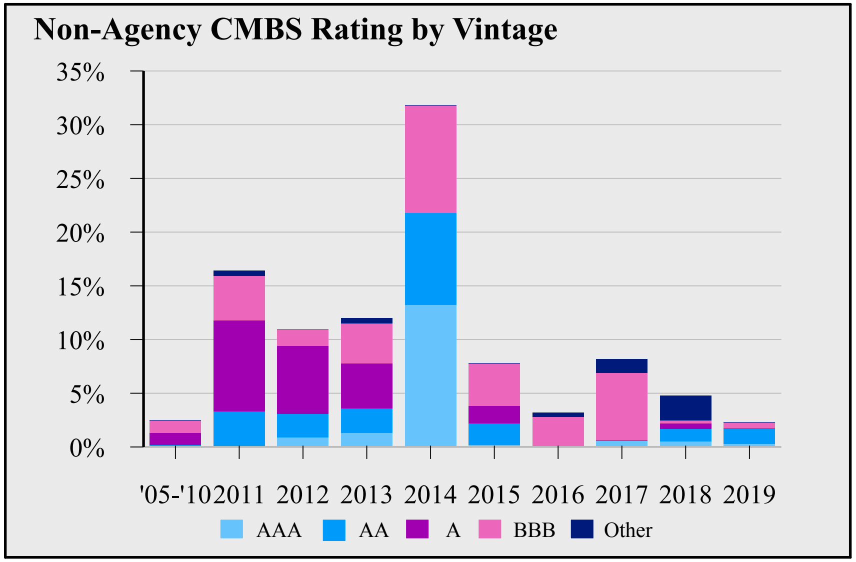


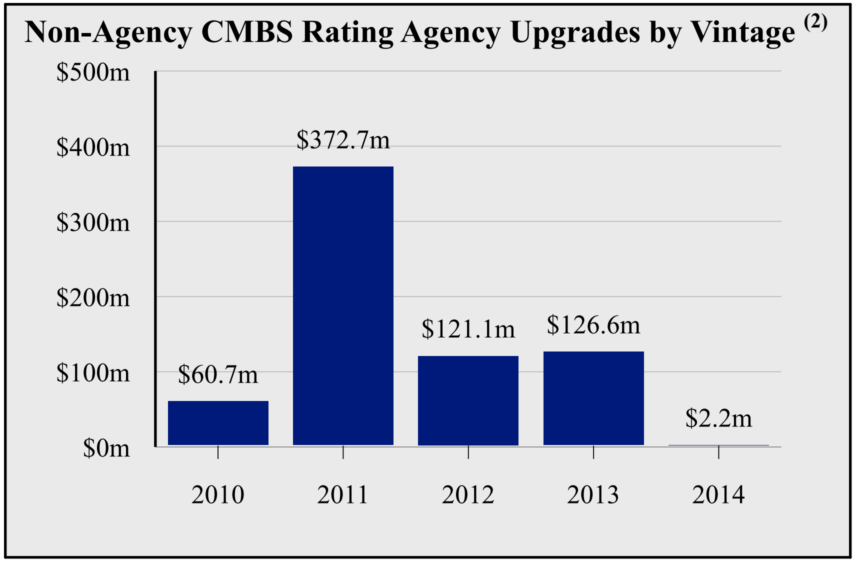
- Higher property valuations and asset seasoning have resulted in $683 million of rating agency upgrades on non-Agency CMBS since purchase
- Increased investor demand and positive commercial real estate fundamentals resulted in credit spread tightening
- Capitalized on higher risk premiums by purchasing $162 million of non-Agency CMBS

($ in millions)		Fair Market Value	Duration	Period-end Wtd Avg Yield (1)
Non-Agency CMBS A+ / BBB-	$	1,819	4.7	5.69%
Non-Agency CMBS AAA / AA-	$	1,479	4.1	4.08%
Non-Agency CMBS - Other (4)	$	158	4.4	7.32%
Commercial Loan	$	24	0.8	11.25%

(1) Period-end weighted average yield is based on amortized cost as of March 31, 2019 and incorporates future prepayment and loss assumptions
(2) Non-Agency CMBS originally rated between A+ and BBB- (or an equivalent/comparable rating by a nationally recognized statistical rating organization) issued after 2009
(3) Non-Agency CMBS originally rated between AAA and AA- (or an equivalent/comparable ratings by a nationally recognized statistical rating organization) issued after 2009
(4) Below investment grade non-Agency CMBS originally issued after 2009, including bonds issued from risk retention compliant transactions

Commercial Mortgage Investment Credit Quality





- Non-Agency CMBS LTV [1] of 35%
- Approximately 60% of non-Agency CMBS portfolio is rated single-A or higher

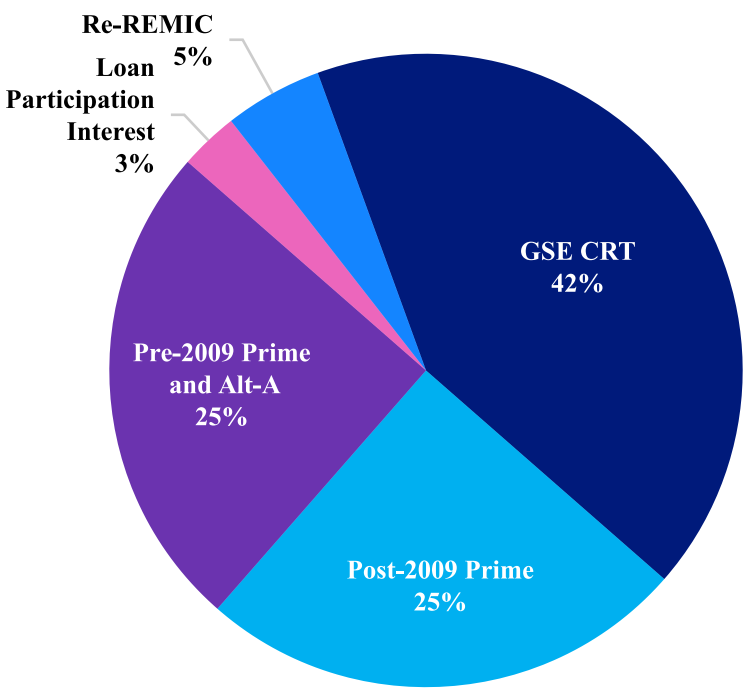
- Positive rating actions driven by:
  - Underlying property price appreciation
  - Strong borrower performance
  - Increased subordination levels due to loan paydowns

Source: Trepp as of March 31, 2019

(1) The product of (a) the weighted average current loan-to-value ratio of the non-Agency 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 March 31, 2019

(2) Incorporates rating agency upgrades by Moodys, S&P or Fitch since initial purchase

Residential Credit

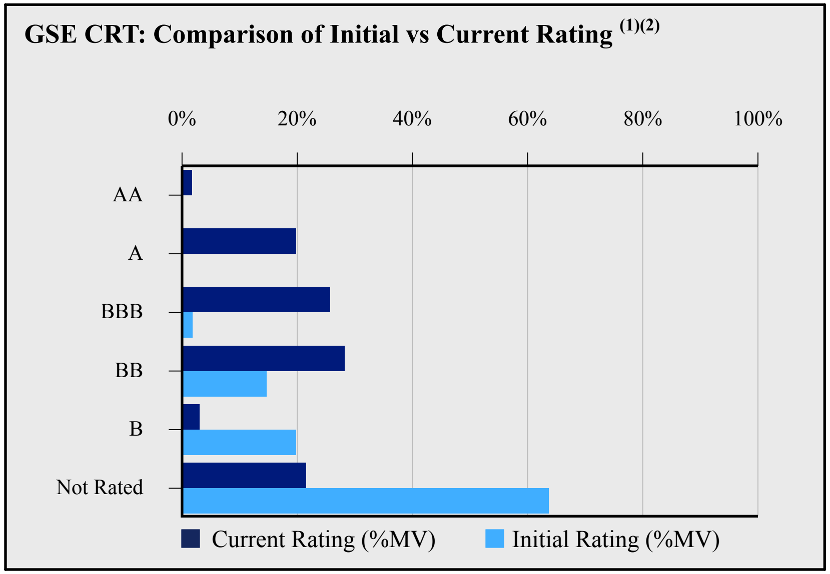


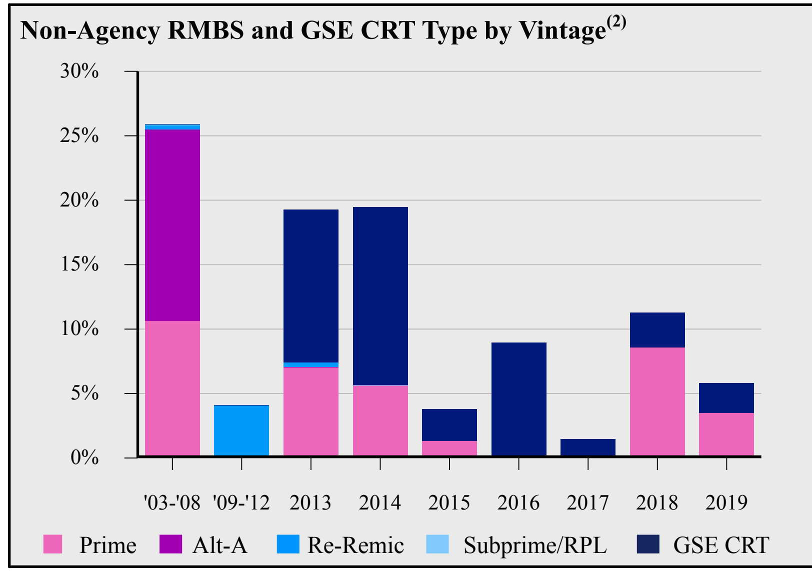
- Credit spreads have tightened across the sector amid a broad rebound in risk asset valuations since year end
- A strong labor market, positive demographic trends, and lower mortgage rates are supportive of sector fundamentals
- Capitalized on improved return opportunities by purchasing $95 million of GSE CRT and $76 million of post-2009 prime investments during the quarter

($ in millions)		Fair Market Value	Duration	Period-end Wtd Avg Yield (1)
GSE CRT (2)	$	908	(1.6)	6.14%
Post-2009 Prime	$	551	2.1	4.35%
Pre-2009 Prime and Alt-A	$	534	1.5	9.96%
Re-REMIC	$	100	1.9	6.99%
Loan Participation Interest	$	54	0.0	5.77%

(1) Period-end weighted average yield is based on amortized cost as of March 31, 2019 and incorporates future prepayment and loss assumptions
(2) 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, our period-end weighted average yield for GSE CRT was 3.16%

Residential Mortgage Investment Credit Investment



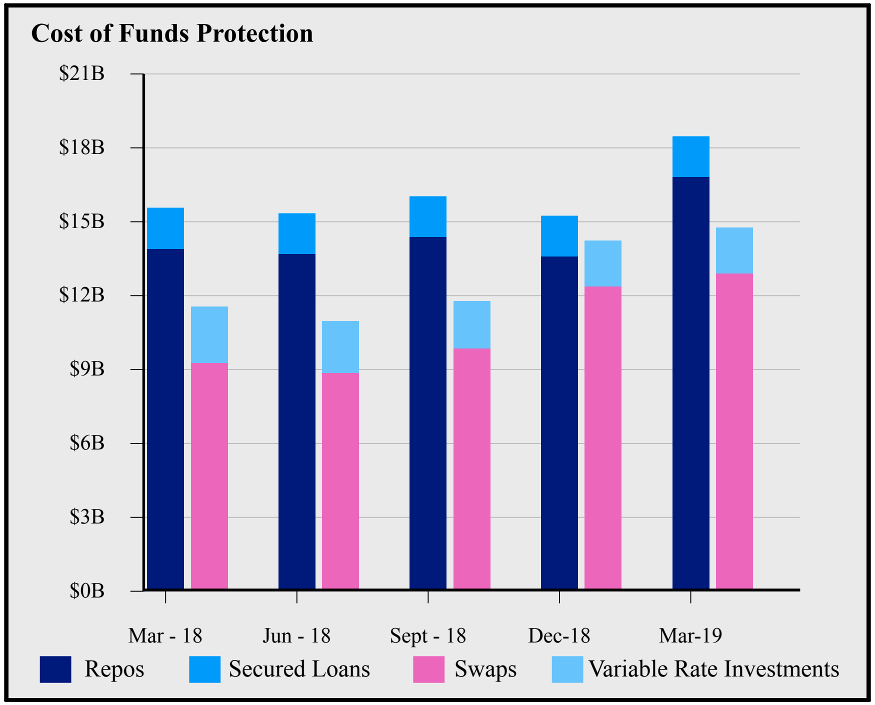


- 68% of GSE CRT investments have been upgraded by at least one rating agency since issuance [2]
- Positive rating actions were driven by underlying home price appreciation and strong borrower performance
- GSE CRT investments are primarily M2 and M3 classes, which benefit from significant credit enhancement

- Legacy non-Agency RMBS investments are focused in securities backed by Prime and Alt-A loans as well as Re-REMICs
- Post-2009 Prime and GSE CRT holdings are backed by conservatively underwritten loans to well-qualified borrowers

(1) Reflects highest rating as of March 31, 2019
(2) Includes investments that were not rated at issuance and subsequently received a rating

Financing & Hedging



- $16.8 billion of repurchase agreements with 31 active counterparties and $1.65 billion of secured loans from FHLBI
- Average cost of funds increased as borrowing rates moved higher with LIBOR
- Financing spreads for credit assets improved
- Impact of further increases in interest rates mitigated by interest rate swaps, variable rate investments and treasury futures

Average Cost of Funds (1)	Q1 2019	Q4 2018
Agency RMBS (2)	**2.59%**	**2.52%**
Agency CMBS	**2.64%**	**2.40%**
Non-Agency CMBS (2)	**3.24%**	**3.11%**
Non-Agency RMBS	**3.54%**	**3.49%**
GSE CRT	**3.49%**	**3.47%**
Loan Participation Interest	**4.15%**	**4.04%**

Floating Rate Exposure as of 3/31/19		($ in millions)
Interest rate swaps		12,895
Variable rate investments		1,861
Total assets	**$**	**14,756**
Repurchase agreements		16,824
Secured loans		1,650
Total liabilities	**$**	**18,474**
Ratio of floating rate assets to liabilities		**79.9%**

(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 average borrowings
(2) Includes borrowings under repurchase agreements and FHLBI advances for Agency RMBS and non-Agency CMBS

Appendix — Non-GAAP Financial Information

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; net loss on extinguishment of debt; and cumulative adjustments attributable to non-controlling interest. We may add additional reconciling items to our core earnings calculation in the future if appropriate.

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 exclude the impact of gains and losses because gains and losses are not accounted for consistently under U.S. GAAP. Under U.S. GAAP, certain gains and losses are reflected in net income whereas other gains and losses are reflected in other comprehensive income. For example, a portion of our mortgage-backed securities are classified as available-for-sale securities, and we record changes in the valuation of these securities in other comprehensive income on our condensed consolidated balance sheet. We elected the fair value option for our mortgage-backed securities purchased on or after September 1, 2016, and changes in the valuation of these securities are recorded in other income (loss) in our condensed consolidated statement of operations. In addition, certain gains and losses represent one-time events.

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. Please refer to pages 8-10 in the Q1 2019 earnings press release for a description of the adjustments.

	Three Months Ended		
$ in thousands, except per share data	March 31, 2019	December 31, 2018	March 31, 2018
Net income attributable to common stockholders	127,683	(172,215)	41,471
Adjustments:			
(Gain) loss on investments, net	(268,382)	(76,957)	160,370
Realized (gain) loss on derivative instruments, net	232,387	252,323	(113,578)
Unrealized (gain) loss on derivative instruments, net	(26,418)	40,533	(31,901)
Realized and unrealized (gain) loss on GSE CRT embedded derivatives, net	(2,534)	14,595	2,468
(Gain) loss on foreign currency transactions, net	—	(7)	(1,814)
Amortization of net deferred (gain) loss on de-designated interest rate swaps	(5,851)	(5,980)	(6,539)
Net loss on extinguishment of debt	—	—	26
Subtotal	(70,798)	224,507	9,032
Cumulative adjustments attributable to non-controlling interest	—	(1,449)	(114)
Core earnings attributable to common stockholders	56,885	50,843	50,389
Basic income (loss) per common share	1.05	(1.54)	0.37
Core earnings per share attributable to common stockholders	0.47	0.46	0.45