

**INVESCO MORTGAGE CAPITAL INC.** is a real estate investment trust (or REIT) that invests in, finances and manages residential and commercial mortgage-backed securities and mortgage loans. Our objective is to provide attractive risk-adjusted returns to our investors primarily through dividends and secondarily through capital appreciation. We completed our initial public offering in July 2009. We are externally managed and advised by Invesco Advisers, Inc., a registered investment adviser and an indirect, wholly-owned subsidiary of Invesco Ltd., a global investment management firm.

### Common Stock Information

As of 5/11/2018

NYSE Ticker	IVR
Share Price	\$16.11
Q1'18 Dividend	\$0.42
Dividend Yield (annualized)	10.4%
Shares Outstanding	111.6 million
Market Cap	\$1.8 billion

### Preferred Stock Information

#### Series A Preferred Shares

NYSE Ticker	IVR PrA
Dividend (quarterly)	\$0.4844

#### Series B Preferred Shares

NYSE Ticker	IVR PrB
Dividend (quarterly)	\$0.4844

#### Series C Preferred Shares

NYSE Ticker	IVR PrC
Dividend (quarterly)	\$0.46875

### Q1 2018 Key Statistics

Average earning assets <sup>(1)</sup>	\$18.1 billion
Average borrowings <sup>(1)</sup>	\$15.7 billion
Book value per diluted common share <sup>(2)</sup>	\$17.16
GAAP EPS (basic)	\$0.37
Core EPS <sup>(3)</sup>	\$0.45
Economic return <sup>(4)</sup>	(4.2)%
Debt-to-equity ratio <sup>(6)</sup>	6.2x
Repurchase agreement debt-to-equity ratio <sup>(7)</sup>	6.8x

### Analysts Ratings

As of 5/11/2018

Barclays Capital	Equal-weight
Credit Suisse Securities	Neutral
JMP Securities	Market Perform
Jones Trading	Buy
Keefe, Bruyette & Woods	Outperform

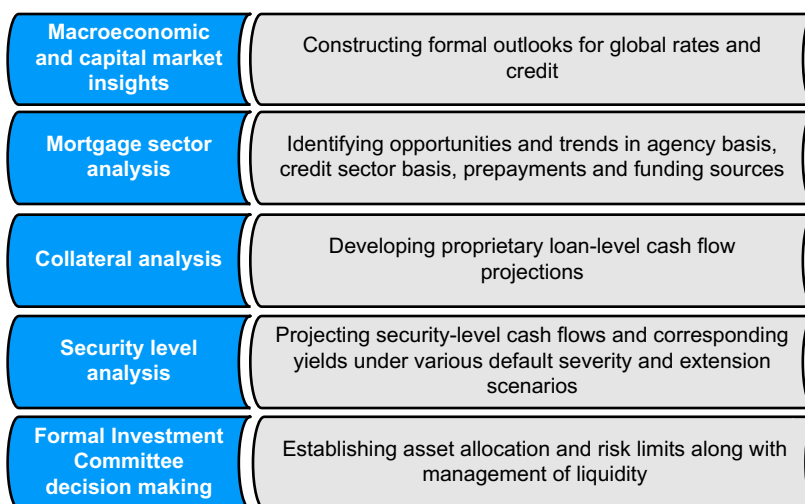
### Portfolio Strategy

Our objective is to provide attractive risk-adjusted returns to our investors. To achieve this objective, we primarily invest in the following:

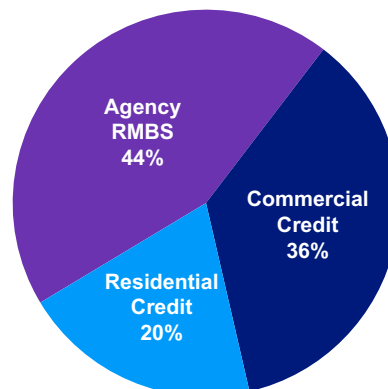
- Agency residential mortgage-backed securities ("RMBS");
- Commercial mortgage-backed securities ("CMBS");
- Non-Agency RMBS;
- Credit risk transfer securities issued by government-sponsored enterprises ("GSE CRT");
- Residential and commercial mortgage loans; and
- Other real-estate related financing arrangements

### Investment Process

The IVR Portfolio results from adherence to a disciplined and defined investment process:



### Equity allocation (as of 3/31/18)



(1) Average amounts for each period are based on weighted month-end balances; all percentages are annualized. Average balances are presented on an amortized cost basis.  
 (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), Series B Preferred Stock \$155.0 million) and Series C Preferred Stock (\$287.5 million); divided by total common shares outstanding plus Operating Partnership Units convertible into shares of common stock (1,425,000 shares).  
 (3) Core EPS is a non-Generally Accepted Accounting Principles ("GAAP") financial measure. Refer to the section entitled "Non-GAAP Financial Measures" in the Quarterly Report on Form 10-Q filed with the SEC on May 3, 2018 for important disclosures and reconciliation to the most comparable U.S. GAAP measure. Form 10-Q can be found on our website at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com).  
 (4) Economic return for the quarter ended March 31, 2018 is defined as the change in book value per diluted common share from December 31, 2017 to March 31, 2018 of -\$1.19; plus dividends declared of \$0.42 per common share; divided by the December 31, 2017 book value per diluted common share of \$18.35.  
 (5) Debt-to-equity ratio is calculated as the ratio of total debt (sum of repurchase agreements and secured loans) to total equity.  
 (6) Debt-to-equity ratio is calculated as the ratio of total debt (sum of repurchase agreements and secured loans) to total equity.  
 (7) Repurchase agreement debt-to-equity ratio is a non-GAAP financial measure and is calculated as the ratio of repurchase agreements to equity related to repurchase agreement debt.

**Quarterly Financial Information\***

(\$ in thousands, except per share amounts)	Q1'18	Q4'17	Q3'17	Q2'17	Q1'17
Interest income	\$153,225	\$152,981	\$140,389	\$127,048	\$124,637
Interest expense	68,133	59,937	54,175	44,111	38,368
<b>Net interest income</b>	85,092	93,044	86,214	82,937	86,269
Other income (loss)	(19,866)	61,244	(11,471)	(19,082)	18,648
<b>Total income</b>	65,226	154,288	74,743	63,855	104,917
Management fee - related party	10,221	10,171	9,557	9,027	8,801
General and administrative	1,756	1,801	1,697	1,608	2,084
<b>Total expenses</b>	11,977	11,972	11,254	10,635	10,885
<b>Net Income</b>	\$53,249	\$142,316	\$63,489	\$53,220	\$94,032
GAAP Earnings per share basic	\$0.37	\$1.23	\$0.44	\$0.42	\$0.78
GAAP Earnings per share diluted	\$0.37	\$1.18	\$0.43	\$0.41	\$0.73
Dividends declared per common share	\$0.42	\$0.42	\$0.41	\$0.40	\$0.40

**Selected Balance Sheet Data**

Mortgage-backed and credit risk transfer securities	\$17,622,234	\$18,190,754	\$18,259,552	\$16,083,284	\$15,921,097
Other assets	699,810	466,502	543,272	590,647	786,190
<b>Total assets</b>	<b>\$18,322,044</b>	<b>\$18,657,256</b>	<b>\$18,802,824</b>	<b>\$16,673,931</b>	<b>\$16,707,287</b>
Borrowings	15,561,137	15,874,211	15,896,660	13,987,703	14,189,899
Other liabilities	238,551	126,167	250,770	326,134	193,758
<b>Total liabilities</b>	<b>15,799,688</b>	<b>16,000,378</b>	<b>16,147,430</b>	<b>14,313,837</b>	<b>14,383,657</b>
<b>Total equity</b>	<b>2,522,356</b>	<b>2,656,878</b>	<b>2,655,394</b>	<b>2,360,094</b>	<b>2,323,630</b>
<b>Total liabilities and equity</b>	<b>\$18,322,044</b>	<b>\$18,657,256</b>	<b>\$18,802,824</b>	<b>\$16,673,931</b>	<b>\$16,707,287</b>

**U.S. GAAP Financial Measures**

Average earning asset yield	3.38%	3.34%	3.22%	3.17%	3.06%
Cost of funds	1.74%	1.51%	1.43%	1.26%	1.08%
Net interest rate margin	1.64%	1.83%	1.79%	1.91%	1.98%
Book value per diluted common share <sup>(1)</sup>	\$17.16	\$18.35	\$18.34	\$18.27	\$17.95

**Non-GAAP Financial Measures<sup>(2)</sup>**

Core earnings	\$50,389	\$52,482	\$49,075	\$46,083	\$44,918
Core earnings per share	\$0.45	\$0.47	\$0.44	\$0.41	\$0.40
Effective interest income	\$158,858	\$158,800	\$146,262	\$132,892	\$130,444
Effective yield	3.50%	3.46%	3.36%	3.32%	3.20%
Effective interest expense	\$86,784	\$83,138	\$78,066	\$70,446	\$67,560
Effective cost of funds	2.22%	2.09%	2.06%	2.01%	1.90%
Effective net interest income	\$72,074	\$75,662	\$68,196	\$62,446	\$62,884
Effective interest rate margin	1.28%	1.37%	1.30%	1.31%	1.30%

\* Source: Form 8-K, Form 10-Q and Form 10-K filed with the SEC which can be found at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com)

- (1) Book value per diluted 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 plus Operating Partnership Units convertible into shares of common stock (1,425,000 shares).
- (2) Core earnings (and by calculation, core earnings per common share), effective interest income (and by calculation, effective yield), effective interest expense (and by calculation, effective cost of funds) and effective net interest income (and by calculation, effective interest rate margin) are non-Generally Accepted Accounting Principles ("GAAP") financial measures. Refer to the section entitled "Non-GAAP Financial Measures" in the Quarterly Report on Form 10-Q filed with the SEC on May 3, 2018 and Annual Report on Form 10-K filed with the SEC on February 20, 2018 for important disclosures and reconciliation to the most comparable U.S. GAAP measures. Form 10-Q and Form 10-K can be found on our website at [www.invescomortgagecapital.com](http://www.invescomortgagecapital.com)