

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 11/6/2017

NYSE Ticker	IVR
Share Price	\$16.71
Q3'17 Dividend	\$0.41
Dividend Yield (annualized)	9.8%
Shares Outstanding	111.6 million
Market Cap	\$1.9 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)	\$0.4688

Q3 2017 Key Statistics

Average earning assets ⁽¹⁾	\$17.4 billion
Average borrowings ⁽¹⁾	\$15.2 billion
Book value per common share ⁽²⁾	\$18.34
GAAP EPS (basic)	\$0.44
Core EPS ⁽³⁾	\$0.44
Economic return ⁽⁴⁾	2.6%
Debt-to-equity ratio ⁽⁶⁾	6.0x
Repurchase agreement debt-to-equity ratio ⁽⁷⁾	6.3x

Analysts Ratings

As of 11/6/2017

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

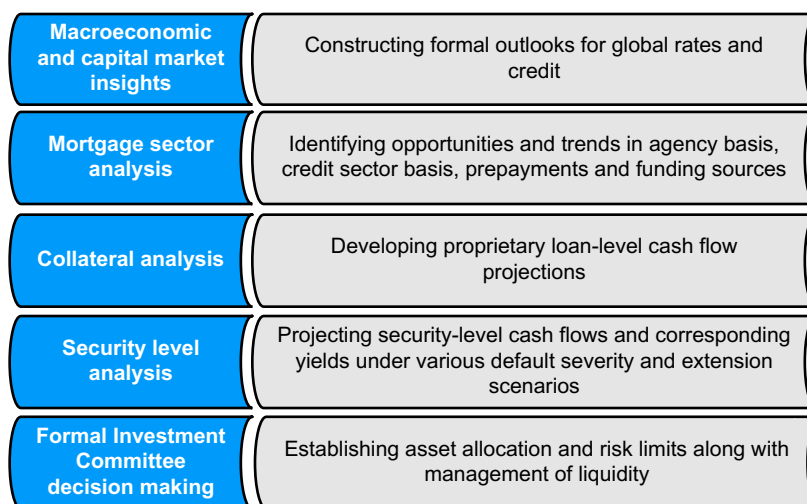
Portfolio Strategy

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

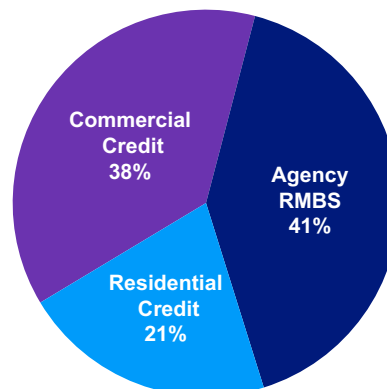
- Agency residential mortgage-backed securities ("RMBS");
- Non-Agency RMBS;
- Credit risk transfer securities issued by government-sponsored enterprises ("GSE CRT");
- Commercial mortgage-backed securities ("CMBS");
- Commercial mortgage loans;
- Other real-estate related financing arrangements

Investment Process

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



Equity allocation (as of 9/30/17)



(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 November 6, 2017 for important disclosures and reconciliation to the most comparable U.S. GAAP measures. Form 10-Q can be found on our website at www.invescomortgagecapital.com.
(4) Economic return for the quarter ended September 30, 2017 is defined as the change in book value per diluted common share from June 30, 2017 to September 30, 2017 of \$0.07; plus dividends declared of \$0.41 per common share; divided by the June 30, 2017 book value per diluted common share of \$18.27.
(5) Debt-to-equity ratio is calculated as the ratio of total debt (sum of repurchase agreements, secured loans and exchangeable senior notes) to total equity.
(6) Debt-to-equity ratio is calculated as the ratio of total debt (sum of repurchase agreements, secured loans and exchangeable senior notes) 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)	Q3'17	Q2'17	Q1'17	Q4'16	Q3'16
Interest income	\$140,389	\$127,048	\$124,637	\$114,589	\$118,147
Interest expense	54,175	44,111	38,368	34,406	33,258
Net interest income	86,214	82,937	86,269	80,183	84,889
Other income (loss)	(11,471)	(19,082)	18,648	209,905	60,324
Total income	74,743	63,855	104,917	290,088	145,213
Management fee - related party	9,557	9,027	8,801	9,249	6,719
General and administrative	1,697	1,608	2,084	1,496	1,836
Total expenses	11,254	10,635	10,885	10,745	8,555
Net Income	\$63,489	\$53,220	\$94,032	\$279,343	\$136,658
GAAP Earnings per share basic	\$0.44	\$0.42	\$0.78	\$2.42	\$1.16
GAAP Earnings per share diluted	\$0.43	\$0.41	\$0.73	\$2.15	\$1.05
Dividends declared per common share	\$0.41	\$0.40	\$0.40	\$0.40	\$0.40

Selected Balance Sheet Data

Mortgage-backed and credit risk transfer securities	\$18,259,552	\$16,083,284	\$15,921,097	\$14,981,331	\$16,074,077
Other assets	543,272	590,647	786,190	724,907	840,087
Total assets	\$18,802,824	\$16,673,931	\$16,707,287	\$15,706,238	\$16,914,164
Borrowings	15,896,660	13,987,703	14,189,899	13,210,669	14,110,502
Other liabilities	250,770	326,134	193,758	225,385	465,366
Total liabilities	16,147,430	14,313,837	14,383,657	13,436,054	14,575,868
Total equity	2,655,394	2,360,094	2,323,630	2,270,184	2,338,296
Total liabilities and equity	\$18,802,824	\$16,673,931	\$16,707,287	\$15,706,238	\$16,914,164

U.S. GAAP Financial Measures

Average earning asset yield	3.22%	3.17%	3.06%	2.96%	2.94%
Cost of funds	1.43%	1.26%	1.08%	1.01%	0.94%
Net interest rate margin	1.79%	1.91%	1.98%	1.95%	2.00%
Book value per share ⁽¹⁾	\$18.34	\$17.48	\$17.95	\$17.48	\$18.08

Non-GAAP Financial Measures⁽²⁾

Core earnings	\$49,075	\$46,083	\$44,918	\$39,775	\$46,214
Core earnings per share	\$0.44	\$0.41	\$0.40	\$0.36	\$0.41
Effective interest income	\$146,262	\$132,892	\$130,444	\$120,544	\$124,110
Effective yield	3.36%	3.32%	3.20%	3.12%	3.09%
Effective interest expense	\$78,066	\$70,446	\$67,560	\$64,923	\$64,477
Effective cost of funds	2.06%	2.01%	1.90%	1.91%	1.82%
Effective net interest income	\$68,196	\$62,446	\$62,884	\$55,621	\$59,633
Effective net interest rate margin	1.30%	1.31%	1.30%	1.21%	1.27%

* Source: Form 8-K and Form 10-Q filed with the SEC which can be found at 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 November 6, 2017 for important disclosures and reconciliation to the most comparable U.S. GAAP measures. Form 10-Q can be found on our website at www.invescomortgagecapital.com