

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 8/9/2018

NYSE Ticker	IVR
Share Price	\$16.14
Q2'18 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

Q2 2018 Key Statistics

Average earning assets ⁽¹⁾	\$17.7 billion
Average borrowings ⁽¹⁾	\$15.3 billion
Book value per diluted common share ⁽²⁾	\$17.06
GAAP EPS (basic)	\$0.72
Core EPS ⁽³⁾	\$0.41
Economic return ⁽⁴⁾	1.9%
Debt-to-equity ratio ⁽⁵⁾	6.1x
Repurchase agreement debt-to-equity ratio ⁽⁶⁾	6.5x

Analysts Ratings

As of 8/9/2018

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

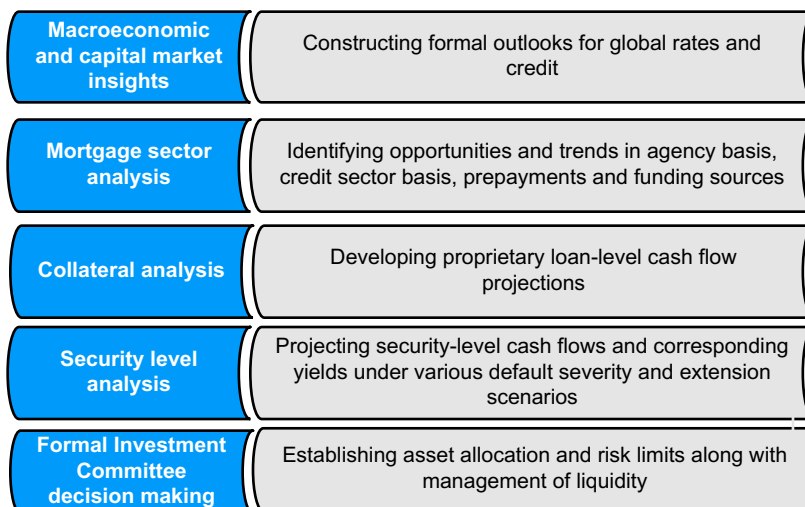
Portfolio Strategy

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

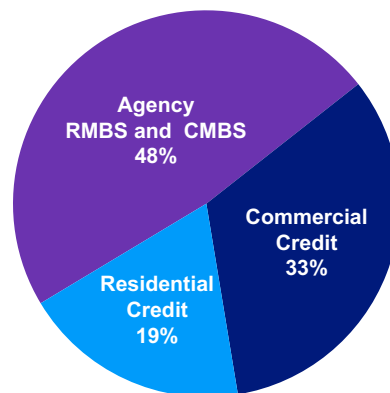
- Agency residential mortgage-backed securities ("Agency RMBS");
- Agency commercial mortgage-backed securities ("Agency CMBS");
- Non-Agency RMBS;
- Non-Agency CMBS;
- Credit risk transfer securities issued by government-sponsored enterprises ("GSE CRT");
- Residential and commercial mortgage loans; 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 6/30/2018)



(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 August 7, 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.
 (4) Economic return for the quarter ended June 30, 2018 is defined as the change in book value per diluted common share from March 31, 2018 to June 30, 2018 of -\$0.10; plus dividends declared of \$0.42 per common share; divided by the March 31, 2018 book value per diluted common share of \$17.16.
 (5) Debt-to-equity ratio is calculated as the ratio of total debt (sum of repurchase agreements and secured loans) to total equity.
 (6) 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)

	Q2'18	Q1'18	Q4'17	Q3'17	Q2'17
Interest income	\$151,599	\$153,225	\$152,981	\$140,389	\$127,048
Interest expense	77,860	68,133	59,937	54,175	44,111
Net interest income	73,739	85,092	93,044	86,214	82,937
Other income (loss)	30,165	(19,866)	61,244	(11,471)	(19,082)
Total income	103,904	65,226	154,288	74,743	63,855
Management fee - related party	10,102	10,221	10,171	9,557	9,027
General and administrative	1,525	1,756	1,801	1,697	1,608
Total expenses	11,627	11,977	11,972	11,254	10,635
Net Income	\$92,277	\$53,249	\$142,316	\$63,489	\$53,220
GAAP Earnings per share basic	\$0.72	\$0.37	\$1.23	\$0.44	\$0.42
GAAP Earnings per share diluted	\$0.72	\$0.37	\$1.18	\$0.43	\$0.41
Dividends declared per common share	\$0.42	\$0.42	\$0.42	\$0.41	\$0.40
Selected Balance Sheet Data					
Mortgage-backed and credit risk transfer securities	\$17,583,187	\$17,622,234	\$18,190,754	\$18,259,552	\$16,083,284
Other assets	431,588	699,810	466,502	543,272	590,647
Total assets	\$18,014,775	\$18,322,044	\$18,657,256	\$18,802,824	\$16,673,931
Borrowings	15,352,321	15,561,137	15,874,211	15,896,660	13,987,703
Other liabilities	150,731	238,551	126,167	250,770	326,134
Total liabilities	15,503,052	15,799,688	16,000,378	16,147,430	14,313,837
Total equity	2,511,723	2,522,356	2,656,878	2,655,394	2,360,094
Total liabilities and equity	\$18,014,775	\$18,322,044	\$18,657,256	\$18,802,824	\$16,673,931
U.S. GAAP Financial Measures					
Average earning asset yield	3.42%	3.38%	3.34%	3.22%	3.17%
Cost of funds	2.04%	1.74%	1.51%	1.43%	1.26%
Net interest rate margin	1.38%	1.64%	1.83%	1.79%	1.91%
Book value per diluted common share ⁽¹⁾	\$17.06	\$17.16	\$18.35	\$18.34	\$18.27
Non-GAAP Financial Measures⁽²⁾					
Core earnings	\$46,108	\$50,389	\$52,482	\$49,075	\$46,083
Core earnings per share	\$0.41	\$0.45	\$0.47	\$0.44	\$0.41
Effective interest income	\$157,237	\$158,858	\$158,800	\$146,262	\$132,892
Effective yield	3.55%	3.50%	3.46%	3.36%	3.32%
Effective interest expense	\$89,269	\$86,784	\$83,138	\$78,066	\$70,446
Effective cost of funds	2.34%	2.22%	2.09%	2.06%	2.01%
Effective net interest income	\$67,968	\$72,074	\$75,662	\$68,196	\$62,446
Effective interest rate margin	1.21%	1.28%	1.37%	1.30%	1.31%

 * Source: Form 8-K, Form 10-Q and Form 10-K 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 interest 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 August 7, 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