

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 11/7/2018

NYSE Ticker	IVR
Share Price	\$15.17
Q3'18 Dividend	\$0.42
Dividend Yield (annualized)	11.1%
Shares Outstanding	111.7 million
Market Cap	\$1.7 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

Q3 2018 Key Statistics

Average earning assets ⁽¹⁾	\$18.4 billion
Average borrowings ⁽¹⁾	\$16.0 billion
Book value per diluted common share ⁽²⁾	\$16.83
GAAP EPS (basic)	-\$0.58
Core EPS ⁽³⁾	\$0.41
Economic return ⁽⁴⁾	1.1%
Debt-to-equity ratio ⁽⁵⁾	6.4x
Repurchase agreement debt-to-equity ratio ⁽⁶⁾	6.6x

Analysts Ratings

As of 9/30/2018

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

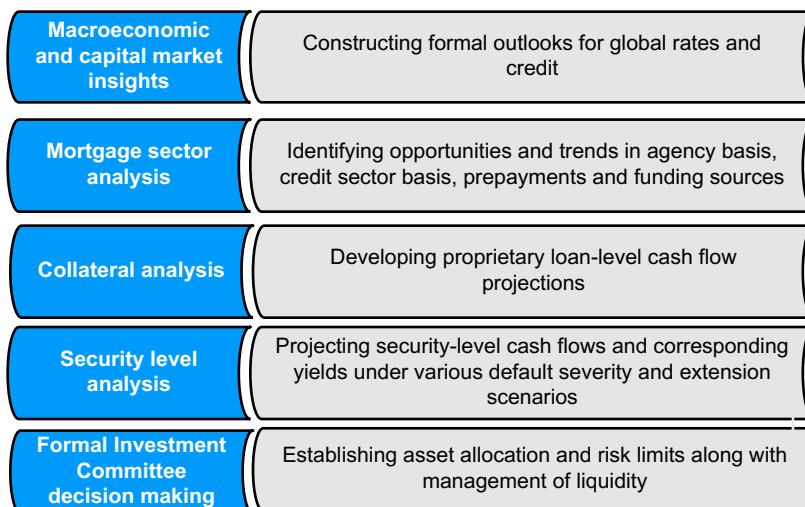
Portfolio Strategy

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

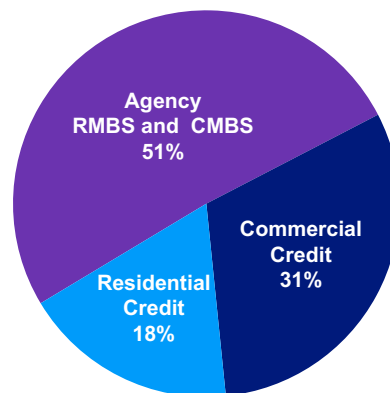
- Agency residential mortgage-backed securities ("Agency RMBS");
- Agency commercial mortgage-backed securities ("Agency CMBS");
- Non-Agency RMBS;
- Non-Agency CMBS;
- Credit risk transfer securities issued by government-sponsored enterprises ("GSE CRT");
- Residential and commercial mortgage loans; 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 9/30/2018)



(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 November 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 September 30, 2018 is defined as the change in book value per diluted common share from June 30, 2018 to September 30, 2018 of -\$0.23; plus dividends declared of \$0.42 per common share; divided by the June 30, 2018 book value per diluted common share of \$17.06.
 (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)

	Q3'18	Q2'18	Q1'18	Q4'17	Q3'17
Interest income	\$162,088	\$151,599	\$153,225	\$152,981	\$140,389
Interest expense	91,253	77,860	68,133	59,937	54,175
Net interest income	70,835	73,739	85,092	93,044	86,214
Other income (loss)	(113,111)	30,165	(19,866)	61,244	(11,471)
Total income	(42,276)	103,904	65,226	154,288	74,743
Management fee - related party	10,105	10,102	10,221	10,171	9,557
General and administrative	1,673	1,525	1,756	1,801	1,697
Total expenses	11,778	11,627	11,977	11,972	11,254
Net Income (loss)	(\$54,054)	\$92,277	\$53,249	\$142,316	\$63,489
GAAP Earnings (loss) per common share basic	(\$0.58)	\$0.72	\$0.37	\$1.23	\$0.44
GAAP Earnings (loss) per common share diluted	(\$0.58)	\$0.72	\$0.37	\$1.18	\$0.43
Dividends declared per common share	\$0.42	\$0.42	\$0.42	\$0.42	\$0.41

Selected Balance Sheet Data

Mortgage-backed and credit risk transfer securities	\$18,336,825	\$17,583,187	\$17,622,234	\$18,190,754	\$18,259,552
Other assets	886,062	431,588	699,810	466,502	543,272
Total assets	\$19,222,887	\$18,014,775	\$18,322,044	\$18,657,256	\$18,802,824
Borrowings	16,028,518	15,352,321	15,561,137	15,874,032	15,896,218
Other liabilities	708,946	150,731	238,551	126,346	251,212
Total liabilities	16,737,464	15,503,052	15,799,688	16,000,378	16,147,430
Total equity	2,485,423	2,511,723	2,522,356	2,656,878	2,655,394
Total liabilities and equity	\$19,222,887	\$18,014,775	\$18,322,044	\$18,657,256	\$18,802,824

U.S. GAAP Financial Measures

Average earning asset yield	3.53%	3.42%	3.38%	3.34%	3.22%
Cost of funds	2.29%	2.04%	1.74%	1.51%	1.43%
Net interest rate margin	1.24%	1.38%	1.64%	1.83%	1.79%
Book value per diluted common share ⁽¹⁾	\$16.83	\$17.06	\$17.16	\$18.35	\$18.34

Non-GAAP Financial Measures⁽²⁾

Core earnings	\$45,616	\$46,108	\$50,389	\$52,482	\$49,075
Core earnings per share	\$0.41	\$0.41	\$0.45	\$0.47	\$0.44
Effective interest income	\$167,726	\$157,237	\$158,858	\$158,800	\$146,262
Effective yield	3.65%	3.55%	3.50%	3.46%	3.36%
Effective interest expense	\$100,438	\$89,269	\$86,784	\$83,138	\$78,066
Effective cost of funds	2.52%	2.34%	2.22%	2.09%	2.06%
Effective net interest income	\$67,288	\$67,968	\$72,074	\$75,662	\$68,196
Effective interest rate margin	1.13%	1.21%	1.28%	1.37%	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

- (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 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