Invesco Mortgage Capital Inc.
First Quarter 2022 Earnings Call

May 5, 2022

John Anzalone
Chief Executive Officer

Kevin Collins
President

Lee Phegley
Chief Financial Officer

David Lyle
Chief Operating Officer

Brian Norris
Chief Investment Officer

Cautionary Notice Regarding Forward-Looking Statements

This press release, the related 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 ongoing spread and the economic and operational impact of the COVID-19 pandemic, the market for our target assets, our financial performance, including our earnings available for distribution, economic return, comprehensive income and changes in our book value, our intention and ability to pay dividends, 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.

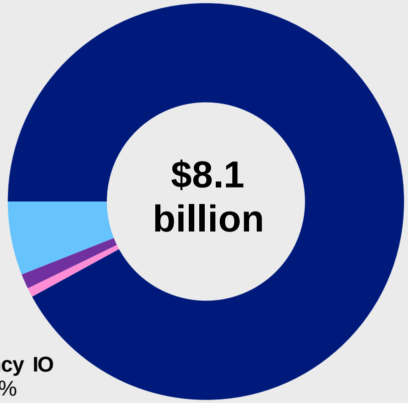
Forward-looking statements are not guarantees, and they involve risks, uncertainties and assumptions. There can be no assurance that actual results will not differ materially from our expectations. We caution investors not to rely unduly on any forward-looking statements and urge you to carefully consider 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.

All written or oral forward-looking statements that we make, or that are attributable to us, are expressly qualified by this cautionary notice. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate.

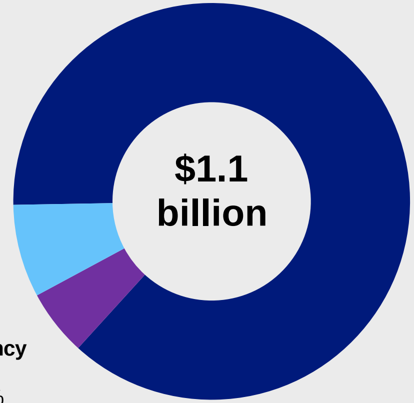
Invesco Mortgage Capital Inc.

Q1 2022 Results

Investment Allocation[1]



Equity Allocation



- Financial results
  - Net loss per common share of $0.72
  - Earnings available for distribution per common share[2] of $0.12
  - Book value per common share for the first quarter of 2022 decreased 28.5% to $2.08 and is estimated to be between $1.77 and $1.83 as of April 30, 2022
  - Dividend per common share of $0.09
  - Economic return of (25.4)%
- Company activity
  - Reduced exposure to Agency RMBS given risk of further downward pressure on valuations
  - Held $664.7 million of unrestricted cash and unencumbered investments at quarter end
  - Approved Series B and C Preferred Stock repurchase plan
  - Approved a one-for-ten reverse common stock split

(1) Agency RMBS includes specified pools at fair value and TBAs at implied cost. Credit portfolio includes non-Agency CMBS, non-Agency RMBS, a commercial loan and investments in joint ventures

(2) Refer to page 10 for additional information regarding our non-GAAP financial measures

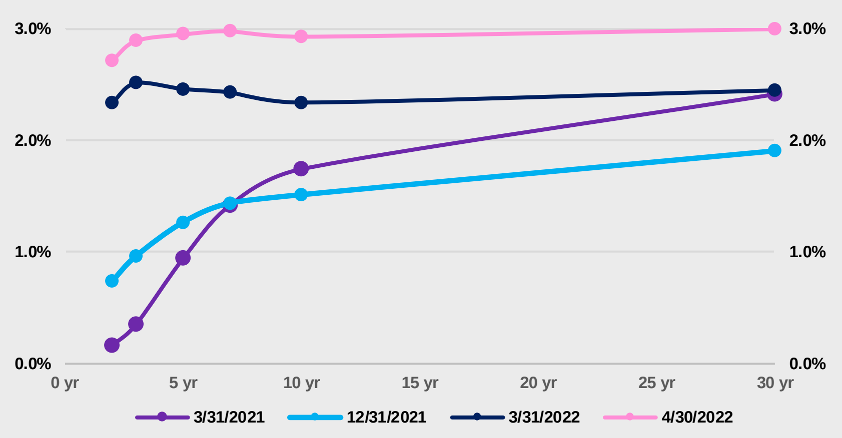
Past performance is not a guarantee of future results

Macro Environment

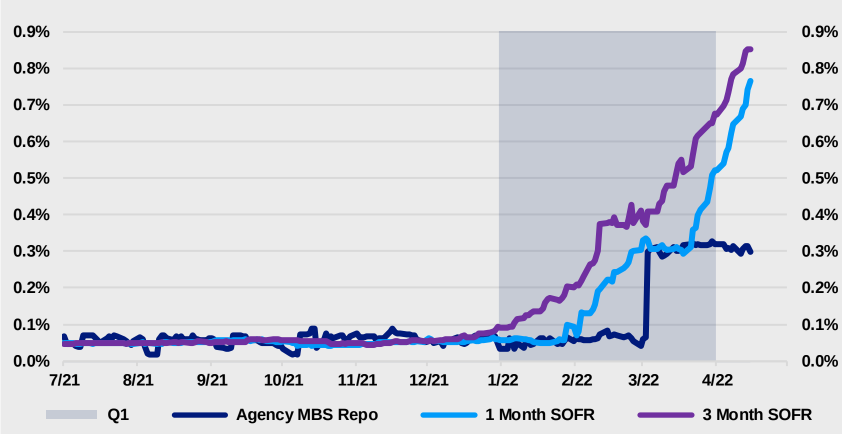
Invesco Mortgage Capital Inc.

The Federal Reserve's accelerated timeline for monetary policy tightening combined with an escalation of geopolitical risks has flattened the yield curve

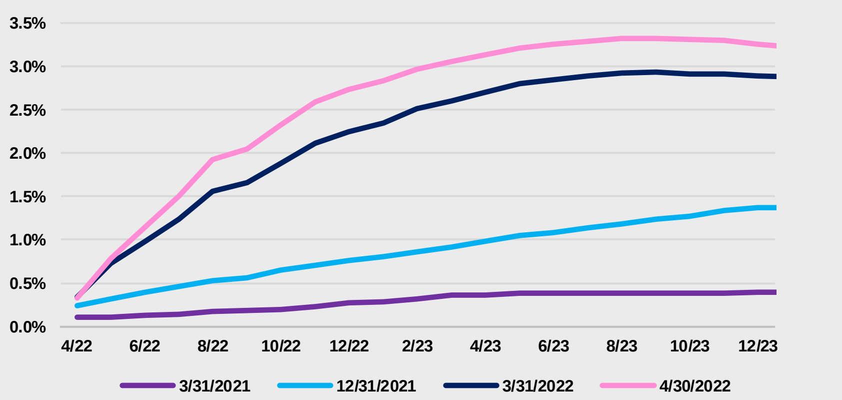
Treasury Yields



Money Market Rates

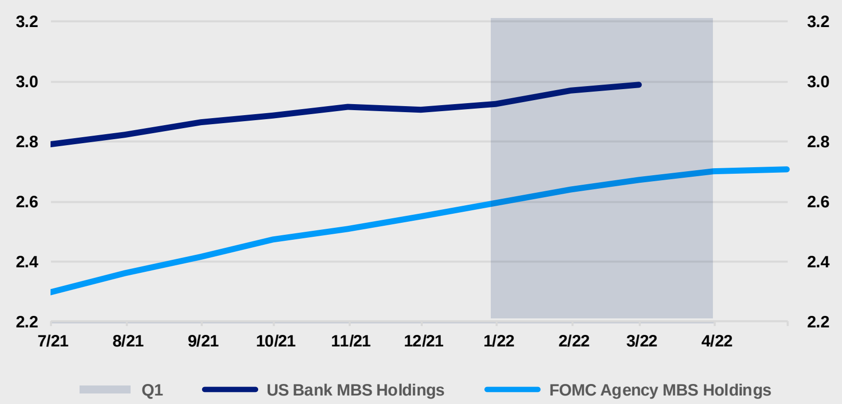


Federal Funds Futures



US Bank and Federal Reserve MBS Holdings

($ trillions)



Data as of 4/30/22

Sources: Bloomberg, JP Morgan and FRED

Agency RMBS Market

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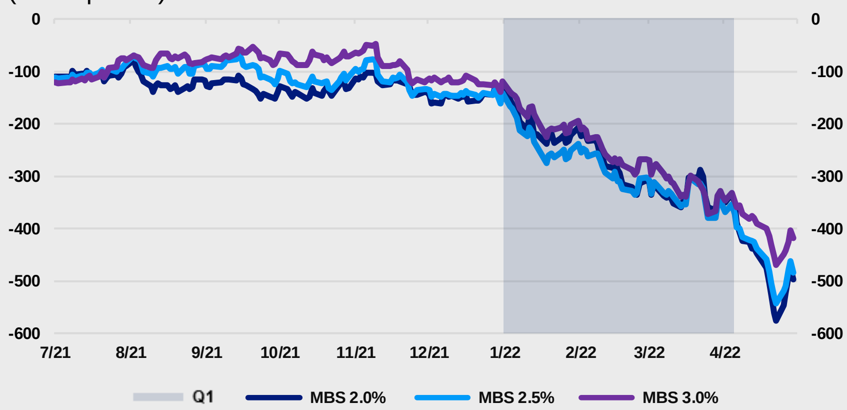
Agency RMBS underperformance intensified as the Federal Reserve's net purchases ended and investors began to price in expectations of a swifter pace of balance sheet normalization

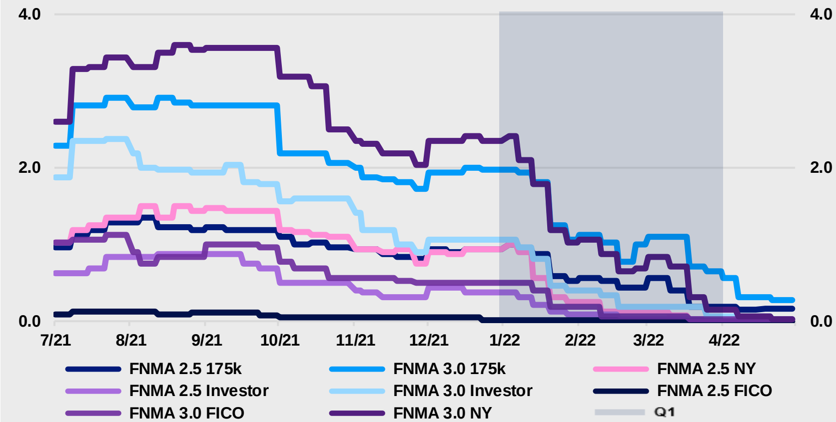
Agency MBS Performance vs. Swaps

(basis points)



Specified Pool Pay-ups

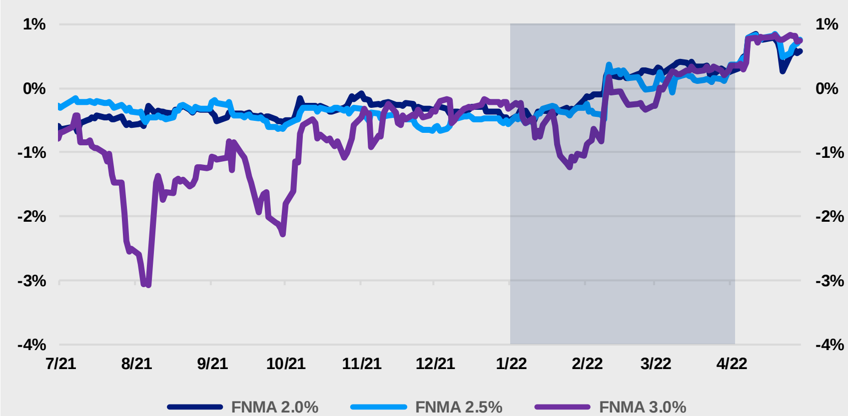
($150k max, in points)



Agency RMBS Spread to Treasuries[1]

(basis points)

Dollar Roll Implied Financing Rate



(1) 30 year Current Coupon Zero Volatility Spreads to Treasuries

Data as of 4/30/22

Sources: Bloomberg and JP Morgan

Agency RMBS Investments

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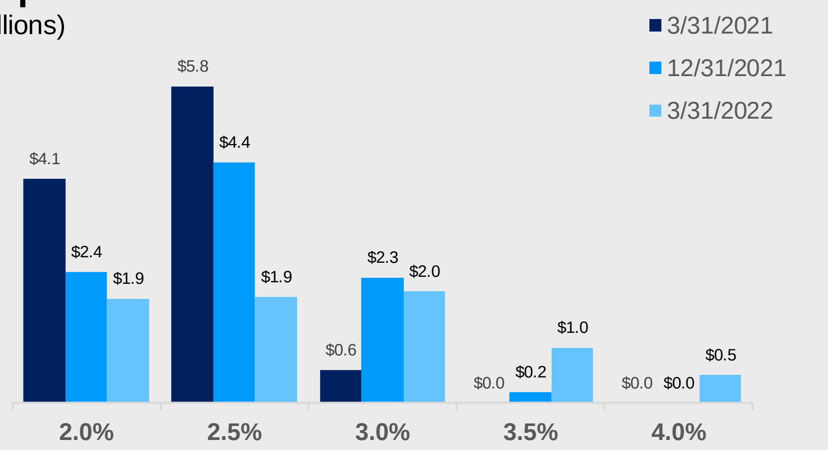
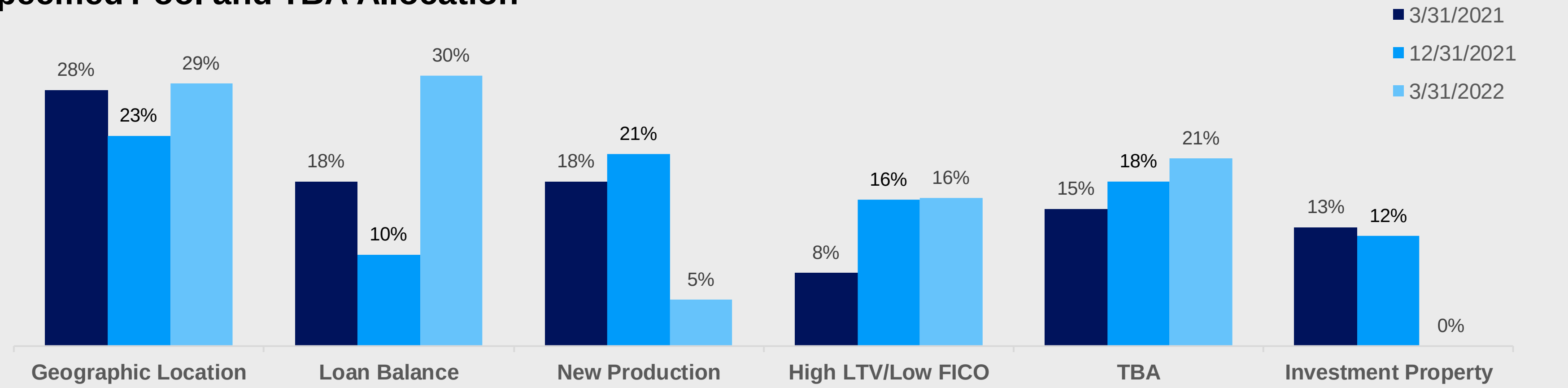
Coupon Distribution
($ billions)



- Agency RMBS investment portfolio decreased by 20.2% to $7.5 billion
  - Reduced investments through $1.5 billion of 30-year specified pool sales and $0.2 billion of paydowns
  - Improved prospective return on equity through rotation into higher coupons, reducing exposure to 30-year 2.0%, 2.5% and 3.0% coupons while increasing allocations to 30-year 3.5% and 4.0% coupons
- Q1 2022 specified pool characteristics:
  - 7.0% CPR
  - Weighted average yield of 2.54%
  - Weighted average specified pool pay-up of 0.29 points

Specified Pool and TBA Allocation



Charts reflects Agency RMBS at fair value and TBAs at implied cost

Active Management

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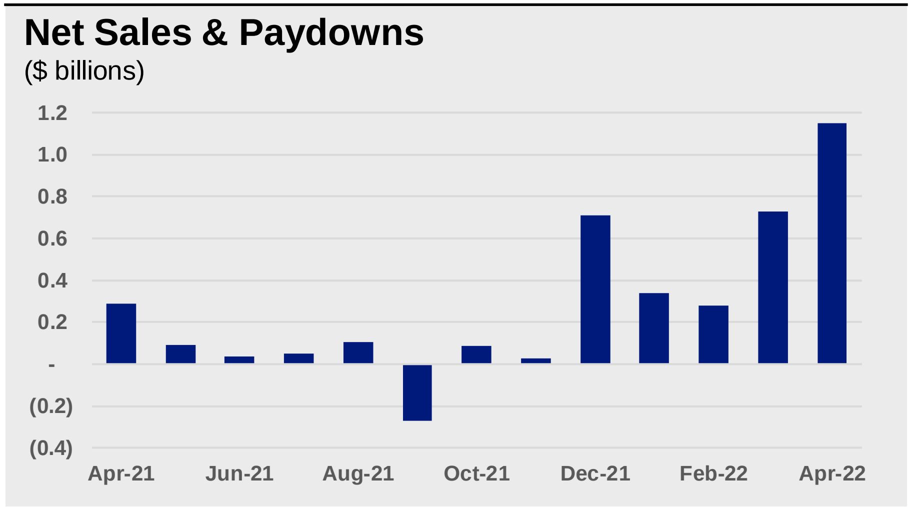

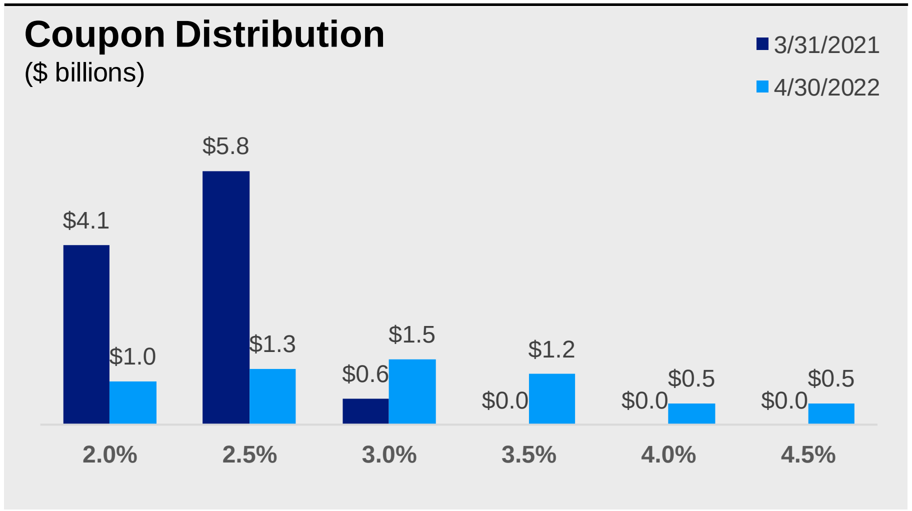

Charts reflects Agency RMBS at fair value and TBAs at implied cost

- Since March 31, 2021, we've reduced our Agency RMBS investments through sales and paydowns by $4.0 billion (approximately 38%)
- Sales accelerated during the 4th quarter as the Federal Reserve pivoted towards a significantly more hawkish monetary policy stance
- Improved the diversification of our coupon distribution
  - Significantly reduced allocation to lower coupon holdings given increased risk of Fed sales from balance sheet
  - Continue to move up in coupon as production catches up to the sharp move in mortgage rates
- Earnings Available for Distribution is supported by:
  - Improving available returns on reinvestment options given widening spreads and higher yields
  - Attractive funding via repo and dollar roll markets
  - Moderating prepayment speeds as mortgage rates rise

Credit Investment Characteristics

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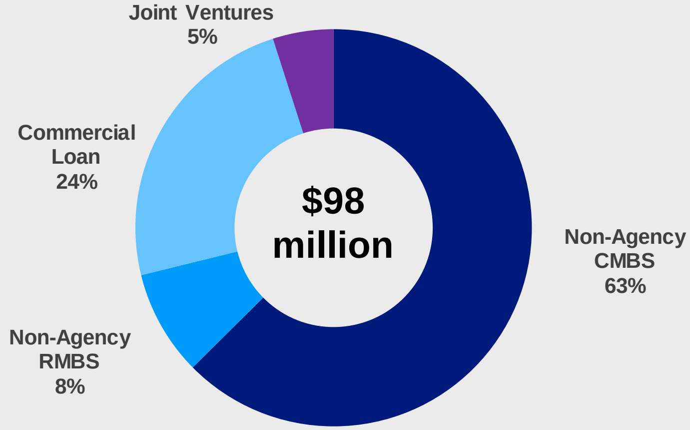
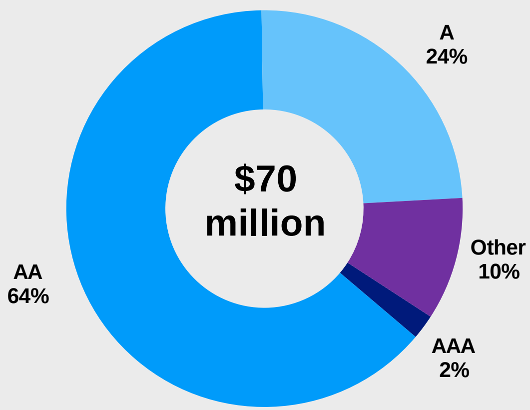
Credit Allocation



Credit Securities by Rating(1)



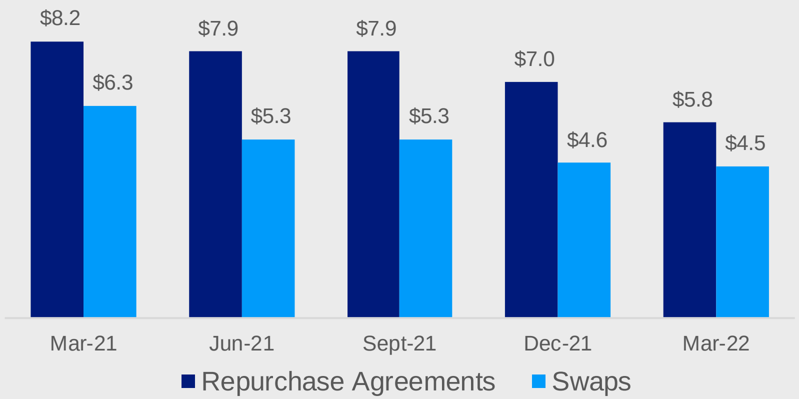
- 90% of credit securities are rated single-A or higher(1)
- Majority of non-Agency CMBS investments are collateralized by loans benefitting from property type diversification and improved underwriting following the 2008 global financial crisis
- Improving commercial real estate fundamentals support credit investment valuations

(1) Ratings source: Bloomberg. “Other” includes investments rated below BBB and unrated investments. Excludes commercial loan and investments in joint ventures.

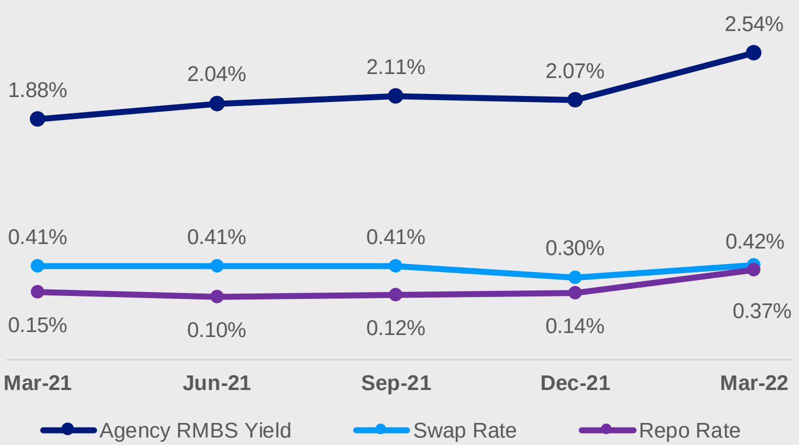
Financing & Hedging

Invesco Mortgage Capital Inc.

Cost of Funds Protection[1][2]
(in billions)



Asset Yields and Funding Rates[3]



- Financed Agency RMBS investments with repurchase agreements across 18 counterparties
- All credit assets are unlevered
- Hedged 78% of our borrowing costs with a net $4.5 billion notional of pay fixed / receive floating interest rate swaps with a weighted average life of 6.4 years[2]
- Hedged additional yield curve exposures with $1.3 billion notional of forward starting pay fixed / receive floating interest rate swaps with a weighted average life of 20.5 years
- Held $664.7 million of unrestricted cash and unencumbered investments at quarter end
- Debt-to-equity ratio of 5.2x
- Economic debt-to-equity ratio[4] of 6.5x

(1) Chart reflects carrying value of borrowings and notional amount of interest rate swaps
(2) Swap notional includes $6.8 billion pay fixed / receive floating interest rate swaps with a weighted average maturity of 6.5 years net of $2.3 billion receive fixed / pay floating interest rate swaps with a weighted average maturity of 7.0 years as of March 31, 2022
(3) Agency RMBS Yield and Repo Rate reflect the period-end weighted average asset yields and weighted average cost of funds for Agency RMBS, respectively. The Swap Rate is the weighted average rate on the pay fixed / receive floating interest rate swaps
(4) Economic debt-to-equity ratio is a non-GAAP financial measure. Refer to page 12 for additional detail

Appendix - Non-GAAP Financial Information

The Company's business objective is to provide attractive risk-adjusted returns to its stockholders, primarily through dividends and secondarily through capital appreciation. The Company uses earnings available for distribution as a measure of its investment portfolio's ability to generate income for distribution to common stockholders and to evaluate its progress toward meeting this objective. The Company calculates earnings available for distribution 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; TBA dollar roll income; (gain) loss on foreign currency transactions, net; amortization of net deferred (gain) loss on de-designated interest rate swaps; and net (gain) loss on extinguishment of debt.

By excluding the gains and losses discussed above, the Company believes the presentation of earnings available for distribution provides a consistent measure of operating performance that investors can use to evaluate its results over multiple reporting periods and, to a certain extent, compare to its peer companies. However, because not all of the Company's peer companies use identical operating performance measures, the Company's presentation of earnings available for distribution may not be comparable to other similarly titled measures used by its peer companies. The Company excludes the impact of gains and losses when calculating earnings available for distribution because (i) when analyzed in conjunction with its U.S. GAAP results, earnings available for distribution provides additional detail of its investment portfolio's earnings capacity and (ii) 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 the Company's mortgage-backed securities are classified as available-for-sale securities, and changes in the valuation of these securities are recorded in other comprehensive income on its consolidated balance sheets. The Company elected the fair value option for its 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 consolidated statements of operations. In addition, certain gains and losses represent one-time events. The Company may add and has added additional reconciling items to its earnings available for distribution calculation as appropriate.

To maintain qualification as a REIT, U.S. federal income tax law generally requires that the Company distribute at least 90% of its REIT taxable income annually, determined without regard to the deduction for dividends paid and excluding net capital gains. The Company has historically distributed at least 100% of its REIT taxable income. Because the Company views earnings available for distribution as a consistent measure of its investment portfolio's ability to generate income for distribution to common stockholders, earnings available for distribution is one metric, but not the exclusive metric, that the Company's board of directors uses to determine the amount, if any, and the payment date of dividends on common stock. However, earnings available for distribution should not be considered as an indication of the Company's taxable income, a guaranty of its ability to pay dividends or as a proxy for the amount of dividends it may pay, as earnings available for distribution excludes certain items that impact its cash needs.

Earnings available for distribution is an incomplete measure of the Company's financial performance and there are other factors that impact the achievement of the Company's business objective. The Company cautions that earnings available for distribution should not be considered as an alternative to net income (determined in accordance with U.S. GAAP), or as an indication of the Company's cash flow from operating activities (determined in accordance with U.S. GAAP), a measure of the Company's liquidity, or as an indication of amounts available to fund its cash needs.

Appendix - Non-GAAP Financial Information

IVR Invesco Mortgage Capital Inc.

The table below provides a reconciliation of U.S. GAAP net income (loss) attributable to common stockholders to earnings available for distribution for the following periods:

	Three Months Ended		
$ in thousands, except per share data	**March 31, 2022**	**December 31, 2021**	**March 31, 2021**
Net income (loss) attributable to common stockholders	(236,816)	(73,041)	(20,382)
Adjustments:			
(Gain) loss on investments, net	504,388	90,442	331,857
Realized (gain) loss on derivative instruments, net	(283,429)	8,239	(282,250)
Unrealized (gain) loss on derivative instruments, net	45,853	2,602	(9,260)
TBA dollar roll income	13,401	10,517	10,545
(Gain) loss on foreign currency transactions, net	(55)	-	16
Amortization of net deferred (gain) loss on de-designated interest rate swaps	(5,196)	(5,602)	(5,368)
Subtotal	274,962	106,198	45,540
Earnings available for distribution	38,146	33,157	25,158
Basic income (loss) per common share	(0.72)	(0.23)	(0.09)
Earnings available for distribution per common share	0.12	0.10	0.11

Appendix - Definitions

Invesco Mortgage Capital Inc.

Agency RMBS – Residential mortgage-backed securities ("RMBS") that are guaranteed by a U.S. government agency such as the Government National Mortgage Association ("Ginnie Mae") or a federally chartered corporation such as the Federal National Mortgage Association ("Fannie Mae") or the Federal Home Loan Mortgage Corporation ("Freddie Mac")

Book value per common share – Total stockholders' equity less the liquidation preference of the Company's Series B Preferred stock ($155.0 million) and Series C Preferred Stock ($287.5 million), divided by total common shares outstanding

Credit portfolio – Investments in non-Agency CMBS, non-Agency RMBS, commercial loans and unconsolidated joint ventures are included in credit portfolio

CPR – The constant prepayment rate is the standard measure of prepayment speeds, also known as the conditional prepayment rate

Dollar Roll Implied Financing Rate – The reinvestment rate at which an investor is indifferent between rolling a TBA contract forward and holding MBS

Economic return – Economic return for quarter ended March 31, 2022 is defined as the change in book value per common share from December 31, 2021 to March 31, 2022 of $(0.83); plus dividends declared of $0.09 per common share; divided by the December 31, 2021 book value per common share of $2.91

Economic debt-to-equity ratio – A non-GAAP financial measure calculated as the ratio of total repurchase agreements ($5.8 billion as of March 31, 2022) and TBAs at implied cost basis ($1.5 billion as of March 31, 2022) to total stockholders' equity ($1.2 billion as of March 31, 2022)

MLB – The moderate loan balance refers to specified pools consisting only of underlying borrower original loan balances between $85,000 and $125,000

Non-Agency CMBS – Commercial mortgage-backed securities that are not guaranteed by a U.S. government agency or a federally chartered corporation

Non-Agency RMBS – Residential mortgage-backed securities that are not guaranteed by a U.S. government agency or federally chartered corporation

The Secured Overnight Financing Rate (SOFR) – A broad measure of the cost of borrowing cash overnight collateralized by Treasury securities

1 month and 3 month SOFR – Indices published by the Chicago Mercantile Exchange (CME) that provide an indication of the forward-looking measurement of overnight SOFR, based on market expectations for their respective tenors implied from derivatives markets

TBAs – To-be-announced securities forward contracts