

Invesco Mortgage Capital Inc.

FBR Fall Investor Conference

November 29, 2011



Forward-Looking Statements

This presentation, and comments made in the associated Q&A session, may include “forward-looking statements” within the meaning of the U.S. securities laws. Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance. In addition, words such as “anticipates,” “believes,” “intends,” “projects,” “expects” and “plans,” and future or conditional verbs such as “will,” “may,” “could,” “should,” and “would,” as well as any other statements 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 described in our most recent Form 10-K and subsequent Forms 10-Q, filed with the Securities and Exchange Commission. You may obtain these reports from the SEC’s website at www.sec.gov. We expressly disclaim any obligation to update the information in any public disclosure if any forward-looking statement later turns out to be inaccurate. For all forward-looking statements, we claim the “safe harbor” provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934.

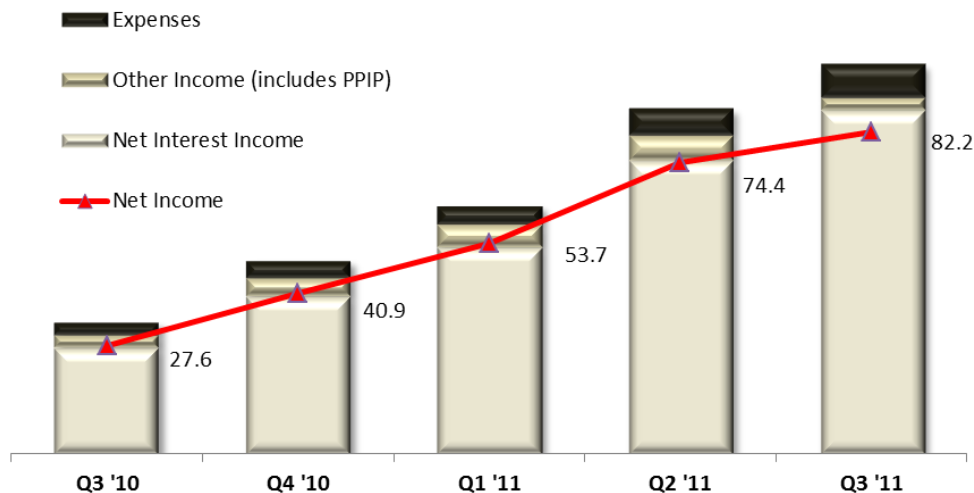
All material presented is compiled from sources believed to be reliable and current, but accuracy cannot be guaranteed. This is not to be construed as an offer to buy or sell any securities and should not be relied upon as the sole factor in an investment-making decision. As with all investments, there are associated inherent risks. Please obtain and review all financial material carefully before investing. All data is as of September 30, 2011, unless otherwise noted.

The opinions expressed are based on current market conditions and are subject to change without notice.

Quarterly Performance

(\$ in millions)

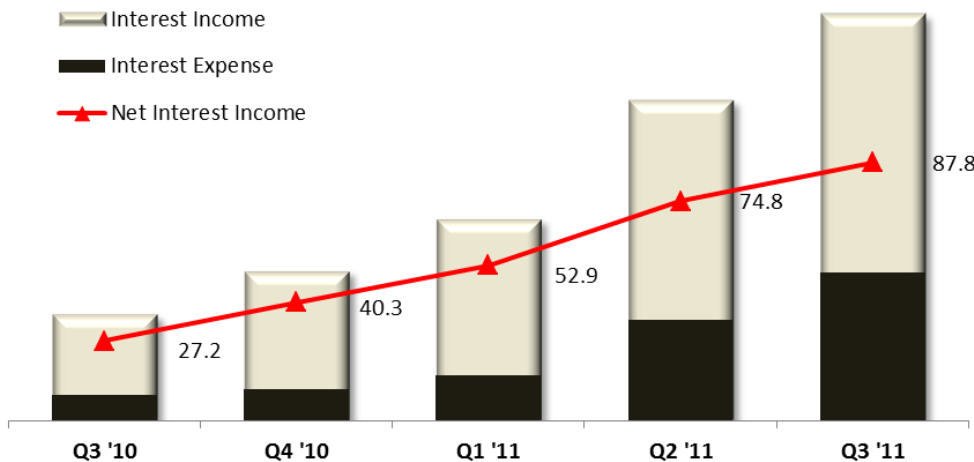
Net Income



Comments

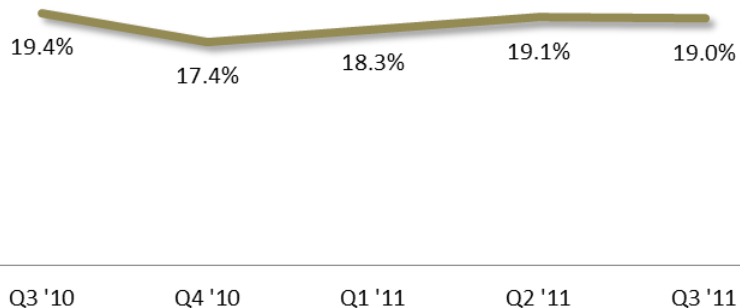
- Income growth was driven by increased capital
- Average earning assets increased 30% to \$13.3Bn
- EPS \$0.79
- Dividend Q3 \$0.80

Net Interest Income

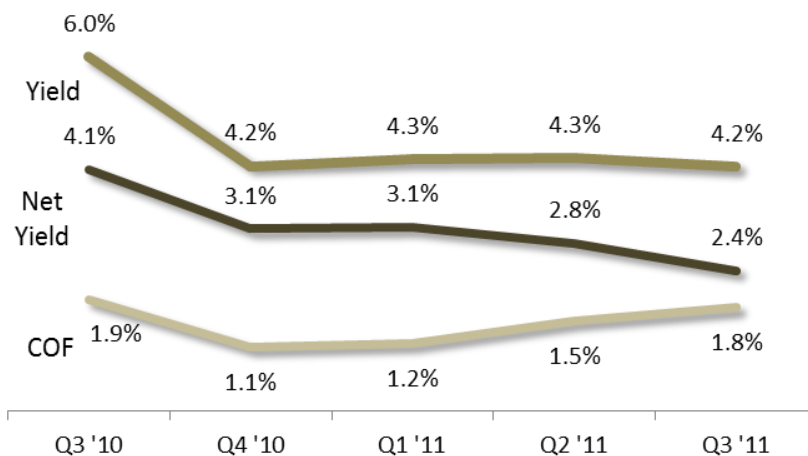


Performance

Gross ROE



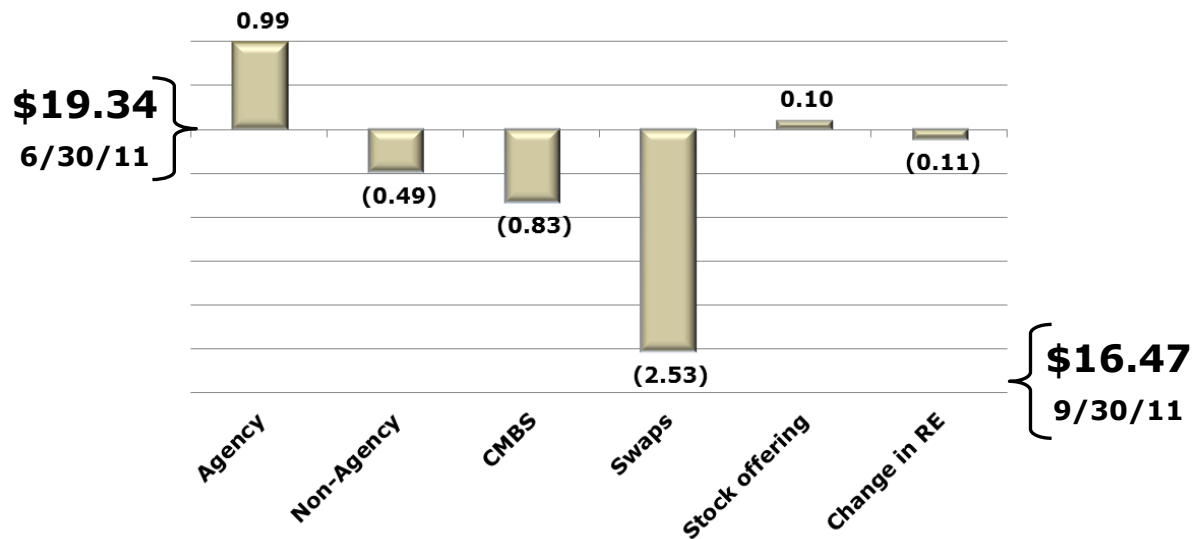
Yields



Comments

- We believe asset selection and sector rotation have been key to consistent portfolio performance
- Q3 Gross ROE of 19% attained by adjusting the asset mix and leverage
- Portfolio yield has been consistent over the last four quarters
- COF increased ~22bps related to rise in agency repo rates and higher average notional balance of interest rate swaps accruing in Q3

Book Value Analysis



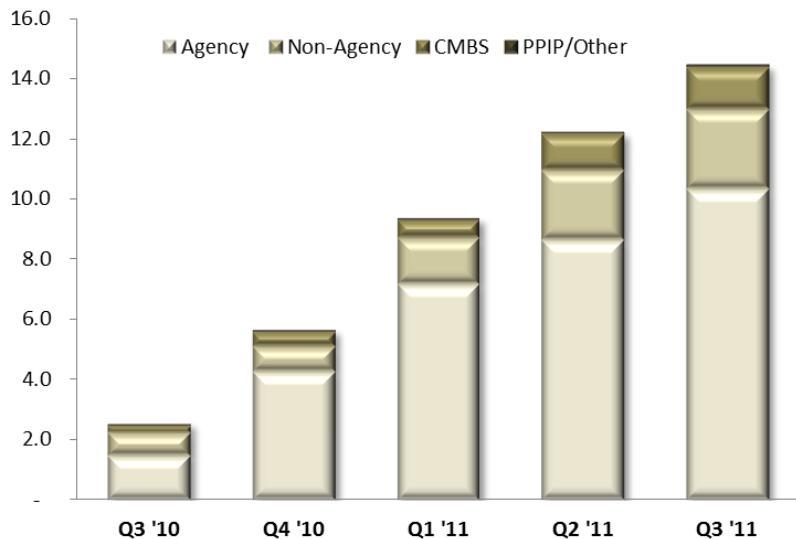
Comments

- Increase in Agency RMBS lagged movement in swap position due to market prepayment concerns
- 5 year swap rate declined 78bps in the quarter
- While prices on credit assets declined, portfolio performance has been in line with our expectations and no Other Than Temporary Impairment (OTTI) has been recognized

Portfolio Update

(\$ in billions)

Portfolio

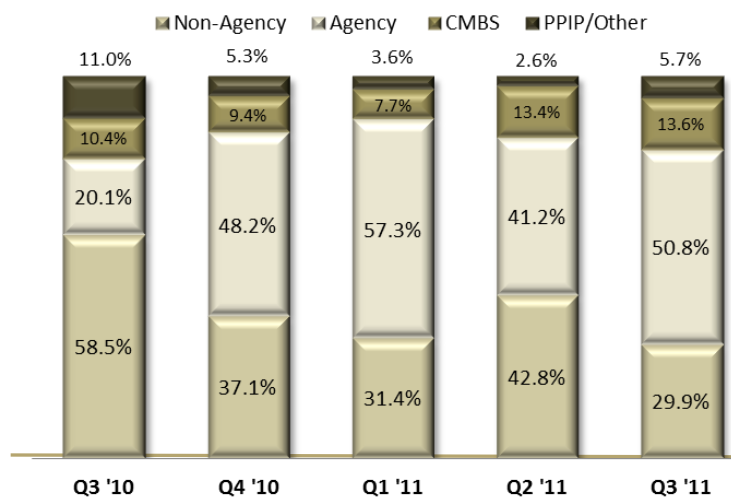


Comments

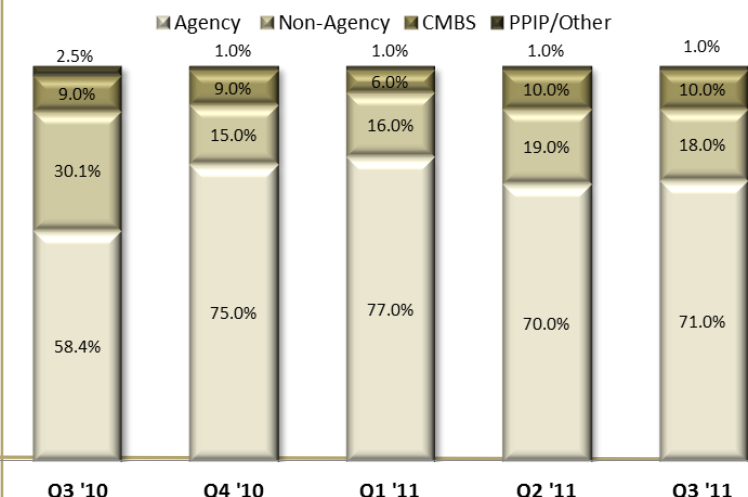
- Equity allocation shifted to higher concentration in Agency with August capital raise and repositioning of the portfolio
- Total leverage increased to 6.3x from 5.7x*

* As of 06/30/11 adjusted for unsettled transactions

% of Equity



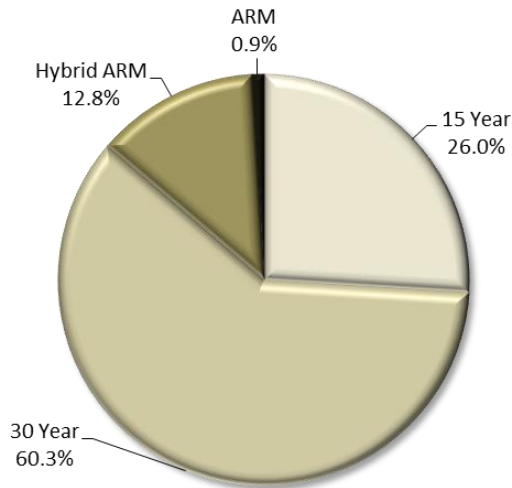
% of Assets



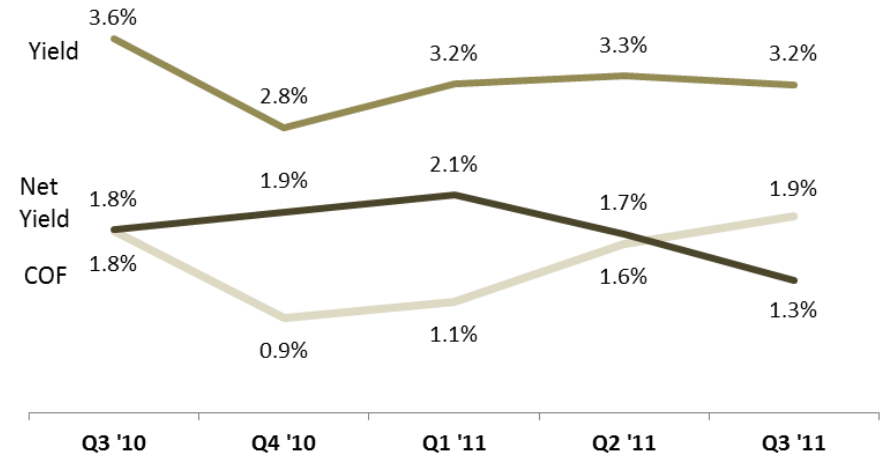
Past performance is not a guarantee of future results

Agency

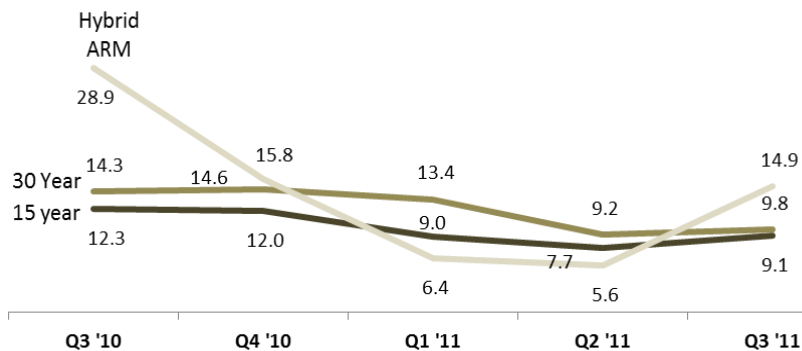
Agency Detail (% of Total Agency)



Yield



Agency CPR



Comments

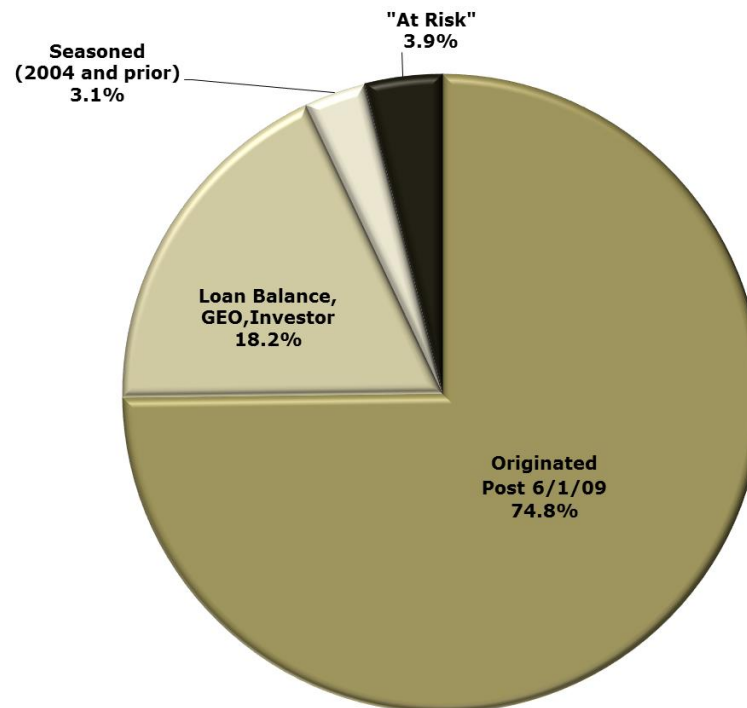
- Continued focus on prepay protection stories such as credit impairment, low to moderate loan balances and investor pools in both 15 and 30 year collateral
- Q3 Agency leverage of 9.3x, down from 9.5x in Q2, as we were adjusting the portfolio
 - 77% of Agency repo hedged
- Prepayment speeds remain very well contained

	3 Month CPR	IVR	Cohort
15 Year		9.1	20.5
30 year		9.8	16.2

HARP 2.0

We believe HARP* will have minimal impact on IVR

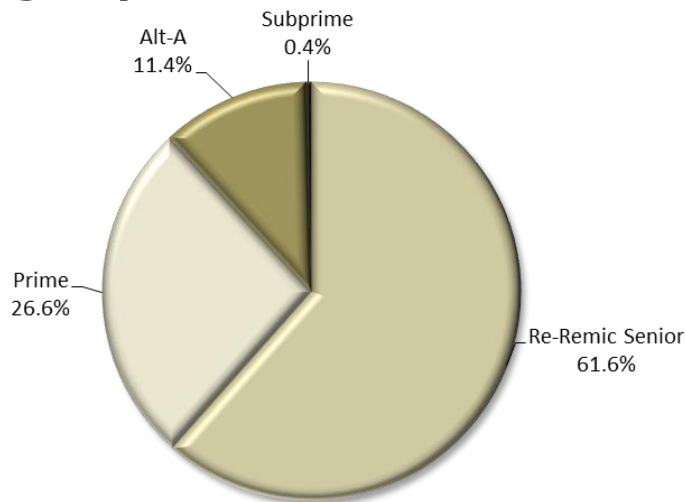
- IVR assets at risk for HARP 2.0 are ~ 4% of Agency RMBS
- A majority of eligible assets will not get refinanced
- Significant market impediments continue to exist for refinancing under HARP



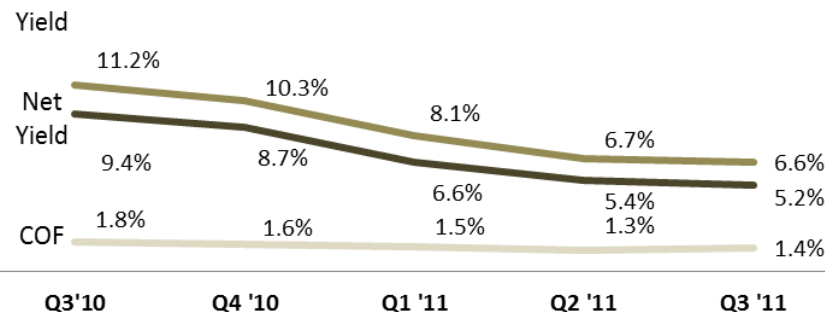
* Home Affordable Refinance Program ("HARP")

Non-Agency

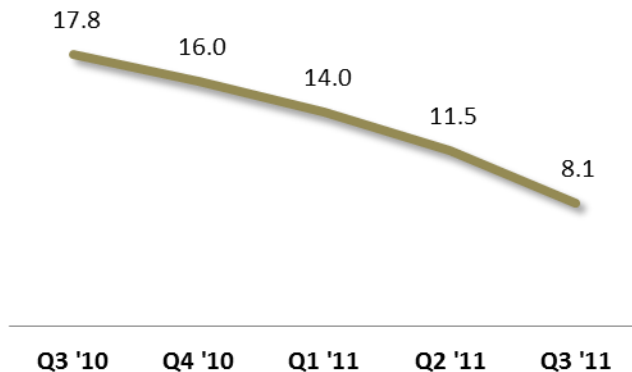
Non-Agency Detail (% of Total Non-Agency)



Yield



Non-Agency CPR

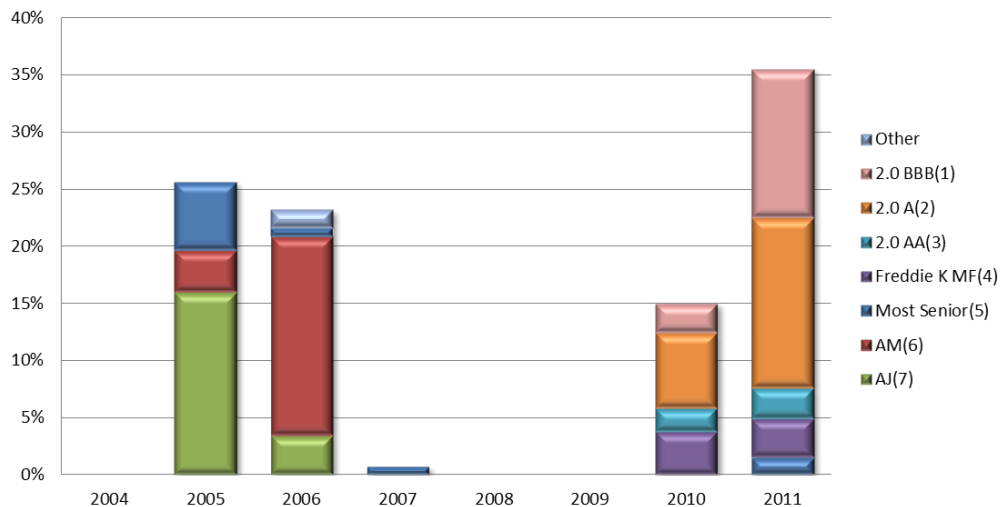


Comments

- Equity allocation decreased with Q3 capital offering
- ~ 62% of non-Agency RMBS are in re-REMIC Seniors up from ~ 46% as of 9/30
- Decline in portfolio yield corresponds to emphasis on senior Re-REMICs with lower risk/return profile but higher leverage
- Leverage increased to 3.7x from 1.9x in Q2

CMBS

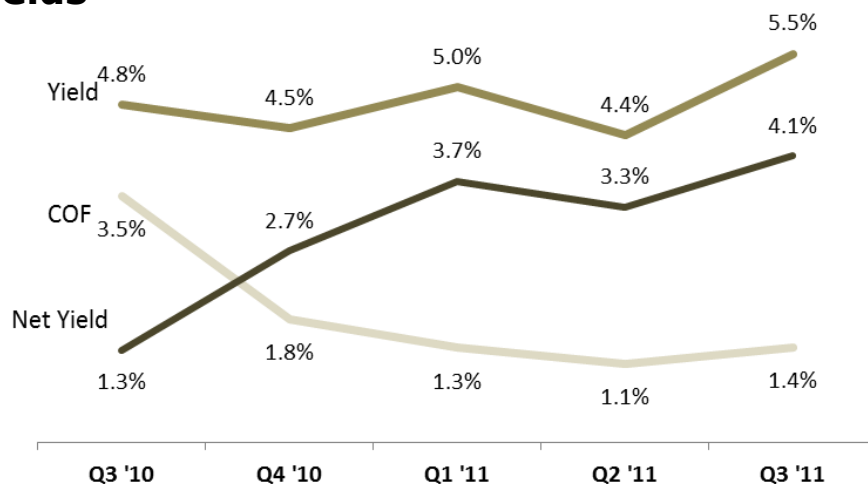
IVR CMBS by Vintage



Comments

- Purchased both legacy and CMBS 2.0 positions in Q3
- Sold ~ \$100MM in super senior fixed rate bonds into the rate rally
- Macro headlines and volatility impact CMBS as it is a liquid means to express macro views
- As spreads widened over the quarter we moved up the credit stack into A and AA paper while maintaining book yield
- We believe we invest in the highest quality bonds in each subsector and vintage

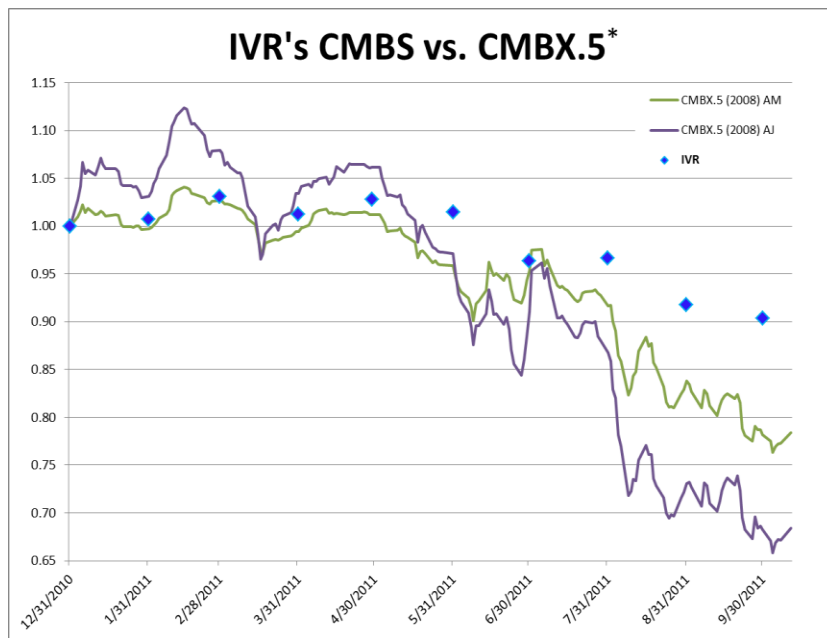
Yields



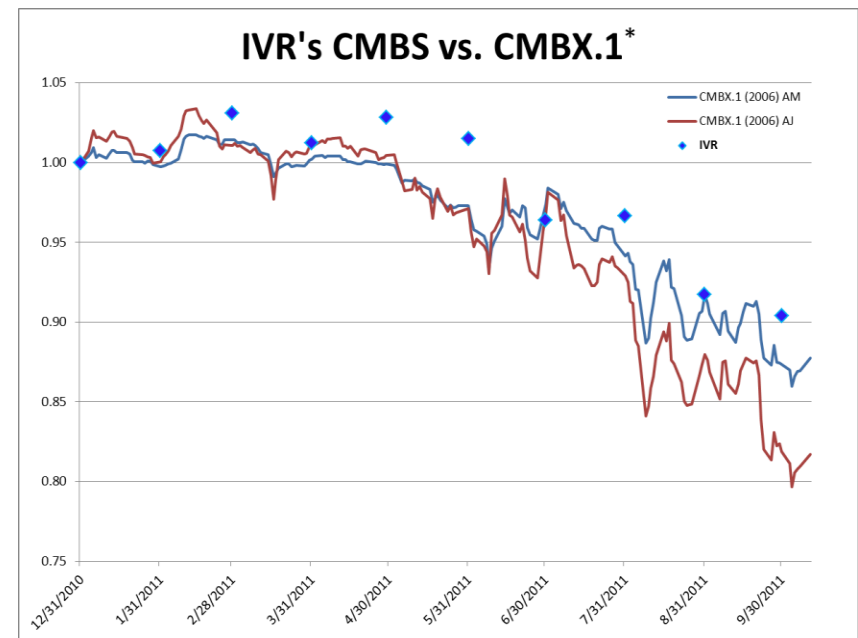
IVR CMBS vs. CMBX

Comments

- CMBX – group of indexes referencing a representative sample of semiannual CMBS issuance from 2005 to 2008
- IVR's CMBS portfolio performed in line with the various CMBS indexes when market values were stable. As credit market volatility increased, the CMBX indices have declined significantly more than IVR's portfolio
- Decline in prices of IVR CMBS assets are market driven rather than fundamental issues. Fundamental portfolio performance is in line with our assumptions and are unchanged.

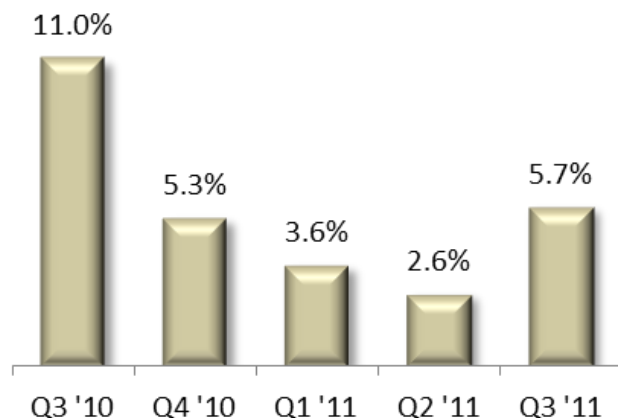


* Source: Barclays Capital



PPIP/Other

Portfolio (as a % of equity)

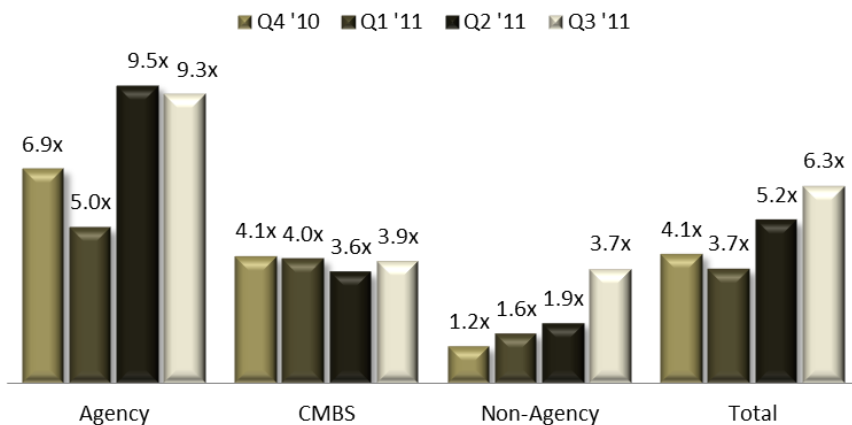


Comments

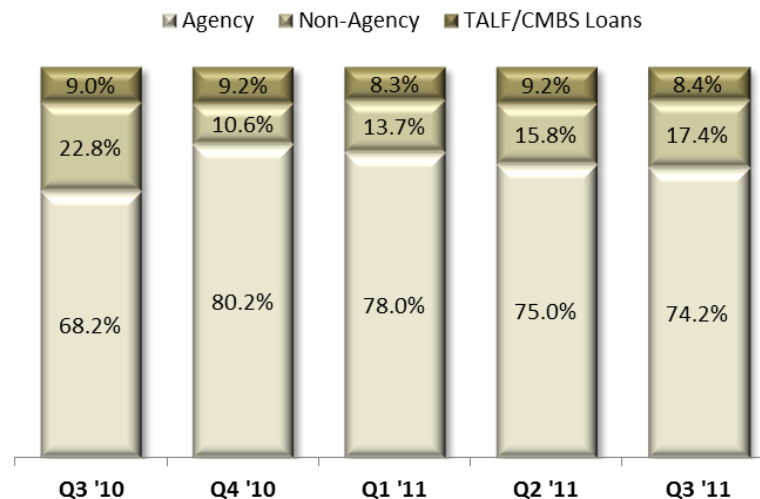
- Investment increased approximately \$66mm during Q3
- IVR participated with Invesco Real Estate ("IRE") and W L Ross ("WLR") to purchase a pool of commercial loans. The allocation included \$26mm increase in our investment in Invesco Mortgage Recovery Fund (IMRF), which is our PPIP investment and a \$40mm direct investment in a new joint venture.
- Continue to seek loan participation opportunities with WLR and IRE

Financing Update

Debt-to-Equity Ratio



Debt Composition



Comments

- Overall leverage increased to 6.3x, reflecting the impact of the portfolio ramp and allocation of non-Agency to re-REMIC Senior bonds that are higher credit quality and have higher leverage
- Credit leverage is up as a result of lower prices
- No swaps were added in Q3

Counterparty Exposure

Repurchase Agreements (\$000)

Counterparty	Amount Outstanding	% of Total Outstanding	MBS Held as Collateral
Credit Suisse Securities (USA) LLC	1,890,904	15.5%	2,150,849
Nomura Securities International, Inc.	1,053,730	8.7%	1,121,073
South Street Securities	806,376	6.6%	843,063
Morgan Stanley & Co. Incorporated	770,108	6.3%	817,329
JP Morgan Securities Inc.	717,926	5.9%	806,086
RBS Securities Inc.	716,336	5.9%	806,244
Goldman, Sachs & Co.	661,223	5.4%	703,328
Wells Fargo Securities, LLC	622,058	5.1%	679,397
Industrial and Commerical Bank of China			
Financial Servixes LLC	562,799	4.6%	592,198
Mitsubishi UFJ Securities (USA), Inc.	550,717	4.5%	578,523
Other Counterparties (1)	3,829,669	31.4%	4,120,585
Total	12,181,845	100.0%	13,218,675

(1) Consists of 14 counterparties each with less than 4.5% of total outstanding

Interest Rate Swaps (\$000)

Counterparty	Notional	Fair Value
JPMorgan Chase Bank, N.A.	1,200,000	(81,609)
The Bank of New York Mellon	1,275,000	(52,688)
Wells Fargo Bank, N.A.	600,000	(51,441)
Goldman Sachs Bank USA	750,000	(48,765)
Morgan Stanley Capital Services, LLC	700,000	(45,654)
Credit Suisse International	700,000	(44,142)
Citibank, N.A.	1,000,000	(43,347)
Deutsche Bank AG	600,000	(19,959)
SunTrust Bank	100,000	(6,272)
	6,925,000	(393,876)