

Invesco Mortgage Capital Inc.

2012 Second Quarter Earnings Call

August 2, 2012

Richard J. King
President & Chief Executive Officer

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Chief Investment Officer

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Chief Financial Officer

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Chief Operating Officer



Forward-Looking Statements

This presentation, and comments made in the associated conference call today, may include “forward-looking statements”. Forward-looking statements include information concerning future results of operations, our ability to maintain or improve book value, the stability of earnings and dividends, our ability to provide a competitive dividend, our views on the economy, current prices of mortgage-backed securities, the positioning of our portfolio to meet current or future economic conditions, our ability to continue performance trends, our portfolio prepayment speeds, and the credit quality of our assets. 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.

Q2 Overview

Results

- EPS: \$0.68
- Dividend: \$0.65
- Book Value: \$18.40

Our Core Strategy...

Maintain and improve book value

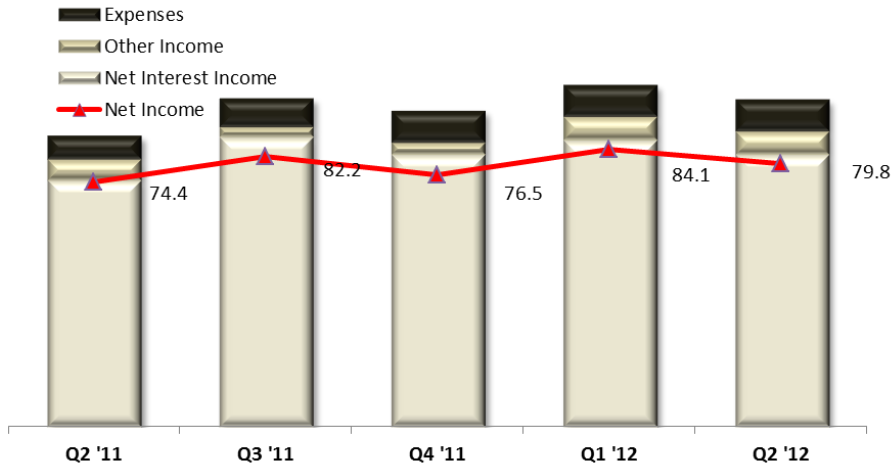
- ✓ Book value was stable in Q2
- ✓ MBS performed well in Q2 as Treasury yields reached record lows
- ✓ Book value has improved post quarter end as MBS and credit assets rally

Provide a competitive dividend

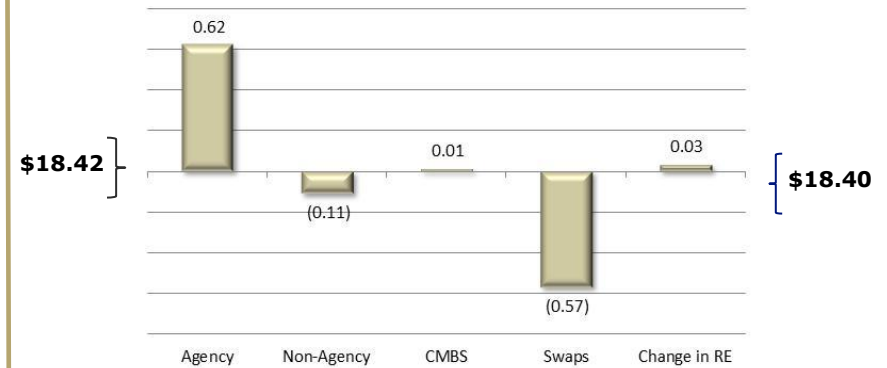
- ✓ Paid \$0.65 dividend in Q2 while earning \$0.68 per share
- ✓ July preferred offering is fully invested and accretive to common EPS

Quarterly Performance

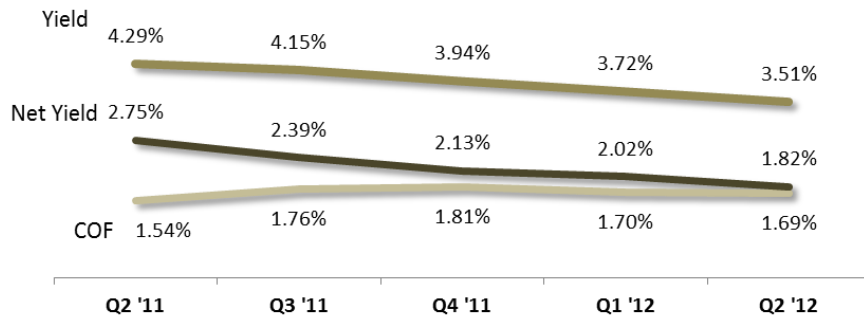
Net Income (\$ in millions)



Q2 Book Value Change

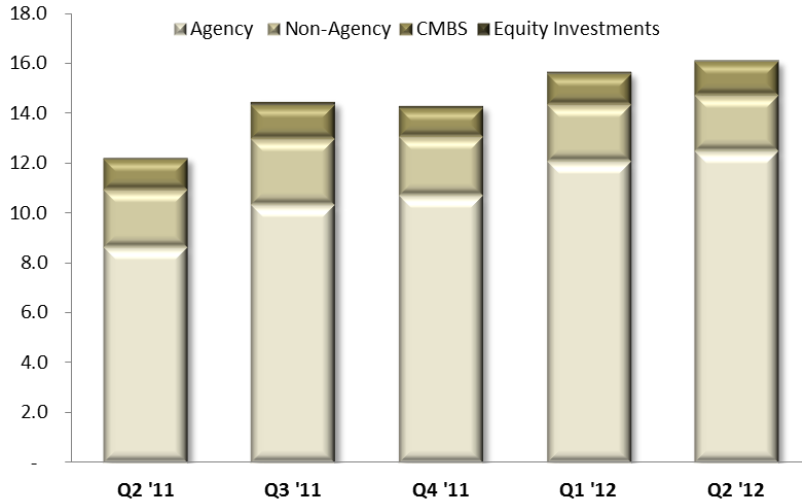


Yield



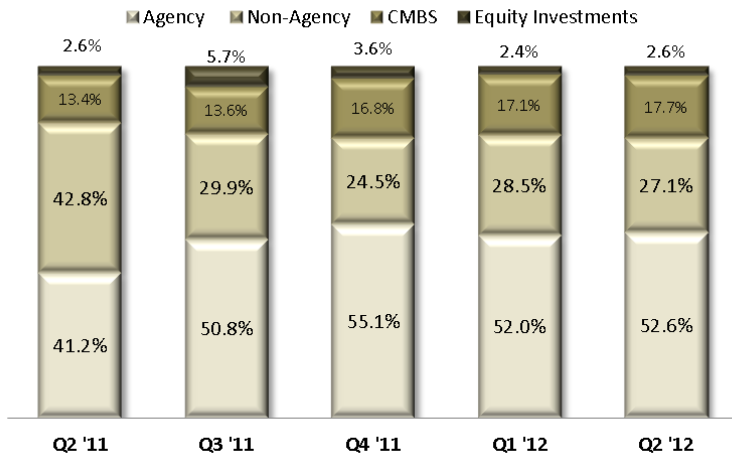
Portfolio Update

Portfolio (\$ in billions)

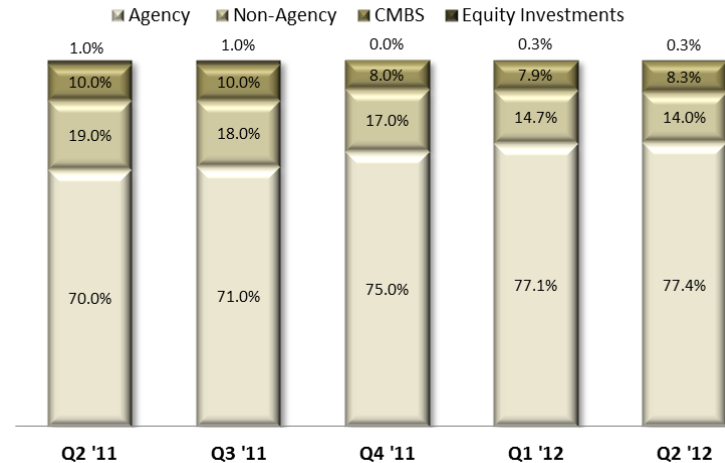


- Equity and asset allocations static in Q2
- Asset prices were key driver for differences
- Total leverage increased to 6.3x from 6.0x
- Emphasized credit purchases with preferred offering in Q3

% of Equity

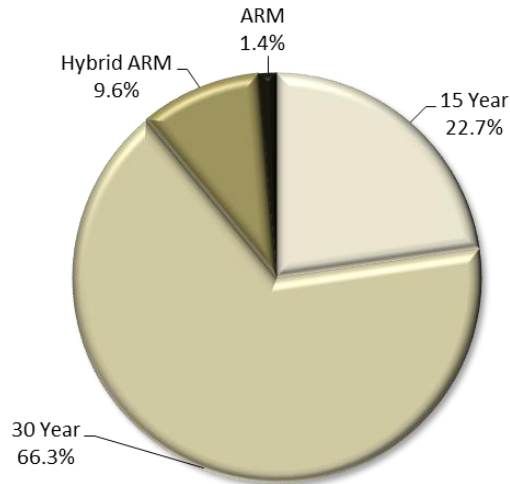


% of Assets

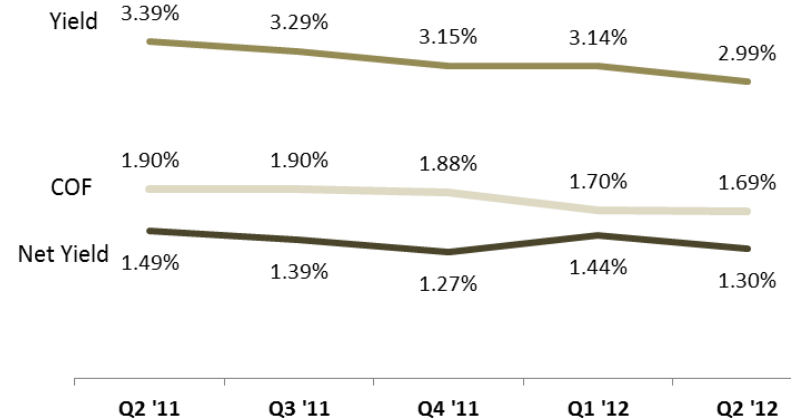


Agency

Agency Detail (% of Total Agency)

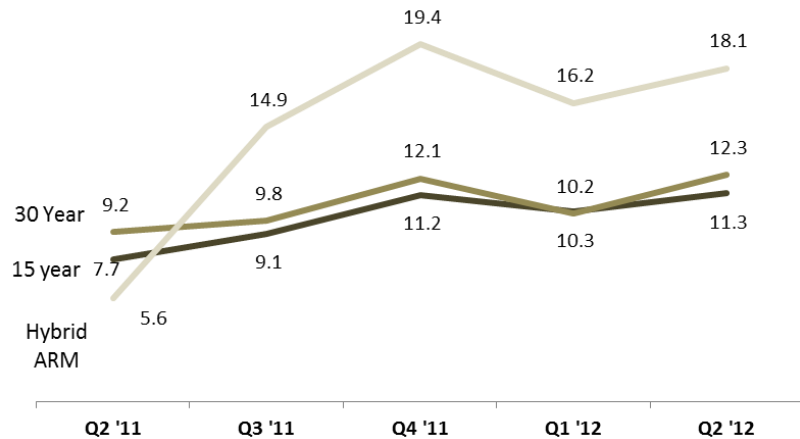


Yield



Prior period yields were adjusted to conform with presentation in our quarterly SEC filings

Agency CPR

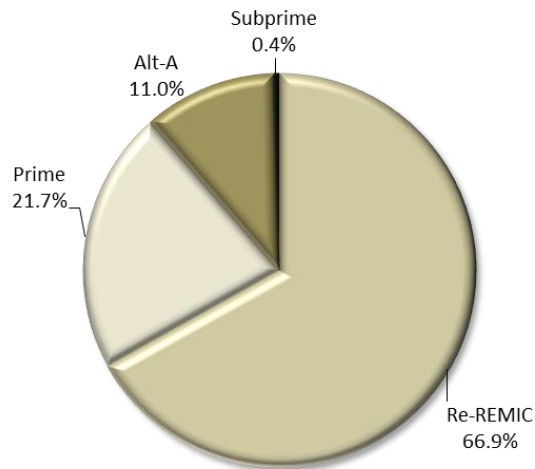


- Agency yields declined to 2.99% as prepayment speeds picked up and new investments were added at lower yields
- Prepayment speeds increased due to lower rates and seasonal factors
- 63% of Agency repo hedged, down from 66%

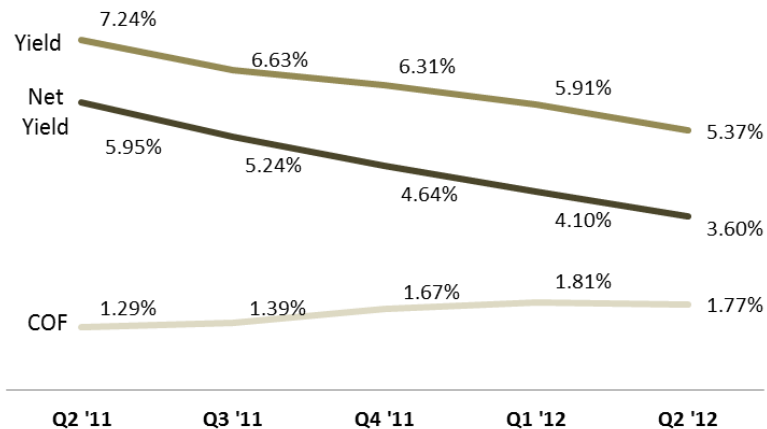
	<u>3 Month CPR</u>	<u>IVR</u>	<u>Cohort</u>
15 Year	11.3	21.6	
30 year	12.3	18.9	

Non-Agency

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

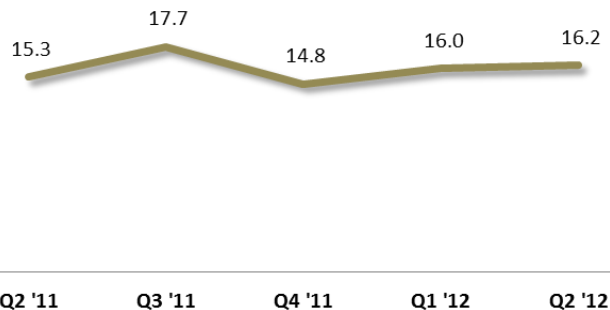


Yield



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Non-Agency CPR

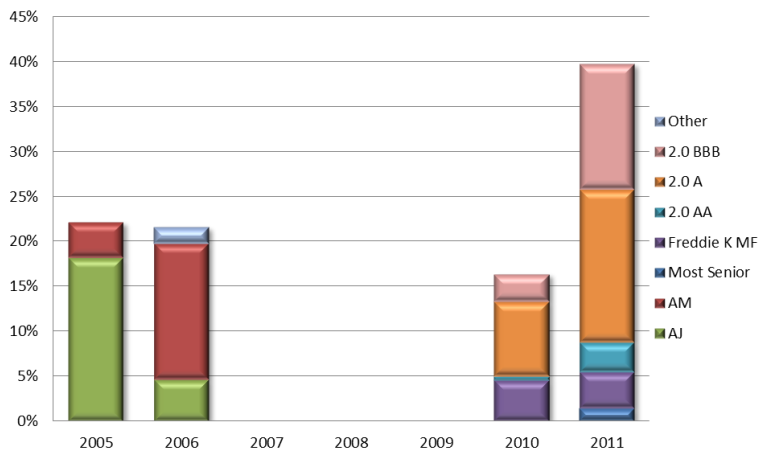


- Portfolio yield fell as hybrid ARM coupons reset lower and new positions were added at lower yields
- Leverage was 2.9x

CMBS

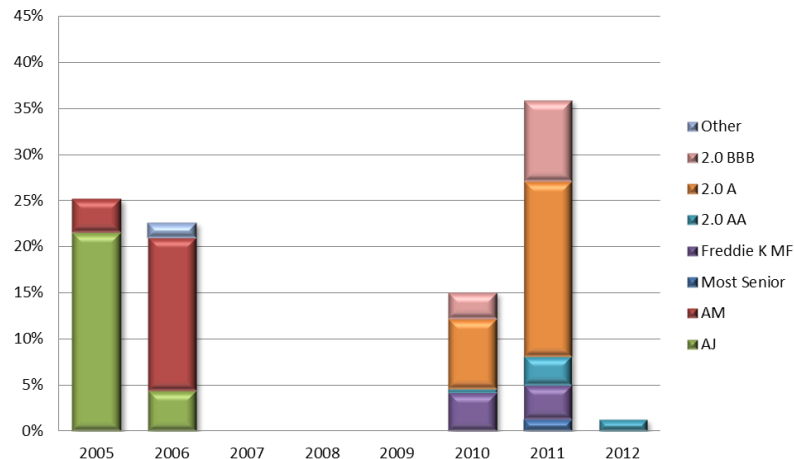
Q1 2012

IVR CMBS by Vintage

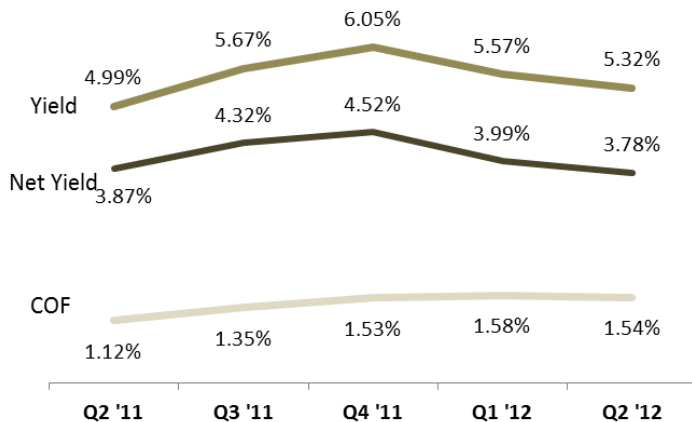


Q2 2012

IVR CMBS by Vintage



Yields



Prior period yields were adjusted to conform with presentation in our quarterly SEC filings

- CMBS portfolio repositioning continued in Q2 with focus on higher credit quality
- New asset purchases focused on legacy senior bonds and higher quality CMBS 2.0/3.0
- Lower yield reflects repositioning into higher credit
- Leverage was 2.5x