

Invesco Mortgage Capital Inc.

2009 Third Quarter Earnings Call

November 5, 2009

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Forward-Looking Statements

This presentation, and comments made in the associated conference call today, may include “forward-looking statements.” Forward-looking statements include statements with respect to our beliefs, plans, objectives, goals, targets, expectations, anticipations, assumptions, estimates, intentions and future performance. Forward-looking statements also include statements regarding mortgage market opportunities and challenges, the effect of future government actions on the mortgage market, the unlikely continuation of seasonal improvement in residential housing, risks that we may face in the fourth quarter of 2009 and our strategy to maintain our portfolio yield, protect long-term yield, and control financing costs. In addition, words such as “believe,” “expect,” “anticipate,” “intend,” “plan,” “estimate,” “project,” “forecast,” 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 described in our registration statement on Form S-11 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.

Overview

- ✓ Successful implementation of IPO strategy
 - 3rd quarter proved opportunistic time to invest IPO capital
 - Took advantage of available government financing
 - Committed investment in PPIP fund
 - Financed \$82.6MM CMBS using TALF
 - Partnered with W.L. Ross to participate in FDIC residential loan pool auction

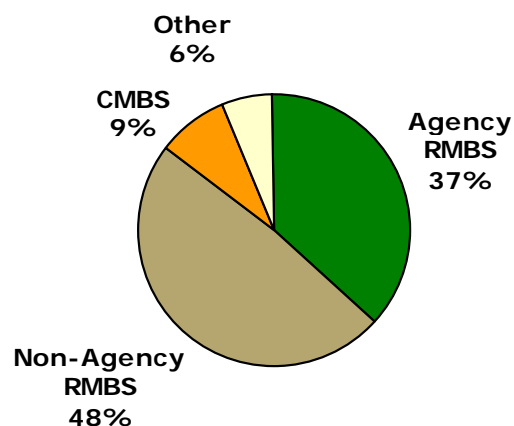
- ✓ 3Q '09 financial highlights
 - Consolidated Net Income of \$7.2MM
 - EPS \$0.70...Dividend \$0.61 per share
 - Effective capital deployment contained earnings drag - approx. \$1.4MM
 - Book value per share \$20.90 increased \$1.40 from IPO

- ✓ Mortgage market contains opportunities and challenges
 - Prices on risk based assets rose significantly during Q3
 - Future government actions will shape mortgage market
 - Refinancing commercial mortgages still unclear
 - Seasonal improvement in residential housing unlikely to persist

Portfolio Summary

(\$ in millions except leverage ratios)

Equity Allocation



- ✓ Diversified portfolio with balanced risk
- ✓ Overall leverage 3.2x
- ✓ Agency leverage ratio supported by low credit risk, short duration gap and low overall portfolio leverage
- ✓ CMBS leverage non-recourse TALF financing

	MBS			
	Balance	Debt	Equity	Leverage
Agency RMBS	\$ 694.2	\$ 615.0	\$ 79.2	7.8x
Non-Agency RMBS	104.4	-	104.4	
CMBS	83.4	64.8	18.6	3.5x
Other ⁽¹⁾			13.3	
Total	\$ 881.9	\$ 679.8	\$ 215.5	3.2x

(1) Equity allocated to other assets primarily restricted and unrestricted cash

Agency RMBS

30 Year Fixed Rate Collateral

- Concentration in Higher Coupons (6% and 6.5%)
- Primarily Loan Balance and Credit Impairment Stories
- 16.0 CPR versus 23.9 CPR for Comparable Generic Collateral

15 Year Fixed Rate Collateral

- Lower Coupon and Loan Balance Paper
- 10.8 CPR versus 16.4 CPR for Comparable Generic Collateral

Hybrid ARM Collateral

- Predominantly Interest-Only Pools
- 20.5 CPR for the 3rd Quarter

Non-Agency and CMBS

Non- Agency RMBS

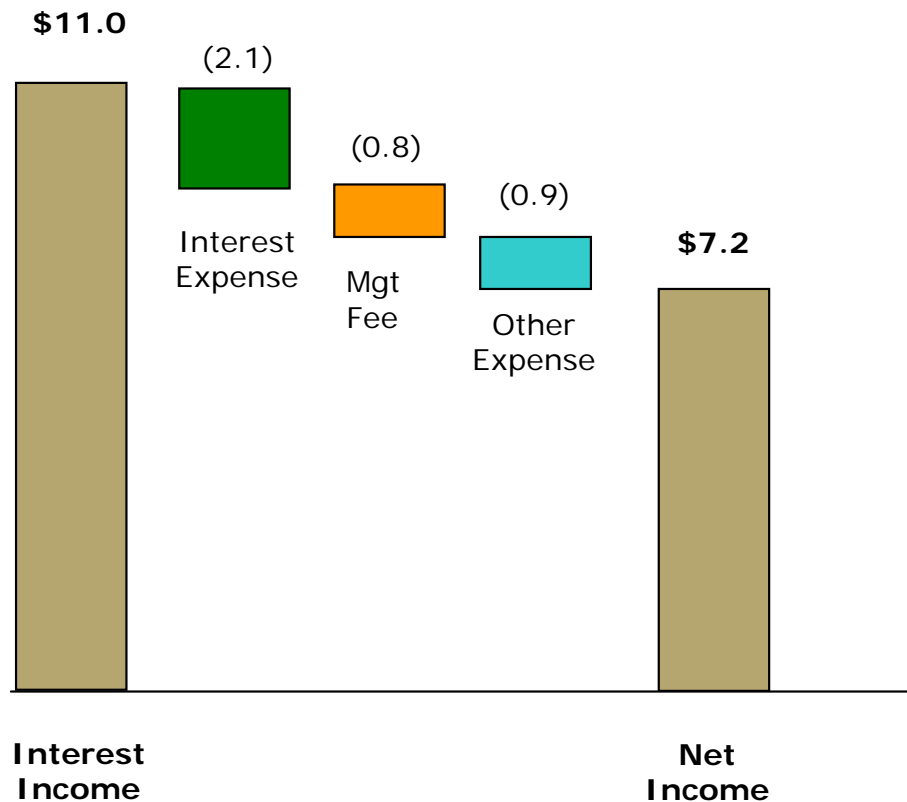
- Book Value Appreciation of Approximately 8.7%
 - Voluntary Prepayment Speeds have been Faster than Expected
 - 3 Month CPR was 16.4%
 - Continue to Focus on Senior or Super-Senior Tranches
 - Credit Performance Remains within Expectations
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CMBS

- All Positions are Super Senior Tranches
- Entire CMBS Book Financed with 5-Year TALF
- Exploring Commercial Loan Opportunities with Invesco Real Estate

3Q '09 Performance

(\$ in millions except per share)



	<u>3Q '09</u>
EPS	\$ 0.70
Dividend	\$ 0.61

- ✓ Disciplined approach to asset selection and early capital deployment
- ✓ Low borrowing costs with short duration gap
- ✓ Efficient and mature operating structure of manager

Portfolio Yield and Financing

(\$ in millions)

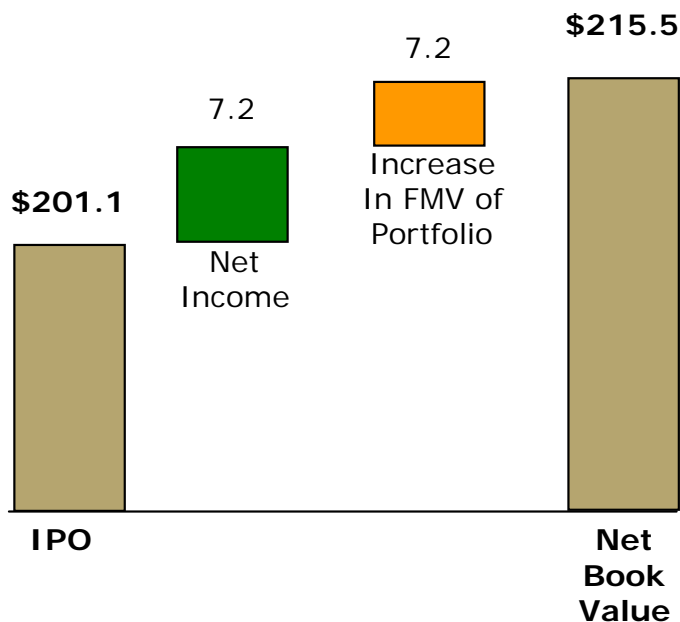
	Q3 '09		9/30/09	
	Avg Balance	Average Yield (1)	Average Balance	Average Yield (1)
Agency RMBS	\$ 703.2	3.61%	\$ 694.2	4.07%
Non-Agency RMBS	96.4	15.63%	104.4	18.45%
CMBS	71.3	4.80%	83.4	6.24%
Total	<u>\$ 870.9</u>	<u>5.04%</u>	<u>\$ 882.0</u>	<u>5.86%</u>

(1) Average yield incorporates future prepayment assumptions.

	Q3 '09		9/30/09	
	Avg Balance	Average Rate	Average Balance	Average Rate
Repo	\$ 622.9	1.08%	\$ 615.0	1.22%
TALF	39.6	3.91%	64.8	3.91%
Total Borrowings	<u>\$ 662.5</u>	<u>1.25%</u>	<u>\$ 679.8</u>	<u>1.48%</u>
Net Interest Spread		3.79%		4.38%
Gross ROE		17.0%		19.4%

Book Value

(\$ in millions except per share)



- ✓ Early capital deployment and asset selection driving increase in portfolio FMV
- ✓ Net book value increase 7.2% from IPO

	IPO	9/30	\$V
Book value per share (1)	\$ 19.50	\$ 20.90	\$ 1.40
(1) Fully diluted			

Summary

- ✓ Successfully implemented our IPO strategy for equity allocation and financing
- ✓ Delivered \$7.2MM net income while deploying capital
- ✓ Positioned the company for strong dividend yield and long-term growth

Questions and Answers

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