

Invesco Mortgage Capital Inc.

2009 Second Quarter Investor Call

August 11, 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 our ability to acquire and finance targeted assets, our ability to realize an attractive return from our investments and/or to mitigate our risk from those investments and our related financing arrangements, and our ability to realize returns from agency RMBS that are similar to our non-agency RMBS when financed with repurchase agreements. 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 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.

Discussion Topics

1. Business Overview
2. Investment Portfolio
3. Questions and Answers

Business Overview

- Externally managed by Invesco Institutional (N.A.) Inc.
 - Worldwide Fixed Income
 - Invesco Real Estate
 - WL Ross
- Completed IPO in July '09 raising \$201.2mn net of offering costs
- Acquired \$829.4mn portfolio
- Obtained \$630.6mn repo financing for Agency RMBS
- Obtained \$40.1mn financing under TALF for CMBS
- Entered into swaps with \$275.0mn notional value

Investment Strategy

- RMBS and CMBS with attractive risk-adjusted yields
- Obtain government financing when available
- Maintain a short duration gap
- Diversify balance sheet risk for assets and liabilities

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Portfolio Composition ⁽¹⁾

Equity Allocation Strategy

	<u>Target</u>	<u>Actual</u>
Non-Agency	45% to 55%	38%
Agency	45% to 55%	44%
CMBS	10% to 15%	4%
Pending Deployment		14%
Total		<u>100%</u>

Mortgage Backed Securities

<i>(\$ in Thousands)</i>	<u>Principal</u>	<u>Investment Premium (Discount)</u>	<u>Basis</u>	<u>Weighted Average Coupon</u>	<u>Average Yield</u>
Agency RMBS:					
15 year fixed-rate	\$ 270,730	\$ 10,166	\$ 280,896	4.84 %	3.74 %
30 year fixed-rate	251,735	16,981	268,716	6.45	4.43
Hybrid ARMs	155,038	7,258	162,296	4.93	3.15
Total agency RMBS	677,503	34,405	711,908		
Non-agency RMBS	\$ 114,205	\$ (46,388)	\$ 67,817	5.14 %	18.17 %
CMBS	\$ 52,402	\$ (2,693)	\$ 49,709	4.89 %	6.04 %
Total / Average	<u>\$ 844,110</u>	<u>\$ (14,676)</u>	<u>\$ 829,434</u>	5.40 %	5.17 %

(1) Portfolio information as of July 17, 2009

Agency RMBS

- Agency Hybrids
 - Predominantly Interest-Only Pools
 - 7 CPR in July '09
- 15 Year Fixed Rate Collateral
 - Purchased in lieu of Agency Hybrids
 - Seasoned and Loan Balance Paper
 - 10 CPR in July '09
- 30 Year Fixed Rate Collateral
 - Concentration in Higher Coupons (6% and 6.5%)
 - Every Pool is Prepay Protected
 - 14 CPR in July '09
- Slower CPR protects \$105 premium paid for Agency RMBS

Non-Agency RMBS

- Credit
 - Mix of Prime and Alt-A Collateral
 - Focus on 2005 and 2006 Vintages
 - Senior or Super-Senior Tranches
 - No exposure to Option ARM Collateral
 - Positive Yields in “Worst Case” Stress Scenario
- Prepayments
 - Average Purchase Price was \$61.35
 - Our Non-Agency RMBS Paid 18 CPR in July
 - Expect Prepays to slow to 8-12 CPR
- Yields and Financing
 - Average Projected Yield of 17.5%
 - No Leverage

* There is no guarantee that the above results will be realized.

CMBS

- 6.04% Average Yield
- 3.91% Cost of Financing
 - Financed through the Fed's TALF Program
 - 5 Year Term, Maturing in July 2014
- 2.13% Net Interest Margin
- Collateral
 - Average Purchase Price was \$95
 - All of our Purchases are from the 2005 Vintage
 - CMBS positions are Match Funded

Expenses and Dividend Policy

G&A Expense

- Management fee 1.5% of equity
- Public company expense range 1.7% - 1.9%
 - D&O Insurance, Auditing, Accounting, Tax, Legal, CFO, etc.
 - Higher than IPO estimates due to reduced offering size

Dividend Strategy

- Quarterly dividends beginning with Q3 '09
- Target 100% of taxable income annually

Questions and Answers

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