Invesco Mortgage Capital Inc.

2009 Fourth Quarter Earnings Call

February 18, 2010

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Forward-Looking Statements

This presentation, and comments made in the associated conference call today, may include statements and information that constitute "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. Forward-looking statements also include statements regarding interest rates, non-agency funding opportunities, TALF financing opportunities, commercial loan opportunities, first quarter 2010 earnings and the mortgage market environment. In addition, words such as "anticipate", "believe", "will," "expects" and "plans," 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 prospectus (Commission File No. 333-164003) 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.

Overview

- ‘09 Highlights
  - Successful implementation of our IPO strategy
  - Achieved asset allocation, leverage and portfolio return targets
  - $1.66 per share dividend for 6 months – 16.6% yield from IPO
  - 22.1% total return from $20.00 IPO share price
- Capital deployment from January ’10 offering nearly complete
  - Raised $171MM (net $163MM) in offering which closed January 12, 2010
  - Equity allocation strategy consistent with current portfolio mix
  - Leverage: 6-8x agency repo; 3-5x CMBS; and, up to 1x non-agency
  - Asset purchases approximately 85% complete
- Mortgage views
  - Anticipate the Fed will not raise interest rates in 2010
  - The Fed will stop agency purchases in March; as a result, asset selection and short duration gap are key to managing the change
  - CMBS TALF financing provides great opportunity but ends in March
  - We believe non-agency funding opportunities will improve as liquidity returns to the market

Performance

($ in millions except per share)

	Q4 '09	Q3 '09	Total(1)
Interest Income	$ 12.6	$ 11.0	$ 23.6
Interest Expense	2.6	2.1	4.7
Net Interest Income	10.0	8.9	18.9
Other Income	2.1	-	2.1
Total Income	12.1	8.9	21.0
Management Fee	0.8	0.8	1.6
Other G&A	0.8	0.9	1.7
Total Expenses	1.6	1.7	3.3
Net Income	$ 10.5	$ 7.2	$ 17.7
Earnings Per Share	$ 1.02	$ 0.70	$ 1.72
Dividend	$ 1.05	$ 0.61	$ 1.66

(1) Total for the six months ended December 31, 2009 and excludes net loss of $0.2 million during development stage. The total net income for 2009 was $17.5 million and earnings per share was $3.37

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Selected Balance Sheet Data

($ in millions except per share)

	12/31/09	09/30/09
Mortgage-Backed Securities	$ 802.6	$ 881.9
Cash and Restricted Cash	38.5	14.8
Other Assets	12.3	9.4
Total Assets	$ 853.4	$ 906.1
Repurchase Agreements	$ 546.0	$ 615.0
TALF Financing	80.4	64.8
Other Liabilities	16.7	10.8
Total Liabilities	643.1	690.6
Total Shareholders Equity	210.3	215.5
Total Liabilities and Equity	$ 853.4	$ 906.1
Book Value Per Share	$ 20.39	$ 20.90 (1)

(1) The decrease primarily consisted of $1.66 per share in dividends declared in the fourth quarter offset by fourth quarter earnings per share of $1.02 and approximately $0.13 per share appreciation in the value of the investment portfolio.

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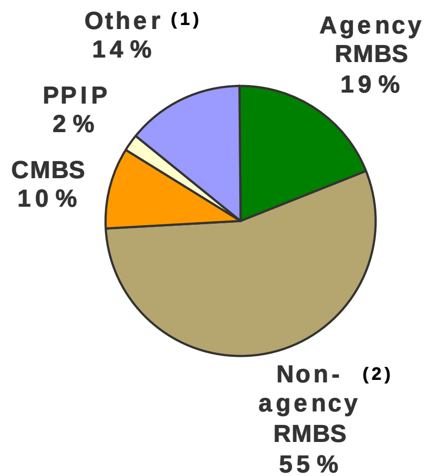
Portfolio Summary

($ in millions)



- ✓ Rebalanced portfolio to place greater emphasis on non-agency and CMBS
- ✓ Total investment portfolio and total borrowings declined as overall leverage was reduced to 3.0x
- ✓ CMBS balance increased by 21%

	12/31/09	09/30/09	Variance
Agency RMBS (2)	$ 586.2	$ 694.1	$ (107.9)
Non-agency RMBS	115.3	104.4	10.9
CMBS	101.1	83.4	17.7
PPIP	4.1	-	4.1
Total Investments	$ 806.7	$ 881.9	$ (75.2)
Repo	$ 546.0	$ 615.0	$ (69.0)
TALF	80.4	64.8	15.6
Total Borrowings	$ 626.4	$ 679.8	$ (53.4)

(1) "Other" consists primarily of cash and restricted cash

(2) Agency RMBS includes CMO

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Portfolio Yield and Financing

Average Yield (1)	12/31/09	09/30/09
Agency RMBS:		
15 year fixed-rate	3.80%	3.77%
30 year fixed-rate	5.02%	4.46%
ARM	1.99%	2.34%
Hybrid ARM	3.55%	4.08%
Total Agency	4.07%	4.06%
MBS – CMO	4.83%	4.23%
Non-Agency MBS	17.10%	18.45%
CMBS	5.97%	6.24%
Total Portfolio	**6.10%**	**5.86%**

Average Interest Rate	Q4 '09	Q3 '09
Repo	1.27%	1.08%
TALF	3.91%	3.91%
Total Borrowings	**1.54%**	**1.25%**

Debt/Equity Ratio	12/31/09	09/30/09
Agency RMBS (2)	8.1x	7.8x
CMBS	3.9x	3.5x
Total	**3.0x**	**3.2x**

- ✓ Total portfolio yield increased 24 bps
- ✓ Total leverage declined to 3.0x

(1) Average yield incorporates future prepayment and loss assumptions

(2) The 12/31/09 debt/equity ratio was adjusted to reflect the timing of cash held at month end pending repayment of repurchase agreements. The actual ratio excluding the cash effect was 13.6x

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Agency RMBS

30-Year Fixed Rate Collateral

- Concentration in Higher Coupons
- Primarily loan balance paper and seasoned pools
- 23 Constant Prepayment Rate (“CPR”) versus approximately 27 CPR for comparable generic collateral

15-Year Fixed Rate Collateral

- Lower coupon and loan balance paper
- 15 CPR versus approximately 22 CPR for comparable generic collateral

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Non-agency RMBS and CMBS

Non-agency RMBS

- Book value appreciation of approximately 7.5%
- Voluntary prepayment speeds have been faster than expected
  - 3 Month CPR was 16
- Continue to focus on senior or super-senior tranches
- Credit performance remains within expectations

CMBS

- All positions are super senior tranches
- Entire CMBS book financed with 5-Year TALF
- Exploring commercial loan opportunities with Invesco Real Estate

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Summary

✓ Successfully executed our diversified asset strategy

✓ Delivered 16.6% dividend yield from IPO and 22.1% total return in 2009 while deploying capital

✓ Continue to see opportunities in a changing mortgage market
- Tighter spreads but improved borrowing opportunities
- Asset selection and diversification key to our strategy

✓ Early deployment of additional capital raise will minimize impact on Q1 2010 earnings

Questions and Answers

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