

Invesco Mortgage Capital Inc.

September 2012

John M. Anzalone
Chief Investment Officer

Donald R. Ramon
Chief Financial Officer



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 June 30, 2012, unless otherwise noted.

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

Invesco Mortgage Capital Inc.

Common Stock Information⁽¹⁾

NYSE Ticker:	IVR
Share Price:	\$20.49
2Q '12 Dividend:	\$.65
Total Dividends Paid:	\$9.87
Dividend Yield:	12.7%
Shares outstanding:	115MM
Market Cap:	\$2.4Bn

Key Statistics⁽²⁾

Total Assets:	\$16.4Bn
Book Value per share:	\$18.40

Overview

- Real Estate Investment Trust (REIT)
- Managed by Invesco Advisers, Inc.
 - Global asset manager with \$659.5Bn in AUM

Our Philosophy

- Invest in assets we believe have predictable cash flows and credit quality
- A diversified portfolio we believe balances risk and return
- We seek to generate attractive returns through dividends and capital appreciation

Our Manager

- 25 years of experience investing in mortgage assets
- ~\$40Bn in structured securities AUM
- Partnered with US Treasury in Public Private Investment Program
- Global Real Estate Platform

(1) Source Bloomberg as of August 31, 2012

(2) Source SEC 10-Q as of June 30, 2012

Our Competitive Advantage

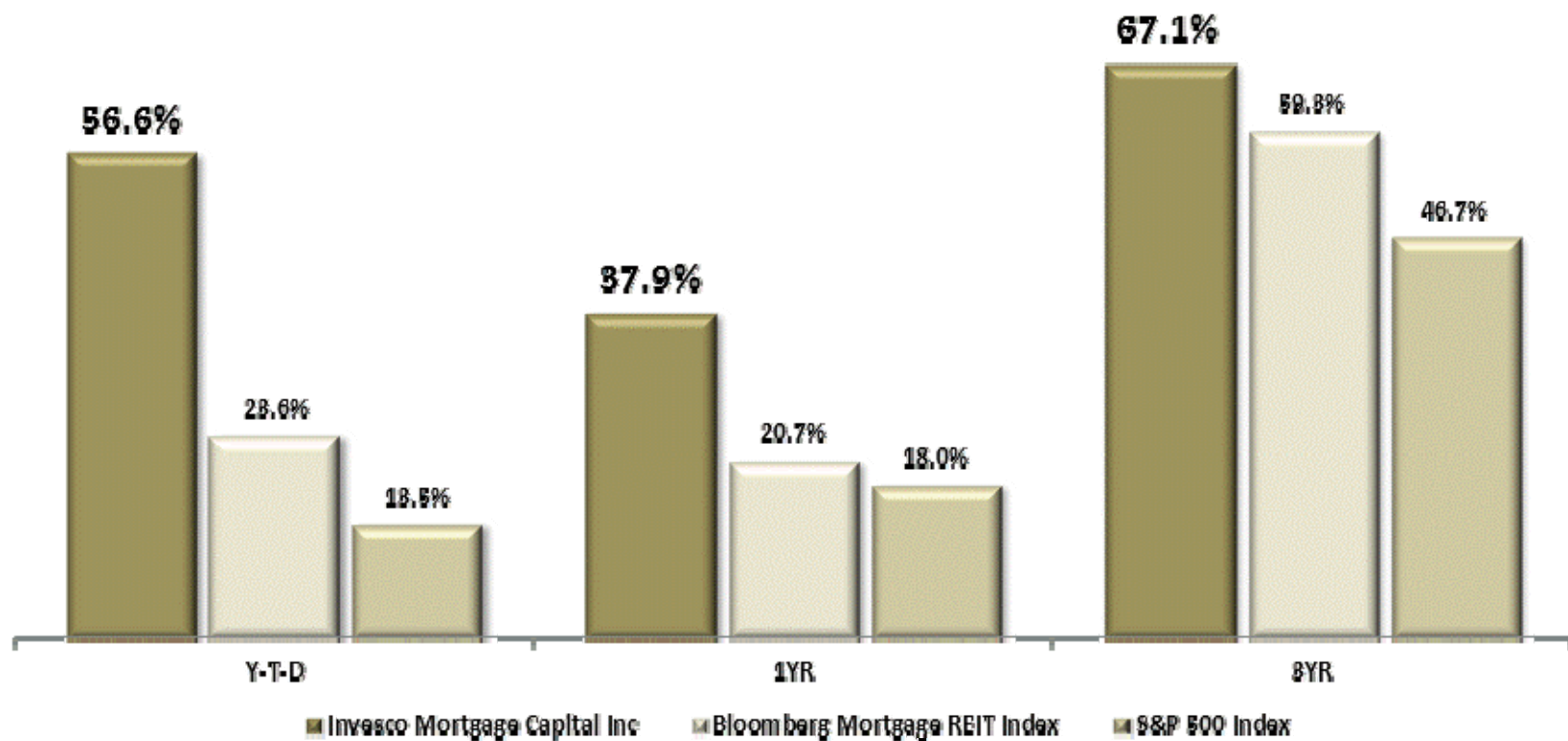


- Extensive mortgage experience
 - 360 understanding of real estate finance
 - Strong relationships leveraging internal and external sources
 - Diversity of talent including big picture to detail oriented
- Establish facts behind potential investments
 - Collateral and structural analysis to predict cash flows
 - Proprietary models to perform analysis
 - Valuation assessment
- Global real estate platform of Invesco manager sets IVR apart
 - Structured Securities
 - Money Markets
 - Invesco Real Estate
 - Tenant/|Counterparty Credit Team
 - Extensive tools to obtain loan level information
- 67.1% 3 yr total return⁽¹⁾
 - 12.7% dividend yield⁽¹⁾

(1) Source: Bloomberg as of August 31, 2012

Performance

IVR total return exceeds Bloomberg Mortgage REIT Index and S&P 500



Source: Bloomberg as of August 31, 2012

Financial Performance

Unaudited

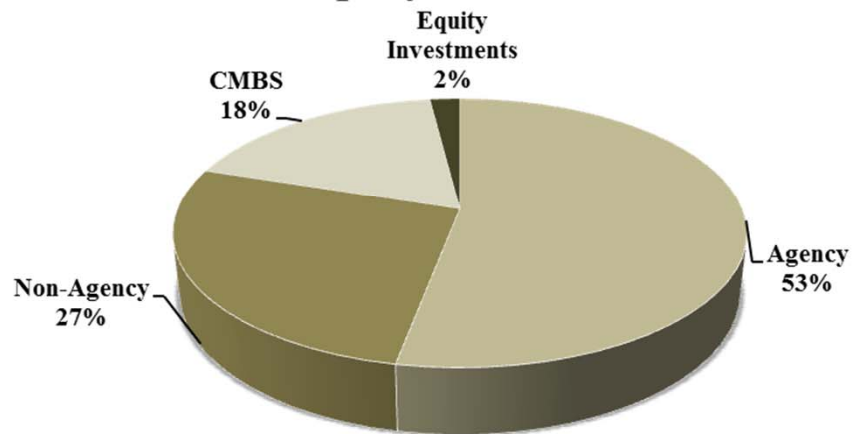
(\$ in thousands, except per share amounts)

	Q2 '12	Q1 '12	Q4 '11	Q3 '11	Q2 '11
Interest Income	\$139,004	\$141,960	\$137,545	\$138,291	\$108,981
Interest expense	56,700	55,285	55,004	50,452	34,207
Net interest income	82,304	86,675	82,541	87,839	74,774
Other Income	7,216	7,202	3,630	3,049	6,540
Total Income	89,520	93,877	86,171	90,888	81,314
Management Fee	8,681	8,639	8,647	7,884	5,753
General and administrative	1,045	1,130	1,003	829	1,157
Total Expenses	9,726	9,769	9,650	8,713	6,910
Net income	79,794	84,108	76,521	82,175	74,404
Earnings per share (basic and diluted)	\$0.68	\$0.72	\$0.66	\$0.79	\$0.99
Dividends declared per common share	\$0.65	\$0.65	\$0.65	\$0.80	\$0.97
Book value per share	\$18.40	\$18.42	\$16.41	\$16.47	\$19.34
Return on Average Equity	14.70%	16.16%	15.93%	17.79%	18.99%
Gross Return on Equity	15.16%	16.65%	17.18%	19.02%	19.09%
Portfolio Yield	3.51%	3.72%	3.94%	4.15%	4.29%
Cost of Funds	1.69%	1.70%	1.81%	1.76%	1.54%
Interest rate margin	1.82%	2.02%	2.13%	2.39%	2.75%
G&A Expense (% of average equity)	1.79%	1.88%	2.01%	1.89%	1.76%
Leverage	6.3x	6.0x	6.4x	6.3x	5.2x

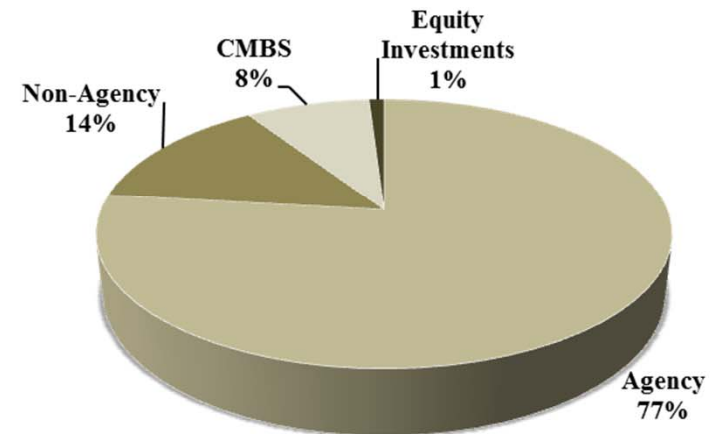
- Competitive EPS and dividends through challenging market
- Asset selection, diversification and moderate leverage drives strong gross ROE from portfolio
- Scalability of Invesco platform yields low operating costs

Portfolio (as of 6/30/12)

Equity Allocation



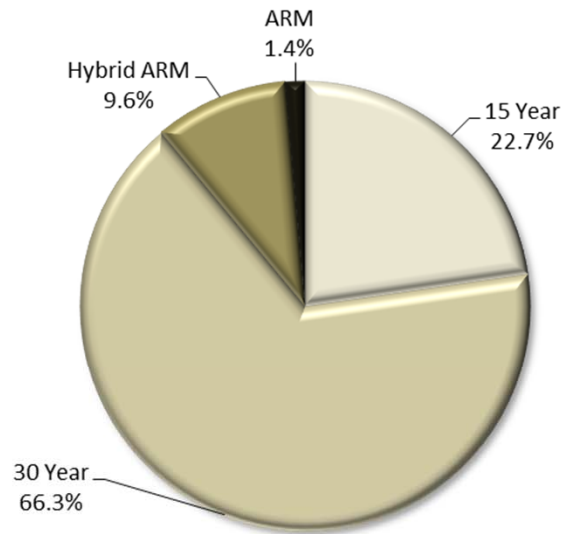
Investment Allocation



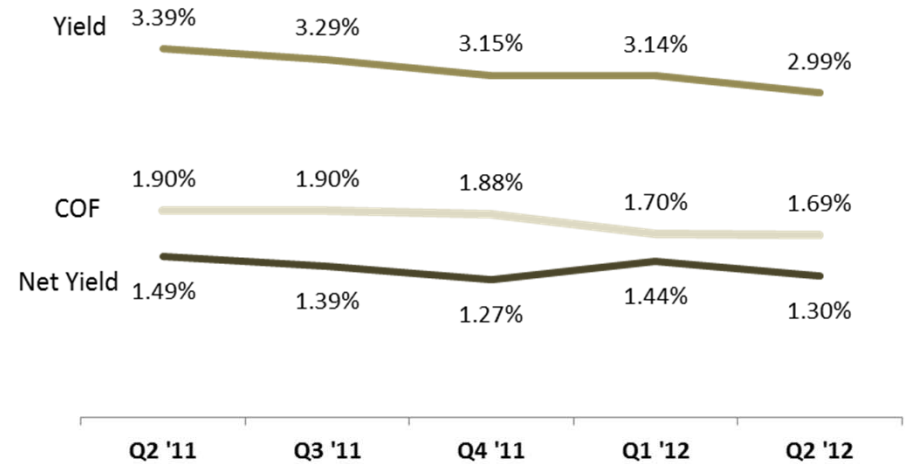
- Hybrid strategy of residential and commercial
- Each asset class provides opportunity and requires expertise
- Asset selection and ability to move between sectors are key to our strategy
- Total portfolio of ~\$16B and current portfolio yield of 3.51%
- Leverage ratio of 6.3x

Agency

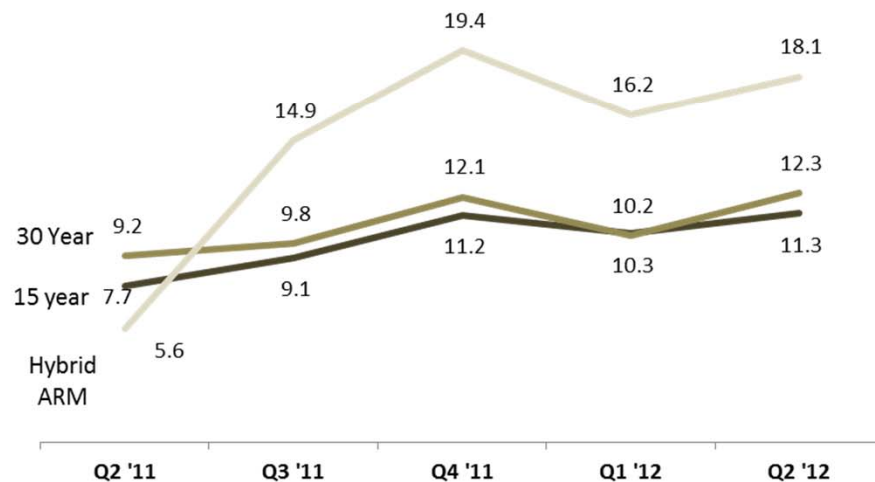
Agency Detail (% of Total Agency)



Yield



Agency CPR

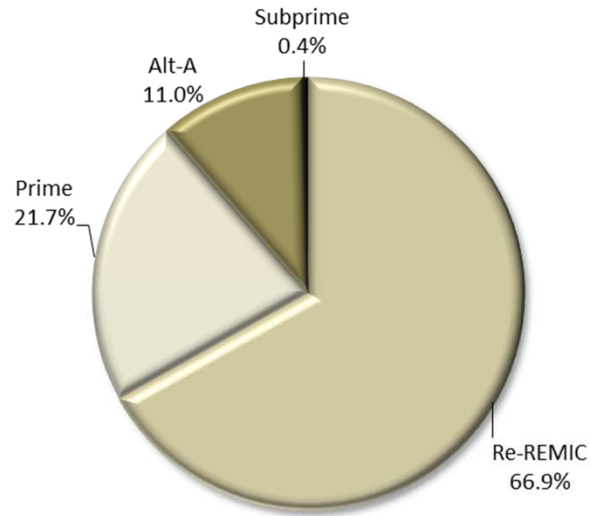


- Prepayment protected MBS is key to predictable cash flows and low CPRs
- Short duration gap is maintained with long-term swaps
- Ample access to repo with 30+ counterparties

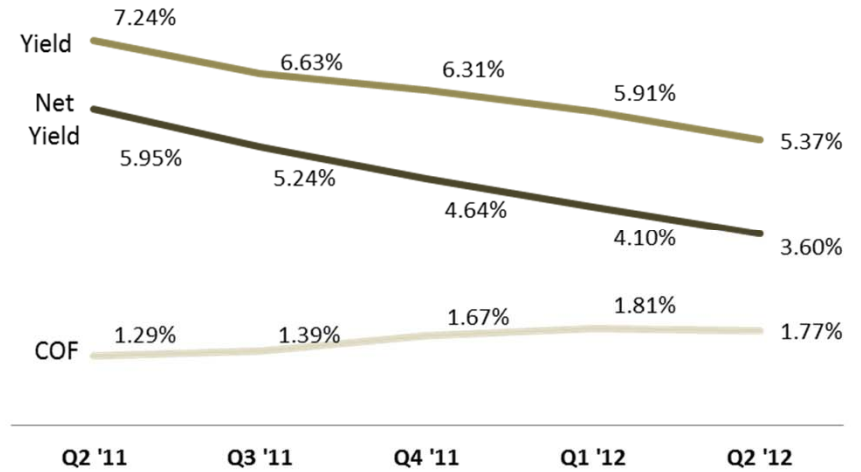
	3 Month CPR	IVR	Cohort
15 Year		11.3	21.6
30 year		12.3	18.9

Non-Agency

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

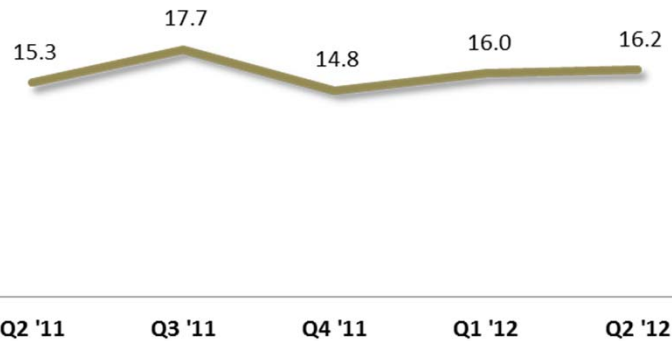


Yield



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

Non-Agency CPR

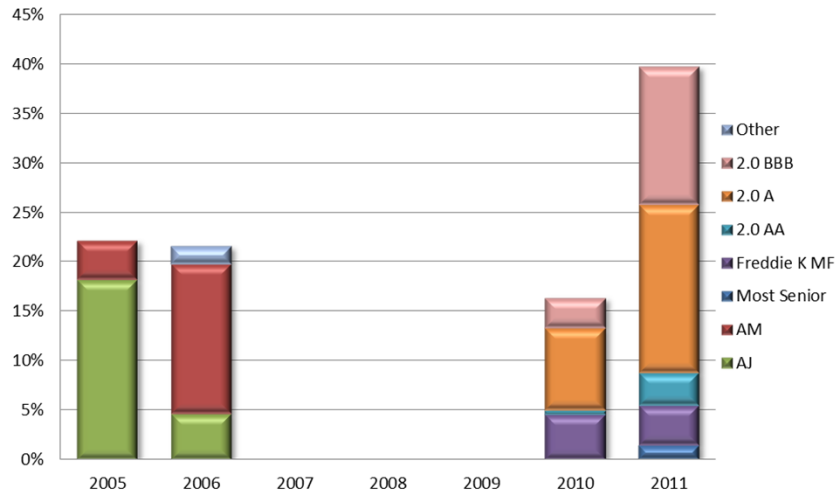


- High quality credit portfolio
 - Prime and Alt A
 - ~70% Senior Re-REMICs
 - Focus on downside risk and cash flow stability
- Loan level analysis utilizing 1010 Data, Loan Performance and Equifax information
 - Current LTV, second lien info and current credit scores
- Re-underwritten monthly

CMBS

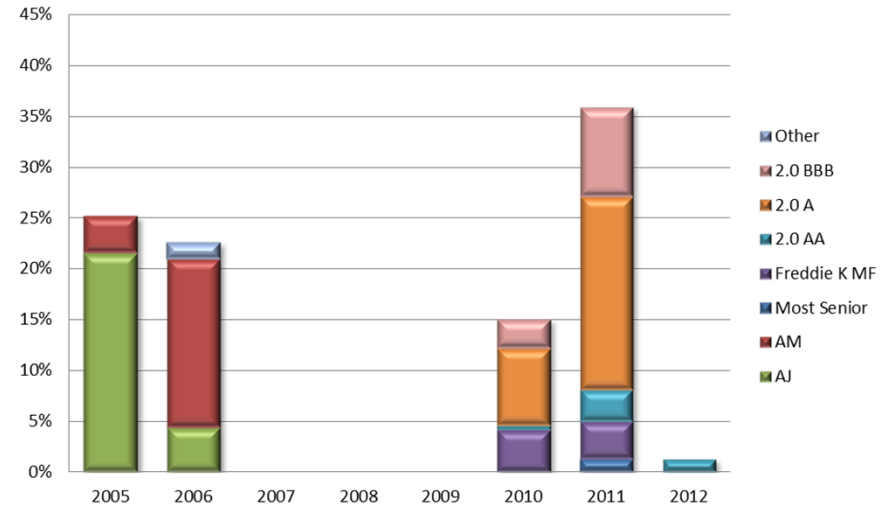
Q1 2012

IVR CMBS by Vintage

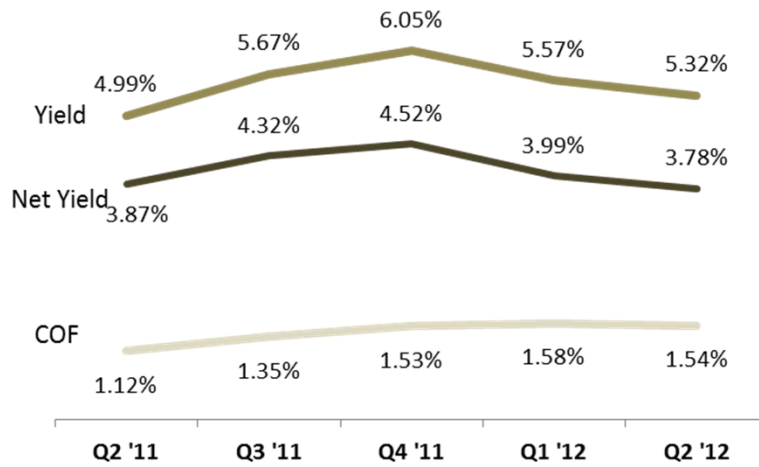


Q2 2012

IVR CMBS by Vintage



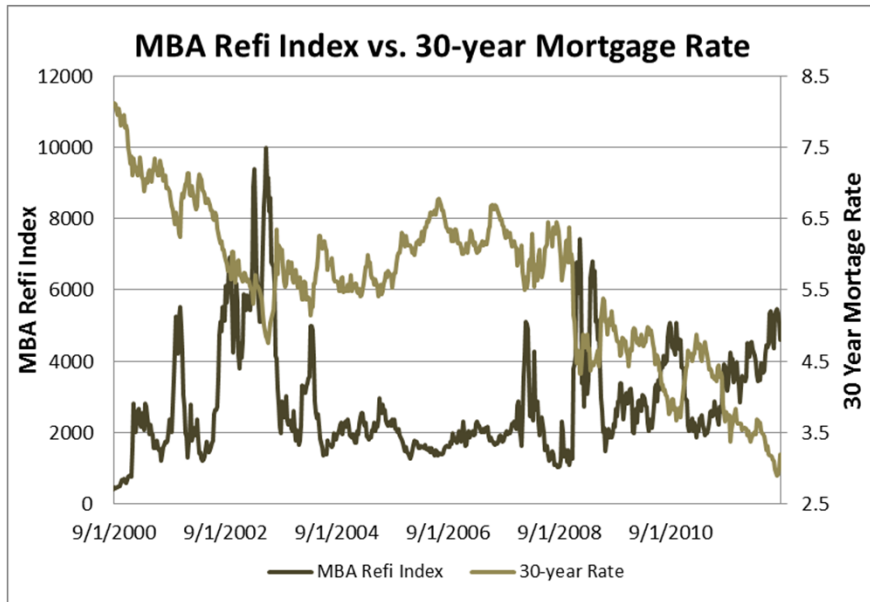
Yields



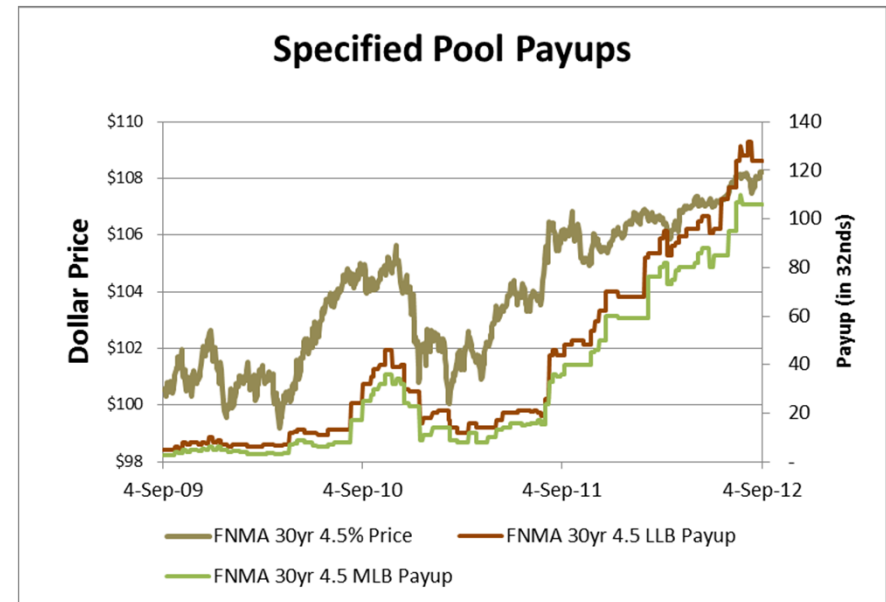
Prior period yields were adjusted to conform with presentation in our quarterly SEC filings

- CMBS assets provide diversification, high fixed rate coupons and a convexity hedge
- Income-based approach and market comps are used to re-value each underlying property
- Collateral focus – reasonable LTV's, ability to refinance, location and tenant strength

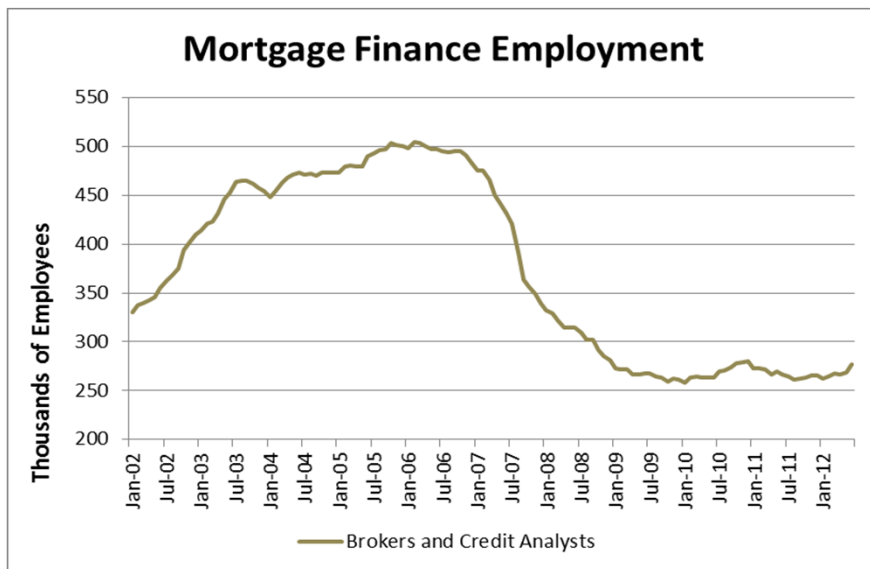
Agency Prepayment Dynamics



Source: Bloomberg



Source: JP Morgan



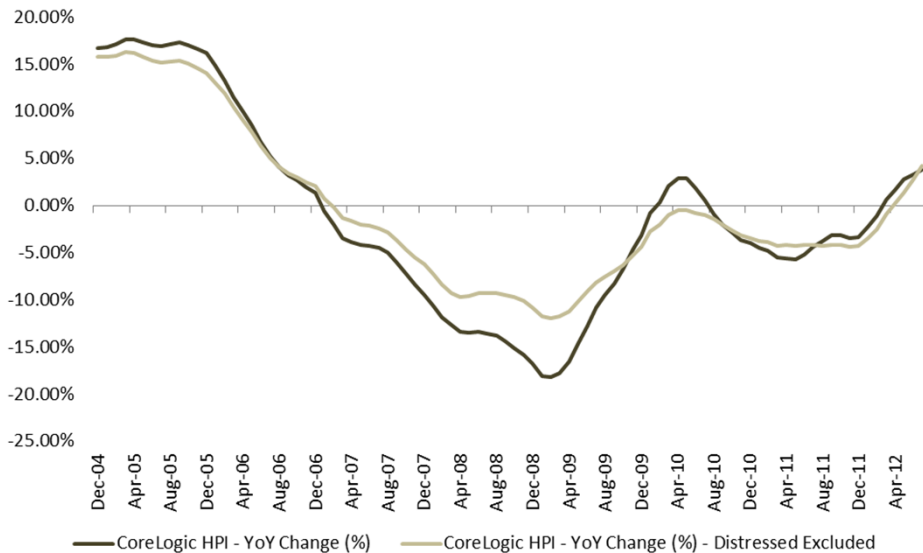
Source: Bureau of Labor Statistics

Agency Prepayment Themes

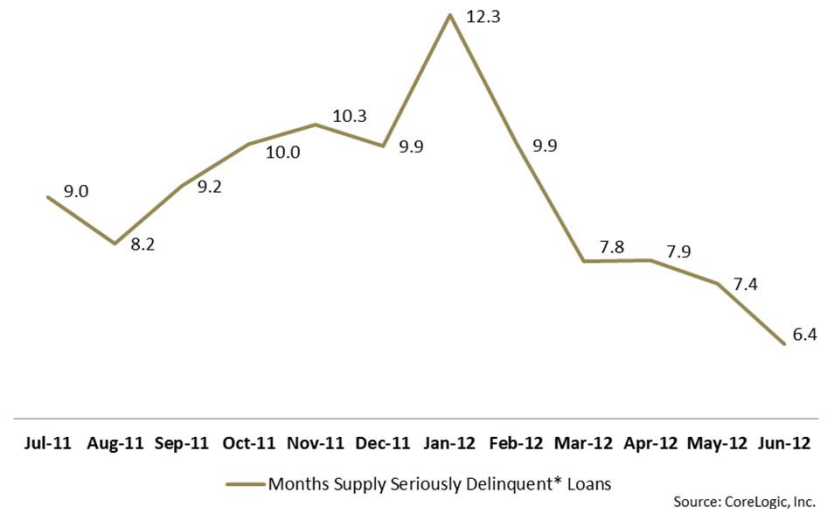
- The Refi Index remains relatively well contained, particularly given the sharp decline in mortgage rates
- The payups on specified pool collateral have increased right along with the increases in dollar prices on Agency mortgages
- While there has been a slight uptick in Mortgage Finance Employment recently, capacity constraints remain an issue

U.S. Housing Market Indicators

Prices have posted five months of gains

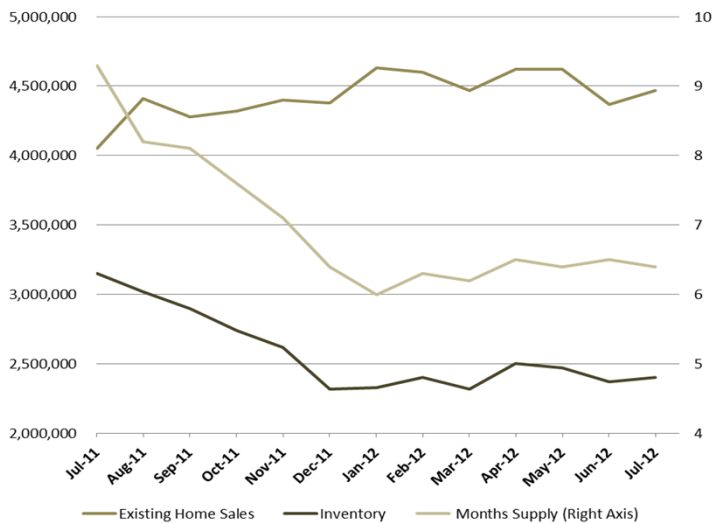


Modification efforts reducing inventory



*Seriously Delinquent – 90 days for more past due as of the latest payment due date

Slow growth in existing home sales



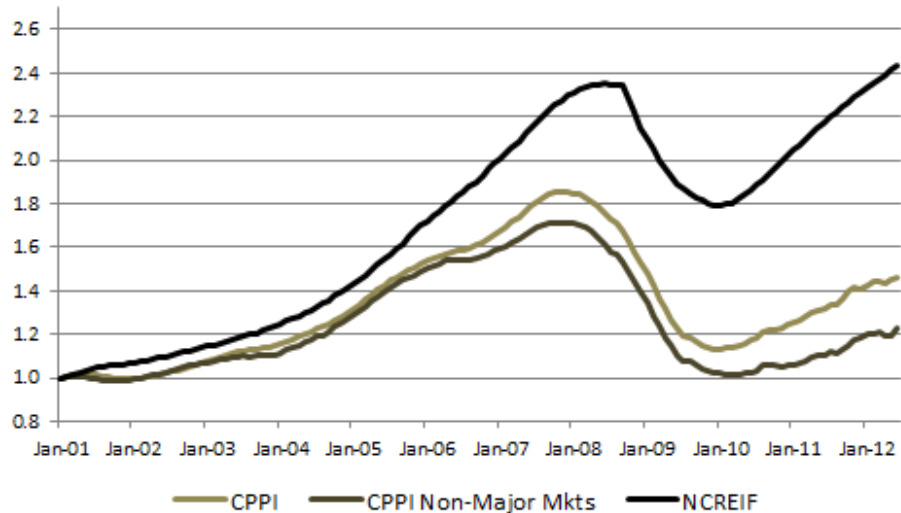
Source: National Association of Realtors®

Housing Market Themes

- House prices have posted year over year gains for the past five months. First consecutive gains since the first-time home buyer tax credit (April 2010)
- Modification efforts and credit burnout have improved the shadow inventory overhang
- Tight credit conditions and appraisal issues continue to contain sales growth
- Positive fundamentals are largely the result of an improvement in the supply picture and not robust demand

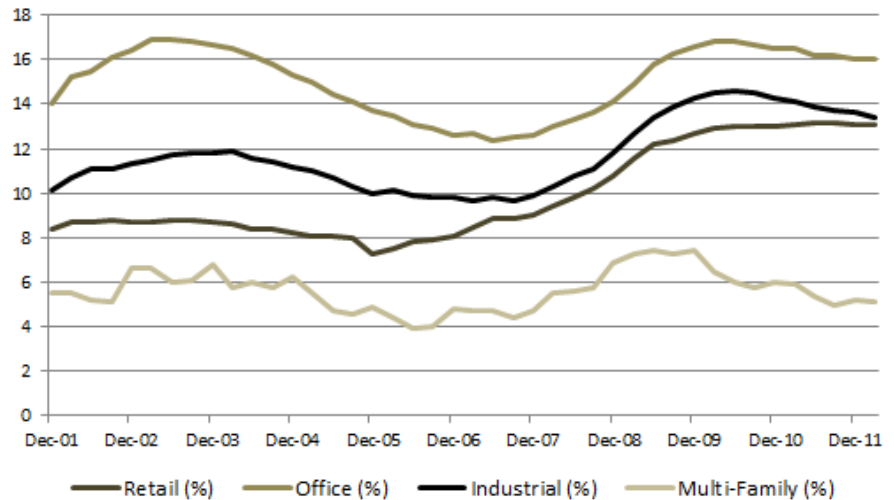
U.S. CRE Indicators

Rebound in Prices



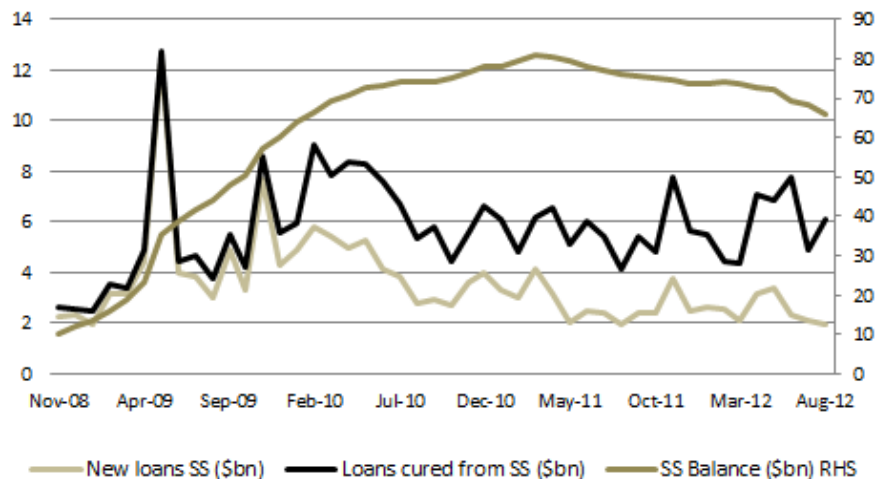
Source: Invesco, RCA, NCREIF

Vacancy Rates Are Stabilizing/Improving



Source: Bloomberg, CBRE

Decline in Special Serviced CMBS Loans



Source: Barclays and Intex

CRE Market Themes

- Valuations have recovered slightly less than half of peak-to-trough losses as gateway markets outperform
- Vacancies improve and rents slowly stabilize
- Loans residing with special servicer continue to decline due to increased modifications
- Better quality assets find funding but not enough to close equity gap in its entirety
- Active new issue and secondary trading volumes