Q2 2014 Stockholder Presentation

July 29, 2014

AGNC NASDAQ LISTED

SAFE HARBOR STATEMENT

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. Actual outcomes and results could differ materially from such forecasts due to the impact of many factors beyond the control of American Capital Agency Corp. ("AGNC"). All forward-looking statements included in this presentation are made only as of the date of this presentation and are subject to change without notice. Certain important factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in our periodic reports filed with the Securities and Exchange Commission ("SEC"). Copies are available on the SEC's website at www.sec.gov. AGNC disclaims any obligation to update such forward-looking statements unless required by law.

The following slides contain summaries of certain financial and statistical information about AGNC. They should be read in conjunction with our periodic reports that are filed from time to time with the SEC. Historical results discussed in this presentation are not indicative of future results.

Capital Stock Highlights

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TYPE / STOCK TICKER:
COMMON STOCK / AGNC

EXCHANGE:
NASDAQ

IPO DATE:
MAY 2008

IPO PRICE:
$20.00 PER SHARE

TOTAL DIVIDENDS PAID SINCE IPO [1]:
$28.91 PER SHARE

NET ASSET VALUE [2]:
$26.26 PER SHARE

TOTAL EQUITY CAPITAL [2]:
$9.3 B

American Capital Agency

TYPE / NAME:
8.000% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK

PREFERRED STOCK TICKER:
AGNCP

PER ANNUM DIVIDEND RATE:
8.000% PAYABLE QUARTERLY

EXCHANGE:
NASDAQ

TOTAL DIVIDENDS PAID SINCE OFFERING [1]:
$4.556 PER SHARE

PUBLIC OFFERING PRICE PRICE:
$25.00 PER SHARE

SHARES OUTSTANDING:
6.9 MILLION

American Capital Agency

TYPE / NAME:
7.750% SERIES B CUMULATIVE REDEEMABLE PREFERRED STOCK

PREFERRED STOCK TICKER:
AGNCB

PER ANNUM DIVIDEND RATE:
7.750% PAYABLE QUARTERLY

EXCHANGE:
NASDAQ

TOTAL DIVIDENDS PAID SINCE OFFERING [1]:
$0.36059 PER DEPOSITARY SHARE

PUBLIC OFFERING PRICE PRICE:
$25.00 PER DEPOSITARY SHARE [3]

DEPOSITARY SHARES OUTSTANDING:
7.0 MILLION

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* As of June 30, 2014 unless otherwise indicated

1. As of July 30, 2014
2. "Net Asset Value" and "Total Equity Capital" are net of the 8.000% Series A Cumulative Redeemable Preferred Stock ("Series A Preferred Stock") liquidation preference of $173 million and the 7.750% Series B Cumulative Redeemable Preferred Stock ("Series B Preferred Stock") liquidation preference of $175 million
3. Each depositary share outstanding represents a 1/1,000th interest in a share of Series B Preferred Stock

Q2 2014 HIGHLIGHTS

- **$2.43 Comprehensive Income per Share, Comprised of:**
  - ✓ $0.08 net income per share
  - ✓ $2.35 other comprehensive income ("OCI") per share
    - Includes net unrealized gains on investments marked-to-market through OCI
- **$0.87 Net Spread and Dollar Roll Income per Share [1]**
  - ✓ Includes $0.39 per share of dollar roll income (also referred to as "drop income") associated with a $14.0 B average net long position in Agency MBS in the "to-be-announced" ("TBA") market [2]
  - ✓ No "catch-up" premium amortization recognized for the quarter as projected constant prepayment rate ("CPR") estimates were largely unchanged from the prior quarter
- **$0.28 Estimated Taxable Income per Share [1]**
  - ✓ Excludes $0.88 per share of net capital gains (including $0.39 per share of TBA dollar roll income) applied against prior year net capital loss carryforward
- **$0.65 Dividend Declared per Share [3]**
  - ✓ 11.1% annualized dividend yield based on June 30, 2014 closing stock price of $23.41 per share
- **$0.04 Estimated Undistributed Taxable Income per Share as of June 30, 2014**
- **$26.26 Net Book Value per Share as of June 30, 2014**
  - ✓ Increased $1.77 per share, or 7.2%, from $24.49 per share as of Mar 31, 2014
- **9.9% Economic Return on Common Equity for the Quarter, or 39.6% Annualized**
  - ✓ Comprised of $0.65 dividend per share and $1.77 increase in net book value per share

Note: Per share amounts included throughout this presentation are per common share, unless otherwise indicated

1. Represents a non-GAAP measure. Refer to the supplemental slides later in this presentation for a reconciliation and further discussion of non-GAAP measures
2. Dollar roll income is based on our net TBA position and is recognized in gain (loss) on derivative instruments and other securities, net
3. A portion of the dividends declared on common stock for fiscal year 2014 are expected to constitute a return of capital for income tax purposes when the final determination is made after the end of the Company's fiscal year. Shareholders will receive notification of such final determination on their 2014 annual 1099-DIV statement.

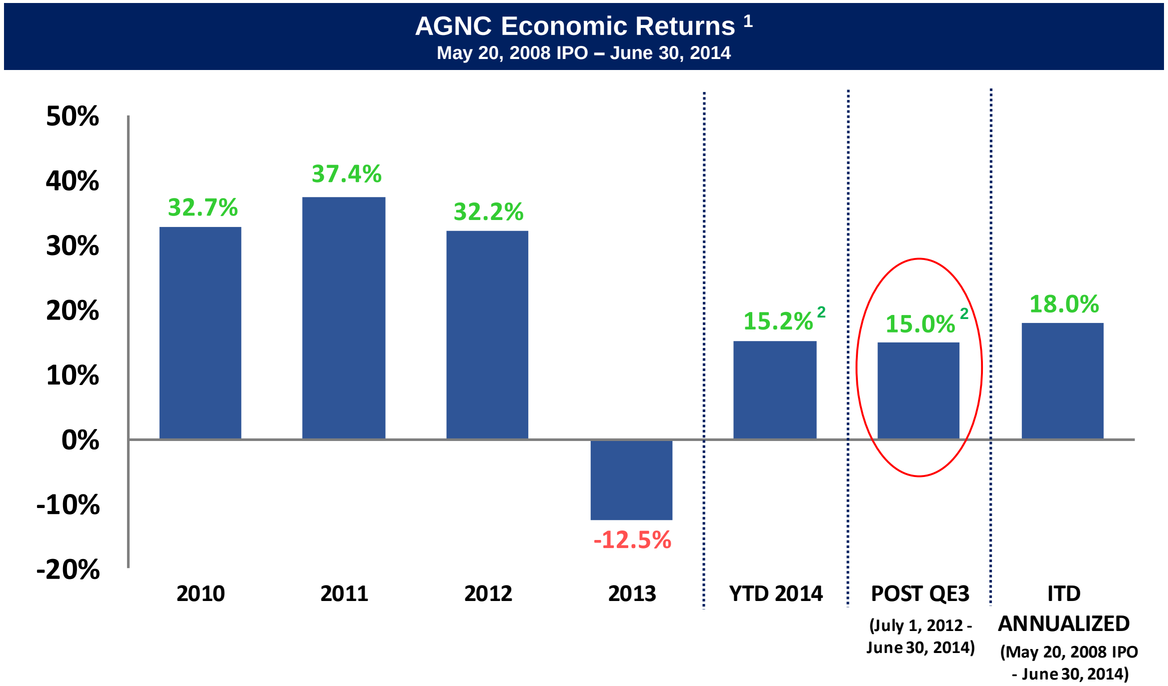
Q2 2014 Other Highlights

- **$71.9 B Agency MBS Investment Portfolio as of June 30, 2014**
  - ✓ Includes $18.4 B net long TBA mortgage position as of June 30, 2014
- **$202 MM of Mortgage REIT Equity Securities Held as of June 30, 2014**
  - ✓ Recognized $24 MM, or $0.07 per share, of dividends and gains from REIT equity securities during the quarter
- **6.9x "At Risk" Leverage as of June 30, 2014 [1,2]**
  - ✓ 5.0x leverage excluding net long TBA mortgage position as of June 30, 2014
- **9% Portfolio CPR for the Quarter**
  - ✓ 8% average projected portfolio life CPR as of June 30, 2014
- **1.84% Annualized Net Interest Rate Spread and TBA Dollar Roll Income for the Quarter [3]**
- **$169 MM of Net Proceeds Raised from 7.750% Series B Redeemable Preferred Stock Offering**

1. Leverage calculated as sum of Agency MBS repurchase agreements ("repo"), net payable/receivable for Agency securities not yet settled, and other debt divided by the sum of total stockholders' equity less the fair value of investments in REIT equity securities. Leverage excludes U.S. Treasury repo.
2. "At risk" leverage includes the components of "leverage", plus our net TBA position (at cost).
3. Net interest rate spread and TBA dollar roll income calculated as the average asset yield, less average cost of funds (actual and implied). Average cost of funds includes Agency MBS repo, TBA implied cost of funds, other debt and periodic swap interest costs. Cost of funds exclude other supplemental hedges, such as swaptions, U.S. Treasury positions and U.S. Treasury repos.

Post QE3 Economic Returns have Improved Materially

- **15.2% economic return on common equity for the first half of 2014 (30.4% annualized)**
  - ✓ Comprised of:
    - $1.30 dividend per share
    - $2.33 increase in net book value per share
- **For the two year period beginning with Q3 2012 (when the Fed announced QE3) through Q2 2014, AGNC has generated a total economic return of 15.0% (7.5% annualized)**



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1. Economic return on common equity represents the sum of the change in net asset value per common share and dividends declared on common stock during the period over the beginning net asset value per common share.
2. Not annualized

UNDERSTANDING OUR NET SPREAD INCOME

Net Spread Income by Sub-Portfolio [1]					
$ per Share, Except Average Daily Balance	Repo Funded Assets		Dollar Roll Funded Assets		Total
Net Spread and Dollar Roll Income, before Expense Allocations	$0.48	55%	$0.39	45%	$0.87
Average Daily Balance – at Cost	$56.9 B	80%	$14.0 B	20%	$70.9 B
Gross Income	$1.11		$0.39		$1.50
Repo Expense	(0.15)		--		(0.15)
Swap Expense [2]	(0.26)		(0.10)		(0.36)
Operating Expense and Dividend on Preferred Stock [2]	(0.09)		(0.03)		(0.12)
Adjusted Net Spread and Dollar Roll Income, after Expense Allocations	$0.61	70%	$0.26	30%	$0.87
Annualized Net Interest Margin, after Expense Allocations [3]	1.52%		2.59%		1.73%

- **Our net spread and dollar roll income of $0.87 per share can be broken down between our on balance sheet repo funded assets and TBA dollar roll funded assets**
- **To understand our net spread and dollar roll income, it is necessary to allocate our swap and operating expenses to each sub-portfolio**
- **After allocating swap and operating expenses to dollar roll funded assets on a duration weighted basis, adjusted net spread income from our repo funded assets increases to $0.61 per share from $0.48 per share**
- **Adjusted net spread income from our dollar roll funded assets declines to $0.26 per share, net of swap and operating expense allocations**
- **The net interest rate spread differential between our repo funded and dollar roll funded assets is due to a combination of dollar roll "specialness" (i.e. favorable implied financing rates in the TBA dollar roll market) and asset composition (i.e. greater concentration of lower yielding 15 year MBS in the repo funded portfolio)**

1. Net spread income excludes costs related to forward starting swaps and other supplemental hedges, such as swaptions and U.S. Treasury positions, and U.S. Treasury repos.
2. Allocated to each sub-portfolio pro-rata on a duration weighted basis
3. Annualized net interest margin calculated as the annualized net spread and dollar roll income, after expense allocations, divided by the average daily balance – at cost

SENSITIVITY OF NET SPREAD INCOME TO "DOLLAR ROLL SPECIALNESS"

THE SENSITIVITY OF OUR TOTAL NET SPREAD INCOME TO CHANGES IN DOLLAR ROLL IMPLIED FINANCING RATES IS RELATIVELY LOW

Dollar Roll Income Sensitivity to Change in Implied Financing Rates

	← Increase in Dollar Roll Specialness			Decrease in Dollar Roll Specialness →		
Change in Dollar Roll Implied Financing Rates:	**-0.50%**	**-0.25%**	**0.00%**	**+0.25%**	**+0.50%**	**+1.00%**
Change in Dollar Roll Income per Share [2]	$0.05	$0.02	$ --	$(0.02)	$(0.05)	$(0.10)
Dollar Roll Income per Share	$0.44	$0.41	$0.39	$0.37	$0.34	$0.29
Allocated Swap and Operating Expenses [3]	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Dollar Roll Income per share, Net of Allocated Costs	$0.31	$0.28	$0.26	$0.24	$0.21	$0.16

- **During Q2, our dollar roll income totaled $0.26 per share, net of swap hedge and other expense allocations (or $0.39 per share before expense allocations)[1]**
- **If dollar roll funding levels become less favorable (dollar roll specialness declines) then our income from these positions will be reduced**
  - ✓ A 50 bps increase in implied dollar roll funding levels would reduce our dollar income by $0.05 per share based on a comparable TBA position
  - ✓ A 100 bps increase (which would be equivalent to almost no dollar roll specialness) would translate to approximately a $0.10 per share decline in our net spread income
- **While unlikely given the strong levels seen in Q2, similar increases in dollar roll income would be realized if implied financing rates continue to improve**

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1. Dollar roll income is treated as a "capital gains/losses" for purposes of computing Taxable Income and as such may result in more favorable tax treatment for certain investors. See slide 23
2. Assumes a $14.0 B average dollar roll position
3. Allocated on a duration weighted basis between repo and dollar roll funded assets. Includes dividend on preferred stock. See slide 7

MARKET INFORMATION

Security	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	Q2 2014 Δ Rate % / Price [1]
Treasury Rates						
2 Yr UST	0.36%	0.32%	0.38%	0.42%	0.46%	+0.04% / -0.08
3 Yr UST	0.66%	0.63%	0.78%	0.90%	0.87%	-0.03% / +0.09
5 Yr UST	1.39%	1.38%	1.74%	1.72%	1.63%	-0.09% / +0.43
10 Yr UST	2.49%	2.61%	3.03%	2.72%	2.53%	-0.19% / +1.66
30 Yr UST	3.52%	3.69%	3.96%	3.56%	3.36%	-0.20% / +3.71
15 Year Fixed Rate Mortgages [2]						
2.50%	100.45	100.61	99.00	99.92	101.59	+1.67
3.00%	102.82	103.53	102.05	102.72	103.88	+1.16
3.50%	104.20	105.58	104.58	104.83	105.98	+1.15
4.00%	105.32	106.25	105.94	105.78	106.17	+0.39

Security	6/30/13	9/30/13	12/31/13	3/31/14	6/30/14	Q2 2014 Δ Rate % / Price [1]
Swap Rates						
2 Yr Swap	0.51%	0.46%	0.49%	0.55%	0.58%	+0.03% / -0.06
3 Yr Swap	0.82%	0.76%	0.88%	0.99%	1.00%	+0.01% / -0.03
5 Yr Swap	1.57%	1.54%	1.79%	1.80%	1.70%	-0.10% / +0.48
10 Yr Swap	2.70%	2.77%	3.09%	2.84%	2.63%	-0.21% / +1.88
30 Yr Swap	3.45%	3.66%	3.93%	3.54%	3.33%	-0.21% / +4.02
30 Year Fixed Rate Mortgages [2]						
3.00%	97.72	97.70	95.11	96.53	98.77	+2.24
3.50%	101.50	101.83	99.48	100.59	102.92	+2.33
4.00%	104.16	104.86	103.11	103.94	106.11	+2.17
4.50%	105.82	106.80	106.06	106.69	108.30	+1.61

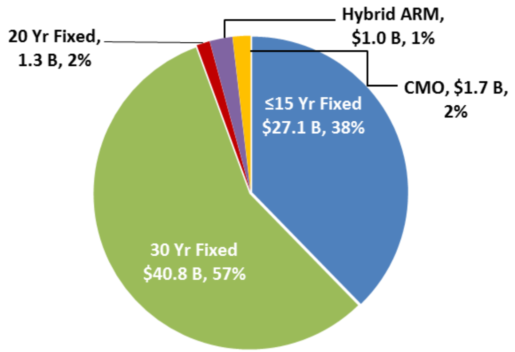
- **The yield curve continued to flatten during Q2 2014 as yields on longer term Treasury and swap rates rallied**
- **Mortgage spreads tightened significantly during the quarter leading to considerably more price appreciation on Agency MBS than comparable duration Treasury securities and swaps**
  - ✓ The strong performance is widely attributed to the combination of a lack of new originations and conservative investor positioning, which we highlighted on our Q1 2014 earnings call

Note: Price information is provided for illustrative purposes only, is for generic instruments and is not meant to be reflective of securities held by AGNC. Prices can vary materially depending on the source

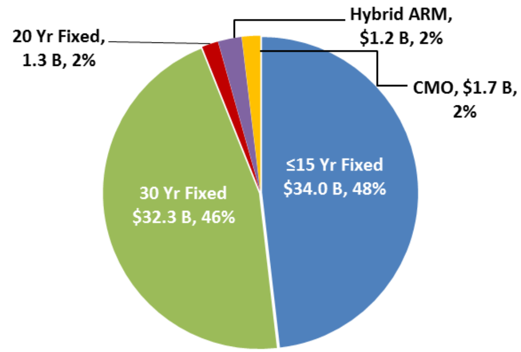
1. UST and Swap data from Bloomberg; Change in Treasury and swap prices derived from Constant Maturity Treasury and Constant Maturity Swap and DV01 from JPM
2. Source: Barclays

Q2 2014 Portfolio Update

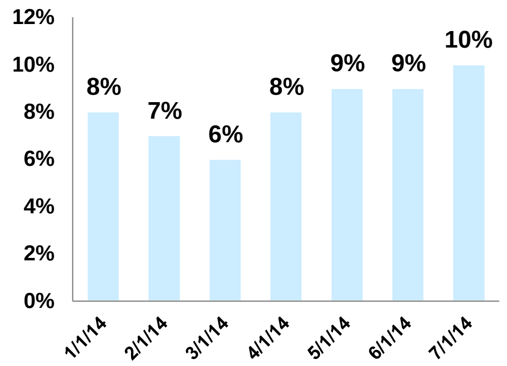
As of 6/30/14
$71.9 B Portfolio
MBS ($53.5 B, 74%) & Net TBA Position ($18.4 B, 26%)



As of 3/31/14
$70.5 B Portfolio
MBS ($56.4 B, 80%) & Net TBA Position ($14.1 B, 20%)



AGNC Actual CPR [1]



≤15 Year - $27.1 B Portfolio (38% of Total) as of 6/30/14

($ In Millions)

Coupon	FMV	%	WALA [2]	July '14 1 M Actual CPR [1]	Life Forecast CPR [3]
≤ 2.5%	$7,445	27%	19	7%	7%
3.0%	5,136	19%	26	9%	8%
3.5%	9,485	35%	39	12%	10%
4.0%	5,520	20%	43	14%	11%
≥ 4.5%	586	2%	46	13%	11%
≤15 Year MBS	28,172	103%	32	10%	9%
Net Short TBA	(1,044)	(3)%	**N/A**	**N/A**	**N/A**
Total ≤15 Year	**$27,128**	**100%**	**N/A**	**N/A**	**N/A**

30 Year - $40.8 B Portfolio (57% of Total) as of 6/30/14

($ In In Millions)

Coupon	FMV	%	WALA [2]	July '14 1 M Actual CPR [1]	Life Forecast CPR [3]
≤3.0%	$221	1%	17	10%	6%
3.5%	8,734	21%	25	8%	6%
4.0%	8,983	22%	30	11%	7%
4.5%	2,943	7%	38	14%	8%
≥ 5.0%	482	1%	83	16%	14%
30 Year MBS	21,363	52%	**30**	**10%**	**7%**
Net Long TBA	19,427	48%	**N/A**	**N/A**	**N/A**
Total 30 Year	**$40,790**	**100%**	**N/A**	**N/A**	**N/A**

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1. Wtd/avg actual 1 month annualized CPR released at the beginning of the month based on the securities held as of the preceding month-end. Excludes net TBA position
2. WALA represents the weighted average loan age presented in months. Excludes net TBA position
3. Average projected life CPR as of June 30, 2014. Excludes net TBA position

FINANCING SUMMARY

OUR FINANCING POSITION IS VERY STRONG, WITH SIGNIFICANT ACCESS TO ATTRACTIVE REPO FUNDING ACROSS A WIDE RANGE OF COUNTERPARTIES AND FINANCING TERMS

- **Average repo cost decreased to 0.41% as of June 30, 2014 from 0.43% as of Mar 31, 2014**
- **Repo counterparties totaled 36 as of June 30, 2014**
- **170 weighted average days to maturity as of June 30, 2014, an increase from 162 days as of Mar 31, 2014**

Repurchase Agreements [1]
As of June 30, 2014 - $ in millions

Months to Maturity	Repo Outstanding %	Repo Outstanding $	Interest Rate	Average Days to Maturity
≤ 1	23%	$11,119	0.34%	15
> 1 to ≤ 3	31%	14,511	0.36%	54
> 3 to ≤ 6	22%	10,293	0.42%	138
> 6 to ≤ 9	10%	4,735	0.48%	236
> 9 to ≤ 12	5%	2,585	0.49%	309
> 12 to ≤ 24	5%	2,273	0.59%	485
> 24 to ≤ 36	1%	600	0.59%	782
> 36 to ≤ 48	1%	502	0.63%	1,355
> 48 to ≤ 60	2%	900	0.67%	1,726
Total / Wtd Avg	**100%**	**$47,518**	**0.41%**	**170**
As of Mar 31, 2014				
Total / Wtd Avg	100%	$49,580	0.43%	162

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1. Table excludes repurchase agreements of $1.2 B and $0.1 B associated with U.S. Treasury positions as of June 30, 2014 and March 31, 2014, respectively

HEDGING SUMMARY

OUR HEDGES ARE DESIGNED TO MITIGATE BOOK VALUE FLUCTUATIONS DUE TO INTEREST RATE CHANGES AND ARE NOT DESIGNED TO PROTECT AGAINST MARKET VALUE FLUCTUATIONS IN OUR ASSETS CAUSED BY CHANGES IN THE SPREAD BETWEEN OUR INVESTMENTS AND OTHER BENCHMARK RATES, SUCH AS SWAP AND TREASURY RATES, WHICH IS THEREFORE A RISK THAT IS INHERENT TO OUR BUSINESS [1]

- **The combination of swaps, swaptions and Treasury hedges totaled $59.6 B and covered 88% of our repo, other debt and net TBA position as of June 30, 2014, compared to 94% as of Mar 31, 2014**
  - ✓ **Interest Rate Swaps**
    - $47.9 B notional pay fixed swaps
    - Net increase of $1.5 B from prior quarter
    - Covered 71% of repo, other debt and net TBA position as of June 30, 2014
  - ✓ **Payer Swaptions**
    - $7.7 B notional payer swaptions
    - Net decrease of $0.4 B from prior quarter
  - ✓ **Receiver Swaptions**
    - $1.8 B notional receiver swaptions
    - Net increase of $0.8 B from prior quarter
  - ✓ **Treasury Securities and Futures**
    - $5.8 B net short treasury position market value
    - Net decrease of $1.6 B from prior quarter

Hedge Portfolio Summary
As of June 30, 2014 - $ in Millions

	Notional/ Market Value 6/30/2014	Duration 6/30/2014 [2]	Net Hedge Gains/ (Losses) Q2 2014 [3]	Net Hedge Gains/ (Losses) Per Share Q2 2014
Swaps	$(47,900)	(4.3)	$(459)	$(1.30)
Payer Swaptions	(7,650)	(0.7)	(42)	(0.12)
Receiver Swaptions	1,750	1.7	1	--
Treasury Securities	(4,847)	(10.0)	(164)	(0.46)
Treasury Futures	(913)	(6.2)	(18)	(0.05)
Total / Q2 2014 [4]	**$(59,560)**	**(3.7)**	**$(682)**	**$(1.93)**
As of Mar 31, 2014 / Q1 2014				
Total / Q1 2014 [4]	$(60,763)	(3.6)	$(369)	$(1.04)

1. The amount of interest rate protection provided by our hedge portfolio may vary considerably based on management judgment, asset composition and general market conditions
2. Duration is a model estimate of interest rate sensitivity measured in years as of a point in time (see supplemental slides at the end of this presentation for additional information)
3. Net hedge gains/losses in the table above exclude periodic swap costs (a component of net spread income), TBA dollar roll income/loss and mark-to-market gains/losses on our net TBA position
4. Total duration is expressed in asset units

MANAGING MORTGAGE EXTENSION RISK [1]

GIVEN THE COMPOSITION OF OUR PORTFOLIO AND THE CURRENT LEVEL OF INTEREST RATES, FURTHER ASSET EXTENSION RISK IS RELATIVELY SMALL

Duration Gap Sensitivity [2,3] As of June 30, 2014			
	Duration 6/30/2014	**Rates Up 100 Bps**	**Rates Up 200 Bps**
Mortgage Assets: [4]			
30-Year MBS	5.9	7.1	7.4
15-Year MBS	4.0	4.5	4.6
Total Mortgage Assets	**5.1**	**6.0**	**6.1**
Liabilities, Swaps and Treasuries	(4.0)	(3.9)	(3.8)
Net Duration Gap without Swaptions	**1.1**	**2.1**	**2.3**
Swaptions	(0.1)	(0.4)	(0.5)
Net Duration Gap with Swaptions	**1.0**	**1.7**	**1.8**
As of Mar 31, 2014			
Net Duration Gap with Swaptions	**1.2**	**1.6**	**1.6**

- **Moderate portfolio rebalancing actions on an ongoing basis should allow us to further mitigate our interest rate risk exposure**

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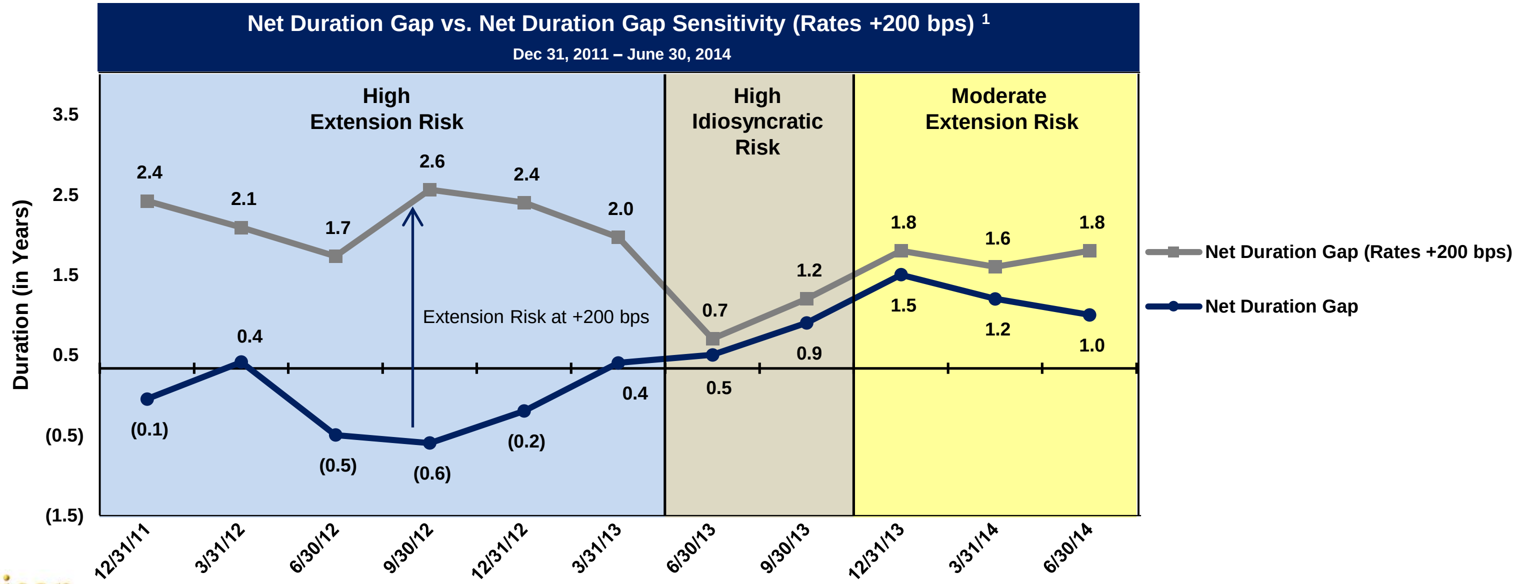
1. Extension risk is the risk that the duration of a mortgage security increases in a rising rate environment
2. Durations are expressed in years. Liability, swap, U.S. Treasury and swaption durations are expressed in asset units
3. Duration is a model estimate of interest rate sensitivity measured in years as of a point in time (see supplemental slides at the end of this presentation for additional information). The sensitivity analysis assumes an instantaneous parallel shift in interest rates and, consequently, does not include the potential impact of ongoing portfolio rebalancing actions
4. Mortgage assets include net TBA position. 15-year MBS position includes 20-year fixed rate MBS

INTEREST RATE RISK MANAGEMENT

IT IS THE COMBINATION OF BOTH DURATION RISK AND EXTENSION RISK THAT DRIVES OUR INTEREST RATE RISK MANAGEMENT ACTIVITIES

- **Our overall exposure to interest rate changes is a function of both our current duration gap and our extension risk**
- **In low interest rate environments where mortgage extension risk is high (2011-2012) we tend to operate with a relatively small duration gap**
- **In 2013 when idiosyncratic risk was high, we operated with a relatively small duration gap and reduced our exposure to extension risk through the use of option-based hedges and asset selection**
- **In environments where interest rates are relatively stable and mortgage extension risk is limited (2014), we will likely operate with a slightly larger duration gap**



1. Durations are expressed in years. The +200 bps sensitivity analysis assumes an instantaneous parallel shift in interest rates and no further rebalancing actions. See supplemental slides at the end of this presentation for additional information regarding our duration estimates.

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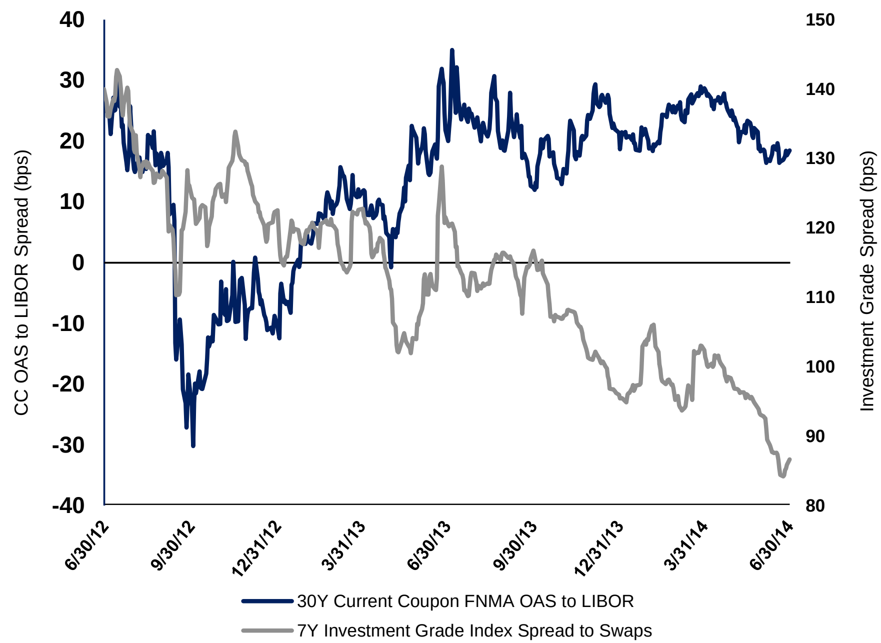
LOOKING AHEAD

- **Agency MBS look more attractive relative to other fixed income products since the onset of QE3**
  - ✓ Agency option adjusted spreads are relatively unchanged
  - ✓ Agency MBS yields have increased by more than 100 bps
  - ✓ Investment grade and high yield debt credit spreads have tightened significantly
  - ✓ The yield on foreign sovereign debt has declined meaningfully
- **Agency MBS offer several advantages that are not available in other fixed income products**
  - ✓ Superior liquidity and financing opportunities
  - ✓ Positive "flow-effect" due to the Fed's reinvestment of mortgage paydowns
  - ✓ Favorable "stock-effect" due to the Fed's significant ownership of approximately 1/3rd of the Agency MBS market

Investment Grade Spread vs. Current Coupon Option Adjusted Spread [1]



- **Agency MBS should benefit from a favorable supply and demand outlook well into 2015**
  - ✓ Refinance activity will remain muted in the absence of a significant decline in interest rates
  - ✓ First time homebuyers face a myriad of challenges
    - High student loan obligations, stringent down payment requirements, tight underwriting standards, underemployment and a changing mindset around homeownership
  - ✓ Cash transactions represent a significant share of purchase activity relative to historical levels
  - ✓ Banks will likely hold more conforming mortgages given high GSE guarantee fees and favorable capital and accounting treatment

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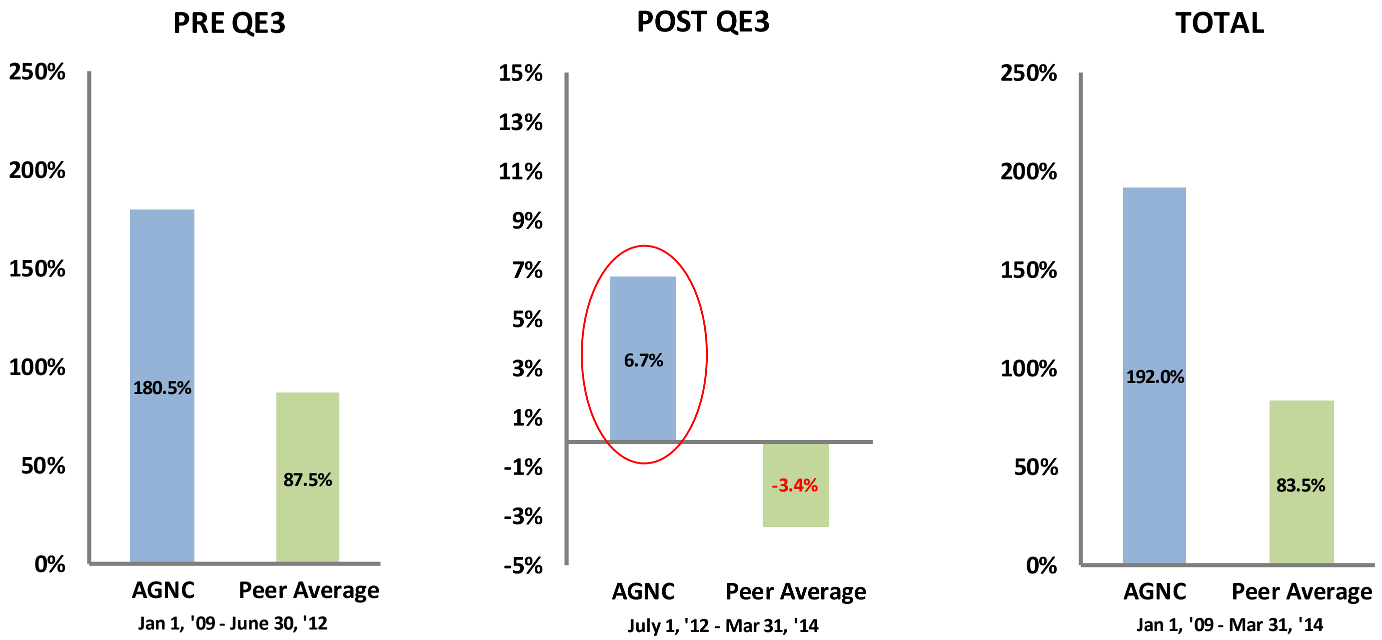
1. Source: CitiVelocity

Supplemental Slides

TOTAL ECONOMIC RETURNS: PRE AND POST QE3

AGNC'S ECONOMIC RETURN SINCE INCEPTION AND THROUGH THE RECENT CHALLENGING ENVIRONMENT HAS OUTPERFORMED ITS PEER GROUP DUE IN PART TO AGNC'S ACTIVE APPROACH TO PORTFOLIO MANAGEMENT

AGNC vs. Peer Group Average
Total Historical Economic Returns
Jan 1, 2009 – Mar 31, 2014 [1]



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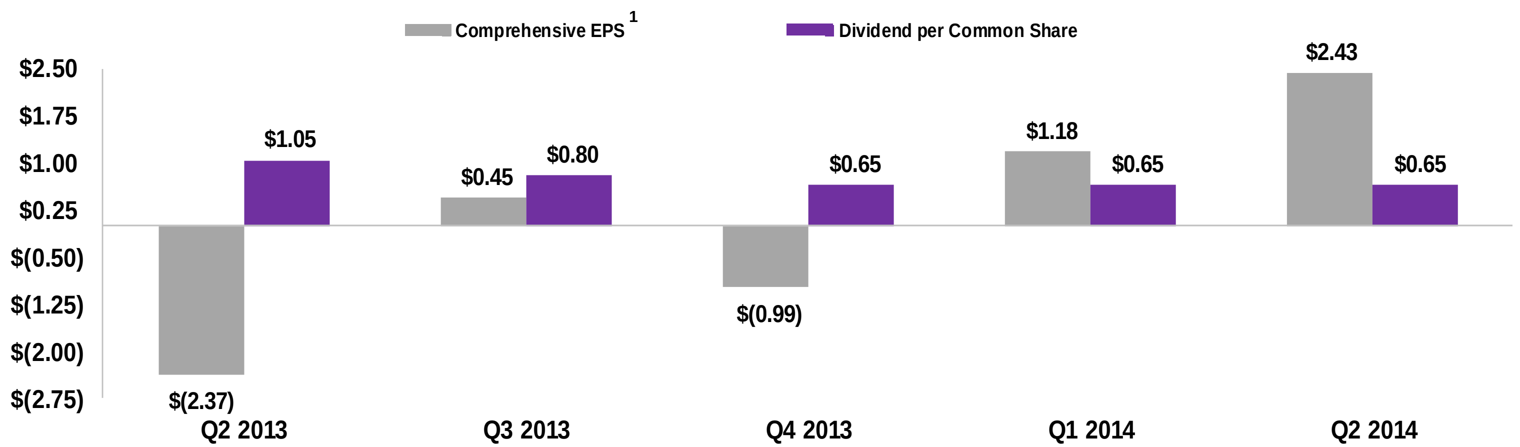
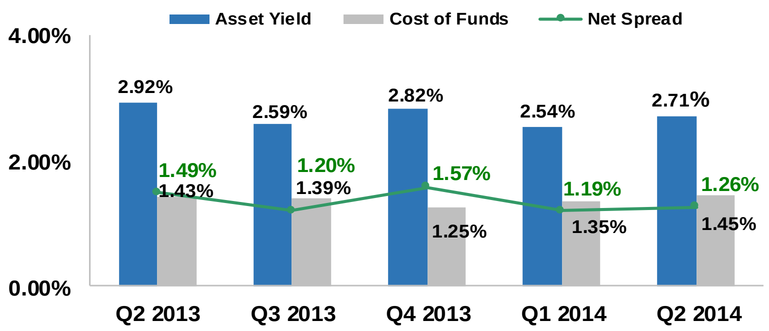
1. Economic return on common equity represents the sum of the change in net asset value per common share and dividends declared on common stock during the period over the beginning net asset value per common share. Peer group average consists of HTS, CMO, NLY, ANH, CYS and ARR on an unweighted basis

AGNC Historical Overview

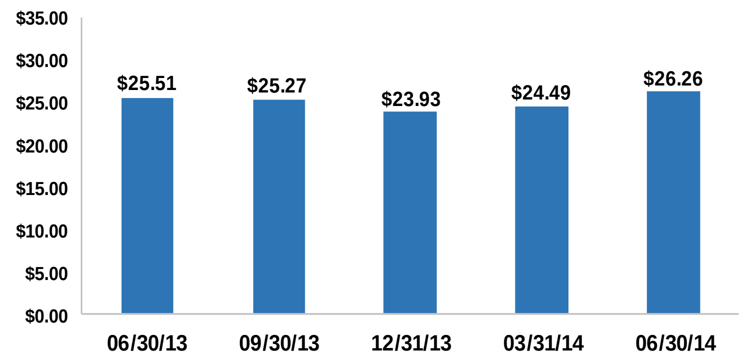
Earnings and Dividends per Common Share



Net Spread [2]



Net Book Value Per Common Share [3]



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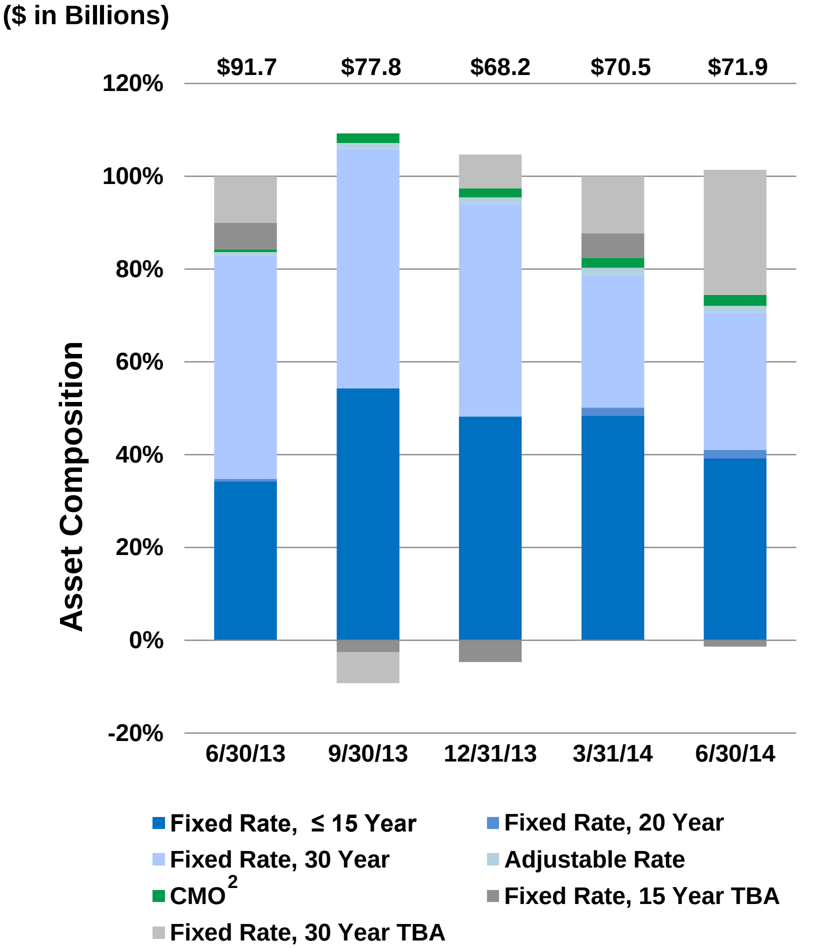
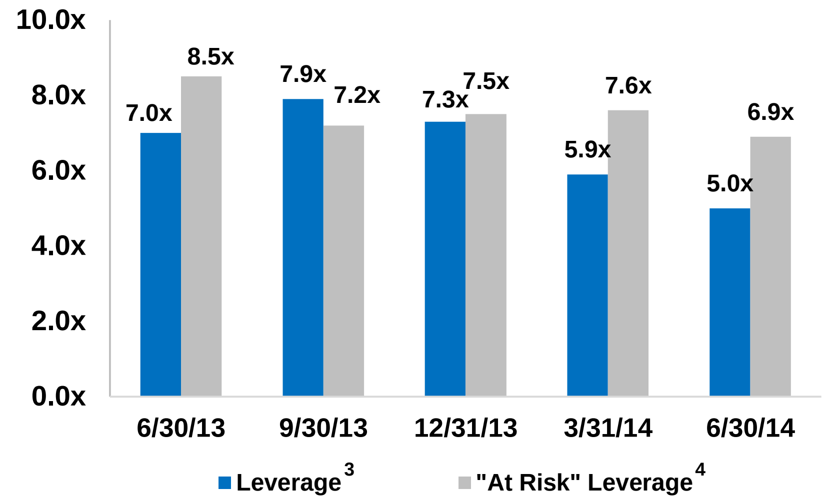
1. Comprehensive earnings per common share is a GAAP measure that consists of net income/loss per common share plus unrealized gains/losses on Agency MBS recognized in other comprehensive income, a separate component of equity
2. Represents average per quarter, excludes net dollar roll income/loss from our TBA mortgage position and other supplemental hedge costs such as swaption and short U.S. Treasury costs
3. Net book value per common share calculated as total stockholders' equity, less the Series A and B Preferred Stock liquidation preference, divided by total common shares outstanding

AGNC Historical Overview

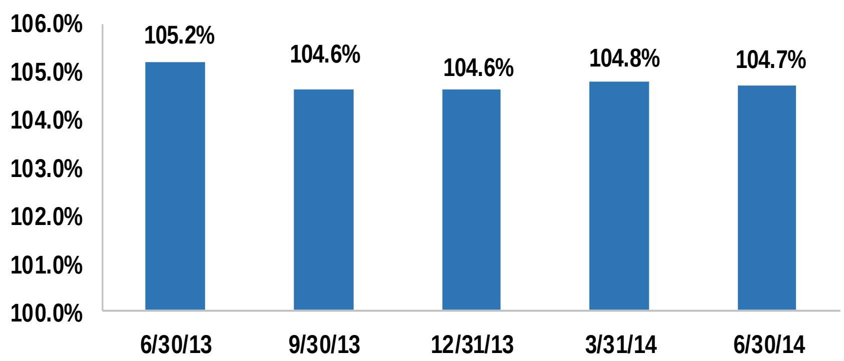
Portfolio [1]



Leverage



Amortized Cost Basis



1. Amounts include the Company’s net TBA mortgage position
2. Includes interest-only, inverse interest-only and principal-only securities
3. Leverage calculated as sum of Agency MBS repurchase agreements, net payable/receivable for Agency MBS not yet settled and other debt divided by the sum of total stockholders’ equity less the fair value of investments in REIT equity securities. Leverage excludes U.S. Treasury repurchase agreements of $1.2 B, $0.1 B, $2.3 B, $4.1 B and $2.1 B as of June 30 and Mar 31, 2014 and Dec 31, Sept 30 and June 30, 2013, respectively
4. “At risk” leverage includes the components of leverage plus our net TBA dollar roll position (at cost)

BALANCE SHEETS

($ in millions, except per share data, unaudited except 12/31/13)	6/30/14	3/31/14	12/31/13	9/30/13	6/30/13
Agency Securities, at Fair Value	$52,174	$54,960	$64,482	$83,805	$75,926
Agency Securities Transferred to Consolidated Variable Interest Entities, at Fair Value	1,377	1,417	1,459	1,204	1,281
U.S. Treasury Securities, at Fair Value	1,247	196	3,822	4,823	3,671
REIT Equity Securities, at Fair Value	202	352	237	--	--
Cash and Cash Equivalents	1,747	1,726	2,143	2,129	2,923
Restricted Cash	783	269	101	77	1,216
Derivative Assets, at Fair Value	593	686	1,194	1,246	1,876
Receivable for Securities Sold	1,872	799	652	1,807	2,070
Receivable under Reverse Repurchase Agreements	6,621	6,685	1,881	1,808	9,430
Other Assets	238	228	284	372	270
Total Assets	**$66,854**	**$67,318**	**$76,255**	**$97,271**	**$98,663**
Repurchase Agreements	$48,714	$49,729	$63,533	$82,473	$72,451
Debt of Consolidated Variable Interest Entities, at Fair Value	844	874	910	736	783
Payable for Securities Purchased	558	324	118	979	3,167
Derivative Liabilities, at Fair Value	583	417	422	1,015	1,544
Dividends Payable	235	232	235	311	420
Obligation to Return Securities Borrowed under Reverse Repurchase Agreements, at Fair Value	6,094	6,658	1,848	1,801	9,931
Accounts Payable and Other Accrued Liabilities	215	270	492	71	87
Total Liabilities	**57,243**	**58,504**	**67,558**	**87,386**	**88,383**
Preferred Equity at Aggregate Liquidation Preference	348	173	173	173	173
Common Equity	9,263	8,641	8,524	9,712	10,107
Total Stockholders' Equity	**9,611**	**8,814**	**8,697**	**9,885**	**10,280**
Total Liabilities and Stockholders' Equity	**$66,854**	**$67,318**	**$76,255**	**$97,271**	**$98,663**
Other Supplemental Data:					
Net TBA Long/(Short), at Fair Value [1]	**$18,384**	**$14,102**	**$2,119**	**$(7,256)**	**$14,514**
Leverage [2]	**5.0x**	**5.9x**	**7.3x**	**7.9x**	**7.0x**
"At Risk" Leverage [3]	**6.9x**	**7.6x**	**7.5x**	**7.2x**	**8.5x**
Net Book Value Per Common Share [4]	**$26.26**	**$24.49**	**$23.93**	**$25.27**	**$25.51**

1. TBAs are reported in derivative assets/liabilities in the above balance sheet at their net carrying value (fair value less cost basis)
2. Leverage calculated as sum of Agency MBS repurchase agreements, net payable/receivable for Agency MBS not yet settled and debt of consolidated variable interest entities ("other debt") divided by the sum of total stockholders' equity less the fair value of investments in REIT equity securities. Leverage excludes U.S. Treasury repurchase agreements of $1.2 B, $0.1 B, $2.3 B, $4.1 B and $2.1 B as of June 30, and Mar 31, 2014 and Dec 31, Sept 30 and June 30, 2013, respectively
3. "At risk" leverage includes the components of leverage plus our net TBA dollar roll position (at cost)
4. Net book value per common share calculated as stockholders' equity, less the Series A and Series B Preferred Stock liquidation preference, divided by total common shares outstanding

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INCOME STATEMENTS

($ in millions, except per share data) (Unaudited)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Interest Income	$385	$399	$542	$558	$545
Interest Expense	(95)	(108)	(120)	(145)	(131)
Net Interest Income	**290**	**291**	**422**	**413**	**414**
Gain (Loss) on Sale of Agency Securities, Net	22	(19)	(667)	(733)	17
(Loss) Gain on Derivative Instruments and Other Securities, Net	(244)	(378)	184	(339)	1,444
Total Other (Loss) Income, Net	**(222)**	**(397)**	**(483)**	**(1,072)**	**1,461**
Management Fee	(30)	(29)	(31)	(35)	(37)
General and Administrative Expense	(6)	(6)	(6)	(7)	(9)
Total Operating Expenses	**(36)**	**(35)**	**(37)**	**(42)**	**(46)**
Income (Loss) before Income Tax Provision	32	(141)	(98)	(701)	1,829
Income Tax Provision, Net	--	--	(3)	--	--
Net Income (Loss)	**32**	**(141)**	**(101)**	**(701)**	**1,829**
Dividend on Preferred Stock	(5)	(3)	(3)	(3)	(3)
Net Income (Loss) Available (Attributable) to Common Shareholders	**$27**	**$(144)**	**$(104)**	**$(704)**	**$1,826**
Net Income (Loss)	**$32**	**$(141)**	**$(101)**	**$(701)**	**$1,829**
Unrealized Gain (Loss) on Available-for-Sale Securities, Net	790	521	(311)	833	(2,813)
Unrealized Gain on Derivative Instruments, Net	40	43	46	47	48
Other Comprehensive Income (Loss)	**830**	**564**	**(265)**	**880**	**(2,765)**
Comprehensive Income (Loss)	**862**	**423**	**(366)**	**179**	**(936)**
Dividend on Preferred Stock	(5)	(3)	(3)	(3)	(3)
Comprehensive Income (Loss) Available (Attributable) to Common Shareholders	**$857**	**$420**	**$(369)**	**$176**	**$(939)**
Weighted Average Common Shares Outstanding – Basic and Diluted	**352.8**	**354.8**	**373.0**	**390.6**	**396.4**
Net Income (Loss) per Common Share	**$0.08**	**$(0.41)**	**$(0.28)**	**$(1.80)**	**$4.61**
Comprehensive Income (Loss) per Common Share	**$2.43**	**$1.18**	**$(0.99)**	**$0.45**	**$(2.37)**
Estimated REIT Taxable Income per Common Share	**$0.28**	**$0.47**	**$0.65**	**$0.29**	**$1.04**
Dividends Declared per Common Share	**$0.65**	**$0.65**	**$0.65**	**$0.80**	**$1.05**

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Note: Amounts may not total due to rounding

Reconciliation of GAAP Net Interest Income to Net Spread and Dollar Roll Income/Loss[1]

($ in millions, except per share data) (Unaudited)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Interest Income	**$385**	**$399**	**$542**	**$558**	**$545**
Interest Expense:					
Repurchase Agreements and Other Debt	(55)	(65)	(74)	(98)	(83)
Interest Rate Swap Periodic Costs [2]	(40)	(43)	(46)	(47)	(48)
Total Interest Expense	**(95)**	**(108)**	**(120)**	**(145)**	**(131)**
Net Interest Income	**290**	**291**	**422**	**413**	**414**
Other Interest Rate Swap Periodic Costs [3,4]	(87)	(83)	(104)	(131)	(105)
Dividend on REIT Equity Securities [4]	6	10	5	--	--
TBA Dollar Roll Income (Loss), Net [4]	138	48	(5)	(12)	195
Adjusted Net Interest and Dollar Roll Income	**347**	**266**	**318**	**270**	**504**
Total Operating Expenses	**(36)**	**(35)**	**(37)**	**(42)**	**(46)**
Net Spread and Dollar Roll Income	**311**	**231**	**281**	**228**	**458**
Dividend on Preferred Stock	(5)	(3)	(3)	(3)	(3)
Net Spread and Dollar Roll Income Available to Common Shareholders	**306**	**228**	**278**	**225**	**455**
Estimated “Catch Up” Premium Amortization Cost (Benefit) due to Change in CPR Forecast	**--**	**25**	**(28)**	**12**	**(55)**
Net Spread and Dollar Roll Income, Excluding “Catch Up” Amortization Available to Common Shareholders	**$306**	**$253**	**$250**	**$237**	**$400**
Weighted Average Common Shares Outstanding – Basic and Diluted	**352.8**	**354.8**	**373.0**	**390.6**	**396.4**
Net Spread and Dollar Roll Income per Common Share	**$0.87**	**$0.64**	**$0.75**	**$0.58**	**$1.15**
Net Spread and Dollar Roll Income, Excluding “Catch Up” Amortization per Common Share	**$0.87**	**$0.71**	**$0.67**	**$0.61**	**$1.01**

Note: Amounts may not total due to rounding

1. Table includes non-GAAP financial measures. Please refer to additional information regarding non-GAAP financial measures at the end of this presentation
2. Voluntarily discontinued hedge accounting under GAAP as of Sept 30, 2011. Accumulated OCI on de-designated interest rate swaps is being amortized on a straight-line basis over the remaining swap terms into interest expense. All other periodic interest costs, termination fees and mark-to-market adjustments associated with interest rate swaps are reported in other income (loss), net pursuant to GAAP
3. Other interest rate swap periodic costs represent periodic interest costs on the Company’s interest rate swap portfolio in excess of amortized amounts reclassified from accumulated OCI into interest expense. Other interest rate swap periodic costs exclude interest rate swap termination fees and mark-to-market adjustments on interest rate swaps
4. Reported in gain (loss) on derivative instruments and other securities, net in the accompanying income statement

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RECONCILIATION OF GAAP NET INCOME TO ESTIMATED TAXABLE INCOME [1]

($ in millions, except per share data) (Unaudited)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Net Income (Loss)	**$32**	**$(141)**	**$(101)**	**$(701)**	**$1,829**
Book to Tax Differences:					
Premium Amortization, Net	(5)	31	(21)	(6)	(75)
Realized Loss (Gain), Net	5	36	(92)	(255)	(15)
Capital Loss (Carryforward)/Excess over Capital Gains [2]	(310)	(102)	936	849	--
Unrealized Loss (Gain), Net	384	346	(480)	229	(1,324)
Other	(1)	--	2	--	(1)
Total Book to Tax Differences	**73**	**311**	**345**	**817**	**(1,415)**
Estimated REIT Taxable Income	**105**	**170**	**244**	**116**	**414**
Dividend on Preferred Stock	(5)	(3)	(3)	(3)	(3)
Estimated REIT Taxable Income Available to Common Shareholders	**$100**	**$167**	**$241**	**$113**	**$411**
Weighted Average Common Shares Outstanding – Basic and Diluted	**352.8**	**354.8**	**373.0**	**390.6**	**396.4**
Estimated REIT Taxable Income per Common Share	**$0.28**	**$0.47**	**$0.65**	**$0.29**	**$1.04**
Estimated Cumulative Undistributed REIT Taxable Income per Common Share [3]	**$0.04**	**$0.42**	**$0.59**	**$0.57**	**$1.07**

Beginning Cumulative Non-Deductible Capital Losses	**$1,683**	**$1,785**	**$849**	**$ --**	**$ --**
Capital Loss (Carryforward)/Excess over Capital Gain	(310)	(102)	936	849	--
Ending Cumulative Non-Deductible Capital Losses	**$1,373**	**$1,683**	**$1,785**	**$849**	$ --
Ending Cumulative Non-Deductible Capital Losses per Common Share	**$3.89**	**$4.77**	**$5.01**	**$2.21**	$ --

Amounts may not total due to rounding

1. Table includes non-GAAP financial measures. Please refer to information regarding non-GAAP financial measures at the end of this presentation
2. Capital losses in excess of capital gains are not deductible from ordinary taxable income, but may be carried forward for up to five years and applied against future net capital gains. As of June 30, 2014, $1.4 B of capital losses were available to offset future net capital gains
3. Estimated undistributed taxable income ("UTI") per common share is net of dividends declared. UTI excludes cumulative non-deductible capital losses

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NET BOOK VALUE ROLL FORWARD

(In millions, except per share data) (Unaudited)	Q2 2014 Balance	Q2 2014 Common Shares Outstanding	Q2 2014 Net Book Value per Common Share
Beginning Net Common Equity [1]	**$8,641**	**352.8**	**$24.49**
Net Income	32		
Other Comprehensive Income	830		
Dividend on Common Stock	(229)		
Dividend on Preferred Stock	(6)		
Dilution from Issuance of Preferred Stock [2]	(5)		
Ending Net Common Equity	**9,263**	**352.8**	**$26.26**
Series A Preferred Stock Liquidation Preference	173		
Series B Preferred Stock Liquidation Preference	175		
Ending Total Stockholders' Equity	**$9,611**		

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Amounts may not total due to rounding

1. Common equity is net of the Company's Series A and Series B Preferred Stock liquidation preference
2. Represents underwriting fees and other offering costs related to the Series B Preferred Stock issuance

BUSINESS ECONOMICS

(unaudited)	Q2 2014	Q1 2014	Q4 2013	Q3 2013	Q2 2013
Asset Yield [1]	2.71%	2.54%	2.82%	2.59%	2.92%
Cost of Funds [1,2]	(1.45)%	(1.35)%	(1.25)%	(1.39)%	(1.43)%
Net Interest Rate Spread	**1.26%**	**1.19%**	**1.57%**	**1.20%**	**1.49%**
Leverage [3]	**5.6x**	**6.7x**	**7.6x**	**7.8x**	**5.9x**
Leveraged Net Interest Rate Spread	7.00%	7.90%	11.85%	9.38%	8.72%
Plus Asset Yield	2.71%	2.54%	2.82%	2.59%	2.92%
Gross Return on Equity (“ROE”) Before Expenses and Other Income	**9.71%**	**10.44%**	**14.67%**	**11.97%**	**11.64%**
Management Fees as a % of Equity	(1.28)%	(1.31)%	(1.31)%	(1.37)%	(1.33)%
Other Operating Expenses as a % of Equity	(0.25)%	(0.27)%	(0.25)%	(0.29)%	(0.33)%
Total Operating Expenses as a % of Equity	**(1.53)%**	**(1.58)%**	**(1.56)%**	**(1.66)%**	**(1.66)%**
Net Spread Income ROE	**8.18%**	**8.86%**	**13.11%**	**10.31%**	**9.98%**
Other Miscellaneous [4]	(0.99)%	(1.06)%	(1.30)%	(0.81)%	(0.60)%
Realized Other Income/(Loss), Net of Tax	10.72%	1.46%	(36.26)%	(28.10)%	8.66%
Unrealized Other (Loss)/Income	(16.53)%	(15.64)%	20.19%	(9.02)%	47.14%
Net Income (Loss) ROE	**1.38%**	**(6.38)%**	**(4.26)%**	**(27.62)%**	**65.18%**
Other Comprehensive Income/(Loss)	35.74%	25.49%	(11.15)%	34.69%	(98.53)%
Comprehensive Income/(Loss) ROE	**37.12%**	**19.11%**	**(15.41)%**	**7.07%**	**(33.35)%**
Comprehensive Income/(Loss) on Preferred Equity in Excess of Preferred Dividend	0.84%	0.24%	(0.41)%	(0.01)%	(0.64)%
Net Comprehensive Income/(Loss) ROE Available/(Attributable) to Common Shareholders	**37.96%**	**19.35%**	**(15.82)%**	**7.06%**	**(33.99)%**

1. Asset yield, cost of funds and net interest rate spread exclude net TBA position
2. Cost of funds includes Agency MBS repo, other debt and periodic swap interest costs. Cost of funds exclude other supplemental hedges, such as swaptions and U.S. Treasury positions, and U.S. Treasury repos
3. Average leverage excludes net TBA position and is adjusted to exclude stockholders’ equity allocated to investment in REIT equity securities. Average “at risk” leverage, including our net TBA position, was 7.1x, 7.2x, 7.5x, 7.8x and 8.4x for Q2 and Q1 2014 and Q4, Q3, and Q2 2013, respectively
4. Other miscellaneous reflects the impact of differences between the use of daily averages used for investment securities and repurchase agreements and the month-end average used for stockholders’ equity, cash and cash equivalents, restricted cash, other non investment assets and liabilities, and other immaterial rounding differences

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BUSINESS ECONOMICS – PORTFOLIO ADJUSTED

Q2 2014 (unaudited)	Unadjusted Repo Funded Assets	Adjusted Repo Funded Assets	Adjusted Dollar Roll Funded Assets	Total Adjusted Repo and Dollar Roll Funded Assets
Asset Yield	**2.71%**	**2.71%**	**3.14%**	**2.79%**
Cost of Funds: [1]				
Cost of Funds – Repo / Implied Dollar Roll Financing	(0.44)%	(0.44)%	0.81%	(0.16)%
Cost of Funds – Swap [2]	(1.01)%	(0.72)%	(1.03)%	(0.79)%
Total Cost of Funds	**(1.45)%**	**(1.16)%**	**(0.22)%**	**(0.95)%**
Net Interest Rate Spread	**1.26%**	**1.55%**	**2.92%**	**1.84%**
Leverage [3]	**5.6x**	**5.6x**	**1.5x**	**7.1x**
Leveraged Net Interest Rate Spread	7.00%			13.10%
Plus Asset Yield	2.71%			2.79%
Gross Return on Equity (“ROE”) Before Expenses and Other Income	**9.71%**			**15.89%**
Management Fees as a % of Equity	(1.28)%			(1.28)%
Other Operating Expenses as a % of Equity	(0.25)%			(0.25)%
Total Operating Expenses as a % of Equity	**(1.53)%**			**(1.53)%**
Net Spread Income ROE	**8.18%**			**14.36%**
Other Miscellaneous [4]	(0.99)%			(0.99)%
Realized Other Income	10.72%			4.54%
Unrealized Other Loss	(16.53)%			(16.53)%
Net Income ROE	**1.38%**			**1.38%**
Other Comprehensive Income	35.74%			35.74%
Comprehensive Income ROE	**37.12%**			**37.12%**
Comprehensive Income on Preferred Equity in Excess of Preferred Dividend	0.84%			0.84%
Net Comprehensive Income ROE Available to Common Shareholders	**37.96%**			**37.96%**

1. Cost of funds and net interest rate spread exclude other supplemental hedges, such as swaptions and U.S. Treasury positions, and U.S. Treasury repos
2. Swap costs allocated to repo funded and dollar roll funded assets on a duration weighted basis
3. Average leverage excludes stockholders’ equity allocated to investment in REIT equity securities.
4. Other miscellaneous reflects the impact of differences between the use of daily averages used for investment securities and repurchase agreements and the month-end average used for stockholders’ equity, cash and cash equivalents, restricted cash, other non investment assets and liabilities, and other immaterial rounding differences

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Fixed Rate Agency Securities – MBS and Net TBA Position

$ in millions – as of June 30, 2014

MBS Coupon [1]	Par Value [2]	Market Value [2]	% Lower Loan Balance / HARP [2,3,4]	MBS Amortized Cost Basis [5]	MBS Average WAC [5,6]	MBS Average Age (Months) [5]	MBS Actual 1 Month CPR [5,7]	Duration (Years) [2,8]
≤15 YR Mortgage Securities								
≤ 2.5%	$8,730	$8,883	31%	102.0%	2.97%	19	7%	4.6
3.0%	4,648	4,831	81%	103.1%	3.50%	26	9%	4.0
3.5%	6,935	7,361	73%	103.9%	3.93%	39	12%	3.2
4.0%	5,106	5,467	89%	104.7%	4.40%	43	14%	2.8
4.5%	537	579	97%	105.2%	4.87%	46	13%	3.1
≥ 5.0%	7	7	26%	104.4%	6.46%	78	5%	2.7
Subtotal	$25,963	$27,128	64%	103.4%	3.70%	32	10%	3.7
20 YR Mortgage Securities								
≤ 3.0%	$339	$345	28%	99.2%	3.55%	13	8%	5.2
3.5%	740	774	63%	102.3%	4.05%	16	5%	4.3
4.0%	87	94	47%	104.7%	4.53%	34	9%	3.5
4.5%	108	118	99%	107.0%	4.89%	43	9%	2.6
≥ 5.0%	5	6	--%	106.2%	5.90%	73	28%	1.7
Subtotal	$1,279	$1,337	55%	102.1%	4.04%	19	6%	4.3
30 YR Mortgage Securities								
≤ 3.0%	$2,904	$2,868	5%	101.8%	3.69%	17	10%	7.4
3.5%	14,400	14,808	57%	105.9%	4.02%	25	8%	6.8
4.0%	18,989	20,108	43%	106.6%	4.47%	30	11%	5.3
4.5%	2,307	2,524	107%	106.8%	4.95%	38	14%	4.8
5.0%	196	217	65%	106.6%	5.45%	74	13%	4.1
≥ 5.5%	237	265	36%	109.3%	6.23%	90	19%	3.0
Subtotal	$39,033	$40,790	49%	106.3%	4.37%	30	10%	6.0
Total Fixed [8]	**$66,275**	**$69,255**	**55%**	**104.6%**	**3.99%**	**31**	**10%**	**5.0**

1. The wtd/avg coupon on fixed rate securities held as of June 30, 2014 was 3.52%, excluding net long TBA mortgage position, and 3.55%, including net long TBA position
2. Excluding net long TBA position, total fixed-rate MBS as of June 30, 2014 had a par value of $48,464, market value of $50,871, LLB/HARP of 75% and avg duration of 4.7 years
3. Lower loan balance defined as pools backed by original loan balances of up to $150 K. HARP defined as pools backed by 100% refinance loans with original LTVs ≥ 80%
4. Percentages in table can exceed 100% of total market value due to inclusion of TBA positions
5. Average MBS cost basis, WAC, Age and CPR exclude net TBA position
6. Average WAC represents the weighted average coupon of the underlying collateral
7. Actual 1 month annualized CPR published during July 2014 for Agency securities held as of June 30, 2014
8. Duration derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Refer to the supplemental slide at the end of this presentation for additional information

REPO COUNTERPARTY CREDIT RISK

OUR REPO FUNDING IS WELL DIVERSIFIED BY COUNTERPARTY AND GEOGRAPHICALLY

- **Repo counterparties well diversified**
- **Maintained excess capacity with most of our counterparties**
- **Less than 4% of our equity is at risk with any one counterparty**
- **Less than 12% of our equity is at risk with the top 5 counterparties**

Counterparty Region	Number of Counterparties	Percent of Repo Funding
North America	19	62%
Asia	5	12%
Europe	12	26%
Total	36	100%

Counterparty Region	Counterparty Rank	Counterparty Exposure as a % of NAV [1,2]
North America	1	2.66%
	2	1.74%
	3	1.70%
	4	1.69%
	5	1.52%
	6-19	8.93%
Asia	1	1.52%
	2	0.81%
	3	0.58%
	4	0.46%
	5	0.22%
Europe	1	3.41%
	2	1.53%
	3	0.55%
	4	0.53%
	5	0.39%
	6-12	1.23%

Total Exposure	29.47%
Top 5 Exposure	11.20%

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Note: All figures as of June 30, 2014
1. Excludes $0.8 B of other debt in connection with the consolidation of a structured transaction under GAAP
2. Counterparty exposure with regard to Agency collateral pledged under repo agreements. Amounts do not include exposure with regard to collateral pledged under derivative agreements, prime brokerage agreements and other debt

HEDGE INSTRUMENTS

OUR PRIMARY OBJECTIVE IS NOT TO ELIMINATE RISK OR TO LOCK IN A PARTICULAR NET INTEREST MARGIN, BUT TO MAINTAIN OUR NET BOOK VALUE WITHIN REASONABLE BANDS OVER A RANGE OF INTEREST RATE SCENARIOS

- **Interest Rate Swaps**
  - ✓ $47.9 B notional pay fixed swap book as of June 30, 2014
    - $2.8 B of swaps added during the quarter
      - 12.5 years average maturity, 3.25% average pay rate and 1.4 years average forward start date as of June 30, 2014
    - $1.3 B of swaps terminated during the quarter
  - ✓ Covers 71% of repo, other debt and net TBA position
- **Payer Swaptions**
  - ✓ $7.7 B notional payer swaptions as of June 30, 2014
    - $1.3 B of payer swaptions added at a cost of $11 MM
    - $1.6 B payer swaptions expired or terminated for net realized losses of $27 MM
    - 0.8 year average remaining option term, 5.6 years average underlying swap term
- **Receiver Swaptions**
  - ✓ $0.8 B notional receiver swaptions added at a cost of $6 MM during the quarter

As of June 30, 2014 ($ in Millions)

Interest Rate Swaps

Years to Maturity	Notional Amount [1]	Pay Rate [2]	Receive Rate [3]	Average Maturity [1,4]
≤ 3 Years	$16,150	1.58%	0.17%	1.4
> 3 to ≤ 5 Years	9,775	1.30%	0.23%	4.0
> 5 to ≤ 7 Years	6,250	2.09%	0.23%	5.9
> 7 to ≤ 10 Years	10,275	2.50%	0.23%	8.5
> 10 Years	5,450	3.23%	0.23%	13.5
Total / Wtd Avg	**$47,900**	**1.97%**	**0.20%**	**5.4**
As of Mar 31, 2014				
Total / Wtd Avg	$46,400	1.87%	0.21%	4.9

Payer Swaptions

Expiration	Notional Amount	Cost	Market Value	Pay Rate	Swap Term (Years)
≤ 1 Year	$4,300	$95	$36	2.73%	6.2
> 1 to ≤ 2 Years	2,650	63	20	3.59%	4.7
> 2 to ≤ 3 Years	700	21	6	3.95%	5.0
Total / Wtd Avg	**$7,650**	**$179**	**$62**	**3.14%**	**5.6**
As of Mar 31, 2014					
Total / Wtd Avg	$8,000	$194	$93	3.27%	5.7

Receiver Swaptions

Expiration	Notional Amount	Cost	Market Value	Receive Rate	Swap Term (Years)
≤ 1 Year	**$1,750**	**$9**	**$10**	**2.37%**	**10.0**
As of Mar 31, 2014					
Total / Wtd Avg	1,000	$3	$3	2.26%	10.0

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1. Notional amount includes forward starting swaps of $11.7 B and $9.5 B as of June 30, 2014 and Mar 31, 2014, respectively, with an average forward start date of 1.7 and 1.9 years, respectively and an average maturity of 8.6 years and 7.7 years from June 30, 2014 and Mar 31, 2014, respectively.
2. Weighted average pay rate includes forward starting swaps. Excluding forward starting swaps, the weighted average pay rate was 1.61% and 1.57% as of June 30, 2014 and Mar 31, 2014, respectively.
3. Weighted average receive rate excludes forward starting swaps.
4. Weighted average maturity measured from period end through maturity date.

OTHER HEDGE AND DERIVATIVE INSTRUMENTS

WE CONTINUE TO USE A VARIETY OF HEDGING INSTRUMENTS TO MANAGE INTEREST RATE RISK

- **Treasury Securities**
  - ✓ $4.8 B net short treasury position market value
- **Treasury Futures**
  - ✓ $913 MM short treasury futures market value
- **TBA Mortgages**
  - ✓ $18.4 B net long position market value
- **Total Hedge Portfolio**
  - ✓ Positions actively managed
  - ✓ 88% of our repo, other debt and net TBA position covered by swap, swaption and treasury positions as of June 30, 2014, compared to 94% as of Mar 31, 2014

As of June 30, 2014 ($ in Millions)

Treasury Securities		
Maturity	Face Amount Net Long / (Short)	Market Value Net Long / (Short)
5 Year	$1,050	$1,048
7 Year	(248)	(253)
10 Year	(5,240)	(5,340)
30 Year	(300)	(302)
Total	$(4,738)	$(4,847)
As of Mar 31, 2014		
Total	$(6,586)	$(6,462)

Net TBA Position		
Term	Face Amount Net Long / (Short)	Market Value Net Long / (Short)
15 Year	$(935)	$(1,044)
30 Year	18,746	19,428
Total	$17,811	$18,384
As of Mar 31, 2014		
Total	$13,909	$14,102

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DURATION GAP INFORMATION

DURATION GAP IS AN ESTIMATE OF THE DIFFERENCE IN THE INTEREST RATE PRICE SENSITIVITY OF OUR ASSETS RELATIVE TO OUR LIABILITIES AND HEDGES, EXCLUDING THE IMPACT OF NEGATIVE CONVEXITY AND LEVERAGE

- **Our duration gap was positive 1.0 year as of June 30, 2014, compared to positive 1.2 years as of Mar 31, 2014**
- **The duration of our asset portfolio was 5.1 years as of June 30, 2014, unchanged from Mar 31, 2014**
- **The duration of our liability and hedge portfolio decreased to -4.1 years as of June 30, 2014, compared to -3.9 years as of Mar 31, 2014**

($ in Bs, duration in years)	June 30, 2014		Mar 31, 2014	
Asset	**Market Value**	**Duration**	**Market Value**	**Duration**
Fixed [1]	$49.5	4.7	$52.1	4.8
ARM	1.0	2.3	1.2	3.0
CMO [2]	2.2	6.6	2.3	6.4
REIT Equity Securities	0.2	10.0	0.4	10.0
Net TBA	18.4	6.1	14.1	5.8
Total	$71.3	**5.1**	$70.1	**5.1**
Liabilities & Hedges	**Market Value / Notional**	**Duration**	**Market Value / Notional**	**Duration**
Repo	$(48.7)	-0.5	$(49.6)	-0.4
Swaps	(47.9)	-4.3	(46.4)	-4.1
Preferred Stock	(0.3)	-8.2	(0.2)	-8.1
Payer Swaptions	(7.7)	-0.7	(8.0)	-1.1
Receiver Swaptions	1.8	1.7	1.0	0.8
TBA Options	(0.1)	-0.8	--	--
Treasury Securities	(4.8)	-10.0	(6.5)	-7.2
Treasury Futures	(0.9)	-6.2	(0.9)	-6.1
Total [3]		**-4.1**		**-3.9**
Net Duration Gap		**1.0**		**1.2**

The estimated durations included in the table above are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. In addition, different models could generate materially different estimates using similar inputs and assumptions. Management uses judgment to address the limitations and weaknesses inherent in model calculations as it seeks to balance the protection of book value with the generation of attractive returns. For example, we typically map lower loan balance and HARP securities to proxy securities within our models in order to derive durations and convexities that management believes are more consistent with how the prices of these securities would perform over larger interest rate movements. Other market participants could make materially different assumptions with respect to these and other judgments. Please also refer to the supplemental slide at the end of this presentation and our related disclosures in our 10-Ks and 10-Qs for a more complete discussion of duration (interest rate risk).

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1. Fixed rate securities exclude securities from consolidated structured transactions
2. CMO balance includes interest-only, inverse interest-only and principal-only securities and consolidated structured transactions, net of consolidated other debt.
3. Total liability and hedge duration is expressed in asset units

NAV Sensitivity to Rates and MBS Spreads

Both changes in interest rates and changes to MBS spreads relative to Treasury and swap rates can impact the market value of our equity

♦ Interest Rate Sensitivity

- ✓ Interest rate sensitivity is the sensitivity of our assets to changes in interest rates
  - The duration of a mortgage changes with interest rates and tends to increase when rates rise and decrease when rates fall
  - This "negative convexity" generally increases the interest rate exposure of a mortgage portfolio over what would be indicated by just our duration gap alone
- ✓ The estimated change in the market value of our asset portfolio, net of hedges, in the adjacent table is based on model predictions as of June 30, 2014, incorporates the dual effects of both duration and convexity and assumes that no portfolio rebalancing actions are taken

♦ MBS Spread Sensitivity ("Basis Risk")

- ✓ The MBS spread sensitivity is the sensitivity of our assets to changes in MBS spreads
- ✓ Our estimated spread sensitivity is based on model predictions and assumes a spread duration of 5.1 years, which is based on interest rates and MBS prices as of June 30, 2014
- ✓ The spread sensitivity is also sensitive to interest rates and increases as interest rates rise and prepayments slow

Interest Rate Sensitivity [1]
As of June 30, 2014
(based on instantaneous parallel shift in interest rates)

Interest Rate Shock (bps)	Estimated Change in Portfolio Market Value [2]	Estimated Change as a % of NAV [3]
-100	0.1%	0%
-50	0.4%	3%
+50	-0.7%	-5%
+100	-1.5%	-11%

MBS Spread Sensitivity ("Basis Risk") [1]
As of June 30, 2014

MBS Spread Shock (bps)	Estimated Change in Portfolio Market Value [2]	Estimated Change as a % of NAV [3]
-25	1.4%	10%
-10	0.5%	4%
+10	-0.5%	-4%
+25	-1.4%	-10%

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1. Interest rate and MBS spread sensitivity are derived from models that are dependent on inputs and assumptions provided by third parties as well as by our investment team and, accordingly, actual results could differ materially from these estimates. Please also refer to the supplemental slide at the end of this presentation for additional information.
2. Estimated dollar change in value expressed as a percentage of the total market value of "at risk" assets
3. Estimated change as a percentage of NAV incorporates the impact of leverage

DURATION GAP

- **The duration of an asset or liability measures how much its price is expected to change if interest rates move in a parallel manner**
  - ✓ For example, an instrument with a 1 year duration is expected to change 1% in price for a 100 bps move in rates
- **Duration gap is a measure of the difference in the interest rate exposure, or estimated price sensitivity, of our assets and our liabilities (including hedges)**
  - ✓ It is calculated using relatively complex models and different models can produce substantially different results. Furthermore, the actual duration of both assets and liabilities (including hedges) may differ materially from the model estimates
  - ✓ Duration and convexity calculations generally assume all rates move in a parallel fashion (2 yr rates, 10 yr rates, swap rates, treasury rates etc.) and this is typically not the case. As such, these calculations do not measure the "basis risk" or yield curve exposure, embedded in these positions
  - ✓ Higher leverage increases the exposure of our book value (or equity) to a given duration gap
- **The duration of mortgage assets also changes as interest rates move. The duration generally extends when interest rates rise and contracts when interest rates fall. This is called "negative convexity" and is generally driven by changes in prepayment expectations, which have historically been correlated with interest rates. Interest rate caps embedded in ARM securities also increase negative convexity**
  - ✓ Negative convexity generally increases the interest rate exposure of a mortgage portfolio significantly over what would be indicated by the duration gap alone
- **AGNC uses a risk management system and models provided by Blackrock Solutions to generate these calculations and as a tool for helping us to measure other exposures, including exposure to larger interest rate moves and yield curve changes**
  - ✓ Base models, settings and market inputs are provided by Blackrock
  - ✓ Blackrock periodically adjusts these models as new information becomes available
  - ✓ AGNC management makes adjustments to the Blackrock model for certain securities as needed
  - ✓ Please refer to our most recent Form 10-K and 10-Q filed with the SEC for additional information on risk measures
- **The inputs and results from these models are not audited by our independent auditors**

USE OF NON-GAAP FINANCIAL INFORMATION

In addition to the results presented in accordance with GAAP, our results of operations discussed within this presentation include certain non-GAAP financial information, including "adjusted net interest expense" (defined as interest expense plus the periodic interest rate costs of our interest rate swaps reported in gain (loss) on derivatives and other securities, net in our consolidated statements of comprehensive income), "net spread and dollar roll income" (defined as interest income, TBA dollar roll income and dividends from REIT equity securities, net of adjusted net interest expense and operating expenses) and "estimated taxable income" and certain financial metrics derived from non-GAAP information, such as "cost of funds" and "estimated undistributed taxable income."

By providing users of our financial information with such measures in addition to the related GAAP measures, we believe it gives users greater transparency into the information used by our management in its financial and operational decision-making and that it is meaningful information to consider related to: (i) the economic costs of financing our investment portfolio inclusive of interest rate swaps used to economically hedge against fluctuations in our borrowing costs, (ii) in the case of net spread and dollar roll income, our current financial performance without the effects of certain transactions that are not necessarily indicative of our current investment portfolio and operations, and (iii) in the case of estimated taxable income and estimated undistributed taxable income, information that is directly related to the amount of dividends we are required to distribute in order to maintain our REIT qualification status. However, because such measures are incomplete measures of our financial performance and involve differences from results computed in accordance with GAAP, they should be considered as supplementary to, and not as a substitute for, our results computed in accordance with GAAP. In addition, because not all companies use identical calculations, our presentation of such non-GAAP measures may not be comparable to other similarly-titled measures of other companies. Furthermore, estimated taxable income can include certain information that is subject to potential adjustments up to the time of filing our income tax returns, which occurs after the end of our fiscal year.

A reconciliation of GAAP net interest income to non-GAAP net spread and dollar roll income and a reconciliation of GAAP net income to non-GAAP estimated taxable income is included in this presentation.