UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): November 5, 2020

MFA FINANCIAL, INC.

(Exact name of registrant as specified in its charter)

Maryland	1-13991	13-3974868
(State or other jurisdiction of incorporation or organization)	(Commission File Number)	(IRS Employer Identification No.)

350 Park Avenue, 20th Floor New York, New York	10022
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: (212) 207-6400

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

¨ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

¨ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

¨ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

¨ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	**Trading Symbols:**	**Name of each exchange on which registered:**
Common Stock, par value $0.01 per share	MFA	New York Stock Exchange
7.50% Series B Cumulative Redeemable Preferred Stock, par value $0.01 per share	MFA/PB	New York Stock Exchange
6.50% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value $0.01 per share	MFA/PC	New York Stock Exchange
8.00% Senior Notes due 2042	MFO	New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ¨

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ¨

Item 2.02 Results of Operations and Financial Condition and

Item 7.01 Regulation FD Disclosure

MFA Financial, Inc. (the "Company" or "MFA") issued a press release, dated November 5, 2020, announcing its financial results for the quarter ended September 30, 2020, which is attached hereto as Exhibit 99.1 and is incorporated herein by reference. In addition, in conjunction with the announcement of its financial results, MFA issued additional information relating to its 2020 third quarter financial results. Such additional information is attached to this report as Exhibit 99.2 and is incorporated herein by reference.

The information referenced in this Current Report on Form 8-K (including Exhibits 99.1 and 99.2) is being "furnished" and, as such, shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that Section. The information set forth in this Current Report on Form 8-K (including Exhibits 99.1 and 99.2) is and will not be incorporated by reference into any registration statement or other document filed by MFA pursuant to the Securities Act of 1933, as amended and the rules and regulations promulgated thereunder (the "Securities Act"), except as may be expressly set forth by specific reference in such filing.

As discussed therein, the press release contains forward-looking statements within the meaning of the Securities Act and the Exchange Act and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements relate to MFA's current expectations and are subject to the limitations and qualifications set forth in the press release as well as in MFA's other documents filed with the SEC, including, without limitation, that actual events and/or results may differ materially from those projected in such forward-looking statements.

Exhibit	
99.1	Press Release, dated November 5, 2020, announcing MFA's financial results for the quarter ended September 30, 2020.
99.2	Additional information relating to the financial results of MFA for the quarter ended September 30, 2020.
104	Cover Page Interactive Data File (formatted as Inline XBRL).

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MFA FINANCIAL, INC.
(REGISTRANT)

By: /s/ Harold E. Schwartz
Name: Harold E. Schwartz
Title: Senior Vice President and General Counsel

Date: November 5, 2020

EXHIBIT INDEX

Exhibit No.	Description
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104	Cover Page Interactive Data File (formatted as Inline XBRL).

Exhibit 99.1

MFA
FINANCIAL, INC.

350 Park Avenue
New York, New York 10022

PRESS RELEASE		**FOR IMMEDIATE RELEASE**
November 5, 2020		**NEW YORK METRO**
INVESTOR CONTACT:	**InvestorRelations@mfafinancial.com** **212-207-6488** **www.mfafinancial.com**	**NYSE: MFA**
MEDIA CONTACT:	**Abernathy MacGregor** **Tom Johnson** **212-371-5999**	

MFA Financial, Inc. Announces Third Quarter 2020 Financial Results

MFA also announces repayment of $500 million loan from Apollo and Athene

Company also announces $250 million stock repurchase program

NEW YORK - MFA Financial, Inc. (NYSE:MFA**)** today provided its financial results for the third quarter ended September 30, 2020.

Third Quarter 2020 financial results update:

- MFA generated third quarter net income of $79.0 million, or $0.17 per common share.

- GAAP book value at September 30, 2020 was $4.61 per common share, while Economic book value, a non-GAAP financial measure of MFA's financial position that adjusts GAAP book value by the amount of unrealized market value changes in residential whole loans held at carrying value for GAAP reporting, was $4.92 per common share at quarter-end.

- Earnings and changes in book value during the quarter were driven by continued improvements in the values of residential mortgage assets. In particular, values of our various types of residential whole loans increased appreciably during the period. Income from residential whole loans at fair value included $58.9 million of market value gains. Changes in the fair value of loans held on our balance at carrying value drove the increase in Economic book value, which has increased in excess of 20% since March 31, 2020.

- We continued to make significant progress on initiatives to lower the cost of financing our investments with more durable forms of borrowing. We completed a $390.0 million securitization transaction of Non-QM assets in early September, which generated $92.7 million of additional liquidity and lowered the funding costs for the associated assets by approximately 165 basis points. In addition, following the end of the quarter, we completed a $570 million Non-QM securitization transaction in late October, which generated $125.1 million of additional liquidity and lowered the funding costs for the associated assets by approximately 179 basis points.

- Subsequent to the end of the third quarter we repaid in full, without penalty or yield maintenance, the remaining principal balance of $481,250,000 under the 11% senior secured term loan that we obtained from Apollo and Athene on June 26, 2020.

- MFA paid its previously declared cash dividend of $0.05 per share of common stock on October 30, 2020. On September 30, 2020 the Company paid its previously declared preferred stock dividends on its Series B and Series C preferred stock.

- MFA's Board of Directors has authorized a share repurchase for up to $250 million of the Company's common stock.

- Following the completion of the second Non-QM securitization, the repayment of the loan from Apollo and Athene and the payment of the dividend to common stockholders on October 30, 2020, MFA's cash totaled approximately $641.1 million.

Commenting on the third quarter 2020 results, Craig Knutson, MFA's CEO and President said, "MFA's third quarter financial results were the beginning of what we hope is a return to normal in this tumultuous year of 2020. Strong housing metrics combined with a continued tightening in credit spreads contributed materially to our third quarter earnings and also to book value, particularly our Economic book value, which was up over 10% in the quarter. We reinstated dividends on both our Series B and Series C Preferred Stock, paid all accrued but previously unpaid dividends on July 31st and resumed normal dividend payments on September 30th. We also paid a $0.05 dividend on our common stock on October 30th to stockholders of record on September 30, 2020."

Mr. Knutson added, "We have made substantial progress on multiple initiatives since June 30th that we believe should have a significant positive impact on our results in the fourth quarter and into 2021. Recall that we ended the second quarter after exiting forbearance on June 26th having restructured our funding liabilities to include $2 billion of non-mark-to-market term financing and a $500 million senior secured term loan. While this financing was critical in fortifying our balance sheet at the time, the cost of this debt was predictably expensive. We have completed two Non-QM securitizations aggregating over $960 million (the second of which closed last week), which substantially lowers our cost of financing while preserving the non-recourse, non-mark-to-market and term elements of these borrowings. In addition, through the additional liquidity generated from these transactions together with liquidity generated by our portfolio, we have also fully paid off the $500 million senior secured term loan. This loan had a scheduled amortization payment of $18.75 million on September 30, and we paid off the balance during October."

Q3 2020 Portfolio Activity

MFA's residential mortgage investment portfolio decreased by $308.0 million during the third quarter, primarily due to portfolio run-off. Acquisition of new investments continued to be limited, with $39.7 million of Non-QM loans purchased during the quarter.

At September 30, 2020, the net carrying value of our investments in residential whole loans totaled $5.6 billion. Of this amount, $4.4 billion is recorded at carrying value and $1.2 billion is recorded at fair value on our consolidated balance sheet. Loans held at carrying value generated an overall yield of 4.63% during the quarter, with purchased performing loans generating a yield of 4.58% and purchased credit deteriorated loans generating a yield of 4.89%. Yields on Loans held at carrying value declined compared to the prior quarter, primarily due to an increase in non-accrual loans in our Non-QM loan portfolio. Loans that become more than 90 days delinquent during the period are placed on non-accrual status and any previously recognized interest income is reversed. The amount of Non-QM loans that were more than 90 days delinquent, measured as a percentage of the unpaid principal balance, increased during the quarter and was 6.7% at September 30, 2020, compared to 0.9% at June 30, 2020. In addition, the amount of purchased credit deteriorated loans that were more than 90 days delinquent, measured as a percentage of the unpaid principal balance, increased during the quarter and was 18.2% at September 30, 2020, compared to 15.3% at June 30, 2020. Delinquency levels for our Rehabilitation loans improved from the prior quarter, with loans that were more than 60 days delinquent totaling $143.4 million, a decline of $38.5 million from June 30, 2020.

For the third quarter, a reversal of the provision for credit losses of $30.5 million was recorded on residential whole loans held at carrying value, primarily reflecting an adjustment to management's estimates related to future rates of unemployment and lower loan balances. The total allowance for credit losses recorded on residential whole loans held at carrying value at September 30, 2020 was $106.2 million. In addition, as of September 30, 2020, reserves for credit losses totaling approximately $1.6 million were recorded related to undrawn commitments on loans held at carrying value.

Net gains for the quarter on residential whole loans measured at fair value through earnings were $76.9 million, including unrealized gains in the fair value of the underlying loans of $58.9 million, and $18.0 million of coupon interest payments and other gains realized during the quarter. The percentage amount of fair value loans that were more than 90 days delinquent marginally increased to 49.0% at September 30, 2020 from 48.8% at June 30, 2020.

In addition, as of the end of the quarter, we held approximately $299 million of REO properties, which has decreased from $349 million as of the end of the second quarter as foreclosure activity slowed, while asset sales continued. MFA's proactive asset management team has been able to shorten liquidation timelines and increase property sale proceeds, leading to improved outcomes and better returns.

During the quarter, the Company disposed of approximately $116,000 of Legacy Non-Agency MBS, realizing net gains of $48,000. With these sales, MFA has exited its remaining Legacy Non-Agency MBS.

At the end of the third quarter, MFA held approximately $53.8 million of RPL/NPL MBS. In addition, our investments in MSR-related assets totaled $252.2 million at September 30, 2020. Our investments in CRT securities totaled $96.3 million at September 30, 2020.

General and Administrative and other expenses

For the three months ended September 30, 2020, MFA's costs for compensation and benefits and other general and administrative expenses were $18.3 million, or an annualized 2.90% of average stockholders' equity for the quarter ended September 30, 2020. Compensation related expenses for the quarter were elevated as a result of a $3.6 million provision for severance related expenses associated with a workforce reduction.

Stock Repurchase Program

On November 2, 2020, MFA's Board of Directors authorized a share repurchase program under which MFA may repurchase up to $250 million of its common stock through the end of 2022. The Board's authorization replaces the authorization under MFA's existing stock repurchase program that was adopted in December 2013, which authorized the company to repurchase up to 10 million shares of common stock and under which approximately 6.6 million shares remained available for repurchase.

The stock repurchase program does not require the purchase of any minimum number of shares. The timing and extent to which MFA repurchases its shares will depend upon, among other things, market conditions, share price, liquidity, regulatory requirements and other factors, and repurchases may be commenced or suspended at any time without prior notice. Acquisitions under the share repurchase program may be made in the open market, through privately negotiated transactions or block trades or other means, in accordance with applicable securities laws.

MFA expects to fund the share repurchases from current cash balances and future investment portfolio run-off. The Company currently has approximately 453.3 million shares of common stock outstanding.

The following table presents MFA's asset allocation as of September 30, 2020, and the third quarter 2020 yield on average interest-earning assets, average cost of funds and net interest rate spread for the various asset types.

Table 1 - Asset Allocation

At September 30, 2020	**Residential Whole Loans, at Carrying Value *(1)***	**Residential Whole Loans, at Fair Value**	**Residential Mortgage Securities**	**MSR-Related Assets**	**Other, net *(2)***	**Total**
($ in Millions)						
Fair Value/Carrying Value	$ 4,388	$ 1,230	$ 153	$ 252	$ 1,395	$ 7,418
Financing Agreements with non-mark-to-market collateral provisions	(1,471)	(256)	—	—	—	(1,727)
Financing Agreements with mark-to-market collateral provisions	(1,038)	(193)	(89)	(135)	(35)	(1,490)
Less Senior secured credit agreement	—	—	—	—	(474)	(474)
Less Securitized Debt	(470)	(369)	—	—	—	(839)
Less Convertible Senior Notes	—	—	—	—	(225)	(225)
Less Senior Notes	—	—	—	—	(97)	(97)
Net Equity Allocated	$ 1,409	$ 412	$ 64	$ 117	$ 564	$ 2,566
Debt/Net Equity Ratio *(3)*	2.1x	2.0x	1.4x	1.2x		1.9x
<u>For the Quarter Ended September 30, 2020</u>						
Yield on Average Interest Earning Assets *(4)(5)*	4.63%	N/A	6.75%	11.79%		4.46%
Less Average Cost of Funds (6)	(3.39)	(3.78)	(3.60)	(3.43)		(4.43)
Net Interest Rate Spread	1.24%	N/A	3.15%	8.36%		0.03%

(1) Includes $2.4 billion of Non-QM loans, $677.2 million of Rehabilitation loans, $474.0 million of Single-family rental loans, $147.6 million of Seasoned performing loans and $650.3 million of Purchased Credit Deteriorated Loans. At September 30, 2020, the total fair value of these loans is estimated to be approximately $4.5 billion.

(2) Includes $884.2 million of cash and cash equivalents, $5.3 million of restricted cash, $298.9 million of real estate owned, and $108.9 million of capital contributions made to loan origination partners, as well as other assets and other liabilities.

(3) Total Debt/Net Equity ratio represents the sum of borrowings under our financing agreements noted above as a multiple of net equity allocated.

(4) Yields reported on our interest earning assets are calculated based on the interest income recorded and the average amortized cost for the quarter of the respective asset. At September 30, 2020, the amortized cost of our interest earning assets were as follows: Legacy Non-Agency MBS - $2.2 million; RPL/NPL MBS - $49.2 million; Credit Risk Transfer securities - $85.7 million; Residential Whole Loans at carrying value - $4.5 billion; and MSR-related assets - $202.6 million. In addition, the yield for residential whole loans at carrying value was 4.58%, net of 5 basis points of servicing fee expense incurred during the quarter. For GAAP reporting purposes, such expenses are included in Loan servicing and other related operating expenses in our statement of operations.

(5) Interest payments received on residential whole loans at fair value is reported in Other Income as Net (loss)/gain on residential whole loans measured at fair value through earnings in our statement of operations. Accordingly, no yield is presented as such loans are not included in interest earning assets for reporting purposes.

(6) Average cost of funds includes interest on financing agreements, Convertible Senior Notes, Senior Notes, securitized debt and Secured Term notes.

The following table presents the activity for our residential mortgage asset portfolio for the three months ended September 30, 2020:

Table 2 - Investment Portfolio Activity Q3 2020

(In Millions)	**June 30, 2020**	**Runoff *(1)***	**Acquisitions**	**Other *(2)***	**September 30, 2020**	**Change**
Residential whole loans and REO	$ 6,226	$ (455)	$ 40	$ 105	$ 5,916	$ (310)
MSR-related assets	254	(17)	—	15	252	(2)
Residential mortgage securities	149	(2)	—	6	153	4
Totals	$ 6,629	$ (474)	$ 40	$ 126	$ 6,321	$ (308)

(1) Primarily includes principal repayments, cash collections on Purchased Credit Deteriorated Loans *and sales of REO.*
(2) Primarily includes changes in fair value and adjustments to record lower of cost or estimated fair value adjustments on REO.

The following tables present information on our investments in residential whole loans.

Residential Whole Loans, at Carrying Value at September 30, 2020 and December 31, 2019:

Table 3 - Portfolio composition

(Dollars In Thousands)	**September 30, 2020**	**December 31, 2019**
Purchased Performing Loans:		
Non-QM loans	$ 2,465,148	$ 3,707,245
Rehabilitation loans	699,868	1,026,097
Single-family rental loans	479,070	460,742
Seasoned performing loans	147,706	176,569
Total Purchased Performing Loans	3,791,792	5,370,653
Purchased Credit Deteriorated Loans *(1)*	702,013	698,717
Total Residential whole loans, at carrying value	$ 4,493,805	$ 6,069,370
Allowance for credit losses on residential whole loans held at carrying value	(106,246)	(3,025)
Total Residential whole loans at carrying value, net	$ 4,387,559	$ 6,066,345
Number of loans	13,754	17,082

(1) The amortized cost basis of Purchased Credit Deteriorated Loans was increased by $62.6 million on January 1, 2020 in connection with the adoption of ASU 2016-13.

Table 4 - Yields and average balances

(Dollars in Thousands)	For the Three-Month Period Ended September 30, 2020			June 30, 2020			September 30, 2019		
	Interest	Average Balance	Average Yield	Interest	Average Balance	Average Yield	Interest	Average Balance	Average Yield
Purchased Performing Loans:									
Non-QM loans	$ 25,884	$ 2,534,967	4.08%	$ 37,259	$ 3,061,828	4.87%	$ 30,258	$ 2,401,791	5.04%
Rehabilitation loans	10,863	802,661	5.41%	13,312	929,921	5.73%	15,142	932,394	6.50%
Single-family rental loans	6,917	489,536	5.65%	7,268	500,846	5.80%	5,025	335,524	5.99%
Seasoned performing loans	1,945	153,003	5.08%	2,253	160,695	5.61%	3,166	195,877	6.47%
Total Purchased Performing Loans	45,609	3,980,167	4.58%	60,092	4,653,290	5.17%	53,591	3,865,586	5.55%
Purchased Credit Deteriorated Loans	8,784	718,957	4.89%	9,335	736,225	5.07%	10,635	738,719	5.76%
Total Residential whole loans, at carrying value	$ 54,393	$ 4,699,124	4.63%	$ 69,427	$ 5,389,515	5.15%	$ 64,226	$ 4,604,305	5.58%

Table 5 - Credit related metrics

September 30, 2020

(Dollars In Thousands)	Carrying Value	Amortized Cost Basis	Unpaid Principal Balance ("UPB")	Weighted Average Coupon *(1)*	Weighted Average Term to Maturity (Months)	Weighted Average LTV Ratio *(2)*	Weighted Average Original FICO *(3)*	Aging by Amortized Cost Basis			
									Past Due Days		
								Current	30-59	60-89	90+
Purchased Performing Loans:											
Non-QM loans *(4)*	$2,438,395	$2,465,148	$2,397,247	5.87 %	352	64 %	712	$2,174,935	$74,231	$52,069	$163,913
Rehabilitation loans *(4)*	677,235	699,868	699,868	7.28	4	63	718	491,343	65,166	22,995	120,364
Single-family rental loans *(4)*	474,045	479,070	475,072	6.28	319	70	734	439,503	16,111	7,373	16,083
Seasoned performing loans *(4)*	147,556	147,706	161,257	3.45	173	41	723	136,622	1,406	880	8,798
Purchased Credit Deteriorated Loans *(4)(5)*	650,328	702,013	812,614	4.45	289	79	N/A	N/M	N/M	N/M	122,478
Residential whole loans, at carrying value, total or weighted average	$4,387,559	$4,493,805	$4,546,058	5.81 %	277						

December 31, 2019

(Dollars In Thousands)	Carrying Value	Amortized Cost Basis	Unpaid Principal Balance ("UPB")	Weighted Average Coupon *(1)*	Weighted Average Term to Maturity (Months)	Weighted Average LTV Ratio *(2)*	Weighted Average Original FICO *(3)*	Aging by UPB			
									Past Due Days		
								Current	30-59	60-89	90+
Purchased Performing Loans:											
Non-QM loans *(4)*	$3,706,857	$3,707,245	$3,592,701	5.96 %	368	67 %	716	$3,492,533	$59,963	$19,605	$20,600
Rehabilitation loans *(4)*	1,023,766	1,026,097	1,026,097	7.30	8	64	717	868,281	67,747	27,437	62,632
Single-family rental loans *(4)*	460,679	460,741	457,146	6.29	324	70	734	432,936	15,948	2,047	6,215
Seasoned performing loans	176,569	176,569	192,151	4.24	181	46	723	187,683	2,164	430	1,874
Purchased Credit Impaired Loans *(5)*	698,474	698,718	873,326	4.46	294	81	N/A	N/M	N/M	N/M	108,998
Residential whole loans, at carrying value, total or weighted average	$6,066,345	$6,069,370	$6,141,421	5.96 %	288						

(1) Weighted average is calculated based on the interest bearing principal balance of each loan within the related category. For loans acquired with servicing rights released by the seller, interest rates included in the calculation do not reflect loan servicing fees. For loans acquired with servicing rights retained by the seller, interest rates included in the calculation are net of servicing fees.

(2) LTV represents the ratio of the total unpaid principal balance of the loan to the estimated value of the collateral securing the related loan as of the most recent date available, which may be the origination date. For Rehabilitation loans, the LTV presented is the ratio of the maximum unpaid principal balance of the loan, including unfunded commitments, to the estimated "after repaired" value of the collateral securing the related loan, where available. For certain Rehabilitation loans, totaling $222.2 million and $269.2 million at September 30, 2020 and December 31, 2019, respectively, an after repaired valuation was not obtained and the loan was underwritten based on an "as is" valuation. The weighted average LTV of these loans based on the current unpaid principal balance and the valuation obtained during underwriting, is 68% and 69% at September 30, 2020 and December 31, 2019, respectively. Excluded from the calculation of weighted average LTV are certain low value loans secured by vacant lots, for which the LTV ratio is not meaningful.

(3) Excludes loans for which no Fair Isaac Corporation ("FICO") score is available.

(4) At September 30, 2020 and December 31, 2019 the difference between the Carrying Value and Amortized Cost Basis represents the related allowance for credit losses.

(5) Purchased Credit Deteriorated Loans tend to be characterized by varying performance of the underlying borrowers over time, including loans where multiple months of payments are received in a period to bring the loan to current status, followed by months where no payments are received. Accordingly, delinquency information is presented for loans that are more than 90 days past due that are considered to be seriously delinquent.

Table 6 - Allowance for Credit Losses

The following table presents a roll-forward of the allowance for credit losses on the Company's Residential Whole Loans, at Carrying Value:

	Nine Months Ended September 30, 2020					
(Dollars In Thousands)	Non-QM Loans	Rehabilitation Loans *(1)(2)*	Single-family Rental Loans	Seasoned Performing Loans	Purchased Credit Deteriorated Loans *(3)*	Totals
Allowance for credit losses at December 31, 2019	$ 388	$ 2,331	$ 62	$ —	$ 244	$ 3,025
Transition adjustment on adoption of ASU 2016-13 *(4)*	6,904	517	754	19	62,361	70,555
Current provision	26,358	33,213	6,615	230	8,481	74,897
Write-offs	—	(428)	—	—	(219)	(647)
Valuation adjustment on loans held for sale	70,181	—	—	—	—	70,181
Allowance for credit and valuation losses at March 31, 2020	$ 103,831	$ 35,633	$ 7,431	$ 249	$ 70,867	$ 218,011
Current provision/(reversal)	(2,297)	(5,213)	(500)	(25)	(2,579)	(10,614)
Write-offs	—	(420)	—	—	(207)	(627)
Valuation adjustment on loans held for sale	(70,181)	—	—	—	—	(70,181)
Allowance for credit losses at June 30, 2020	$ 31,353	$ 30,000	$ 6,931	$ 224	$ 68,081	$ 136,589
Current provision/(reversal)	(4,568)	(7,140)	(1,906)	(74)	(16,374)	(30,062)
Write-offs	(32)	(227)	—	—	(22)	(281)
Allowance for credit losses at September 30, 2020	$ 26,753	$ 22,633	$ 5,025	$ 150	$ 51,685	$ 106,246

	Nine Months Ended September 30, 2019					
(Dollars In Thousands)	Non-QM Loans	Rehabilitation Loans	Single-family Rental Loans	Seasoned Performing Loans	Purchased Credit Deteriorated Loans	Totals
Allowance for credit losses at December 31, 2018	$ —	$ —	$ —	$ —	$ 968	$ 968
Current provision	—	500	—	—	183	683
Write-offs	—	—	—	—	—	—
Allowance for credit losses at March 31, 2019	$ —	$ 500	$ —	$ —	$ 1,151	$ 1,651
Current provision	—	—	—	—	385	385
Write-offs	—	(50)	—	—	—	(50)
Allowance for credit losses at June 30, 2019	$ —	$ 450	$ —	$ —	$ 1,536	$ 1,986
Current provision	—	—	—	—	347	347
Write-offs	—	(62)	—	—	—	(62)
Allowance for credit losses at September 30, 2019	$ —	$ 388	$ —	$ —	$ 1,883	$ 2,271

(1) In connection with purchased Rehabilitation loans, the Company had unfunded commitments of $73.2 million, with an allowance for credit losses of $1.6 million at September 30, 2020. Such allowance is included in "Other liabilities" in the Company's consolidated balance sheets (see Note 9).
(2) Includes $143.4 million of loans that were assessed for credit losses based on a collateral dependent methodology.
(3) Includes $72.7 million of loans that were assessed for credit losses based on a collateral dependent methodology.
(4) Of the $70.6 million of reserves recorded on adoption of ASU 2016-13, $8.3 million was recorded as an adjustment to stockholders' equity and $62.4 million was recorded as a "gross up" of the amortized cost basis of Purchased Credit Deteriorated Loans.

Residential Whole Loans, at fair value at September 30, 2020 and December 31, 2019:

Table 7 - Credit related metrics

(Dollars in Thousands)	**September 30, 2020**	**December 31, 2019**
Less than 60 Days Past Due:		
Outstanding principal balance	$ 599,461	$ 666,026
Aggregate fair value	$ 577,761	$ 641,616
Weighted Average LTV Ratio *(1)*	74.33%	76.69%
Number of loans	3,038	3,159
60 Days to 89 Days Past Due:		
Outstanding principal balance	$ 55,183	$ 58,160
Aggregate fair value	$ 49,188	$ 53,485
Weighted Average LTV Ratio *(1)*	83.62%	79.48%
Number of loans	259	313
90 Days or More Past Due:		
Outstanding principal balance	$ 679,211	$ 767,320
Aggregate fair value	$ 602,715	$ 686,482
Weighted Average LTV Ratio *(1)*	87.82%	89.69%
Number of loans	2,532	2,983
Total Residential whole loans, at fair value	$ 1,229,664	$ 1,381,583

(1) LTV represents the ratio of the total unpaid principal balance of the loan, to the estimated value of the collateral securing the related loan. Excluded from the calculation of weighted average LTV are certain low value loans secured by vacant lots, for which the LTV ratio is not meaningful.

Table 8 - Net (loss)/gain on residential whole loans measured at fair value through earnings

	Three Months Ended September 30,		**Nine Months Ended September 30,**	
(In Thousands)	**2020**	**2019**	**2020**	**2019**
Coupon payments, realized gains, and other income received *(1)*	$ 17,477	$ 22,202	$ 54,684	$ 67,966
Net unrealized gains/(losses)	58,863	13,185	(13,683)	33,312
Net gain on transfers to REO	531	4,788	3,430	15,637
Total	$ 76,871	$ 40,175	$ 44,431	$ 116,915

(1) Primarily includes gains on liquidation of non-performing loans, including the recovery of delinquent interest payments, recurring coupon interest payments received on mortgage loans that are contractually current, and cash payments received from private mortgage insurance on liquidated loans.

Webcast

MFA Financial, Inc. plans to host a live audio webcast of its investor conference call on Thursday, November 5, 2020, at 10:00 a.m. (Eastern Time) to discuss its third quarter 2020 financial results. The live audio webcast will be accessible to the general public over the internet at http://www.mfafinancial.com through the “Webcasts & Presentations” link on MFA’s home page. To listen to the conference call over the internet, please go to the MFA website at least 15 minutes before the call to register and to download and install any needed audio software. Earnings presentation materials will be posted on the MFA website prior to the conference call and an audio replay will be available on the website following the call.

Cautionary Language Regarding Forward-Looking Statements

When used in this press release or other written or oral communications, statements which are not historical in nature, including those containing words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “could,” “would,” “may,” the negative of these words or similar expressions, are intended to identify “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements include information about possible or assumed future results with respect to our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, may be forward-looking: risks related to the ongoing spread of the novel coronavirus and the COVID-19 pandemic, including its effect on the general economy and our business, financial position and results of operations (including, among other potential effects, increased delinquencies and greater than expected losses in our whole loan portfolio); changes in interest rates and the market (i.e., fair) value of MFA’s residential whole loans, MBS and other assets; changes in the prepayment rates on residential mortgage assets, an increase of which could result in a reduction of the yield on certain investments in its portfolio and could require MFA to reinvest the proceeds received by it as a result of such prepayments in investments with lower coupons, while a decrease in which could result in an increase in the interest rate duration of certain investments in MFA’s portfolio making their valuation more sensitive to changes in interest rates and could result in lower forecasted cash flows; credit risks underlying MFA’s assets, including changes in the default rates and management’s assumptions regarding default rates on the mortgage loans in MFA’s residential whole loan portfolio; MFA’s ability to borrow to finance its assets and the terms, including the cost, maturity and other terms, of any such borrowings; implementation of or changes in government regulations or programs affecting MFA’s business; MFA’s estimates regarding taxable income, the actual amount of which is dependent on a number of factors, including, but not limited to, changes in the amount of interest income and financing costs, the method elected by MFA to accrete the market discount on residential whole loans and the extent of prepayments, realized losses and changes in the composition of MFA’s residential whole loan portfolios that may occur during the applicable tax period, including gain or loss on any MBS disposals and whole loan modifications, foreclosures and liquidations; the timing and amount of distributions to stockholders, which are declared and paid at the discretion of MFA’s Board and will depend on, among other things, MFA’s taxable income, its financial results and overall financial condition and liquidity, maintenance of its REIT qualification and such other factors as MFA’s Board deems relevant; MFA’s ability to maintain its qualification as a REIT for federal income tax purposes; MFA’s ability to maintain its exemption from registration under the Investment Company Act of 1940, as amended (or the “Investment Company Act”), including statements regarding the concept release issued by the Securities and Exchange Commission (“SEC”) relating to interpretive issues under the Investment Company Act with respect to the status under the Investment Company Act of certain companies that are engaged in the business of acquiring mortgages and mortgage-related interests; MFA’s ability to continue growing its residential whole loan portfolio, which is dependent on, among other things, the supply of loans offered for sale in the market; expected returns on MFA’s investments in nonperforming residential whole loans (“NPLs”), which are affected by, among other things, the length of time required to foreclose upon, sell, liquidate or otherwise reach a resolution of the property underlying the NPL, home price values, amounts advanced to carry the asset (e.g., taxes, insurance, maintenance expenses, etc. on the underlying property) and the amount ultimately realized upon resolution of the asset; targeted or expected returns on MFA’s investments in recently-originated loans, the performance of which is, similar to MFA’s other mortgage loan investments, subject to, among other things, differences in prepayment risk, credit risk and financing cost associated with such investments; risks associated with MFA’s investments in MSR-related assets, including servicing, regulatory and economic risks, risks associated with our investments in loan originators, and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including those described in the annual, quarterly and current reports that MFA files with the SEC, could cause MFA’s actual results to differ materially from those projected in any forward-looking statements it makes. All forward-looking statements are based on beliefs, assumptions and expectations of MFA’s future performance, taking into account all information currently available. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect MFA. Except as required by law, MFA is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

MFA FINANCIAL, INC.
CONSOLIDATED BALANCE SHEETS

(In Thousands Except Per Share Amounts)		September 30, 2020 (Unaudited)		December 31, 2019
Assets:				
Residential whole loans:				
Residential whole loans, at carrying value ($3,843,153 and $4,847,782 pledged as collateral, respectively) *(1)*	$	4,493,805	$	6,069,370
Residential whole loans, at fair value ($705,666 and $794,684 pledged as collateral, respectively) *(1)*		1,229,664		1,381,583
Allowance for credit losses on residential whole loans held at carrying value		(106,246)		(3,025)
Total residential whole loans, net		5,617,223		7,447,928
Residential mortgage securities, at fair value ($152,765 and $3,966,591 pledged as collateral, respectively)		152,765		3,983,519
Mortgage servicing rights ("MSR") related assets ($252,183 and $1,217,002 pledged as collateral, respectively)		252,183		1,217,002
Cash and cash equivalents		884,171		70,629
Restricted cash		5,303		64,035
Other assets		571,614		784,251
Total Assets	$	7,483,259	$	13,567,364
Liabilities:				
Financing agreements ($4,080,461 and $0 held at fair value, respectively)	$	4,851,121	$	10,031,606
Other liabilities		66,482		151,806
Total Liabilities	$	4,917,603	$	10,183,412
Stockholders' Equity:				
Preferred stock, $.01 par value; 7.50% Series B cumulative redeemable; 8,050 shares authorized; 8,000 shares issued and outstanding ($200,000 aggregate liquidation preference)	$	80	$	80
Preferred stock, $.01 par value; 6.50% Series C fixed-to-floating rate cumulative redeemable; 12,650 shares authorized; 11,000 shares issued and outstanding ($275,000 aggregate liquidation preference)		110		—
Common stock, $.01 par value; 874,300 and 886,950 shares authorized; 453,333 and 452,369 shares issued and outstanding, respectively		4,533		4,524
Additional paid-in capital, in excess of par		3,924,584		3,640,341
Accumulated deficit		(1,408,910)		(631,040)
Accumulated other comprehensive income		45,259		370,047
Total Stockholders' Equity	$	2,565,656	$	3,383,952
Total Liabilities and Stockholders' Equity	$	7,483,259	$	13,567,364

(1) Includes approximately $568.6 million and $186.4 million of Residential whole loans, at carrying value and $521.2 million and $567.4 million of Residential whole loans, at fair value transferred to consolidated VIEs at September 30, 2020 and December 31, 2019, respectively. Such assets can be used only to settle the obligations of each respective VIE.

MFA FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Unaudited)			
Interest Income:				
Residential whole loans held at carrying value	$ 54,393	$ 64,226	$ 207,306	$ 171,725
Residential mortgage securities	2,329	60,639	51,678	211,676
MSR-related assets	6,241	15,274	30,189	38,232
Other interest-earning assets	3,017	1,679	9,089	4,272
Cash and cash equivalent investments	100	903	646	2,703
Interest Income	$ 66,080	$ 142,721	$ 298,908	$ 428,608
Interest Expense:				
Asset-backed and other collateralized financing arrangements	$ 50,054	$ 79,932	$ 209,998	$ 238,773
Other interest expense	5,910	5,891	17,716	11,120
Interest Expense	$ 55,964	$ 85,823	$ 227,714	$ 249,893
Net Interest Income	$ 10,116	$ 56,898	$ 71,194	$ 178,715
Reversal/(Provision) for credit and valuation losses on residential whole loans and other financial instruments	$ 27,244	$ (347)	$ (38,090)	$ (1,538)
Net Interest Income after Provision for Credit and Valuation Losses	$ 37,360	$ 56,551	$ 33,104	$ 177,177
Other Income, net:				
Impairment and other losses on securities available-for-sale and other assets	$ (221)	$ —	$ (424,966)	$ —
Net realized gain/(loss) on sales of residential mortgage securities and residential whole loans	48	17,708	(188,847)	50,027
Net unrealized gain/(loss) on residential mortgage securities measured at fair value through earnings	91	(695)	(13,432)	7,977
Net gain on residential whole loans measured at fair value through earnings	76,871	40,175	44,431	116,915
Loss on terminated swaps previously designated as hedges for accounting purposes	(7,177)	—	(57,034)	—
Other, net	7,498	5,241	2,370	(4,459)
Other Income/(Loss), net	$ 77,110	$ 62,429	$ (637,478)	$ 170,460
Operating and Other Expense:				
Compensation and benefits	$ 11,657	$ 7,920	$ 29,134	$ 24,315
Other general and administrative expense	6,611	5,022	18,656	15,601
Loan servicing, financing and other related costs	8,992	10,439	28,609	30,225
Costs associated with restructuring/forbearance agreement	—	—	44,434	$ —
Operating and Other Expense	$ 27,260	$ 23,381	$ 120,833	$ 70,141
Net Income/(Loss)	$ 87,210	$ 95,599	$ (725,207)	$ 277,496
Less Preferred Stock Dividend Requirement	$ 8,219	$ 3,750	$ 21,578	11,250
Net Income/(Loss) Available to Common Stock and Participating Securities	$ 78,991	$ 91,849	$ (746,785)	$ 266,246
Basic Earnings/(Loss) per Common Share	$ 0.17	$ 0.20	$ (1.65)	$ 0.59
Diluted Earnings/(Loss) per Common Share	$ 0.17	$ 0.20	$ (1.65)	$ 0.58

Reconciliation of GAAP Book Value per Common Share to non-GAAP Economic Book Value per Common Share

"Economic book value" is a non-GAAP financial measure of our financial position. To calculate our Economic book value, our portfolios of Residential whole loans at carrying value are adjusted to their fair value, rather than the carrying value that is required to be reported under the GAAP accounting model applied to these loans. This adjustment is also reflected in our end of period stockholders' equity in the table below. Management considers that Economic book value provides investors with a useful supplemental measure to evaluate our financial position as it reflects the impact of fair value changes for all of our residential mortgage assets, irrespective of the accounting model applied for GAAP reporting purposes. Economic book value does not represent and should not be considered as a substitute for Stockholders' Equity, as determined in accordance with GAAP, and our calculation of this measure may not be comparable to similarly titled measures reported by other companies.

The following table provides a reconciliation of our GAAP book value per common share to our non-GAAP Economic book value per common share for the quarterly periods below:

(In Millions, Except Per Share Amounts)	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019	September 30, 2019
GAAP Total Stockholders' Equity	$ 2,565.7	$ 2,521.1	$ 2,440.7	$ 3,384.0	$ 3,403.4
Preferred Stock, liquidation preference	(475.0)	(475.0)	(475.0)	(200.0)	(200.0)
GAAP Stockholders' Equity for book value per common share	2,090.7	2,046.1	1,965.7	3,184.0	3,203.4
Adjustments:					
Fair value adjustment to Residential whole loans, at carrying value	141.1	(25.3)	(113.5)	182.4	145.8
Stockholders' Equity including fair value adjustment to Residential whole loans, at carrying value (Economic book value)	$ 2,231.8	$ 2,020.8	$ 1,852.2	$ 3,366.4	$ 3,349.2
GAAP book value per common share	$ 4.61	$ 4.51	$ 4.34	$ 7.04	$ 7.09
Economic book value per common share	$ 4.92	$ 4.46	$ 4.09	$ 7.44	$ 7.41
Number of shares of common stock outstanding	453.3	453.2	453.1	452.4	451.7

Exhibit 99.2

MFA

FINANCIAL, INC.

Third Quarter 2020

Earnings Presentation

MFA FINANCIAL, INC.

Forward looking statements

When used in this press release or other written or oral communications, statements which are not historical in nature, including those containing words such as "will," "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "could," "would," "may," the negative of these words or similar expressions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements include information about possible or assumed future results with respect to our business, financial condition, liquidity, results of operations, plans and objectives. Statements regarding the following subjects, among others, may be forward-looking: risks related to the ongoing spread of the novel coronavirus and the COVID-19 pandemic, including its effect on the general economy and our business, financial position and results of operations (including, among other potential effects, increased delinquencies and greater than expected losses in our whole loan portfolio); changes in interest rates and the market (i.e., fair) value of MFA's residential whole loans, MBS and other assets; changes in the prepayment rates on residential mortgage assets, an increase of which could result in a reduction of the yield on certain investments in its portfolio and could require MFA to reinvest the proceeds received by it as a result of such prepayments in investments with lower coupons, while a decrease in which could result in an increase in the interest rate duration of certain investments in MFA's portfolio making their valuation more sensitive to changes in interest rates and could result in lower forecasted cash flows; credit risks underlying MFA's assets, including changes in the default rates and management's assumptions regarding default rates on the mortgage loans in MFA's residential whole loan portfolio; MFA's ability to borrow to finance its assets and the terms, including the cost, maturity and other terms, of any such borrowings; implementation of or changes in government regulations or programs affecting MFA's business; MFA's estimates regarding taxable income, the actual amount of which is dependent on a number of factors, including, but not limited to, changes in the amount of interest income and financing costs, the method elected by MFA to accrete the market discount on residential whole loans and the extent of prepayments, realized losses and changes in the composition of MFA's residential whole loan portfolios that may occur during the applicable tax period, including gain or loss on any MBS disposals and whole loan modifications, foreclosures and liquidations; the timing and amount of distributions to stockholders, which are declared and paid at the discretion of MFA's Board and will depend on, among other things, MFA's taxable income, its financial results and overall financial condition and liquidity, maintenance of its REIT qualification and such other factors as MFA's Board deems relevant; MFA's ability to maintain its qualification as a REIT for federal income tax purposes; MFA's ability to maintain its exemption from registration under the Investment Company Act of 1940, as amended (or the "Investment Company Act"), including statements regarding the concept release issued by the Securities and Exchange Commission ("SEC") relating to interpretive issues under the Investment Company Act with respect to the status under the Investment Company Act of certain companies that are engaged in the business of acquiring mortgages and mortgage-related interests; MFA's ability to continue growing its residential whole loan portfolio, which is dependent on, among other things, the supply of loans offered for sale in the market; expected returns on MFA's investments in nonperforming residential whole loans ("NPLs"), which are affected by, among other things, the length of time required to foreclose upon, sell, liquidate or otherwise reach a resolution of the property underlying the NPL, home price values, amounts advanced to carry the asset (e.g., taxes, insurance, maintenance expenses, etc. on the underlying property) and the amount ultimately realized upon resolution of the asset; targeted or expected returns on MFA's investments in recently-originated loans, the performance of which is, similar to MFA's other mortgage loan investments, subject to, among other things, differences in prepayment risk, credit risk and financing cost associated with such investments; risks associated with MFA's investments in MSR-related assets, including servicing, regulatory and economic risks, risks associated with our investments in loan originators, and risks associated with investing in real estate assets, including changes in business conditions and the general economy. These and other risks, uncertainties and factors, including those described in the annual, quarterly and current reports that MFA files with the SEC, could cause MFA's actual results to differ materially from those projected in any forward-looking statements it makes. All forward-looking statements are based on beliefs, assumptions and expectations of MFA's future performance, taking into account all information currently available. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect MFA. Except as required by law, MFA is not obligated to, and does not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive summary

- 2020 third quarter financial results
- Non-QM securitizations
- Paid off $500 million Apollo/Athene 11% senior secured term loan
- Future expected securitization activity
- Stock repurchase authorization

2020 third quarter financial results

- GAAP earnings of $0.17 per common share
  - Strong contribution from whole loans accounted for at fair value
  - $27.2 million net reversal of provision for credit losses
- GAAP book value was $4.61, up 2.2% from $4.51 at June 30
- Economic book value was $4.92, up 10.3% from $4.46 at June 30
- Leverage (debt to equity) was 1.9:1 as of September 30
- Previously unpaid but accrued dividends on Series B and C Preferred Stock paid on July 31 and regularly scheduled dividends were paid on September 30
- $0.05 dividend paid to common stockholders on October 30

2020 third quarter financial results (continued)

- Investment portfolio primarily consists of $5.6 billion of residential whole loans[1]
- Third quarter results reflect continued improvement in values of our residential whole loan portfolio, which have recovered a substantial portion of the declines in value experienced in March and April of this year.
- Strength in housing prices have bolstered loan values
  - REO sales during Q3 were over $90 million
- Net interest income should continue to improve as execution of securitization strategy replaces more expensive financing.

[1] Net of Allowance for credit losses on Residential whole loans held carrying value

Non-QM Securitizations

- MFRA Trust 2020-NQM1 ($391 million) closed September 3, 2020
  - $276.6 million AAA's sold at 1.48% yield
  - Bonds sold represent 95.35% of UPB
  - Blended cost of debt sold of 1.77%
  - Replaced debt with approximate cost of 3.42%

- MFRA Trust 2020-NQM2 ($570 million) closed October 28, 2020
  - $405.4 million AAA's sold at 1.38% yield
  - Bonds sold represent 93.85% of UPB
  - Blended cost of debt sold of 1.64%
  - Replaces debt with approximate cost at September 30, 2020 of 3.44%

Pay-off of $500 million 11% senior secured term loan

- Obtaining this financing was critical to forbearance exit and negotiation of non-mark-to-market term financing on loan portfolio
- Loan terms permitted repayment without penalty or yield maintenance
- Scheduled amortization payment of $18.75 million on September 30, 2020
- Paid off $400 million on October 9, 2020
- Paid off balance ($81.25 million) on October 30, 2020
- Reduces interest expense by $13.75 million ($0.03 per share) per quarter

Additional liability management opportunities

- SFR Rated Securitization
  - Approximately $475 million of existing unsecuritized SFR loans
- Additional Non-QM Rated Securitizations
  - Approximately $1.5 billion of existing unsecuritized Non-QM loans
- Existing NPL MBS Outstanding
  - We have three transactions that at September 30, 2020 had securitized debt outstanding of approximately $411.0 million, with a weighted average coupon of 3.94%
  - Should current market conditions continue to persist, there are opportunities to refinance the $659.8 million UPB of underlying loans and $80.3 million of REO, on more favorable terms

Stock repurchase authorization

MFA's Board of Directors has authorized $250 million stock repurchase program

- Replaces existing authorization in the amount of 6.6 million shares
- 10b-18 program permits share repurchase during "open window" periods
- $250 million represents approximately 20% of MFA's current market capitalization
- At recent trading levels, MFA stock is trading below 60% of 9/30/20 Economic book value[1]

[1] Based on MFA closing stock price as of November 2, 2020

MFA
FINANCIAL, INC.

Q3 earnings driven by ongoing recovery in loan values and CECL reserve release

Summary Income Statement	Q3 2020 $ in mm	Q2 2020 $ in mm
Net Interest Income:		
Residential mortgage securities [1]	$ 6.5	$ 5.6
Residential whole loans (RWL) [2]	20.2	(2.2)
Apollo senior secured financing	(13.8)	(0.8)
Other interest earning assets and interest bearing liabilities	(2.8)	(3.2)
Net Interest Income	$ 10.1	$ (0.6)
Provision for credit losses on RWL and other financial instruments	27.2	15.2
Valuation adjustment RWL designated as held-for-sale	—	70.2
Provision for credit and valuation losses on RWL	$ 27.2	$ 85.4
Other Income, net:		
Net gains on RWL measured at fair value	76.9	20.3
Net income impact of MBS, CRT and RWL sales [3]	—	90.6
Unrealized gain/(loss) on remaining CRT securities held at fair value	0.1	23.3
Impairment and other losses on securities available-for-sale and other assets	(0.2)	(5.1)
Other miscellaneous net investment income	0.4	(52.8)
Other Income, net:	$ 77.2	$ 76.3
Operating and Other Expenses	(27.3)	(24.6)
Costs associated with restructuring/forbearance agreements	—	(40.0)
Preferred dividends	(8.2)	(8.1)
Net Income Available to Common Shareholders	$ 79.0	$ 88.4
Earnings Per Common Share	$ 0.17	$ 0.19

(1) Includes MBS, CRT securities and MSR-related assets
(2) Includes interest expense on financing associated with all residential whole loans. Interest income received on residential whole loans held at fair value is reported in Other Income in Net gains on residential whole loans measured at fair value.
(3) Comprised of:

Realized (loss)/gains on MBS, CRT and RWL sold	$0.0	$49.5
Reversal of previously unrealized losses/(gains) on sold securities held at fair value	$0.0	$41.1
	$0.0	$90.6

Key items impacting results:

- Net interest income reflects:
  - Improved net interest spreads for both loans and securities as cost of funds declined post forbearance.
  - $1.7 million reduction in interest income as $145 million (UPB) of Non-QM loans were placed on non-accrual status.
  - Full quarter of Apollo debt expense.
- Reversal of credit loss reserves of $27.2 million, primarily reflecting adjustment to model assumptions and lower loan balances.
- Net gains on fair value loans of $76.9 million, reflecting $58.9 million of market value increases and $18.0 million cash income.
- Elevated operating and other expenses includes severance charge related to workforce reduction.

MFA FINANCIAL, INC.

Non-QM loans

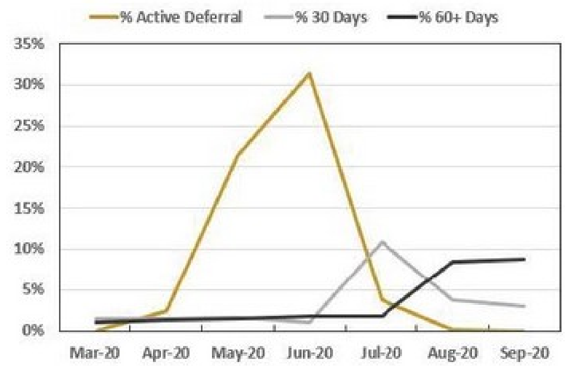
- Origination has begun to ramp up again in the 3rd quarter. We were able to acquire approximately $40 million of loans in the quarter from our existing origination partners.
- We closed on a second securitization of our non-QM loans in the last week in October.
- Over 75% of the borrowings are funded with Non-MTM leverage
- We expect to execute programmatic securitizations should current favorable market conditions persist, which would materially lower our cost of funds.

Non-QM Portfolio Statistics (9/30/20)	
WA LTV	63.6%
Total UPB (in millions)	$2,397.3
WA FICO	712
WA Coupon	6.18%
Avg Balance	$423,841
Hybrid ARM's	70%
Fixed Rate	30%
Current	91.2%
60+Days DQ	8.8%
3-Month CPR	22%
Top 2 States	
CA	53%
FL	19%

Non-QM COVID-19 pandemic impact

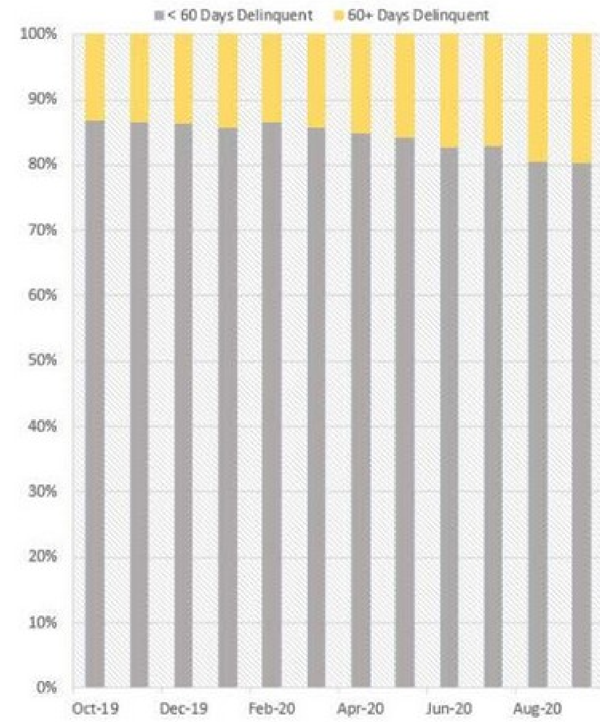
- A material percentage of our Non-QM loans have been impacted by the pandemic.
- Many of our borrowers are self employed and run small businesses.
- We executed forbearance / deferral plans for 31.3% of the Non-QM portfolio through 9/30.
- The majority of loans exiting forbearance plans have continued to perform by making the next contractual payment.

	Mar-20	June - 20	Sep-20
Loan Count	7,670	5,647	5,656
Total UPB ($ millions)	3,424.6	2,501.5	2,397.3
% Current	97.5 %	97.2 %	88.2 %
% 30 Days	1.4 %	1.0 %	3.0 %
% 60+ Days	1.1 %	1.8 %	8.8 %
LTV	65.8	63.6	63.6
% COVID Impact	— %	31.7 %	31.3 %
% Active Deferral	— %	31.4 %	— %
% Active Forbearance	— %	— %	1.6 %



RPL portfolio delinquency characteristics as of 9/30/2020

- 80% of our RPL portfolio is less than 60 days delinquent as of 9/30/2020.
- On average, 23% of the 60+ days delinquent loans are making payments.
- Prepay speeds have maintained between 6% and 14%.
- 30% of the RPL portfolio has been granted forbearance plans related to the COVID-19 pandemic
  - Although borrowers have received forbearance plans, many continue to make payments and are contractually current



Performance of Non-Performing[1] loans purchased before 9/30/19

	Acquisition Year						
	2014	2015	2016	2017	2018	2019	Total
Loan Count	743	2,354	1,007	3,124	1,848	1,264	10,340
UPB Purchased (in millions)	$161.3	$619.9	$280.2	$704.7	$497.3	$227.3	$2,490.7
Status 7/31/2020							
Performing[2]/PIF	35 %	27 %	28 %	38 %	46 %	33 %	35 %
Liquidation/REO	54 %	58 %	58 %	39 %	30 %	26 %	44 %
Non-Performing	11 %	15 %	14 %	23 %	24 %	41 %	21 %
Total	100 %	100 %	100 %	100 %	100 %	100 %	100 %

- Through diligent asset management we continue to improve outcomes for our NPL portfolio by returning loans to performing or paid-in-full status, and through other forms of resolution.
- 44% of our NPL portfolio has liquidated or reverted to REO. In addition, we have accelerated our sales of REO in the 3rd quarter selling 67% more properties vs the 3rd quarter a year ago.
- Measured by UPB at purchase, 35% (or approximately 4,000) of loans that were non-performing at purchase are either performing or have paid in full as of June 2020.
- 75% of MFA modified loans are either performing today or have paid in full.

[1]Non-Performing at purchase defined as greater than or equal to 60 days delinquent
[2]Performing as of 9/30/2020 defined as less than 60 days delinquent or made a full P&I payment in September 2020

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Business purpose loans – Rehabilitation loans

- The Fix and Flip portfolio experienced robust paydowns in the third quarter, declining $164 million to $699 million at the end of Q3.
  - $175 million of principal payments
  - $18 million in rehab draws
  - $7 million was converted to REO
  - No new investments in the quarter
- Average yield of 5.41% in the third quarter
- All of our Fix and Flip financing is non-mark-to-market
- 60+ day delinquency declined from $182 million in Q2 to $143 million in Q3
- Due to a strong housing market, elevated prepayments and generally improving credit conditions, loan loss reserves on the Fix and Flip Portfolio declined $7 million to $22.6 million at the end of the third Quarter.
- We resumed Fix and Flip loan acquisitions in October.

Portfolio Statistics (9/30/20)	
UPB (in millions)	$699
Undrawn commitments	$73
WA ARV-LTV*	63 %
WA As-Is/Purch. LTV**	69 %
WA FICO	718
WA Orig Term (months)	16
WA Loan Age (months)	14
WA Passthrough Rate	7.28 %
3 mth Repayment Rate	59 %
Current and 30 Days DQ	80 %
60+ Days DQ	20 %

* WARV-LTV: Weighted average after repair loan to value at origination
**WA As-Is/Purch. LTV: Weighted average As-Is value or purchase value (when available) at origination

Business purpose loans – Fix and Flip delinquency

- Portfolio delinquency
  - 60+ day DQ decreased by $39 million to $143 million at the end of the quarter
    - $18 million paid in full
    - $33 million cured to current/30 day DQ
    - $7 million went to REO
    - $19 million became new 60+ day delinquent
  - 60+ day DQ as a % of UPB declined 1% to 20% at the end of the quarter
  - Approximately 20% of 60+ day delinquent loans are listed for sale and two-thirds of 60+ day delinquent loans are completed projects or loans where no/limited work was expected to be done.

60+ Day DQ Loan Statistics (9/30/20)	
UPB (in million)	$143
Undrawn commitments	$9
WA ARV-LTV*	64 %
WA As-Is/Purch. LTV**	70 %
WA FICO	693
WA Orig Term (months)	13
WA Loan Age (months)	19
WA Passthrough Rate	7.68 %
60 day DQ	3 %
90 day DQ	1 %
120+ day DQ	16 %

- Loss mitigating factors
  - Highly experienced asset management team
  - Term non-mark-to-market financing of portfolio gives us time to carefully manage delinquent assets
  - MFA has outstanding repurchase claims on $6 million of seriously delinquent loans
  - Fiscal and monetary stimulus continue to support housing, reducing expected losses
  - Low mortgage rates and resilient home sales support property values
  - Short term push to suburban housing due to COVID-19

* WARV-LTV: Weighted average after repair loan to value
**WA As-Is/Purch. LTV: Weighted average As-Is value or purchase value (when available) at origination

Business purpose loans – Single family rental loans

- SFR portfolio has performed well through the COVID-19 pandemic and continued to exhibit strong performance in the third quarter.
  - 3rd quarter yield: 5.65%
  - 60+ day delinquency rate declined 10bp to 4.9%
  - Prepayment rates remained low due to strong prepayment protection - 3mth CPR of 12%
- No new acquisitions in the third quarter
- We resumed SFR loan acquisitions in October.
- We are exploring a possible securitization of a portion of our SFR portfolio.

SFR Portfolio Statistics (09/30/20)	
UPB (in millions)	$475
WA LTV	70 %
WA FICO	734
WA DSCR*	1.46x
WA Coupon	6.64 %
WA Loan Age (months)	16
5/1 Hybrid Loans	57 %
3 mth Prepayment Rate (CPR)	12 %
DQ 60+	4.9 %

*WA DSCR: Weighted average debt service coverage ratio

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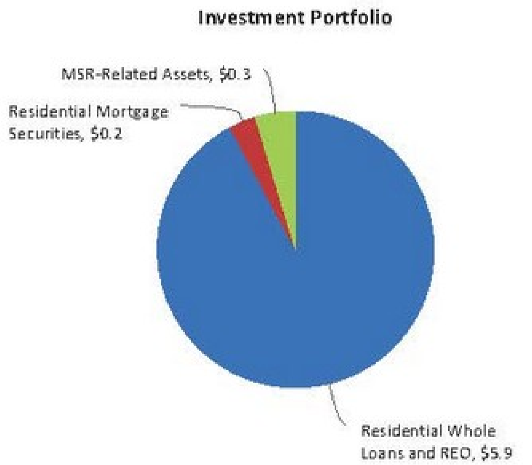
Summary

- Third quarter results and book value primarily reflect the continued recovery in residential mortgage asset prices and a net reversal of CECL credit loss reserves.
- Executing on strategies to optimize the "right side" of the balance sheet through securitization has generated substantial additional liquidity and should meaningfully lower our cost of funds, with the added benefit of being non-recourse financing without mark-to-market collateral maintenance.
- Repayment of the $500 million secured term loan should significantly lower interest expense going forward. We expect to continue our relationship with Apollo and Athene which offers opportunities for our future investment and financing strategy.
- For the short to medium-term, given current market uncertainties, we anticipate that normalization in our financing costs and operating expenses, and continued optimization of our liability and capital structure, should drive earnings and return on equity.

Additional Information

Investment portfolio and asset based financing composition



Amounts in the pie charts are in billions as of 9/30/20

- No significant changes in portfolio composition during the quarter:
  - 94% residential whole loans at 9/30/20
  - $39.7 million of Non-QM loan purchases in Q3
  - No sales of CRT securities or MSR-related assets

- At 9/30/20, 67% of our asset backed financing arrangements are on non-market to market terms.
- Post quarter-end changes increase this level to 68%:
  - Payoff of senior secured note
  - Issuance of additional securitized debt and pay-down of prior financing

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GAAP and Economic book value increased as values of residential mortgage assets continue to recover and earnings exceeded dividends declared

	GAAP	Economic
Book value per common share as of 6/30/20	$4.51	$4.46
Net income available to common shareholders	0.17	0.17
Common stock dividends declared	(0.05)	(0.05)
Fair value changes attributable to residential mortgage securities and MSR term notes	0.02	0.02
Losses on hedging swaps transferred from OCI to earnings	0.01	0.01
Credit risk related changes in fair value for financing agreements at fair value(1)	(0.05)	(0.05)
Change in fair value of residential whole loans reported at carrying value under GAAP	—	0.36
Book value per common share as of 9/30/20	**$4.61**	**$4.92**

(1) For financing agreements accounted for a fair value (due to the election of the fair value option), credit risk related changes in fair value are recorded directly in Other Comprehensive Income, a component of shareholders' equity. Changes in fair value for these financing agreements related to non credit risk related factors are recorded in earnings each period.

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Allowance for credit losses - Loans held at carrying value

(Amounts In Thousands)	Three Months Ended September 30, 2020 Non-QM Loans	Rehabilitation Loans (1)	Single-family Rental Loans	Seasoned Performing Loans	Purchased Credit Deteriorated Loans	Totals
Allowance for credit losses at beginning of period	$31,353	$30,000	$6,931	$224	$68,081	$136,589
Current period provision	(4,568)	(7,140)	(1,906)	(74)	(16,374)	(30,062)
Write-offs	(32)	(227)	—	—	(22)	(281)
Allowance for credit losses at end of period	**$26,753**	**$22,633**	**$5,025**	**$150**	**$51,685**	**$106,246**
Implied loss rate as a percentage of UPB	112 bps	323 bps	106 bps	9 bps	636 bps	234 bps

(1) In connection with purchased Rehabilitation loans, the Company had unfunded commitments of $73.2 million, with a separately recorded liability for expected losses of $1.6 million.

- Allowance for credit losses for residential whole loans held at carrying value decreased during the quarter by $30.3 million, primarily due to adjustments to macro-economic assumptions used in our cash flow forecasts and lower loan balances.
- Changes in credit loss allowances are recorded in periodic GAAP earnings.
- Ongoing CECL accounting does not impact calculation of Economic book value.

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Reconciliation of GAAP book value to Economic book value

"Economic book value" is a non-GAAP financial measure of our financial position. To calculate our Economic book value, our portfolios of Residential whole loans at carrying value are adjusted to their fair value, rather than the carrying value that is required to be reported under the GAAP accounting model applied to these loans. This adjustment is also reflected in our end of period stockholders' equity in the table below. Management considers that Economic book value provides investors with a useful supplemental measure to evaluate our financial position as it reflects the impact of fair value changes for all of our residential mortgage assets, irrespective of the accounting model applied for GAAP reporting purposes. Economic book value does not represent and should not be considered as a substitute for Stockholders' Equity, as determined in accordance with GAAP, and our calculation of this measure may not be comparable to similarly titled measures reported by other companies.

The following table provides a reconciliation of GAAP book value per common share to our non-GAAP Economic book value per common share as of the end of each quarter since Q1 2019.

(In Millions, Except Per Share Amounts)	9/30/20	6/30/20	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19
GAAP Total Stockholders' Equity	$ 2,565.7	$ 2,521.1	$ 2,440.7	$ 3,384.0	$ 3,403.4	$ 3,403.4	$ 3,404.5
Preferred Stock, liquidation preference	(475.0)	(475.0)	(475.0)	(200.0)	(200.0)	(200.0)	(200.0)
GAAP Stockholders' Equity for book value per common share	**$ 2,090.7**	**$ 2,046.1**	**$ 1,965.7**	**$ 3,184.0**	**$ 3,203.4**	**$ 3,203.4**	**$ 3,204.5**
Adjustments:							
Fair value adjustment to Residential whole loans, at carrying value	141.1	(25.3)	(113.5)	182.4	145.8	131.2	92.1
Stockholders' Equity including fair value adjustment to Residential whole loans, at carrying value (Economic book value)	**$ 2,231.8**	**$ 2,020.8**	**$ 1,852.2**	**$ 3,366.4**	**$ 3,349.2**	**$ 3,334.6**	**$ 3,296.6**
GAAP book value per common share	$ 4.61	$ 4.51	$ 4.34	$ 7.04	$ 7.09	$ 7.11	$ 7.11
Economic book value per common share	**$ 4.92**	**$ 4.46**	**$ 4.09**	**$ 7.44**	**$ 7.41**	**$ 7.40**	**$ 7.32**
Number of shares of common stock outstanding	453.3	453.2	453.1	452.4	451.7	450.6	450.5