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): **February 16, 2017**

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):

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

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

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

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

Item 2.02 Results of Operations and Financial Condition and
Item 7.01 Regulation FD Disclosure

MFA Financial, Inc. ("MFA") issued a press release, dated February 16, 2017, announcing its financial results for the quarter ended December 31, 2016, 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 2016 fourth 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 (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 February 16, 2017, announcing MFA's financial results for the quarter ended December 31, 2016.
99.2	Additional information relating to the financial results of MFA for the quarter ended December 31, 2016.

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: February 16, 2017

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated February 16, 2017, announcing MFA Financial Inc.'s financial results for the quarter ended December 31, 2016.
99.2	Additional information relating to the financial results of MFA Financial, Inc. for the quarter ended December 31, 2016.

Exhibit 99.1

MFA
FINANCIAL, INC.

350 Park Avenue
New York, New York 10022

PRESS RELEASE **FOR IMMEDIATE RELEASE**

February 16, 2017 **NEW YORK METRO**

INVESTOR CONTACT:	**InvestorRelations@mfafinancial.com** **212-207-6433** **www.mfafinancial.com**	**NYSE: MFA**
MEDIA CONTACT:	**Abernathy MacGregor** **Tom Johnson, Andrew Johnson** **212-371-5999**	

MFA Financial, Inc.
Announces Fourth Quarter 2016 Financial Results

NEW YORK - MFA Financial, Inc. (NYSE:MFA) today announced its financial results for the fourth quarter ended December 31, 2016.

Fourth Quarter 2016 and other highlights:

· MFA generated fourth quarter net income available to common shareholders of $68.9 million, or $0.18 per common share (based on 371.5 million weighted average common shares outstanding). As of December 31, 2016, book value per common share was $7.62.

· On January 31, 2017, MFA paid its fourth quarter 2016 dividend of $0.20 per share of common stock to shareholders of record as of December 28, 2016.

· MFA acquired $455.3 million of 3 year step-up securities, $98.4 million of credit sensitive residential whole loans and $54.5 million of Credit Risk Transfer securities during the quarter. Additionally, MFA was an opportunistic seller of Legacy Non-Agency MBS during the quarter.

William Gorin, MFA's CEO, said, "In the fourth quarter, we continued to execute our strategy of targeted investment within the residential mortgage universe with a focus on credit sensitive assets. We acquired 3 year step-up securities, credit sensitive residential whole loans and Credit Risk Transfer

securities during the quarter. Further, we opportunistically sold $20.6 million of Non-Agency MBS issued prior to 2008 ("Legacy Non-Agency MBS"), realizing gains of $9.8 million for the quarter. This is the eighteenth consecutive quarter we have realized gains through selected sales of Legacy Non-Agency MBS based on our projections of future cash flows relative to market pricing. We did not acquire any Agency MBS or Legacy Non-Agency MBS in this quarter.

"MFA remains well-positioned to generate attractive returns despite historically low interest rates. Through asset selection and hedging strategy, the estimated net effective duration, a gauge of MFA's interest rate sensitivity, remains low and measured 0.71 at quarter-end. Despite recent interest rate increases, MFA's book value per common share was little changed at $7.62 versus $7.64 at the end of the third quarter. Leverage, which reflects the ratio of our financing obligations to equity, was 3.1:1 at quarter-end."

Craig Knutson, MFA's President and COO, added, "MFA's portfolio asset selection process continues to emphasize residential mortgage credit exposure while seeking to minimize sensitivity to interest rates. As housing prices maintain their upward trend and borrowers repair their credit and balance sheets, MFA's Legacy Non-Agency MBS portfolio continues to outperform our credit assumptions. In the fourth quarter of 2016, we reduced our credit reserve by $4.3 million. Also, our credit sensitive residential whole loans offer additional exposure to residential mortgage credit while affording us the opportunity to improve outcomes through sensible and effective servicing decisions."

MFA's Legacy Non-Agency MBS had a face amount of $3.6 billion with an amortized cost of $2.6 billion and a net purchase discount of $970.8 million at December 31, 2016. This discount consists of a $694.2 million credit reserve and other-than-temporary impairments and a $276.5 million net accretable discount. We believe this credit reserve appropriately factors in remaining uncertainties regarding underlying mortgage performance and the potential impact on future cash flows. Our Legacy Non-Agency MBS loss adjusted yield of 8.24% for the fourth quarter is based on projected defaults equal to 21% of underlying loan balances. On average, these loans are approximately ten years seasoned and approximately 12.5% are currently 60 or more days delinquent.

The Agency MBS portfolio had an average amortized cost basis of 103.8% of par as of December 31, 2016, and generated a 1.92% yield in the fourth quarter. The Legacy Non-Agency MBS portfolio had an average amortized cost of 72.7% of par as of December 31, 2016, and generated a loss-adjusted yield of 8.24% in the fourth quarter. At the end of the fourth quarter, MFA held approximately $2.7 billion of the senior most tranches of 3 year step-up securities. These securities had an amortized cost of 99.9% of par and generated a 3.94% yield for the quarter.

In addition, at December 31, 2016, our investments in credit sensitive residential whole loans totaled $1.4 billion. Of this amount, $590.5 million is recorded at carrying value, or 86.2% of the interest-bearing unpaid principal balance, and generated a loss-adjusted yield of 5.99% (5.61% net of servicing costs) during the quarter, and $814.7 million is recorded at fair value on our consolidated balance sheet. On this portion of the portfolio, we recorded gains for the quarter of approximately $14.6 million, primarily reflecting changes in the fair value of the underlying loans and coupon interest payments received during the quarter.

For the three months ended December 31, 2016, MFA's costs for compensation and benefits and other general and administrative expenses were $11.6 million, or an annualized 1.53% of stockholders' equity as of December 31, 2016.

The following table presents the weighted average prepayment speed on MFA's MBS portfolio.

Table 1

	Fourth Quarter 2016 Average CPR	Third Quarter 2016 Average CPR
Agency MBS	15.9%	16.7%
Legacy Non-Agency MBS	17.3%	15.9%
3 Year Step-up securities *(1)*	25.6%	32.2%

(1) All principal payments are considered to be prepayments for conditional prepayment rate ("CPR") purposes. 3 year step-up securities are securitized financial instruments that are primarily backed by securitized re-performing and non-performing Loans. The majority of these securities are structured such that the coupon increases up to 300 basis points at 36 months from issuance or sooner.

As of December 31, 2016, under its swap agreements, MFA had a weighted average fixed-pay rate of interest of 1.87% and a floating receive rate of 0.72% on notional balances totaling $2.9 billion, with an average maturity of 35 months.

The following table presents MFA's asset allocation as of December 31, 2016, and the fourth quarter 2016 yield on average interest earning assets, average cost of funds and net interest rate spread for the various asset types.

Table 2

ASSET ALLOCATION

At December 31, 2016	Agency MBS	Legacy Non-Agency MBS	3 Year Step-Up Securities	Residential Whole Loans, at Carrying Value	Residential Whole Loans, at Fair Value	Other, net (1)	Total
($ in Thousands)							
Fair Value/Carrying Value	$ 3,738,497	$ 3,171,125	$ 2,654,691	$ 590,540	$ 814,682	$ 895,089	$ 11,864,624
Less Repurchase Agreements	(3,095,020)	(2,195,509)	(2,078,684)	(343,063)	(488,787)	(271,205)	(8,472,268)
Less FHLB advances	(215,000)	—	—	—	—	—	(215,000)
Less Senior Notes	—	—	—	—	—	(96,733)	(96,733)
Equity Allocated	$ 428,477	$ 975,616	$ 576,007	$ 247,477	$ 325,895	$ 527,151	$ 3,080,623
Less Swaps at Market Value	—	—	—	—	—	(46,721)	(46,721)
Net Equity Allocated	$ 428,477	$ 975,616	$ 576,007	$ 247,477	$ 325,895	$ 480,430	$ 3,033,902
Debt/Net Equity Ratio *(2)*	7.7x	2.3x	3.6x	1.4x	1.5x	—	3.1x
For the Quarter Ended December 31, 2016							
Yield on Average Interest Earning Assets *(3)*	1.92%	8.24%	3.94%	5.99%	N/A	—%	4.34%
Less Average Cost of Funds *(4)*	(1.41)	(3.01)	(2.16)	(3.02)	(3.12)	—	(2.22)
Net Interest Rate Spread	0.51%	5.23%	1.78%	2.97%	N/A	—%	2.12%

(1) Includes cash and cash equivalents and restricted cash of $318.6 million, securities obtained and pledged as collateral, $404.9 million of CRT securities, other assets, obligation to return securities obtained as collateral and other liabilities.

(2) Represents the sum of borrowings under repurchase agreements and Federal Home Loan Bank advances as a multiple of net equity allocated. The numerator of our Total Debt/Net Equity Ratio also includes the obligation to return securities obtained as collateral of $510.8 million, Senior Notes and repurchase agreements financing CRT security purchases.

(3) 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 December 31, 2016, the amortized cost of our interest earning assets were as follows: Agency MBS - $3,719,037; Legacy Non-Agency MBS - $2,582,308; 3 year step-up securities - $2,651,915; and Residential Whole Loans at carrying value - $590,540. In addition, the yield for residential whole loans at carrying value was 5.61% net of 38 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. Interest payments received on residential whole loans at fair value is reported in Other Income as Net gain on residential whole loans held at fair value in our statement of operations. Accordingly, no yield is presented as such loans are not included in interest earning assets for reporting purposes.

(4) Average cost of funds includes interest on repurchase agreements and other advances, the cost of swaps and Senior Notes. Agency cost of funds includes 65 basis points and Legacy Non-Agency cost of funds includes 69 basis points associated with swaps to hedge interest rate sensitivity on these assets.

At December 31, 2016, MFA's $6.9 billion of Agency and Legacy Non-Agency MBS were backed by Hybrid, adjustable and fixed-rate mortgages. Additional information about these MBS, including average months to reset and three-month average CPR, is presented below:

Table 3

	Agency MBS			Legacy Non-Agency MBS (1)			Total (1)		
($ in Thousands) Time to Reset	**Fair Value (2)**	**Average Months to Reset (3)**	**3 Month Average CPR (4)**	**Fair Value**	**Average Months to Reset (3)**	**3 Month Average CPR (4)**	**Fair Value (2)**	**Average Months to Reset (3)**	**3 Month Average CPR (4)**
< 2 years *(5)*	$ 1,789,859	7	18.8%	$ 2,132,993	5	16.9%	$ 3,922,852	6	17.7%
2-5 years	384,703	33	19.8	—	—	—	384,703	33	19.8
> 5 years	121,870	69	14.4	—	—	—	121,870	69	14.4
ARM-MBS Total	$ 2,296,432	15	18.7%	$ 2,132,993	5	16.9%	$ 4,429,425	10	17.8%
15-year fixed *(6)*	$ 1,439,461		11.5%	$ 5,856		4.3%	$ 1,445,317		11.5%
30-year fixed *(6)*	—		—	1,021,505		18.1	1,021,505		18.1

40-year fixed *(6)*	—	—	10,771	21.0	10,771	21.0
Fixed-Rate Total	$ 1,439,461	11.5%	$ 1,038,132	18.0%	$ 2,477,593	14.5%
MBS Total	$ 3,735,893	15.9%	$ 3,171,125	17.3%	$ 6,907,018	16.6%

(1) Excludes $2.7 billion of 3 year step-up securities. Refer to Table 4 for further information.
(2) Does not include principal payments receivable of $2.6 million.
(3) Months to Reset is the number of months remaining before the coupon interest rate resets. At reset, the MBS coupon will adjust based upon the underlying benchmark interest rate index, margin and periodic or lifetime caps. Months to Reset does not reflect scheduled amortization or prepayments.
(4) 3 month average CPR weighted by positions as of beginning of each month in the quarter.
(5) Includes floating rate MBS that may be collateralized by fixed-rate mortgages.
(6) Information presented based on data available at time of loan origination.

Table 4

The following table presents certain information about our 3 year step-up securities portfolio at December 31, 2016:

Underlying collateral ($ in Thousands)	Fair Value	Net Coupon	Months to Step-Up (1)	Current Credit Support (2)	Original Credit Support	3 Month Average Bond CPR (3)
Re-Performing loans	$ 317,064	3.60%	13	41%	37%	23.4%
Non-Performing loans and other	2,337,627	3.97	20	47	45	25.9
Total 3 year step-up securities	$ 2,654,691	3.92%	19	46%	44%	25.6%

(1) Months to step-up is the weighted average number of months remaining before the coupon interest rate increases pursuant to the first coupon reset. We anticipate that the securities will be redeemed prior to the step-up date.
(2) Credit Support for a particular security is expressed as a percentage of all outstanding mortgage loan collateral. A particular security will not be subject to principal loss as long as credit enhancement is greater than zero.
(3) All principal payments are considered to be prepayments for CPR purposes.

Webcast

MFA Financial, Inc. plans to host a live audio webcast of its investor conference call on Thursday, February 16, 2017, at 11:00 a.m. (Eastern Time) to discuss its fourth quarter 2016 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," "could," "would," "should," "may" 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. Statements regarding the following subjects, among others, may be forward-looking: changes in interest rates and the market value of MFA's MBS; changes in the prepayment rates on the mortgage loans securing MFA's MBS, an increase of which could result in a reduction of the yield on MBS in our portfolio and could require us to reinvest the proceeds received by us as a result of such prepayments in MBS with lower coupons; credit risks underlying MFA's assets, including changes in the default rates and management's assumptions regarding default rates on the mortgage loans securing MFA's Non-Agency MBS and relating to 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 Non-Agency MBS and residential whole loans and the extent of prepayments, realized losses and changes in the composition of MFA's Agency MBS, Non-Agency MBS and residential whole loan portfolios that may occur during the applicable tax period, including gain or loss on any MBS disposals and whole loan modification, foreclosure and liquidation; the timing and amount of distributions to stockholders, which are declared and paid at the discretion of MFA's Board of Directors 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 the 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 successfully implement its strategy to grow its residential whole loan portfolio; expected returns on our investments in non-performing 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; and risks associated with investing in real estate assets, including changes in business conditions and general economic conditions. 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 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 Share and Per Share Amounts)	December 31, 2016 (Unaudited)	December 31, 2015

Assets:		
Mortgage-backed securities ("MBS") and credit risk transfer ("CRT") securities:		
Agency MBS, at fair value ($3,540,401 and $4,532,094 pledged as collateral, respectively)	$ 3,738,497	$ 4,752,244
Non-Agency MBS, at fair value ($4,978,199 and $4,874,372 pledged as collateral, respectively)	5,651,412	5,822,519
Non-Agency MBS transferred to consolidated variable interest entities ("VIEs"), at fair value	174,404	598,298
CRT securities, at fair value ($357,488 and $170,352 pledged as collateral, respectively)	404,850	183,582
Securities obtained and pledged as collateral, at fair value	510,767	507,443
Residential whole loans, at carrying value ($427,880 and $93,692 pledged as collateral, respectively)	590,540	271,845
Residential whole loans, at fair value ($734,331, and $585,971 pledged as collateral, respectively)	814,682	623,276
Cash and cash equivalents	260,112	165,007
Restricted cash	58,463	71,538
Other assets	280,295	166,799
Total Assets	$ 12,484,022	$ 13,162,551
Liabilities:		
Repurchase agreements and other advances	$ 8,687,268	$ 9,387,622
Obligation to return securities obtained as collateral, at fair value	510,767	507,443
8% Senior Notes due 2042 ("Senior Notes")	96,733	96,697
Other liabilities	155,352	203,528
Total Liabilities	$ 9,450,120	$ 10,195,290
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
Common stock, $.01 par value; 886,950 shares authorized; 371,854 and 370,584 shares issued and outstanding, respectively	3,719	3,706
Additional paid-in capital, in excess of par	3,029,062	3,019,956
Accumulated deficit	(572,641)	(572,332)
Accumulated other comprehensive income	573,682	515,851
Total Stockholders' Equity	$ 3,033,902	$ 2,967,261
Total Liabilities and Stockholders' Equity	$ 12,484,022	$ 13,162,551

MFA FINANCIAL, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In Thousands, Except Per Share Amounts)	Three Months Ended December 31, 2016 (Unaudited)	Three Months Ended December 31, 2015 (Unaudited)	For the Year Ended December 31, 2016 (Unaudited)	For the Year Ended December 31, 2015
Interest Income:				
Agency MBS	$ 18,523	$ 24,804	$ 83,069	$ 105,835
Non-Agency MBS	77,914	76,381	319,030	317,821
Non-Agency MBS transferred to consolidated VIEs	3,171	10,957	15,610	45,749
CRT securities	4,873	2,096	14,770	6,572
Residential whole loans held at carrying value	7,804	4,219	23,916	16,036
Cash and cash equivalent investments	243	42	774	130
Interest Income	$ 112,528	$ 118,499	$ 457,169	$ 492,143
Interest Expense:				
Repurchase agreements and other advances	$ 47,859	$ 44,181	$ 184,986	$ 166,918
Senior Notes and other interest expense	2,009	2,275	8,369	10,030
Interest Expense	$ 49,868	$ 46,456	$ 193,355	$ 176,948
Net Interest Income	$ 62,660	$ 72,043	$ 263,814	$ 315,195
Other-Than-Temporary Impairments:				
Total other-than-temporary impairment losses	$ —	$ —	$ (1,255)	$ (525)
Portion of loss recognized in/(reclassed from) other comprehensive income	—	—	770	(180)
Net Impairment Losses Recognized in Earnings	$ —	$ —	$ (485)	$ (705)
Other Income, net:				
Net gain on residential whole loans held at fair value	$ 14,632	$ 6,899	$ 59,684	$ 17,722
Gain on sales of MBS	9,768	9,652	35,837	34,900
Other, net	1,281	(831)	13,802	(1,457)
Other Income, net	$ 25,681	$ 15,720	$ 109,323	$ 51,165
Operating and Other Expense:				
Compensation and benefits	$ 7,774	$ 6,534	$ 29,281	$ 26,293
Other general and administrative expense	3,823	4,080	16,331	15,752
Loan servicing and other related operating expenses	4,107	3,678	14,372	10,384
Operating and Other Expense	$ 15,704	$ 14,292	$ 59,984	$ 52,429
Net Income	$ 72,637	$ 73,471	$ 312,668	$ 313,226
Less Preferred Stock Dividends	3,750	3,750	15,000	15,000

Net Income Available to Common Stock and Participating Securities	$ 68,887	$ 69,721	$ 297,668	$ 298,226
Earnings per Common Share - Basic and Diluted	$ 0.18	$ 0.19	$ 0.80	$ 0.80
Dividends Declared per Share of Common Stock	$ 0.20	$ 0.20	$ 0.80	$ 0.80

Exhibit 99.2

MFA
FINANCIAL, INC.

Fourth Quarter 2016

Earnings Presentation

Forward-looking statements

When used in this presentation 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" 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. Statements regarding the following subjects, among others, may be forward-looking: changes in interest rates and the market value of MFA's MBS; changes in the prepayment rates on the mortgage loans securing MFA's MBS, an increase of which could result in a reduction of the yield on MBS in our portfolio and could require us to reinvest the proceeds received by us as a result of such prepayments in MBS with lower coupons; credit risks underlying MFA's assets, including changes in the default rates and management's assumptions regarding default rates on the mortgage loans securing MFA's Non-Agency MBS and relating to 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 Non-Agency MBS and residential whole loans and the extent of prepayments, realized losses and changes in the composition of MFA's Agency MBS, Non-Agency MBS and residential whole loan portfolios that may occur during the applicable tax period, including gain or loss on any MBS disposals and whole loan modification, foreclosure and liquidation; the timing and amount of distributions to stockholders, which are declared and paid at the discretion of MFA's Board of Directors 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 the 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 successfully implement its strategy to grow its residential whole loan portfolio; expected returns on our investments in non-performing 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; and risks associated with investing in real estate assets, including changes in business conditions and general economic conditions. 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 speak only as of the date on which they are made and are based on beliefs, assumptions and expectations of MFA's future performance, taking into account information currently available. New risks and uncertainties arise over time and it is not possible to predict those events or how they may affect MFA. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. 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

- In this historically low interest rate environment, we continue to generate attractive returns from residential credit mortgage assets.
- In the fourth quarter we generated EPS of $0.18.
- Despite recent interest rate increases, book value per share was little changed at $7.62 versus $7.64 at the end of the third quarter.
- MFA continued to acquire credit sensitive residential mortgage assets, such as 3 year step-up securities and credit sensitive loans, in response to attractive investment opportunities.

MFA FINANCIAL, INC.

Through volatile markets and both interest rate and credit cycles, MFA has generated strong long term returns to investors

Time Period	Annualized MFA Shareholder Return [1]
Since January 1, 2000	15.0%
10 Year	12.6%
5 Year	16.2%
1 Year	28.8%

[1] As of 12/31/16 assuming reinvestment of dividends.

MFA FINANCIAL, INC.

2017 Investment Strategy

Be positioned for less predictable fiscal and monetary policy.

1. Focus on shorter term, less interest rate sensitive assets .
2. Blend mortgage credit exposure with interest rate exposure. Recently, investor expectations of improved economic performance due to the potential for tax cuts or increased infrastructure spending have negatively impacted interest rate sensitive assets while positively impacting credit sensitive assets.
3. Maintain staying power and the ability to invest in distressed, less liquid assets:
   - Permanent equity capital
   - Debt to equity ratio is low enough to accommodate potential declines in asset prices

Fourth quarter investment flows

Our assets run off due to amortization, paydowns or sale, allowing reinvestment opportunities in changing interest rate and credit environments.

$ in Millions

	September 30, 2016	4th Quarter Runoff	4th Quarter Acquisitions	MTM and other changes	December 31, 2016	4th Quarter Change
Re-performing and Non-performing Loans	$1,348	$(40)	$98	$(1)	$1,405	$57
3 Year Step-up Securities (1)	$2,523	$(319)	$455	$(4)	$2,655	$132
Credit Risk Transfer Securities	$348	$—	$54	$3	$405	$57
Legacy Non-Agency MBS	$3,386	$(200)	$—	$(15)	$3,171	$(215)
Agency MBS	$4,022	$(248)	$—	$(36)	$3,738	$(284)
Totals	**$11,627**	**$(807)**	**$607**	**$(53)**	**$11,374**	**$(253)**

(1) 3 year step-up securities are securitized financial instruments that are backed primarily by re-performing and non-performing loans. The majority of these securities are structured such that the coupon increases up to 300 basis points (bps) at 36 months or sooner.

MFA FINANCIAL, INC.

MFA's yields and spreads remain attractive

	Fourth Quarter 2016	Third Quarter 2016	Second Quarter 2016	First Quarter 2016
Yield on Interest Earning Assets	4.34%	4.23%	4.19%	4.23%
Net Interest Rate Spread	2.12%	2.13%	2.14%	2.18%
Debt to Equity Ratio	3.1x	3.1x	3.3x	3.4x

MFA FINANCIAL, INC.

Fourth quarter 2016 yields and spreads by asset type

Asset	Yield/Return	Cost of Funds	Net Spread	Debt/Net Equity Ratio
Agency MBS	1.92%	(1.41)%	0.51%	7.7x
Legacy Non-Agency MBS	8.24%	(3.01)%	5.23%	2.3x
3 Year Step-up Securities	3.94%	(2.16)%	1.78%	3.6x
RPL Whole Loans	5.61% (1)	(3.02)%	2.59%	1.4x
NPL Whole Loans	(2)	(3.12)%	(2)	1.5x

(1) Net of 38 bps of servicing costs.

(2) These residential whole loans are held at fair value and produce GAAP income/loss based on changes in fair value in the current period, and therefore results will vary on a quarter-to-quarter basis. MFA expects to realize returns over time on these whole loan investments of 5-7%.

MFA FINANCIAL, INC.

MFA's interest rate sensitivity remains low, as measured by estimated net duration

$ in Millions

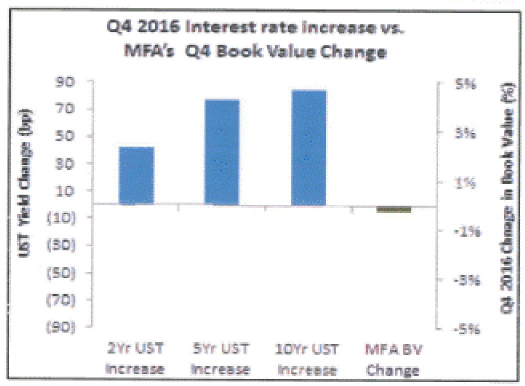
Assets	Market Value	Average Coupon	Duration
Non-Agency ARMs (12 months or less MTR)	$2,538	3.38%	0.4
3 Year Step-up Securities	$2,655	3.92%	0.4
Non-Agency Fixed Rate	$1,038	5.82%	3.0
Residential Whole Loans	$1,436	4.41%	2.7
Agency ARMs (12 months or less MTR)	$1,520	3.07%	0.6
Agency ARMs (13-120 MTR)	$776	2.93%	1.8
Agency 15-Year Fixed Rate	$1,439	3.06%	3.2
Cash, Cash Equivalents and Other Assets	$488		0.1
TOTAL ASSETS	**$11,892**		1.35
Hedging Instruments	**Notional Amount**		**Duration**
Swaps (Less than 3 years)	$1,100		-1.2
Swaps (3-10 years)	$1,800		-3.6
TOTAL HEDGES	**$2,900**		**-2.7**
Estimated Net Duration			**0.71**

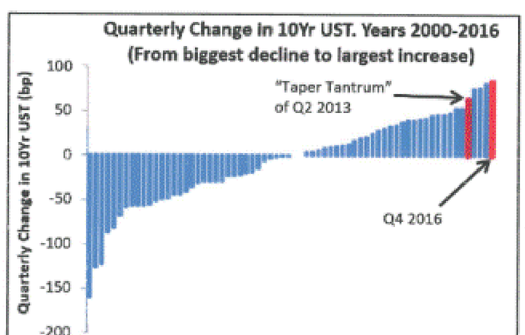
MTR: Months to reset

MFA FINANCIAL, INC.

MFA's book value changed little as rates rose dramatically in Q4

- Over the last few years, MFA has consistently pursued a strategy of maintaining low sensitivity to interest rates. We have achieved this through:
  - Asset selection. Our assets have low duration and very little sensitivity to long-term interest rates.
  - Maintaining low net duration by utilizing the appropriate amount of interest rate swap hedges.
- On 9/30/2016, MFA's net duration was 0.55 and MFA's asset duration was 1.22.
- The 10-year UST increased by 85bp to 2.45% in the 4th quarter, the largest quarterly increase in the last sixteen years. The 2-year UST increased by 43bp to 1.20% resulting in a significant steepening of the yield curve.
- Due to a combination of low net duration and low sensitivity to long term interest rates, MFA's book value was preserved in a volatile quarter.

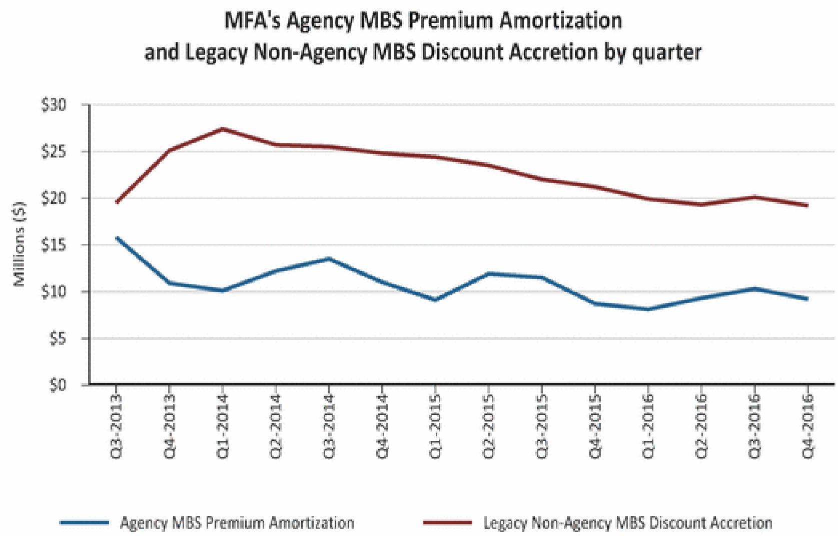




MFA FINANCIAL, INC.

Low sensitivity to prepayment rates

Legacy Non-Agency MBS discount accretion has exceeded Agency MBS premium amortization since 2013.



MFA FINANCIAL, INC.

Continued positive fundamentals for residential mortgage credit

- Fundamental ***and*** technical support for residential credit assets and home prices.
- According to the National Association of Realtors:
    - Total existing-home sales for calendar year 2016 were 5.45 million units, the highest level since 2006.
    - The median existing home price in December 2016 was up 4.0% versus December 2015.
    - Total housing inventory at the end of December 2016 was 1.65 million units, down 10.8% versus November 2016.
- CoreLogic reports that foreclosure inventory continues to decline.

MFA FINANCIAL, INC.

Continued growth in credit sensitive loan portfolio

- Re-performing and Non-performing Loan Portfolio

$ in Millions

December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016	December 31, 2015
$1,405	$1,348	$1,077	$1,024	$895

- At today's market prices, Re-performing and Non-performing residential mortgage loans generate higher yields than residential MBS.

- Residential whole loans are qualifying interests for purposes of REIT qualification and Investment Company Act exemption.

- Significant expected supply.

MFA FINANCIAL, INC.

Credit sensitive residential whole loans: Growing asset class for MFA

- Early results indicate returns to date are consistent with our expectation of 5-7%.
- Utilizes the same residential mortgage credit expertise we have employed in Legacy Non-Agency MBS since 2008.
- We believe that our oversight of servicing decisions (loan modifications, short sales, etc.) produces better NPV outcomes.
- Actively manages its loan portfolio through in-house asset management professionals and utilizes third-party special servicers.

MFA FINANCIAL, INC.

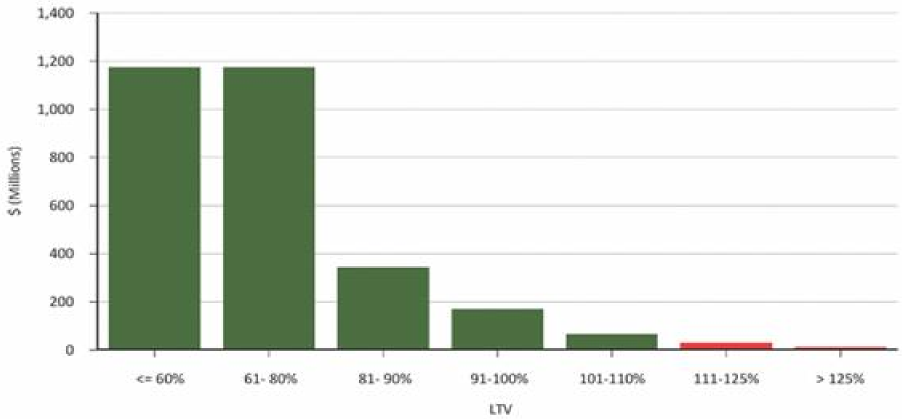
Fourth quarter 3 Year Step-up Securities holdings

- Current market yields of mid to high 3%
- Well protected portfolio with current credit enhancement of 49%
- Very short assets with an average of 18 months remaining to step-up

As of December 31, 2016 Underlying collateral	Fair Value mm	Net Coupon	Months to Step-Up	Current Credit Support	Original Credit Support	3 Month Average Bond CPR
Re-Performing loans	$317	3.60%	13	41%	37%	23.4%
Non-Performing loans and other	$2,338	3.97%	20	47%	45%	25.9%
Total 3 Year Step-up Securities	$2,655	3.92%	19	46%	44%	25.6%

MFA FINANCIAL, INC.

LTV breakdown of non-delinquent mortgage loans underlying MFA's Legacy Non-Agency MBS



- These loans are up to date on all required mortgage payments.
- Underlying loans are over ten years seasoned on average.

Source: CoreLogic
Data as of December 31, 2016

Summary

- We continue to identify and acquire attractive credit sensitive residential mortgage assets.
- We continued to acquire 3 Year Step-Up Securities and credit sensitive mortgage loans during the fourth quarter of 2016.
- Our credit sensitive assets continue to perform well.
- MFA is well-positioned for changes in prepayment rates, monetary policy and/ or interest rates.

Additional Information

Despite recent interest rate increases, book value was largely unchanged for the quarter

Book value per common share as of 9/30/16	$7.64
Net income available to common shareholders	0.18
Common dividend declared during the quarter	(0.20)
Net change attributable to Agency MBS	(0.07)
Net change attributable to Non-Agency MBS and CRT securities	(0.09)
Net change in value of swap hedges	0.16
Book value per common share as of 12/31/16	$7.62

Fourth Quarter Non-Agency MBS impact on MFA book value

	Impact Per Share[1]
Impact of change in market prices	$(0.02)
Realized gains from asset sales: Reallocation from OCI to Retained Earnings	(0.03)
Discount Accretion: Primarily income in excess of coupon on Non-Agency MBS purchased at a discount. This income increases amortized cost and lowers unrealized gains	(0.05)
Principal Paydowns	0.04
Realized Credit Losses	(0.03)
Total	**$(0.09)**

(1) Does not include impact of swap hedges.

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