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 21, 2019**

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))

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 o

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. o

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 21, 2019, announcing its financial results for the quarter ended December 31, 2018, 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 2018 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 21, 2019, announcing MFA’s financial results for the quarter ended December 31, 2018.
99.2	Additional information relating to the financial results of MFA for the quarter ended December 31, 2018.

EXHIBIT INDEX

Exhibit No.	Description
99.1	Press Release, dated February 21, 2019, announcing MFA Financial Inc.'s financial results for the quarter ended December 31, 2018.
99.2	Additional information relating to the financial results of MFA Financial, Inc. for the quarter ended December 31, 2018.

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 21, 2019

Exhibit 99.1

MFA
FINANCIAL, INC.

350 Park Avenue
New York, New York 10022

PRESS RELEASE **FOR IMMEDIATE RELEASE**

February 21, 2019 **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 Fourth Quarter 2018 Financial Results

NEW YORK - MFA Financial, Inc. (NYSE:MFA) today announced its financial results for the fourth quarter ended December 31, 2018.

Fourth Quarter 2018 and other highlights:

- MFA generated fourth quarter GAAP net income of $57.1 million, or $0.13 per common share. As of December 31, 2018, book value per common share was $7.15.
- Net Income was $0.06 per common share lower than the third quarter of 2018, primarily due to unrealized losses on CRT securities and 30-Year Agency MBS and related swap hedges, as market volatility and risk-off sentiment widened credit spreads and mortgage basis. Use of fair value accounting requires quarterly valuation changes on these investments to be included in earnings.
- Continued success in growing the investment portfolio, for the fifth consecutive quarter. MFA added approximately $1.6 billion of residential mortgage assets in the fourth quarter, including $1.0 billion of residential whole loans, increasing the investment portfolio by $565 million.
- Recent growth in MFA's residential whole loan portfolio and net interest income has been largely through acquisition of purchased performing loans, including Non-QM loans, rehabilitation or "fix and flip" loans and single family rental loans.

- On January 31, 2019, MFA paid its fourth quarter 2018 dividend of $0.20 per share of common stock to shareholders of record as of December 28, 2018.

Craig Knutson, MFA's CEO and President, said, "The fourth quarter of 2018, particularly November and December, was a very volatile period for financial assets, as concerns about global growth slowdown increased volatility and led to risk-off investment flows, widening credit spreads. 2019 has thus far been a much more constructive trading environment, and since year-end we have seen a partial recovery in the prices of our assets, particularly those accounted for at fair value. MFA's investment team was very active in the fourth quarter, acquiring nearly $1.6 billion of new assets and growing our investment portfolio by $565 million. Our residential whole loan and REO portfolio increased by $788 million, largely due to acquisitions of purchased performing loans. RPL/NPL MBS increased by $215 million, and MSR-related investments increased by $47 million. As was the case for the third quarter of 2018, the majority of the growth in our residential whole loan portfolio has been through purchases of Non-QM loans, fix and flip loans and single family rental loans. We continue to gain traction on these new acquisition efforts, which involve relationships cultivated over the past year or more. Through our willingness and ability to explore and enter into various arrangements, including flow agreements, strategic alliances and also minority equity investments, we have been able to partner with originators to source attractive new investments, while enabling them to grow with support from MFA as a reliable provider of capital."

"MFA remains well-positioned to generate attractive returns after substantial growth of over $2 billion in our investment portfolio in 2018. With a marked change in expectations around Fed monetary policy for 2019 and beyond, we believe that the investment horizon looks very favorable for levered entities. We expect that we will modestly increase leverage to support further asset growth in 2019, both through repo borrowing and securitization."

Mr. Knutson added, "Through our asset selection and hedging strategy, our estimated net effective duration, a gauge of our portfolio's sensitivity to interest rates, remained relatively low and measured 0.96 at quarter-end. MFA's book value per common share decreased to $7.15 from $7.46 as of September 30, 2018, due primarily to a net reduction in unrealized gains on Legacy Non-Agency MBS and dividend distributions exceeding our GAAP net income. Leverage, which reflects the ratio of our financing obligations to equity, was 2.6:1 at quarter-end."

At December 31, 2018, our investments in residential whole loans totaled $4.7 billion. Of this amount, $3.0 billion is recorded at carrying value and generated a yield of 5.77% during the quarter, and $1.7 billion is recorded at fair value on our consolidated balance sheet. On this portion of the portfolio, we recorded gains for the quarter of approximately $31.7 million, primarily reflecting coupon interest payments and other cash received during the quarter together with changes in the fair value of the underlying loans. In addition, as of the end of the quarter we held approximately $249 million of REO properties. 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.

MFA's Legacy Non-Agency MBS had a face amount of $2.2 billion with an amortized cost of $1.5 billion and a net purchase discount of $670.5 million at December 31, 2018. This discount consists of a $516.1 million credit reserve and other-than-temporary impairments and a $154.3 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 generated a yield of 10.65% for the quarter. The portfolio continues to outperform our credit assumptions and has underlying mortgage loans that are on average approximately thirteen years seasoned and 11.1% are currently 60 or more days delinquent.

As of December 31, 2018, the Agency MBS portfolio totaled $2.7 billion, had an amortized cost basis of 103.9% of par and generated a yield of 2.72% for the fourth quarter. At the end of the fourth quarter, MFA held approximately $1.4 billion of RPL/NPL MBS. These securities had an amortized cost basis of 99.95% of par and generated a yield of 4.82% for the quarter. Our investments in CRT securities totaled $492.8 million at December 31, 2018, and generated a yield of 5.88% for the fourth quarter. During the quarter we opportunistically sold residential mortgage securities for $197.1 million, realizing net gains of $28.6 million ($7.8 million of which had previously been recorded as unrealized gains on CRT securities for which we had elected fair value accounting).

For the three months ended December 31, 2018, MFA's costs for compensation and benefits and other general and administrative expenses were $11.9 million, or an annualized 1.39% of stockholders' equity as of December 31, 2018.

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

Table 1

	Fourth Quarter 2018 Average CPR	**Third Quarter 2018 Average CPR**
Agency MBS	12.5%	16.8%
Legacy Non-Agency MBS	14.7%	16.8%
RPL/NPL MBS *(1)*	12.9%	19.6%

(1) All principal payments are considered to be prepayments for conditional prepayment rate ("CPR") purposes. RPL/NPL MBS 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 from 300 - 400 basis points at 36 - 48 months from issuance or sooner.

As of December 31, 2018, under its swap agreements, MFA had a weighted average fixed-pay rate of interest of 2.42% and a floating receive rate of 2.56% on notional balances totaling $3.2 billion, with an average maturity of 32 months.

The following table presents MFA's asset allocation as of December 31, 2018, and the fourth quarter 2018 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, 2018 **($ in Millions)**	**Agency MBS**	**Legacy Non-Agency MBS**	**RPL/NPL MBS**	**Credit Risk Transfer Securities**	**Residential Whole Loans, at Carrying Value (1)**	**Residential Whole Loans, at Fair Value**	**MSR-Related Assets**	**Other, net (2)**	**Total**
Fair Value/Carrying Value	$ 2,698	$ 1,941	$ 1,377	$ 493	$ 3,017	$ 1,666	$ 612	$ 484	$ 12,288
Less Payable for Unsettled Purchases	—	—	—	—	(16)	(195)	—	—	(211)
Less Repurchase Agreements	(2,384)	(1,448)	(1,085)	(392)	(1,475)	(546)	(474)	(76)	(7,880)
Less Securitized Debt	—	—	—	—	(163)	(521)	—	—	(684)
Less Senior Notes	—	—	—	—	—	—	—	(97)	(97)
Net Equity Allocated	$ 314	$ 493	$ 292	$ 101	$ 1,363	$ 404	$ 138	$ 311	$ 3,416
Debt/Net Equity Ratio *(3)*	7.6x	2.9x	3.7x	3.9x	1.2x	3.1x	3.4x		2.6x
For the Quarter Ended December 31, 2018									
Yield on Average Interest Earning Assets *(4)*	2.72%	10.65%	4.82%	5.88%	5.77%	N/A	5.40%		5.45%
Less Average Cost of Funds *(5)*	(2.36)	(3.30)	(3.27)	(3.19)	(4.11)	(4.33)	(3.41)		(3.28)
Net Interest Rate Spread	0.36%	7.35%	1.55%	2.69%	1.66%	N/A	1.99%		2.17%

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(1) Includes $798.0 million of purchased credit impaired loans, $1.4 billion of Non-QM loans, $494.6 million of Rehabilitation loans, $145.3 million of Single-family rental loans and $224.1 million of seasoned performing loans. At December 31, 2018, the total fair value of these loans is estimated to be approximately $3.1 billion.

(2) Includes cash and cash equivalents and restricted cash, other assets and other liabilities.

(3) Represents the sum of borrowings under repurchase agreements, securitized debt and payable for unsettled purchases as a multiple of net equity allocated. The numerator of our Total Debt/Net Equity Ratio also includes Senior Notes.

(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 December 31, 2018, the amortized cost of our interest earning assets were as follows: Agency MBS - $2.7 billion; Legacy Non-Agency MBS - $1.5 billion; RPL/NPL MBS - $1.4 billion; Credit Risk Transfer securities - $486.2 million; and Residential Whole Loans at carrying value - $3.0 billion. In addition, the yield for residential whole loans at carrying value was 5.67%, net of 10 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 measured at fair value though earnings in our statement of operations. Accordingly, no yield is presented as such loans are not included in interest earning assets for reporting purposes.

(5) Average cost of funds includes interest on repurchase agreements, the cost of swaps, Senior Notes and securitized debt. Agency MBS cost of funds is reduced by 5 basis points and Legacy Non-Agency MBS cost of funds is reduced by 4 basis points associated with swaps to hedge interest rate sensitivity on these assets. Residential Whole Loans at Carrying Value cost of funds includes 4 basis points associated with swaps to hedge interest rate sensitivity on these assets.

At December 31, 2018, MFA's $4.6 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)		
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)**
($ in Millions)									
< 2 years *(5)*	$ 1,042	5	21.2%	$ 1,230	5	15.5%	$ 2,272	5	17.9%
2-5 years	128	40	11.1	—	—	—	128	40	11.1
> 5 years	9	78	0.1	—	—	—	9	78	0.1
ARM-MBS Total	$ 1,179	10	19.9%	$ 1,230	5	15.5%	$ 2,409	7	17.5%
15-year fixed *(6)*	$ 782		8.5%	$ 2		24.0%	$ 784		8.5%
30-year fixed *(6)*	736		4.7	659		13.1	1,395		9.1
40-year fixed *(6)*	—		—	47		15.6	47		15.6
Fixed-Rate Total	$ 1,518		6.8%	$ 708		13.3%	$ 2,226		9.0%
MBS Total	$ 2,697		12.5%	$ 1,938		14.7%	$ 4,635		13.5%

(1) Excludes $1.4 billion of RPL/NPL MBS.
(2) Does not include principal payments receivable of $1.0 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.

Webcast

MFA Financial, Inc. plans to host a live audio webcast of its investor conference call on Thursday, February 21, 2019, at 10:00 a.m. (Eastern Time) to discuss its fourth quarter 2018 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" 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 (i.e., fair) value of MFA's MBS, residential whole loans, CRT securities 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 our portfolio and could require us to reinvest the proceeds received by us 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 our portfolio making their valuation more sensitive to changes in interest rates and could result in lower forecasted cash flows or, in certain circumstances, other-than-temporary impairment on certain Legacy Non-Agency MBS purchased at a discount; 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 modifications, foreclosures and liquidations; 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 MFA's Board of Directors 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 our 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, prepayment risk, credit risk and financing cost associated with such investments; risks associated with our investments in MSR-related assets, including servicing, regulatory and economic risks, 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)	December 31, 2018 (Unaudited)	December 31, 2017
Assets:		
Residential mortgage securities:		
Agency MBS, at fair value ($2,575,331 and $2,727,510 pledged as collateral, respectively)	$ 2,698,213	$ 2,824,681
Non-Agency MBS, at fair value ($3,248,900 and $2,379,523 pledged as collateral, respectively)	3,318,299	3,533,966
Credit Risk Transfer ("CRT") securities, at fair value ($480,315 and $595,900 pledged as collateral, respectively)	492,821	664,403
Residential whole loans, at carrying value ($1,645,372 and $448,689 pledged as collateral, respectively) *(1)*	3,016,715	908,516
Residential whole loans, at fair value ($738,638 and $996,226 pledged as collateral, respectively) *(1)*	1,665,978	1,325,115
Mortgage servicing rights ("MSR") related assets ($611,807 and $482,158 pledged as collateral, respectively)	611,807	492,080
Cash and cash equivalents	51,965	449,757
Restricted cash	36,744	13,986
Other assets	527,785	742,230
Total Assets	$ 12,420,327	$ 10,954,734
Liabilities:		
Repurchase agreements	$ 7,879,087	$ 6,614,701
Other liabilities	1,125,139	1,078,397
Total Liabilities	$ 9,004,226	$ 7,693,098
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; 449,787 and 397,831 shares issued and outstanding, respectively	4,498	3,978
Additional paid-in capital, in excess of par	3,623,275	3,227,304
Accumulated deficit	(632,040)	(578,950)
Accumulated other comprehensive income	420,288	609,224
Total Stockholders' Equity	$ 3,416,101	$ 3,261,636
Total Liabilities and Stockholders' Equity	$ 12,420,327	$ 10,954,734

(1) Includes approximately $209.4 million and $183.2 million of Residential whole loans, at carrying value and $694.7 million and $289.3 million of Residential whole loans, at fair value transferred to consolidated VIEs at December 31, 2018 and December 31, 2017, 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 December 31, 2018 (Unaudited)	Three Months Ended December 31, 2017 (Unaudited)	For the Year Ended December 31, 2018 (Unaudited)	For the Year Ended December 31, 2017
Interest Income:				
Agency MBS	$ 19,508	$ 15,341	$ 62,303	$ 65,355
Non-Agency MBS	56,984	58,384	226,796	271,112
CRT securities	7,437	8,816	33,376	31,715
Residential whole loans held at carrying value	39,133	9,968	100,921	36,187
MSR-related assets	8,171	6,997	28,420	24,830
Cash and cash equivalent investments	588	1,395	2,936	4,249
Other interest-earning assets	923	—	923	—
Interest Income	$ 132,744	$ 100,901	$ 455,675	$ 433,448
Interest Expense:				
Repurchase agreements	$ 62,506	$ 44,903	$ 205,338	$ 186,347
Other interest expense	8,438	3,592	26,848	10,794
Interest Expense	$ 70,944	$ 48,495	$ 232,186	$ 197,141
Net Interest Income	$ 61,800	$ 52,406	$ 223,489	$ 236,307
Other Income, net:				
Net gain on residential whole loans measured at fair value through earnings	$ 31,736	$ 41,385	$ 137,619	$ 90,045
Net realized gain on sales of residential mortgage securities	28,646	9,047	61,307	39,577
Net unrealized (loss)/gain on residential mortgage securities measured at fair value through earnings	(25,039)	13,536	(36,815)	27,709
Net loss on Swaps not designated as hedges for accounting purposes	(13,965)	—	(9,610)	—
Other, net	(428)	1,017	5,474	656
Other Income, net	$ 20,950	$ 64,985	$ 157,975	$ 157,987
Operating and Other Expense:				
Compensation and benefits	$ 7,769	$ 5,415	$ 28,423	$ 31,673
Other general and administrative expense	4,084	3,900	17,653	17,960
Loan servicing and other related operating expenses	10,018	7,483	33,587	22,268
Operating and Other Expense	$ 21,871	$ 16,798	$ 79,663	$ 71,901
Net Income	$ 60,879	$ 100,593	$ 301,801	$ 322,393
Less Preferred Stock Dividends	3,750	3,750	15,000	15,000
Net Income Available to Common Stock and Participating Securities	$ 57,129	$ 96,843	$ 286,801	$ 307,393
Earnings per Common Share - Basic and Diluted	$ 0.13	$ 0.24	$ 0.68	$ 0.79
Dividends Declared per Share of Common Stock	$ 0.20	$ 0.20	$ 0.80	$ 0.80

MFA
FINANCIAL, INC.

Fourth Quarter 2018

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" the negative of these words or similar expressions, are intended to identify "forward-looking statements" within the meaning of Section 27A of the 1933 Act and Section 21E of the 1934 Act 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 (i.e., fair) value of MFA's MBS, residential whole loans, CRT securities 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 our portfolio and could require us to reinvest the proceeds received by us 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 our portfolio making their valuation more sensitive to changes in interest rates and could result in lower forecasted cash flows, or in certain circumstances, other-than-temporary impairment on certain Legacy Non-Agency MBS purchased at a discount; 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 modifications, foreclosures and liquidations; 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 MFA's Board of Directors 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 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; 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, prepayment risk, credit risk and financing cost associated with such investments; risks associated with our investments in MSR-related assets, including servicing, regulatory and economic risks, 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.

Executive summary

- MFA's GAAP EPS in the fourth quarter of 2018 was $0.13, due largely to lower marks on assets impacted by high market volatility, particularly CRT securities and Agency MBS held at fair value.
- For the year 2018, MFA acquired over $5.7 billion of assets, increasing its portfolio by approximately $2.2 billion.
- Our fourth quarter dividend to common stockholders of $0.20 was paid on January 31.
- Market turbulence also affected our book value, which declined approximately 4% to $7.15 from $7.46 per share at September 30, 2018.
- Estimated undistributed taxable income was $0.08 per share at December 31, 2018.

MFA FINANCIAL, INC.

Executive summary (cont'd.)

- Fourth quarter investment activity was very robust as we purchased approximately $1.6 billion of assets and increased our portfolio by more than $550 million during the quarter.
- We added over $1 billion of residential whole loans, including approximately:
  - $700 million of Purchased Performing Loans[1]; and
  - $300 million of Non-Performing Loans
- We continue to pursue new investment structures to strengthen our originator relationships and gain access to loan flow.

(1) Purchased Performing Loans are comprised of Non-QM loans, Fix and Flip Loans, Single Family Rental Loans and Seasoned Performing Loans and are included, along with Purchased Credit Impaired Loans, in Residential whole loans held at carrying value in our consolidated balance sheet.

Executive summary (cont'd.)

- Loan portfolio growth from newly originated loans increased interest income in 2018:
  - Loans held at carrying value[1] produced $101 million of interest income in 2018, almost three times as much as this asset class produced in 2017 ($36 million).
    - $56 million of this $101 million of interest income was from Purchased Performing Loans
      - $27.5 million of this $56 million of interest income was produced in Q4 2018
- MFA's asset management team maintains oversight of servicing of our credit sensitive loans, particularly non-performing loans, to improve outcomes and expected returns.
- Strong credit fundamentals continue to drive performance of our Legacy Non-Agency portfolio, which generated an unlevered yield in the fourth quarter of 10.65%.
- Modest growth in our MSR-related assets and RPL/NPL MBS.
- Sales of low coupon Agency 15-year MBS during 2018

(1) As of December 31, 2018, Residential whole loans held at carrying value includes $2.2 billion of Purchased Performing Loans and $0.8 billion of Purchased Credit Impaired Loans

Investment strategy

Continue to grow investment assets

- Newly originated loans should provide recurring (and increasing) portfolio growth.
- Opportunistic growth in other asset classes

Optimize existing portfolio

- Strategic sales of Legacy Non-Agency MBS
- Re-balance CRT securities to lower basis and increase spread

Optimize Balance Sheet/Capital Structure

- Modest increase in leverage (including securitization) to support asset growth.
- Produce attractive returns that are comparable to peers, but with less risk due to lower leverage, less interest rate exposure and reduced prepayment sensitivity.

Market conditions and investment activity

- Significant change in the posture of the Fed regarding future rate hikes (if any).
- Recent headlines advertising a "housing slump" can be misleading.
- Expand investment opportunities in the form of newly originated whole loans. Acquiring these assets is a unique process:
  - Long gestation periods
  - Creative approach to partnering with originators
  - Flow vs bulk purchases
- Opportunities still exist to purchase non-performing and re-performing credit sensitive whole loans.

Q4 2018 net income per common share of $0.13

Summary Income Statement	Q4 2018 $mm	Q3 2018 $mm
Net Interest Income:		
MBS, CRT, MSR-related	$ 48.4	$ 48.4
Residential whole loans [1]	14.5	11.4
Other interest earning assets less interest on Senior Notes	(1.1)	(1.3)
Net Interest Income	**$ 61.8**	**$ 58.6**
Other Income, net:		
Net gains on residential whole loans measured at fair value	31.7	34.9
Net income impact of MBS and CRT sales [2]	20.8	9.6
Unrealized (loss)/gain on CRT securities measured at fair value	(19.4)	3.7
Net unrealized loss on Agency MBS and related hedges measured at fair value	(11.8)	(1.5)
Other	(0.4)	1.6
Other Income, net:	**$ 21.0**	**$ 48.4**
Operating and Other Expenses	(21.9)	(19.8)
Preferred Dividends	(3.8)	(3.8)
Net Income Available to Common Shareholders	**$ 57.1**	**$ 83.4**
Earnings Per Common Share	**$ 0.13**	**$ 0.19**

(1) 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.

(2) Net income impact of MBS and CRT securities sold is comprised of:

Realized gains on MBS and CRT securities sold	28.6	16.4
Reversal of previously unrealized gains on sold CRT securities held at fair value	(7.8)	(6.8)
	20.8	9.6

Q4 Net income drivers

- Higher net interest income, reflecting continued growth in Purchased Performing Loans.
- Market volatility, resulting in:
  - Lower unrealized gains on CRT securities as credit spreads widened during the quarter; and
  - While rates rallied, mortgage basis widening resulted in net unrealized losses on 30-Year Agency MBS and related hedges.
- Higher income from sales of securities and strong contribution from fair value loans.
- Operating and other expenses higher primarily due to costs associated with loan portfolio growth.

Fourth quarter 2018 investment flows

- Continued robust investment activity with asset acquisitions of approximately $1.6 billion.
- Investment portfolio grew by $565 million in the fourth quarter as we continue to expand our new loan initiatives.
- Opportunistic sales of nearly $200 million of residential mortgage securities in the quarter.

$ in Millions	September 30, 2018	4th Quarter Runoff	4th Quarter Acquisitions	Sales[1], MTM and other changes	December 31, 2018	4th Quarter Change
Residential Whole Loans and REO	$4,144	$(245)	$1,005	$28	$4,932	$788
RPL/NPL MBS	$1,162	$(184)	$406	$(7)	$1,377	$215
MSR-Related Assets	$565	$(75)	$122	$—	$612	$47
CRT Securities	$539	$(1)	$52	$(97)	$493	$(46)
Legacy Non-Agency MBS	$2,173	$(116)	$—	$(116)	$1,941	$(232)
Agency MBS	$2,905	$(166)	$—	$(41)	$2,698	$(207)
Totals	**$11,488**	**$(787)**	**$1,585**	**$(233)**	**$12,053**	**$565**

(1) Includes sales for the quarter of $77.0 million of CRT Securities, $73.4 million of Legacy Non-Agency MBS and $46.7 million of Agency MBS.

2018 investment flows

- Strong portfolio growth and additions of new loan products
  - Grew investment portfolio by approximately $2.2 billion or 22%
  - Doubled our holdings of residential whole loans and REO to approximately $5 billion
    - Started acquiring Non-QM, Fix and Flip and Single Family Rental loans in 2018 and grew our holdings of those loans to approximately $2 billion at year end.

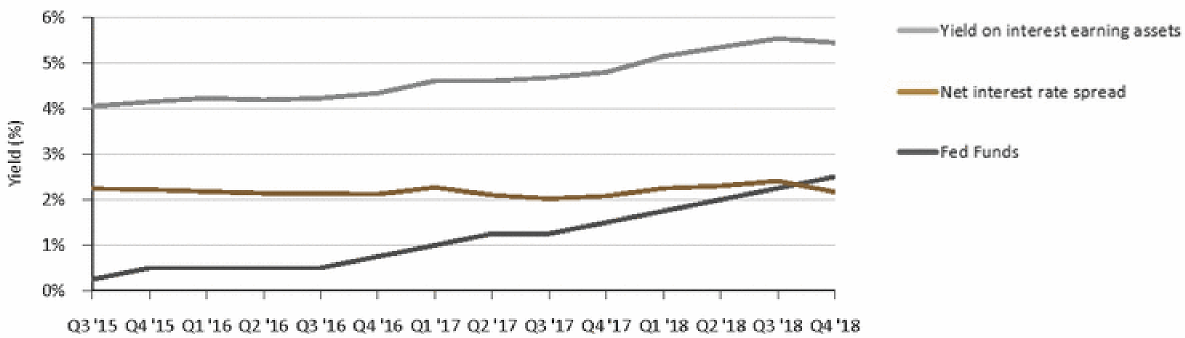
$ in Millions	December 31, 2017	2018 Runoff	2018 Acquisitions	Sales[1], MTM and other changes	December 31, 2018	2018 Change
Residential Whole Loans and REO	$2,386	$(691)	$3,135	$102	$4,932	$2,546
RPL/NPL MBS	$923	$(586)	$1,049	$(9)	$1,377	$454
MSR-Related Assets	$492	$(515)	$635	$—	$612	$120
CRT Securities	$664	$(13)	$156	$(314)	$493	$(171)
Legacy Non-Agency MBS	$2,611	$(529)	$7	$(148)	$1,941	$(670)
Agency MBS	$2,825	$(712)	$758	$(173)	$2,698	$(127)
Totals	**$9,901**	**$(3,046)**	**$5,740**	**$(542)**	**$12,053**	**$2,152**

(1) Includes sales for the year of $299.9 million of CRT Securities, $117.1 million of Legacy Non-Agency MBS and $122.0 million of Agency MBS.

MFA's yields and spreads remain attractive

- Despite Fed Funds increasing by 225bp in the last three years, MFA's interest rate spread is relatively unchanged and remains attractive.
  - During this period yield on interest earning assets has risen.
    - MFA's credit sensitive investments have benefited from continued improvements in credit fundamentals.
    - We have successfully identified higher yielding assets in a rising rate environment. Most recently by adding Purchased Performing Loans such as Non-QM, Fix and Flip and SFR loans.
  - Funding costs have risen more slowly than Fed Funds.
    - Interest rate swaps and securitizations have mitigated increases in repo costs.
    - Funding spreads have improved as rates have risen.

MFA's yield on interest earning assets, net interest rate spread and Fed Funds



Fourth quarter 2018 yields and spreads by asset type

Asset	Amount (millions)	Net Equity Allocated (millions)	Yield/ Return	Cost of Funds	Net Spread	Debt/Net Equity Ratio
Whole Loans at Carrying Value	$3,017	$1,363	5.67% (1)	(4.11)% (3)	1.56%	1.2x
Whole Loans at Fair Value	$1,666	$404	N/A (2)	(4.33)%	N/A	3.1x
Legacy Non-Agency MBS	$1,941	$493	10.65%	(3.30)% (3)	7.35%	2.9x
RPL/NPL MBS	$1,377	$292	4.82%	(3.27)%	1.55%	3.7x
Agency MBS	$2,698	$314	2.72%	(2.36)% (3)	0.36%	7.6x
Credit Risk Transfer Securities	$493	$101	5.88%	(3.19)%	2.69%	3.9x
MSR-Related Assets	$612	$138	5.40%	(3.41)%	1.99%	3.4x

(1) Net of 10 bps of servicing costs.
(2) These residential whole loans 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 investments of 5-7%.
(3) Agency MBS cost of funds reduced by 5 bps and Legacy Non-Agency cost of funds reduced by 4 bps associated with swaps to hedge interest rate sensitivity on these assets. Whole Loans at Carrying Value cost of funds increased by 4 bps associated with swaps to hedge interest rate sensitivity on these assets.

MFA's net interest rate sensitivity remains low at 0.96

- Excluding hedges, our asset duration remains relatively low at 1.64.
- Our assets continue to be primarily sensitive to mortgage credit fundamentals.
- In addition, our leverage remains low, with a debt-to-equity ratio of 2.6x.

Duration Risk

Assets (in millions)		Market Value	Average Coupon	Duration
Non-Agency ARMs and CRTs	$	1,723	4.41%	0.4
RPL/NPL MBS	$	1,377	4.82%	0.7
Non-Agency Fixed Rate	$	711	5.84%	3.0
Residential Whole Loans	$	4,770	5.17%	2.2
MSR-Related Assets	$	612	5.26%	0.6
Agency ARMs	$	1,179	3.91%	0.9
Agency 15-Year Fixed Rate	$	782	3.09%	2.9
Agency 30-Year Fixed Rate	$	736	4.50%	3.0
Cash, cash equivalents and Other Assets	$	340		0.2
Total Assets	**$**	**12,230**		**1.64**

Hedging Instruments (in millions)		Notional/ Market Value	Duration
Swaps (Less than 3 years)	$	2,670	-1.8
Swaps (3-10 years)	$	547	-5.1
Securitized Debt	$	680	-1.2
Total Hedges	**$**	**3,897**	**-2.2**

Estimated Net Duration	0.96

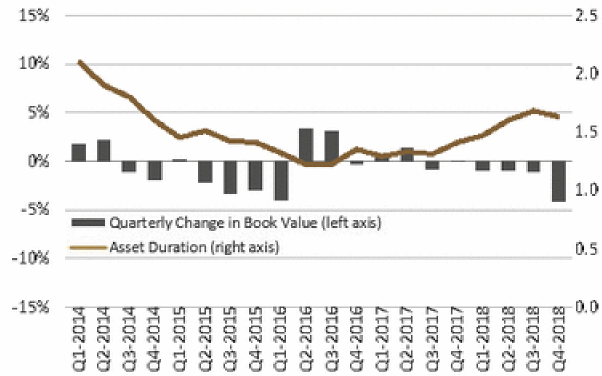
Portfolio sensitivity to Rates

Parallel interest rate shift	Estimated Change in portfolio value	Estimated Change as a % of Equity
-100bp	0.7%	2.6%
-50bp	0.4%	1.5%
+50bp	-0.5%	-1.9%
+100bp	-1.2%	-4.3%

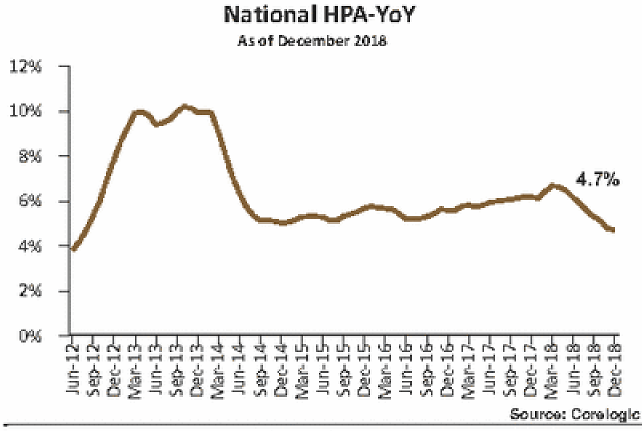
MFA's strategy continues to limit quarterly book value fluctuations

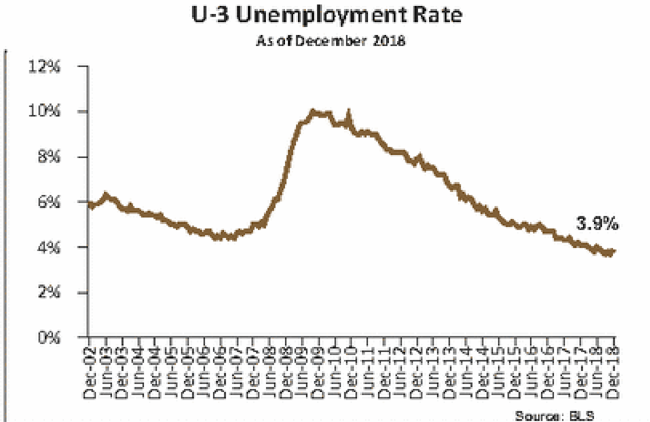
- Through asset selection and risk management MFA has consistently limited quarterly book value fluctuations.
- Since 2014 MFA's average quarterly book value change has been less than 2%. Largest quarterly book value decline was 4%.
- Protecting book value gives MFA the ability to take advantage of new opportunities as they arise.

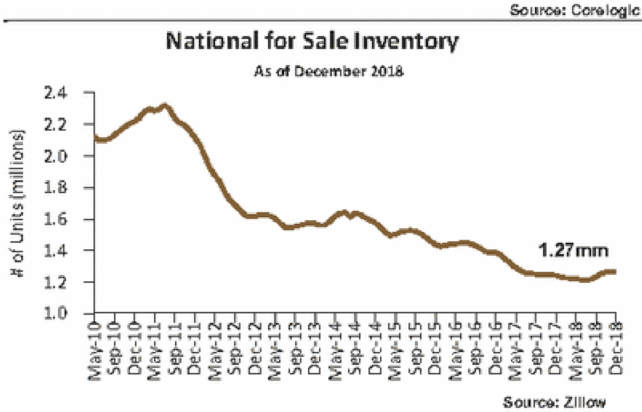
Quarterly change in MFA's Book Value (left axis) and MFA's Asset Duration by Quarter (right axis)

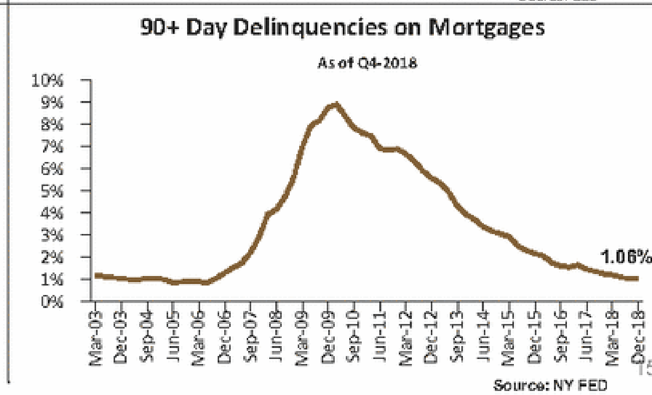


Continued positive fundamentals for residential mortgage credit



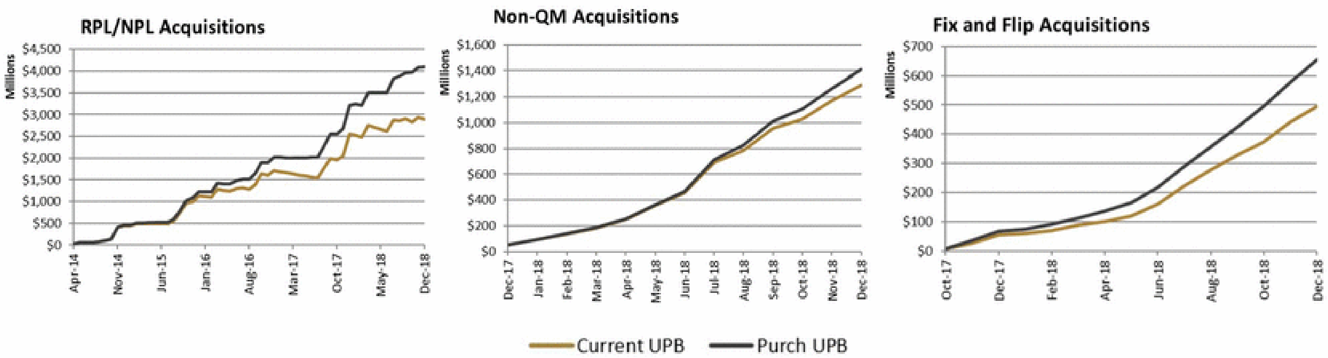






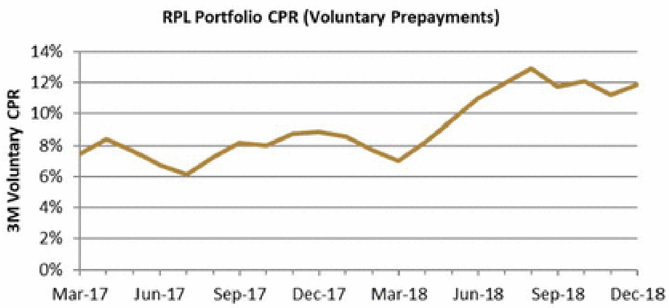
Residential whole loan portfolio

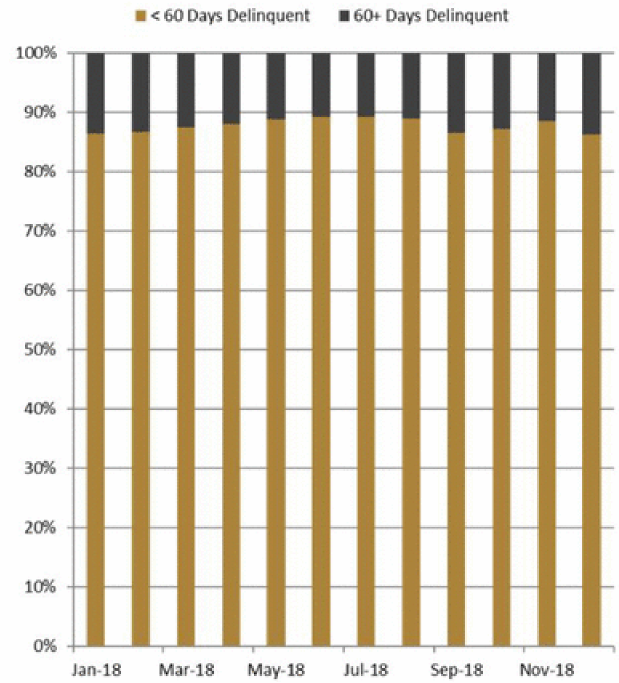
- We added over $1 billion of residential whole loans in the fourth quarter of 2018.
- We continue to grow our portfolio of Non-QM, Fix & Flip and Single Family Rental loans adding origination partners and strengthening our existing relationships.
- Our seasoned loan portfolio continues to outperform our expectations.



RPL portfolio delinquency characteristics as of 12/31/2018

- 86% of our RPL portfolio is less than 60 days delinquent.
- On average, 28% of the 60+ days delinquent loans are making payments.
- Prepayment speeds have outperformed expectations maintaining a range between 6% and 14%.





Performance of Non-Performing[1] loans purchased before 12/31/17

	Acquisition Year				
	2014	2015	2016	2017	Total
Loan Count	743	2,365	1,069	3,125	7,302
UPB Purchased (in millions)	$161.3	$619.9	$301.3	$704.7	$1,787.2
12/31/2018 Status					
Performing[1]/PIF	36%	26%	30%	37%	32%
Liquidation/REO	49%	47%	46%	25%	38%
Non-Performing[2]	15%	27%	24%	38%	30%
Total	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.
- In addition, 38% of our NPL portfolio has liquidated or converted to REO.
- Measured by UPB at purchase, 32% (or approximately 2,500) of loans that were non-performing at purchase are either performing or have paid in full as of December 2018.
- 76% of MFA-modified loans are either performing today or have paid in full.

(1) Performing over time defined as less than 60 days delinquent or made a P&I payment in December 2018
(2) Non-Performing at purchase defined as greater than or equal to 60 days delinquent

Non-QM investments

- We are purchasing loans made to creditworthy borrowers who have limited conventional mortgage finance options.
- Since inception we have purchased over $1.8 billion UPB (including approximately $400 million since 12/31/18).
- Currently working with several origination partners.
- Able to achieve appropriate leverage through warehouse lines and potentially through capital markets transactions.
- Targeted yield on Non-QM assets of 5% and ROE of low double digits.

Non-QM Portfolio Statistics (12/31/18)	
WA LTV	65%
WA FICO	707
WA Coupon	6.50%
Avg Balance	$412,792
Total UPB (in millions)	$1,293.8
Hybrid ARM's	78%
Fixed Rate	22%
Top 2 States	
CA	56%
FL	15%

Business purpose loans - Rehabilitation and Single Family Rental (SFR) Loans

We continue to grow our holdings of Rehabilitation and SFR loans as we expand our existing originator relationships and develop new ones. Since inception we have acquired (including undrawn commitments) over $900 million of Rehabilitation and SFR loans.

Rehabilitation loans ("Fix and Flip")

- Fixed rate short term loans collateralized by residential property. Term is generally less than 24 months.
- Borrower intends to rehabilitate property and resell.
- Non-owner occupied business purpose loans.
- Target yield of 7%

SFR Loans

- Hybrid and fixed rate loans collateralized by residential property/properties. Term is 30 years.
- Borrower intends to rent out property.
- Non-owner occupied business purpose loans.
- Target yield of 6%.

Rehabilitation Portfolio Statistics (12/31/18)	
WA ARV-LTV*	65%
WA FICO	705
WA Term	14
WA Passthrough Rate	7.39%
UPB	$495mm
Undrawn Commitments	$50mm

SFR Portfolio Statistics (12/31/18)	
WA LTV	70%
WA FICO	747
WA DSCR**	1.5x
WA Coupon	6.32%
5/1 Hybrid Loans	83%
UPB	$145mm

* WA ARV-LTV: Weighted average after repair loan to value
** WA DSCR: Weighted average debt service coverage ratio

Summary

- Continued robust investment activity, growing the portfolio for the fifth consecutive quarter. During 2018, we purchased over $5.7 billion of assets and grew our portfolio by $2.2 billion.
- Growth in acquisitions of newly originated performing whole loans has resulted in significantly higher net interest income in the second half of 2018.
- While market volatility and risk off sentiment impacted earnings and book value in the fourth quarter, market conditions have since stabilized. Credit spread and mortgage basis tightening since year-end have led to partial recovery of these unrealized losses.
- Despite the challenging investment environment in 2018, particularly in the fourth quarter, MFA generated an economic return for the year of 3.3%.

Additional Information

MFA FINANCIAL, INC.

Book value changes were primarily due to lower unrealized gains on Non-Agency MBS and dividends exceeding GAAP net income

	Qtr ended 12/31/18	Year ended 12/31/18
Book value per common share at the beginning of the period	$7.46	$7.70
Net income available to common shareholders	0.13	0.68
Common dividends declared	(0.20)	(0.80)
Net change attributable to Agency MBS	0.02	(0.03)
Impact of Discount Accretion and realization of gains on sale of Non-Agency MBS that results in a reduction of unrealized gains	(0.08)	(0.28)
Fair value and other net changes attributable to Non-Agency MBS	(0.14)	(0.15)
Net change in value of swap hedges	(0.04)	0.03
Book value per common share as of 12/31/18	$7.15	$7.15