

An aerial photograph of a suburban neighborhood. The houses are painted in various colors like red, blue, yellow, and purple, giving it a stylized appearance. Winding asphalt roads cut through the green lawns and trees. The scene is captured from a high angle, looking down on the community.

# Company Update

SECOND QUARTER 2024

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**MFA**  
FINANCIAL, INC.



# Forward-looking statements

When used in this presentation or other written or oral communications, statements that are not historical in nature, including those containing words such as “will,” “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “could,” “would,” “may,” the negative of these words or similar expressions, are intended to identify “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and, as such, may involve known and unknown risks, uncertainties and assumptions. These forward-looking statements include information about possible or assumed future results with respect to MFA’s business, financial condition, liquidity, results of operations, plans and objectives. Among the important factors that could cause our actual results to differ materially from those projected in any forward-looking statements that we make are: general economic developments and trends and the performance of the housing, real estate, mortgage finance, broader financial markets; inflation, increases in interest rates and changes in the market (i.e., fair) value of MFA’s residential whole loans, MBS, securitized debt and other assets, as well as changes in the value of MFA’s liabilities accounted for at fair value through earnings; the effectiveness of hedging transactions; changes in the prepayment rates on residential mortgage assets, an increase of which could result in a reduction of the yield on certain investments in its portfolio and could require MFA to reinvest the proceeds received by it as a result of such prepayments in investments with lower coupons, while a decrease in which could result in an increase in the interest rate duration of certain investments in MFA’s portfolio making their valuation more sensitive to changes in interest rates and could result in lower forecasted cash flows; credit risks underlying MFA’s assets, including changes in the default rates and management’s assumptions regarding default rates and loss severities on the mortgage loans in MFA’s residential whole loan portfolio; MFA’s ability to borrow to finance its assets and the terms, including the cost, maturity and other terms, of any such borrowings; implementation of or changes in government regulations or programs affecting MFA’s business; MFA’s estimates regarding taxable income, the actual amount of which is dependent on a number of factors, including, but not limited to, changes in the amount of interest income and financing costs, the method elected by MFA to accrete the market discount on residential whole loans and the extent of prepayments, realized losses and changes in the composition of MFA’s residential whole loan portfolios that may occur during the applicable tax period, including gain or loss on any MBS disposals or 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; targeted or expected returns on our investments in recently-originated mortgage loans, the performance of which is, similar to our other mortgage loan investments, subject to, among other things, differences in prepayment risk, credit risk and financing costs associated with such investments; risks associated with the ongoing operation of Lima One Holdings, LLC (including, without limitation, industry competition, unanticipated expenditures relating to or liabilities arising from its operation (including, among other things, a failure to realize management’s assumptions regarding expected growth in business purpose loan (BPL) origination volumes and credit risks underlying BPLs, including changes in the default rates and management’s assumptions regarding default rates and loss severities on the BPLs originated by Lima One); expected returns on MFA’s investments in nonperforming residential whole loans (“NPLs”), which are affected by, among other things, the length of time required to foreclose upon, sell, liquidate or otherwise reach a resolution of the property underlying the NPL, home price values, amounts advanced to carry the asset (e.g., taxes, insurance, maintenance expenses, etc. on the underlying property) and the amount ultimately realized upon resolution of the asset; risks associated with our investments in MSR-related assets, including servicing, regulatory and economic risks; risks associated with our investments in loan originators; risks associated with investing in real estate assets generally, including changes in business conditions and the general economy; and other risks, uncertainties and factors, including those described in the annual, quarterly and current reports that we file with the SEC. These forward-looking statements are based on beliefs, assumptions and expectations of MFA’s future performance, taking into account information currently available. Readers and listeners 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 at a glance

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Leading hybrid mortgage REIT with extensive experience in managing residential mortgage assets through economic cycles

Total assets

**\$11.1B**

as of June 30, 2024

Total equity

**\$1.9B**

as of June 30, 2024

Dividend yield

**13.1%**

as of August 6, 2024

Listed on NYSE in

**1998**

NYSE: MFA

Common dividends

**\$4.7B**

paid since IPO

Loans acquired<sup>1</sup>

**\$23B**

since 2014

# Q2 2024 financial snapshot

GAAP  
book value

**\$13.80**

per common share

Economic  
book value<sup>2</sup>

**\$14.34**

per common share

GAAP net income<sup>3</sup>

**\$0.32**

per common share

Distributable  
earnings<sup>4</sup>

**\$0.44**

per common share

Recourse leverage<sup>5</sup>

**1.7x**

Unrestricted cash

**\$289M**

Q2 Dividend

**\$0.35**

per common share

Total economic  
return<sup>6</sup>

**2.6%**

Q2 2024

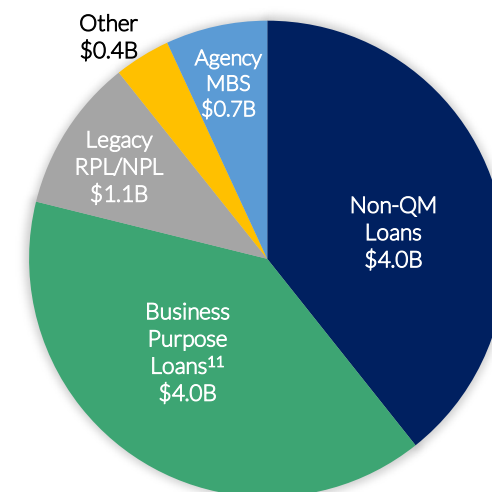
## Q2 2024 Company Highlights

- ❑ Protected book value during another volatile quarter for interest rates
  - GAAP book value remained unchanged and Economic book value rose to \$14.34 per share
- ❑ Generated Distributable earnings of \$0.44 per share
  - Net interest income rose to \$53.5M, up from \$47.8M in Q1
  - Declared \$0.35 dividend
  - Ended Q2 with \$289M of unrestricted cash
- ❑ Acquired or originated \$688M of high-yielding residential mortgage loans
  - Lima One originated loans with a maximum UPB of \$412M<sup>7</sup> at average coupon of 10%
- ❑ Continued to prioritize non-mark-to-market (non-MTM)<sup>8</sup> funding sources
  - Issued two securitizations collateralized by \$557M UPB of residential loans
  - Issued \$75M of 9.00% senior unsecured notes due in August 2029

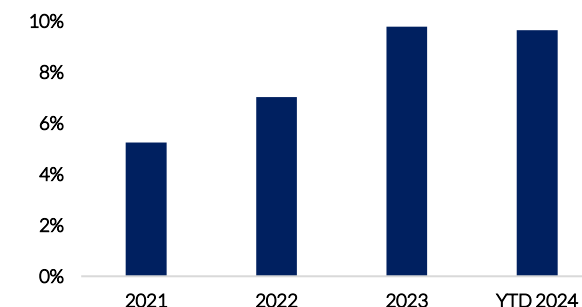
## Q2 2024 Investment Activity

- Acquired \$864M of residential loans and securities, growing investment portfolio to \$10.2B
  - Lima One funded \$422M<sup>9</sup> of new business purpose loans (BPLs) and draws on existing loans
  - Purchased \$266M of non-qualified mortgage (Non-QM) loans
  - Added \$176M of Agency MBS
  - Sold \$12M of single-family rental (SFR) loans, \$27M of MSR-related securities and \$26M of REO properties
  - Portfolio runoff was \$643M, up from \$422M in Q1
- High interest rates continue to provide opportunities to add new residential mortgage assets at attractive yields
  - Average coupon on all loans acquired in Q2 was 9.6%
  - Average coupon in Lima One origination pipeline exceeds 10%
  - Incremental ROE for new investments expected to be mid-teens

Investment Portfolio at June 30<sup>10</sup>

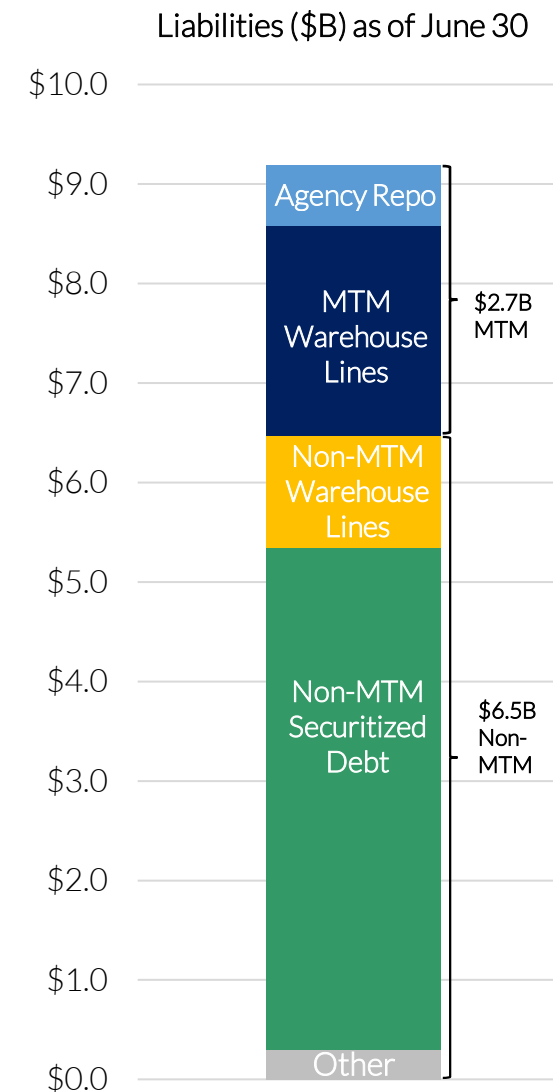


Average Coupon on Loan Acquisitions



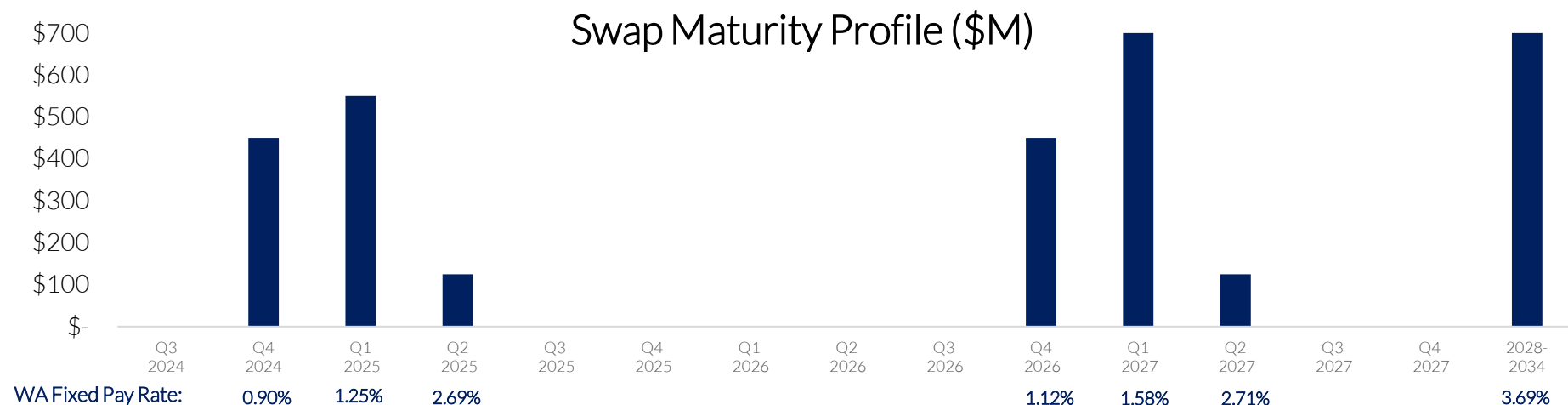
## Q2 2024 Liability Highlights

- Most of our borrowing costs remain stable due to fixed-rate securitizations and interest rate hedges
  - Effective cost of funds in Q2 was 4.63%
- Issued two securitizations during the quarter
  - Collateralized by \$557M UPB of Transitional and Non-QM loans
  - Called NPL securitization in May and subsequently issued a rated RPL securitization in July
- Overall leverage was 4.7x and recourse leverage was 1.7x at June 30
  - \$2.7B of unused financing capacity across all loan product types
- Paid off \$170M remaining balance of convertible notes that matured in June
- Issued \$75M of 9.00% senior unsecured notes due in August 2029
  - Follows \$115M offering in Q1 of 8.875% notes due in February 2029
  - Both issuances are callable in 2026



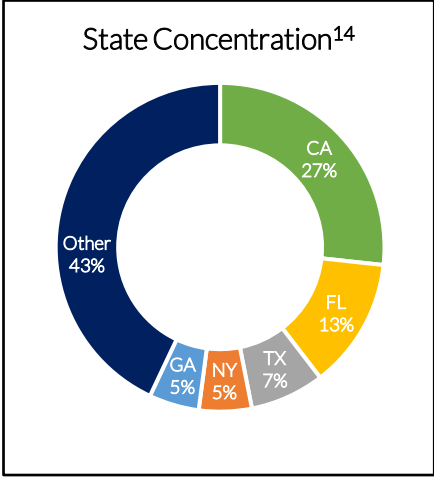
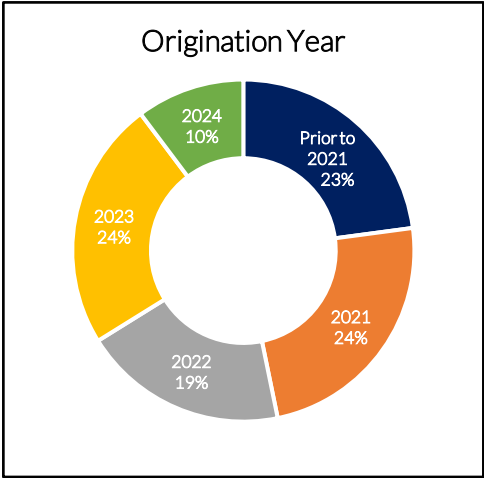
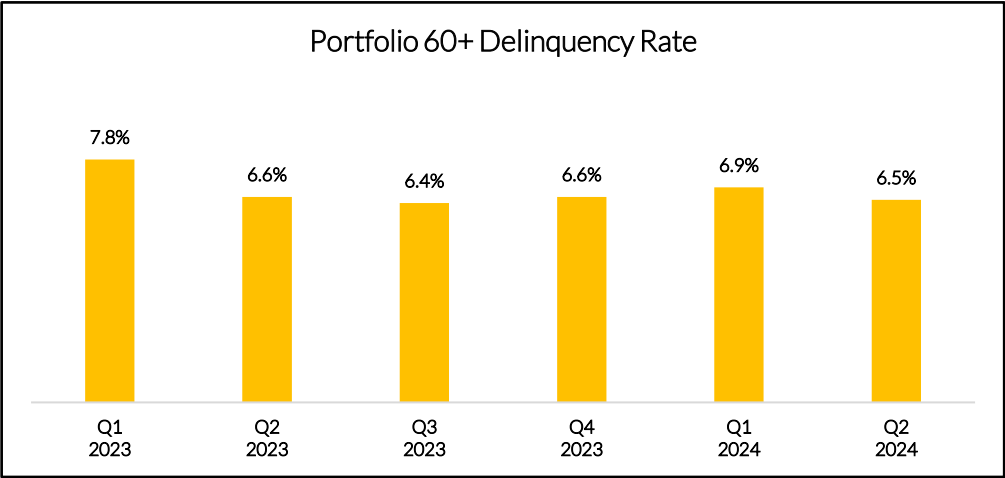
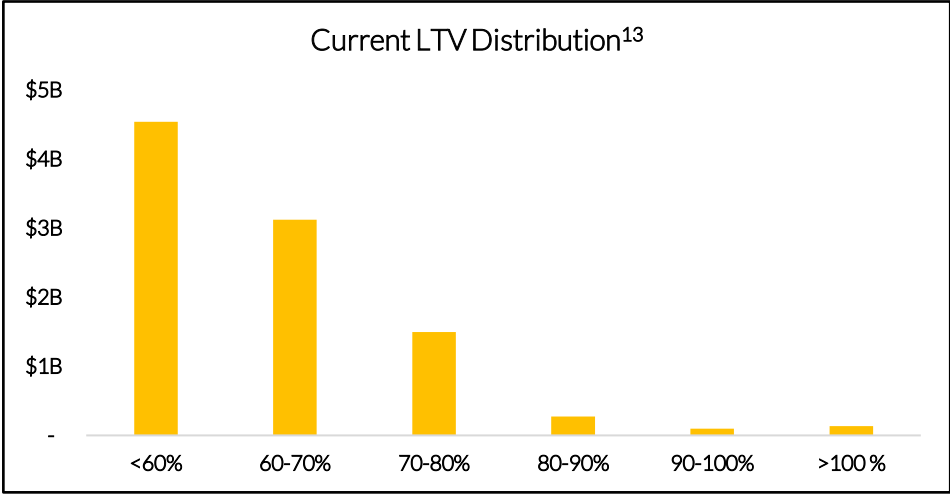
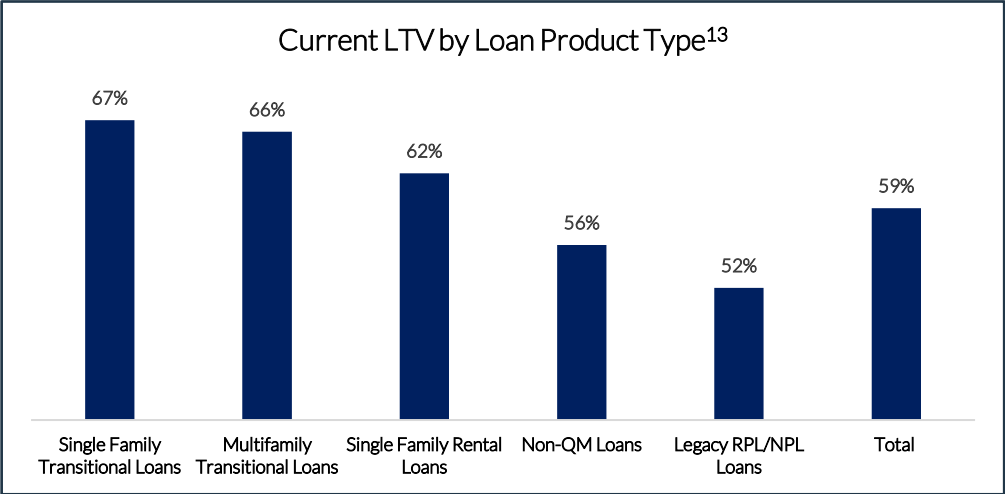
## Q2 2024 Interest Rate Swaps

- ▣ Positive carry on our interest rate swap position is nearly 350 bps
  - \$3.3B interest rate hedge placed primarily in late 2021 and early 2022
  - Weighted average fixed pay rate was 1.92% and variable receive rate was 5.33%<sup>12</sup> at June 30
  - Net positive swap carry of \$29M in Q2
- ▣ \$3.3B swap position vs. \$3.7B of floating-rate liabilities
  - \$1B of rate swaps mature between Q4 2024 and Q1 2025
- ▣ Net portfolio duration of 1.12 at June 30



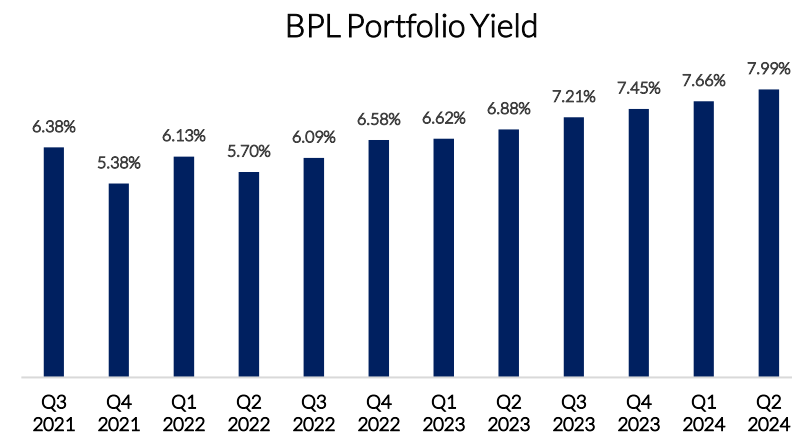
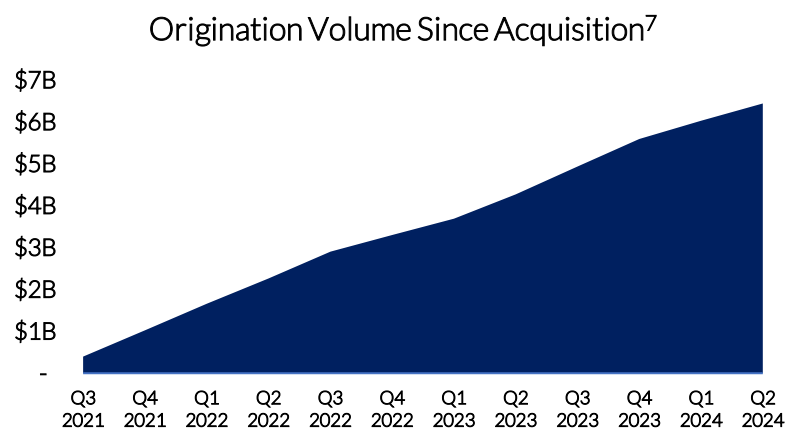


# Q2 2024 Portfolio Credit Metrics



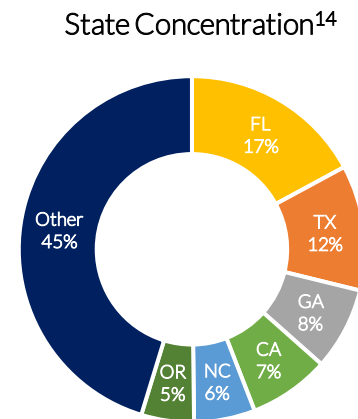
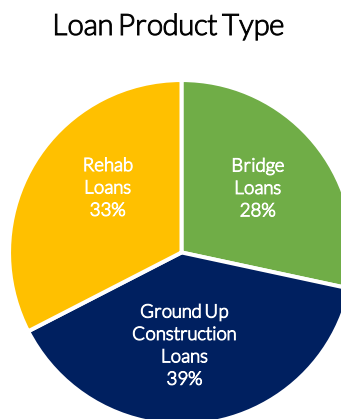
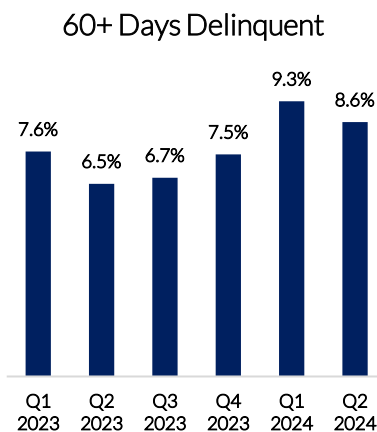
## Q2 2024 Lima One Highlights

- \$412M of origination volume in Q2<sup>7</sup>
  - Average LTV<sup>15</sup> of 66% and FICO score of 753
  - Origination fees, servicing fees and other fee income totaled \$7.6M
- Lima One has originated \$6.4B<sup>7</sup> of BPLs for MFA's balance sheet in the three years since our acquisition in Q3 2021
- Lima offers a broad range of loan products to real estate investors nationwide including rehab loans, bridge loans, construction loans, rental loans and small-balance multifamily loans
- 60+ day delinquency rate rose modestly to 4.8% for BPLs originated by Lima One



## Q2 2024 Single-family Transitional Loans

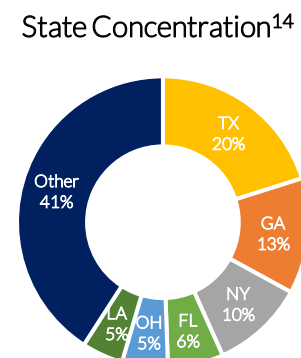
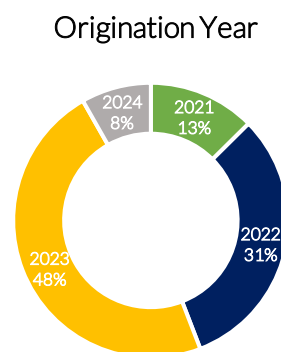
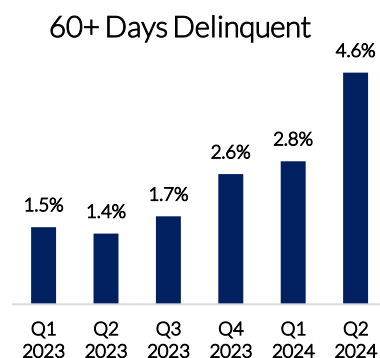
- Lima One originated \$279M<sup>7</sup> of new loans
  - Average ARV-LTV of 66% and average coupon of 10.7%
- Issued our fifth Transitional loan securitization in May
  - Collateral includes \$48M UPB of Single-family transitional loans
  - \$1.1B UPB of Single-family transitional loans have been financed via these revolving structures since 2022



Portfolio statistics	6/30/24	3/31/24
UPB (\$M)	\$1,227	\$1,265
Maximum loan amount (\$M)	\$1,634	\$1,691
Average maximum loan amount	\$577K	\$561K
Gross coupon	10.39%	10.18%
Quarterly yield	9.75%	9.04%
LTV <sup>15</sup>	67%	66%
Original FICO score	748	746
Loan age (months)	11	11
Ground-up construction	39%	40%
3-month repayment rate <sup>16</sup>	66 CPR	52 CPR
60+ days delinquent	8.6%	9.3%
REO properties <sup>17</sup>	\$23M	\$27M

## Q2 2024 Multifamily Transitional Loans

- Multifamily loan portfolio of \$1.2B UPB
  - Lima One originated \$23M<sup>7</sup> of new loans at average ARV-LTV of 61% and average coupon of 10.8%
  - Portfolio is comprised of short-term rehab and bridge loans
- Issued our fifth Transitional loan securitization in May
  - Collateral includes \$143M UPB of multifamily loans
  - \$622M UPB of multifamily loans have been financed via these revolving structures since 2022

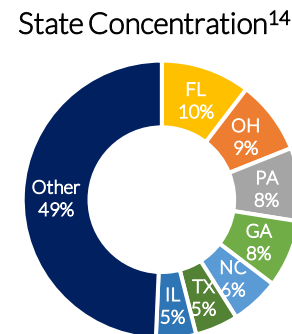
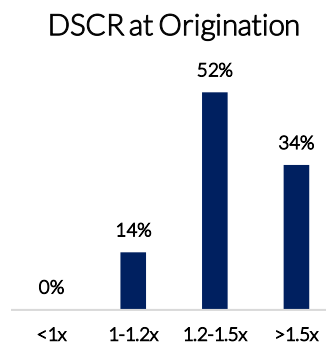
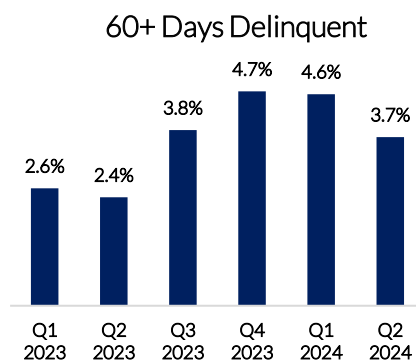


Portfolio statistics	6/30/24	3/31/24
UPB (\$M)	\$1,184	\$1,237
Maximum loan amount (\$M)	\$1,267	\$1,340
Average maximum loan amount	\$3.3M	\$3.3M
Gross coupon	8.98%	8.72%
Quarterly yield	8.34%	8.33%
LTV <sup>15</sup>	66%	63%
Original FICO score	748	747
Loan age (months)	15	13
3-month repayment rate <sup>16</sup>	24 CPR	10 CPR
60+ days delinquent	4.6%	2.8%
Extended UPB	11%	9%
REO properties <sup>17</sup>	\$3M	—



## Q2 2024 Single-family Rental Loans

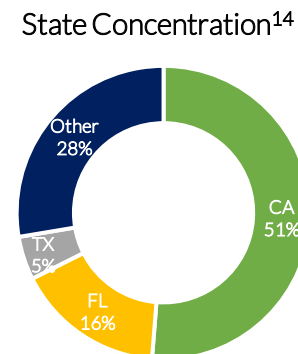
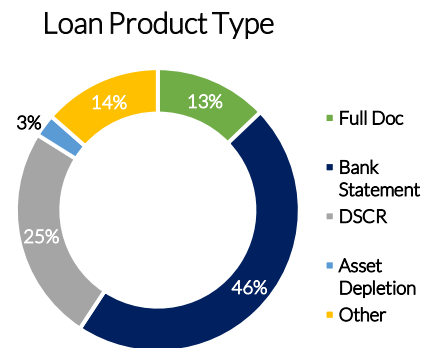
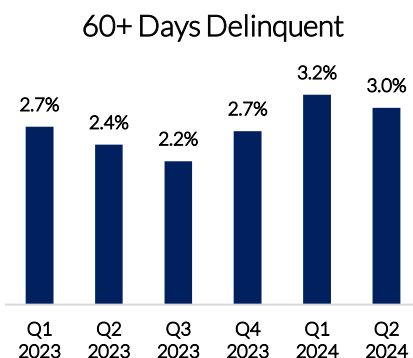
- Single-family rental (SFR) loan portfolio surpassed \$1.7B UPB
  - Lima One originated \$110M UPB of SFR loans with average LTV of 68% and average coupon of 8.0%
  - Sold \$12M UPB of SFR loans with average coupon of 8.04%
- Issued seven securitizations collateralized by \$1.6B UPB of SFR loans since 2021
  - 85% of financing for SFR loans is non-MTM<sup>8</sup>



Portfolio statistics	6/30/24	3/31/24
UPB (\$M)	\$1,713	\$1,666
Average loan balance	\$227K	\$231K
Gross coupon	6.62%	6.57%
Quarterly yield	6.47%	6.21%
Original LTV	69%	69%
Current LTV <sup>13</sup>	62%	64%
Original FICO score	739	738
DSCR <sup>18</sup>	1.45x	1.45x
Loan age (months)	23	22
Hybrid ARMs	28%	27%
Cash-out refinance	68%	69%
3-month prepayment rate <sup>16</sup>	7 CPR	6 CPR
60+ days delinquent	3.7%	4.6%
REO properties <sup>17</sup>	\$13M	\$6M

## Q2 2024 Non-QM Loans

- Non-QM loan portfolio grew to \$4.2B UPB
  - Acquired \$261M UPB of new loans with average LTV of 63% and average coupon of 8.4%
- Issued our 14<sup>th</sup> Non-QM securitization in April collateralized by \$365M UPB of loans
  - 78% of Non-QM loan portfolio is financed via securitization
  - \$5.2B UPB securitized since strategy inception

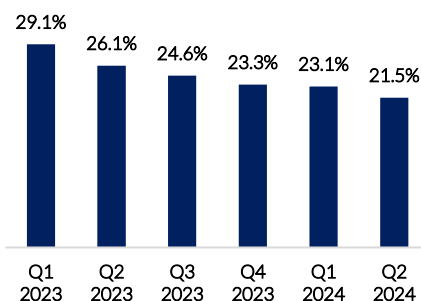


Portfolio statistics	6/30/24	3/31/24
UPB (\$M)	\$4,184	\$4,060
Average loan balance	\$508K	\$498K
WA gross coupon	6.30%	6.16%
Quarterly yield	5.49%	5.39%
Original LTV	66%	66%
Current LTV <sup>13</sup>	56%	56%
Original FICO score	735	734
Loan age (months)	28	27
Fixed rate	80%	80%
Hybrid ARMs	20%	20%
Purchase	52%	52%
Cash-out refinance	37%	37%
3-month prepayment rate <sup>16</sup>	11 CPR	8 CPR
60+ days delinquent	3.0%	3.2%
REO properties <sup>17</sup>	\$2M	\$2M

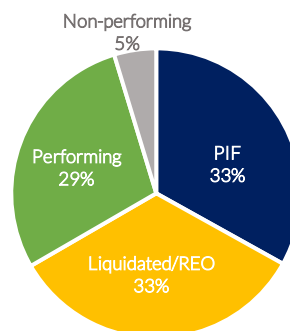
## Q2 2024 Legacy RPL/NPL Loans

- Achieving favorable outcomes due to home price appreciation and intensive asset management
  - 95% of Legacy RPL/NPL loans purchased since 2014 (\$4.4B UPB) were performing, paid in full (PIF), REO or liquidated as of June 30
  - 77% of loans modified by MFA were either performing or PIF
  - LTV has declined to 52%<sup>13</sup>
- Issued rated securitization in July 2024 collateralized by \$303M UPB of primarily re-performing loans

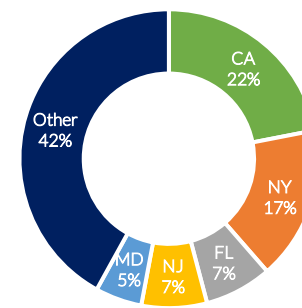
60+ Days Delinquent



Loan Resolution Status<sup>19</sup>



State Concentration<sup>14</sup>



Portfolio statistics	6/30/24	3/31/24
UPB (\$M)	\$1,284	\$1,325
Average loan balance	\$196K	\$199K
Gross coupon	5.12%	5.06%
Quarterly yield	8.72%	7.62%
Current LTV <sup>13</sup>	52%	53%
Original FICO score	647	647
Fixed rate	82%	82%
Hybrid ARMs	18%	18%
24-month clean pay	44%	43%
WA loan age (months)	216	213
3-month prepayment rate <sup>16</sup>	11 CPR	9 CPR
60+ days delinquent	21.5%	23.1%
REO properties <sup>17</sup>	\$67M	\$71M



# Appendix



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## MFA Financial Overview

- ❑ MFA Financial, Inc. (NYSE: MFA) is an internally managed real estate investment trust (REIT) that invests in U.S. residential mortgage loans and mortgage-backed securities
- ❑ MFA focuses primarily on mortgage subsectors in which it tries to avoid direct competition with banks and government-sponsored enterprises
- ❑ MFA owns a diversified portfolio of business purpose loans (BPLs), non-qualified mortgage (Non-QM) loans, re-performing/non-performing loans (Legacy RPL/NPLs) and residential mortgage-backed securities
- ❑ In 2021, MFA acquired Lima One Capital, a leading nationwide BPL originator and servicer with nearly \$10B<sup>7</sup> in originations since its formation in 2010
- ❑ MFA originates BPLs directly through Lima One and acquires Non-QM loans through flow and mini-bulk arrangements with a select group of originators with which it holds strong relationships
- ❑ MFA operates a leading residential credit securitization platform with \$9.5B of issuance since inception
- ❑ MFA has deep expertise in residential credit as well as a long history of investing in new asset classes when compelling opportunities arise
- ❑ Since its IPO in 1998, MFA has distributed \$4.7 billion of dividends to its stockholders

# Lima One: Leading Nationwide BPL Originator and Servicer



## Fully Integrated BPL Platform

- ❑ Lima One, a wholly-owned subsidiary of MFA, is an industry-leading, fully integrated business purpose lending platform
- ❑ Lima operates an efficient and scalable platform with over 300 employees headquartered in Greenville, SC
- ❑ Lima has originated \$6.4B<sup>7</sup> since MFA's acquisition in 2021 and nearly \$10B<sup>7</sup> since its formation in 2010
- ❑ Origination volume of \$2.3B<sup>7</sup> in both 2022 and 2023
- ❑ Lima provides MFA with access to organically-created, high-yielding loans, substantially below the cost to purchase from third parties

## Credit Quality

- ❑ Strong focus on credit quality, with disciplined underwriting, in-house servicing and construction management teams
- ❑ Conservative underwriting with average FICO score of 745 and average LTV of 68%<sup>15</sup> as of June 30, 2024
- ❑ 60+ day delinquency rate of 4.8% as of June 30, 2024<sup>20</sup>

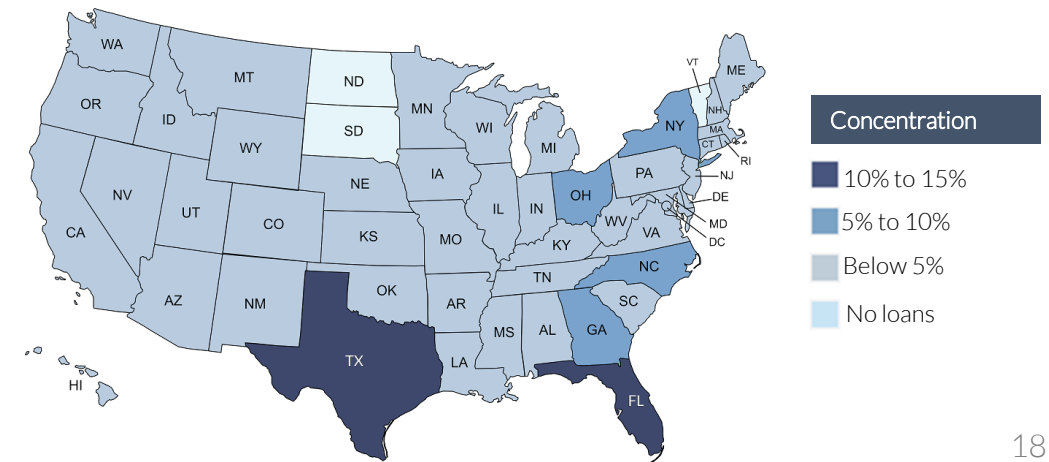
## Product Offerings

- ❑ Lima One offers a diverse selection of both short-term and long-term financing solutions to experienced real estate investors across the U.S.
- ❑ Products include rehab loans, construction loans, single-family rental loans and small-balance multifamily loans



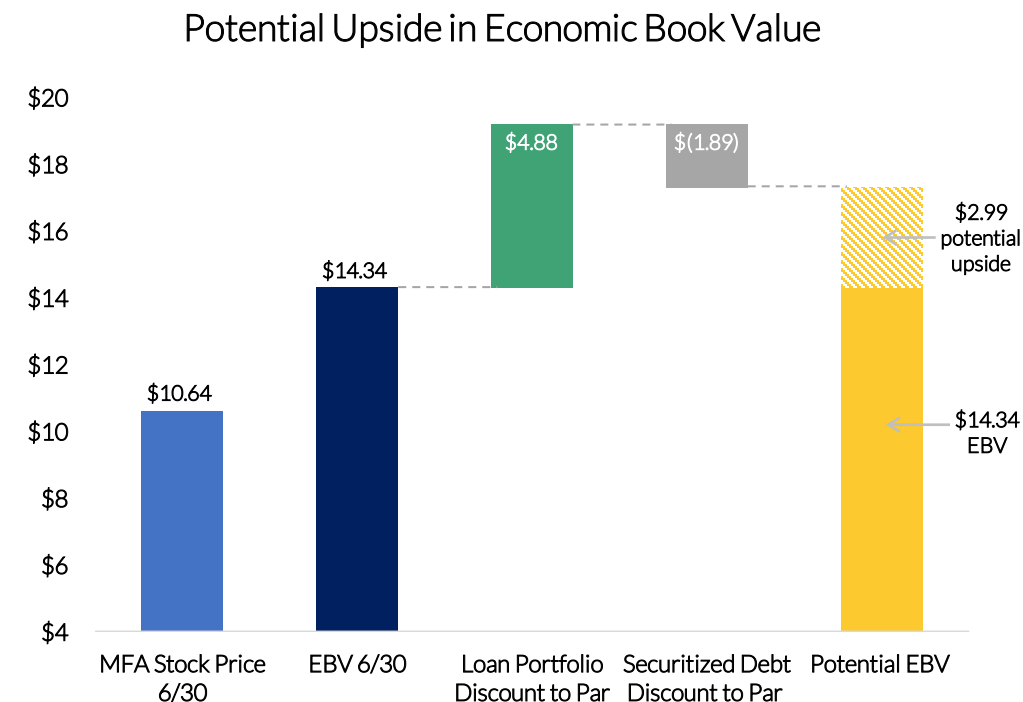
## Geographic and Borrower Diversity

- ❑ No state concentration above 15% and no borrower concentration above 2%



# Book Value Potential Upside

- ❑ Economic book value has nearly \$3 per share of potential upside
  - Much of our loan portfolio is marked at a substantial discount to par due to impact of higher interest rates
  - We recoup these unrealized losses as borrowers make scheduled principal payments and as loans pay off
- ❑ Economic book value would be \$17.33 per share if all loans and securitized debt were repaid at par
  - Any realized credit losses or loan sales below par would reduce potential upside



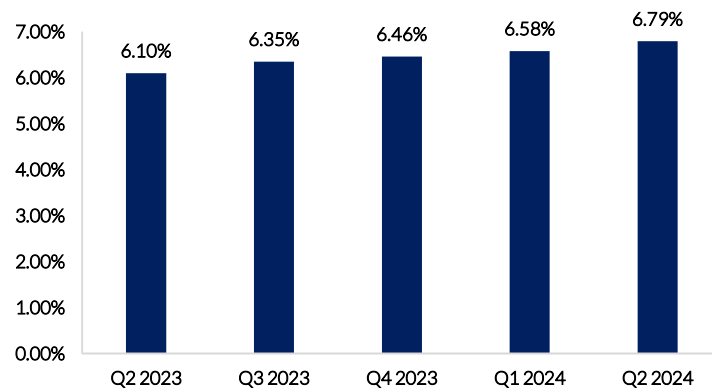
# MFA-Issued Securitizations Outstanding

Securitization Name	Loan Product Type	Settlement Date	Original Collateral UPB (\$M) <sup>21</sup>	Current Collateral UPB (\$M) <sup>21</sup>	Bonds Sold (\$M)	Original UPB Sold (%) <sup>22</sup>	Outstanding Balance of Bonds Sold (\$M)	Weighted Average Coupon (WAC) of Outstanding Bonds Sold	WAC of Underlying Loans	Callable Date
MFRA 2020-NQM1	Non-QM	Sep-20	391	104	373	95%	86	2.35%	6.18%	Currently Callable
MFRA 2020-NQM2	Non-QM	Oct-20	570	165	535	94%	130	2.19%	6.56%	Currently Callable
MFRA 2020-NQM3	Non-QM	Dec-20	381	118	359	94%	95	1.84%	5.68%	Currently Callable
MFRA 2021-INV1	SFR	Feb-21	217	70	198	91%	51	1.46%	7.19%	Currently Callable
MFRA 2021-NQM1	Non-QM	Apr-21	394	134	371	94%	111	1.74%	5.63%	Currently Callable
MFRA 2021-RPL1	RPL	Jun-21	473	280	435	92%	244	1.44%	5.19%	20% Clean-up Call
MFRA 2021-NQM2	Non-QM	Aug-21	289	146	277	96%	133	1.37%	5.17%	Currently Callable
MFRA 2021-AEINV1	Agency Eligible	Oct-21	312	262	297	95%	N/A	1.43%	3.27%	N/A
MFRA 2021-INV2	SFR	Nov-21	284	225	260	92%	202	2.20%	5.13%	Oct-24
MFRA 2021-AEINV2	Agency Eligible	Dec-21	340	295	323	95%	N/A	1.52%	3.46%	N/A
MFRA 2022-CHM1	Non-QM	Mar-22	237	169	204	86%	135	3.93%	5.11%	Currently Callable
MFRA 2022-NQM1	Non-QM	Mar-22	333	258	310	93%	235	4.15%	4.55%	Mar-25
MFRA 2022-INV1	SFR	Apr-22	258	217	224	87%	184	4.02%	4.83%	Apr-25
MFRA 2022-RTL1	Transitional	Apr-22	265	265	239	90%	213	5.24%	8.43%	Currently Callable
MFRA 2022-NQM2	Non-QM	Jun-22	541	453	398	74%	322	4.00%	4.26%	Jun-25
MFRA 2022-RPL1	RPL	Jul-22	336	248	307	91%	234	3.42%	5.02%	Jul-25
MFRA 2022-INV2	SFR	Jul-22	214	190	169	79%	146	4.95%	5.63%	Jul-25
MFRA 2022-NQM3	Non-QM	Sep-22	342	286	274	80%	217	5.57%	5.87%	Sep-25
MFRA 2022-INV3	SFR	Oct-22	235	210	160	68%	142	6.00%	6.53%	Oct-25
MFRA 2023-NQM1	Non-QM	Jan-23	314	271	253	81%	211	5.75%	6.03%	Jan-26
MFRA 2023-RTL1	Transitional	Feb-23	155	155	116	75%	116	7.58%	9.56%	Aug-24
MFRA 2023-INV1	SFR	Feb-23	204	184	154	75%	135	6.10%	6.95%	Feb-26
MFRA 2023-NQM2	Non-QM	May-23	372	325	309	83%	262	4.66%	5.61%	May-26
MFRA 2023-INV2	SFR	Sep-23	215	207	191	89%	184	7.05%	8.05%	Sep-26
MFRA 2023-NQM3	Non-QM	Sep-23	387	335	343	89%	292	6.74%	7.80%	Aug-26
MFRA 2023-RTL2	Transitional	Oct-23	230	230	184	80%	184	8.50%	10.06%	Oct-25
MFRA 2023-NQM4	Non-QM	Dec-23	295	272	268	91%	246	6.32%	8.04%	Dec-26
MFRA 2024-RTL1	Transitional	Feb-24	200	200	160	80%	160	7.09%	10.77%	Feb-26
MFRA 2024-NQM1	Non-QM	Apr-24	365	359	331	92%	325	6.70%	8.24%	Apr-27
MFRA 2024-RTL2	Transitional	May-24	205	205	164	80%	164	7.25%	10.08%	May-26
MFRA 2024-RPL1	RPL	Jul-24	303	303	259	85%	259	4.26%	5.11%	Jul-28
Total			9,657	7,141	8,445	88%	5,418	4.85%	6.33%	

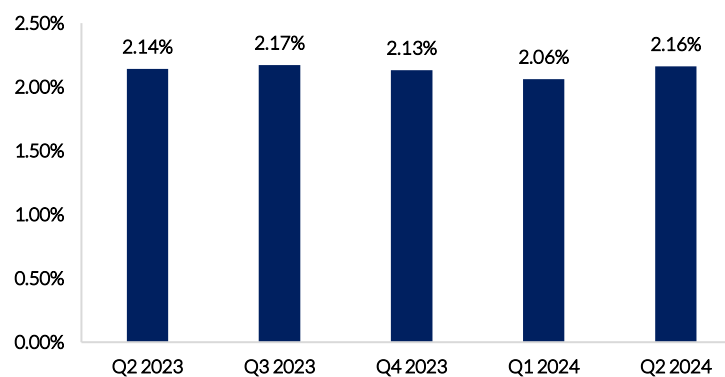


# Select Financial Metrics

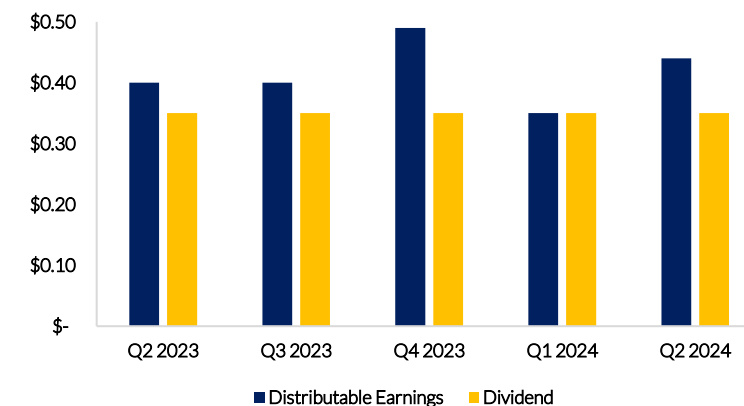
Asset Yield



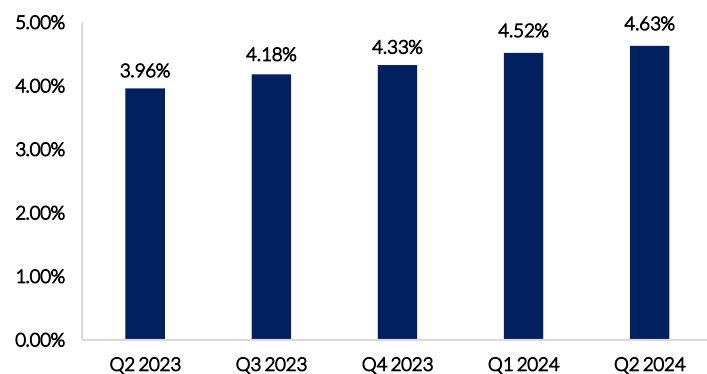
Net Interest Spread



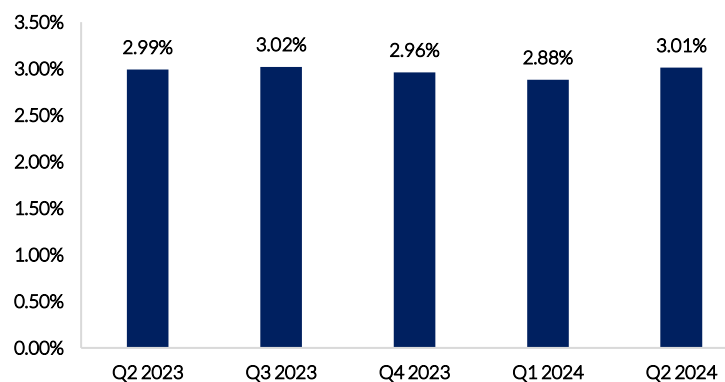
Distributable Earnings vs. Dividend



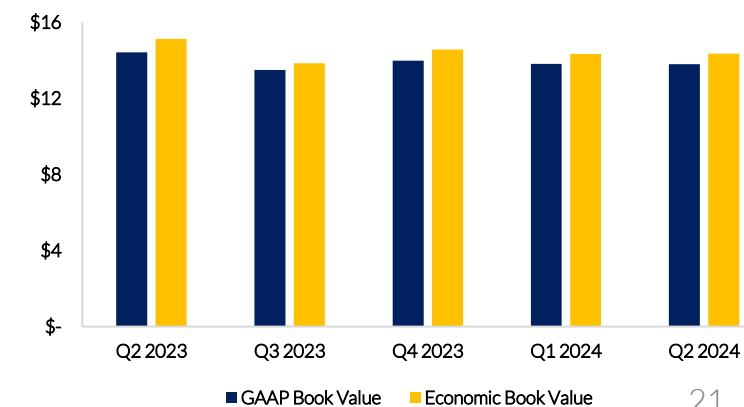
Effective Cost of Funds



Net Interest Margin



GAAP vs. Economic Book Value



## Reconciliation of GAAP net income to non-GAAP Distributable earnings

“Distributable earnings” is a non-GAAP financial measure of our operating performance, within the meaning of Regulation G and Item 10(e) of Regulation S-K, as promulgated by the Securities and Exchange Commission. Distributable earnings is determined by adjusting GAAP net income/(loss) by removing certain unrealized gains and losses, primarily on residential mortgage investments, associated debt, and hedges that are, in each case, accounted for at fair value through earnings, certain realized gains and losses, as well as certain non-cash expenses and securitization-related transaction costs. The transaction costs are primarily comprised of costs only incurred at the time of execution of our securitizations and include costs such as underwriting fees, legal fees, diligence fees, bank fees and other similar transaction related expenses. These costs are all incurred prior to or at the execution of our securitizations and do not recur. Recurring expenses, such as servicing fees, custodial fees, trustee fees and other similar ongoing fees are not excluded from distributable earnings. Management believes that the adjustments made to GAAP earnings result in the removal of (i) income or expenses that are not reflective of the longer term performance of our investment portfolio, (ii) certain non-cash expenses, and (iii) expense items required to be recognized solely due to the election of the fair value option on certain related residential mortgage assets and associated liabilities. Distributable earnings is one of the factors that our Board of Directors considers when evaluating distributions to our shareholders. Accordingly, we believe that the adjustments to compute Distributable earnings specified below provide investors and analysts with additional information to evaluate our financial results.

The following table provides a reconciliation of GAAP net (loss)/income used in the calculation of basic EPS to our non-GAAP Distributable earnings for the quarterly periods presented.

(\$ in millions, except per share amounts)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023
GAAP Net income/(loss) used in the calculation of basic EPS	\$ 33.6	\$ 14.8	\$ 81.5	\$ (64.7)	\$ (34.2)
Adjustments:					
Unrealized and realized gains and losses on:					
Residential whole loans held at fair value	(16.4)	11.5	(224.2)	132.9	130.7
Securities held at fair value	4.0	4.8	(21.4)	13.4	3.7
Residential whole loans and securities at carrying value	(2.7)	(0.4)	0.3	-	-
Interest rate swaps	10.2	(23.1)	97.4	(9.4)	(37.0)
Securitized debt held at fair value	7.6	20.2	108.7	(40.2)	(30.9)
Investments in loan origination partners	1.5	-	0.3	0.8	0.9
Expense items:					
Amortization of intangible assets	0.8	0.8	0.8	0.8	1.3
Equity based compensation	3.9	6.2	3.6	4.4	3.9
Securitization-related transaction costs	3.0	1.3	2.7	3.2	2.1
Total adjustments	\$ 11.9	\$ 21.3	\$ (31.8)	\$ 105.9	\$ 74.7
Distributable earnings	\$ 45.5	\$ 36.1	\$ 49.7	\$ 41.2	\$ 40.5
GAAP earnings/(loss) per basic common share	\$ 0.32	\$ 0.14	\$ 0.80	\$ (0.64)	\$ (0.34)
Distributable earnings per basic common share	\$ 0.44	\$ 0.35	\$ 0.49	\$ 0.40	\$ 0.40
Weighted average common shares for basic earnings per share	103.4	103.2	102.3	102.3	102.2

# Reconciliation of GAAP Book Value to Economic Book Value

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

The following table provides a reconciliation of GAAP book value per common share to our non-GAAP Economic book value per common share as of the end of each quarter since Q2 2023.

(\$ in millions, except per share amounts)	6/30/24	3/31/24	12/31/23	9/30/23	6/30/23
GAAP Total Stockholders’ Equity	\$ 1,883.2	\$ 1,884.2	\$ 1,899.9	\$ 1,848.5	\$ 1,944.8
Preferred Stock, liquidation preference	(475.0)	(475.0)	(475.0)	(475.0)	(475.0)
GAAP Stockholders’ Equity for book value per common share	\$ 1,408.2	\$ 1,409.2	\$ 1,424.9	\$ 1,373.5	\$ 1,469.8
Adjustments:					
Fair value adjustment to Residential whole loans, at carrying value	(26.8)	(35.4)	(35.6)	(85.3)	(58.3)
Fair value adjustment to Securitized debt, at carrying value	82.3	88.4	95.6	122.5	129.8
Stockholders’ Equity including fair value adjustments to Residential whole loans and Securitized debt held at carrying value (Economic book value)	\$ 1,463.7	\$ 1,462.2	\$ 1,484.9	\$ 1,410.7	\$ 1,541.3
GAAP book value per common share	\$ 13.80	\$ 13.80	\$ 13.98	\$ 13.48	\$ 14.42
Economic book value per common share	\$ 14.34	\$ 14.32	\$ 14.57	\$ 13.84	\$ 15.12
Number of shares of common stock outstanding	102.1	102.1	101.9	101.9	101.9

## Book Value and Economic Book Value Rollforward

	GAAP	Economic
Book value per common share as of 3/31/24	\$13.80	\$14.32
Net income available to common shareholders	0.33	0.33
Common stock dividends declared	(0.35)	(0.35)
Fair value changes attributable to residential mortgage securities and other	0.02	0.02
Change in fair value of residential whole loans reported at carrying value under GAAP	—	0.08
Change in fair value of securitized debt at carrying value under GAAP	—	(0.06)
Book value per common share as of 6/30/24	\$13.80	\$14.34



# GAAP Segment Reporting

(Dollars in millions)	Mortgage-Related Assets	Lima One	Corporate	Total
Three months ended June 30, 2024				
Interest Income	\$ 101.2	\$ 81.7	\$ 3.8	\$ 186.7
Interest Expense	70.0	56.7	6.6	133.3
Net Interest Income/(Expense)	\$ 31.2	\$ 25.0	\$ (2.8)	\$ 53.4
Provision for Credit Losses on Other Assets	-	-	-	-
(Provision)/Reversal of Provision for Credit Losses on Residential Whole Loans	1.0	-	-	1.0
Net Interest Income/(Expense) after Reversal of Provision/(Provision) for Credit Losses	\$ 32.2	\$ 25.0	\$ (2.8)	\$ 54.4
Net gain/(loss) on residential whole loans measured at fair value through earnings	28.5	(12.0)	-	16.5
Net Realized Loss on Residential Whole Loan Held at Carrying Value	-	-	-	-
Impairment and other net gain on securities and other portfolio investments	(1.4)	-	(1.5)	(2.9)
Net gain on real estate owned	2.2	(0.3)	-	1.9
Net gain on derivatives used for risk management purposes	11.3	4.8	-	16.1
Net gain on securitized debt measured at fair value through earnings	(6.6)	(4.0)	-	(10.6)
Lima One - origination, servicing and other fee income	-	7.6	-	7.6
Other, net	(0.1)	0.9	0.5	1.3
Total Other Income/(Loss), net	\$ 33.9	\$ (3.0)	\$ (1.0)	\$ 29.9
Compensation and benefits	-	10.8	11.0	21.8
General and administrative expenses	0.1	4.9	5.8	10.8
Loan servicing, financing, and other related costs	4.8	0.6	3.3	8.7
Amortization of intangible assets	-	0.8	-	0.8
Income/(loss) before income taxes	\$ 61.2	\$ 4.9	\$ (23.9)	\$ 42.2
Provision for/(benefit from) income taxes	-	-	0.3	0.3
Net Income/(Loss)	61.2	4.9	(24.2)	41.9
Less Preferred Stock Dividend Requirement	-	-	8.2	8.2
Net Income/(Loss) Available to Common Stock and Participating Securities	\$ 61.2	\$ 4.9	\$ (32.4)	\$ 33.7

## Distributable Earnings by Operating Segment

(Dollars in millions)	Mortgage-Related Assets	Lima One	Corporate	Total
Three months ended June 30, 2024				
GAAP Net income/(loss) used in the calculation of basic EPS	\$ 61.2	\$ 4.9	\$ (32.5)	\$ 33.6
Adjustments:				
Unrealized and realized gains and losses on:				
Residential whole loans held at fair value	(28.5)	12.0	—	(16.5)
Securities held at fair value	4.0	—	—	4.0
Residential Whole Loans and Securities at carrying value	(2.7)			(2.7)
Interest rate swaps	7.9	2.4	—	10.3
Securitized debt held at fair value	4.2	3.4	—	7.6
Investments in loan originators	—	—	1.5	1.5
Expense items:				
Amortization of intangible assets	—	0.8	—	0.8
Equity based compensation	—	0.3	3.6	3.9
Securitization-related transaction costs	(0.2)	—	3.2	3.0
Total adjustments	\$ (15.3)	\$ 18.9	\$ 8.3	\$ 11.9
Distributable earnings	\$ 45.9	\$ 23.8	\$ (24.2)	\$ 45.5

# Endnotes

- 1) Purchased value of all residential whole loans acquired by MFA since 2014.
- 2) Economic book value is a non-GAAP financial measure. Refer to slide 23 for further information regarding the calculation of this measure and a reconciliation to GAAP book value.
- 3) GAAP net income presented per basic common share.
- 4) Distributable earnings is a non-GAAP financial measure. Refer to slide 22 for further information regarding the calculation of this measure and a reconciliation to GAAP net income. Distributable earnings presented per basic common share.
- 5) Recourse leverage is the ratio of MFA's financing liabilities (excluding non-recourse debt) to net equity. Including Securitized Debt, MFA's overall leverage ratio at June 30, 2024 was 4.7x.
- 6) Total economic return is calculated as the quarterly change in Economic Book Value (EBV) plus common dividends declared during the quarter divided by EBV at the start of the quarter.
- 7) Origination amounts are based on the maximum loan amount, which includes amounts initially funded plus any committed but undrawn amounts.
- 8) Non-MTM refers to financing arrangements not subject to margin calls based on changes in the fair value of the financed residential whole loans. Such agreements may experience changes in advance rates or collateral eligibility as a result of factors such as changes in the delinquency status of the financed residential whole loans.
- 9) Includes \$270M of funded originations during Q2 plus \$152M of draws funded during Q2 on previously originated Transitional loans.
- 10) Amounts presented reflect the aggregation of fair value and carrying value amounts as presented in MFA's consolidated balance sheet at June 30, 2024.
- 11) Business Purpose Loans is comprised of \$2.4B of Transitional loans and \$1.6B of SFR loans at June 30, 2024.
- 12) Swap variable receive rate is the Secured Overnight Financing Rate (SOFR).
- 13) Current LTV reflects principal amortization and estimated home price appreciation (or depreciation) since acquisition. Zillow Home Value Index (ZHVI) is utilized to estimate updated LTVs for Non-QM, SFR and Legacy RPL/NPL assets. For Transitional loans, Current LTV reflects either the current UPB divided by the most recent as-is property valuation available or the maximum UPB divided by the most recent after repaired value (ARV) available.
- 14) State concentration measured by loan balance. All states in "Other" category have concentrations below 5%.
- 15) LTV reflects either the current UPB divided by the most recent as-is property valuation available or the maximum UPB divided by the most recent ARV available.
- 16) Includes all principal repayments.
- 17) Balance sheet carrying value of REO properties at June 30, 2024.
- 18) Weighted average debt service coverage ratio (DSCR).
- 19) Represents status at June 30, 2024 of all Legacy RPL/NPL loans ever acquired. Non-performing status includes all active loans greater than 60 days delinquent. Liquidated/REO status includes both sold and active REO properties as well as short payoff liquidations and loans sold to third-parties.
- 20) 60+ day delinquency rate for loans originated by Lima One and held by MFA.
- 21) Collateral UPB includes cash for Transitional loan securitizations.
- 22) Bonds sold relative to certificates issued.