

# CHIMERA INVESTMENT CORP

## **FORM 8-K** (Current report filing)

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Address	520 MADISON AVENUE 32ND FLOOR NEW YORK, NY, 10022
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

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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 17, 2016

CHIMERA INVESTMENT CORPORATION  
(Exact name of registrant as specified in its charter)

Maryland  
(State or Other Jurisdiction  
of Incorporation)

1-33796  
(Commission  
File Number)

26-0630461  
(IRS Employer  
Identification No.)

520 Madison Avenue, 32nd Fl  
New York, New York  
(Address of principal executive offices)

10022  
(Zip Code)

Registrant's telephone number, including area code: (212) 205-6300

No Change  
(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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On February 17, 2016, the registrant issued a press release announcing its financial results for the quarter and year ended December 31, 2015. A copy of the press release is furnished as Exhibit 99.1 to this report.

On February 17, 2016, the registrant posted supplemental financial information on the Investor Relations section of its website ([www.chimerareit.com](http://www.chimerareit.com)). A copy of the supplemental financial information is furnished as Exhibit 99.2 to this report and incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release, dated February 17, 2016, issued by Chimera Investment Corporation

99.2 Supplemental Financial Information for the quarter and year ended December 31, 2015.

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SIGNATURES

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.

Chimera Investment Corporation

By:     /s/ Rob Colligan    

Name: Rob Colligan

Title: Chief Financial Officer

Date: February 17, 2016

**CHIMERA INVESTMENT CORPORATION RELEASES 4TH QUARTER 2015 EARNINGS**

- **4<sup>TH</sup> QUARTER 2015 CORE EARNINGS <sup>(1)</sup> OF \$0.53 PER SHARE AND GAAP EARNINGS OF \$0.61 PER SHARE**
- **FULL YEAR CORE EARNINGS <sup>(1)</sup> OF \$2.37 PER SHARE UP FROM \$2.14 IN 2014 AND \$1.69 IN 2013.**
- **2015 TAXABLE DIVIDENDS PER SHARE OF \$1.92 PER SHARE UP 7% FROM \$1.79 IN 2014 AND UP 37% FROM \$1.40 IN 2013**
- **ECONOMIC BOOK VALUE <sup>(1)</sup> OF \$14.65 PER SHARE AND GAAP BOOK VALUE OF \$15.70 PER SHARE**
- **BOARD INCREASES EXISTING SHARE BUYBACK PROGRAM BY \$100 MILLION TO \$350 MILLION**
- **BOARD DECLARES FIRST QUARTER 2016 DIVIDEND OF \$0.48 PER SHARE; EXPECTS TO MAINTAIN A \$0.48 DIVIDEND FOR THE REMAINING THREE QUARTERS OF 2016**

NEW YORK--(BUSINESS WIRE)--February 17, 2016--“Chimera took a number of important steps in fiscal year 2015 that enabled us to deliver growth in core earnings per share, further enhance dividend coverage and better position the company to increase long-term value for shareholders,” said Matt Lambiase, Chimera’s President and Chief Executive Officer.

“These steps included internalizing our management function to better align the interests of management with our shareholders, repurchasing \$250 million of our stock in 2015, and strategically managing our portfolio and financing. We continued to securitize loan collateral to reduce our financing costs and increase equity capital, including securitizing residential loan collateral acquired in 2014 from Springleaf. Finally, we reallocated capital into assets with more attractive risk-return profiles, and we successfully grew the principal balance of our Agency CMBS portfolio to \$952 million, while reducing our exposure to Agency RMBS.

We are confident about our future heading into 2016. The Board increased our share repurchase authorization and plans to pay a quarterly dividend of \$0.48 throughout the fiscal year 2016,” Mr. Lambiase concluded.

(1) Core earnings and economic book value are non-GAAP measures. See additional discussion on page 5.

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## Other Information

Chimera Investment Corporation is a publicly traded real estate investment trust, or REIT, that is primarily engaged in real estate finance. We were incorporated in Maryland on June 01, 2007 and commenced operations on November 21, 2007. We invest, either directly or indirectly through our subsidiaries, in RMBS, residential mortgage loans, Agency CMBS, commercial mortgage loans, real estate-related securities and various other asset classes. We have elected and believe that we are organized and have operated in a manner that enables us to be taxed as a REIT under the Internal Revenue Code of 1986, as amended, or the Code.

Please visit [www.chimerareit.com](http://www.chimerareit.com) and click on Investor Relations for additional information about the Company.

### CHIMERA INVESTMENT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

(dollars in thousands, except share and per share data)

	December 31, 2015	December 31, 2014
<b>Assets:</b>		
Cash and cash equivalents	\$ 114,062	\$ 164,620
Non-Agency RMBS, at fair value	3,675,841	3,404,149
Agency RMBS, at fair value	6,514,824	8,441,522
Securitized loans held for investment, net of allowance for loan losses of \$0 million and \$7 million, respectively	-	626,112
Securitized loans held for investment, at fair value	4,768,416	4,699,215
Receivable for investments sold	-	1,572,056
Accrued interest receivable	66,247	71,099
Other assets	189,796	172,601
Derivatives, at fair value, net	15,460	3,631
<b>Total assets (1)</b>	<b>\$ 15,344,646</b>	<b>\$ 19,155,005</b>
<b>Liabilities:</b>		
Repurchase agreements, RMBS (\$8.8 billion and \$9.3 billion pledged as collateral, respectively)	\$ 7,439,339	\$ 8,455,381
Securitized debt, collateralized by Non-Agency RMBS (\$2.1 billion and \$2.5 billion pledged as collateral, respectively)	529,415	704,915
Securitized debt, collateralized by loans held for investment (\$0 million and \$626 million pledged as collateral, respectively)	-	521,997
Securitized debt at fair value, collateralized by loans held for investment (\$4.8 billion and \$4.7 billion pledged as collateral, respectively)	3,720,496	3,868,366
Payable for investments purchased	560,641	1,845,282
Accrued interest payable	37,432	31,888
Dividends payable	90,097	92,483
Accounts payable and other liabilities	11,404	2,469
Investment management fees payable	-	10,357
Derivatives, at fair value	9,634	14,177
<b>Total liabilities (1)</b>	<b>12,398,458</b>	<b>15,547,315</b>
Commitments and Contingencies (See Note 16)		
<b>Stockholders' Equity:</b>		
Preferred Stock: par value \$0.01 per share; 100,000,000 shares authorized, 0 shares issued and outstanding, respectively	\$ -	\$ -
Common stock: par value \$0.01 per share; 300,000,000 shares authorized, 187,711,868 and 205,546,144 shares issued and outstanding, respectively	1,877	2,055
Additional paid-in-capital	3,366,568	3,614,411
Accumulated other comprehensive income	773,791	1,046,680
Accumulated deficit	(1,196,048)	(1,055,456)
<b>Total stockholders' equity</b>	<b>\$ 2,946,188</b>	<b>\$ 3,607,690</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 15,344,646</b>	<b>\$ 19,155,005</b>

(1) The Company's consolidated statements of financial condition include assets of consolidated variable interest entities ("VIEs") that can only be used to settle obligations and liabilities of the VIE for which creditors do not have recourse to the primary beneficiary (Chimera Investment Corp.). As of December 31, 2015 and 2014, total assets of consolidated VIEs were \$7,031,278 and \$7,924,232, respectively, and total liabilities of consolidated VIEs were \$4,262,017 and \$5,111,348, respectively. See Note 8 for further discussion.

**CHIMERA INVESTMENT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
(dollars in thousands, except share and per share data)

	For the Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2013
<b>Net Interest Income:</b>			
Interest income (1)	\$ 872,737	\$ 687,795	\$ 511,783
Interest expense (2)	259,365	147,785	101,999
Net interest income	613,372	540,010	409,784
<b>Other-than-temporary impairments:</b>			
Total other-than-temporary impairment losses	(8,700)	(8,713)	(4,356)
Portion of loss recognized in other comprehensive income	(58,744)	(55,279)	(40,811)
Net other-than-temporary credit impairment losses	(67,444)	(63,992)	(45,167)
<b>Other investment gains (losses):</b>			
Net unrealized gains (losses) on derivatives	67,385	(103,496)	34,369
Realized gains (losses) on terminations of interest rate swaps	(98,949)	-	-
Net realized gains (losses) on derivatives	(83,073)	(82,852)	(7,713)
<b>Net gains (losses) on derivatives</b>	<b>(114,637)</b>	<b>(186,348)</b>	<b>26,656</b>
Net unrealized gains (losses) on financial instruments at fair value	(158,433)	193,534	(44,277)
Net realized gains (losses) on sale of investments	77,074	91,709	68,107
Gain (loss) on deconsolidation	(256)	47,846	-
Gains (losses) on Extinguishment of Debt	(5,930)	(2,184)	-
Realized losses on principal write-downs of Non-Agency RMBS	-	-	(18,316)
Total other gains (losses)	(202,182)	144,557	32,170
<b>Other expenses:</b>			
Management fees	24,609	32,514	25,952
Expense recoveries from Manager	(6,906)	(8,936)	(6,788)
Net management fees	17,703	23,578	19,164
Provision for loan losses, net	-	(232)	(1,799)
Compensation and benefits	10,544	-	-
General and administrative expenses	31,633	20,403	14,085
Servicing Fees of consolidated VIEs	25,244	10,004	2,649
Deal Expenses	8,272	1,398	-
Other (income) expense	-	(23,783)	-
Total other expenses	93,396	31,368	34,099
<b>Income (loss) before income taxes</b>	<b>250,350</b>	<b>589,207</b>	<b>362,688</b>
Income taxes	1	2	2
<b>Net income (loss)</b>	<b>\$ 250,349</b>	<b>\$ 589,205</b>	<b>\$ 362,686</b>
<b>Net income (loss) per share available to common shareholders:</b>			
Basic	\$ 1.25	\$ 2.87	\$ 1.77
Diluted	\$ 1.25	\$ 2.87	\$ 1.76
<b>Weighted average number of common shares outstanding:</b>			
Basic	199,563,196	205,450,095	205,418,876
Diluted	199,650,177	205,508,769	205,514,069
<b>Comprehensive income (loss):</b>			
Net income (loss)	\$ 250,349	\$ 589,205	\$ 362,686
Other comprehensive income:			
Unrealized gains (losses) on available-for-sale securities, net	(263,049)	134,113	23,807
Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses	67,444	63,992	45,167
Reclassification adjustment for net realized losses (gains) included in net income	(77,284)	(94,382)	(68,107)
Reclassification adjustment for gain on deconsolidation included in net income	-	(47,846)	-
Other comprehensive income (loss)	(272,889)	55,877	867
Comprehensive income (loss)	\$ (22,540)	\$ 645,082	\$ 363,553

(1) Includes interest income of consolidated VIEs of \$575,715, \$428,992 and \$371,559 for the years ended December 31, 2015, 2014, and 2013 respectively. See Note 8 for further discussion.

(2) Includes interest expense of consolidated VIEs of \$191,922, \$119,103 and \$95,229 for the years ended December 31, 2015, 2014, and 2013 respectively. See Note 8 for further discussion.

**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)**

(dollars in thousands, except share and per share data)

(unaudited)

	December 31, 2015	For the Quarter Ended		March 31, 2015
		September 30, 2015	June 30, 2015	
(dollars in thousands, except per share data)				
<b>Net Interest Income:</b>				
Interest income	\$ 201,912	\$ 211,876	\$ 215,804	\$ 243,145
Interest expense	64,955	67,910	66,044	60,456
Net interest income	136,957	143,966	149,760	182,689
<b>Other-than-temporary impairments:</b>				
Total other-than-temporary impairment losses	(2,311)	(3,129)	(2,208)	(1,052)
Portion of loss recognized in other comprehensive income	(12,385)	(14,703)	(24,893)	(6,763)
Net other-than-temporary credit impairment losses	(14,696)	(17,832)	(27,101)	(7,815)
Net gains (losses) on derivatives	44,546	(92,700)	40,127	(106,610)
Net unrealized gains (losses) on financial instruments at fair value	(69,793)	(40,955)	(37,260)	(10,425)
Gain (loss) on deconsolidation	(256)	-	-	-
Gain (loss) on Extinguishment of Debt	8,906	(19,915)	5,079	-
Net realized gains (losses) on sales of investments	34,285	3,539	9,685	29,565
Total other expenses	24,569	24,362	24,103	20,362
<b>Net income</b>	\$ 115,380	\$ (48,259)	\$ 116,187	\$ 67,042
<b>Net income per share-basic</b>	\$ 0.61	\$ (0.24)	\$ 0.57	\$ 0.33

	December 31, 2014	For the Quarter Ended		March 31, 2014
		September 30, 2014	June 30, 2014	
(dollars in thousands, except per share data)				
<b>Net Interest Income:</b>				
Interest income	\$ 242,455	\$ 190,355	\$ 134,318	\$ 120,667
Interest expense	65,794	38,886	20,680	22,425
Net interest income	176,661	151,469	113,638	98,242
<b>Other-than-temporary impairments:</b>				
Total other-than-temporary impairment losses	(3,774)	(726)	(3,813)	(400)
Portion of loss recognized in other comprehensive income	(51,347)	(1,264)	(1,534)	(1,134)
Net other-than-temporary credit impairment losses	(55,121)	(1,990)	(5,347)	(1,534)
Net gains (losses) on derivatives	(125,936)	(10,177)	(42,289)	(7,946)
Net unrealized gains (losses) on financial instruments at fair value	9,812	162,921	5,791	15,010
Gain of deconsolidation	-	-	47,846	-
Loss on Extinguishment of Debt	-	-	-	(2,184)
Net realized gains (losses) on sales of investments	23,564	64,107	(4,339)	8,377
Total other expenses	22,494	(11,250)	10,531	9,597
<b>Net income</b>	\$ 6,486	\$ 377,580	\$ 104,769	\$ 100,368
<b>Net income per share-basic</b>	\$ 0.03	\$ 1.85	\$ 0.50	\$ 0.49



## Core earnings

Core earnings is a non-GAAP measure and is defined as GAAP net income excluding unrealized gains on the aggregate portfolio, impairment losses, realized gains on sales of investments, realized gains or losses on futures, realized gains or losses on swap terminations, gain on deconsolidation, extinguishment of debt and certain other non-recurring gains or losses. As defined, core earnings include interest income and expense as well as realized losses on interest rate swaps used to hedge interest rate risk. Core earnings are provided for the purpose of comparability to other peer issuers, but have important limitations. Core earnings as described above helps evaluate our financial performance without the impact of certain transactions and is of limited usefulness as an analytical tool. Therefore, core earnings should not be viewed in isolation and is not a substitute for net income or net income per basic share computed in accordance with GAAP.

The following table provides GAAP measures of net income and net income per basic share available to common stockholders for the years ended December 31, 2015, 2014, and 2013 and details with respect to reconciling the line items to core earnings and related per average basic common share amounts:

	For the Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2013
	(dollars in thousands, except per share data)		
<b>GAAP Net income</b>	\$ 250,349	\$ 589,205	\$ 362,686
Adjustments:			
Net other-than-temporary credit impairment losses	67,444	63,992	45,167
Net unrealized (gains) losses on derivatives	(67,385)	103,496	(34,369)
Net unrealized (gains) losses on financial instruments at fair value	158,433	(193,534)	44,277
Net realized (gains) losses on sales of investments	(77,074)	(91,709)	(68,107)
(Gains) losses on extinguishment of debt	5,930	2,184	-
Realized (gains) losses on terminations of interest rate swaps	98,949	-	-
Net realized (gains) losses on derivatives	35,523	38,552	(2,029)
Total other (gains) losses	256	(71,629)	-
<b>Core Earnings</b>	\$ 472,425	\$ 440,557	\$ 347,625
GAAP net income per basic common share	\$ 1.25	\$ 2.87	\$ 1.77
Core earnings per basic common share	\$ 2.37	\$ 2.14	\$ 1.69

	For the Quarter Ended				
	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
	(dollars in thousands, except per share data)				
<b>GAAP Net income</b>	\$ 115,380	\$ (48,259)	\$ 116,187	\$ 67,041	\$ 6,485
Adjustments:					
Net other-than-temporary credit impairment losses	14,696	17,832	27,101	7,815	55,122
Net unrealized (gains) losses on derivatives	(46,842)	71,540	(88,028)	(4,055)	91,777
Net unrealized (gains) losses on financial instruments at fair value	69,793	40,955	37,260	10,425	(9,812)
Net realized (gains) losses on sales of investments	(34,285)	(3,539)	(9,685)	(29,565)	(23,564)
(Gains) losses on extinguishment of debt	(8,906)	19,915	(5,079)	-	-
Realized (gains) losses on terminations of interest rate swaps	(754)	-	31,124	68,579	-
Net realized (gains) losses on derivatives	(9,018)	9,309	7,778	27,454	17,523
Total other (gains) losses	256	-	-	-	-
<b>Core Earnings</b>	\$ 100,320	\$ 107,753	\$ 116,658	\$ 147,694	\$ 137,531
GAAP net income per basic common share	\$ 0.61	\$ (0.24)	\$ 0.57	\$ 0.33	\$ 0.03
Core earnings per basic common share	\$ 0.53	\$ 0.54	\$ 0.57	\$ 0.72	\$ 0.67

Note - The Company has excluded the impact of realized gains and losses on treasury futures in core earnings. For the years ended 2015, 2014 and 2013 the Company had a realized loss of \$36 million, a realized loss of \$39 million and a realized gain of \$2 million, respectively on its treasury futures. Realized gains and losses on futures are the costs the Company has incurred on its futures portfolio.

The following tables provide a summary of the Company's RMBS portfolio at December 31, 2015 and 2014.

	December 31, 2015					
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End (1)	
Non-Agency RMBS						
Senior	\$ 3,651,869	\$ 57.47	\$ 77.39	3.8%	13.7%	
Senior, interest-only	5,426,029	4.95	4.32	1.7%	12.9%	
Subordinated	762,466	69.25	79.26	3.2%	8.8%	
Subordinated, interest-only	284,931	5.34	3.95	1.2%	10.9%	
Agency MBS						
Residential pass-through	5,045,418	105.07	104.41	3.7%	2.8%	
Commercial pass-through	952,091	102.27	102.28	3.4%	2.9%	
Interest-only	6,722,472	4.17	4.06	0.8%	3.4%	

(1) Bond Equivalent Yield at period end.

	December 31, 2014					
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End (1)	
Non-Agency RMBS						
Senior	\$ 3,435,362	\$ 55.09	\$ 79.63	4.3%	15.9%	
Senior, interest-only	5,221,937	4.35	3.97	1.6%	14.4%	
Subordinated	690,599	50.18	65.79	3.1%	10.6%	
Subordinated, interest-only	216,403	4.43	3.14	0.9%	9.2%	
Agency MBS						
Pass-through	7,774,266	104.96	106.19	4.0%	3.2%	
Interest-only	3,884,523	4.89	4.79	0.9%	3.1%	

(1) Bond Equivalent Yield at period end.

At December 31, 2015 and 2014, the repurchase agreements collateralized by RMBS had the following remaining maturities.

	December 31, 2015		December 31, 2014
	(dollars in thousands)		
Overnight	\$ -	\$ -	-
1 to 29 days		3,312,902	2,652,717
30 to 59 days		2,501,513	1,371,856
60 to 89 days		246,970	656,915
90 to 119 days		430,026	2,068,740
Greater than or equal to 120 days		947,928	1,705,153
Total	\$ 7,439,339	\$ 7,439,339	8,455,381

The following table summarizes certain characteristics of our portfolio at December 31, 2015 and 2014.

	December 31, 2015	December 31, 2014
Interest earning assets at period-end (1)	\$ 14,959,081	\$ 17,170,998
Interest bearing liabilities at period-end	\$ 11,689,250	\$ 13,550,659
Leverage at period-end	4.0:1	3.8:1
Leverage at period-end (recourse)	2.7:1	2.6:1
Portfolio Composition, at amortized cost		
Non-Agency RMBS	10.4%	5.1%
Senior	4.7%	1.5%
Senior, interest only	1.9%	1.4%
Subordinated	3.7%	2.2%
Subordinated, interest only	0.1%	0.1%
RMBS transferred to consolidated VIEs	10.1%	10.3%
Agency MBS	46.0%	52.1%
Residential	37.2%	50.9%
Commercial	6.8%	N/A
Interest-only	2.0%	1.2%
Securitized loans held for investment	33.5%	32.5%
Fixed-rate percentage of portfolio	84.7%	92.5%
Adjustable-rate percentage of portfolio	15.3%	7.5%
Annualized yield on average interest earning assets for the year ended	6.0%	6.9%
Annualized cost of funds on average borrowed funds for the year ended (2)	2.5%	2.5%

(1) Excludes cash and cash equivalents.

(2) Includes the effect of realized losses on interest rate swaps.

### ***Economic Book Value***

The table below presents our estimated economic book value. We calculate and disclose this non-GAAP measurement because we believe it represents an estimate of the fair value of the assets we own or are able to dispose of, pledge, or otherwise monetize. The estimated economic book value should not be viewed in isolation and is not a substitute for book value computed in accordance with GAAP.

December 31, 2015  
(dollars in thousands, except per share data)

GAAP Book Value	\$	2,946,188
GAAP Book Value per Share	\$	15.70
<u>Economic Adjustments:</u>		
Assets of Consolidated VIEs		(6,908,910)
Non-Recourse Liabilities of Consolidated VIEs		4,249,911
Interests in VIEs eliminated in consolidation		2,462,713
Total Adjustments - Net		(196,286)
Total Adjustments - Net (per share)		1.05
Economic Book Value	\$	2,749,902
Economic Book Value per Share	\$	14.65

December 31, 2014  
(dollars in thousands, except per share data)

GAAP Book Value	\$	3,607,690
GAAP Book Value per Share	\$	17.55
<u>Economic Adjustments:</u>		
Assets of Consolidated VIEs		(7,798,794)
Non-Recourse Liabilities of Consolidated VIEs		5,095,278
Interests in VIEs eliminated in consolidation		2,367,953
Total Adjustments - Net		(335,563)
Total Adjustments - Net (per share)		1.63
Economic Book Value	\$	3,272,127
Economic Book Value per Share	\$	15.92

The table below shows our average earning assets held, interest earned on assets, yield on average interest earning assets, average debt balance, economic interest expense, economic average cost of funds, economic net interest income, and net interest rate spread for the periods presented.

	For the Year Ended					
	December 31, 2015			December 31, 2014		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
(dollars in thousands)						
<b>Assets:</b>						
Interest-earning assets (1):						
Agency RMBS	\$ 6,569,743	\$ 192,501	2.9%	\$ 5,222,882	\$ 180,206	3.5%
Non-Agency RMBS	1,274,344	105,647	8.3%	801,547	78,577	9.8%
Non-Agency RMBS transferred to consolidated VIEs	1,554,681	266,141	17.1%	1,867,986	295,475	15.8%
Jumbo Prime securitized residential mortgage loans held for investment	540,156	21,913	4.1%	720,965	30,010	4.2%
Seasoned sub-prime securitized residential mortgage loans held for investment	4,527,246	287,661	6.4%	1,419,155	103,505	7.3%
<b>Total</b>	<b>\$ 14,466,170</b>	<b>\$ 873,863</b>	<b>6.0%</b>	<b>\$ 10,032,535</b>	<b>\$ 687,773</b>	<b>6.9%</b>
<b>Liabilities and stockholders' equity:</b>						
Interest-bearing liabilities:						
Agency repurchase agreements (2)	\$ 5,776,980	\$ 77,975	1.3%	\$ 4,749,283	\$ 71,569	1.5%
Non-Agency repurchase agreements	1,627,909	36,694	2.3%	444,599	9,634	2.2%
Securitized debt, collateralized by Non-Agency RMBS	620,611	35,282	5.7%	799,473	53,367	6.7%
Securitized debt, collateralized by jumbo prime residential mortgage loans	431,179	16,766	3.9%	720,965	21,602	3.0%
Securitized debt, collateralized by seasoned sub-prime residential mortgage loans	3,734,069	137,658	3.7%	1,174,682	44,134	3.8%
<b>Total</b>	<b>\$ 12,190,748</b>	<b>\$ 304,375</b>	<b>2.5%</b>	<b>\$ 7,889,002</b>	<b>\$ 200,306</b>	<b>2.5%</b>
<b>Net economic interest income/net interest rate spread</b>		<b>\$ 569,488</b>	<b>3.5%</b>		<b>\$ 487,467</b>	<b>4.4%</b>
<b>Net interest-earning assets/net interest margin</b>	<b>\$ 2,275,422</b>		<b>3.9%</b>	<b>\$ 2,143,533</b>		<b>4.9%</b>
<b>Ratio of interest-earning assets to interest bearing liabilities</b>		<b>1.19</b>			<b>1.27</b>	
(1) Interest-earning assets at amortized cost						
(2) Interest includes periodic cash settlements on swaps						

	For the Quarter Ended					
	December 31, 2015			December 31, 2014		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
(dollars in thousands)						
<b>Assets:</b>						
Interest-earning assets (1):						
Agency RMBS	\$ 5,967,169	\$ 37,762	2.5%	\$ 7,898,850	\$ 70,884	3.6%
Non-Agency RMBS	1,452,460	27,993	7.7%	810,882	16,786	8.3%
Non-Agency RMBS transferred to consolidated VIEs	1,465,966	64,045	17.5%	1,697,510	70,058	16.5%
Jumbo Prime securitized residential mortgage loans held for investment	474,543	3,688	3.1%	666,017	8,564	5.1%
Seasoned sub-prime securitized residential mortgage loans held for investment	4,522,426	68,411	6.1%	4,612,214	76,153	6.6%
<b>Total</b>	<b>\$ 13,882,564</b>	<b>\$ 201,899</b>	<b>5.8%</b>	<b>\$ 15,685,473</b>	<b>\$ 242,445</b>	<b>6.2%</b>
<b>Liabilities and stockholders' equity:</b>						
Interest-bearing liabilities:						
Agency repurchase agreements (2)	\$ 5,296,934	\$ 20,045	1.5%	\$ 7,215,664	\$ 25,533	1.4%
Non-Agency repurchase agreements	2,095,149	12,677	2.4%	1,032,058	5,695	2.2%
Securitized debt, collateralized by Non-Agency RMBS	550,634	8,171	5.9%	723,905	13,808	7.6%
Securitized debt, collateralized by jumbo prime residential mortgage loans	368,975	3,041	3.3%	547,370	4,541	3.3%
Securitized debt, collateralized by seasoned sub-prime residential mortgage loans	3,601,921	32,693	3.6%	3,817,717	33,895	3.6%
<b>Total</b>	<b>\$ 11,913,613</b>	<b>\$ 76,627</b>	<b>2.6%</b>	<b>\$ 13,336,714</b>	<b>\$ 83,472</b>	<b>2.5%</b>
<b>Net economic interest income/net interest rate spread</b>		<b>\$ 125,272</b>	<b>3.2%</b>		<b>\$ 158,973</b>	<b>3.7%</b>
<b>Net interest-earning assets/net interest margin</b>	<b>\$ 1,968,951</b>		<b>3.6%</b>	<b>\$ 2,348,761</b>		<b>4.1%</b>
<b>Ratio of interest-earning assets to interest bearing liabilities</b>		<b>1.17</b>			<b>1.18</b>	
(1) Interest-earning assets at amortized cost						
(2) Interest includes periodic cash settlements on swaps						

The table below shows our economic net interest income, realized gains (losses) on sale of assets and the credit related OTTI, realized and unrealized gains (losses) on interest rate swaps and IOs, total management fee and G&A expenses, and income tax, each as a percentage of average equity, and the return on average equity for the periods presented.

	Economic Net Interest Income/Average Equity *	Realized Gains (Losses) on Sales and OTTI/Average Equity	Realized and Unrealized Gains (Losses) on Interest Rate Swaps and IOs/Average Equity	Total Management Fee, Compensation and G&A Expenses/Average Equity	Return on Average Equity
(Ratios have been annualized)					
For The Year Ended December 31, 2015	15.70%	(0.01%)	(1.42%)	(2.05%)	11.58%
For The Year Ended December 31, 2014	14.06%	17.67%	(1.83%)	(1.60%)	16.99%
For The Year Ended December 31, 2013	11.70%	0.72%	(0.29%)	(1.04%)	10.55%
For The Quarter Ended December 31, 2015	14.98%	1.27%	(1.54%)	(2.45%)	33.02%
For The Quarter Ended September 30, 2015	15.05%	(1.74%)	5.72%	(2.18%)	(5.89%)
For The Quarter Ended June 30, 2015	15.06%	(2.00%)	3.55%	(2.04%)	13.64%
For The Quarter Ended March 31, 2015	17.06%	2.44%	(8.96%)	(1.57%)	7.52%

\* Includes effect of realized losses on interest rate swaps.

The following table presents changes to Accretable Discount and Non-Accretable Difference as it pertains to our entire Non-Agency RMBS portfolio for assets with purchase discounts during the previous five quarters.

	December 31, 2015		For the Quarters Ended September 30, 2015		June 30, 2015		March 31, 2015		December 31, 2014	
	(dollars in thousands)									
	Accretable Discount									
Balance, beginning of period	\$	1,003,385	\$	1,035,492	\$	990,332	\$	987,861	\$	977,042
Accretion of discount		(43,520)		(41,498)		(41,302)		(44,350)		(44,165)
Purchases		1,845		6,194		28,894		80,712		2,636
Sales and deconsolidation		(35,144)		(22,645)		(1,458)		(29,147)		(1,977)
Transfers from/(to) credit reserve, net		27,882		25,842		59,026		(4,744)		54,325
Balance, end of period	\$	954,448	\$	1,003,385	\$	1,035,492	\$	990,332	\$	987,861

	December 31, 2015		For the Quarters Ended September 30, 2015		June 30, 2015		March 31, 2015		December 31, 2014	
	(dollars in thousands)									
	Non-Accretable Difference									
Balance, beginning of period	\$	879,440	\$	1,001,560	\$	947,202	\$	908,927	\$	933,668
Principal Writedowns		(27,064)		(32,587)		(34,261)		(39,955)		(37,044)
Purchases		27,855		13,279		121,253		80,712		2,636
Sales and deconsolidation		(29,347)		(94,802)		(709)		(15,041)		-
Net other-than-temporary credit impairment losses		14,716		17,832		27,101		7,815		63,992
Transfers to/(from) credit reserve, net		(27,882)		(25,842)		(59,026)		4,744		(54,325)
Balance, end of period	\$	837,718	\$	879,440	\$	1,001,560	\$	947,202	\$	908,927

**Disclaimer**

The information contained in this press release is based on various assumptions (some of which are beyond the control of Chimera Investment Corporation, the “Company”) and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as “believe,” “expect,” “anticipate,” “estimate,” “plan,” “continue,” “intend,” “should,” “may,” “would,” “projected,” “will” or similar expressions, or variations on those terms or the negative of those terms. The Company’s forward-looking statements are subject to numerous risks, uncertainties and other factors. Furthermore, none of the financial information contained in this material has been audited or approved by the Company’s independent registered public accounting firm.

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Q4 2015 Supplemental Financial Information

February 17, 2016

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## Disclaimer

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This material is not intended to be exhaustive, is preliminary in nature and may be subject to change. In addition, much of the information contained herein is based on various assumptions (some of which are beyond the control of Chimera Investment Corporation, the "Company") and may be identified by reference to a future period or periods or by the use of forward-looking terminology, such as "believe," "expect," "anticipate," "estimate," "plan," "continue," "intend," "should," "may," "would," "projected," "will" or similar expressions, or variations on those terms or the negative of those terms. The Company's forward-looking statements are subject to numerous risks, uncertainties and other factors. Furthermore, none of the financial information contained in this material has been audited or approved by the Company's independent registered public accounting firm.



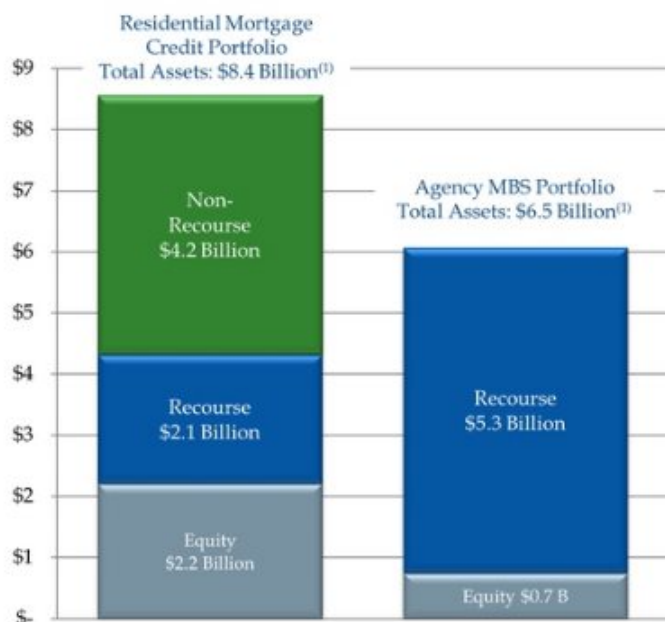
Information is unaudited, estimated and subject to change.

# Portfolio Composition as of December 31, 2015

Total Portfolio: \$15.0 Billion

Total Capital: \$2.9 Billion

Total Leverage: 4.0:1



## Net Investment Analysis

	Residential Mortgage Credit Portfolio	Agency MBS Portfolio	Total Portfolio
Gross Asset Yield:	8.3%	2.5%	5.8%
Financing Cost <sup>(2)</sup> :	3.4%	1.5%	2.6%
Net Interest Spread:	4.9%	1.0%	3.2%
Net Interest Margin:	5.4%	1.2%	3.6%

(1) Excludes unsettled trades.

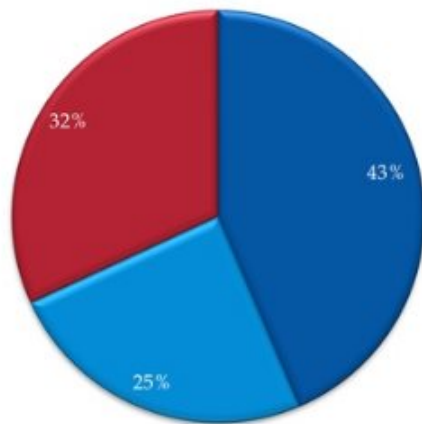
(2) Includes the interest incurred on interest rate swaps.



Information is unaudited, estimated and subject to change.

# GAAP Asset Allocation: Quarter Over Quarter Comparison<sup>(1)</sup>

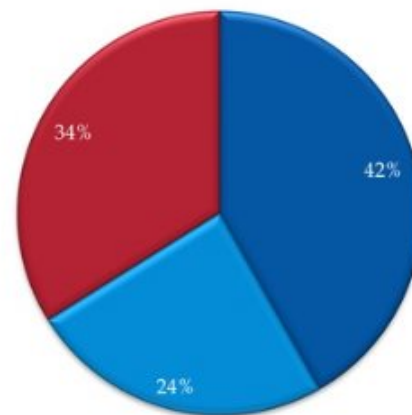
December 31, 2015



■ Agency MBS ■ Non-Agency MBS ■ Securitized Loan Portfolio

Total Portfolio: \$15.0 Billion

September 30, 2015



■ Agency MBS ■ Non-Agency RMBS ■ Securitized Loan Portfolio

Total Portfolio: \$15.6 Billion

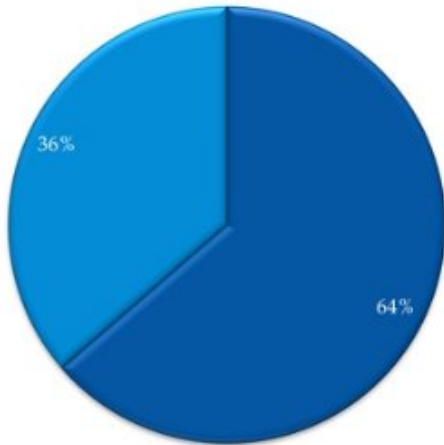
(1) Based on Fair Value.



Information is unaudited, estimated and subject to change.

# GAAP Financing Sources: Quarter Over Quarter Comparison

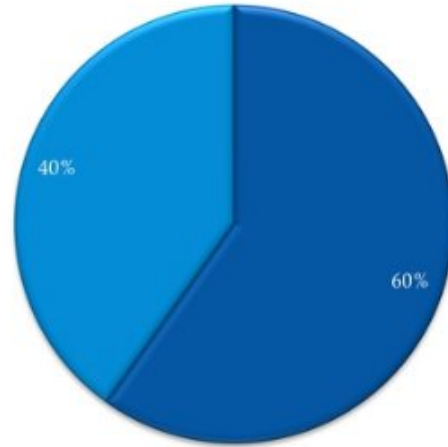
December 31, 2015



- Repurchase Agreements, RMBS (1)
- Non-Recourse Debt, Securitized RMBS and Loans

**Total Financing: \$11.7 Billion**

September 30, 2015



- Repurchase Agreements, RMBS (1)
- Non-Recourse Debt, Securitized RMBS and Loans

**Total Financing: \$11.9 Billion**

(1) Consists of tranches of RMBS and loan securitizations sold to third parties.

# Agency & Repo Summary

(\$ in thousands)

## Agency Securities – As of December 31, 2015

Security Type	Coupon <sup>(1)</sup>	Current Face	Weighted Average Price	Weighted Average CPR
Agency Pass-through	3.50%	\$2,950,266	103.1	6.6
	4.00%	1,717,460	105.9	6.3
	4.50%	377,693	108.0	21.8
Commercial	3.4%	952,091	102.3	0.8
Agency IO	0.8%	N/M <sup>(2)</sup>	4.1	6.3
<b>Total</b>		<b>\$5,997,510</b>		

## Repo Days to Maturity – As of December 31, 2015

Maturity	Principal Balance <sup>(3)</sup>	Weighted Average Rate	Weighted Average Days
Within 30 days	-	-	
30 to 59 days	2,640,174	0.62%	
60 to 89 days	1,734,687	0.62%	
90 to 360 days	132,840	0.62%	
Over 360 days	817,025	0.75%	
<b>Total</b>	<b>\$5,324,726</b>	<b>0.64%</b>	<b>53</b>

(1) Coupon is a weighted average for Commercial and Agency IO

(2) Notional Agency IO was \$6.7 and \$6.6 billion as of 12/31/2015 and 9/30/2015 respectively.

(3) Excludes unsettled trades

## Agency Securities – As of September 30, 2015

Security Type	Coupon <sup>(1)</sup>	Current Face	Weighted Average Price	Weighted Average CPR
Agency Pass-through	3.50%	\$2,114,865	104.13	7.8
	4.00%	2,541,855	106.51	14.5
	4.50%	405,080	108.55	23.7
Commercial	3.4%	853,404	102.21	2.0
Agency IO	0.8%	N/M <sup>(2)</sup>	4.25	12.4
<b>Total</b>		<b>\$5,915,204</b>		

## Repo Days to Maturity – As of September 30, 2015

Maturity	Principal Balance <sup>(3)</sup>	Weighted Average Rate	Weighted Average Days
Within 30 days	1,271,172	0.54%	
30 to 59 days	1,705,593	0.50%	
60 to 89 days	714,365	0.61%	
90 to 360 days	1,158,161	0.57%	
Over 360 days	300,000	1.00%	
<b>Total</b>	<b>\$5,149,291</b>	<b>0.57%</b>	<b>80</b>



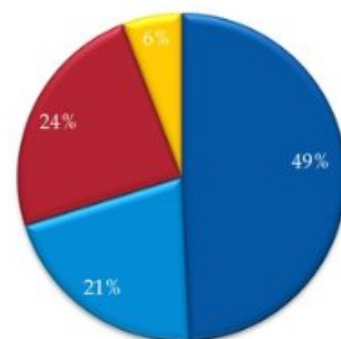
Information is unaudited, estimated and subject to change.

# Interest Rate Sensitivity as of December 31, 2015

## Agency, Swap and Derivative Portfolio

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
Agency Securities	Market Value	\$6,821,769	\$6,684,305	\$6,514,823	\$6,328,258	\$6,130,364
	Percentage Change	4.7%	2.6%	-	(2.9%)	(5.9%)
Swap	Market Value	(201,848)	(106,778)	-	93,581	189,733
	Percentage Change	(3.1%)	(1.6%)	-	1.4%	2.9%
Futures	Market Value	(36,849)	(19,214)	-	18,440	36,440
	Percentage Change	(0.6%)	(0.3%)	-	0.3%	0.6%
Net Gain/(Loss)		68,248	43,490	-	(74,545)	(158,286)
Percentage Change in Portfolio Value <sup>(1)</sup>		1.0%	0.7%	-	(1.1%)	(2.4%)

## Hedge Book Maturities



■ Near Term 0-3    ■ Short Term 3-5  
■ Medium Term 5-10    ■ Long Term 10-30

(1) Based on instantaneous moves in interest rates.

## Consolidated RMBS & Loan Securitizations

(\$ in thousands)			At Issuance / Acquisition			As of December 31, 2015		
Vintage	Type	Deal	Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2015	Whole Loan Securitization	CIM 2015-4AG <sup>(1)</sup>	\$750,647	\$425,000	\$325,647	\$731,110	\$412,630	\$318,480
2015	Whole Loan Securitization	CIM 2015-1EC	268,731	214,985	53,746	250,364	194,769	55,595
2015	Whole Loan Securitization	CIM 2015-2AG <sup>(2)</sup>	330,293	276,998	53,295	296,938	245,472	51,466
2015	Whole Loan Securitization	CIM 2015-3AG <sup>(3)</sup>	698,812	520,935	177,877	654,489	482,093	172,396
2014	Whole Loan Securitization	CSMC 2014-CIM1 <sup>(4)</sup>	333,865	268,087	65,779	282,007	217,308	64,699
2013	Whole Loan Securitization	SLFMT 2013-1A	1,021,846	1,019,291	2,555	754,625	692,130	62,495
2013	Whole Loan Securitization	SLFMT 2013-2A	1,137,308	1,134,464	2,844	930,162	893,284	36,879
2013	Whole Loan Securitization	SLFMT 2013-3A	500,390	499,139	1,251	439,983	276,451	163,532
2014	RMBS Securitization	CSMC 2014-4R <sup>(5)</sup>	367,271	-	367,271	289,507	-	289,507
2012	Whole Loan Securitization	CSMC 2012-CIM1	741,939	707,810	34,129	110,225	78,711	31,514
2012	Whole Loan Securitization	CSMC 2012-CIM2	425,091	404,261	20,830	93,235	73,697	19,537
2012	Whole Loan Securitization	CSMC 2012-CIM3	329,886	305,804	24,082	172,989	152,399	20,591
2010	RMBS Securitization	CSMC 2010-1R	1,730,581	691,630	1,038,951	721,971	35,494	686,477
2010	RMBS Securitization	CSMC 2010-11R	566,571	338,809	227,762	317,456	104,227	213,229
2009	RMBS Securitization	CSMC 2009-12R	1,730,698	915,566	815,132	661,377	151,507	509,870
2009	RMBS Securitization	JPMRR 2009-7	1,522,474	856,935	665,539	604,011	206,444	397,566
2009	RMBS Securitization	JMAC 2009-R2	281,863	192,500	89,363	107,116	46,904	60,212
2008	Whole Loan Securitization	PHFMC 2008-CIM1	619,710	549,142	70,568	71,790	50,886	20,904
<b>TOTAL</b>			<b>\$13,357,978</b>	<b>\$9,321,356</b>	<b>\$4,036,622</b>	<b>\$7,489,354</b>	<b>\$4,314,406</b>	<b>\$3,174,948</b>
			<i>% of origination remaining</i>			56%	46%	79%

- (1) Contains collateral from Springleaf 2012-3A Trust.  
(2) Contains collateral from Springleaf 2012-2A Trust.  
(3) Contains collateral from Springleaf 2012-1A Trust.  
(4) Contains collateral from Springleaf 2011-1A Trust.  
(5) Contains collateral from CSMC 2010-12R Trust.



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