

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 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 10, 2021

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

<u>Maryland</u> (State or Other Jurisdiction of Incorporation)	<u>1-33796</u> (Commission File Number)	<u>26-0630461</u> (IRS Employer Identification No.)
--	---	---

520 Madison Avenue, 32nd Fl <u>New York</u> (Address of principal executive offices)	<u>New York</u>	<u>10022</u> (Zip Code)
--	-----------------	----------------------------

Registrant's telephone number, including area code: (212) 626-2300

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

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.01 per share	CIM	New York Stock Exchange
8.00% Series A Cumulative Redeemable Preferred Stock	CIM PRA	New York Stock Exchange
8.00% Series B Cumulative Fixed-to-Floating Rate Redeemable Preferred Stock	CIM PRB	New York Stock Exchange
7.75% Series C Cumulative Fixed-to-Floating Rate Redeemable Preferred Stock	CIM PRC	New York Stock Exchange
8.00% Series D Cumulative Fixed-to-Floating Rate Redeemable Preferred Stock	CIM PRD	New York Stock Exchange

Registrant's Web site address: www.chimerareit.com

(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))

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

Emerging growth company

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

Item 2.02. Results of Operations and Financial Condition

On February 10, 2021, the registrant issued a press release announcing its financial results for the quarter ended December 31, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

On February 10, 2021, the registrant posted supplemental financial information on the News & Events - Press Releases section of its website (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 8.01 Other Events

On February 10, 2021, the registrant issued a press release announcing its Board of Directors has authorized to increase the size of its share repurchase program from \$150 million to \$250 million (the "Share Repurchase Program"). The Share Repurchase Program is expected to be funded through the registrant's existing capital. As of February 10, 2021, an aggregate of \$228 million would be available under the Share Repurchase Program to repurchase shares of the registrant's common stock. All other terms and conditions of the Share Repurchase Program remain in full force and effect, as previously approved by the registrant's Board of Directors.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Press Release, dated February 10, 2021, issued by Chimera Investment Corporation](#)

99.2 [Supplemental Financial Information for the quarter ended December 31, 2020](#)

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 10, 2021



PRESS RELEASE

NYSE: CIM

CHIMERA INVESTMENT CORPORATION
520 Madison Avenue
New York, New York 10022

Investor Relations
888-895-6557
www.chimerareit.com

FOR IMMEDIATE RELEASE

CHIMERA INVESTMENT CORPORATION REPORTS 4TH QUARTER 2020 EARNINGS

- 4TH QUARTER GAAP NET INCOME OF \$0.49 PER COMMON SHARE
- 4TH QUARTER CORE EARNINGS⁽¹⁾ OF \$0.29 PER COMMON SHARE
- FULL YEAR GAAP NET INCOME OF \$0.07 PER COMMON SHARE
- FULL YEAR CORE EARNINGS⁽¹⁾ OF \$1.46 PER COMMON SHARE
- GAAP BOOK VALUE OF \$12.36 PER COMMON SHARE
- BOARD OF DIRECTORS INCREASES EXISTING SHARE REPURCHASE AUTHORIZATION FOR UP TO \$250 MILLION

NEW YORK - (BUSINESS WIRE) - Chimera Investment Corporation (NYSE:CIM) today announced its financial results for the fourth quarter ended December 31, 2020. The Company's GAAP net income for the fourth quarter was \$129 million, or \$0.49 per common share and net income was \$15 million, or \$0.07 for the full year ended December 31, 2020. Core earnings⁽¹⁾ for the fourth quarter and full year ended December 31, 2020 was \$72 million, or \$0.29 per common share and \$334 million, or \$1.46 per common share respectively.

"Chimera's strategy of keeping its legacy assets generated a rebound in book value and economic returns of 22% since the middle of 2020. In addition, Chimera continues to use the securitization market for term financing its credit investments completing four separate transactions this quarter", said Mohit Marria, Chimera's CEO and Chief Investment Officer. "For the full year 2020, Chimera sponsored eleven securitizations totaling \$4.2 billion and retained \$655 million investment for our portfolio."

(1) Core earnings per adjusted diluted common share is a non-GAAP measure. See additional discussion on page 5.

Other Information

Chimera Investment Corporation is a publicly traded real estate investment trust, or REIT, that is primarily engaged in the business of investing directly or indirectly through our subsidiaries, on a leveraged basis, in a diversified portfolio of mortgage assets, including residential mortgage loans, Non-Agency RMBS, Agency CMBS, Agency RMBS, and other real estate related securities.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except share and per share data)
(Unaudited)

	December 31, 2020	December 31, 2019
Cash and cash equivalents	\$ 269,090	\$ 109,878
Non-Agency RMBS, at fair value (net of allowance for credit losses of \$180 thousand and \$0 thousand, respectively)	2,150,714	2,614,408
Agency RMBS, at fair value	90,738	6,490,293
Agency CMBS, at fair value	1,740,368	2,850,717
Loans held for investment, at fair value	13,112,129	14,292,815
Receivable for investments sold	—	446,225
Accrued interest receivable	81,158	116,423
Other assets	78,822	194,301
Derivatives, at fair value, net	—	3,611
Total assets ⁽¹⁾	\$ 17,523,019	\$ 27,118,671
Liabilities:		
Secured financing agreements (\$6.7 billion and \$15.4 billion pledged as collateral, respectively)	\$ 4,636,847	\$ 13,427,545
Securitized debt, collateralized by Non-Agency RMBS (\$505 million and \$598 million pledged as collateral, respectively)	113,433	133,557
Securitized debt at fair value, collateralized by loans held for investment (\$12.4 billion and \$12.1 billion pledged as collateral, respectively)	8,711,677	8,179,608
Long term debt	51,623	—
Payable for investments purchased	106,169	1,256,337
Accrued interest payable	40,950	63,600
Dividends payable	77,213	98,568
Accounts payable and other liabilities	5,721	6,163
Total liabilities ⁽¹⁾	\$ 13,743,633	\$ 23,165,378
Stockholders' Equity:		
Preferred Stock, par value of \$0.01 per share, 100,000,000 shares authorized:		
8.00% Series A cumulative redeemable: 5,800,000 shares issued and outstanding, respectively (\$145,000 liquidation preference)	\$ 58	\$ 58
8.00% Series B cumulative redeemable: 13,000,000 shares issued and outstanding, respectively (\$325,000 liquidation preference)	130	130
7.75% Series C cumulative redeemable: 10,400,000 shares issued and outstanding, respectively (\$260,000 liquidation preference)	104	104
8.00% Series D cumulative redeemable: 8,000,000 shares issued and outstanding, respectively (\$200,000 liquidation preference)	80	80
Common stock: par value \$0.01 per share; 500,000,000 shares authorized, 230,556,760 and 187,226,081 shares issued and outstanding, respectively	2,306	1,873
Additional paid-in-capital	4,538,029	4,275,963
Accumulated other comprehensive income	558,096	708,336
Cumulative earnings	3,881,894	3,793,040
Cumulative distributions to stockholders	(5,201,311)	(4,826,291)
Total stockholders' equity	\$ 3,779,386	\$ 3,953,293
Total liabilities and stockholders' equity	\$ 17,523,019	\$ 27,118,671

(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 Corporation). As of December 31, 2020, and December 31, 2019, total assets of consolidated VIEs were \$12,165,017 and \$12,544,744, respectively, and total liabilities of consolidated VIEs were \$8,063,110 and \$8,064,235, respectively.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

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

	For the Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Net interest income:			
Interest income ⁽¹⁾	\$ 1,030,250	\$ 1,361,110	\$ 1,273,316
Interest expense ⁽²⁾	516,181	758,814	679,108
Net interest income	514,069	602,296	594,208
Increase/(decrease) in provision for credit losses	180	—	—
Net other-than-temporary credit impairment losses	—	(4,853)	(21,791)
Other investment gains (losses):			
Net unrealized gains (losses) on derivatives	201,000	(106,209)	(141,162)
Realized gains (losses) on terminations of interest rate swaps	(463,966)	(359,726)	—
Net realized gains (losses) on derivatives	(41,086)	(34,423)	18,369
Net gains (losses) on derivatives	(304,052)	(500,358)	(122,793)
Net unrealized gains (losses) on financial instruments at fair value	(110,664)	409,634	46,632
Net realized gains (losses) on sales of investments	166,946	20,360	(2,743)
Gains (losses) on extinguishment of debt	(54,418)	9,318	26,376
Total other gains (losses)	(302,188)	(61,046)	(52,528)
Other expenses:			
Compensation and benefits	44,811	48,880	35,114
General and administrative expenses	25,346	26,555	22,664
Servicing fees	37,464	36,290	40,773
Transaction expenses	15,068	10,928	9,610
Total other expenses	122,689	122,653	108,161
Income (loss) before income taxes	89,012	413,744	411,728
Income taxes	158	193	91
Net income (loss)	\$ 88,854	\$ 413,551	\$ 411,637
Dividends on preferred stock	73,750	72,704	43,197
Net income (loss) available to common shareholders	\$ 15,104	\$ 340,847	\$ 368,440
Net income (loss) per share available to common shareholders:			
Basic	\$ 0.07	\$ 1.82	\$ 1.97
Diluted	\$ 0.07	\$ 1.81	\$ 1.96
Weighted average number of common shares outstanding:			
Basic	212,995,533	187,156,990	187,146,170
Diluted	226,438,341	188,406,444	187,748,862

(1) Includes interest income of consolidated VIEs of \$683,456, \$780,746 and \$904,830 for the years ended December 31, 2020, 2019 and 2018, respectively.

(2) Includes interest expense of consolidated VIEs of \$285,142, \$337,387 and \$395,255 for the years ended December 31, 2020, 2019 and 2018, respectively.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except share and per share data)
(Unaudited)

	For the Year Ended		
	December 31, 2020	December 31, 2019	December 31, 2018
Comprehensive income (loss):			
Net income (loss)	\$ 88,854	\$ 413,551	\$ 411,637
Other comprehensive income:			
Unrealized gains (losses) on available-for-sale securities, net	(94,136)	70,855	(185,570)
Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses	—	4,853	21,791
Reclassification adjustment for net realized losses (gains) included in net income	(56,104)	5,796	(6,291)
Other comprehensive income (loss)	(150,240)	81,504	(170,070)
Comprehensive income (loss) before preferred stock dividends	\$ (61,386)	\$ 495,055	\$ 241,567
Dividends on preferred stock	\$ 73,750	\$ 72,704	\$ 43,197
Comprehensive income (loss) available to common stock shareholders	\$ (135,136)	\$ 422,351	\$ 198,370

Core earnings

Core earnings is a non-GAAP measure and is defined as GAAP net income excluding unrealized gains on the aggregate portfolio, provision for credit losses, interest expense on long term debt, 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 expenses incurred in relation to securitizations. In addition, stock compensation expense charges incurred on awards to retirement eligible employees is reflected as an expense over a vesting period (36 months) rather than reported as an immediate expense.

As defined, core earnings include interest income and expense, as well as periodic cash settlements on interest rate swaps used to hedge interest rate risk and other expenses. Core earnings is inclusive of preferred dividend charges, compensation and benefits (adjusted for awards to retirement eligible employees), general and administrative expenses, servicing fees, as well as income tax expenses incurred during the period. Management believes that the presentation of core earnings provides investors with a useful measure but has important limitations. We believe core earnings as described above helps us evaluate our financial performance period over period without the impact of certain transactions but 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. In addition, our methodology for calculating core earnings may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and accordingly, our reported core earnings may not be comparable to the core earnings reported by other REITs.

The following table provides GAAP measures of net income and net income per diluted share available to common stockholders for the periods presented and details with respect to reconciling the line items to core earnings and related per average diluted common share amounts. The Core earnings is presented on an adjusted dilutive shares basis. The adjusted dilutive shares used for core earnings is a non-GAAP measure which includes the GAAP dilutive shares of 265 million, adjusted for the dilutive effect of approximately 20 million shares on warrants issued in second quarter of 2020. We exclude the dilutive effect of the warrants as the warrant holders do not participate in dividends. Certain prior period amounts have been reclassified to conform to the current period's presentation.

	December 31, 2020	September 30, 2020	For the Quarters Ended		December 31, 2019
			June 30, 2020	March 31, 2020	
	(dollars in thousands, except per share data)				
GAAP Net income available to common stockholders	\$ 128,797	\$ 348,891	\$ (73,393)	\$ (389,193)	\$ 111,881
Adjustments:					
Interest expense on long term debt	1,197	1,495	4,391	—	—
Increase (decrease) in provision for credit losses	13	(1,650)	(4,497)	6,314	—
Net unrealized (gains) losses on derivatives	—	—	—	(201,000)	(83,656)
Net unrealized (gains) losses on financial instruments at fair value	(61,379)	(260,766)	171,921	260,887	112,751
Net realized (gains) losses on sales of investments	329	(65,041)	(26,380)	(75,854)	(17,687)
(Gains) losses on extinguishment of debt	(919)	55,794	(459)	—	(9,926)
Realized (gains) losses on terminations of interest rate swaps	—	—	—	463,966	8,353
Net realized (gains) losses on Futures ⁽¹⁾	—	—	—	34,700	(8,229)
Transaction expenses	3,827	1,624	4,710	4,906	6,639
Stock Compensation expense for retirement eligible awards	(225)	(275)	(273)	1,189	(45)
Core Earnings	\$ 71,640	\$ 80,072	\$ 76,020	\$ 105,915	\$ 120,081
GAAP net income per diluted common share	\$ 0.49	\$ 1.32	\$ (0.37)	\$ (2.08)	\$ 0.59
Core earnings per adjusted diluted common share⁽²⁾	\$ 0.29	\$ 0.33	\$ 0.32	\$ 0.56	\$ 0.64

(1) Included in net realized gains (losses) on derivatives in the Consolidated Statements of Operations.

(2) We note that core and taxable earnings will typically differ, and may materially differ, due to differences on realized gains and losses on investments and related hedges, credit loss recognition, timing differences in premium amortization, accretion of discounts, equity compensation and other items.

The following tables provide a summary of the Company's MBS portfolio at December 31, 2020 and December 31, 2019.

December 31, 2020

	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	\$ 1,560,135	\$ 50.65	81.90	4.5 %	16.9 %
Subordinated	905,674	62.46	67.43	3.8 %	6.3 %
Interest-only	5,628,240	4.43	4.66	1.5 %	16.2 %
Agency RMBS					
Interest-only	1,262,963	9.41	7.18	1.7 %	1.6 %
Agency CMBS					
Project loans	1,527,621	101.81	112.23	4.1 %	3.8 %
Interest-only	1,326,665	1.78	1.95	0.6 %	8.4 %

(1) Bond Equivalent Yield at period end.

December 31, 2019

	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	\$ 2,024,564	\$ 52.98	\$ 84.01	5.0 %	20.8 %
Subordinated	876,592	63.15	71.25	3.7 %	6.9 %
Interest-only	7,458,653	4.04	3.87	1.1 %	8.4 %
Agency RMBS					
Pass-through	6,080,547	102.15	104.64	4.0 %	3.4 %
Interest-only	1,539,941	9.06	8.29	1.6 %	4.0 %
Agency CMBS					
Project loans	2,621,938	101.82	106.86	3.7 %	3.6 %
Interest-only	1,817,246	2.81	2.70	0.7 %	4.7 %

(1) Bond Equivalent Yield at period end.

At December 31, 2020 and December 31, 2019, the secured financing agreements collateralized by MBS and Loans held for investment had the following remaining maturities and borrowing rates.

	December 31, 2020			December 31, 2019		
	Principal (1)	Weighted Average Borrowing Rates	Range of Borrowing Rates	Principal	Weighted Average Borrowing Rates	Range of Borrowing Rates
Overnight	\$ —	NA	NA	\$ —	NA	NA
1 to 29 days	1,521,134	0.38%	0.20% - 2.72%	9,709,387	2.26%	1.90% - 3.62%
30 to 59 days	481,257	4.35%	2.42% - 6.61%	800,648	2.96%	2.15% - 3.52%
60 to 89 days	352,684	2.78%	1.34% - 6.30%	608,520	3.00%	2.59% - 3.35%
90 to 119 days	301,994	7.97%	7.97% - 7.97%	—	NA	NA
120 to 180 days	595,900	5.29%	2.40% - 6.26%	809,077	3.38%	3.06% - 3.46%
180 days to 1 year	345,204	3.60%	3.25% - 4.50%	580,886	3.42%	3.26% - 3.51%
1 to 2 years	—	NA	NA	427,981	3.28%	3.19% - 3.30%
2 to 3 years	642,696	4.91%	1.65% - 7.00%	—	NA	NA
Greater than 3 years	395,978	5.56%	5.56% - 5.56%	491,046	3.20%	3.19% - 3.20%
Total	\$ 4,636,847	3.41%		\$ 13,427,545	2.52%	

The following table summarizes certain characteristics of our portfolio at December 31, 2020 and December 31, 2019.

	December 31, 2020		December 31, 2019	
Interest earning assets at period-end ⁽¹⁾	\$	17,093,949	\$	26,248,233
Interest bearing liabilities at period-end	\$	13,513,580	\$	21,740,710
GAAP Leverage at period-end		3.6:1		5.5:1
GAAP Leverage at period-end (recourse)		1.2:1		3.4:1
Portfolio Composition, at amortized cost				
Non-Agency RMBS		10.2 %		7.9 %
Senior		5.0 %		4.5 %
Subordinated		3.6 %		2.2 %
Interest-only		1.6 %		1.2 %
Agency RMBS		0.7 %		25.7 %
Pass-through		— %		25.1 %
Interest-only		0.7 %		0.6 %
Agency CMBS		10.0 %		11.0 %
Project loans		9.9 %		10.8 %
Interest-only		0.1 %		0.2 %
Loans held for investment		79.1 %		55.4 %
Fixed-rate percentage of portfolio		94.9 %		95.9 %
Adjustable-rate percentage of portfolio		5.1 %		4.1 %

(1) Excludes cash and cash equivalents.

Economic Net Interest Income

Our “Economic net interest income” is a non-GAAP financial measure, that equals interest income, less interest expense and realized losses on our interest rate swaps. Realized losses on our interest rate swaps are the periodic net settlement payments made or received. For the purpose of computing economic net interest income and ratios relating to cost of funds measures throughout this section, interest expense includes net payments on our interest rate swaps, which is presented as a part of Realized gains (losses) on derivatives in our Consolidated Statements of Operations and Comprehensive Income. Interest rate swaps are used to manage the increase in interest paid on repurchase agreements in a rising rate environment. Presenting the net contractual interest payments on interest rate swaps with the interest paid on interest-bearing liabilities reflects our total contractual interest payments. We believe this presentation is useful to investors because it depicts the economic value of our investment strategy by showing actual interest expense and net interest income. Where indicated, interest expense, including interest payments on interest rate swaps, is referred to as economic interest expense. Where indicated, net interest income reflecting interest payments on interest rate swaps, is referred to as economic net interest income.

The following table reconciles the GAAP and non-GAAP measurements reflected in the Management’s Discussion and Analysis of Financial Condition and Results of Operations.

	GAAP Interest Income	GAAP Interest Expense	Net Realized (Gains) Losses on Interest Rate Swaps	Interest Expense on Long Term Debt	Economic Interest Expense	GAAP Net Interest Income	Net Realized Gains (Losses) on Interest Rate Swaps	Other ⁽¹⁾	Economic Net Interest Income
For the Year Ended December 31, 2020	\$ 1,030,250	\$ 516,181	\$ 6,385	\$ (7,082)	\$ 515,484	\$ 514,069	\$ (6,385)	\$ 5,755	\$ 513,439
For the Year Ended December 31, 2019	\$ 1,361,110	\$ 758,814	\$ (3,012)	\$ —	\$ 755,802	\$ 602,296	\$ 3,012	\$ (7,938)	\$ 597,370
For the Year Ended December 31, 2018	\$ 1,273,316	\$ 679,108	\$ 1,488	\$ —	\$ 680,596	\$ 594,208	\$ (1,488)	\$ 760	\$ 593,480
For the Quarter Ended December 31, 2020	\$ 236,156	\$ 120,285	\$ —	\$ (1,197)	\$ 119,088	\$ 115,871	\$ —	\$ 1,177	\$ 117,048
For the Quarter Ended September 30, 2020	\$ 247,905	\$ 124,557	\$ —	\$ (1,495)	\$ 123,062	\$ 123,348	\$ —	\$ 1,487	\$ 124,835
For the Quarter Ended June 30, 2020	\$ 245,922	\$ 129,256	\$ —	\$ (4,391)	\$ 124,865	\$ 116,666	\$ —	\$ 4,358	\$ 121,024
For the Quarter Ended March 31, 2020	\$ 300,266	\$ 142,083	\$ 6,385	\$ —	\$ 148,468	\$ 158,183	\$ (6,385)	\$ (1,266)	\$ 150,532

(1) Primarily interest expense on Long term debt and interest income on cash and cash equivalents.

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 Quarter Ended					
	December 31, 2020 (dollars in thousands)			December 31, 2019 (dollars in thousands)		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets ⁽¹⁾:						
Agency RMBS	\$ 121,440	\$ 479	1.6 %	\$ 7,417,646	\$ 63,108	3.4 %
Agency CMBS	1,455,855	15,400	4.2 %	2,298,601	24,856	4.3 %
Non-Agency RMBS	1,650,268	56,259	13.6 %	1,976,632	81,429	16.5 %
Loans held for investment	12,770,508	163,998	5.1 %	12,851,351	169,605	5.3 %
Total	\$ 15,998,071	\$ 236,136	5.9 %	\$ 24,544,230	\$ 338,998	5.5 %
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Secured financing agreements collateralized by:						
Agency RMBS	\$ 71,689	\$ 173	1.0 %	\$ 7,015,513	\$ 37,949	2.2 %
Agency CMBS	1,323,972	738	0.2 %	2,272,069	14,819	2.6 %
Non-Agency RMBS	1,069,348	13,797	5.2 %	1,404,981	11,466	3.3 %
Loans held for investment	2,200,314	26,627	4.8 %	3,786,840	33,781	3.6 %
Securitized debt	8,630,854	77,753	3.6 %	7,758,406	76,597	3.9 %
Total	\$ 13,296,177	\$ 119,088	3.6 %	\$ 22,237,809	\$ 174,612	3.1 %
Economic net interest income/net interest rate spread		\$ 117,048	2.3 %		\$ 164,386	2.4 %
Net interest-earning assets/net interest margin	\$ 2,701,894		2.9 %	\$ 2,306,421		2.7 %
Ratio of interest-earning assets to interest bearing liabilities	1.20			1.10		

(1) Interest-earning assets at amortized cost

(2) Interest includes net cash paid/received on swaps

The table below shows our Net Income and Economic Net Interest Income as a percentage of average stockholders' equity and Core Earnings as a percentage of average common stockholders' equity. Return on average equity is defined as our GAAP net income (loss) as a percentage of average equity. Average equity is defined as the average of our beginning and ending stockholders' equity balance for the period reported. Economic Net Interest Income and Core Earnings are non-GAAP measures as defined in previous sections

	Return on Average Equity	Economic Net Interest Income/Average Equity *	Core Earnings/Average Common Equity
	(Ratios have been annualized)		
For the Year Ended December 31, 2020	2.46 %	14.21 %	12.43 %
For the Year Ended December 31, 2019	10.56 %	15.26 %	13.93 %
For the Year Ended December 31, 2018	11.08 %	15.98 %	14.31 %
For the Quarter Ended December 31, 2020	15.76 %	12.53 %	10.21 %
For the Quarter Ended September 30, 2020	41.43 %	14.08 %	12.24 %
For the Quarter Ended June 30, 2020	(6.62)%	14.58 %	12.72 %
For the Quarter Ended March 31, 2020	(41.21)%	16.73 %	15.88 %

* Includes effect of realized losses on interest rate swaps and excludes long term debt expense.

The following table presents changes to Accretable Discount (net of premiums) as it pertains to our Non-Agency RMBS portfolio, excluding premiums on IOs, during the previous five quarters.

Accretable Discount (Net of Premiums)	For the Quarters Ended				
	(dollars in thousands)				
	December 31, 2020	September 30, 2020	June 30, 2020	March 31, 2020	December 31, 2019
Balance, beginning of period	\$ 422,981	\$ 410,447	\$ 438,232	\$ 494,255	\$ 494,780
Accretion of discount	(21,281)	(20,045)	(22,508)	(24,784)	(44,342)
Purchases	758	2,096	—	(4,336)	(12,541)
Sales and deconsolidation	98	—	(23,425)	438	(786)
Transfers from/(to) credit reserve, net	7,134	30,483	18,148	(27,341)	57,144
Balance, end of period	\$ 409,690	\$ 422,981	\$ 410,447	\$ 438,232	\$ 494,255

Disclaimer

This press release includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as “expect,” “target,” “assume,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believe,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: our business and investment strategy; our ability to accurately forecast the payment of future dividends on our common and preferred stock, and the amount of such dividends; our ability to determine accurately the fair market value of our assets; availability of investment opportunities in real estate-related and other securities, including our valuation of potential opportunities that may arise as a result of current and future market dislocations; effect of the novel coronavirus (or COVID-19) pandemic on real estate market, financial markets and our Company, including the impact on the value, availability, financing and liquidity of mortgage assets; how COVID-19 may affect us, our operations and our personnel; our expected investments; changes in the value of our investments, including negative changes resulting in margin calls related to the financing of our assets; changes in interest rates and mortgage prepayment rates; prepayments of the mortgage and other loans underlying our mortgage-backed securities, or RMBS, or other asset-backed securities, or ABS; rates of default, delinquencies or decreased recovery rates on our investments; general volatility of the securities markets in which we invest; our ability to maintain existing financing arrangements and our ability to obtain future financing arrangements; our ability to effect our strategy to securitize residential mortgage loans; interest rate mismatches between our investments and our borrowings used to finance such purchases; effects of interest rate caps on our adjustable-rate investments; the degree to which our hedging strategies may or may not protect us from interest rate volatility; the impact of and changes to various government programs, including in response to COVID-19; impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters; market trends in our industry, interest rates, the debt securities markets or the general economy; estimates relating to our ability to make distributions to our stockholders in the future; our understanding of our competition; availability of qualified personnel; our ability to maintain our classification as a real estate investment trust, or, REIT, for U.S. federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or 1940 Act; our expectations regarding materiality or significance; and the effectiveness of our disclosure controls and procedures.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Chimera does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Chimera’s most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Chimera or matters attributable to Chimera or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

Readers are advised that the financial information in this press release is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the Company's independent auditors.



FINANCIAL SUPPLEMENT

4th Quarter 2020

DISCLAIMER

This presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as “goal,” “expect,” “target,” “assume,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believe,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q and Current Report on Form 8-K, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: our business and investment strategy; our ability to accurately forecast the payment of future dividends on our common and preferred stock, and the amount of such dividends; our ability to determine accurately the fair market value of our assets; availability of investment opportunities in real estate-related and other securities, including our valuation of potential opportunities that may arise as a result of current and future market dislocations; effect of the novel coronavirus (or COVID-19) pandemic on real estate market, financial markets and our Company, including the impact on the value, availability, financing and liquidity of mortgage assets; how COVID-19 may affect us, our operations and our personnel; our expected investments; changes in the value of our investments, including negative changes resulting in margin calls related to the financing of our assets; changes in interest rates and mortgage prepayment rates; prepayments of the mortgage and other loans underlying our mortgage-backed securities, or RMBS, or other asset-backed securities, or ABS; rates of default, delinquencies or decreased recovery rates on our investments; general volatility of the securities markets in which we invest; our ability to maintain existing financing arrangements and our ability to obtain future financing arrangements; our ability to effect our strategy to securitize residential mortgage loans; interest rate mismatches between our investments and our borrowings used to finance such purchases; effects of interest rate caps on our adjustable-rate investments; the degree to which our hedging strategies may or may not protect us from interest rate volatility; the impact of and changes to various government programs, including in response to COVID-19; impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters; market trends in our industry, interest rates, the debt securities markets or the general economy; estimates relating to our ability to make distributions to our stockholders in the future; our understanding of our competition; availability of qualified personnel; our ability to maintain our classification as a real estate investment trust, or REIT, for U.S. federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or 1940 Act; our expectations regarding materiality or significance; and the effectiveness of our disclosure controls and procedures.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Chimera does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Chimera’s most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Chimera or matters attributable to Chimera or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources. This presentation is provided for discussion purposes only and may not be relied upon as legal or investment advice, nor is it intended to be inclusive of all the risks and uncertainties that should be considered. This presentation does not constitute an offer to purchase or sell any securities, nor shall it be construed to be indicative of the terms of an offer that the parties or their respective affiliates would accept.

Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company’s independent auditors.

Information is unaudited, estimated and subject to change.



PORTFOLIO COMPOSITION

Net Investment Analysis⁽²⁾

	RESIDENTIAL MORTGAGE CREDIT PORTFOLIO	AGENCY PORTFOLIO	TOTAL PORTFOLIO
GROSS ASSET YIELD:	6.1%	4.0%	5.9%
FINANCING COSTS ⁽³⁾	4.0%	0.3%	3.6%
NET INTEREST SPREAD:	2.1%	3.7%	2.3%
NET INTEREST MARGIN:	2.8%	3.8%	2.9%

All data as of December 31, 2020

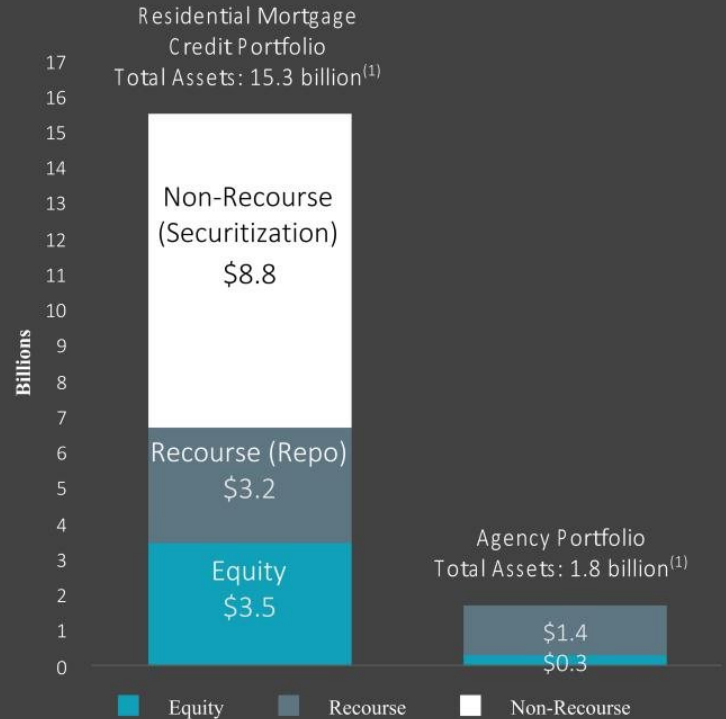
(1) Financing excludes unsettled trades.

(2) Reflects fourth quarter 2020 average assets, yields, and spreads.

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

Information is unaudited, estimated and subject to change.

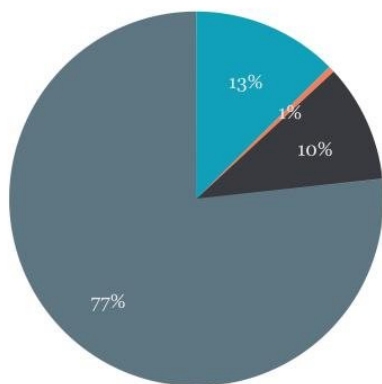
91% of Chimera's equity capital is allocated to mortgage credit



GAAP ASSET ALLOCATION

Chimera's focus in 2020 was loan acquisition and securitization

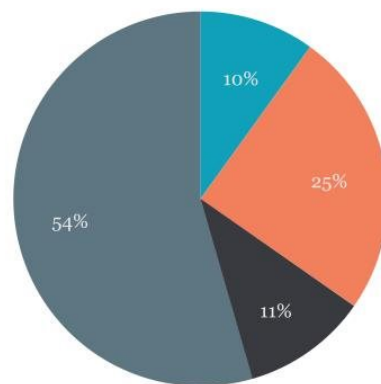
December 31, 2020



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

Total Portfolio: \$17.1 billion

December 31, 2019



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

Total Portfolio: \$26.2 billion

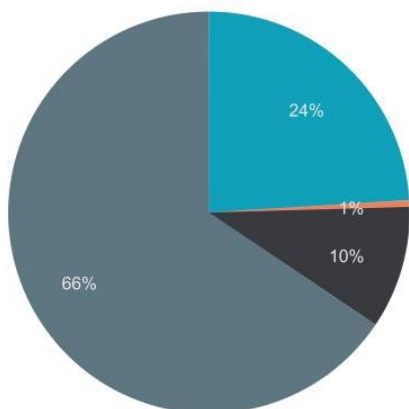
Based on fair value.

Information is unaudited, estimated and subject to change.

GAAP FINANCING SOURCES

3.6:1 total leverage and 1.2:1 recourse leverage⁽¹⁾ in Q4 2020 compared to 5.5:1 total leverage and 3.4:1 recourse leverage⁽¹⁾ in Q4 2019

December 31, 2020



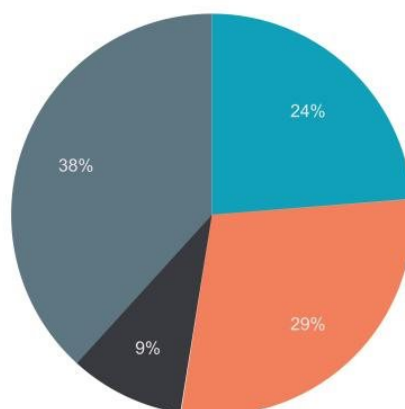
- Non-Agency Secured Financing, RMBS
- Agency Secured Financing, RMBS
- Agency Secured Financing, CMBS
- Non-Recourse Debt, Securitized RMBS and Loans (2)

Total Portfolio: \$13.5 billion

- (1) Leverage ratios as of December 31, 2020
- (2) Consists of tranches of RMBS and loan securitizations sold to third parties.

Information is unaudited, estimated and subject to change.

December 31, 2019



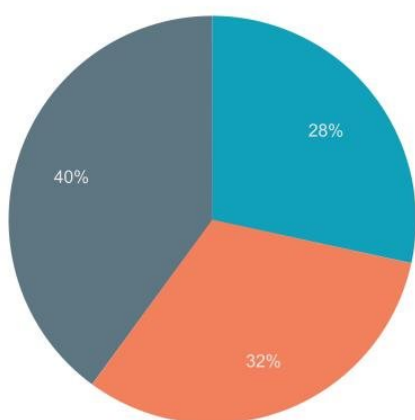
- Non-Agency Secured Financing, RMBS
- Agency Secured Financing, RMBS
- Agency Secured Financing, CMBS
- Non-Recourse Debt, Securitized RMBS and Loans (2)

Total Portfolio: \$21.7 billion

NON-AGENCY FINANCING

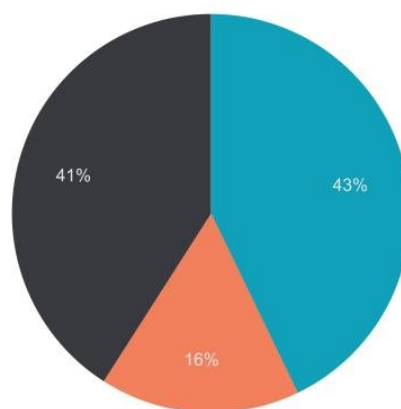
Chimera continues to focus on longer term and non-mark-to-market financing for its non-agency portfolio

Maturity



- 0 - 3 Months
- 3 - 6 Months
- Greater Than 12 Months

Facility Type



- Non Mark-to-Market
- Limited Mark-to-Market
- Mark-to-Market

Data based on secured financing agreements outstanding as of December 31, 2020

Information is unaudited, estimated and subject to change.

CONSOLIDATED LOAN SECURITIZATIONS

VINTAGE	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
2020	CIM 2020-NR1	\$131,860	\$84,165	\$47,695	\$130,664	\$83,097	\$47,567
2020	CIM 2020-R7	653,192	562,023	91,169	642,978	551,805	91,173
2020	CIM 2020-R6	418,390	334,151	84,239	408,175	323,886	84,289
2020	CIM 2020-R5	338,416	257,027	81,389	305,646	224,025	81,621
2020	CIM 2020-R4	276,316	207,237	69,079	264,556	195,372	69,184
2020	CIM 2020-R3	438,228	328,670	109,558	404,607	294,967	109,640
2020	CIM 2020-R2	492,347	351,926	140,421	450,379	375,590	74,789
2020	CIM 2020-R1	390,761	317,608	73,153	366,552	293,766	72,786
2019	CIM 2019-R5	315,039	252,224	62,815	267,643	205,115	62,528
2019	CIM 2019-R4	320,802	200,000	120,802	282,262	218,101	64,161
2019	CIM 2019-R3 ⁽¹⁾	342,633	291,237	51,396	287,100	235,556	51,544
2019	CIM 2019-R2	464,327	358,172	106,155	414,682	309,600	105,082
2019	CIM 2019-R1	371,762	297,409	74,353	326,678	252,694	73,984
2018	CIM 2018-NR1	257,548	—	257,548	153,303	—	153,303
2018	CIM 2018-R6	478,251	334,775	143,476	345,676	204,467	141,209
2018	CIM 2018-R5	380,194	266,136	114,058	263,791	151,811	111,980
2018	CIM 2018-R4	387,222	271,056	116,166	288,425	173,907	114,518
2018	CIM 2018-R3	181,073	146,669	34,404	118,140	84,608	33,532
2018	CIM 2018-R2	380,292	266,204	114,088	257,813	144,278	113,535
2018	CIM 2018-R1	169,032	140,297	28,735	121,491	92,847	28,644
2017	CMLTI 2017-RP2	421,329	341,276	80,053	295,900	257,768	38,132
2017	CIM 2017-7	512,446	341,062	171,384	343,772	186,024	157,748
2017	CIM 2017-6	782,725	626,179	156,546	494,640	344,505	150,135
2017	CIM 2017-5	377,034	75,407	301,627	252,917	181,965	70,952
2017	CIM 2017-4	830,510	710,003	120,507	382,917	280,910	102,007
2017	CIM 2017-3	2,434,640	2,113,267	321,373	1,299,893	999,485	300,408
2017	CIM 2017-1	526,267	368,387	157,880	299,916	203,579	96,337
2016	CIM 2016-FRE1	185,811	115,165	70,646	106,812	44,957	61,855
2016	CIM 2016-3	1,746,084	1,478,933	267,151	844,597	609,936	234,661
2016	CIM 2016-2	1,762,177	1,492,563	269,614	849,397	610,532	238,865
2016	CIM 2016-1	1,499,341	1,266,898	232,443	717,808	517,658	200,150
2012	CSMC 2012-CIM3	329,886	305,804	24,082	49,279	38,897	10,382
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	21,014	13,494	7,520
	TOTAL	\$19,215,645	\$15,051,072	\$4,164,573	\$12,059,423	\$8,705,202	\$3,354,221

All data as of December 31, 2020

\$ in thousands

(1) Accounted for as a secured borrowing

Information is unaudited, estimated and subject to change.



chimerareit.com
