

CHIMERA INVESTMENT CORP

FORM 8-K (Current report filing)

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Address	520 MADISON AVENUE 32ND FLOOR NEW YORK, NY, 10022
Telephone	212-626-2300
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SIC Code	6798 - Real Estate Investment Trusts
Industry	Specialized REITs
Sector	Financials
Fiscal Year	12/31

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 12, 2020

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) 626-2300

(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 12, 2020, the registrant issued a press release announcing its financial results for the quarter ended February 12, 2020. A copy of the press release is furnished as Exhibit 99.1 to this report.

On February 12, 2020, 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 9.01 Financial Statements and Exhibits

(d)	Exhibits
99.1	Press Release, dated February 12, 2020, issued by Chimera Investment Corporation
99.2	Supplemental Financial Information for the year ended December 31, 2019

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 12, 2020

PRESS RELEASE

NYSE: CIM

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

Investor Relations
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FOR IMMEDIATE RELEASE**CHIMERA INVESTMENT CORPORATION REPORTS 4TH QUARTER 2019 EARNINGS**

- 4TH QUARTER GAAP NET INCOME OF \$0.60 PER COMMON SHARE
- 4TH QUARTER CORE EARNINGS⁽¹⁾ OF \$0.64 PER COMMON SHARE WHICH INCLUDES \$0.07 CENTS OF INCOME FROM SECURITIES THAT HAVE BEEN CALLED
- FULL YEAR GAAP EARNINGS OF \$1.82 PER COMMON SHARE
- FULL YEAR CORE EARNINGS OF \$2.25 PER COMMON SHARE
- GAAP BOOK VALUE OF \$16.15 PER COMMON SHARE

NEW YORK - (BUSINESS WIRE) - Chimera Investment Corporation (NYSE:CIM) today announced its financial results for the fourth quarter ended December 31, 2019. The Company's GAAP net income for the fourth quarter was \$112 million or \$0.60 per common share and net income was \$341 million or \$1.82 for the full year ended December 31, 2019. Core earnings⁽¹⁾ for the fourth quarter and full year ended December 31, 2019 was \$120 million or \$0.64 per common share and \$421 million or \$2.25 per common share respectively. Economic return on book value for the fourth quarter and full year was 1.7%⁽²⁾ and 14.1%⁽²⁾ respectively.

"During the fourth quarter, we added \$1 billion in seasoned re-performing loans to our portfolio increasing our total loan purchases to \$2.3 billion for the full year," said Matthew Lambiase, Chimera's CEO and President.

(1) Core earnings is a non-GAAP measure. See additional discussion on page 5.

(2) Economic return on book value is based on the change in GAAP book value per common share plus the dividend declared per common share.

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, 2019		December 31, 2018	
Cash and cash equivalents	\$	109,878	\$	47,486
Non-Agency RMBS, at fair value		2,614,408		2,486,130
Agency RMBS, at fair value		6,490,293		9,240,057
Agency CMBS, at fair value		2,850,717		2,948,893
Loans held for investment, at fair value		14,292,815		12,572,581
Receivable for investments sold		446,225		—
Accrued interest receivable		116,423		123,442
Other assets		194,301		252,582
Derivatives, at fair value, net		3,611		37,468
Total assets ⁽¹⁾	\$	27,118,671	\$	27,708,639
Liabilities:				
Repurchase agreements (\$15.4 billion and \$15.8 billion pledged as collateral, respectively)	\$	13,427,545	\$	14,030,465
Securitized debt, collateralized by Non-Agency RMBS (\$598 million and \$1.0 billion pledged as collateral, respectively)		133,557		159,955
Securitized debt at fair value, collateralized by loans held for investment (\$12.1 billion and \$12.3 billion pledged as collateral, respectively)		8,179,608		8,455,376
Payable for investments purchased		1,256,337		1,136,157
Accrued interest payable		63,600		110,402
Dividends payable		98,568		95,986
Accounts payable and other liabilities		6,163		16,469
Total liabilities ⁽¹⁾	\$	23,165,378	\$	24,004,810
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 and 0 shares issued and outstanding, respectively (\$200,000 liquidation preference)		80		—
Common stock: par value \$0.01 per share; 500,000,000 and 300,000,000 shares authorized, 187,226,081 and 187,052,398 shares issued and outstanding, respectively		1,873		1,871
Additional paid-in-capital		4,275,963		4,072,093
Accumulated other comprehensive income		708,336		626,832
Cumulative earnings		3,793,040		3,379,489
Cumulative distributions to stockholders		(4,826,291)		(4,376,748)
Total stockholders' equity	\$	3,953,293	\$	3,703,829
Total liabilities and stockholders' equity	\$	27,118,671	\$	27,708,639

(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, 2019, and December 31, 2018, total assets of consolidated VIEs were \$12,544,744 and \$13,392,951, respectively, and total liabilities of consolidated VIEs were \$8,064,235 and \$8,652,158, respectively.

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

	For the Year Ended		
	December 31, 2019	December 31, 2018	December 31, 2017
Net interest income:			
Interest income ⁽¹⁾	\$ 1,361,110	\$ 1,273,316	\$ 1,138,758
Interest expense ⁽²⁾	758,814	679,108	532,748
Net interest income	602,296	594,208	606,010
Other-than-temporary impairments:			
Total other-than-temporary impairment losses	(801)	(2,556)	(5,169)
Portion of loss recognized in other comprehensive income	(4,052)	(19,235)	(56,687)
Net other-than-temporary credit impairment losses	(4,853)	(21,791)	(61,856)
Other investment gains (losses):			
Net unrealized gains (losses) on derivatives	(106,209)	(141,162)	47,976
Realized gains (losses) on terminations of interest rate swaps	(359,726)	—	(16,143)
Net realized gains (losses) on derivatives	(34,423)	18,369	(25,645)
Net gains (losses) on derivatives	(500,358)	(122,793)	6,188
Net unrealized gains (losses) on financial instruments at fair value	409,634	46,632	111,410
Net realized gains (losses) on sales of investments	20,360	(2,743)	9,123
Gains (losses) on extinguishment of debt	9,318	26,376	(35,274)
Total other gains (losses)	(61,046)	(52,528)	91,447
Other expenses:			
Compensation and benefits	48,880	35,114	30,212
General and administrative expenses	26,555	22,664	17,650
Servicing fees	36,290	40,773	41,690
Transaction expenses	10,928	9,610	21,273
Total other expenses	122,653	108,161	110,825
Income (loss) before income taxes	413,744	411,728	524,776
Income taxes	193	91	108
Net income (loss)	\$ 413,551	\$ 411,637	\$ 524,668
Dividends on preferred stock	72,704	43,197	33,484
Net income (loss) available to common shareholders	\$ 340,847	\$ 368,440	\$ 491,184
Net income (loss) per share available to common shareholders:			
Basic	\$ 1.82	\$ 1.97	\$ 2.62
Diluted	\$ 1.81	\$ 1.96	\$ 2.61
Weighted average number of common shares outstanding:			
Basic	187,156,990	187,146,170	187,780,355
Diluted	188,406,444	187,748,862	188,287,320

(1) Includes interest income of consolidated VIEs of \$780,746, \$904,830 and \$914,022 for the years ended December 31, 2019, 2018 and 2017 respectively.

(2) Includes interest expense of consolidated VIEs of \$337,387, \$395,255 and \$390,858 for the years ended December 31, 2019, 2018 and 2017, 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, 2019	December 31, 2018	December 31, 2017
Comprehensive income (loss):			
Net income (loss)	\$ 413,551	\$ 411,637	\$ 524,668
Other comprehensive income:			
Unrealized gains (losses) on available-for-sale securities, net	70,855	(185,570)	24,218
Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses	4,853	21,791	61,856
Reclassification adjustment for net realized losses (gains) included in net income	5,796	(6,291)	(7,278)
Other comprehensive income (loss)	81,504	(170,070)	78,796
Comprehensive income (loss) before preferred stock dividends	\$ 495,055	\$ 241,567	\$ 603,464
Dividends on preferred stock	\$ 72,704	\$ 43,197	\$ 33,484
Comprehensive income (loss) available to common stock shareholders	\$ 422,351	\$ 198,370	\$ 569,980

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 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 basic 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 basic common share amounts. Certain prior period amounts have been reclassified to conform to the current period's presentation.

	For the Quarters Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(dollars in thousands, except per share data)				
GAAP Net income available to common stockholders	\$ 111,881	\$ 87,888	\$ 40,322	\$ 100,755	\$ (117,235)
Adjustments:					
Net other-than-temporary credit impairment losses	—	—	—	4,853	4,269
Net unrealized (gains) losses on derivatives	(83,656)	(31,620)	132,171	89,315	319,673
Net unrealized (gains) losses on financial instruments at fair value	112,751	(130,825)	(190,748)	(200,812)	(84,836)
Net realized (gains) losses on sales of investments	(17,687)	(1,596)	7,526	(8,603)	(1,213)
(Gains) losses on extinguishment of debt	(9,926)	—	608	—	(7,055)
Realized (gains) losses on terminations of interest rate swaps	8,353	148,114	95,211	108,046	—
Net realized (gains) losses on Futures ⁽¹⁾	(8,229)	19,138	13,544	12,579	(4,320)
Transaction expenses	6,639	3,415	812	62	4,441
Stock Compensation expense for retirement eligible awards	(45)	(145)	(144)	1,533	99
Core Earnings	\$ 120,081	\$ 94,369	\$ 99,302	\$ 107,728	\$ 113,823
GAAP net income per basic common share	\$ 0.60	\$ 0.47	\$ 0.22	\$ 0.54	\$ (0.63)
Core earnings per basic common share ⁽²⁾	\$ 0.64	\$ 0.50	\$ 0.53	\$ 0.58	\$ 0.61

(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, 2019 and December 31, 2018.

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%	
December 31, 2018						
	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	\$ 2,386,049	\$ 53.40	\$ 81.44	5.0%	19.5%	
Subordinated	394,037	56.60	70.16	4.0%	9.9%	
Interest-only	5,888,747	5.04	4.53	1.2%	8.7%	
Agency RMBS						
Pass-through	8,984,249	102.47	102.12	4.0%	3.6%	
Interest-only	578,284	11.10	11.36	1.5%	5.5%	
Agency CMBS						
Project loans	2,895,679	101.98	99.50	3.6%	3.4%	
Interest-only	2,450,288	2.93	2.76	0.6%	3.2%	

At December 31, 2019 and December 31, 2018, the repurchase agreements collateralized by MBS and Loans held for investment had the following remaining maturities.

	December 31, 2019		December 31, 2018	
	(dollars in thousands)			
Overnight	\$	—	\$	—
1 to 29 days		9,709,387		6,326,232
30 to 59 days		800,648		4,620,656
60 to 89 days		608,520		1,504,695
90 to 119 days		—		169,244
Greater than or equal to 120 days		2,308,990		1,409,638
Total	\$	13,427,545	\$	14,030,465

The following table summarizes certain characteristics of our portfolio at December 31, 2019 and December 31, 2018.

	December 31, 2019		December 31, 2018	
Interest earning assets at period-end ⁽¹⁾	\$	26,248,233	\$	27,247,661
Interest bearing liabilities at period-end	\$	21,740,710	\$	22,645,796
GAAP Leverage at period-end		5.5:1		6.1:1
GAAP Leverage at period-end (recourse)		3.4:1		3.8:1
Portfolio Composition, at amortized cost				
Non-Agency RMBS		7.9%		6.8%
Senior		4.5%		4.9%
Subordinated		2.2%		0.8%
Interest-only		1.2%		1.1%
Agency RMBS		25.7%		35.2%
Pass-through		25.1%		35.0%
Interest-only		0.6%		0.2%
Agency CMBS		11.0%		11.5%
Project loans		10.8%		11.2%
Interest-only		0.2%		0.3%
Loans held for investment		55.4%		46.5%
Fixed-rate percentage of portfolio		95.9%		95.8%
Adjustable-rate percentage of portfolio		4.1%		4.2%

(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	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, 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 Year Ended December 31, 2017	\$ 1,138,758	\$ 532,748	\$ 15,450	\$ 548,198	\$ 606,010	\$ (15,450)	\$ (1,097)	\$ 589,463
For the Quarter Ended December 31, 2019	\$ 340,662	\$ 169,203	\$ 5,409	\$ 174,612	\$ 171,459	\$ (5,409)	\$ (1,664)	\$ 164,386
For the Quarter Ended September 30, 2019	\$ 330,144	\$ 188,551	\$ 963	\$ 189,514	\$ 141,593	\$ (963)	\$ (2,465)	\$ 138,165
For the Quarter Ended June 30, 2019	\$ 339,914	\$ 198,110	\$ (3,923)	\$ 194,187	\$ 141,804	\$ 3,923	\$ (2,237)	\$ 143,490
For the Quarter Ended March 31, 2019	\$ 350,389	\$ 202,950	\$ (5,462)	\$ 197,488	\$ 147,439	\$ 5,462	\$ (1,571)	\$ 151,330

(1) Primarily interest expense/(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, 2019			December 31, 2018		
	(dollars in thousands)			(dollars in thousands)		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets (1):						
Agency RMBS	\$ 7,417,646	\$ 63,108	3.4%	\$ 8,753,062	\$ 80,131	3.7%
Agency CMBS	2,298,601	24,856	4.3%	1,824,176	15,810	3.5%
Non-Agency RMBS	1,976,632	81,429	16.5%	1,808,020	72,628	16.1%
Loans held for investment	12,851,351	169,605	5.3%	12,228,206	179,323	5.9%
Total	\$ 24,544,230	\$ 338,998	5.5%	\$ 24,613,464	\$ 347,892	5.7%
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Repurchase agreements collateralized by:						
Agency RMBS	\$ 7,015,513	\$ 37,949	2.2%	\$ 7,989,603	\$ 52,942	2.7%
Agency CMBS	2,272,069	14,819	2.6%	1,545,695	9,845	2.5%
Non-Agency RMBS	1,404,981	11,466	3.3%	1,111,030	11,540	4.2%
Loans held for investment	3,786,840	33,781	3.6%	2,435,931	23,445	3.8%
Securitized debt	7,758,406	76,597	3.9%	8,695,152	96,511	4.4%
Total	\$ 22,237,809	\$ 174,612	3.1%	\$ 21,777,411	\$ 194,283	3.6%
Economic net interest income/net interest rate spread		\$ 164,386	2.4%		\$ 153,609	2.1%
Net interest-earning assets/net interest margin	\$ 2,306,421		2.7%	\$ 2,836,053		2.5%
Ratio of interest-earning assets to interest bearing liabilities		1.10			1.13	

(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, 2019	10.56%	15.26%	13.93%
For the Year Ended December 31, 2018	11.08%	15.98%	14.31%
For the Year Ended December 31, 2017	15.00%	16.85%	14.91%
For the Quarter Ended December 31, 2019	13.12%	16.55%	15.78%
For the Quarter Ended September 30, 2019	10.68%	13.88%	12.37%
For the Quarter Ended June 30, 2019	5.93%	14.49%	13.10%
For the Quarter Ended March 31, 2019	12.34%	15.81%	14.37%

* Includes effect of realized losses on interest rate swaps.

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.

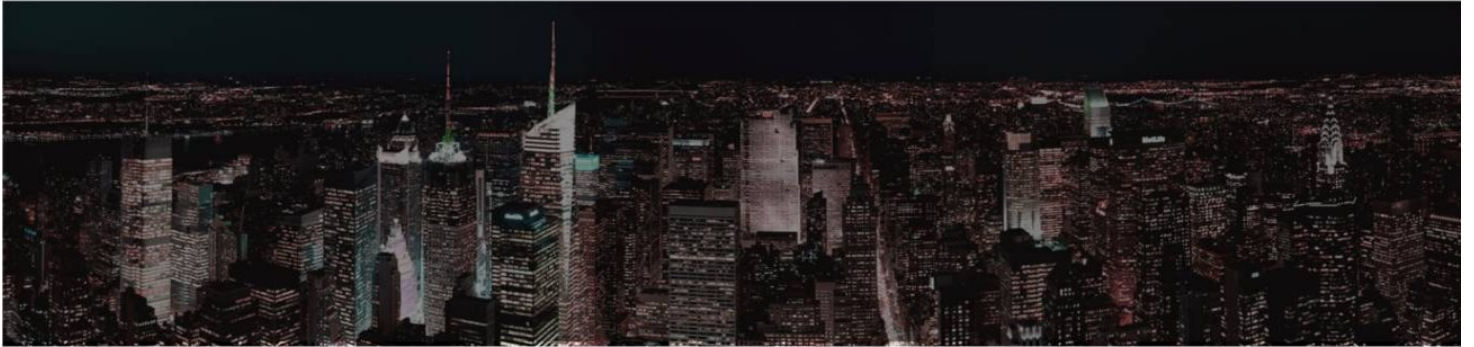
Accretable Discount (Net of Premiums)	For the Quarters Ended				
	December 31, 2019	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018
	(dollars in thousands)				
Balance, beginning of period	\$ 494,780	\$ 514,095	\$ 485,040	\$ 505,763	\$ 539,020
Accretion of discount	(44,342)	(33,256)	(35,964)	(35,551)	(36,287)
Purchases	(12,541)	(13,772)	48,736	6,638	4,589
Sales and deconsolidation	(786)	1,536	409	127	(625)
Transfers from/(to) credit reserve, net	57,144	26,177	15,874	8,063	(934)
Balance, end of period	\$ 494,255	\$ 494,780	\$ 514,095	\$ 485,040	\$ 505,763

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, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; the rates of default or decreased recovery on the mortgages underlying our target assets; the occurrence, extent and timing of credit losses within our portfolio; the credit risk in our underlying assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; our ability to borrow to finance our assets and the associated costs; changes in the competitive landscape within our industry; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire residential mortgage loans and successfully securitize the residential mortgage loans we acquire; our ability to oversee our third party sub-servicers; the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinance or principal reduction programs; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

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 2019

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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.

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PORTFOLIO COMPOSITION

Net Investment Analysis⁽²⁾

	RESIDENTIAL MORTGAGE CREDIT PORTFOLIO	AGENCY PORTFOLIO	TOTAL PORTFOLIO
GROSS ASSET YIELD:	6.8%	3.6%	5.5%
FINANCING COSTS ⁽³⁾	3.8%	2.3%	3.1%
NET INTEREST SPREAD:	3.0%	1.3%	2.4%
NET INTEREST MARGIN:	3.5%	1.4%	2.7%

All data as of December 31, 2019

(1) Financing excludes unsettled trades.

(2) Reflects fourth quarter 2019 average assets, yields, and spreads.

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

Information is unaudited, estimated and subject to change.

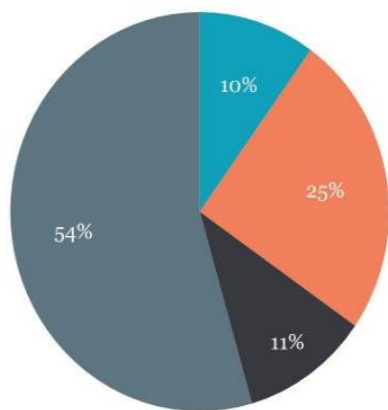
73% of Chimera's equity capital is allocated to mortgage credit



GAAP ASSET ALLOCATION

Chimera added to the loan portfolio during the quarter

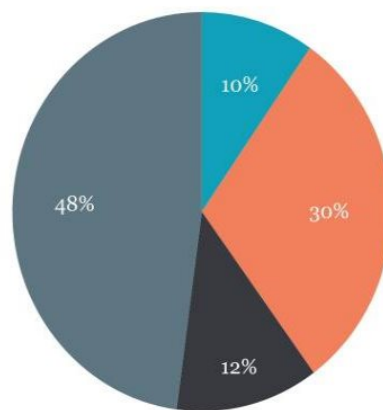
December 31, 2019



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

Total Portfolio: \$26.2 billion

September 30, 2019



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

Total Portfolio: \$27.4 billion

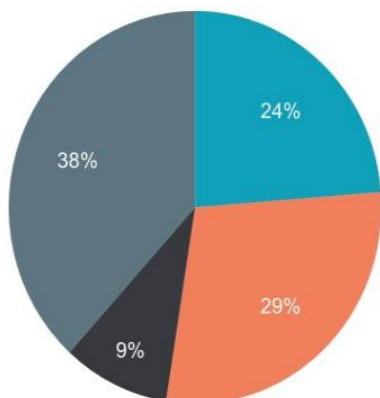
Based on fair value.

Information is unaudited, estimated and subject to change.

GAAP FINANCING SOURCES

Chimera operates at 5.5:1 total leverage and 3.4:1 recourse leverage⁽¹⁾

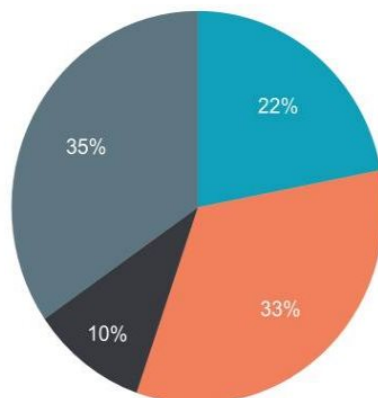
December 31, 2019



- Non-Agency Repurchase Agreements, RMBS
- Agency Repurchase Agreements, RMBS
- Agency Repurchase Agreements, CMBS
- Non-Recourse Debt, Securitized RMBS and Loans (2)

Total Portfolio: \$21.7 billion

September 30, 2019



- Non-Agency Repurchase Agreements, RMBS
- Agency Repurchase Agreements, RMBS
- Agency Repurchase Agreements, CMBS
- Non-Recourse Debt, Securitized RMBS and Loans (2)

Total Portfolio: \$22.9 billion

(1) Leverage ratios as of December 31, 2019

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

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
2019	CIM 2019-R5	\$315,039	\$252,224	\$62,815	\$312,370	\$249,570	\$62,800
2019	CIM 2019-R4	320,802	200,000	120,802	317,350	197,310	120,040
2019	CIM 2019-R3 ⁽¹⁾	342,633	291,237	51,396	334,491	283,175	51,316
2019	CIM 2019-R2	464,327	358,172	106,155	455,984	350,038	105,946
2019	CIM 2019-R1	371,762	297,409	74,353	358,670	284,378	74,292
2018	CIM 2018-NR1	257,548	—	257,548	183,221	—	183,221
2018	CIM 2018-R6	478,251	334,775	143,476	406,568	263,811	142,757
2018	CIM 2018-R5	380,194	266,136	114,058	312,829	199,712	113,117
2018	CIM 2018-R4	387,222	271,056	116,166	328,216	212,749	115,467
2018	CIM 2018-R3	181,073	146,669	34,404	139,258	105,417	33,841
2018	CIM 2018-R2	380,292	266,204	114,088	299,940	185,762	114,178
2018	CIM 2018-R1	169,032	140,297	28,735	137,126	108,202	28,924
2017	CMLTI 2017-RP2	421,329	341,276	80,053	333,137	254,346	78,791
2017	CIM 2017-8	1,148,050	688,829	459,221	882,312	431,154	451,158
2017	CIM 2017-7	512,446	341,062	171,384	395,178	228,131	167,047
2017	CIM 2017-6	782,725	626,179	156,546	574,645	421,099	153,546
2017	CIM 2017-5	377,034	75,407	301,627	290,388	66,572	223,816
2017	CIM 2017-4	830,510	710,003	120,507	471,088	365,682	105,406
2017	CIM 2017-3	2,434,640	2,113,267	321,373	1,554,121	1,249,291	304,830
2017	CIM 2017-2	331,440	248,580	82,860	235,673	155,650	80,023
2017	CIM 2017-1	526,267	368,387	157,880	349,694	198,090	151,604
2016	CIM 2016-FRE1	185,811	115,165	70,646	122,467	58,301	64,166
2016	CIM 2016-3	1,746,084	1,478,933	267,151	1,001,495	762,359	239,136
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,010,521	768,035	242,486
2016	CIM 2016-1	1,499,341	1,266,898	232,443	853,242	651,242	202,000
2012	CSMC 2012-CIM3	329,886	305,804	24,082	86,471	70,481	15,990
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	24,635	17,990	6,645
TOTAL		\$17,555,625	\$13,545,674	\$4,009,951	\$11,771,090	\$8,138,547	\$3,632,543

All data as of December 31, 2019

\$ in thousands

(1) Accounted for as a secured borrowing

Information is unaudited, estimated and subject to change.

AGENCY SECURITIES AND REPO SUMMARY

Agency Securities – As of December 31, 2019

SECURITY TYPE	COUPON ⁽¹⁾	CURRENT FACE	WEIGHTED AVERAGE MARKET PRICE	WEIGHTED AVERAGE CPR
Agency Pass-through	3.5%	\$339,687	104.2	22.0
	4.0%	5,437,343	104.5	38.0
	4.5%	303,519	106.3	44.8
Commercial	3.7%	2,621,938	106.9	—
Agency IO	1.6%	N/M ⁽²⁾	8.3	14.9
ACMBS IO	0.7%	N/M ⁽²⁾	2.7	5.3
Total		\$8,702,487		

Repo Days to Maturity – As of December 31, 2019

MATURITY	PRINCIPAL BALANCE	WEIGHTED AVERAGE RATE	WEIGHTED AVERAGE DAYS
Within 30 days	\$8,143,851	2.10%	
30 to 59 days	116,939	2.15%	
60 to 89 days	—	—%	
90 to 360 days	—	—%	
Total	\$8,260,790	2.10%	14 Days

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

(2) Total Agency IO and ACMBS IO Notional was \$3.4 billion and \$3.2 billion as of December 31, 2019 and September 30, 2019 respectively.

Information is unaudited, estimated and subject to change.

Agency Securities – As of September 30, 2019

SECURITY TYPE	COUPON ⁽¹⁾	CURRENT FACE	WEIGHTED AVERAGE MARKET PRICE	WEIGHTED AVERAGE CPR
Agency Pass-through	3.5%	\$588,780	103.6	14.9
	4.0%	6,603,563	104.3	26.2
	4.5%	358,064	106.6	23.8
	5.0%	239,977	107.2	37.1
Commercial	3.7%	3,031,644	108.8	—
Agency IO	1.6%	N/M ⁽²⁾	8.9	8.5
ACMBS IO	0.7%	N/M ⁽²⁾	2.3	2.8
Total		\$10,822,028		

Repo Days to Maturity – As of September 30, 2019

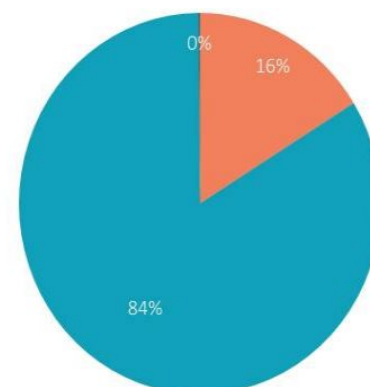
MATURITY	PRINCIPAL BALANCE	WEIGHTED AVERAGE RATE	WEIGHTED AVERAGE DAYS
Within 30 days	\$9,121,803	2.28%	
30 to 59 days	843,045	2.24%	
60 to 89 days	—	—%	
90 to 360 days	—	—%	
Total	\$9,964,848	2.28%	16 Days

INTEREST RATE SENSITIVITY

Chimera rebalanced its Agency hedge portfolio during the quarter

DESCRIPTION (\$ in thousands)		- 100 BASIS POINTS	- 50 BASIS POINTS	UNCHANGED	+50 BASIS POINTS	+100 BASIS POINTS
Agency Securities	Market Value	\$ 9,661,207	\$ 9,508,139	\$ 9,341,011	\$ 9,145,034	\$ 8,917,815
	Percentage Change	3.4 %	1.8 %	-	(2.1)%	(4.5)%
Swaps	Market Value	(199,967)	(97,890)	-	93,892	183,963
	Percentage Change	(2.1)%	(1.0)%	-	1.0 %	2.0 %
Futures	Market Value	(35,817)	(17,662)	-	17,191	33,913
	Percentage Change	(0.4)%	(0.2)%	-	0.2 %	0.4 %
Net Gain/(Loss)	Market Value	84,412	51,576	-	(84,894)	(205,320)
	Percentage Change in Portfolio Value ⁽¹⁾	0.9 %	0.6 %	-	(0.9)%	(2.2)%

Hedge Book Maturities



- Short Term 3-5
- Medium Term 5-10
- Long Term 10-30

Total Notional Balance - Derivative Instruments

	December 31, 2019	September 30, 2019
Interest Rate Swaps	4,111,300	4,390,700
Swaptions	—	25,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

Information is unaudited, estimated and subject to change.



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