

CHIMERA INVESTMENT CORP

FORM 8-K (Current report filing)

Filed 05/11/15 for the Period Ending 05/11/15

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|-------------|---|
| Address | 520 MADISON AVENUE 32ND FLOOR NEW YORK, NY, 10022 |
| Telephone | 212-626-2300 |
| CIK | 0001409493 |
| Symbol | CIM |
| 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):
May 11, 2015

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.)

1211 Avenue of the Americas
New York, New York
(Address of principal executive offices)

10036
(Zip Code)

Registrant's telephone number, including area code: (646) 454-3759

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))
-

Item 2.02. Results of Operations and Financial Condition

On May 11, 2015, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2015. A copy of the press release is furnished as Exhibit 99.1 to this report.

On May 11, 2015, the registrant posted supplemental financial information on the Investor Relations 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 May 11, 2015, issued by Chimera Investment Corporation

99.2 Supplemental Financial Information for the quarter ended March 31, 2015.

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: May 11, 2015

Chimera Investment Corporation Reports Net Income of \$67 Million or \$0.33 Per Share, Core Earnings of \$120 Million or \$0.59 Per Share and GAAP Book Value of \$17.14 Per Share for the First Quarter of 2015

NEW YORK--(BUSINESS WIRE)--May 11, 2015--Chimera Investment Corporation (NYSE:CIM) today announced its financial results for the first quarter of 2015 as follows:

1st Quarter 2015 Financial Highlights

- Average earning assets grew to \$15.2 billion for the quarter ended March 31, 2015 from \$10.0 billion in average assets for the year ended December 31, 2014 based on amortized cost
- Net income of \$67 million, up from \$6 million earned in the 4th quarter of 2014
- Core earnings of \$0.59 per share consistent with the 4th quarter of 2014 ⁽¹⁾
- Net interest income of \$183 million, up from \$177 million in the 4th quarter of 2014
- GAAP book value of \$17.14 per share, down from \$17.55 per share for the 4th quarter of 2014
- Economic book value of \$15.70 per share, down from \$15.90 per share for the 4th quarter of 2014

The Company declared a common stock dividend of \$0.48 per share for the quarter ended March 31, 2015. The annualized dividend yield on the Company's common stock for the quarter ended March 31, 2015 was 12%.

Leverage was 3.7:1 and recourse leverage was 2.6:1 at March 31, 2015.

(1) 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, gain on deconsolidation, extinguishment of debt and certain other non-recurring gains or losses. Core earnings includes interest income and expense as well as realized gains or losses on derivatives used to hedge interest rate risk, management fees and general and administrative expenses. Core earnings is provided for purposes of comparability to other peer issuers, but has important limitations. 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.

Other Information

Chimera Investment Corporation invests in residential mortgage loans, residential mortgage-backed securities, real estate-related securities and various other asset classes. The Company's principal business objective is to generate income from the spread between yields on its investments and its cost of borrowing and hedging activities. The Company is a Maryland corporation that has elected to be taxed as a real estate investment trust ("REIT").

Conference Call

The Company will hold the first quarter 2015 earnings conference call on Tuesday, May 12, 2015, at 10:00 a.m. EDT. The number to call is 888-317-6003 for domestic calls and 412-317-6061 for international calls and the pass code is 7533428. The replay number is 877-344-7529 for domestic calls and 412-317-0088 for international calls and the pass code is 10064861. The replay is available for one week after the earnings call. There will be a web cast of the call on www.chimerareit.com. If you would like to be added to the email distribution list, please visit www.chimerareit.com, click on Email Alerts, complete the email notification form and click the Submit button. For further information, please contact Investor Relations at 1-866-315-9930 or visit www.chimerareit.com.

This news release and our public documents to which we refer contain or incorporate by reference certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which are based on various assumptions (some of which are beyond our control) 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,” “will” or similar expressions, or variations on those terms or the negative of those terms. Actual results could differ materially from those set forth in forward-looking statements due to a variety of factors, including, but not limited to, our business and investment strategy; our projected financial and operating results; our ability to maintain existing financing arrangements, obtain future financing arrangements and the terms of such arrangements; general volatility of the securities markets in which we invest; the implementation, timing and impact of, and changes to, various government programs, our expected investments; changes in the value of our investments; interest rate mismatches between our investments and our borrowings used to fund such purchases; changes in interest rates and mortgage prepayment rates; effects of interest rate caps on our adjustable-rate investments; rates of default or decreased recovery rates on our investments; prepayments of the mortgage and other loans underlying our mortgage-backed or other asset-backed securities; the degree to which our hedging strategies may or may not protect us from interest rate volatility; impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters; availability of investment opportunities in real estate-related and other securities; availability of qualified personnel; estimates relating to our ability to make distributions to our stockholders in the future; our understanding of our competition; market trends in our industry, interest rates, the debt securities markets or the general economy; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended; and our ability to maintain our qualification as a REIT for federal income tax purposes. For a discussion of the risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see “Risk Factors” in our Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q. We do not undertake, and specifically disclaim all obligations, to publicly release the result of any revisions which may be made to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

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

| | For the Quarter Ended | |
|---|-----------------------|-------------------|
| | March 31, 2015 | March 31, 2014 |
| Net Interest Income: | | |
| Interest income ⁽¹⁾ | \$ 243,145 | \$ 120,667 |
| Interest expense ⁽²⁾ | 60,456 | 22,425 |
| Net interest income | 182,689 | 98,242 |
| Other-than-temporary impairments: | | |
| Total other-than-temporary impairment losses | (1,052) | (400) |
| Portion of loss recognized in other comprehensive income | (6,763) | (1,134) |
| Net other-than-temporary credit impairment losses | (7,815) | (1,534) |
| Other investment gains (losses): | | |
| Net unrealized gains (losses) on derivatives | 4,055 | (2,198) |
| Realized gains (losses) on terminations of interest rate swaps | (68,579) | - |
| Net realized gains (losses) on derivatives | (42,086) | (5,748) |
| Net gains (losses) on derivatives | (106,610) | (7,946) |
| Net unrealized gains (losses) on financial instruments at fair value | (10,425) | 15,010 |
| Net realized gains (losses) on sales of investments | 29,565 | 8,377 |
| Loss on Extinguishment of Debt | - | (2,184) |
| Total other gains (losses) | (87,470) | 13,257 |
| Other expenses: | | |
| Management fees | 10,326 | 6,221 |
| Expense recoveries from Manager | (1,113) | (681) |
| Net management fees | 9,213 | 5,540 |
| General and administrative expenses | 11,149 | 4,055 |
| Total other expenses | 20,362 | 9,595 |
| Income before income taxes | 67,042 | 100,370 |
| Income taxes | 1 | 2 |
| Net income | \$ 67,041 | \$ 100,368 |
| Net income per share available to common shareholders: | | |
| Basic | \$ 0.33 | \$ 0.50 |
| Diluted | \$ 0.33 | \$ 0.50 |
| Weighted average number of common shares outstanding: | | |
| Basic | 205,527,476 | 205,452,523 |
| Diluted | 205,566,956 | 205,517,753 |
| Comprehensive income (loss): | | |
| Net income | \$ 67,041 | \$ 100,368 |
| Other comprehensive income: | | |
| Unrealized gains (losses) on available-for-sale securities, net | (19,912) | 37,503 |
| Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses | 7,815 | 1,534 |
| Reclassification adjustment for net realized losses (gains) included in net income | (29,076) | (8,377) |
| Other comprehensive income (loss) | (41,173) | 30,660 |
| Comprehensive income | \$ 25,868 | \$ 131,028 |

(1) Includes interest income of consolidated VIEs of \$150,618 and \$85,211 for the quarters ended March 31, 2015 and 2014 respectively.

(2) Includes interest expense of consolidated VIEs of \$46,753 and \$20,699 for the quarters ended March 31, 2015 and 2014 respectively.

The following table provides a reconciliation of core earnings for the quarters ended March 31, 2015 and 2014.

| | For the Quarter Ended | |
|--|---|----------------|
| | March 31, 2015 | March 31, 2014 |
| | (dollars in thousands, except per share data) | |
| GAAP Net income | \$ 67,041 | \$ 100,368 |
| Adjustments: | | |
| Net other-than-temporary credit impairment losses | 7,815 | 1,534 |
| Net unrealized (gains) losses on derivatives | (4,055) | 2,198 |
| Net unrealized (gains) losses on financial instruments at fair value | 10,425 | (15,010) |
| Net realized (gains) losses on sales of investments | (29,565) | (8,377) |
| Other (gains) losses | - | 2,184 |
| Realized (gains) losses on terminations of interest rate swaps | 68,579 | - |
| Core Earnings | \$ 120,240 | \$ 82,897 |
| GAAP net income per basic common share | \$ 0.33 | \$ 0.50 |
| Core earnings per basic common share | \$ 0.59 | \$ 0.40 |

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

| March 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) | Weighted Average 3 Month CPR at Period-End | Weighted Average 12 Month CPR at Period-End | Weighted Average Delinquency Pipeline 60+ | Weighted Average Loss Severity (2) | Weighted Average Credit Enhancement | Principal Writedowns During Period (dollars in thousands) | |
| Non-Agency Mortgage-Backed Securities | | | | | | | | | | | | |
| Senior | \$ 710,159 | \$ 56.75 | \$ 78.68 | 3.9 % | 14.6 % | 9.7 % | 10.0 % | 29.2 % | 64.5 % | 9.5 % | \$ 7,879 | |
| Senior, interest only | \$ 6,133,606 | \$ 4.84 | \$ 4.60 | 1.7 % | 13.0 % | 11.9 % | 12.5 % | 21.6 % | 53.9 % | 0.0 % | \$ - | |
| Subordinated | \$ 711,445 | \$ 53.61 | \$ 68.56 | 3.1 % | 13.2 % | 14.3 % | 15.1 % | 16.6 % | 44.3 % | 11.3 % | \$ 5,040 | |
| Subordinated, interest only | \$ 214,350 | \$ 4.36 | \$ 2.95 | 0.8 % | 9.4 % | 9.1 % | 10.4 % | 13.3 % | 45.7 % | 0.0 % | \$ - | |
| RMBS transferred to consolidated VIEs | \$ 3,054,594 | \$ 53.98 | \$ 80.30 | 4.5 % | 17.5 % | 9.3 % | 10.3 % | 22.6 % | 60.5 % | 1.3 % | \$ 22,242 | |
| Agency Mortgage-Backed Securities | | | | | | | | | | | | |
| Residential | \$ 6,060,500 | \$ 105.17 | \$ 106.38 | 3.9 % | 2.4 % | 13.3 % | 12.5 % | NA | NA | NA | \$ - | |
| Commercial | \$ 432,042 | \$ 102.68 | \$ 104.60 | 4.0 % | 4.1 % | 0.0 % | 0.0 % | NA | NA | NA | \$ - | |
| Interest-only | \$ 5,888,224 | \$ 4.51 | \$ 4.49 | 1.0 % | 5.9 % | 9.3 % | 10.0 % | NA | NA | NA | \$ - | |
| Securitized loans | \$ 5,073,699 | \$ 99.23 | \$ 101.43 | 6.2 % | 4.8 % | 9.8 % | 8.2 % | 10.3 % | 46.0 % | 36.5 % | \$ 6,110 | |

(1) Bond Equivalent Yield at period end. Weighted Average Yield is calculated using each investment's respective amortized cost.

(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

| 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) | Weighted Average 3 Month CPR at Period-End | Weighted Average 12 Month CPR at Period-End | Weighted Average Delinquency Pipeline 60+ | Weighted Average Loss Severity (2) | Weighted Average Credit Enhancement | Principal Writedowns During Period (dollars in thousands) | |
| Non-Agency Mortgage-Backed Securities | | | | | | | | | | | | |
| Senior | \$ 344,951 | \$ 55.09 | \$ 79.63 | 4.3 % | 15.9 % | 10.8 % | 11.6 % | 30.9 % | 68.6 % | 10.4 % | \$ 2,190 | |
| Senior, interest only | \$ 5,178,737 | \$ 4.35 | \$ 3.97 | 1.6 % | 14.4 % | 12.2 % | 13.0 % | 21.2 % | 51.6 % | 0.0 % | \$ - | |
| Subordinated | \$ 690,599 | \$ 50.18 | \$ 65.79 | 3.1 % | 10.6 % | 13.9 % | 14.8 % | 15.8 % | 45.5 % | 11.7 % | \$ 5,669 | |
| Subordinated, interest only | \$ 216,403 | \$ 4.43 | \$ 3.14 | 0.9 % | 9.2 % | 7.0 % | 11.3 % | 13.3 % | 46.1 % | 0.0 % | \$ - | |
| RMBS transferred to consolidated VIEs | \$ 3,133,610 | \$ 53.51 | \$ 80.03 | 4.5 % | 17.4 % | 10.2 % | 10.7 % | 21.9 % | 59.5 % | 1.3 % | \$ 25,603 | |
| Agency Mortgage-Backed Securities | | | | | | | | | | | | |
| Residential | \$ 7,774,266 | \$ 104.96 | \$ 106.19 | 4.0 % | 3.2 % | 9.7 % | 10.6 % | NA | NA | NA | \$ - | |
| Interest-only | \$ 3,884,523 | \$ 4.89 | \$ 4.79 | 0.9 % | 3.1 % | 11.7 % | 9.5 % | NA | NA | NA | \$ - | |
| Securitized loans | \$ 5,241,100 | \$ 99.13 | \$ 101.74 | 6.6 % | 6.3 % | 9.8 % | 8.2 % | 10.3 % | 46.0 % | 36.5 % | \$ 3,642 | |

(1) Bond Equivalent Yield at period end. Weighted Average Yield is calculated using each investment's respective amortized cost.

(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

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

| | March 31, 2015 | | December 31, 2014 | |
|--|----------------|--------|-------------------|--------|
| Weighted average maturity (years) | | 24.7 | | 22.5 |
| Weighted average amortized loan to value (1) | | 71.4% | | 67.5% |
| Weighted average FICO (2) | | 693 | | 679 |
| Weighted average loan balance (in thousands) | | \$ 323 | | \$ 332 |
| Weighted average percentage owner occupied | | 81.7% | | 83.0% |
| Weighted average percentage single family residence | | 75.6% | | 65.5% |
| Weighted average current credit enhancement | | 1.7% | | 1.7% |
| Weighted average geographic concentration of top four states | CA | 32.1% | CA | 31.7% |
| | FL | 8.3% | FL | 8.4% |
| | NY | 7.4% | NY | 7.8% |
| | NJ | 2.2% | NJ | 2.9% |

(1) Value represents appraised value of the collateral at the time of loan origination.

(2) FICO as determined at the time of loan origination.

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

| | March 31, 2015 | | December 31, 2014 | |
|-----------------------------------|------------------------|-----------|-------------------|-----------|
| | (dollars in thousands) | | | |
| Overnight | \$ | - | \$ | - |
| 1 to 29 days | | 5,614,649 | | 2,652,717 |
| 30 to 59 days | | 688,176 | | 1,371,856 |
| 60 to 89 days | | 774,529 | | 656,915 |
| 90 to 119 days | | - | | 2,068,740 |
| Greater than or equal to 120 days | | 1,218,870 | | 1,705,153 |
| Total | \$ | 8,296,224 | \$ | 8,455,381 |

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.

| | March 31, 2015 | | For the Quarter Ended | | March 31, 2014 | | Average Yield/Cost |
|---|-----------------|------------|-----------------------|-----------------|----------------|--------------------|--------------------|
| | Average Balance | Interest | Average Yield/Cost | Average Balance | Interest | Average Yield/Cost | |
| Assets: | | | | | | | |
| Interest-earning assets (1): | | | | | | | |
| Agency RMBS | \$ 7,491,398 | \$ 67,786 | 3.6% | \$ 1,977,915 | \$ 16,040 | 3.2% | |
| Non-Agency RMBS | 999,067 | 24,424 | 9.8% | 779,927 | 19,412 | 10.0% | |
| Non-Agency RMBS transferred to consolidated VIEs | 1,639,964 | 68,183 | 16.6% | 2,055,205 | 77,411 | 15.1% | |
| Jumbo Prime securitized residential mortgage loans held for investment | 610,836 | 8,003 | 5.2% | 774,851 | 7,800 | 4.0% | |
| Seasoned sub-prime securitized residential mortgage loans held for investment | 4,499,936 | 74,431 | 6.6% | - | - | 0.0% | |
| Total | \$ 15,241,201 | \$ 242,827 | 6.4% | \$ 5,587,898 | \$ 120,663 | 8.6% | |
| Liabilities and stockholders' equity: | | | | | | | |
| Interest-bearing liabilities: | | | | | | | |
| Agency repurchase agreements (2) | \$ 7,198,680 | \$ 22,662 | 1.3% | \$ 1,610,241 | \$ 7,376 | 1.8% | |
| Non-Agency repurchase agreements | 1,116,675 | 6,209 | 2.2% | - | - | 0.0% | |
| Securitized debt, collateralized by Non-Agency RMBS | 688,260 | 7,947 | 4.6% | 881,198 | 15,154 | 6.9% | |
| Securitized debt, collateralized by jumbo prime residential mortgage loans | 499,075 | 5,341 | 4.3% | 653,586 | 5,545 | 3.4% | |
| Securitized debt, collateralized by seasoned sub-prime residential mortgage loans | 3,808,607 | 33,466 | 3.5% | - | - | 0.0% | |
| Total | \$ 13,311,297 | \$ 75,625 | 2.3% | \$ 3,145,025 | \$ 28,075 | 3.6% | |
| Net economic interest income/net interest rate spread | | \$ 167,202 | 4.0% | | \$ 92,588 | 5.1% | |
| Net interest-earning assets/net interest margin | \$ 1,929,904 | | 4.4% | \$ 2,442,873 | | 6.6% | |
| Ratio of interest-earning assets to interest bearing liabilities | | 1.14 | | | 1.78 | | |

(1) Interest-earning assets at amortized cost

(2) Interest includes cash paid on swaps

CONTACT:

Chimera Investment Corporation
Investor Relations
1-866-315-9930



CHIMERA
INVESTMENT CORPORATION

Q1 2015 Supplemental Financial Information

May 11, 2015

WWW.CHIMERAREIT.COM

Disclaimer

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.



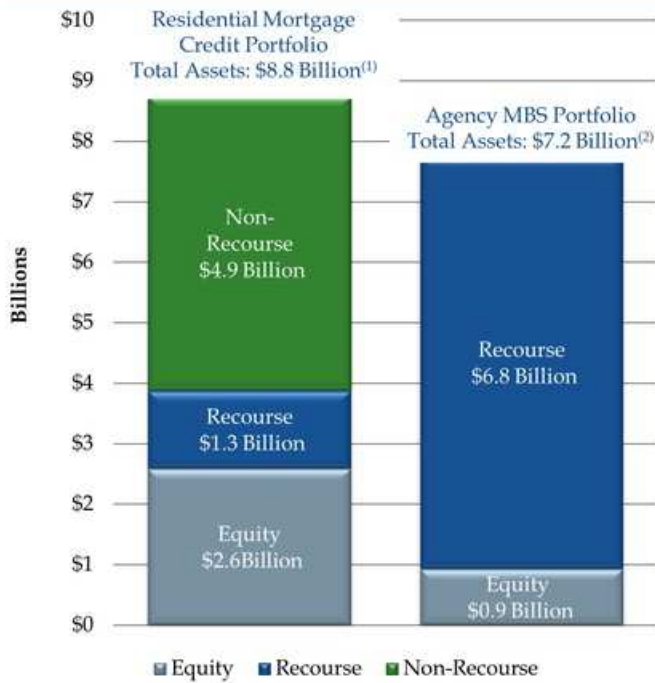
Information is unaudited, estimated and subject to change.

Portfolio Composition as of March 31, 2015

Total Portfolio: \$16.0 Billion

Total Capital: \$3.5 Billion

Total Leverage: 3.7:1



Net Investment Analysis

| | Residential Mortgage Credit Portfolio | Agency MBS Portfolio |
|---------------------------------|---------------------------------------|----------------------|
| Gross Asset Yield: | 9.0% | 3.6% |
| Financing Cost ⁽³⁾ : | 3.5% | 1.3% |
| Net Interest Spread: | 5.6% | 2.4% |
| Net Interest Margin: | 6.3% | 2.4% |

- (1) Financing excludes unsettled trades.
 (2) Includes Agency Pass-Through, Agency CMBS and Agency IO and includes unsettled trades at quarter end
 (3) Financing cost includes the interest incurred on interest rate swaps.

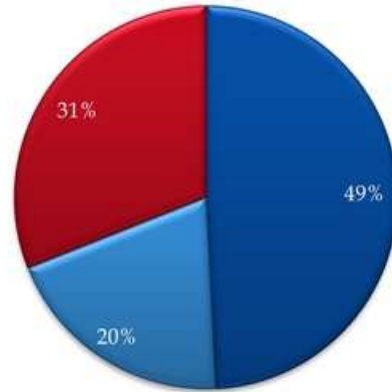
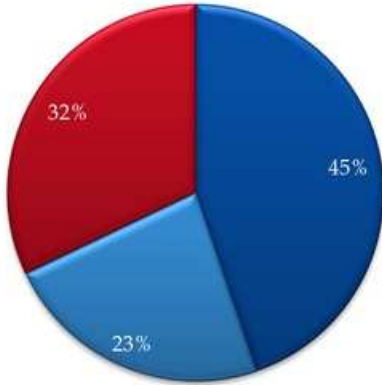


Information is unaudited, estimated and subject to change.

GAAP Asset Allocation: Quarter Over Quarter Comparison⁽¹⁾

March 31, 2015

December 31, 2014



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

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

Total Portfolio: \$16.0 Billion

Total Portfolio: \$17.2 Billion

(1) Based on Fair Value.

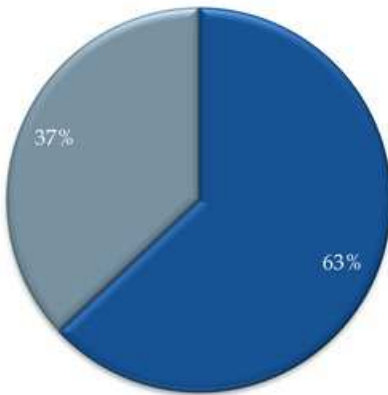


Information is unaudited, estimated and subject to change.

GAAP Financing Sources: Quarter Over Quarter Comparison

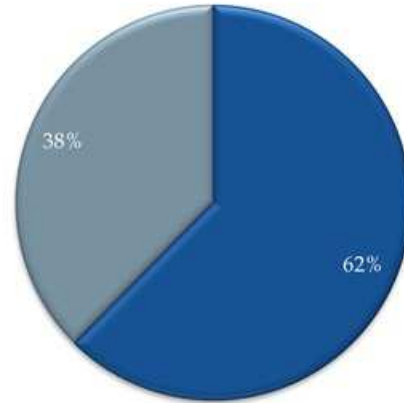
March 31, 2015

December 31, 2014



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

Total Financing: \$13.2 Billion



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

Total Financing: \$13.6 Billion

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

Agency & Repo Summary

(\$ in thousands)

Agency Pass-Throughs - As of March 31, 2015

| Coupon | Current Face | Weighted Average Price | Weighted Average CPR |
|--------------|--------------------|------------------------|----------------------|
| 3.50% | \$1,904,145 | 105.0 | 10.1 |
| 4.00% | 3,682,424 | 106.7 | 13.3 |
| 4.50% | 473,931 | 109.0 | 18.7 |
| Total | \$6,060,500 | | |

Agency Pass-Throughs- As of December 31, 2014

| Coupon | Current Face | Weighted Average Price | Weighted Average CPR |
|--------------|--------------------|------------------------|----------------------|
| 3.50% | \$1,355,112 | 104.2 | 8.3 |
| 4.00% | 5,669,598 | 106.6 | 8.2 |
| 4.50% | 504,498 | 108.3 | 15.4 |
| Total | \$7,529,208 | | |

Repo Days to Maturity - As of March 31, 2015

| Maturity | Principal Balance(1) | Weighted Average Rate | Weighted Average Days |
|-----------------|----------------------|-----------------------|-----------------------|
| Within 30 days | \$5,026,200 | 0.38% | |
| 30 to 59 days | 515,164 | 0.43% | |
| 60 to 89 days | 683,197 | 0.46% | |
| 120 to 360 days | 299,398 | 0.52% | |
| Over 360 days | 300,000 | 1.00% | |
| Total | \$6,823,959 | 0.43% | 58 |

Repo Days to Maturity - As of December 31, 2014

| Maturity | Principal Balance(1) | Weighted Average Rate | Weighted Average Days |
|----------------|----------------------|-----------------------|-----------------------|
| Within 30 days | \$2,415,223 | 0.38% | |
| 30 to 59 days | 1,193,190 | 0.39% | |
| 60 to 89 days | 638,470 | 0.39% | |
| 90 to 119 days | 1,841,673 | 0.42% | |
| Over 120 days | 1,204,063 | 0.62% | |
| Total | \$7,292,619 | 0.43% | 94 |

(1) Repo financing not adjusted for the impact of unsettled trades



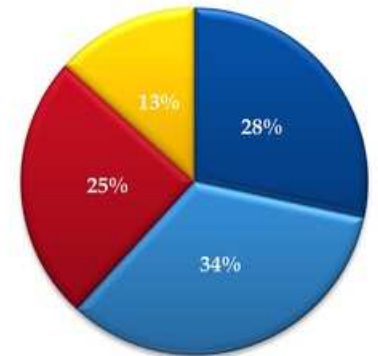
Information is unaudited, estimated and subject to change.

Interest Rate Sensitivity as of March 31, 2015

Agency, Swap and Derivative Portfolio

| Description (\$ in thousands) | | + 100 Basis Points | + 50 Basis Points | Unchanged | -50 Basis Points | -100 Basis Points |
|---|-------------------|--------------------|-------------------|-------------|------------------|-------------------|
| Agency Pass-Through | Market Value | \$6,166,378 | \$6,328,016 | \$6,466,732 | \$6,586,758 | \$6,691,122 |
| | Percentage Change | (4.6%) | (2.1%) | - | 1.9% | 3.5% |
| Swap | Market Value | 16,937 | (46,029) | (112,410) | (182,449) | (256,409) |
| | Percentage Change | 2.0% | 1.0% | - | (1.1%) | (2.2%) |
| Futures | Market Value | 44,503 | 22,462 | (12,136) | (23,050) | (46,707) |
| | Percentage Change | 0.7% | 0.3% | - | (0.4%) | (0.7%) |
| Net Gain/(Loss) | | (\$126,504) | (\$49,874) | \$0 | \$26,937 | \$33,684 |
| Percentage Change in Portfolio Value ⁽¹⁾ | | (2.0%) | (0.8%) | - | 0.4% | 0.5% |

Hedge Book Maturities



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

(1) Projected Percentage Change in Portfolio Value is based on instantaneous moves in interest rates.



Information is unaudited, estimated and subject to change.

Consolidated RMBS & Loan Securitizations

| (\$ in thousands) | | | At Issuance / Acquisition | | | As of March 31, 2015 | | |
|-------------------|--|------------------|-----------------------------------|------------------------|----------------------------|----------------------|---------------------------------|-------------------------------------|
| Vintage | Deal | Type | Total Original Face | Total of Tranches Sold | Total of Tranches Retained | Total Remaining Face | Remaining Face of Tranches Sold | Remaining Face of Tranches Retained |
| 2014 | Whole Loan Securitization ⁽¹⁾ | CSMC 2014-CIM1 | \$333,865 | \$290,656 | \$43,209 | \$296,056 | \$251,933 | \$44,123 |
| 2011-2013 | Whole Loan Securitization ⁽²⁾ | SLFMT 2012-1A | 365,112 | 269,157 | 95,955 | 333,956 | 230,683 | 103,273 |
| 2011-2013 | Whole Loan Securitization | SLFMT 2012-2A | 792,347 | 615,210 | 177,137 | 734,696 | 542,290 | 192,406 |
| 2011-2013 | Whole Loan Securitization | SLFMT 2012-3A | 876,160 | 673,660 | 202,500 | 808,812 | 585,996 | 222,815 |
| 2011-2013 | Whole Loan Securitization | SLFMT 2013-1A | 903,620 | 862,851 | 40,769 | 835,212 | 781,449 | 53,763 |
| 2011-2013 | Whole Loan Securitization | SLFMT 2013-2A | 1,060,813 | 1,034,495 | 26,317 | 1,003,476 | 969,139 | 34,338 |
| 2011-2013 | Whole Loan Securitization | SLFMT 2013-3A | 483,410 | 477,486 | 5,924 | 465,700 | 458,338 | 7,361 |
| 2014 | RMBS Securitization ⁽³⁾ | CSMC - 2014-4R | 367,271 | 0 | 367,271 | 325,108 | 0 | 325,108 |
| 2012 | Whole Loan Securitization | CSMC - 2012-CIM1 | 741,939 | 707,810 | 34,129 | 162,384 | 130,366 | 32,018 |
| 2012 | Whole Loan Securitization | CSMC - 2012-CIM2 | 425,091 | 404,261 | 20,830 | 116,991 | 97,156 | 19,835 |
| 2012 | Whole Loan Securitization | CSMC - 2012-CIM3 | 329,886 | 305,804 | 24,082 | 204,305 | 182,953 | 21,352 |
| 2010 | RMBS Securitization | CSMC - 2010-1R | 1,730,581 | 691,630 | 1,038,951 | 811,785 | 71,829 | 739,956 |
| 2010 | RMBS Securitization | CSMC - 2010-11R | 566,571 | 332,299 | 234,272 | 343,809 | 126,347 | 217,462 |
| 2009 | RMBS Securitization | CSMC - 2009-12R | 1,730,698 | 915,566 | 815,132 | 740,417 | 187,362 | 553,055 |
| 2009 | RMBS Securitization | JPMRR - 2009-7 | 1,522,474 | 856,935 | 665,539 | 669,893 | 249,402 | 420,491 |
| 2009 | RMBS Securitization | JMAC - 2009-R2 | 281,863 | 192,500 | 89,363 | 119,730 | 57,730 | 61,999 |
| 2008 | Whole Loan Securitization | PHH - 2008-CIM1 | 619,710 | 549,142 | 70,568 | 91,174 | 66,132 | 25,041 |
| TOTAL | | | \$13,131,411 | \$9,179,463 | \$3,951,948 | \$8,063,503 | \$4,989,105 | \$3,074,398 |
| | | | <i>% of origination remaining</i> | | | 61% | 54% | 78% |

(1) Collateral for this deal was originally part of Springleaf 2011-1A.

(2) This deal was called and the loan collateral was securitized in April 2015, the new deal is CIM Trust 2015-2AG and had an original face of \$267 million. The Company also issued CIM Trust 2015-1EC in April 2015 with an original face of \$269 million.

(3) Collateral for this deal was originally part of CSMC 2010-12R.



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