

CHIMERA INVESTMENT CORP

FORM 8-K (Current report filing)

Filed 05/01/17 for the Period Ending 05/01/17

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 1, 2017

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))
-

Item 2.02. Results of Operations and Financial Condition

On May 1, 2017, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2017. A copy of the press release is furnished as Exhibit 99.1 to this report.

On May 1, 2017, 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 7.01. Regulation FD Disclosure

On May 1, 2017, the registrant issued a press release announcing the declaration of its second quarter cash dividend of \$0.50 per share of common stock, \$0.50 per share of Series A Cumulative Redeemable Preferred Stock, and \$0.68333 per share of Series B Cumulative Redeemable Preferred Stock.

Item 9.01 Financial Statements and Exhibits

(d)	Exhibits
99.1	Press Release, dated May 1, 2017, issued by Chimera Investment Corporation
99.2	Supplemental Financial Information for the quarter ended March 31, 2017
99.3	Press Release, dated May 1, 2017, issued by Chimera Investment Corporation

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 1, 2017

PRESS RELEASE

NYSE: CIM

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

Investor Relations
212-413-1880
www.chimerareit.com

FOR IMMEDIATE RELEASE**CHIMERA INVESTMENT CORPORATION RELEASES 1ST QUARTER 2017 EARNINGS**

- GAAP EARNINGS OF \$0.84 PER COMMON SHARE
- CORE EARNINGS ⁽¹⁾ OF \$0.51 PER COMMON SHARE
- GAAP BOOK VALUE OF \$16.20 PER COMMON SHARE
- SPONSORED FOUR RESIDENTIAL MORTGAGE LOAN SECURITIZATIONS TOTALING \$4.1 BILLION, INCURRED \$11 MILLION IN SECURITIZATION DEAL EXPENSES

“Chimera had a very active start to 2017. We sponsored four residential mortgage securitizations totaling \$4.1 billion and issued \$325 million of Series B preferred stock,” said Matthew Lambiase, Chimera’s CEO and President. “The activity in the first quarter positioned us to grow our balance sheet, create value through four new securitizations and make accretive investments for our common shareholders.”

“The timing of our new capital deployment and securitization deal expenses reduced core earnings for the first quarter. We expect to see the full benefit of these new investments in the second quarter 2017.” said Rob Colligan, Chimera’s CFO.

(1) Core earnings is a non-GAAP measure. See additional discussion on page 5.
Note: All per common share amounts presented on a diluted basis.

Other Information

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

Please visit www.chimerareit.com and click on Investor Relations for additional information about us.

CHIMERA INVESTMENT CORPORATION CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION

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

	March 31, 2017	December 31, 2016
Assets:		
Cash and cash equivalents	\$ 82,556	\$ 177,714
Non-Agency RMBS, at fair value	3,228,391	3,330,063
Agency MBS, at fair value	4,101,851	4,167,754
Securitized loans held for investment, at fair value	12,713,273	8,753,653
Accrued interest receivable	99,669	79,697
Other assets	190,021	166,350
Derivatives, at fair value, net	10,889	9,677
Total assets ⁽¹⁾	\$ 20,426,650	\$ 16,684,908
Liabilities:		
Repurchase agreements (\$7.3 billion and \$7.0 billion, MBS pledged as collateral, respectively)	\$ 5,851,204	\$ 5,600,903
Securitized debt, collateralized by Non-Agency RMBS (\$1.8 billion pledged as collateral, respectively)	303,389	334,124
Securitized debt at fair value, collateralized by loans held for investment (\$12.7 billion and \$8.8 billion pledged as collateral, respectively)	10,111,293	6,941,097
Payable for investments purchased	473,269	520,532
Accrued interest payable	67,596	48,670
Dividends payable	97,008	97,005
Accounts payable and other liabilities	9,176	16,694
Derivatives, at fair value	1,627	2,350
Total liabilities ⁽¹⁾	\$ 16,914,562	\$ 13,561,375
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 and 0 shares issued and outstanding, respectively (\$325,000 liquidation preference)	130	—
Common stock: par value \$0.01 per share; 300,000,000 shares authorized, 187,779,489 and 187,739,634 shares issued and outstanding, respectively	1,878	1,877
Additional paid-in-capital	3,824,197	3,508,779
Accumulated other comprehensive income	727,711	718,106
Cumulative earnings	2,605,991	2,443,184
Cumulative distributions to stockholders	(3,647,877)	(3,548,471)
Total stockholders' equity	\$ 3,512,088	\$ 3,123,533
Total liabilities and stockholders' equity	\$ 20,426,650	\$ 16,684,908

(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 March 31, 2017 and December 31, 2016, total assets of consolidated VIEs were \$14,693,307 and \$10,761,954, respectively, and total liabilities of consolidated VIEs were \$10,451,235 and \$7,300,163, respectively.

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

	For the Quarters Ended	
	March 31, 2017	March 31, 2016
Net Interest Income:		
Interest income ⁽¹⁾	\$ 251,344	\$ 201,194
Interest expense ⁽²⁾	110,231	62,981
Net interest income	141,113	138,213
Other-than-temporary impairments:		
Total other-than-temporary impairment losses	(2,713)	(4,423)
Portion of loss recognized in other comprehensive income	(15,988)	(6,255)
Net other-than-temporary credit impairment losses	(18,701)	(10,678)
Other investment gains (losses):		
Net unrealized gains (losses) on derivatives	4,896	(101,110)
Realized gains (losses) on terminations of interest rate swaps	—	(458)
Net realized gains (losses) on derivatives	(9,358)	(34,969)
Net gains (losses) on derivatives	(4,462)	(136,537)
Net unrealized gains (losses) on financial instruments at fair value	72,243	16,871
Net realized gains (losses) on sales of investments	5,167	(2,674)
Gains (losses) on Extinguishment of Debt	—	(1,766)
Total other gains (losses)	72,948	(124,106)
Other income:		
Other income	—	95,000
Total other income	—	95,000
Other expenses:		
Compensation and benefits	7,556	5,222
General and administrative expenses	4,040	4,503
Servicing Fees of consolidated VIEs	9,588	5,577
Deal Expenses	11,353	—
Total other expenses	32,537	15,302
Income (loss) before income taxes	162,823	83,127
Income taxes	16	29
Net income (loss)	\$ 162,807	\$ 83,098
Dividend on preferred stock	5,283	—
Net income (loss) available to common shareholders	\$ 157,524	\$ 83,098
Net income (loss) per share available to common shareholders:		
Basic	\$ 0.84	\$ 0.44
Diluted	\$ 0.84	\$ 0.44
Weighted average number of common shares outstanding:		
Basic	187,761,748	187,723,472
Diluted	188,195,061	187,840,182
Dividends declared per share of common stock	\$ 0.50	\$ 0.98

(1) Includes interest income of consolidated VIEs of \$192,989 and \$131,980 for the quarters ended March 31, 2017 and 2016 respectively.
(2) Includes interest expense of consolidated VIEs of \$82,684 and \$39,250 for the quarters ended March 31, 2017 and 2016 respectively.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

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

(Unaudited)

	For the Quarters Ended	
	March 31, 2017	March 31, 2016
Comprehensive income (loss):		
Net income (loss)	\$ 162,807	\$ 83,098
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities, net	(3,910)	59,408
Reclassification adjustment for net losses included in net income for other-than-temporary credit impairment losses	18,701	10,678
Reclassification adjustment for net realized losses (gains) included in net income	(5,186)	(1,612)
Other comprehensive income (loss)	9,605	68,474
Comprehensive income (loss) before preferred stock dividends	\$ 172,412	\$ 151,572
Dividends on preferred stock	\$ 5,283	—
Comprehensive income (loss) available to common stock shareholders	\$ 167,129	\$ 151,572

Core earnings

Core earnings is a non-GAAP measure and is defined as GAAP net income excluding unrealized gains on the aggregate portfolio, impairment losses, realized gains on sales of investments, realized gains or losses on futures, realized gains or losses on swap terminations, gain on deconsolidation, extinguishment of debt and certain other non-recurring gains or losses. As defined, core earnings include interest income and expense as well as realized losses on interest rate swaps used to hedge interest rate risk. Management believes that the presentation of core earnings is useful to investors because it can provide a useful measure of comparability to our other REIT peers, but has important limitations. We believe core earnings as described above helps evaluate our financial performance 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.

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:

	For the Quarters Ended				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(dollars in thousands, except per share data)				
GAAP Net income available to common stockholders	\$ 157,524	\$ 219,454	\$ 172,817	\$ 74,127	\$ 83,098
Adjustments:					
Net other-than-temporary credit impairment losses	18,701	14,780	11,574	20,955	10,678
Net unrealized (gains) losses on derivatives	(4,896)	(101,475)	(27,628)	(22,100)	101,110
Net unrealized (gains) losses on financial instruments at fair value	(72,243)	20,664	(32,999)	(30,347)	(16,871)
Net realized (gains) losses on sales of investments	(5,167)	(11,121)	(3,079)	(6,631)	2,674
(Gains) losses on extinguishment of debt	—	(1,334)	45	—	1,766
Realized (gains) losses on terminations of interest rate swaps	—	—	—	60,158	458
Net realized (gains) losses on Futures ⁽¹⁾	2,084	(19,628)	7,823	(635)	21,609
Other income	—	—	—	—	(95,000)
Core Earnings	\$ 96,003	\$ 121,340	\$ 128,553	\$ 95,527	\$ 109,522
GAAP net income per basic common share	\$ 0.84	\$ 1.17	\$ 0.92	\$ 0.39	\$ 0.44
Core earnings per basic common share ⁽²⁾	\$ 0.51	\$ 0.65	\$ 0.68	\$ 0.51	\$ 0.58

(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 March 31, 2017 and December 31, 2016 .

March 31, 2017						
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End ⁽¹⁾	
Non-Agency RMBS						
Senior	\$ 3,060,690	\$ 55.51	\$ 79.68	4.4%	15.8%	
Senior, interest-only	5,434,402	5.29	4.41	1.4%	10.9%	
Subordinated	662,469	70.25	81.28	3.8%	9.1%	
Subordinated, interest-only	263,126	5.18	4.48	1.0%	12.8%	
Agency MBS						
Residential pass-through	2,480,534	105.82	104.33	3.9%	3.0%	
Commercial pass-through	1,393,290	102.51	99.24	3.6%	2.9%	
Interest-only	3,248,168	4.29	4.04	0.8%	3.6%	
December 31, 2016						
	Principal or Notional Value at Period-End (dollars in thousands)	Weighted Average Amortized Cost Basis	Weighted Average Fair Value	Weighted Average Coupon	Weighted Average Yield at Period-End ⁽¹⁾	
Non-Agency RMBS						
Senior	\$ 3,190,947	\$ 55.76	\$ 78.69	4.3%	15.5%	
Senior, interest-only	5,648,339	5.18	4.49	1.5%	11.7%	
Subordinated	673,259	70.83	82.21	3.8%	9.2%	
Subordinated, interest-only	266,927	5.20	4.50	1.1%	13.5%	
Agency MBS						
Residential pass-through	2,594,570	105.78	104.29	3.9%	3.0%	
Commercial pass-through	1,331,543	102.64	98.91	3.6%	2.9%	
Interest-only	3,356,491	4.53	4.31	0.8%	3.5%	

(1) Bond Equivalent Yield at period end.

At March 31, 2017 and December 31, 2016 , the repurchase agreements collateralized by MBS had the following remaining maturities.

	March 31, 2017		December 31, 2016	
	(dollars in thousands)			
Overnight	\$	—	\$	—
1 to 29 days		3,743,094		2,947,604
30 to 59 days		1,107,093		958,956
60 to 89 days		320,551		407,625
90 to 119 days		40,223		559,533
Greater than or equal to 120 days		640,243		727,185
Total	\$	5,851,204	\$	5,600,903

The following table summarizes certain characteristics of our portfolio at March 31, 2017 and December 31, 2016 .

	March 31, 2017	December 31, 2016
Interest earning assets at period-end ⁽¹⁾	\$ 20,043,515	\$ 16,251,470
Interest bearing liabilities at period-end	\$ 16,265,886	\$ 12,876,124
GAAP Leverage at period-end	4.6:1	4.1:1
GAAP Leverage at period-end (recourse)	1.7:1	1.8:1
Portfolio Composition, at amortized cost		
Non-Agency RMBS	7.1%	9.0%
Senior	3.1%	3.9%
Senior, interest only	1.5%	1.9%
Subordinated	2.4%	3.1%
Subordinated, interest only	0.1%	0.1%
RMBS transferred to consolidated VIEs	5.8%	7.6%
Agency MBS	22.0%	27.7%
Residential	13.8%	17.8%
Commercial	7.5%	8.9%
Interest-only	0.7%	1.0%
Securitized loans held for investment	65.1%	55.7%
Fixed-rate percentage of portfolio	91.0%	88.4%
Adjustable-rate percentage of portfolio	9.0%	11.6%
Annualized yield on average interest earning assets for the periods ended	6.5%	6.4%
Annualized cost of funds on average borrowed funds for the periods ended ⁽²⁾	3.5%	3.0%

(1) Excludes cash and cash equivalents.

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

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 Losses on Interest Rate Swaps	Economic Interest Expense	GAAP Net Interest Income	Net Realized Losses on Interest Rate Swaps	Other ⁽¹⁾	Economic Net Interest Income
For the Quarter Ended March 31, 2017	\$ 251,344	\$ 110,231	\$ 4,106	\$ 114,337	\$ 141,113	\$ (4,106)	\$ (519)	\$ 136,488
For the Quarter Ended December 31, 2016	\$ 260,823	\$ 106,737	\$ 4,151	\$ 110,888	\$ 154,086	\$ (4,151)	\$ 40	\$ 149,975
For the Quarter Ended September 30, 2016	\$ 250,953	\$ 94,911	\$ 4,595	\$ 99,506	\$ 156,042	\$ (4,595)	\$ (105)	\$ 151,342
For the Quarter Ended June 30, 2016	\$ 221,096	\$ 83,227	\$ 8,141	\$ 91,368	\$ 137,869	\$ (8,141)	\$ (367)	\$ 129,361
For the Quarter Ended March 31, 2016	\$ 201,194	\$ 62,981	\$ 11,220	\$ 74,201	\$ 138,213	\$ (11,220)	\$ (448)	\$ 126,545

(1) Primarily 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					
	March 31, 2017			March 31, 2016		
	(dollars in thousands)			(dollars in thousands)		
	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Assets:						
Interest-earning assets ⁽¹⁾:						
Agency MBS	\$ 3,730,939	\$ 27,632	3.0%	\$ 6,003,520	\$ 37,659	2.5%
Non-Agency RMBS	1,372,359	30,205	8.8%	1,461,811	31,106	8.5%
Non-Agency RMBS transferred to consolidated VIEs	1,141,388	60,134	21.1%	1,418,442	64,232	18.1%
Residential mortgage loans held for investment	9,091,646	132,854	5.8%	4,686,855	67,749	5.8%
Total	\$ 15,336,332	\$ 250,825	6.5%	\$ 13,570,628	\$ 200,746	5.9%
Liabilities and stockholders' equity:						
Interest-bearing liabilities:						
Repurchase agreements collateralized by:						
Agency MBS ⁽²⁾	\$ 3,120,531	\$ 11,473	1.5%	\$ 5,419,402	\$ 21,279	1.6%
Non-Agency RMBS	745,920	5,532	3.0%	828,757	4,941	2.4%
RMBS from bond securitizations	605,366	4,669	3.1%	708,286	5,043	2.8%
RMBS from loan securitizations	1,328,324	9,978	3.0%	540,479	3,687	2.7%
Securitized debt, collateralized by Non-Agency RMBS	318,756	5,012	6.3%	510,761	3,996	3.1%
Securitized debt, collateralized by loans	7,121,397	77,673	4.4%	3,671,167	35,255	3.8%
Total	\$ 13,240,294	\$ 114,337	3.5%	\$ 11,678,852	\$ 74,201	2.5%
Economic net interest income/net interest rate spread		\$ 136,488	3.0%		\$ 126,545	3.4%
Net interest-earning assets/net interest margin	\$ 2,096,038		3.6%	\$ 1,891,776		3.6%
Ratio of interest-earning assets to interest bearing liabilities		1.16			1.16	

(1) Interest-earning assets at amortized cost

(2) Interest includes cash paid on swaps

The table below shows our Net Income, Economic Net Interest Income and Core Earnings, each as a percentage of average 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 Company's beginning and ending equity balance for the period reported. 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. Core Earnings is a non-GAAP measure as defined in previous section.

	Return on Average Equity	Economic Net Interest Income/Average Equity *	Core Earnings/Average Equity
(Ratios have been annualized)			
For the Quarter Ended March 31, 2017	19.63%	16.46%	11.57%
For the Quarter Ended December 31, 2016	28.82%	19.48%	15.76%
For the Quarter Ended September 30, 2016	23.04%	20.18%	17.14%
For the Quarter Ended June 30, 2016	10.09%	17.61%	13.00%
For the Quarter Ended March 31, 2016	11.34%	17.28%	14.95%

* 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				
	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
	(dollars in thousands)				
Balance, beginning of period	\$ 683,648	\$ 733,060	\$ 769,764	\$ 778,847	\$ 824,154
Accretion of discount	(43,715)	(44,427)	(44,455)	(42,297)	(45,481)
Purchases	(3,642)	(33,987)	8,959	(1,001)	(11,102)
Sales and deconsolidation	(7,303)	(2,138)	(14,386)	(20,590)	—
Transfers from/(to) credit reserve, net	19,671	31,140	13,178	54,805	11,276
Balance, end of period	\$ 648,659	\$ 683,648	\$ 733,060	\$ 769,764	\$ 778,847

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 Annual Report on Form 10-K for the year ended December 31, 2016, 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**
NYSE: CIM

1st Quarter 2017



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 Annual Report on Form 10-K for the year ended December 31, 2016, 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.

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

81% of Chimera's equity capital is allocated to mortgage credit



All data as of March 31, 2017

(1) Financing excludes unsettled trades.

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

Net Investment Analysis

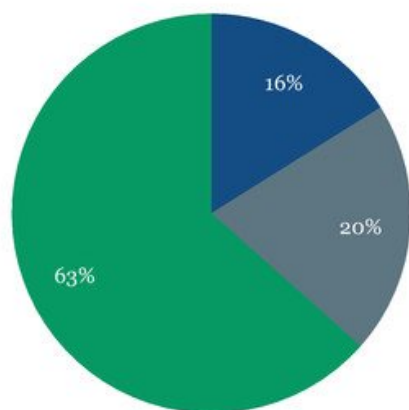
	Residential Mortgage Credit Portfolio	Agency Portfolio	Total Portfolio
Gross Asset Yield:	7.7%	3.0%	6.5%
Financing Cost ⁽²⁾ :	4.1%	1.5%	3.5%
Net Interest Spread:	3.6%	1.5%	3.0%
Net Interest Margin:	4.1%	1.7%	3.6%

Information is unaudited, estimated and subject to change.

GAAP ASSET ALLOCATION⁽¹⁾

Chimera sponsored four residential mortgage loan securitizations totaling \$4.1 billion

March 31, 2017

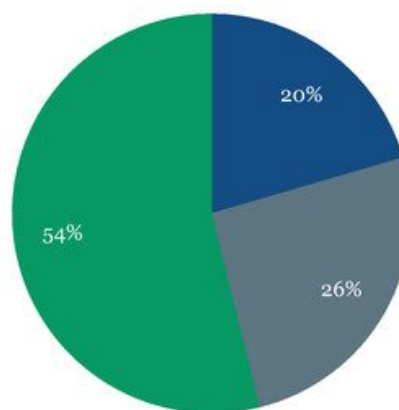


■ Non-Agency MBS ■ Agency MBS
■ Securitized Loan Portfolio

Total Portfolio: \$20.0 billion

(1) Based on fair value.

December 31, 2016



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

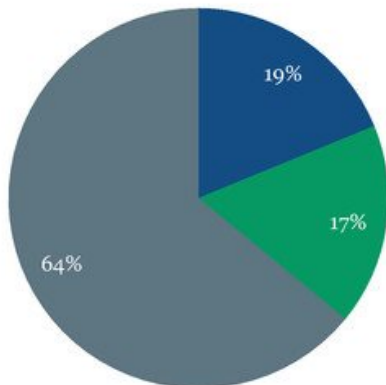
Total Portfolio: \$16.3 billion

Information is unaudited, estimated and subject to change.

GAAP FINANCING SOURCES

Total Leverage⁽¹⁾: 4.6:1
Recourse Leverage⁽¹⁾: 1.7:1

March 31, 2017



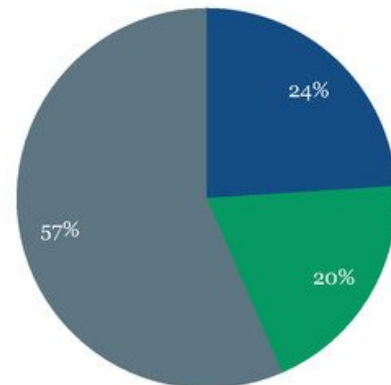
- Agency Repurchase Agreements, RMBS
- Non-Agency Repurchase Agreements, RMBS
- Non-Recourse Debt, Securitized RMBS and Loans (2)

Total Financing: \$16.3 Billion

- (1) Leverage ratios as of March 31, 2017
(2) Consists of tranches of RMBS and loan securitizations sold to third parties.

Information is unaudited, estimated and subject to change.

December 31, 2016



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

Total Financing: \$12.9 Billion

CONSOLIDATED LOAN SECURITIZATIONS

(\$ in thousands)

Vintage	Deal	At Issuance / Acquisition			March 31, 2017		
		Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2017	CIM 2017-4	\$830,510	\$710,003	\$120,507	\$830,510	\$710,003	\$120,507
2017	CIM 2017-3	2,434,640	2,113,267	321,373	2,434,640	2,113,267	321,373
2017	CIM 2017-2	331,440	248,580	82,860	331,440	248,580	82,860
2017	CIM 2017-1	526,267	368,387	157,880	515,939	358,236	157,703
2016	CIM 2016-FRE1	185,811	115,165	70,646	179,854	109,118	70,736
2016	CIM 2016-5 ⁽¹⁾	66,171	10,000	56,171	57,506	8,863	48,643
2016	CIM 2016-4 ⁽¹⁾	601,733	493,420	108,313	569,077	457,005	112,072
2016	CIM 2016-3	1,746,084	1,478,933	267,151	1,548,716	1,279,658	269,058
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,560,763	1,289,348	271,415
2016	CIM 2016-1	1,499,341	1,266,898	232,443	1,318,596	1,085,591	233,005
2015	CIM 2015-4AG ⁽²⁾	750,647	425,000	325,647	598,060	403,083	194,977
2015	CIM 2015-3AG ⁽³⁾	698,812	520,935	177,877	531,831	370,386	161,445
2015	CIM 2015-2AG ⁽⁴⁾	330,293	276,998	53,295	242,808	195,419	47,389
2015	CIM 2015-1EC	268,731	214,985	53,746	218,550	161,922	56,628
2014	CSMC 2014-CIM1 ⁽⁵⁾	333,865	268,087	65,778	220,442	159,947	60,495
2013	SLFMT 2013-2A	1,137,308	1,134,464	2,844	790,338	762,807	27,531
2013	SLFMT 2013-3A	500,390	499,139	1,251	388,541	231,315	157,226
2012	CSMC 2012-CIM1	741,939	707,810	34,129	66,939	36,307	30,632
2012	CSMC 2012-CIM2	425,091	404,261	20,830	58,313	39,252	19,061
2012	CSMC 2012-CIM3	329,886	305,804	24,082	130,090	110,649	19,441
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	51,587	37,459	14,128
TOTAL		\$16,120,846	\$13,603,841	\$2,517,005	\$12,644,540	\$10,168,215	\$2,476,325

% of origination remaining

78%

- (1) Contains collateral from Springleaf 2013-1A Trust.
- (2) Contains collateral from Springleaf 2012-3A Trust.
- (3) Contains collateral from Springleaf 2012-2A Trust.
- (4) Contains collateral from Springleaf 2012-1A Trust.
- (5) Contains collateral from Springleaf 2011-1A Trust.

Information is unaudited, estimated and subject to change.

CONSOLIDATED RMBS SECURITIZATIONS

- Re-Remic subordinate bonds have had slow prepayments considering the low interest rate environment
- Chimera expects the subordinate bond portfolio to have meaningful impact on earnings for the foreseeable future

(\$ in thousands)

Vintage	Deal	At Issuance / Acquisition			March 31, 2017		
		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	CSMC 2014-4R ⁽¹⁾	367,271	—	367,271	236,725	—	236,725
2010	CSMC 2010-1R	1,730,581	691,630	1,038,951	583,487	4,992	578,495
2010	CSMC 2010-11R	566,571	338,809	227,762	250,518	39,189	211,329
2009	CSMC 2009-12R	1,730,698	915,566	815,132	536,760	102,586	434,174
2009	JPMRR 2009-7	1,522,474	856,935	665,539	501,750	140,218	361,532
2009	JMAC 2009-R2	281,863	192,500	89,363	88,922	31,904	57,018
TOTAL		6,199,458	2,995,440	3,204,018	2,198,162	318,889	1,879,273
		<i>% of origination remaining</i>			35%	11%	59%

(1) Contains collateral from CSMC 2010-12R Trust.

Information is unaudited, estimated and subject to change.

AGENCY & REPO SUMMARY

Agency Securities – As of March 31, 2017

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency	3.50%	\$1,001,123	102.5	11.0
Pass-through	4.00%	1,207,431	105.1	15.3
	4.50%	271,980	107.5	21.3
Commercial	3.6%	1,393,290	99.2	—
Agency IO	0.8%	N/M ⁽²⁾	4.0	7.3
Total		\$3,873,824		

Repo Days to Maturity – As of March 31, 2017

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$2,203,298	0.95%	
30 to 59 days	653,210	0.94%	
60 to 89 days	192,418	1.03%	
90 to 360 days	10,341	1.00%	
Over 360 days	—	—	
Total	\$3,059,267	0.95%	23 Days

Agency Securities – As of December 31, 2016

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency	3.50%	\$1,036,300	102.4	18.3
Pass-through	4.00%	1,266,884	105.1	23.3
	4.50%	291,385	107.5	24.2
Commercial	3.6%	1,331,544	98.9	0.2
Agency IO	0.8%	N/M ⁽²⁾	4.3	26.4
Total		\$3,926,113		

Repo Days to Maturity – As of December 31, 2016

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,886,437	0.87%	
30 to 59 days	700,615	0.97%	
60 to 89 days	267,663	0.93%	
90 to 360 days	233,019	0.93%	
Over 360 days	—	—	
Total	\$3,087,734	0.90%	32 Days

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

(2) Notional Agency IO was \$3.2 billion and \$3.4 billion as of March 31, 2017 and December 31, 2016 respectively.

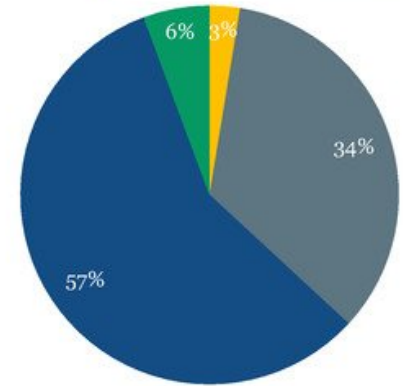
Information is unaudited, estimated and subject to change.

INTEREST RATE SENSITIVITY

Chimera continues to reduce its rate exposure by reducing its Agency portfolio and hedges

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
Agency Securities	Market Value	\$ 4,330,594	\$ 4,220,920	\$ 4,101,851	\$ 3,976,033	\$ 3,847,031
	Percentage Change	5.6 %	2.9 %	-	(3.1)%	(6.2)%
Swap	Market Value	(104,384)	(51,009)	-	49,365	97,693
	Percentage Change	(2.5)%	(1.2)%	-	1.2 %	2.4 %
Futures	Market Value	(35,537)	(17,525)	-	17,059	33,662
	Percentage Change	(0.9)%	(0.4)%	-	0.4 %	0.8 %
Net Gain/(Loss)		\$ 88,822	\$ 50,535	-	\$ (59,394)	\$ (123,465)
Percentage Change in Portfolio Value ⁽¹⁾		2.2 %	1.2 %	-	(1.4)%	(3.0)%

Hedge Book Maturities



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

Total Notional Balance - Derivative Instruments

	March 31, 2017	December 31, 2016
Interest Rate Swaps	1,535,900	1,396,900
Swaptions	482,000	624,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

Information is unaudited, estimated and subject to change.



chimerareit.com



PRESS RELEASE

NYSE: CIM

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

Investor Relations
212-413-1880
www.chimerareit.com

FOR IMMEDIATE RELEASE

CHIMERA DECLARES SECOND QUARTER 2017 COMMON AND PREFERRED STOCK DIVIDENDS

- BOARD DECLARES SECOND QUARTER 2017 DIVIDEND OF \$0.50 PER SHARE OF COMMON STOCK
- BOARD EXPECTS TO MAINTAIN A \$0.50 DIVIDEND FOR THE REMAINING TWO QUARTERS OF 2017
- BOARD DECLARES SECOND QUARTER 2017 DIVIDEND OF \$0.50 PER SHARE OF 8% SERIES A CUMULATIVE REDEEMABLE PREFERRED STOCK
- BOARD DECLARES SECOND QUARTER 2017 DIVIDEND OF \$0.68333 PER SHARE OF 8% SERIES B CUMULATIVE REDEEMABLE PREFERRED STOCK

The Board of Directors of Chimera announced the declaration of its second quarter cash dividend of \$0.50 per common share. The dividend is payable July 28, 2017 to common stockholders of record on June 30, 2017. The ex-dividend date is June 28, 2017.

The Board of Directors of Chimera also announced the declaration of its second quarter cash dividend of \$0.50 per share of 8% Series A Cumulative Redeemable Preferred Stock. The dividend is payable June 30, 2017 to preferred shareholders of record on June 1, 2017. The ex-dividend date is May 30, 2017.

The Board of Directors of Chimera also announced the declaration of its second quarter cash dividend of \$0.68333 per share of 8% Series B Cumulative Redeemable Preferred Stock. The dividend is payable June 30, 2017 to preferred shareholders of record on June 1, 2017. The ex-dividend date is May 30, 2017.

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 Annual Report on Form 10-K for the year ended December 31, 2016, 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.