

CHIMERA INVESTMENT CORP

FORM 8-K (Current report filing)

Filed 09/14/15 for the Period Ending 09/14/15

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):
September 14, 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.)

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

10022
(Zip Code)

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

1211 Avenue of the Americas, 41st Fl, New York, New York 10036
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

On September 14, 2015, Chimera Investment Corporation (the "Company") issued a press release announcing its dividend declaration for the third quarter of 2015 and continuation of its dividend program through the fourth quarter of 2015.

On September 17, 2015, the Company will make a presentation at the Barclays 2015 Global Financial Services Conference in New York, NY. The presentation slides to be used (the "Presentation") are being furnished as Exhibit 99.1 hereto and are incorporated herein by reference. A copy of the Presentation is also available on the Investor Relations portion of the Company's website at www.chimerareit.com.

The Presentation is being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such filing.

The Presentation contains statements that, to the extent they are not recitations of historical fact, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 (the "Reform Act"). All such forward-looking statements are intended to be subject to the safe harbor protection provided by the Reform Act. Actual outcomes and results could differ materially from those forecast due to the impact of many factors beyond the control of the Company. All forward looking statements included in the Presentation are made only as of the date of the Presentation and are subject to change without notice. Certain factors that could cause actual results to differ materially from those contained in the forward-looking statements are included in the Company's periodic reports filed with the SEC. Copies are available on the SEC's website at www.sec.gov. The Company disclaims any obligation to update its forward looking statements unless required by law.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 Press Release issued by the Company dated September 14, 2015.

99.2 Presentation by the Company dated September 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: September 14, 2015

Chimera Investment Corporation Announces Third Quarter 2015 Dividend of \$0.48 per Share

NEW YORK--(BUSINESS WIRE)--September 14, 2015--The Board of Directors of Chimera today announced the declaration of its third quarter 2015 cash dividend of \$0.48 per common share. This dividend is payable October 30, 2015, to common stockholders of record on September 30, 2015. The ex-dividend date is September 28, 2015.

The Board of Directors also announced that it expects to maintain a minimum quarterly dividend of \$0.48 for the fourth quarter of 2015.

The Company distributes dividends based on its current estimate of taxable earnings per common share, not GAAP earnings. Taxable and GAAP earnings will typically differ due to items such as differences in premium amortization, accretion of discounts, unrealized and realized gains and losses, and credit loss recognition. Portions of the dividend may be ordinary income, capital gains or a return of capital.

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").

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.

CONTACT:

Chimera Investment Corporation
Investor Relations, 866-315-9930
www.chimerareit.com



CHIMERA
INVESTMENT CORPORATION

Investor Presentations | Second Quarter 2015

September 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.



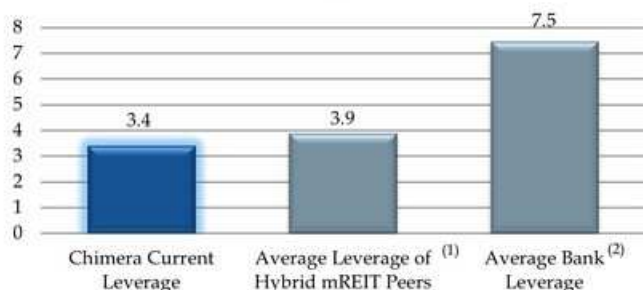
Information is unaudited, estimated and subject to change.

Chimera Investment Corporation (NYSE: CIM)

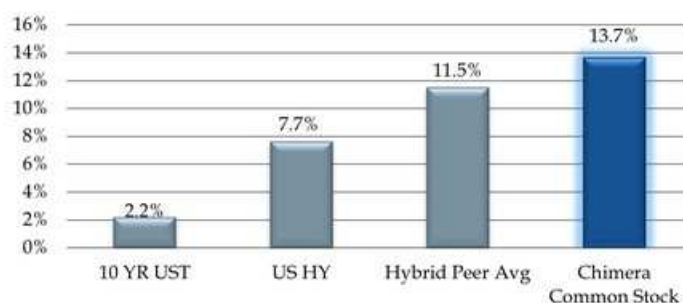
We develop and manage a portfolio of leveraged mortgages in order to produce an attractive quarterly dividend for shareholders

Business Description:	Hybrid Mortgage REIT
Inception:	2007
Total Capital:	\$3.4 billion
Total Portfolio:	\$15.4 billion
Overall Leverage Ratio:	3.4:1 (2.1:1 recourse leverage)
Common Stock Yield	13.7%

Current Leverage Levels



Current Market Yields (3)



(1) Hybrid mREIT Peers include TWO, MITT, IVR, MFA, and RWT as of 6/30/2015

(2) Banks include WFC, JPM, BAML, C, GS, MS, BONY, USB, PNC and SYF

(3) Yields as of 8/31/15.

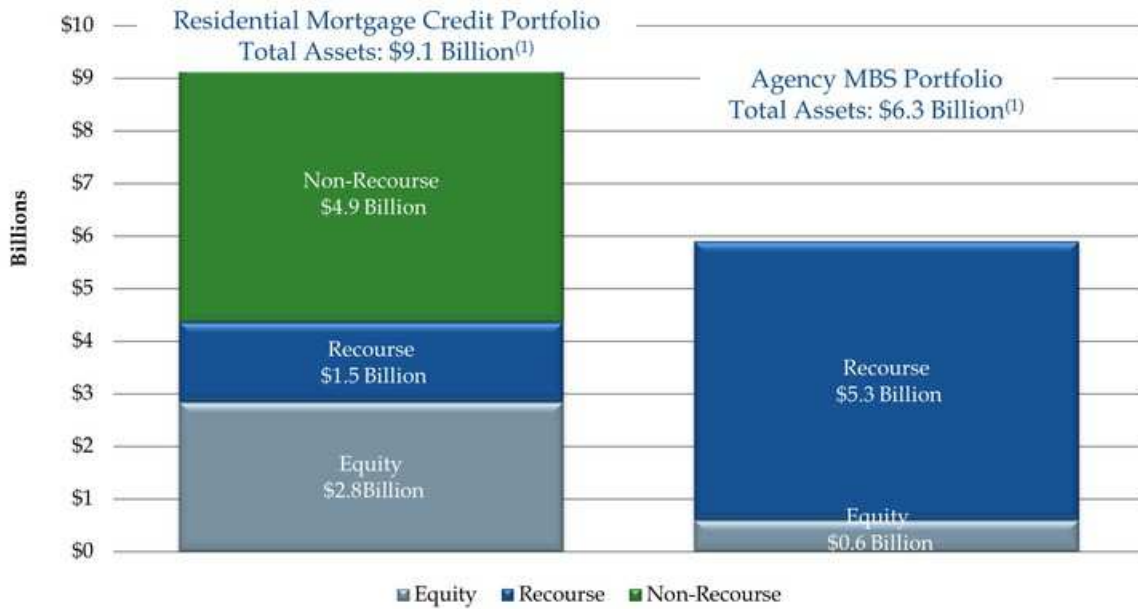
Source: Bloomberg



Information is unaudited, estimated and subject to change.

Total Portfolio Composition

82.5% of CIM's equity capital is allocated to mortgage credit



As of June 30 2015

(1) Financing excludes unsettled trades



Information is unaudited, estimated and subject to change.

Agency MBS Portfolio and Funding

Reducing Interest Rate Risk by Reducing Exposure to Agency RMBS,
CIM sold out of \$2.5bn of Agency securities in the first half of 2015

Agency Pass-Throughs

Coupon	Current Face	Weighted Average Price	Weighted Average CPR
3.50%	\$1,928,081	102.8	7.9
4.00%	2,720,829	105.6	21.5
4.50%	437,109	108.2	20.6
Total	\$5,086,019		

Agency Repo Days to Maturity

Maturity	Principal Balance(1)	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,329,902	0.44%	
30 to 59 days	1,572,481	0.40%	
60 to 89 days	975,458	0.47%	
90 to 360 days	1,112,391	0.48%	
Over 360 days	300,000	1.00%	
Total	\$5,290,232	0.48%	87

Agency Portfolio Yields and Spreads

Gross Asset Yield:	3.2%
Financing Cost ⁽¹⁾ :	1.2%
Net Interest Spread:	2.0%
Net Interest Margin:	1.8%

As of June 30, 2015.

(1) Financing cost includes the interest incurred on interest rate swaps.

(2) Repo balances are not adjusted for unsettled trades



Information is unaudited, estimated and subject to change.

Interest Rate Sensitivity

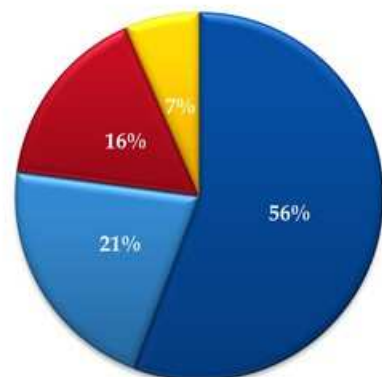
Agency, Swap and Derivative Portfolio

Description (\$ in thousands)		+ 100 Basis Points	+ 50 Basis Points	Unchanged	-50 Basis Points	-100 Basis Points
Agency Pass-Through	Market Value	\$5,047,516	\$5,195,713	\$5,334,566	\$5,441,721	\$5,520,867
	Percentage Change	(5.4%)	(2.6%)	-	2.0%	3.5%
Swap	Market Value	143,868	73,469	(32,199)	(72,950)	(136,054)
	Percentage Change	3.3%	2.0%	-	(0.8%)	(1.9%)
Futures	Market Value	46,144	24,104	1,641	(21,409)	(45,065)
	Percentage Change	0.8%	0.4%	-	(0.4%)	(0.9%)
Net Gain/(Loss)		(\$66,480)	(\$10,722)	\$0	\$43,353	\$35,739
Percentage Change in Portfolio Value⁽¹⁾		(1.2%)	(0.2%)	-	0.8%	0.7%

As of June 30, 2015.

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

Hedge Book Maturities



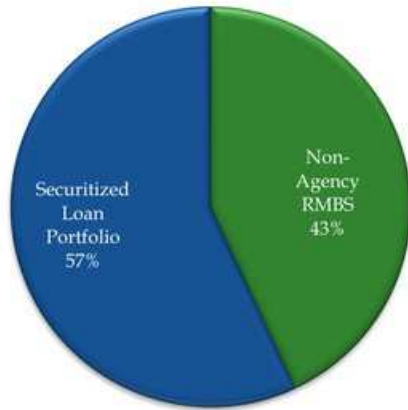
■ Near Term 0-3 ■ Short Term 3-5
■ Medium Term 5-10 ■ Long Term 10-30



Information is unaudited, estimated and subject to change.

Residential Mortgage Credit Portfolio

Credit Portfolio Composition



Credit Portfolio Yields and Spreads

Gross Asset Yield:	8.8%
Financing Cost:	3.6%
Net Interest Spread:	5.3%
Net Interest Margin:	12.0%

As of June 30, 2015

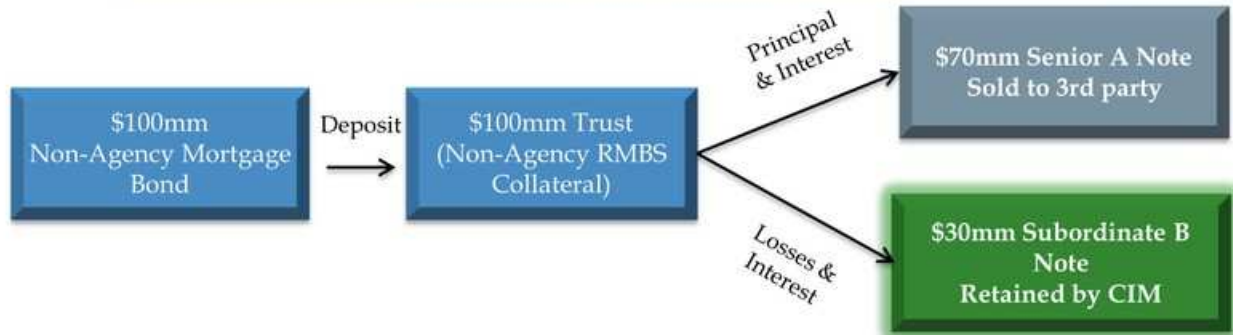


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Non-Agency RMBS Portfolio

61% of CIM's Non-Agency Portfolio is Re-REMIC Bonds

The Re-Securitization Process



1

CIM buys \$100mm Non-Agency mortgage bond from dealer

2

CIM deposits the bond into a trust
The trust issues bonds backed by the cashflow of the underlying bond

3

CIM sells the Senior A note
The A note receives P&I from the \$100mm bond until the \$70mm is paid off
CIM retains the Subordinate B note
The B note receives interest, all losses from the \$100mm bond and starts to receive principal only after the Senior A note is paid off in full

Consolidated RMBS

The average yield on consolidated retained subordinates is 17.9%

- Re-Remic subordinates have had slow prepayments considering the low interest rate environment

(\$ in thousands)			At Issuance / Acquisition			As of June 30, 2015		
Vintage	Type	Deal	Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2014	RMBS Securitization ⁽¹⁾	CSMC - 2014-4R	367,271	-	367,271	317,396	-	317,396
2010	RMBS Securitization	CSMC - 2010-1R	1,730,581	691,630	1,038,951	779,440	57,710	721,730
2010	RMBS Securitization	CSMC - 2010-11R	566,571	332,299	234,272	338,379	121,922	216,457
2009	RMBS Securitization	CSMC - 2009-12R	1,730,698	915,566	815,132	727,953	175,967	551,986
2009	RMBS Securitization	JPMRR - 2009-7	1,522,474	856,935	665,539	647,750	235,489	412,261
2009	RMBS Securitization	JMAC - 2009-R2	281,863	192,500	89,363	115,747	54,123	61,624
TOTAL			\$6,199,458	\$2,988,930	\$3,210,528	\$2,926,665	\$645,211	\$2,281,454
			<i>% of origination remaining</i>			47%	22%	71%

As of June 30, 2015

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



Information is unaudited, estimated and subject to change.

Loan Securitization Pipeline

In Q3 2014, CIM purchased the Springleaf portfolio which had call rights to \$4.8 billion of seasoned loans

- CIM has called 2011-1A and 2012-1A and has refinanced these two deals creating CSMC 2014-CIM1 and CIM 2015-2AG.
- CIM has \$3.7 billion of remaining seasoned loans to refinance over the next two years as follows:

Security Name	Call Date	Current Financing	Current Face of Tranches Sold	Total Remaining Face	Advance Rate	LTV	Loan Age	60+ Day Delinquencies
(\$ in millions)								
Callable in 2015								
SLFMT 2012-2A	Jul-15	3.99%	\$507,935	\$705,252	72%	69%	115	11%
SLFMT 2012-3A	Oct-15	3.33%	\$554,830	\$784,403	71%	70%	114	10%
TOTAL			\$1,062,765	\$1,489,655				
Callable in 2016								
SLFMT 2013-1A	Mar-16	3.57%	\$752,057	\$809,725	93%	70%	112	12%
SLFMT 2013-2A	Jun-16	4.08%	\$945,331	\$981,203	96%	72%	109	15%
SLFMT 2013-3A	Oct-16	3.88%	\$449,156	\$456,956	98%	72%	106	17%
TOTAL			\$2,146,544	\$2,247,884				

As of June 30, 2015



Information is unaudited, estimated and subject to change.

Refinancing Springleaf

Attractive term financing via securitization provides the company with a high return

- Springleaf securitizations are callable on the 3 year anniversary of issuance
- The underlying loans are consolidated on CIM's Balance Sheet, there is no profit or loss on the call and re-levering
- The securitization market has been strong, allowing CIM to obtain higher advance rates & lower intrinsic costs on the first two refinances

SLFMT 2012-1A	
Called	April 2015
Loan Balance at Call	\$330,292,585
Liabilities Outstanding	\$227,019,633
Equity	\$103,272,952
Net WAC	7.18%
Financing	(4.63%)
Net Spread Capture by Trust Owner	2.55%
Structural Leverage	2.2
Advance Rate	69%



CIM 2015-2AG	
Issue Date	4/1/2015
Beginning Loan Balance	\$330,292,585
Liabilities Outstanding	\$276,998,000
Equity	\$53,294,585
Net WAC	7.18%
Financing	(3.49%)
Net Spread Capture by Trust Owner	3.69%
Structural Leverage	5.2
Advance Rate	84%

Financing costs reduced from 4.63% to 3.49%

Optimized structure by reducing equity from \$103 Million to \$53 Million

Liquidity increased by \$50 Million to invest in other opportunities

Source: Bloomberg

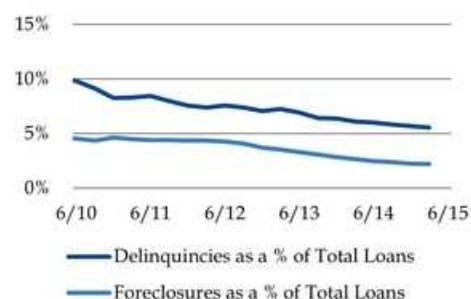


Information is unaudited, estimated and subject to change.

Mortgage Credit Fundamentals

CIM's mortgage credit portfolio is performing better than expected at purchase and is prepaying slower than expected in the current rate environment

- **Home Prices Have Been Appreciating**
- **Older Non-Agency MBS Credit Has Been Improving**
 - Delinquency pipelines decreasing
 - Foreclosures getting flushed out of deals
 - Lower loss severities
 - Deals are delevering
- **New Mortgage Credit Remains Tight**
 - Banks/rating agencies are risk averse
 - Only best borrowers get mortgages
 - Full documentation
- **Prepayment Speeds on Older Non-Agency MBS Remain Slow**
 - Subprime, Alt-A borrowers have limited options to refinance



Source: Bloomberg, Mortgage Bankers Association



Information is unaudited, estimated and subject to change.

Summary

Chimera currently operates at low leverage and produces a high yield

Agency Portfolio

- Highly liquid 30YR current coupon portfolio
- Actively hedged to manage interest rate risk
- Agency exposure decreased by \$2.5 billion in 1st Half of 2015

Residential Mortgage Credit Portfolio

- High Yielding
- Prepayment Protected
- Difficult to re-create in today's market
- Longer Term Repo Finance Options Available

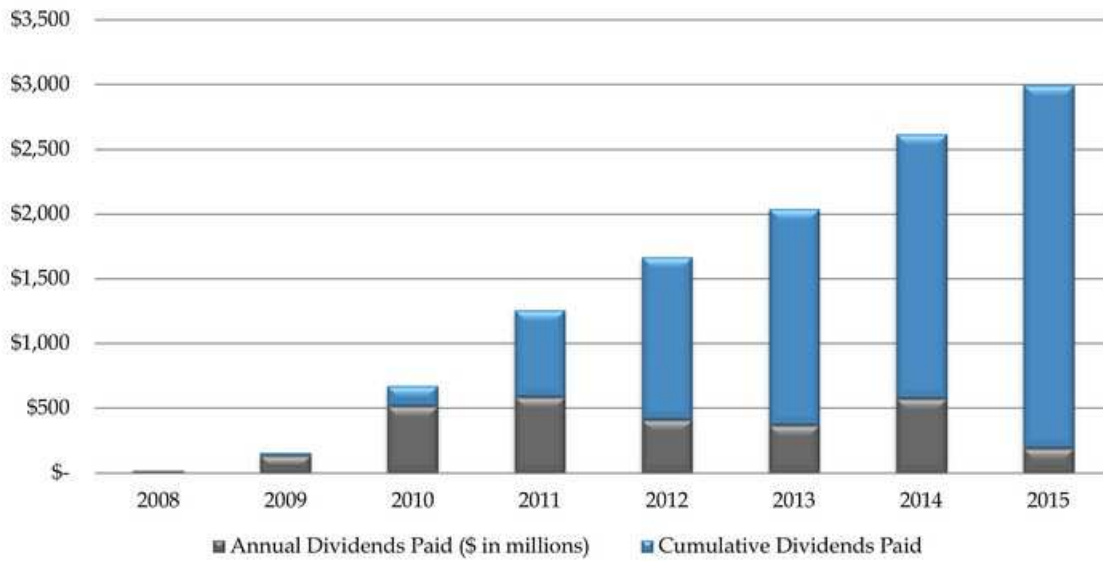
Future Securitization Pipeline

- \$4.8 billion Springleaf portfolio
- Opportunity to refinance deals over the next two years
- Securitization pipeline without adding costly infrastructure

Dividend History

Chimera has paid out over \$2.8B in dividends since inception

- Set an expected \$0.48 per share quarterly dividend for 2015



As of June 30, 2015



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