

# FINANCIAL SUPPLEMENT

NYSE: CIM

*2nd Quarter 2016*



**CHIMERA** INVESTMENT  
CORPORATION

# 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, 2015, 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 refinancing 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.

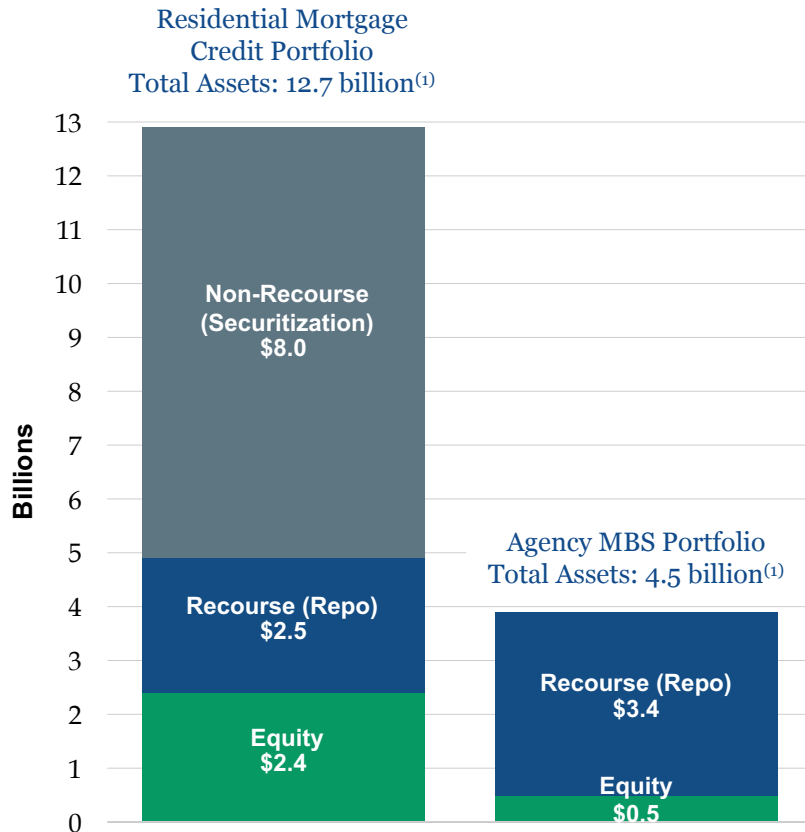
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Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company’s independent auditors.

# PORTFOLIO COMPOSITION

*83% of Chimera's equity capital is allocated to mortgage credit*



All data as of June 30, 2016

(1) Financing excludes unsettled trades.

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

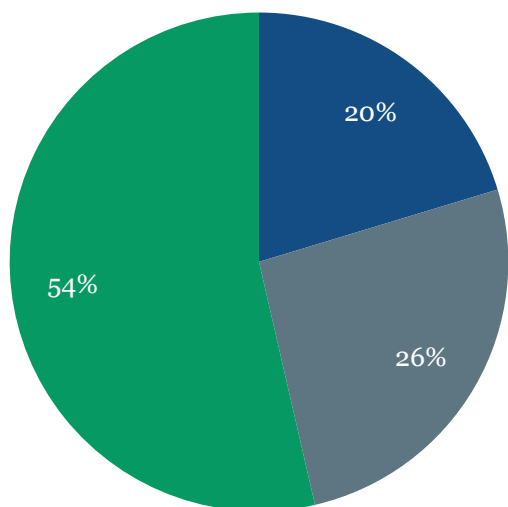
## Net Investment Analysis

	Residential Mortgage Credit Portfolio	Agency MBS Portfolio	Total Portfolio
Gross Asset Yield:	8.1%	2.4%	6.2%
Financing Cost <sup>(2)</sup> :	3.6%	1.4%	2.8%
Net Interest Spread:	4.5%	1.0%	3.4%
Net Interest Margin:	4.9%	1.1%	3.6%

# GAAP ASSET ALLOCATION<sup>(1)</sup>

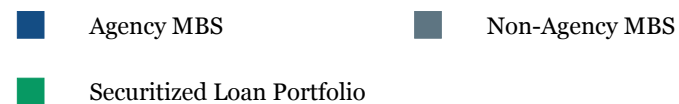
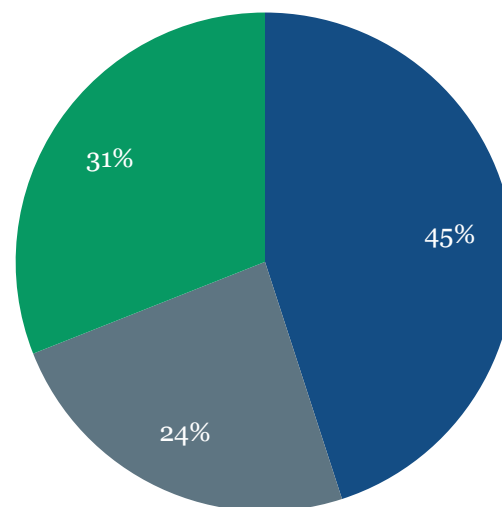
*The increases in Securitized Loan and Non-Agency MBS portfolios were partially funded through Agency MBS sales*

June 30, 2016



Total Portfolio: \$17.2 billion

March 31, 2016



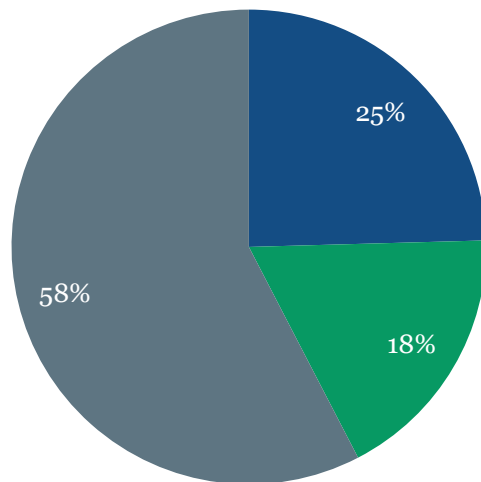
Total Portfolio: \$14.9 billion

(1) Based on fair value.

# GAAP FINANCING SOURCES

*Total Leverage<sup>(1)</sup>: 4.7:1*  
*Recourse Leverage: 2.0:1*

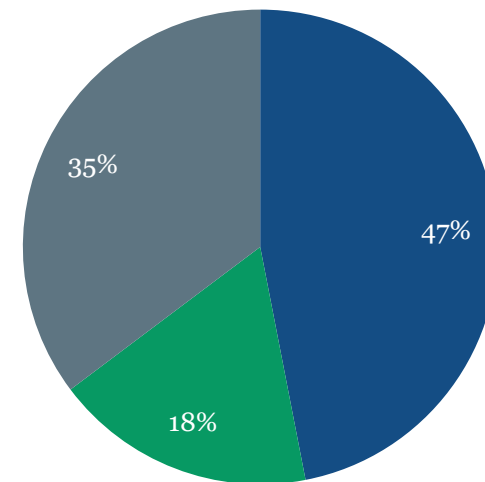
June 30, 2016



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

**Total Financing: \$13.8 Billion**

March 31, 2016



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

**Total Financing: \$11.7 Billion**

(1) Leverage ratios as of June 30, 2016  
 (2) Consists of tranches of RMBS and loan securitizations sold to third parties.

# CONSOLIDATED LOAN SECURITIZATIONS

(\$ in thousands)

At Issuance / Acquisition

June 30, 2016

Vintage	Deal	Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2016	CIM 2016-3	\$1,746,084	\$1,478,933	\$267,151	\$1,746,084	\$1,478,933	\$267,151
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,762,177	1,492,563	269,614
2016	CIM 2016-1	1,499,341	1,266,898	232,443	1,470,568	1,237,705	232,863
2015	CIM 2015-4AG <sup>(1)</sup>	750,647	425,000	325,647	679,307	472,231	207,076
2015	CIM 2015-3AG <sup>(2)</sup>	698,812	520,935	177,877	607,246	438,716	168,530
2015	CIM 2015-2AG <sup>(3)</sup>	330,293	276,998	53,295	275,692	225,490	50,202
2015	CIM 2015-1EC	268,731	214,985	53,746	236,962	180,482	56,480
2014	CSMC 2014-CIM1 <sup>(4)</sup>	333,865	268,087	65,779	255,750	193,544	62,206
2013	SLFMT 2013-1A	1,021,846	1,019,291	2,555	707,071	594,815	112,256
2013	SLFMT 2013-2A	1,137,308	1,134,464	2,844	876,951	842,200	34,751
2013	SLFMT 2013-3A	500,390	499,139	1,251	420,777	258,210	162,567
2012	CSMC 2012-CIM1	741,939	707,810	34,129	90,669	59,507	31,162
2012	CSMC 2012-CIM2	425,091	404,261	20,830	80,896	61,562	19,334
2012	CSMC 2012-CIM3	329,886	305,804	24,082	151,997	131,922	20,075
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	63,502	45,443	18,059
<b>TOTAL</b>		<b>\$12,166,120</b>	<b>\$10,564,310</b>	<b>\$1,601,811</b>	<b>9,425,649</b>	<b>7,713,323</b>	<b>1,712,326</b>

*% of origination remaining*

*77%*

(1) Contains collateral from Springleaf 2012-3A Trust.

(2) Contains collateral from Springleaf 2012-2A Trust.

(3) Contains collateral from Springleaf 2012-1A Trust.

(4) Contains collateral from Springleaf 2011-1A Trust.

# 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			June 30, 2016		
		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 <sup>(1)</sup>	367,271	—	367,271	269,644	—	269,644
2010	CSMC 2010-1R	1,730,581	691,630	1,038,951	674,545	21,380	653,165
2010	CSMC 2010-11R	566,571	338,809	227,762	283,565	73,817	209,748
2009	CSMC 2009-12R	1,730,698	915,566	815,132	613,587	127,656	485,931
2009	JPMRR 2009-7	1,522,474	856,935	665,539	566,757	177,397	389,360
2009	JMAC 2009-R2	281,863	192,500	89,363	101,070	41,626	59,444
<b>TOTAL</b>		<b>6,199,458</b>	<b>2,995,440</b>	<b>3,204,018</b>	<b>2,509,168</b>	<b>441,876</b>	<b>2,067,292</b>
		<i>% of origination remaining</i>			40%	15%	65%

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

# AGENCY & REPO SUMMARY

## Agency Securities – As of June 30, 2016

Security Type	Coupon <sup>(1)</sup>	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$1,137,343	105.6	7.6
	4.00%	1,356,996	107.4	14.5
	4.50%	339,473	109.3	17
Commercial	3.5%	1,226,725	106.8	—
Agency IO	0.9%	N/M <sup>(2)</sup>	4.6	6.5

<b>Total</b>	<b>\$4,060,537</b>			
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## Agency Securities – As of March 31, 2016

Security Type	Coupon <sup>(1)</sup>	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$3,006,693	104.8	6.6
	4.00%	1,698,645	106.9	6.8
	4.50%	358,017	108.9	17.2
Commercial	3.5%	1,072,937	104.9	0.1
Agency IO	0.9%	N/M <sup>(2)</sup>	4.5	5.4

<b>Total</b>	<b>\$6,136,292</b>			
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## Repo Days to Maturity – As of June 30, 2016

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,823,192	0.79%	
30 to 59 days	287,077	0.81%	
60 to 89 days	921,941	0.77%	
90 to 360 days	361,042	0.97%	
Over 360 days	—	—	

<b>Total</b>	<b>\$3,393,252</b>	<b>0.80%</b>	<b>41 Days</b>
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## Repo Days to Maturity – As of March 31, 2016

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$2,240,043	74%	
30 to 59 days	1,938,859	75%	
60 to 89 days	166,374	74%	
90 to 360 days	1,125,427	84%	
Over 360 days	—	—	

<b>Total</b>	<b>\$5,470,703</b>	<b>0.76%</b>	<b>52 Days</b>
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(1) Coupon is a weighted average for Commercial and Agency IO

(2) Notional Agency IO was \$3.1 billion and \$4.0 billion as of 6/30/2016 and 3/31/2016 respectively.

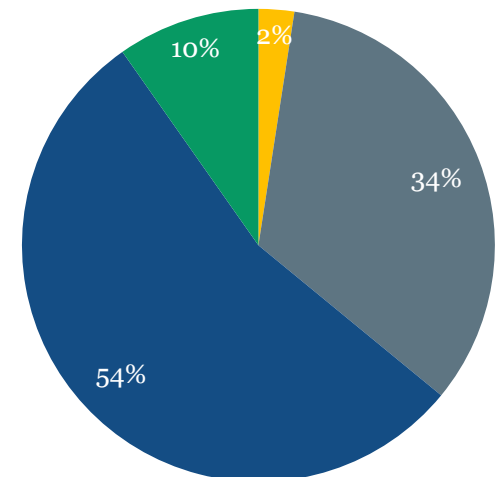


# INTEREST RATE SENSITIVITY

*Chimera reduced the outstanding notional balance of its derivative instruments by \$2.3 billion*

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
<b>Agency Securities</b>	Market Value	\$ 4,688,441	\$ 4,596,520	\$ 4,481,503	\$ 4,360,999	\$ 4,233,588
	Percentage Change	4.6 %	2.6 %	-	(2.7)%	(5.5)%
<b>Swap</b>	Market Value	(114,553)	(61,292)	-	60,266	120,069
	Percentage Change	(2.6)%	(1.4)%	-	1.3 %	2.7 %
<b>Futures</b>	Market Value	(29,919)	(17,485)	-	17,050	33,685
	Percentage Change	(0.7)%	(0.4)%	-	0.4 %	0.8 %
<b>Net Gain/(Loss)</b>		\$ 62,466	\$ 36,240	-	\$ (43,188)	\$ (94,161)
<b>Percentage Change in Portfolio Value<sup>(1)</sup></b>		1.4 %	0.8 %	-	(1.0)%	(2.1)%

## Hedge Book Maturities



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

### Total Notional Balance - Derivative Instruments

	June 30, 2016	March 31, 2016
<b>Interest Rate Swaps</b>	1,430,900	3,583,900
<b>Swaptions</b>	749,000	749,000
<b>Futures</b>	619,700	814,700

(1) Based on instantaneous moves in interest rates.

