

FINANCIAL SUPPLEMENT

NYSE: CIM

4th Quarter 2017



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 most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; the rates of default or decreased recovery on the mortgages underlying our target assets; the occurrence, extent and timing of credit losses within our portfolio; the credit risk in our underlying assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; our ability to borrow to finance our assets and the associated costs; changes in the competitive landscape within our industry; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire residential mortgage loans and successfully securitize the residential mortgage loans we acquire; our ability to oversee our third party sub-servicers; the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinance or principal reduction programs; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

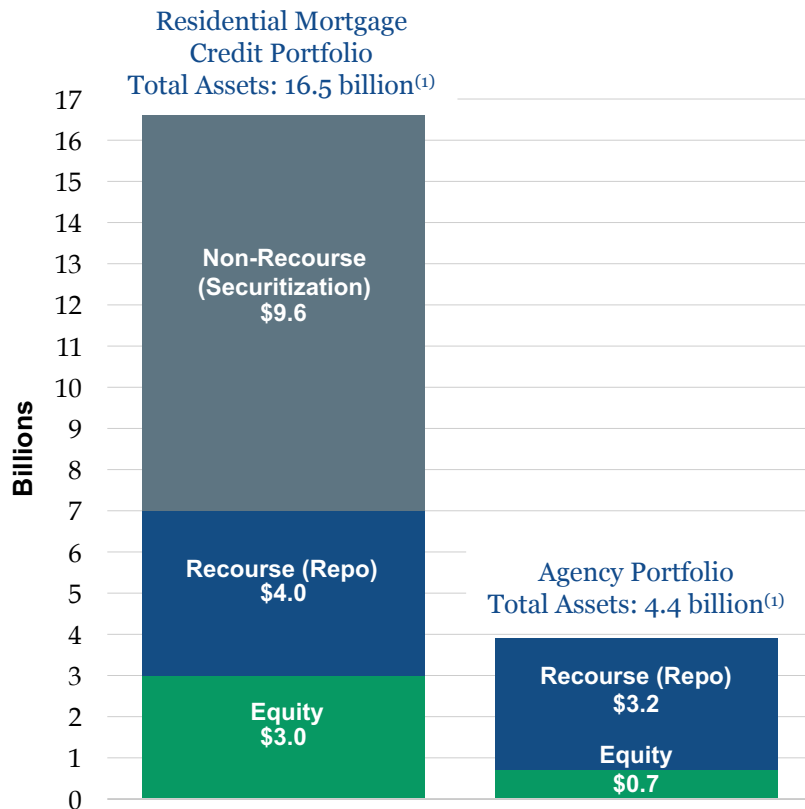
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PORTFOLIO COMPOSITION

82% of Chimera's equity capital is allocated to mortgage credit



Net Investment Analysis⁽²⁾

	Residential Mortgage Credit Portfolio	Agency Portfolio	Total Portfolio
Gross Asset Yield:	7.2%	3.0%	6.3%
Financing Cost ⁽³⁾ :	3.9%	2.0%	3.6%
Net Interest Spread:	3.3%	1.0%	2.7%
Net Interest Margin:	3.7%	1.4%	3.2%

All data as of December 31, 2017

(1) Financing excludes unsettled trades.

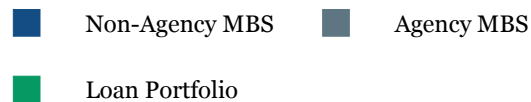
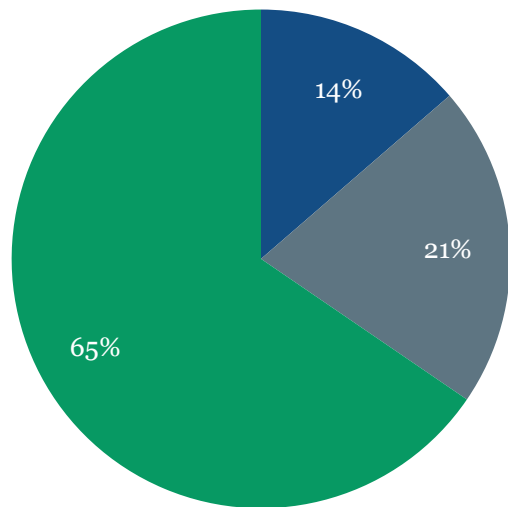
(2) Reflects fourth quarter 2017 average assets, yields, and spreads.

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

GAAP ASSET ALLOCATION⁽¹⁾

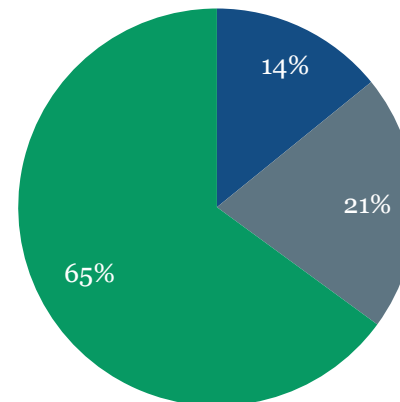
Chimera added \$704 million in Q4 and \$6.5 billion in residential mortgage loans in 2017

December 31, 2017



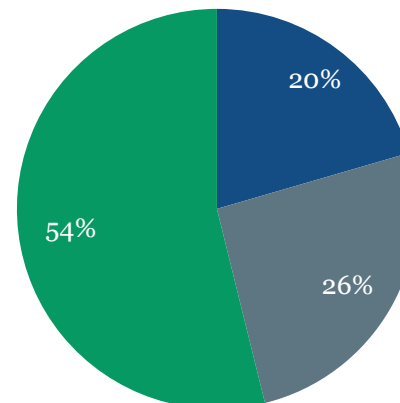
Total Portfolio: \$20.9 billion

September 30, 2017



**Total Portfolio:
\$20.8 billion**

December 31, 2016



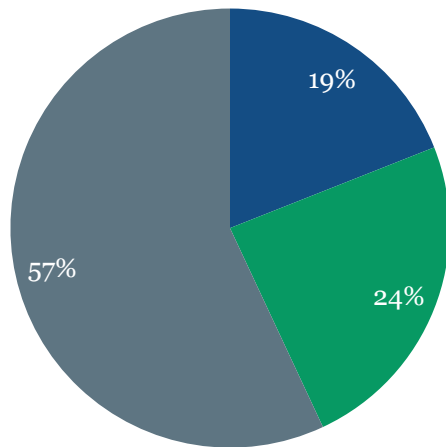
**Total Portfolio:
\$16.3 billion**

(1) Based on fair value.

GAAP FINANCING SOURCES

Total Leverage⁽¹⁾: 4.6:1
 Recourse Leverage⁽¹⁾: 2.0:1

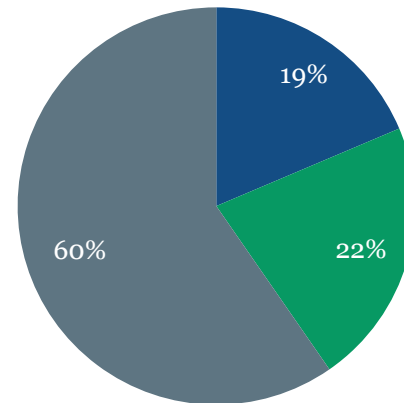
December 31, 2017



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

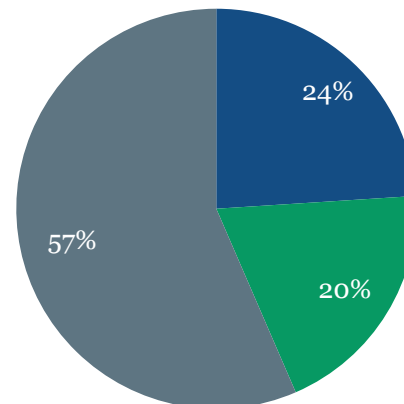
Total Financing: \$16.8 Billion

September 30, 2017



**Total Financing:
\$16.6 billion**

December 31, 2016



**Total Financing:
\$12.9 billion**

(1) Based on fair value.

CONSOLIDATED LOAN SECURITIZATIONS

(\$ in thousands)

At Issuance / Acquisition

December 31, 2017

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
2017	CMLTI 2017-RP2	\$421,329	\$42,133	379,196	\$416,724	\$41,672	\$375,052
2017	CIM 2017-8 ⁽¹⁾	1,148,050	688,829	459,221	1,124,841	665,780	459,061
2017	CIM 2017-7	512,446	301,062	211,384	498,321	287,157	211,164
2017	CIM 2017-6	782,725	626,179	156,546	749,073	591,693	157,380
2017	CIM 2017-5	377,034	75,407	301,627	355,064	53,483	301,581
2017	CIM 2017-4	830,510	710,003	120,507	697,811	581,020	116,791
2017	CIM 2017-3	2,434,640	2,113,267	321,373	2,153,615	1,831,401	322,214
2017	CIM 2017-2	331,440	248,580	82,860	299,602	216,450	83,152
2017	CIM 2017-1	526,267	368,387	157,880	464,521	306,972	157,549
2016	CIM 2016-FRE1	185,811	115,165	70,646	163,616	92,458	71,158
2016	CIM 2016-4 ⁽¹⁾	601,733	493,420	108,313	508,747	397,734	111,013
2016	CIM 2016-3	1,746,084	1,478,933	267,151	1,376,361	1,111,473	264,888
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,389,090	1,120,363	268,727
2016	CIM 2016-1	1,499,341	1,266,898	232,443	1,172,112	943,854	228,258
2015	CIM 2015-4AG ⁽¹⁾	750,647	425,000	325,647	522,072	333,834	188,238
2015	CIM 2015-3AG ⁽¹⁾	698,812	520,935	177,877	460,729	304,303	156,426
2015	CIM 2015-2AG ⁽¹⁾	330,293	276,998	53,295	209,751	162,604	47,147
2015	CIM 2015-1EC	268,731	214,985	53,746	199,099	142,831	56,268
2012	CSMC 2012-CIM1	741,939	707,810	34,129	56,711	27,906	28,805
2012	CSMC 2012-CIM2	425,091	404,261	20,830	47,973	29,616	18,357
2012	CSMC 2012-CIM3	329,886	305,804	24,082	118,624	99,702	18,922
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	44,959	32,710	12,249
TOTAL		\$17,324,696	\$13,425,761	\$3,898,935	\$13,029,416	\$9,375,016	\$3,654,400

(1) Contains collateral from Springleaf deals acquired in 2014.

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			December 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	210,789	—	210,789
2010	CSMC 2010-1R	1,730,581	691,630	1,038,951	504,330	3,669	500,661
2010	CSMC 2010-11R	566,571	338,809	227,762	207,428	—	207,428
2009	CSMC 2009-12R	1,730,698	915,566	815,132	476,131	87,478	388,653
2009	JPMRR 2009-7	1,522,474	856,935	665,539	435,208	108,077	327,131
2009	JMAC 2009-R2	281,863	192,500	89,363	75,301	19,949	55,352
TOTAL		6,199,458	2,995,440	3,204,018	1,909,187	219,173	1,690,014
		<i>% of origination remaining</i>			31%	7%	53%

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

AGENCY & REPO SUMMARY

Agency Securities – As of December 31, 2017

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$850,775	102.9	9.9
	4.00%	1,207,687	104.9	13.4
	4.50%	168,666	106.8	14.0
Commercial	3.6%	1,894,594	102.3	—
Agency IO	0.7%	N/M ⁽²⁾	3.5	3.1
Total		\$4,121,722		

Repo Days to Maturity – As of December 31, 2017

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$2,124,925	1.44%	
30 to 59 days	647,889.511	1.48%	
60 to 89 days	429,241	1.63%	
Total	\$3,202,056	1.47%	28 Days

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

(2) Notional Agency IO was \$3.0 billion and \$3.2 billion as of December 31, 2017 and September 30, 2017 respectively.

Agency Securities – As of September 30, 2017

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$878,766	103.3	10.3
	4.00%	1,261,567	105.5	10.8
	4.50%	176,505	107.7	15.7
Commercial	3.6%	1,774,802	102.1	—
Agency IO	0.7%	N/M ⁽²⁾	3.6	9.8
Total		\$4,091,640		

Repo Days to Maturity – As of September 30, 2017

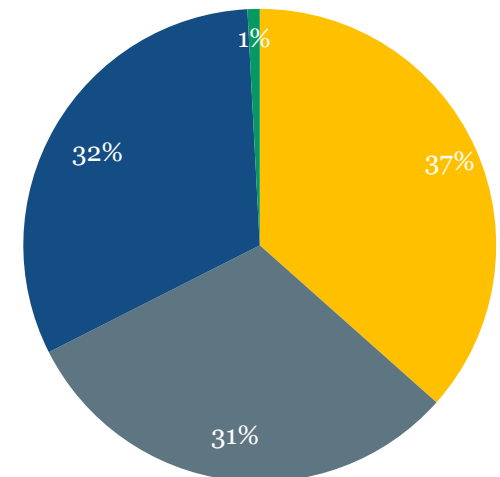
Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$2,433,157	1.40%	
30 to 59 days	473,727	1.38%	
60 to 89 days	189,350	1.37%	
Total	\$3,096,234	1.39%	21 Days

INTEREST RATE SENSITIVITY

Chimera added to its Agency Commercial and hedge portfolios during the quarter

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
Agency Securities	Market Value	\$ 4,610,532	\$ 4,491,913	\$ 4,364,828	\$ 4,229,318	\$ 4,089,486
	Percentage Change	5.6 %	2.9 %	-	(3.1)%	(6.3)%
Swap	Market Value	(160,638)	(77,945)	-	75,607	150,428
	Percentage Change	(3.7)%	(1.8)%	-	1.7 %	3.4 %
Futures	Market Value	(34,928)	(17,228)	-	16,767	33,098
	Percentage Change	(0.8)%	(0.4)%	-	0.4 %	0.8 %
Net Gain/(Loss)		\$ 50,138	\$ 31,912	-	\$ (43,136)	\$ (91,816)
Percentage Change in Portfolio Value⁽¹⁾		1.1 %	0.7 %	-	(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

	December 31, 2017	September 30, 2017
Interest Rate Swaps	3,816,400	3,373,400
Swaptions	391,000	482,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

