

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 5, 2022

CHIMERA INVESTMENT CORPORATION
(Exact name of registrant as specified in its charter)

| | | |
|--|---|---|
| <u>Maryland</u> (State or Other Jurisdiction of Incorporation) | <u>1-33796</u> (Commission File Number) | <u>26-0630461</u> (IRS Employer Identification No.) |
|--|---|---|

630 Fifth Avenue, STE 2400
New York, New York
(Address of principal executive offices)
10111
(Zip Code)

Registrant's telephone number, including area code: (212) 626-2300

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of Each Class</u> | <u>Trading Symbol(s)</u> | <u>Name of Each Exchange on Which Registered</u> |
|---|--------------------------|--|
| Common Stock, par value \$0.01 per share | CIM | New York Stock Exchange |
| 8.00% Series A Cumulative Redeemable Preferred Stock | CIM PRA | New York Stock Exchange |
| 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | CIM PRB | New York Stock Exchange |
| 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | CIM PRC | New York Stock Exchange |
| 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock | CIM PRD | New York Stock Exchange |

Registrant's Web site address: www.chimerareit.com

(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))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02. Results of Operations and Financial Condition

On May 5, 2022, the registrant issued a press release announcing its financial results for the quarter ended March 31, 2022. A copy of the press release is furnished as Exhibit 99.1 to this report.

On May 5, 2022, the registrant posted supplemental financial information on the News & Events - Press Releases 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 5, 2022, issued by Chimera Investment Corporation](#)

99.2 [Supplemental Financial Information for the quarter ended March 31, 2022.](#)

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/ Subramaniam Viswanathan
Name: Subramaniam Viswanathan
Title: Chief Financial Officer

Date: May 5, 2022



PRESS RELEASE

NYSE: CIM

CHIMERA INVESTMENT CORPORATION
630 Fifth Ave, Ste 2400
New York, New York 10111

Investor Relations
888-895-6557
www.chimerareit.com

FOR IMMEDIATE RELEASE

CHIMERA INVESTMENT CORPORATION REPORTS 1ST QUARTER 2022 EARNINGS

- 1ST QUARTER GAAP NET LOSS OF \$1.19 PER DILUTED COMMON SHARE
- 1ST QUARTER EARNINGS AVAILABLE FOR DISTRIBUTION ⁽¹⁾ OF \$0.39 PER DILUTED COMMON SHARE WHICH INCLUDES \$0.07 OF INCOME FROM AGENCY CMBS SECURITIES THAT HAVE BEEN CALLED
- GAAP BOOK VALUE OF \$10.15 PER COMMON SHARE

NEW YORK - (BUSINESS WIRE) - Chimera Investment Corporation (NYSE:CIM) today announced its financial results for the first quarter ended March 31, 2022. The Company's GAAP net loss for the first quarter was \$281 million, or \$1.19 per diluted common share. Earnings available for distribution⁽¹⁾ for the first quarter ended March 31, 2022 was \$94 million, or \$0.39 per diluted common.

"We began to prepare for a higher rate environment in 2021 by maintaining low leverage and optimizing our liability structure which included the re-securitizing \$6 billion of our loans with long-term fixed-rate coupons. As rates began to rise this year, we have begun implementation of the next leg our strategy; to acquire higher yielding residential loans while continuing to obtain long-term financing through securitization", said Mohit Marria, CEO and Chief Investment Officer. "This quarter we committed to acquire \$807 million of residential re-performing loans and sponsored our first securitization of 2022 with \$328 million CIM 2022-R1. We expect these actions to be accretive to earnings immediately."

(1) Earnings available for distribution per adjusted diluted common share is a non-GAAP measure. See additional discussion on page 5.

(2) Economic return on book value is based on the change in GAAP book value per common share plus the dividend declared per common share.

Other Information

Chimera Investment Corporation is a publicly traded real estate investment trust, or REIT, that is primarily engaged in the business of investing directly or indirectly through its subsidiaries, on a leveraged basis, in a diversified portfolio of mortgage assets, including residential mortgage loans, Non-Agency RMBS, Agency CMBS, Agency RMBS, and other real estate related securities.

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

| | March 31, 2022 | December 31, 2021 |
|---|----------------------|----------------------|
| Cash and cash equivalents | \$ 165,728 | \$ 385,741 |
| Non-Agency RMBS, at fair value (net of allowance for credit losses of \$453 thousand and \$213 thousand, respectively) | 1,458,887 | 1,810,208 |
| Agency RMBS, at fair value | 74,104 | 60,487 |
| Agency CMBS, at fair value | 503,231 | 761,208 |
| Loans held for investment, at fair value | 12,905,280 | 12,261,926 |
| Accrued interest receivable | 72,418 | 69,513 |
| Other assets | 61,531 | 58,320 |
| Total assets ⁽¹⁾ | \$ 15,241,179 | \$ 15,407,403 |
| Liabilities: | | |
| Secured financing agreements (\$4.5 billion and \$4.4 billion pledged as collateral, respectively) | \$ 3,424,405 | \$ 3,261,613 |
| Securitized debt, collateralized by Non-Agency RMBS (\$337 million and \$365 million pledged as collateral, respectively) | 84,188 | 87,999 |
| Securitized debt at fair value, collateralized by Loans held for investment (\$11.4 billion and \$11.0 billion pledged as collateral, respectively) | 8,010,170 | 7,726,043 |
| Payable for investments purchased | 259,796 | 477,415 |
| Accrued interest payable | 21,422 | 20,416 |
| Dividends payable | 86,560 | 86,152 |
| Accounts payable and other liabilities | 17,910 | 11,574 |
| Total liabilities ⁽¹⁾ | \$ 11,904,451 | \$ 11,671,212 |
| 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 shares issued and outstanding, respectively (\$325,000 liquidation preference) | 130 | 130 |
| 7.75% Series C cumulative redeemable: 10,400,000 shares issued and outstanding, respectively (\$260,000 liquidation preference) | 104 | 104 |
| 8.00% Series D cumulative redeemable: 8,000,000 shares issued and outstanding, respectively (\$200,000 liquidation preference) | 80 | 80 |
| Common stock: par value \$0.01 per share; 500,000,000 shares authorized, 237,044,792 and 236,951,266 shares issued and outstanding, respectively | 2,370 | 2,370 |
| Additional paid-in-capital | 4,360,340 | 4,359,045 |
| Accumulated other comprehensive income | 364,099 | 405,054 |
| Cumulative earnings | 4,289,214 | 4,552,008 |
| Cumulative distributions to stockholders | (5,679,667) | (5,582,658) |
| Total stockholders' equity | \$ 3,336,728 | \$ 3,736,191 |
| Total liabilities and stockholders' equity | \$ 15,241,179 | \$ 15,407,403 |

(1) The Company's consolidated statements of financial condition include assets of consolidated variable interest entities, or 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, 2022, and December 31, 2021, total assets of consolidated VIEs were \$11,025,170 and \$10,666,591, respectively, and total liabilities of consolidated VIEs were \$7,564,121 and \$7,223,655 respectively.

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

| | For the Quarters Ended | |
|--|-------------------------------|-----------------------|
| | March 31, 2022 | March 31, 2021 |
| Net interest income: | | |
| Interest income ⁽¹⁾ | \$ 202,175 | \$ 243,127 |
| Interest expense ⁽²⁾ | 64,473 | 108,066 |
| Net interest income | 137,702 | 135,061 |
| Increase/(decrease) in provision for credit losses | 240 | (126) |
| Other investment gains (losses): | | |
| Net unrealized gains (losses) on financial instruments at fair value | (370,167) | 270,012 |
| Net realized gains (losses) on sales of investments | — | 37,796 |
| Gains (losses) on extinguishment of debt | — | (237,137) |
| Total other gains (losses) | (370,167) | 70,671 |
| Other expenses: | | |
| Compensation and benefits | 11,353 | 13,439 |
| General and administrative expenses | 5,711 | 5,198 |
| Servicing and asset manager fees | 9,291 | 9,281 |
| Transaction expenses | 3,804 | 16,437 |
| Total other expenses | 30,159 | 44,355 |
| Income (loss) before income taxes | (262,864) | 161,503 |
| Income tax expense (benefit) | (70) | 3,912 |
| Net income (loss) | \$ (262,794) | \$ 157,591 |
| Dividends on preferred stock | 18,408 | 18,438 |
| Net income (loss) available to common shareholders | \$ (281,202) | \$ 139,153 |
| Net income (loss) per share available to common shareholders: | | |
| Basic | \$ (1.19) | \$ 0.60 |
| Diluted | \$ (1.19) | \$ 0.54 |
| Weighted average number of common shares outstanding: | | |
| Basic | 237,012,702 | 230,567,231 |
| Diluted | 237,012,702 | 261,435,081 |

(1) Includes interest income of consolidated VIEs of \$131,066 and \$158,100 for the quarters ended March 31, 2022 and 2021, respectively.

(2) Includes interest expense of consolidated VIEs of \$42,491 and \$65,205 for the quarters ended March 31, 2022 and 2021, 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, 2022 | March 31, 2021 |
| Comprehensive income (loss): | | |
| Net income (loss) | \$ (262,794) | \$ 157,591 |
| Other comprehensive income: | | |
| Unrealized gains (losses) on available-for-sale securities, net | (40,955) | (38,652) |
| Reclassification adjustment for net realized losses (gains) included in net income | — | (25,793) |
| Other comprehensive income (loss) | (40,955) | (64,445) |
| Comprehensive income (loss) before preferred stock dividends | \$ (303,749) | \$ 93,146 |
| Dividends on preferred stock | \$ 18,408 | \$ 18,438 |
| Comprehensive income (loss) available to common stock shareholders | \$ (322,157) | \$ 74,708 |

Earnings available for distribution

Earnings available for distribution is a non-GAAP measure and is defined as GAAP net income excluding unrealized gains or losses on financial instruments carried at fair value with changes in fair value recorded in earnings, realized gains or losses on the sales of investments, gains or losses on the extinguishment of debt, interest expense on long term debt, changes in the provision for credit losses, and transaction expenses incurred. In addition, stock compensation expense charges incurred on awards to retirement eligible employees is reflected as an expense over a vesting period (36 months) rather than reported as an immediate expense.

As defined, Earnings available for distribution is the Economic net interest income, as defined previously, reduced by compensation and benefits expenses (adjusted for awards to retirement eligible employees), general and administrative expenses, servicing and asset manager fees, income tax benefits or expenses incurred during the period, as well as the preferred dividend charges. We view Earnings available for distribution as a consistent measure of our investment portfolio's ability to generate income for distribution to common stockholders. Earnings available for distribution is one of the metrics, but not the exclusive metric, that our board of directors uses to determine the amount, if any, of dividends on our common stock. In addition, Earnings available for distribution is different than REIT taxable income and the determination of whether we have met the requirement to distribute at least 90% of our annual REIT taxable income (subject to certain adjustments) to our stockholders in order to maintain qualification as a REIT is not based on Earnings available for distribution. Therefore, Earnings available for distribution should not be considered as an indication of our REIT taxable income, a guaranty of our ability to pay dividends, or as a proxy for the amount of dividends we may pay, because Earnings available for distribution excludes certain items that impact our cash needs. We believe Earnings available for distribution as described above helps us and investors evaluate our financial performance period over period without the impact of certain transactions. Therefore, Earnings available for distribution 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. In addition, our methodology for calculating Earnings available for distribution may differ from the methodologies employed by other REITs to calculate the same or similar supplemental performance measures, and accordingly, our Earnings available for distribution may not be comparable to the Earnings available for distribution reported by other REITs.

The following table provides GAAP measures of net income and net income per diluted share available to common stockholders for the periods presented and details with respect to reconciling the line items to Earnings available for distribution and related per average diluted common share amounts. Earnings available for distribution is presented on an adjusted dilutive shares basis. Certain prior period amounts have been reclassified to conform to the current period's presentation.

| | For the Quarters Ended | | | | |
|--|---|-------------------|--------------------|-------------------|-------------------|
| | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
| | (dollars in thousands, except per share data) | | | | |
| GAAP Net income (loss) available to common stockholders | \$ (281,202) | \$ (718) | \$ 313,030 | \$ 144,883 | \$ 139,153 |
| Adjustments: | | | | | |
| Net unrealized (gains) losses on financial instruments at fair value | 370,167 | 108,286 | (239,524) | (36,108) | (270,012) |
| Net realized (gains) losses on sales of investments | — | — | — | (7,517) | (37,796) |
| (Gains) losses on extinguishment of debt | — | (980) | 25,622 | 21,777 | 237,137 |
| Interest expense on long term debt | — | — | 238 | 959 | 1,076 |
| Increase (decrease) in provision for credit losses | 240 | 92 | (386) | 453 | (126) |
| Transaction expenses | 3,804 | 4,241 | 3,432 | 5,745 | 16,437 |
| Stock Compensation expense for retirement eligible awards | 723 | (363) | (365) | (361) | 661 |
| Earnings available for distribution | \$ 93,732 | \$ 110,558 | \$ 102,047 | \$ 129,831 | \$ 86,530 |
| GAAP net income (loss) per diluted common share | \$ (1.19) | \$ (0.00) | \$ 1.30 | \$ 0.60 | \$ 0.54 |
| Earnings available for distribution per adjusted diluted common share | \$ 0.39 | \$ 0.46 | \$ 0.42 | \$ 0.54 | \$ 0.36 |

(1) We note that earnings available for distribution 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, 2022 and December 31, 2021.

March 31, 2022

| | 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 | \$ 1,250,785 | \$ 47.25 | 74.28 | 4.5 % | 17.7 % |
| Subordinated | 512,981 | 67.98 | 76.88 | 4.6 % | 7.1 % |
| Interest-only | 3,644,165 | 4.97 | 3.72 | 1.7 % | 12.2 % |
| Agency RMBS | | | | | |
| Interest-only | 1,501,720 | 8.13 | 4.93 | 1.1 % | 1.3 % |
| Agency CMBS | | | | | |
| Project loans | 329,515 | 102.01 | 108.10 | 4.4 % | 4.2 % |
| Interest-only | 2,779,083 | 5.55 | 5.29 | 0.7 % | 4.0 % |

(1) Bond Equivalent Yield at period end.

December 31, 2021

| | 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 | \$ 1,283,788 | \$ 48.02 | \$ 76.78 | 4.5 % | 18.0 % |
| Subordinated | 845,432 | 68.10 | 77.12 | 3.8 % | 7.1 % |
| Interest-only | 3,904,665 | 4.90 | 4.42 | 1.7 % | 13.2 % |
| Agency RMBS | | | | | |
| Interest-only | 992,978 | 10.37 | 6.09 | 1.3 % | 0.3 % |
| Agency CMBS | | | | | |
| Project loans | 560,565 | 101.77 | 109.61 | 4.3 % | 4.1 % |
| Interest-only | 2,578,640 | 5.70 | 5.69 | 0.7 % | 4.6 % |

(1) Bond Equivalent Yield at period end.

At March 31, 2022 and December 31, 2021, the secured financing agreements collateralized by MBS and Loans held for investment had the following remaining maturities and borrowing rates.

| | March 31, 2022 | | | December 31, 2021 | | |
|----------------------|--------------------------|----------------------------------|--------------------------|--------------------------|----------------------------------|--------------------------|
| | (dollars in thousands) | | | | | |
| | Principal ⁽¹⁾ | Weighted Average Borrowing Rates | Range of Borrowing Rates | Principal ⁽¹⁾ | Weighted Average Borrowing Rates | Range of Borrowing Rates |
| Overnight | \$ — | NA | NA | \$ — | NA | NA |
| 1 to 29 days | 1,561,598 | 1.57% | 0.30% - 2.35% | 1,018,670 | 0.73% | 0.11% - 1.95% |
| 30 to 59 days | 162,097 | 1.44% | 0.95% - 1.67% | 379,031 | 1.66% | 1.55% - 1.70% |
| 60 to 89 days | 146,974 | 2.48% | 1.49% - 2.71% | 342,790 | 1.86% | 0.90% - 2.35% |
| 90 to 119 days | 78,400 | 1.50% | 1.50% - 1.50% | 67,840 | 1.66% | 1.66% - 1.66% |
| 120 to 180 days | 847,135 | 3.64% | 1.73% - 4.38% | 157,944 | 1.38% | 0.95% - 1.45% |
| 180 days to 1 year | 406,705 | 2.95% | 0.94% - 3.45% | 895,210 | 3.70% | 1.95% - 4.38% |
| 1 to 2 years | — | NA | NA | 143,239 | 3.05% | 3.05% - 3.05% |
| Greater than 3 years | 221,496 | 5.56% | 5.56% - 5.56% | 256,889 | 5.56% | 5.56% - 5.56% |
| Total | \$ 3,424,405 | 2.53% | | \$ 3,261,613 | 2.30% | |

(1) The principal balance for secured financing agreements in the table above is net of \$3 million of deferred financing cost as of March 31, 2022 and December 31, 2021.

The following table summarizes certain characteristics of our portfolio at March 31, 2022 and December 31, 2021.

| | March 31, 2022 | December 31, 2021 |
|--|----------------|-------------------|
| GAAP Leverage at period-end | 3.5:1 | 3.0:1 |
| GAAP Leverage at period-end (recourse) | 1.0:1 | 0.9:1 |

| Portfolio Composition | March 31, 2022 | December 31, 2021 | March 31, 2022 | December 31, 2021 |
|---|----------------|-------------------|----------------|-------------------|
| | Amortized Cost | | Fair Value | |
| Non-Agency RMBS | 7.8 % | 10.1 % | 9.7 % | 12.1 % |
| Senior | 4.1 % | 4.5 % | 6.2 % | 6.5 % |
| Subordinated | 2.4 % | 4.2 % | 2.6 % | 4.4 % |
| Interest-only | 1.3 % | 1.4 % | 0.9 % | 1.2 % |
| Agency RMBS | 0.8 % | 0.8 % | 0.5 % | 0.4 % |
| Pass-through | — % | — % | — % | — % |
| Interest-only | 0.8 % | 0.8 % | 0.5 % | 0.4 % |
| Agency CMBS | 3.4 % | 5.3 % | 3.4 % | 5.2 % |
| Project loans | 2.3 % | 4.2 % | 2.4 % | 4.2 % |
| Interest-only | 1.1 % | 1.1 % | 1.0 % | 1.0 % |
| Loans held for investment | 88.0 % | 83.8 % | 86.4 % | 82.3 % |
| Fixed-rate percentage of portfolio | 95.8 % | 95.4 % | 94.9 % | 94.4 % |
| Adjustable-rate percentage of portfolio | 4.2 % | 4.6 % | 5.1 % | 5.6 % |

Economic Net Interest Income

Our Economic net interest income is a non-GAAP financial measure that equals GAAP net interest income adjusted for interest expense on long term debt and any interest earned on cash. We believe this presentation is useful to investors because it depicts the economic value of our investment strategy by showing all components of interest expense and net interest income of our investment portfolio. However, Economic net interest income should not be viewed in isolation and is not a substitute for net interest income computed in accordance with GAAP. Where indicated, interest expense, adjusting for interest payments on long term debt and any interest earned on cash, is referred to as Economic interest expense. Where indicated, net interest income reflecting interest payments on long term debt and any interest earned on cash, is referred to as Economic net interest income.

The following table reconciles the Economic net interest income to GAAP net interest income and Economic interest expense to GAAP interest expense for the periods presented.

| | GAAP Interest Income | GAAP Interest Expense | Interest Expense on Long Term Debt | Economic Interest Expense | GAAP Net Interest Income | Other ⁽¹⁾ | Economic Net Interest Income |
|--|----------------------------|-----------------------------|--|---------------------------------|--------------------------------|----------------------|---------------------------------------|
| For the Quarter Ended March 31, 2022 | \$ 202,175 | \$ 64,473 | \$ — | \$ 64,473 | \$ 137,702 | \$ (18) | \$ 137,684 |
| For the Quarter Ended December 31, 2021 | \$ 221,162 | \$ 66,598 | \$ — | \$ 66,598 | \$ 154,564 | \$ (12) | \$ 154,552 |
| For the Quarter Ended September 30, 2021 | \$ 220,579 | \$ 71,353 | \$ (239) | \$ 71,114 | \$ 149,226 | \$ 220 | \$ 149,446 |
| For the Quarter Ended June 30, 2021 | \$ 252,677 | \$ 80,610 | \$ (959) | \$ 79,651 | \$ 172,067 | \$ 936 | \$ 173,003 |
| For the Quarter Ended March 31, 2021 | \$ 243,127 | \$ 108,066 | \$ (1,076) | \$ 106,990 | \$ 135,061 | \$ 1,065 | \$ 136,126 |

(1) Primarily interest expense on Long term debt and 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, 2022 | | | December 31, 2021 | | |
| | (dollars in thousands) | | | | | |
| | Average Balance | Interest | Average Yield/Cost | Average Balance | Interest | Average Yield/Cost |
| Assets: | | | | | | |
| Interest-earning assets ⁽¹⁾: | | | | | | |
| Agency RMBS | \$ 113,723 | \$ 253 | 0.9 % | \$ 104,684 | \$ 71 | 0.3 % |
| Agency CMBS | 559,478 | 22,870 | 16.4 % | 851,886 | 27,711 | 13.0 % |
| Non-Agency RMBS | 1,310,359 | 45,675 | 13.9 % | 1,406,876 | 51,644 | 14.7 % |
| Loans held for investment | 11,599,206 | 133,359 | 4.6 % | 11,498,173 | 141,724 | 4.9 % |
| Total | \$ 13,582,766 | \$ 202,157 | 6.0 % | \$ 13,861,619 | \$ 221,150 | 6.4 % |
| Liabilities and stockholders' equity: | | | | | | |
| Interest-bearing liabilities: | | | | | | |
| Secured financing agreements collateralized by: | | | | | | |
| Agency RMBS | \$ 20,342 | \$ 31 | 0.6 % | \$ 23,824 | \$ 40 | 0.7 % |
| Agency CMBS | 435,545 | 270 | 0.2 % | 731,577 | 346 | 0.2 % |
| Non-Agency RMBS | 817,261 | 5,448 | 2.7 % | 839,898 | 5,837 | 2.8 % |
| Loans held for investment | 1,948,974 | 12,839 | 2.6 % | 1,872,915 | 13,281 | 2.8 % |
| Securitized debt | 7,870,127 | 45,885 | 2.3 % | 8,009,117 | 47,094 | 2.4 % |
| Total | \$ 11,092,249 | \$ 64,473 | 2.3 % | \$ 11,477,331 | \$ 66,598 | 2.3 % |
| Economic net interest income/net interest rate spread | | \$ 137,684 | 3.7 % | | \$ 154,552 | 4.1 % |
| Net interest-earning assets/net interest margin | \$ 2,490,517 | | 4.1 % | \$ 2,384,288 | | 4.5 % |
| Ratio of interest-earning assets to interest bearing liabilities | 1.22 | | | 1.21 | | |

(1) Interest-earning assets at amortized cost

The table below shows our Net Income and Economic net interest income as a percentage of average stockholders' equity and Earnings available for distribution as a percentage of average common stockholders' 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 our beginning and ending stockholders' equity balance for the period reported. Economic Net Interest Income and Earnings available for distribution are non-GAAP measures as defined in previous sections.

| | Return on Average Equity | Economic Net Interest Income/Average Equity * | Earnings available for distribution/Average Common Equity |
|--|-------------------------------|---|---|
| | (Ratios have been annualized) | | |
| For the Quarter Ended March 31, 2022 | (29.72)% | 15.57 % | 14.38 % |
| For the Quarter Ended December 31, 2021 | 1.87 % | 16.30 % | 15.45 % |
| For the Quarter Ended September 30, 2021 | 35.47 % | 15.99 % | 14.54 % |
| For the Quarter Ended June 30, 2021 | 18.16 % | 19.24 % | 19.47 % |
| For the Quarter Ended March 31, 2021 | 17.16 % | 14.82 % | 12.62 % |

* Excludes long term debt expense.

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 | | | | |
|---|------------------------|-------------------|--------------------|---------------|----------------|
| | (dollars in thousands) | | | | |
| | March 31, 2022 | December 31, 2021 | September 30, 2021 | June 30, 2021 | March 31, 2021 |
| Balance, beginning of period | \$ 333,546 | \$ 352,545 | \$ 338,024 | \$ 358,562 | \$ 409,690 |
| Accretion of discount | (19,470) | (22,172) | (21,820) | (37,986) | (24,023) |
| Purchases | — | — | 1,995 | (3,453) | — |
| Sales | — | — | — | (17,123) | (41,651) |
| Elimination in consolidation | (60,361) | — | — | — | — |
| Transfers from/(to) credit reserve, net | 4,779 | 3,173 | 34,346 | 38,024 | 14,546 |
| Balance, end of period | \$ 258,494 | \$ 333,546 | \$ 352,545 | \$ 338,024 | \$ 358,562 |

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 most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: our business and investment strategy; our ability to accurately forecast the payment of future dividends on our common and preferred stock, and the amount of such dividends; our ability to determine accurately the fair market value of our assets; availability of investment opportunities in real estate-related and other securities, including our valuation of potential opportunities that may arise as a result of current and future market dislocations; effect of the novel coronavirus (or COVID-19) pandemic on real estate market, financial markets and our Company, including the impact on the value, availability, financing and liquidity of mortgage assets; how COVID-19 may affect us, our operations and our personnel; our expected investments; changes in the value of our investments, including negative changes resulting in margin calls related to the financing of our assets; changes in interest rates and mortgage prepayment rates; prepayments of the mortgage and other loans underlying our mortgage-backed securities, or RMBS, or other asset-backed securities, or ABS; rates of default, delinquencies or decreased recovery rates on our investments; general volatility of the securities markets in which we invest; our ability to maintain existing financing arrangements and our ability to obtain future financing arrangements; our ability to effect our strategy to securitize residential mortgage loans; interest rate mismatches between our investments and our borrowings used to finance such purchases; effects of interest rate caps on our adjustable-rate investments; the degree to which our hedging strategies may or may not protect us from interest rate volatility; the impact of and changes to various government programs, including in response to COVID-19; impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters; market trends in our industry, interest rates, the debt securities markets or the general economy; estimates relating to our ability to make distributions to our stockholders in the future; our understanding of our competition; availability of qualified personnel; our ability to maintain our classification as a real estate investment trust, or, REIT, for U.S. federal income tax purposes; our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended, or 1940 Act; our expectations regarding materiality or significance; and the effectiveness of our disclosure controls and procedures.

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

1st Quarter 2022

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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.

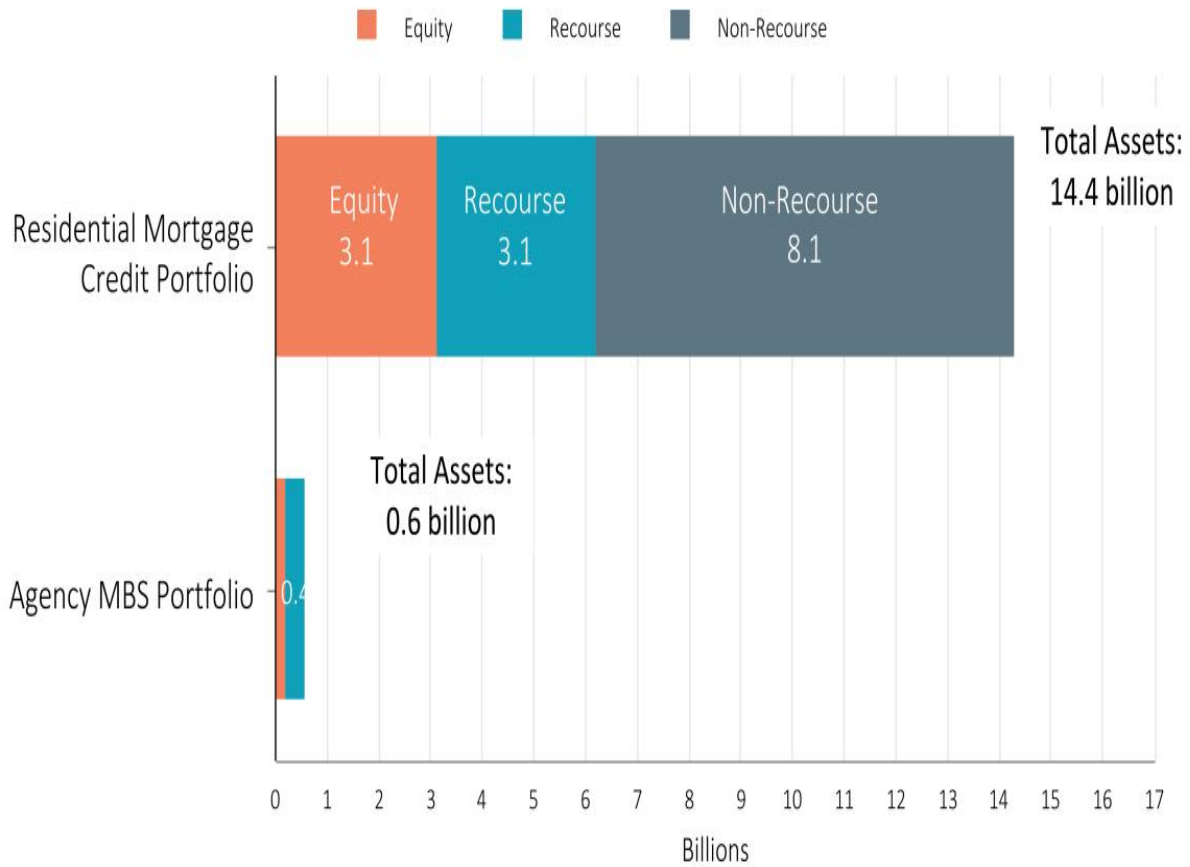
Readers are advised that the financial information in this presentation is based on company data available at the time of this presentation and, in certain circumstances, may not have been audited by the company’s independent auditors.

Information is unaudited, estimated and subject to change.



PORTFOLIO COMPOSITION

94% of Chimera's equity capital is allocated to mortgage credit



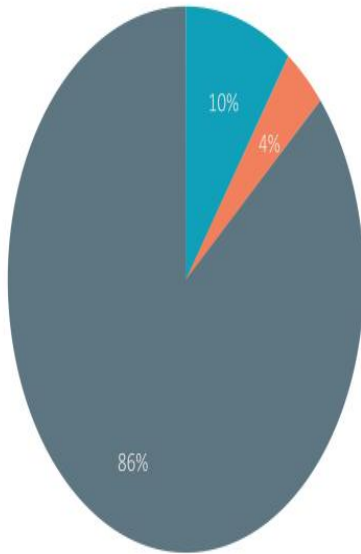
All data is shown at carrying value as of March 31, 2022

Information is unaudited, estimated and subject to change.

GAAP ASSET ALLOCATION

Chimera continues to focus on its Residential Credit portfolios

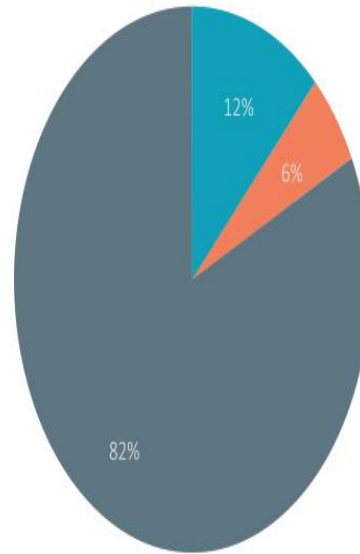
March 31, 2022



■ Non-Agency MBS ■ Agency CMBS and RMBS
■ Loan Portfolio

Total Portfolio: \$14.9 billion

December 31, 2021



■ Non-Agency MBS ■ Agency CMBS and RMBS
■ Loan Portfolio

Total Portfolio: \$14.9 billion

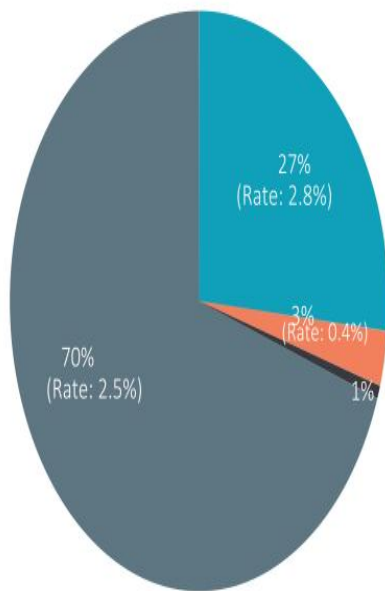
Based on fair value.

Information is unaudited, estimated and subject to change.

GAAP FINANCING SOURCES

Securitized debt provides optimal long-term non-recourse financing for Chimera's loan portfolio

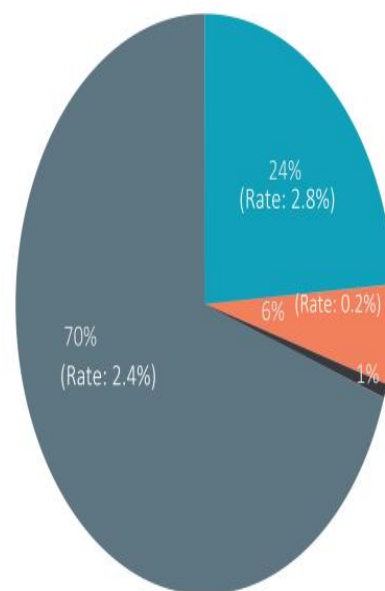
March 31, 2022



- Non-Agency and Loans Secured Financing (1)
- Agency Secured Financing
- Non-Recourse Debt, Securitized RMBS
- Non-Recourse Debt, Securitized Loans

Total Portfolio: \$11.5 billion

December 31, 2021



- Non-Agency and Loans Secured Financing (1)
- Agency Secured Financing
- Non-Recourse Debt, Securitized RMBS
- Non-Recourse Debt, Securitized Loans

Total Portfolio: \$11.1 billion

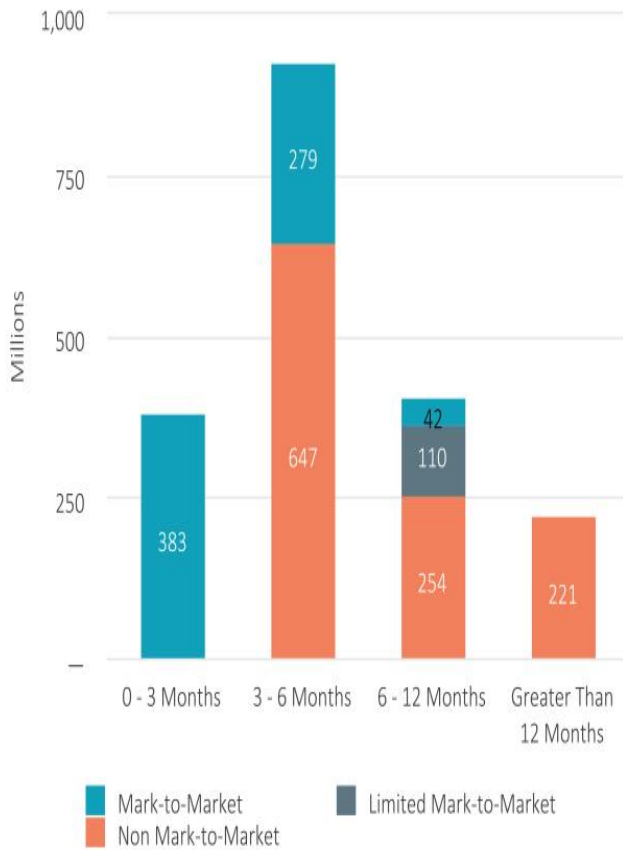
(1) Includes secured financing of retained tranches from loan securitizations that are eliminated in consolidation.

NON-AGENCY FINANCING

Chimera continues to focus on longer term and non-mark-to-market financing for its non-agency portfolio

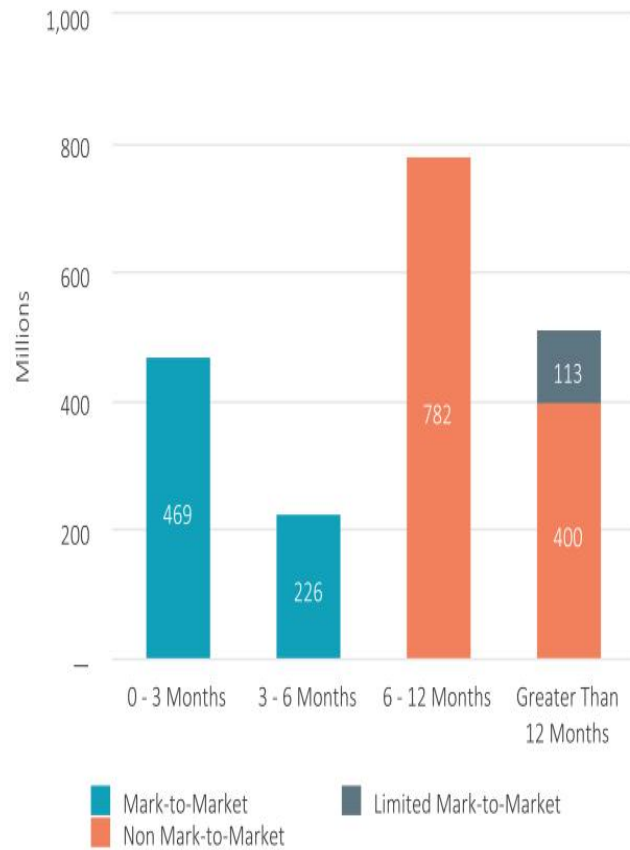
March 31, 2022

Total Non-Agency Secured Financing:
\$1.9 billion⁽¹⁾



December 31, 2021

Total Non-Agency Secured Financing:
\$2.0 billion⁽¹⁾



(1) Excludes secured financing on residential mortgage loans.

NET INVESTMENT ANALYSIS

Continued strong net interest spread

| | RESIDENTIAL MORTGAGE CREDIT PORTFOLIO | AGENCY PORTFOLIO ⁽¹⁾ | TOTAL PORTFOLIO |
|-------------------------|--|---------------------------------|-----------------|
| GROSS ASSET YIELD: | 5.5% | 13.7% | 6.0% |
| FINANCING COSTS | 2.4% | 0.3% | 2.3% |
| NET INTEREST SPREAD: | 3.1% | 13.4% | 3.7% |
| NET INTEREST MARGIN: | 3.6% | 13.6% | 4.1% |

All data based on the quarter ended March 31, 2022

(1) Includes \$18 million of additional income received from prepayment penalties. Gross Asset Yield is approximately 3.8% excluding these items.

NET ASSET BREAKDOWN

Chimera invests in RMBS securities and securities created through the CIM Sponsored securitizations. Loans are financed through Financing Trusts.

| Investments | Chimera Subsidiaries | Securitization Trusts | Financing Trusts ⁽¹⁾ | Total ⁽¹⁾ |
|--|-------------------------|--------------------------|------------------------------------|----------------------|
| Non-Agency RMBS, at fair value | \$ 1,122,329 | \$ 336,558 | \$ — | \$ 1,458,887 |
| Agency RMBS, at fair value | 74,104 | — | — | 74,104 |
| Agency CMBS, at fair value | 503,231 | — | — | 503,231 |
| Residential Mortgage Loans | — | 11,366,524 | 1,296,568 | 12,663,092 |
| Total Invested Assets | \$ 1,699,664 | \$ 11,703,082 | \$ 1,296,568 | \$ 14,699,314 |
| Securitized Debt (Non-Recourse), collateralized by: | | | | |
| Non-Agency RMBS | \$ — | \$ 84,188 | \$ — | \$ 84,188 |
| Residential Mortgage Loans | — | 8,010,170 | — | 8,010,170 |
| Total Securitized Debt (Non-recourse) | \$ — | \$ 8,094,358 | \$ — | \$ 8,094,358 |
| Invested Assets less Securitized Debt | \$ 1,699,664 | \$ 3,608,724 | \$ 1,296,568 | \$ 6,604,956 |
| Secured Financing Agreements (Recourse): | | | | |
| Non-Agency RMBS | \$ 701,721 | \$ 98,503 | \$ — | \$ 800,224 |
| Agency RMBS | 18,210 | — | — | 18,210 |
| Agency CMBS | 336,593 | — | — | 336,593 |
| Residential Mortgage Loans | — | 1,136,295 | 1,133,083 | 2,269,378 |
| Total Secured Financing Agreements | \$ 1,056,524 | \$ 1,234,798 | \$ 1,133,083 | \$ 3,424,405 |
| Net Assets | \$ 643,140 | \$ 2,373,926 | \$ 163,485 | \$ 3,180,551 |

All data as of March 31, 2022

\$ in thousands

(1) Excludes approximately \$242 million of Loans held for investment for March 31, 2022, which were purchased prior to that reporting date and settled subsequent to that reporting period.

Information is unaudited, estimated and subject to change.

CONSOLIDATED LOAN SECURITIZATIONS

| 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 | Call Date |
|---------|-----------------|---------------------|------------------------|----------------------------|----------------------|---------------------------------|-------------------------------------|----------------|
| 2022 | CIM 2022-R1 | \$328,226 | \$263,729 | \$64,497 | \$322,785 | \$258,309 | \$64,476 | February 2027 |
| 2019 | CMLTI 2019-E | 231,205 | 178,490 | \$52,716 | 196,592 | 144,289 | 52,716 | November 2021 |
| 2019 | SLST 2019-1 | 1,217,441 | 941,719 | \$275,722 | 906,101 | 634,811 | 267,363 | May 2023 |
| 2021 | CIM 2021-NR4 | 167,596 | 125,747 | 41,849 | 156,697 | 115,832 | 40,865 | November 2022 |
| 2021 | CIM 2021-R6 | 353,797 | 336,284 | 17,513 | 305,541 | 288,028 | 17,513 | September 2026 |
| 2021 | CIM 2021-R5 | 450,396 | 382,836 | 67,560 | 413,698 | 346,337 | 67,360 | August 2024 |
| 2021 | CIM 2021-R4 | 545,684 | 463,831 | 81,853 | 462,751 | 380,577 | 81,853 | June 2024 |
| 2021 | CIM 2021-R3 | 859,735 | 730,775 | 128,960 | 689,960 | 559,979 | 128,960 | April 2024 |
| 2021 | CIM 2021-NR3 | 117,373 | 82,161 | 35,212 | 97,570 | 62,827 | 34,743 | April 2022 |
| 2021 | CIM 2021-R2 | 1,497,213 | 1,272,631 | 224,582 | 1,156,851 | 929,589 | 224,582 | March 2025 |
| 2021 | CIM 2021-NR2 | 240,425 | 180,318 | 60,107 | 198,300 | 136,804 | 61,496 | March 2022 |
| 2021 | CIM 2021-R1 | 2,098,584 | 1,783,797 | 314,787 | 1,619,553 | 1,299,513 | 314,787 | February 2025 |
| 2021 | CIM 2021-NR1 | 232,682 | 162,877 | 69,805 | 184,804 | 112,786 | 72,018 | February 2022 |
| 2020 | CIM 2020-NR1 | 131,860 | 79,115 | 52,745 | 112,769 | 59,931 | 52,612 | November 2021 |
| 2020 | CIM 2020-R7 | 653,192 | 562,023 | 91,169 | 503,696 | 412,465 | 91,168 | November 2023 |
| 2020 | CIM 2020-R6 | 418,390 | 334,151 | 84,239 | 327,920 | 243,736 | 84,142 | October 2023 |
| 2020 | CIM 2020-R5 | 338,416 | 257,027 | 81,389 | 219,581 | 138,013 | 81,389 | Clean-up Call |
| 2020 | CIM 2020-R4 | 276,316 | 207,237 | 69,079 | 221,762 | 152,587 | 69,079 | June 2022 |
| 2020 | CIM 2020-R3 | 438,228 | 328,670 | 109,558 | 318,252 | 208,934 | 109,318 | May 2022 |
| 2020 | CIM 2020-R2 | 492,347 | 416,761 | 74,414 | 358,043 | 283,778 | 74,525 | Clean-up Call |
| 2020 | CIM 2020-R1 | 390,761 | 317,608 | 73,153 | 304,428 | 231,200 | 72,753 | February 2023 |
| 2019 | CIM 2019-R5 | 315,039 | 252,224 | 62,663 | 205,512 | 142,797 | 61,981 | Clean-up Call |
| 2019 | CIM 2019-R4 | 320,802 | 256,641 | 64,161 | 217,678 | 154,476 | 63,201 | November 2022 |
| 2019 | CIM 2019-R3 | 342,633 | 291,237 | 51,396 | 214,447 | 162,735 | 51,316 | October 2022 |
| 2019 | CIM 2019-R2 | 464,327 | 358,172 | 105,482 | 346,940 | 241,652 | 104,693 | Clean-up Call |
| 2019 | CIM 2019-R1 | 371,762 | 297,409 | 74,353 | 267,272 | 193,666 | 73,606 | August 2022 |
| 2018 | CIM 2018-R6 | 478,251 | 334,775 | 143,476 | 270,214 | 129,342 | 140,872 | October 2021 |
| 2018 | CIM 2018-R5 | 380,194 | 266,136 | 114,058 | 197,243 | 86,947 | 110,295 | July 2021 |
| 2018 | CIM 2018-R3 | 181,073 | 146,669 | 34,404 | 85,508 | 52,568 | 32,696 | April 2023 |
| 2017 | CIM 2017-7 | 512,446 | 348,719 | 163,727 | 270,570 | 114,821 | 155,749 | September 2022 |
| 2016 | CIM 2016-FRE1 | 185,811 | 115,165 | 70,646 | 83,673 | 25,921 | 57,752 | November 2021 |
| 2008 | PHHMC 2008-CIM1 | 619,710 | 549,142 | 70,568 | 10,137 | 7,458 | 2,656 | Clean-up Call |
| | TOTAL | \$15,651,918 | \$12,624,076 | \$3,025,845 | \$11,246,850 | \$8,312,710 | \$2,918,536 | |

All data as of March 31, 2022

\$ in thousands

Information is unaudited, estimated and subject to change.



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