

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED: June 30, 2025

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934
FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 1-33796

CHIMERA INVESTMENT CORPORATION

(Exact Name of Registrant as Specified in its Charter)

Maryland
(State or other jurisdiction of incorporation of organization)
630 Fifth Avenue, Suite 2400
New York, New York
(Address of Principal Executive Offices)

26-0630461
(I.R.S. Employer Identification Number)

10111
(Zip Code)

(888) 895-6557
(Registrant's telephone number, including area code)

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 |
| 9.000% Senior Notes due 2029 | CIMN | New York Stock Exchange |
| 9.250% Senior Notes due 2029 | CIMO | New York Stock Exchange |

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes ☒ No ☐

Indicate by check mark whether the Registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

Yes ☒ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
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.

☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the last practicable date:

| Class | Outstanding at July 31, 2025 |
|--------------------------------|------------------------------|
| Common Stock, \$0.01 par value | 81,072,943 |

CHIMERA INVESTMENT CORPORATION

FORM 10-Q

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Part I - Financial Information

Item 1. Consolidated Financial Statements

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

| | June 30, 2025 | December 31, 2024 |
|--|----------------------|----------------------|
| Assets: | | |
| Cash and cash equivalents | \$ 250,223 | \$ 83,998 |
| Non-Agency RMBS, at fair value (net of allowance for credit losses of \$36 million and \$28 million, respectively) | 1,010,995 | 1,064,169 |
| Agency MBS, at fair value | 2,675,280 | 519,218 |
| Loans held for investment, at fair value | 10,640,298 | 11,196,678 |
| Accrued interest receivable | 74,611 | 81,386 |
| Other assets | 211,822 | 170,924 |
| Derivatives, at fair value | — | 117 |
| Total assets ⁽¹⁾ | \$ 14,863,229 | \$ 13,116,490 |
| Liabilities: | | |
| Secured financing agreements (\$5.9 billion and \$4.1 billion pledged as collateral, respectively, and includes \$314 million and \$319 million at fair value, respectively) | \$ 4,563,063 | \$ 2,824,371 |
| Securitized debt, collateralized by Non-Agency RMBS (\$220 million and \$229 million pledged as collateral, respectively) | 68,278 | 71,247 |
| Securitized debt at fair value, collateralized by Loans held for investment (\$10.1 billion and \$10.2 billion pledged as collateral, respectively) | 6,970,800 | 6,984,495 |
| Long term debt | 135,211 | 134,646 |
| Payable for investments purchased | 387,909 | 454,730 |
| Accrued interest payable | 40,777 | 41,472 |
| Dividends payable | 34,650 | 34,265 |
| Accounts payable and other liabilities | 37,709 | 45,075 |
| Derivatives, at fair value, net | 301 | — |
| Total liabilities ⁽¹⁾ | \$ 12,238,698 | \$ 10,590,301 |
| Commitments and Contingencies (See Note 16) | | |
| 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; 166,666,667 shares authorized, 81,029,455 and 80,922,221 shares issued and outstanding, respectively | 810 | 809 |
| Additional paid-in-capital | 4,397,084 | 4,390,516 |
| Accumulated other comprehensive income | 152,435 | 159,449 |
| Cumulative earnings | 4,543,858 | 4,341,111 |
| Cumulative distributions to stockholders | (6,470,028) | (6,366,068) |
| Total stockholders' equity | \$ 2,624,531 | \$ 2,526,189 |
| Total liabilities and stockholders' equity | \$ 14,863,229 | \$ 13,116,490 |

(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 June 30, 2025, and December 31, 2024, total assets of consolidated VIEs were \$9,877,153 and \$9,970,094, respectively, and total liabilities of consolidated VIEs were \$7,358,139 and \$6,766,505, respectively. See Note 9 for further discussion.

See accompanying notes to consolidated financial statements.

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

| | For the Quarters Ended | | For the Six Months Ended | |
|--|------------------------|------------------|--------------------------|-------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Net interest income: | | | | |
| Interest income ⁽¹⁾ | \$ 201,297 | \$ 186,717 | \$ 391,914 | \$ 373,291 |
| Interest expense ⁽²⁾ | 135,287 | 119,422 | 256,684 | 240,889 |
| Net interest income | 66,010 | 67,295 | 135,230 | 132,402 |
| Increase (decrease) in provision for credit losses | 4,409 | 3,684 | 7,796 | 5,032 |
| Other income (losses): | | | | |
| Net unrealized gains (losses) on derivatives | (2,554) | 11,955 | (9,024) | 17,144 |
| Realized gains (losses) on derivatives | (17,954) | (17,317) | (17,872) | (17,317) |
| Periodic interest on derivatives, net | 5,067 | 6,971 | 9,202 | 12,448 |
| Net gains (losses) on derivatives | (15,441) | 1,609 | (17,694) | 12,275 |
| Investment management and advisory fees | 8,810 | — | 17,745 | — |
| Net unrealized gains (losses) on financial instruments at fair value | 6,971 | 11,231 | 135,866 | 87,995 |
| Net realized gains (losses) on sales of investments | (1,915) | — | (1,915) | (3,750) |
| Gains (losses) on extinguishment of debt | — | — | 2,122 | — |
| Other investment gains (losses) | 2,953 | 1,001 | 2,536 | 5,687 |
| Total other income (losses) | 1,378 | 13,841 | 138,660 | 102,207 |
| Other expenses: | | | | |
| Compensation and benefits | 11,660 | 7,011 | 24,745 | 16,226 |
| General and administrative expenses | 6,815 | 6,276 | 13,721 | 11,993 |
| Servicing and asset manager fees | 7,306 | 7,470 | 14,737 | 15,134 |
| Amortization of intangibles and depreciation expenses | 949 | — | 1,902 | — |
| Transaction expenses | 390 | — | 6,077 | 67 |
| Total other expenses | 27,120 | 20,757 | 61,182 | 43,420 |
| Income before income taxes | 35,859 | 56,695 | 204,912 | 186,157 |
| Income tax expense | 409 | 31 | 2,165 | 39 |
| Net income | \$ 35,450 | \$ 56,664 | \$ 202,747 | \$ 186,118 |
| Dividends on preferred stock | 21,426 | 22,751 | 42,783 | 41,188 |
| Net income available to common shareholders | \$ 14,024 | \$ 33,913 | \$ 159,964 | \$ 144,930 |
| Net income per share available to common shareholders: | | | | |
| Basic | \$ 0.17 | \$ 0.42 | \$ 1.97 | \$ 1.78 |
| Diluted | \$ 0.17 | \$ 0.41 | \$ 1.94 | \$ 1.76 |
| Weighted average number of common shares outstanding: | | | | |
| Basic | 81,408,087 | 81,334,509 | 81,386,680 | 81,326,944 |
| Diluted | 82,600,108 | 82,281,890 | 82,564,708 | 82,301,992 |

(1) Includes interest income of consolidated VIEs of \$141,818 and \$144,027 for the quarters ended June 30, 2025, and 2024, respectively, and \$ 286,220 and \$290,943 for the six months ended June 30, 2025 and 2024, respectively. See Note 9 for further discussion.

(2) Includes interest expense of consolidated VIEs of \$ 73,038 and \$69,692 for the quarters ended June 30, 2025, and 2024, respectively, and \$ 142,690 and \$142,815 for the six months ended June 30, 2025 and 2024, respectively. See Note 9 for further discussion.

See accompanying notes to consolidated financial statements.

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

| | For the Quarters Ended | | For the Six Months Ended | |
|--|------------------------|------------------|--------------------------|-------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| Comprehensive income (loss): | | | | |
| Net income | \$ 35,450 | \$ 56,664 | \$ 202,747 | \$ 186,118 |
| Other comprehensive income: | | | | |
| Unrealized gains (losses) on available-for-sale securities, net | (5,335) | (11,345) | (7,014) | (11,566) |
| Reclassification adjustment for net realized losses (gains) included in net income | — | — | — | — |
| Other comprehensive loss | \$ (5,335) | \$ (11,345) | \$ (7,014) | \$ (11,566) |
| Comprehensive income before preferred stock dividends | \$ 30,115 | \$ 45,319 | \$ 195,733 | \$ 174,552 |
| Dividends on preferred stock | \$ 21,426 | \$ 22,751 | \$ 42,783 | \$ 41,188 |
| Comprehensive income available to common stock shareholders | \$ 8,689 | \$ 22,568 | \$ 152,950 | \$ 133,364 |

See accompanying notes to consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(dollars in thousands, except per share data)
(Unaudited)

For the Quarter Ended June 30, 2025

| | Series A Preferred Stock Par Value | Series B Preferred Stock Par Value | Series C Preferred Stock Par Value | Series D Preferred Stock Par Value | Common Stock Par Value | Additional Paid- in Capital | Accumulated Other Comprehensive Income | Cumulative Earnings | Cumulative Distributions to Stockholders | Total |
|--|--|--|--|--|------------------------------|--------------------------------|--|------------------------|--|--------------|
| Balance, March 31, 2025 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 810 | \$ 4,394,600 | \$ 157,770 | \$ 4,508,408 | \$ (6,417,896) | \$ 2,644,064 |
| Net income (loss) | — | — | — | — | — | — | — | 35,450 | — | 35,450 |
| Other comprehensive income (loss) | — | — | — | — | — | — | (5,335) | — | — | (5,335) |
| Stock based compensation | — | — | — | — | — | 2,143 | — | — | — | 2,143 |
| Non-cash contribution from related party | — | — | — | — | — | 341 | — | — | — | 341 |
| Common dividends declared | — | — | — | — | — | — | — | — | (30,706) | (30,706) |
| Preferred dividends declared | — | — | — | — | — | — | — | — | (21,426) | (21,426) |
| Balance, June 30, 2025 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 810 | \$ 4,397,084 | \$ 152,435 | \$ 4,543,858 | \$ (6,470,028) | \$ 2,624,531 |

For the Quarter Ended June 30, 2024

| | Series A Preferred Stock Par Value | Series B Preferred Stock Par Value | Series C Preferred Stock Par Value | Series D Preferred Stock Par Value | Common Stock Par Value | Additional Paid- in Capital | Accumulated Other Comprehensive Income | Cumulative Earnings | Cumulative Distributions to Stockholders | Total |
|-----------------------------------|--|--|--|--|------------------------------|--------------------------------|--|------------------------|--|--------------|
| Balance, March 31, 2024 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 805 | \$ 4,373,112 | \$ 185,447 | \$ 4,294,500 | \$ (6,208,650) | \$ 2,645,586 |
| Net income (loss) | — | — | — | — | — | — | — | 56,664 | — | 56,664 |
| Other comprehensive income (loss) | — | — | — | — | — | — | (11,345) | — | — | (11,345) |
| Stock based compensation | — | — | — | — | — | 2,426 | — | — | — | 2,426 |
| Common dividends declared | — | — | — | — | — | — | — | — | (29,312) | (29,312) |
| Preferred dividends declared | — | — | — | — | — | — | — | — | (22,751) | (22,751) |
| Balance, June 30, 2024 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 805 | \$ 4,375,538 | \$ 174,102 | \$ 4,351,164 | \$ (6,260,713) | \$ 2,641,268 |

For the Six Months Ended June 30, 2025

| | Series A Preferred Stock Par Value | Series B Preferred Stock Par Value | Series C Preferred Stock Par Value | Series D Preferred Stock Par Value | Common Stock Par Value | Additional Paid- in Capital | Accumulated Other Comprehensive Income | Cumulative Earnings | Cumulative Distributions to Stockholders | Total |
|--|--|--|--|--|------------------------------|--------------------------------|--|------------------------|--|--------------|
| Balance, December 31, 2024 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 809 | \$ 4,390,516 | \$ 159,449 | \$ 4,341,111 | \$ (6,366,068) | \$ 2,526,189 |
| Net income (loss) | — | — | — | — | — | — | — | 202,747 | — | 202,747 |
| Other comprehensive income (loss) | — | — | — | — | — | — | (7,014) | — | — | (7,014) |
| Stock based compensation | — | — | — | — | 1 | 5,886 | — | — | — | 5,887 |
| Non-cash contribution from related party | — | — | — | — | — | 682 | — | — | — | 682 |
| Common dividends declared | — | — | — | — | — | — | — | — | (61,177) | (61,177) |
| Preferred dividends declared | — | — | — | — | — | — | — | — | (42,783) | (42,783) |
| Balance, June 30, 2025 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 810 | \$ 4,397,084 | \$ 152,435 | \$ 4,543,858 | \$ (6,470,028) | \$ 2,624,531 |

For the Six Months Ended June 30, 2024

| | Series A Preferred Stock Par Value | Series B Preferred Stock Par Value | Series C Preferred Stock Par Value | Series D Preferred Stock Par Value | Common Stock Par Value | Additional Paid- in Capital | Accumulated Other Comprehensive Income | Cumulative Earnings | Cumulative Distributions to Stockholders | Total |
|-----------------------------------|--|--|--|--|------------------------------|--------------------------------|--|------------------------|--|--------------|
| Balance, December 31, 2023 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 804 | \$ 4,370,130 | \$ 185,668 | \$ 4,165,046 | \$ (6,163,101) | \$ 2,558,919 |
| Net income (loss) | — | — | — | — | — | — | — | 186,118 | — | 186,118 |
| Other comprehensive income (loss) | — | — | — | — | — | — | (11,566) | — | — | (11,566) |
| Stock based compensation | — | — | — | — | 1 | 5,408 | — | — | — | 5,409 |
| Common dividends declared | — | — | — | — | — | — | — | — | (56,424) | (56,424) |
| Preferred dividends declared | — | — | — | — | — | — | — | — | (41,188) | (41,188) |
| Balance, June 30, 2024 | \$ 58 | \$ 130 | \$ 104 | \$ 80 | \$ 805 | \$ 4,375,538 | \$ 174,102 | \$ 4,351,164 | \$ (6,260,713) | \$ 2,641,268 |

See accompanying notes to financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(dollars in thousands)
(Unaudited)

| | For the Six Months Ended | |
|---|---------------------------------|----------------------|
| | June 30, 2025 | June 30, 2024 |
| Cash Flows From Operating Activities: | | |
| Net income (Loss) | \$ 202,747 | \$ 186,118 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| (Accretion) Amortization of investment discounts/premiums, net | 522 | 16,905 |
| Accretion (amortization) of deferred financing costs, debt issuance costs, and Securitized debt discounts/premiums, net | 7,372 | 6,168 |
| Net unrealized losses (gains) on derivatives | 9,024 | (17,144) |
| Proceeds (payments) for derivative settlements | — | 14,517 |
| Margin (paid) received on derivatives | (79,889) | (17,939) |
| Net unrealized losses (gains) on financial instruments at fair value | (135,866) | (87,995) |
| Net realized losses (gains) on sales of investments | 1,915 | 3,750 |
| Other investment (gains) losses | (2,536) | (5,687) |
| Net increase (decrease) in provision for credit losses | 7,796 | 5,032 |
| Amortization of intangibles and depreciation expenses | 1,902 | — |
| (Gain) loss on extinguishment of debt | (2,122) | — |
| Equity-based compensation expense | 5,886 | 5,408 |
| Non-cash imputed compensation related to business acquisition | 682 | — |
| Changes in operating assets: | | |
| Decrease (increase) in accrued interest receivable, net | 6,775 | 6,706 |
| Decrease (increase) in other assets | 26,861 | 5,611 |
| Changes in operating liabilities: | | |
| Increase (decrease) in accounts payable and other liabilities | (9,301) | 4,092 |
| Increase (decrease) in accrued interest payable, net | (398) | 764 |
| Net cash provided by operating activities | \$ 41,370 | \$ 126,306 |
| Cash Flows From Investing Activities: | | |
| Agency MBS portfolio: | | |
| Purchases | \$ (1,921,957) | \$ (442,726) |
| Sales | 127,677 | 34,672 |
| Principal payments | 42,859 | 4,742 |
| Non-Agency RMBS portfolio: | | |
| Purchases | — | (48,948) |
| Sales | 12,234 | — |
| Principal payments | 53,256 | 37,476 |
| Loans held for investment: | | |
| Purchases | (436,482) | (80,036) |
| Sales | — | — |
| Principal payments | 744,254 | 629,612 |
| Net cash provided by (used in) investing activities | \$ (1,378,159) | \$ 134,792 |
| Cash Flows From Financing Activities: | | |
| Proceeds from secured financing agreements | \$ 21,680,562 | \$ 13,462,509 |
| Payments on secured financing agreements | (19,950,820) | (13,186,915) |
| Proceeds from securitized debt borrowings, collateralized by Loans held for investment | 780,166 | — |
| Payments on securitized debt borrowings, collateralized by Loans held for investment | (903,304) | (567,438) |
| Payments on securitized debt borrowings, collateralized by Non-Agency RMBS | (15) | (93) |
| Net proceeds from issuance of unsecured debt | — | 62,367 |
| Common dividends paid | (60,792) | (54,033) |
| Preferred dividends paid | (42,783) | (36,875) |

| | | | | |
|---|----|-----------|----|-----------|
| Net cash provided by (used in) financing activities | \$ | 1,503,014 | \$ | (320,478) |
| Net increase (decrease) in cash and cash equivalents | | 166,225 | | (59,380) |
| Cash and cash equivalents at beginning of period | | 83,998 | | 221,684 |
| Cash and cash equivalents at end of period | \$ | 250,223 | \$ | 162,304 |
| Supplemental disclosure of cash flow information: | | | | |
| Interest received | \$ | 399,211 | \$ | 396,902 |
| Interest paid | \$ | 250,007 | \$ | 233,956 |
| Non-cash investing activities: | | | | |
| Payable for investments purchased | \$ | 387,909 | \$ | 464,038 |
| Net change in unrealized gain (loss) on available-for sale securities | \$ | (7,014) | \$ | (11,566) |
| Non-cash financing activities: | | | | |
| Dividends declared, not yet paid | \$ | 34,650 | \$ | 61,256 |

See accompanying notes to consolidated financial statements.

CHIMERA INVESTMENT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. Organization

Chimera Investment Corporation, or the Company, was incorporated in Maryland on June 1, 2007 and started trading on the New York Stock Exchange (“NYSE”) in November 2007. The Company elected to be taxed as a real estate investment trust, or REIT, under the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder, or the Code.

The Company is an internally managed REIT that is primarily engaged in the business of investing for its own account and on behalf of third-party clients through its investment management and advisory services activities. The Company invests, directly or indirectly, generally on a levered basis in diversified portfolios of mortgage assets, residential mortgage loans, Non-Agency RMBS, Agency RMBS, Agency CMBS, MSRs, business purpose loans and investor loans, including RTLs, and other real estate-related assets. The following defines certain of the commonly used terms in this Quarterly Report on Form 10-Q: Agency refers to a federally chartered corporation, such as the Federal National Mortgage Association (“Fannie Mae”) or the Federal Home Loan Mortgage Corporation (“Freddie Mac”), or an agency of the U.S. Government, such as the Government National Mortgage Association (“Ginnie Mae”); MBS refers to mortgage-backed securities secured by pools of residential or commercial mortgage loans; RMBS refers to mortgage-backed securities secured by pools of residential mortgage loans; Pass-through refers to Agency-issued pass-through RMBS collateralized primarily by pools of fixed-rate single-family mortgage loans; CMBS refers to mortgage-backed securities secured by pools of commercial mortgage loans; Agency RMBS and Agency CMBS refer to MBS that are secured by pools of residential and commercial mortgage loans, respectively, and are issued or guaranteed by an Agency; RTLs refer to residential transition loans; ABS refers to asset-backed securities; Agency MBS refers to MBS that are issued or guaranteed by an Agency and includes Agency RMBS and Agency CMBS collectively; Agency CMO refers to collateralized mortgage obligations guaranteed by an Agency and are included in Agency RMBS; Non-Agency RMBS refers to residential MBS that are not guaranteed by any agency of the U.S. Government or any Agency; IO refers to Interest-only securities.

The Company conducts its operations through various subsidiaries including subsidiaries it treats as taxable REIT subsidiaries, or TRSs. In general, a TRS may hold assets and engage in activities that the Company cannot hold or engage in directly and generally may engage in any real estate or non-real estate related business. The Company currently has twelve wholly-owned direct subsidiaries: Chimera RMBS Whole Pool LLC and Chimera RMBS LLC formed in June 2009; CIM Trading Company LLC, or CIM Trading, formed in July 2010; Chimera Funding TRS LLC, or CIM Funding TRS, a TRS formed in October 2013; Chimera CMBS Whole Pool LLC and Chimera RMBS Securities LLC formed in March 2015; Chimera RR Holding LLC formed in April 2016; NYH Funding LLC, a TRS formed in May 2019; Kali 2020 Holdings LLC formed in May 2020; Varuna Capital Partners LLC formed in September 2020; Aarna Holdings LLC formed in November 2020; and CIM Advisory Holding TRS LLC formed in October 2024.

On December 2, 2024, the Company acquired The Palisades Group, LLC (“TPG”), Palisades Advisory Services, LLC (“PAS”), Palisades Technology Holdings, LLC, and their respective subsidiaries (the “Palisades Acquisition”). As a result of the Palisades Acquisition, the Company began providing investment management and advisory services primarily through TPG and PAS (together with TPG, “Palisades”). TPG is registered with the SEC as an investment adviser under the Investment Advisers Act of 1940 (the “Advisers Act”), and PAS is a relying adviser with respect to TPG’s investment adviser registration. PAS is the asset manager for certain securitizations sponsored by the Company and received \$45 thousand in asset manager fees for the six months ended June 30, 2025.

On June 11, 2025, the Company entered into an agreement to acquire HomeXpress Mortgage Corp. (“HomeXpress”). HomeXpress is a leading originator of consumer non-QM, investor business purpose, and other non-Agency mortgage loan products, as well as an originator of Agency mortgage loans with a nationwide presence across 46 states and D.C. The Company expects to close the transaction during the fourth quarter of 2025, subject to the satisfaction of customary closing conditions.

The Company made a \$75 million capital commitment to a fund managed by Kah Capital Management, LLC. During the quarter and six months ended June 30, 2025, the Company did not make any additional fundings toward the commitment, and the total funding remained at \$56 million, leaving an unfunded commitment of \$19 million. The Company’s investment in this fund is accounted for as an equity method investment in Other assets on the Consolidated Statement of Financial Condition. The Company records any gains and losses associated with its equity method investments in Other investment gains (losses) on the Consolidated Statement of Operations. The Company paid \$118 thousand for mortgage asset servicing oversight fees to Kah Capital Management during the six months ended June 30, 2025. There were no mortgage asset servicing oversight fees to Kah Capital Management during the quarter ended June 30, 2025. The Company paid \$33 thousand and \$271 thousand for

mortgage asset servicing oversight fees to Kah Capital Management during the quarter and six months ended June 30, 2024. These fees are reported within Other Expenses on the Consolidated Statement of Operations.

2. Summary of the Significant Accounting Policies

(a) Basis of Presentation and Consolidation

The accompanying consolidated financial statements and related notes of the Company have been prepared in accordance with accounting principles generally accepted in the United States, or GAAP. In the opinion of the Company, all normal and recurring adjustments considered necessary for a fair presentation of its financial position, results of operations and cash flows have been included. Investment transactions are recorded on the trade date.

The consolidated financial statements include the Company's accounts, the accounts of its wholly-owned subsidiaries, and variable interest entities, or VIEs, in which the Company is the primary beneficiary. All intercompany balances and transactions have been eliminated in consolidation.

The Company uses securitization trusts considered to be VIEs in its securitization transactions. VIEs are defined as entities in which equity investors (i) do not have the characteristics of a controlling financial interest, or (ii) do not have sufficient equity at risk for the entity to finance its activities without additional subordinated financial support from other parties. The entity that consolidates a VIE is known as its primary beneficiary and is generally the entity with (i) the power to direct the activities that most significantly impact the VIEs' economic performance, and (ii) the right to receive benefits from the VIE or the obligation to absorb losses of the VIE that could be significant to the VIE. For VIEs that do not have substantial on-going activities, the power to direct the activities that most significantly impact the VIEs' economic performance may be determined by an entity's involvement with the design and structure of the VIE.

The trusts are structured as entities that receive principal and interest on the underlying collateral and distribute those payments to the security holders. The assets held by the securitization entities are restricted in that they can only be used to fulfill the obligations of the securitization entity. The Company's risks associated with its involvement with these VIEs are limited to its risks and rights as a holder of the security it has retained as well as certain risks associated with being the sponsor and depositor of and the seller, directly or indirectly to, the securitizations entities.

Determining the primary beneficiary of a VIE requires judgment. The Company determined that for the securitizations it consolidates, its ownership provides the Company with the obligation to absorb losses or the right to receive benefits from the VIE that could be significant to the VIE. In addition, the Company has the power to direct the activities of the VIEs that most significantly impact the VIEs' economic performance, or power, such as rights to replace the servicer without cause, or the Company was determined to have power in connection with its involvement with the structure and design of the VIE.

The Company's interest in the assets held by these securitization vehicles, which are consolidated on the Company's Consolidated Statements of Financial Condition, is restricted by the structural provisions of these trusts, and a recovery of the Company's investment in the vehicles will be limited by each entity's distribution provisions. Generally, the securities retained by the Company are the most subordinate in the capital structure, which means those securities receive distributions after the senior securities have been paid. The liabilities of the securitization vehicles, which are also consolidated on the Company's Consolidated Statements of Financial Condition, are non-recourse to the Company, and can only be satisfied using proceeds from each securitization vehicle's respective asset pool.

The assets of securitization entities are comprised of RMBS, or residential mortgage loans. See Notes 3, 4 and 9 for further discussion of the characteristics of the securities and loans in the Company's portfolio.

(b) Statements of Financial Condition Presentation

The Company's Consolidated Statements of Financial Condition include both the Company's direct assets and liabilities and the assets and liabilities of consolidated securitization vehicles. Retained beneficial interests of the consolidated securitization vehicles are eliminated in consolidation. Assets of each consolidated VIE can only be used to satisfy the obligations of that VIE, and the liabilities of consolidated VIEs are non-recourse to the Company. The Company is not obligated to provide, nor does it intend to provide, any financial support to these consolidated securitization vehicles. The notes to the consolidated financial statements describe the Company's assets and liabilities including the assets and liabilities of consolidated securitization vehicles. See Note 9 for additional information related to the Company's investments in consolidated securitization vehicles.

(c) Use of Estimates

The preparation of financial statements in conformity with GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although the Company's estimates contemplate current conditions and how it expects them to change in the future, it is reasonably possible that actual conditions could be materially different than anticipated in those estimates, which could have a material adverse impact on the Company's results of operations and its financial condition.

The Company has made significant estimates including in accounting for income recognition on Agency MBS, Non-Agency RMBS, IO MBS (Note 3) and residential mortgage loans (Note 4), valuation of Agency MBS and Non-Agency RMBS (Notes 3 and 5), residential mortgage loans (Notes 4 and 5), secured financing agreements (Notes 5 and 6), securitized debt (Notes 5 and 7), goodwill and intangibles included in Other assets, contingent earn-out liability included in Accounts payable and other liabilities on the Company's Consolidated Statement of Financial Condition. Actual results could differ materially from those estimates.

(d) Income Taxes

The Company does not have any material unrecognized tax positions that would affect its financial statements or require disclosure. No accruals for penalties and interest were necessary as of June 30, 2025 or December 31, 2024.

(e) Significant Accounting Policies

There have been no significant changes to the Company's accounting policies included in Note 2 to the consolidated financial statements of the Company's Form 10-K for the year ended December 31, 2024.

(f) Segment Reporting

The Company operates as a single reportable segment under the guidance of ASC 280, Segment Reporting, as its business activities are managed and evaluated on a consolidated basis. The Company's investment portfolio primarily consists of Agency and Non-Agency mortgage-backed securities and whole loans.

The Company's Chief Executive Officer is the Chief Operating Decision Maker ("CODM"). The CODM reviews financial performance and allocates resources based on consolidated financial data rather than individual asset classes or geographic regions. As a result, the Company has determined that it operates under a single segment. In accordance with ASC 280, the Company provides entity-wide disclosures, including revenue disaggregation; breakdown by major investment types, such as Agency and Non-Agency MBS.

The CODM uses net income and total assets, as reported on our Consolidated Statements of Operations and Consolidated Statements of Financial Condition, respectively, in evaluating performance and determining how to allocate resources of the Company as a whole. The accounting policies of the segment are the same as those described in the summary of significant accounting policies.

(g) Recent Accounting Pronouncement

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This standard requires entities to provide additional information about federal, state and foreign income taxes and reconciling items in the rate reconciliation table, and to disclose further disaggregation of income taxes paid (net of refunds received) by federal (national), state and foreign taxes by jurisdiction. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2024, with early adoption permitted. The guidance should be applied prospectively, but entities have the option to apply it retrospectively for each period presented. The Company does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

In November 2024, the FASB issued ASU No. 2024-04, Debt—Debt with Conversion and Other Options (Subtopic 470-20). This standard provides guidance on the accounting treatment for induced conversions of convertible debt. Companies must recognize and measure the impact of incentives offered to induce early conversion of convertible debt separately from existing debt liability. For public business entities, the ASU is effective for fiscal years beginning after December 15, 2025, with early adoption permitted. The guidance should be applied prospectively, but entities have the option to apply it retrospectively for each period presented. The Company does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

In January 2025, the FASB issued ASU 2025-01 Income Statement-Reporting Comprehensive Income-Expense Disaggregation Disclosures (Subtopic 220-40). This standard clarifies the effective date for ASU 2024-03, which requires that an entity disclose, in the notes to the financial statements, additional information about specific expenses categories. The amendments in this update are effective for annual reporting periods beginning after December 15, 2026, and interim reporting periods beginning after December 15, 2027. Early adoption of Update 2024-03 is permitted. The Company is still evaluating the impact of this standard but does not expect the adoption of the new standard to have a material effect on its consolidated financial statements.

3. Mortgage-Backed Securities

The Company classifies its Non-Agency RMBS as senior, subordinated, or Interest-only. The Company also invests in Agency MBS which it classifies as Agency RMBS, to include residential and residential interest-only MBS, Pass-through securities, residential collateralized mortgage obligations, or CMO, and Agency CMBS to include commercial and commercial interest-only MBS. Senior interests in Non-Agency RMBS are generally entitled to the first principal repayments in their pro-rata ownership interests at the acquisition date. The tables below present amortized cost, allowance for credit losses, fair value and unrealized gain/losses of the Company's MBS investments as of June 30, 2025 and December 31, 2024.

June 30, 2025 (dollars in thousands)

| | Principal or Notional Value | Total Premium | Total Discount | Amortized Cost | Allowance for Credit Loss | Fair Value | Gross Unrealized Gains | Gross Unrealized Losses | Net Unrealized Gain/(Loss) |
|------------------------|--------------------------------|-------------------|---------------------|---------------------|------------------------------|---------------------|---------------------------|----------------------------|-------------------------------|
| Non-Agency RMBS | | | | | | | | | |
| Senior | \$ 968,383 | \$ 26,304 | \$ (538,040) | \$ 456,647 | \$ (33,527) | \$ 574,300 | \$ 155,539 | \$ (4,359) | \$ 151,180 |
| Subordinated | 613,051 | 3,025 | (254,663) | 361,413 | (2,667) | 354,258 | 20,733 | (25,221) | (4,488) |
| Interest-only | 2,535,660 | 149,944 | — | 149,944 | — | 82,437 | 13,987 | (81,494) | (67,507) |
| Agency RMBS | | | | | | | | | |
| Pass-through | 2,334,802 | 568 | (98,868) | 2,236,502 | — | 2,256,507 | 20,383 | (378) | 20,005 |
| CMO | 362,333 | — | (114) | 362,219 | — | 361,214 | — | (1,005) | (1,005) |
| Interest-only | 375,663 | 19,003 | — | 19,003 | — | 15,880 | 798 | (3,921) | (3,123) |
| Agency CMBS | | | | | | | | | |
| Project loans | 39,719 | 605 | — | 40,324 | — | 35,715 | — | (4,609) | (4,609) |
| Interest-only | 289,334 | 5,617 | — | 5,617 | — | 5,964 | 1,228 | (881) | 347 |
| Total | \$ 7,518,945 | \$ 205,066 | \$ (891,685) | \$ 3,631,669 | \$ (36,194) | \$ 3,686,275 | \$ 212,668 | \$ (121,868) | \$ 90,800 |

December 31, 2024 (dollars in thousands)

| | Principal or Notional Value | Total Premium | Total Discount | Amortized Cost | Allowance for Credit Losses | Fair Value | Gross Unrealized Gains | Gross Unrealized Losses | Net Unrealized Gain/(Loss) |
|------------------------|--------------------------------|-------------------|---------------------|---------------------|--------------------------------|---------------------|---------------------------|----------------------------|-------------------------------|
| Non-Agency RMBS | | | | | | | | | |
| Senior | \$ 1,010,128 | \$ 21,356 | \$ (550,352) | \$ 481,132 | \$ (25,472) | \$ 614,493 | \$ 164,600 | \$ (5,767) | \$ 158,833 |
| Subordinated | 648,977 | 3,234 | (265,211) | 387,000 | (2,925) | 376,341 | 20,167 | (27,901) | (7,734) |
| Interest-only | 2,644,741 | 153,571 | — | 153,571 | — | 73,335 | 13,164 | (93,400) | (80,236) |
| Agency RMBS | | | | | | | | | |
| CMO | 464,640 | 5 | (123) | 464,522 | — | 461,656 | 106 | (2,972) | (2,866) |
| Interest-only | 380,311 | 19,594 | — | 19,594 | — | 16,784 | 1,410 | (4,220) | (2,810) |
| Agency CMBS | | | | | | | | | |
| Project loans | 40,882 | 620 | — | 41,502 | — | 34,370 | — | (7,132) | (7,132) |
| Interest-only | 449,437 | 6,134 | — | 6,134 | — | 6,408 | 949 | (675) | 274 |
| Total | \$ 5,639,116 | \$ 204,514 | \$ (815,686) | \$ 1,553,455 | \$ (28,397) | \$ 1,583,387 | \$ 200,396 | \$ (142,067) | \$ 58,329 |

The following tables present the gross unrealized losses and estimated fair value of the Company's Agency and Non-Agency MBS by length of time that such securities have been in a continuous unrealized loss position at June 30, 2025 and December 31, 2024. All Non-Agency RMBS held as available-for-sale, and not accounted under the fair value option election in an unrealized loss position, have been evaluated by the Company for current expected credit losses.

| June 30, 2025 (dollars in thousands) | | | | | | | | | |
|---|--|-------------------|---------------------|--|-------------------|---------------------|----------------------|-------------------|---------------------|
| | Unrealized Loss Position for Less than 12 Months | | | Unrealized Loss Position for 12 Months or More | | | Total | | |
| | Estimated Fair Value | Unrealized Losses | Number of Positions | Estimated Fair Value | Unrealized Losses | Number of Positions | Estimated Fair Value | Unrealized Losses | Number of Positions |
| Non-Agency RMBS | | | | | | | | | |
| Senior | \$ 30,023 | \$ (698) | 7 | \$ 20,297 | \$ (3,661) | 5 | \$ 50,321 | \$ (4,359) | 12 |
| Subordinated | 21,646 | (1,334) | 5 | 168,357 | (23,887) | 29 | 190,003 | (25,221) | 34 |
| Interest-only | 5,127 | (227) | 6 | 44,143 | (81,267) | 126 | 49,270 | (81,494) | 132 |
| Agency RMBS | | | | | | | | | |
| Pass-through | 131,306 | (378) | 5 | — | — | — | 131,306 | (378) | 5 |
| CMO | 361,216 | (1,005) | 6 | — | — | — | 361,216 | (1,005) | 6 |
| Interest-only | 5,307 | (115) | 2 | 4,056 | (3,806) | 6 | 9,362 | (3,921) | 8 |
| Agency CMBS | | | | | | | | | |
| Project loans | 4,517 | (536) | 2 | 31,198 | (4,073) | 31 | 35,715 | (4,609) | 33 |
| Interest-only | — | — | — | 1,583 | (881) | 3 | 1,583 | (881) | 3 |
| Total | \$ 559,142 | \$ (4,293) | 33 | \$ 269,634 | \$ (117,575) | 200 | \$ 828,776 | \$ (121,868) | 233 |

| December 31, 2024 (dollars in thousands) | | | | | | | | | |
|---|--|-------------------|---------------------|--|-------------------|---------------------|----------------------|-------------------|---------------------|
| | Unrealized Loss Position for Less than 12 Months | | | Unrealized Loss Position for 12 Months or More | | | Total | | |
| | Estimated Fair Value | Unrealized Losses | Number of Positions | Estimated Fair Value | Unrealized Losses | Number of Positions | Estimated Fair Value | Unrealized Losses | Number of Positions |
| Non-Agency RMBS | | | | | | | | | |
| Senior | \$ 65,051 | \$ (757) | 13 | \$ 35,492 | \$ (5,010) | 6 | \$ 100,544 | \$ (5,767) | 19 |
| Subordinated | 27,799 | (1,135) | 7 | 167,742 | (26,766) | 29 | 195,541 | (27,901) | 36 |
| Interest-only | 6,061 | (1,118) | 12 | 35,734 | (92,282) | 124 | 41,795 | (93,400) | 136 |
| Agency RMBS | | | | | | | | | |
| CMO | 399,502 | (2,972) | 7 | — | — | — | 399,502 | (2,972) | 7 |
| Interest-only | 1,614 | (69) | 1 | 8,269 | (4,151) | 7 | 9,882 | (4,220) | 8 |
| Agency CMBS | | | | | | | | | |
| Project loans | 5,234 | (901) | 4 | 29,136 | (6,231) | 32 | 34,370 | (7,132) | 36 |
| Interest-only | 1,775 | (83) | 1 | 2,039 | (592) | 3 | 3,814 | (675) | 4 |
| Total | \$ 507,036 | \$ (7,035) | 45 | \$ 278,412 | \$ (135,032) | 201 | \$ 785,448 | \$ (142,067) | 246 |

At June 30, 2025, the Company did not intend to sell any of its Agency and Non-Agency MBS classified as available-for-sale that were in an unrealized loss position, and it was not more likely than not that the Company would be required to sell these MBS investments before recovery of their amortized cost basis, which may be at their maturity. With respect to RMBS held by consolidated VIEs, the ability of any entity to cause the sale by the VIE prior to the maturity of these RMBS is either expressly prohibited, not probable, or is limited to specified events of default, none of which have occurred as of June 30, 2025.

Gross unrealized losses on the Company's Non-Agency RMBS (excluding Non-Agency RMBS which are reported at fair value with changes in fair value recorded in earnings), net of any allowance for credit losses, were \$13 million and \$15 million, at June 30, 2025 and December 31, 2024, respectively. After evaluating the securities and recording any allowance for credit losses, the Company concluded that the remaining unrealized losses reflected above were non-credit related and would be recovered from the securities' estimated future cash flows. The Company considered a number of factors in reaching this conclusion, including that it did not intend to sell the securities, it was not considered more likely than not that it would be required to sell the securities prior to recovering the amortized cost, and there were no material credit events that would have caused the Company to otherwise conclude that it would not recover the amortized cost. The allowance for credit losses are

calculated by comparing the estimated future cash flows of each security discounted at the yield determined as of the initial acquisition date or, if since revised, as of the last date previously revised, to the net amortized cost basis. Significant judgment is used in projecting cash flows for Non-Agency RMBS.

The Company has reviewed its Non-Agency RMBS that are in an unrealized loss position to identify those securities with losses that are credit related based on an assessment of changes in cash flows expected to be collected for such RMBS, which considers recent bond performance and expected future performance of the underlying collateral. A summary of the credit losses allowance on available-for-sale securities for the quarters and six months ended June 30, 2025 and June 30, 2024 are presented below.

| | For the Quarter Ended | | For the Six Months Ended | |
|---|------------------------|------------------|--------------------------|------------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | | (dollars in thousands) | |
| Beginning allowance for credit losses | \$ 31,785 | \$ 19,907 | \$ 28,397 | \$ 18,560 |
| Additions to the allowance for credit losses on securities for which credit losses were not previously recorded | 144 | 882 | 337 | 1,589 |
| Allowance on purchased financial assets with credit deterioration | — | — | — | — |
| Reductions for the securities sold during the period | — | — | — | — |
| Increase/(decrease) on securities with an allowance in the prior period | 4,539 | 2,803 | 8,019 | 3,249 |
| Write-offs charged against the allowance | (284) | — | (589) | (302) |
| Recoveries of amounts previously written off | 10 | — | 30 | 496 |
| Ending allowance for credit losses | \$ 36,194 | \$ 23,592 | \$ 36,194 | \$ 23,592 |

The following table presents significant credit quality indicators used for the credit loss allowance on our Non-Agency RMBS investments as of June 30, 2025 and December 31, 2024.

| June 30, 2025 (dollars in thousands) | | | | |
|---|----------------|---------------------------------|-------------------------|-----------------------------------|
| | Amortized Cost | Prepay Rate Weighted Average | CDR Weighted Average | Loss Severity Weighted Average |
| Non-Agency RMBS | | | | |
| Senior | \$ 143,969 | 6.9% | 1.7% | 32.4% |
| Subordinated | \$ 57,976 | 6.2% | 0.4% | 44.6% |

| December 31, 2024 (dollars in thousands) | | | | |
|---|----------------|---------------------------------|-------------------------|-----------------------------------|
| | Amortized Cost | Prepay Rate Weighted Average | CDR Weighted Average | Loss Severity Weighted Average |
| Non-Agency RMBS | | | | |
| Senior | \$ 130,669 | 7.5% | 1.8% | 32.6% |
| Subordinated | \$ 58,914 | 6.2% | 0.3% | 44.5% |

The increase in the allowance for credit losses for the quarter and six months ended June 30, 2025, is primarily due to a deterioration in cashflows on certain investments, compared to the same period of 2024. In addition, certain Non-Agency RMBS positions now have higher unrealized losses and resulted in the recognition of an allowance for credit losses which was previously limited by unrealized gains on these investments.

The following tables present a summary of unrealized gains and losses at June 30, 2025 and December 31, 2024.

June 30, 2025
(dollars in thousands)

| | Gross Unrealized Gain Included in Accumulated Other Comprehensive Income | Gross Unrealized Gain Included in Cumulative Earnings | Total Gross Unrealized Gain | Gross Unrealized Loss Included in Accumulated Other Comprehensive Income | Gross Unrealized Loss Included in Cumulative Earnings | Total Gross Unrealized Loss |
|-----------------|---|---|--------------------------------|---|---|--------------------------------|
| Non-Agency RMBS | | | | | | |
| Senior | \$ 155,539 | \$ — | \$ 155,539 | \$ (4,359) | \$ — | \$ (4,359) |
| Subordinated | 9,950 | 10,783 | 20,733 | (8,695) | (16,526) | (25,221) |
| Interest-only | — | 13,987 | 13,987 | — | (81,494) | (81,494) |
| Agency RMBS | | | | | | |
| Pass-through | — | 20,383 | 20,383 | — | (378) | (378) |
| CMO | — | — | — | — | (1,005) | (1,005) |
| Interest-only | — | 798 | 798 | — | (3,921) | (3,921) |
| Agency CMBS | | | | | | |
| Project loans | — | — | — | — | (4,609) | (4,609) |
| Interest-only | — | 1,228 | 1,228 | — | (881) | (881) |
| Total | \$ 165,489 | \$ 47,179 | \$ 212,668 | \$ (13,054) | \$ (108,813) | \$ (121,868) |

December 31, 2024
(dollars in thousands)

| | Gross Unrealized Gain Included in Accumulated Other Comprehensive Income | Gross Unrealized Gain Included in Cumulative Earnings | Total Gross Unrealized Gain | Gross Unrealized Loss Included in Accumulated Other Comprehensive Income | Gross Unrealized Loss Included in Cumulative Earnings | Total Gross Unrealized Loss |
|-----------------|---|---|--------------------------------|---|---|--------------------------------|
| Non-Agency RMBS | | | | | | |
| Senior | \$ 164,600 | \$ — | \$ 164,600 | \$ (4,483) | \$ (1,285) | \$ (5,767) |
| Subordinated | 9,774 | 10,393 | 20,167 | (10,442) | (17,459) | (27,901) |
| Interest-only | — | 13,164 | 13,164 | — | (93,400) | (93,400) |
| Agency RMBS | | | | | | |
| CMO | — | 106 | 106 | — | (2,972) | (2,972) |
| Interest-only | — | 1,410 | 1,410 | — | (4,220) | (4,220) |
| Agency CMBS | | | | | | |
| Project loans | — | — | — | — | (7,132) | (7,132) |
| Interest-only | — | 949 | 949 | — | (675) | (675) |
| Total | \$ 174,374 | \$ 26,022 | \$ 200,396 | \$ (14,925) | \$ (127,142) | \$ (142,067) |

Changes in prepayments, actual cash flows, and cash flows expected to be collected, among other items, are affected by the collateral characteristics of each asset class. The Company chooses assets for the portfolio after carefully evaluating each investment's risk profile.

The following tables provide a summary of the Company's MBS portfolio at June 30, 2025 and December 31, 2024.

| June 30, 2025 | | | | | | |
|-----------------|--|---------------------------------------|-----------------------------|-------------------------|---|--|
| | 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 | \$ 968,383 | \$ 43.69 | \$ 59.30 | 5.7 % | 18.7 % | |
| Subordinated | 613,051 | 58.52 | 57.79 | 4.4 % | 7.9 % | |
| Interest-only | 2,535,660 | 5.91 | 3.25 | 0.7 % | 4.4 % | |
| Agency RMBS | | | | | | |
| Pass-through | 2,334,802 | 95.79 | 96.65 | 4.7 % | 5.4 % | |
| CMO | 362,333 | 99.97 | 99.69 | 5.5 % | 5.6 % | |
| Interest-only | 375,663 | 5.06 | 4.23 | 0.8 % | 6.6 % | |
| Agency CMBS | | | | | | |
| Project loans | 39,719 | 101.52 | 89.92 | 3.4 % | 3.3 % | |
| Interest-only | 289,334 | 1.94 | 2.06 | 0.6 % | 9.4 % | |

(1) Bond Equivalent Yield at period end.

| December 31, 2024 | | | | | | |
|-------------------|--|---------------------------------------|-----------------------------|-------------------------|---|--|
| | 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 | \$ 1,010,128 | \$ 45.11 | \$ 60.83 | 5.7 % | 17.6 % | |
| Subordinated | 648,977 | 59.18 | 57.99 | 4.5 % | 8.0 % | |
| Interest-only | 2,644,741 | 5.81 | 2.77 | 0.7 % | 6.6 % | |
| Agency RMBS | | | | | | |
| CMO | 464,640 | 99.97 | 99.36 | 5.8 % | 5.8 % | |
| Interest-only | 380,311 | 5.15 | 4.41 | 0.7 % | 6.9 % | |
| Agency CMBS | | | | | | |
| Project loans | 40,882 | 101.51 | 84.07 | 3.5 % | 3.4 % | |
| Interest-only | 449,437 | 1.36 | 1.43 | 0.5 % | 8.9 % | |

(1) Bond Equivalent Yield at period end.

Actual maturities of MBS are generally shorter than the stated contractual maturities. Actual maturities of the Company's MBS are affected by the underlying mortgages, periodic payments of principal, realized losses and prepayments of principal. The following tables provide a summary of the fair value and amortized cost of the Company's MBS at June 30, 2025 and December 31, 2024 according to their estimated weighted-average life classifications. The weighted-average lives of the MBS in the tables below are based on lifetime expected prepayment rates using the Company's prepayment assumptions for the Agency MBS and Non-Agency RMBS. The prepayment model considers current yield, forward yield, steepness of the interest rate curve, current mortgage rates, mortgage rates of the outstanding loan, loan age, margin, and volatility.

| June 30, 2025 (dollars in thousands) | | | | | |
|---|--------------------|--|---|------------------------|--------------|
| Weighted Average Life | | | | | |
| | Less than one year | Greater than one year and less than five years | Greater than five years and less than ten years | Greater than ten years | Total |
| Fair value | | | | | |
| Non-Agency RMBS | | | | | |
| Senior | \$ 13,190 | \$ 79,311 | \$ 207,299 | \$ 274,500 | \$ 574,300 |
| Subordinated | 5,385 | 72,930 | 135,214 | 140,729 | 354,258 |
| Interest-only | 168 | 30,381 | 49,362 | 2,526 | 82,437 |
| Agency RMBS | | | | | |
| Pass-through | — | — | 1,899,118 | 357,389 | 2,256,507 |
| CMO | — | — | 361,214 | — | 361,214 |
| Interest-only | 3,643 | 12,237 | — | — | 15,880 |
| Agency CMBS | | | | | |
| Project loans | 32,820 | — | — | 2,895 | 35,715 |
| Interest-only | 4 | 3,040 | 2,920 | — | 5,964 |
| Total fair value | \$ 55,210 | \$ 197,899 | \$ 2,655,127 | \$ 778,039 | \$ 3,686,275 |
| Amortized cost | | | | | |
| Non-Agency RMBS | | | | | |
| Senior | \$ 12,670 | \$ 78,756 | \$ 167,653 | \$ 197,568 | \$ 456,647 |
| Subordinated | 2,001 | 68,144 | 137,438 | 153,830 | 361,413 |
| Interest-only | 14,229 | 67,422 | 64,929 | 3,363 | 149,944 |
| Agency RMBS | | | | | |
| Pass-through | — | — | 1,881,863 | 354,638 | 2,236,502 |
| CMO | — | — | 362,219 | — | 362,219 |
| Interest-only | 3,737 | 15,266 | — | — | 19,003 |
| Agency CMBS | | | | | |
| Project loans | 37,057 | — | — | 3,267 | 40,324 |
| Interest-only | 189 | 3,570 | 1,857 | — | 5,617 |
| Total amortized cost | \$ 69,885 | \$ 233,158 | \$ 2,615,961 | \$ 712,666 | \$ 3,631,669 |

| December 31, 2024 (dollars in thousands) | | | | | |
|---|--------------------|--|---|------------------------|--------------|
| Weighted Average Life | | | | | |
| | Less than one year | Greater than one year and less than five years | Greater than five years and less than ten years | Greater than ten years | Total |
| Fair value | | | | | |
| Non-Agency RMBS | | | | | |
| Senior | \$ 16,171 | \$ 66,384 | \$ 251,104 | \$ 280,834 | \$ 614,493 |
| Subordinated | 494 | 81,838 | 132,286 | 161,723 | 376,341 |
| Interest-only | 171 | 25,717 | 44,751 | 2,696 | 73,335 |
| Agency RMBS | | | | | |
| CMO | — | — | 62,156 | 399,500 | 461,656 |
| Interest-only | 4,708 | 12,076 | — | — | 16,784 |
| Agency CMBS | | | | | |
| Project loans | — | — | — | 34,370 | 34,370 |
| Interest-only | 17 | 6,391 | — | — | 6,408 |
| Total fair value | \$ 21,561 | \$ 192,406 | \$ 490,297 | \$ 879,123 | \$ 1,583,387 |
| Amortized cost | | | | | |
| Non-Agency RMBS | | | | | |
| Senior | \$ 13,760 | \$ 60,686 | \$ 204,530 | \$ 202,156 | \$ 481,132 |
| Subordinated | 784 | 77,210 | 135,147 | 173,859 | 387,000 |
| Interest-only | 18,060 | 61,959 | 68,306 | 5,246 | 153,571 |
| Agency RMBS | | | | | |
| CMO | — | — | 62,050 | 402,472 | 464,522 |
| Interest-only | 6,101 | 13,493 | — | — | 19,594 |
| Agency CMBS | | | | | |
| Project loans | — | — | — | 41,502 | 41,502 |
| Interest-only | 189 | 5,945 | — | — | 6,134 |
| Total amortized cost | \$ 38,895 | \$ 219,293 | \$ 470,032 | \$ 825,235 | \$ 1,553,455 |

The Non-Agency RMBS investments are secured by pools of mortgage loans which are subject to credit risk. The following table summarizes the delinquency, bankruptcy, foreclosure and real estate owned, or REO, total of the pools of mortgage loans securing the Company's investments in Non-Agency RMBS at June 30, 2025 and December 31, 2024. When delinquency rates increase, it is expected that the Company will incur additional credit losses.

| June 30, 2025 | 30 Days Delinquent | 60 Days Delinquent | 90+ Days Delinquent | Bankruptcy | Foreclosure | REO | Total |
|-------------------------------|--------------------|--------------------|---------------------|------------|-------------|-------|--------|
| % of Unpaid Principal Balance | 3.4 % | 1.5 % | 2.1 % | 1.2 % | 3.1 % | 0.6 % | 11.8 % |

| December 31, 2024 | 30 Days Delinquent | 60 Days Delinquent | 90+ Days Delinquent | Bankruptcy | Foreclosure | REO | Total |
|-------------------------------|--------------------|--------------------|---------------------|------------|-------------|-------|--------|
| % of Unpaid Principal Balance | 4.3 % | 1.5 % | 2.5 % | 1.4 % | 2.9 % | 0.6 % | 13.2 % |

The Non-Agency RMBS in the Portfolio have the following collateral characteristics at June 30, 2025 and December 31, 2024.

| | June 30, 2025 | December 31, 2024 |
|--|---------------|-------------------|
| Weighted average maturity (years) | 17.0 | 17.5 |
| Weighted average amortized loan to value ⁽¹⁾ | 55.3 % | 56.1 % |
| Weighted average FICO ⁽²⁾ | 706 | 706 |
| Weighted average loan balance (in thousands) | \$ 243 | \$ 247 |
| Weighted average percentage owner-occupied | 67.8 % | 67.6 % |
| Weighted average percentage single family residence | 60.3 % | 60.3 % |
| Weighted average current credit enhancement | 1.2 % | 1.3 % |
| Weighted average geographic concentration of top four states | CA | CA |
| | NY | NY |
| | FL | FL |
| | TX | NJ |
| | 34.7 % | 32.9 % |
| | 12.3 % | 11.8 % |
| | 7.4 % | 7.6 % |
| | 5.0 % | 4.6 % |

(1) Value represents appraised value of the collateral at the time of loan origination.

(2) FICO as determined at the time of loan origination.

The table below presents the origination year of the underlying loans related to the Company's portfolio of Non-Agency RMBS at June 30, 2025 and December 31, 2024.

| Origination Year | June 30, 2025 | December 31, 2024 |
|------------------|---------------|-------------------|
| 2003 and prior | 1.0 % | 0.9 % |
| 2004 | 0.7 % | 0.7 % |
| 2005 | 6.6 % | 7.0 % |
| 2006 | 40.9 % | 39.0 % |
| 2007 | 30.2 % | 29.4 % |
| 2008 and later | 20.6 % | 23.0 % |
| Total | 100.0 % | 100.0 % |

Gross realized gains and losses are recorded in "Net realized gains (losses) on sales of investments" on the Company's Consolidated Statements of Operations. The proceeds and gross realized gains and gross realized losses from sales of investments for the quarter and six months ended June 30, 2025 and 2024 are as follows:

| | For the Quarter Ended | | For the Six Months Ended | |
|--------------------------|------------------------|---------------|--------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | | (dollars in thousands) | |
| Proceeds from sales: | | | | |
| Non-Agency RMBS | \$ 12,234 | \$ — | 12,234 | — |
| Agency RMBS | 125,892 | — | 125,892 | — |
| Agency CMBS | — | — | — | 34,672 |
| Gross realized losses: | | | | |
| Non-Agency RMBS | (1,095) | — | (1,095) | — |
| Agency RMBS | (820) | — | (820) | — |
| Agency CMBS | — | — | — | (3,750) |
| Net realized gain (loss) | \$ (1,915) | \$ — | \$ (1,915) | \$ (3,750) |

4. Loans Held for Investment

The Loans held for investment are comprised primarily of loans collateralized by seasoned repurchasing residential mortgages. Additionally, it includes jumbo prime loans, investor loans and business purpose loans.

The investor loans are loans to individuals securing non-primary residences as well as to individuals or businesses who rent out the residential properties secured by such loans. The Company purchases qualified mortgages, or QM, and non-qualified mortgages, or Non-QM, investor loans and securitizes them under its loan securitization program. The business purpose loans are loans to businesses that are secured by real property which will be renovated by the borrower. The business purpose loans tend to be short duration, often less than one year, and generally the coupon rate is higher than residential mortgage loans.

At June 30, 2025 and December 31, 2024, all Loans held for investment are carried at fair value. See Note 5 for a discussion on how the Company determines the fair values of the Loans held for investment. As changes in the fair value of these loans are reflected in earnings, the Company does not estimate or record a loan loss provision. The total amortized cost of the Company's Loans held for investment was \$10.7 billion and \$11.4 billion as of June 30, 2025 and December 31, 2024, respectively. The total unpaid principal balance of the Company's Loans held for investment was \$10.9 billion and \$11.7 billion as of June 30, 2025 and December 31, 2024, respectively.

The following table provides a summary of the changes in the carrying value of Loans held for investment at fair value at June 30, 2025 and December 31, 2024:

| | For the Six Months Ended | | For the Year Ended | |
|---------------------------------------|--------------------------|------------------------|--------------------|-------------|
| | June 30, 2025 | | December 31, 2024 | |
| | | (dollars in thousands) | | |
| Balance, beginning of period | \$ | 11,196,678 | \$ | 11,397,046 |
| Purchases | | 44,510 | | 1,062,699 |
| Principal paydowns | | (744,254) | | (1,309,843) |
| Sales and settlements | | (52,334) | | (116,652) |
| Net periodic accretion (amortization) | | (13,372) | | (39,236) |
| Change in fair value | | 209,070 | | 202,664 |
| Balance, end of period | \$ | 10,640,298 | \$ | 11,196,678 |

The primary cause of the change in fair value is due to market demand, interest rates and changes in credit risk of mortgage loans. The Company did not retain any beneficial interests on loan sales during the six months ended June 30, 2025 and the year ended December 31, 2024, respectively.

Residential mortgage loans

The loan portfolio for all residential mortgages were originated during the following periods:

| Origination Year | June 30, 2025 | December 31, 2024 |
|------------------|---------------|-------------------|
| 2002 and prior | 4.7 % | 5.0 % |
| 2003 | 4.3 % | 4.4 % |
| 2004 | 7.9 % | 8.2 % |
| 2005 | 13.7 % | 14.1 % |
| 2006 | 17.6 % | 18.0 % |
| 2007 | 20.6 % | 20.9 % |
| 2008 | 6.7 % | 6.8 % |
| 2009 | 1.6 % | 1.7 % |
| 2010 and later | 22.9 % | 20.9 % |
| Total | 100.0 % | 100.0 % |

The following table presents a summary of key characteristics of the residential loan portfolio at June 30, 2025 and December 31, 2024:

| | June 30, 2025 | December 31, 2024 |
|--|---------------|-------------------|
| Number of loans | 99,614 | 103,571 |
| Weighted average maturity (years) | 20.5 | 20.4 |
| Weighted average loan to value ⁽¹⁾ | 77.6 % | 78.4 % |
| Weighted average FICO | 669 | 667 |
| Weighted average loan balance (in thousands) | \$ 109 | \$ 108 |
| Weighted average percentage owner occupied | 82.9 % | 85.0 % |
| Weighted average percentage single family residence | 76.8 % | 77.4 % |
| Weighted average geographic concentration of top five states | CA 15.7 % | CA 15.5 % |
| | NY 8.8 % | FL 8.8 % |
| | FL 8.8 % | NY 8.7 % |
| | NJ 4.3 % | PA 4.3 % |
| | PA 4.3 % | NJ 4.3 % |

(1) Value represents appraised value of the collateral at the time of loan origination.

The following table summarizes the outstanding principal balance of the residential loan portfolio which are 30 days delinquent and greater as reported by the servicers at June 30, 2025 and December 31, 2024, respectively.

| | 30 Days Delinquent | 60 Days Delinquent | 90+ Days Delinquent (dollars in thousands) | Bankruptcy | Foreclosure | REO | Total | Unpaid Principal Balance |
|--------------------------------------|--------------------|--------------------|---|------------|-------------|----------|-------------|--------------------------|
| June 30, 2025 | \$631,229 | \$187,545 | \$231,381 | \$187,324 | \$291,174 | \$31,080 | \$1,559,733 | \$10,889,146 |
| % of Unpaid Principal Balance | 5.8 % | 1.7 % | 2.1 % | 1.7 % | 2.7 % | 0.3 % | 14.3 % | |
| December 31, 2024 | \$733,298 | \$233,982 | \$294,078 | \$177,592 | \$300,575 | \$36,811 | \$1,776,336 | \$11,659,420 |
| % of Unpaid Principal Balance | 6.3 % | 2.0 % | 2.5 % | 1.5 % | 2.6 % | 0.3 % | 15.2 % | |

The fair value of residential mortgage loans 90 days or more past due was \$46 million and \$595 million as of June 30, 2025 and December 31, 2024, respectively.

5. Fair Value Measurements

The Company applies fair value guidance in accordance with GAAP to account for its financial instruments. The Company categorizes its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded at fair value on the Consolidated Statements of Financial Condition or disclosed in the related notes are categorized based on the inputs to the valuation techniques as follows:

Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets and liabilities in active markets.

Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 – inputs to the valuation methodology are unobservable and significant to fair value.

Fair value measurements categorized within Level 3 are sensitive to changes in the assumptions or methodology used to determine fair value and such changes could result in a significant increase or decrease in the fair value. Any changes to the valuation methodology are reviewed by the Company to ensure the changes are appropriate. As markets and products evolve and the pricing for certain products becomes more transparent, the Company will continue to refine its valuation methodologies. The methodology utilized by the Company for the periods presented is unchanged. The methods used to produce a fair value calculation may not be indicative of net realizable value or reflective of future fair values. Furthermore, the Company believes its valuation methods are appropriate and consistent with other market participants. Using different methodologies, or assumptions, to determine the fair value of certain financial instruments could result in a different estimate of fair value at the reporting date. The Company uses inputs that are current as of the measurement date, which may include periods of market dislocation, during which price transparency may be reduced.

The Company determines the fair values of its investments using internally developed processes and validates them using a third-party pricing service. During times of market dislocation, the observability of prices and inputs can be difficult for certain investments. If the third-party pricing service is unable to provide a price for an asset, or if the price provided by them is deemed unreliable by the Company, then the asset will be valued at its fair value as determined by the Company without validation to third-party pricing. Illiquid investments typically experience greater price volatility as an active market does not exist. Observability of prices and inputs can vary significantly from period to period and may cause instruments to change classifications within the three level hierarchy.

A description of the methodologies utilized by the Company to estimate the fair value of its financial instruments by instrument class follows:

Agency MBS and Non-Agency RMBS

The Company determines the fair value of all of its investment securities based on discounted cash flows utilizing an internal pricing model that incorporates factors such as coupon, prepayment speeds, loan size, collateral composition, borrower characteristics, expected interest rates, life caps, periodic caps, reset dates, collateral seasoning, delinquency, expected losses, expected default severity, credit enhancement, and other pertinent factors. To corroborate that the estimates of fair values generated by these internal models are reflective of current market prices, the Company compares the fair values generated by the model to non-binding independent prices provided by an independent third-party pricing service. For certain highly liquid asset classes, such as Agency fixed-rate Pass-through bonds, the Company's valuations are also compared to quoted prices for To-Be-Announced, or TBA, securities.

Each quarter, the Company develops thresholds generally using market factors or other assumptions, as appropriate. If internally developed model prices differ from the independent third-party prices by greater than these thresholds for the period, the Company conducts a further review, both internally and with the third-party pricing service of the prices of such securities. First, the Company obtains the inputs used by the third-party pricing service and compares them to the Company's inputs. The Company then updates its own inputs if the Company determines the third-party pricing inputs more accurately reflect the current market environment. If the Company believes that its internally developed inputs more accurately reflect the current market environment, it will request that the third-party pricing service review market factors that may not have been considered by the third-party pricing service and provide updated prices. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established. At June 30, 2025, two investment holdings with internally developed fair values of \$6 million had a difference between the model generated prices and third-party prices provided in excess of the thresholds for the period. The internally developed prices were \$1 million higher than the third-party prices provided of \$5 million. After review and discussion, the Company affirmed and valued the investments at the higher internally developed prices. No other differences were noted at June 30, 2025 in excess of the thresholds for the period. At December 31, 2024, six investment holdings with internally developed fair values of \$37 million had a difference between the model generated prices and third-party prices provided in excess of the thresholds for the period. The internally developed prices were \$6 million higher than the third-party prices provided of \$31 million. After review and discussion, the Company affirmed and valued the investments at the higher internally developed prices. No other differences were noted at December 31, 2024 in excess of the thresholds for the period.

The Company's estimate of prepayment, default and severity curves all involve judgment and assumptions that are deemed to be significant to the fair value measurement process. This subjective estimation process renders the Non-Agency RMBS fair value estimates as Level 3 in the fair value hierarchy. As the fair values of Agency MBS are more observable, these investments are classified as Level 2 in the fair value hierarchy.

Loans Held for Investment

Loans held for investment is comprised primarily of seasoned reperforming residential mortgage loans. Loans held for investment also include jumbo prime, investor owned and business purpose loans.

Loans consisting of seasoned reperforming residential mortgage loans, jumbo prime loans and investor loans:

The Company estimates the fair value of its Loans held for investment consisting of seasoned reperforming residential mortgage loans, jumbo prime loans and investor loans on a loan by loan basis using an internally developed model which compares the loan held by the Company with a loan currently offered in the market. The loan price is adjusted in the model by considering the loan factors that would impact the value of a loan. These loan factors include loan coupon, FICO, loan-to-value ratios, delinquency history, owner occupancy, and property type, among other factors. A baseline is developed for each significant loan factor and adjusts the price up or down depending on how that factor for each specific loan compares to the baseline rate. Generally, the most significant impact on loan value is the loan coupon rate as compared to coupon rates currently available in the market and delinquency history.

The Company also monitors market activity to identify trades that may be used to compare internally developed prices. However, as the portfolio of loans held at fair value is a seasoned reperforming pool of residential mortgage loans, comparable loan pools are not common or directly comparable. There are limited transactions in the marketplace to develop a comprehensive direct range of values.

The Company reviews the fair values generated by the model to determine whether prices are reflective of the current market by corroborating its estimates of fair value by comparing the results to non-binding independent prices provided by an independent third-party pricing service for the loan portfolio. Each quarter the Company develops thresholds generally using market factors or other assumptions as appropriate.

If the internally developed fair values of the loan pools differ from the independent third-party prices by greater than the threshold for the period, the Company highlights these differences for further review, both internally and with the third-party pricing service. The Company obtains certain inputs used by the third-party pricing service and evaluates them for reasonableness. Then the Company updates its own model if the Company determines the third-party pricing inputs more accurately reflect the current market environment or observed information from the third-party vendor. If the Company believes that its internally developed inputs more accurately reflect the current market environment, it will request that the third-party pricing service review market factors that may not have been considered by the third-party pricing service. The Company reconciles and resolves all pricing differences in excess of the thresholds before a final price is established.

At June 30, 2025, one loan pool with an internally developed fair value of \$201 million had a difference between the model generated price and the third-party price provided in excess of the threshold for the period. The internally developed price was \$16 million higher than the third-party price provided of \$185 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed price. No other differences were noted at June 30, 2025 in excess of the threshold for the period. At December 31, 2024, four loan pools with internally developed fair values of \$440 million had differences between the model generated prices and third-party prices provided in excess of the threshold for the period. The internally developed prices were \$28 million higher on a net basis than the third-party prices provided of \$412 million. After review and discussion, the Company affirmed and valued the investment at the higher internally developed prices. No other differences were noted at December 31, 2024 in excess of the threshold for the period.

The Company's estimates of fair value of Loans held for investment involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Business purpose loans:

Business purpose loans are loans to businesses that are secured by real property that will be renovated by the borrower. Upon completion of the renovation the property will be either sold by the borrower or refinanced by the borrower who may subsequently sell or rent the property. Most, but not all, of the properties securing these loans are residential and a portion of the loan is used to cover renovation costs. The business purpose loans are included as a part of the Company's Loans held for investment portfolio and are carried at fair value with changes in fair value reflected in earnings. These loans tend to be short duration, often less than one year, and generally the coupon rate is higher than the Company's typical residential mortgage loans. As these loans are generally short-term in nature and there is an active market for these loans, the Company estimates fair value of the business purpose loans based on the recent purchase price of the loan, adjusted for observable market activity for similar assets offered in the market. Business purpose loans have a fair value of \$208 million and \$338 million as of June 30, 2025 and December 31, 2024, respectively.

As the fair value prices of the business purpose loans are based on the recent trades of similar assets in an active market, the Company has classified them as Level 2 in the fair value hierarchy.

Securitized Debt, collateralized by Loans Held for Investment

The process for determining the fair value of securitized debt, collateralized by Loans held for investment is based on discounted cash flows utilizing an internal pricing model that incorporates factors such as coupon, prepayment speeds, loan size, collateral composition, borrower characteristics, expected interest rates, life caps, periodic caps, reset dates, collateral seasoning, delinquencies, expected losses, expected default severity, credit enhancement, and other pertinent factors. This process, including the review process, is consistent with the process used for Agency MBS and Non-Agency RMBS using internal models. For further discussion of the valuation process and benchmarking process, see *Agency MBS and Non-Agency RMBS* discussion herein. The primary cause of the change in fair value is due to market demand and changes in credit risk of mortgage loans.

At June 30, 2025, there were no securitized debt collateralized by Loans held for investment positions with differences between internally developed fair values and third-party prices in excess of the thresholds for the period. At December 31, 2024, two securitized debt collateralized by Loans held for investment positions with internally developed fair values of \$.2 million had differences between the model generated prices and third-party prices provided in excess of the threshold for the period. The internally developed prices were \$355 thousand higher on a net basis than the third-party prices provided of \$2.9 million. After review and discussion, the Company affirmed and valued the securitized debt positions at the higher internally developed prices. No other differences were noted at December 31, 2024 in excess of the threshold for the period.

The Company's estimates of fair value of securitized debt, collateralized by Loans held for investment involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Securitized Debt, collateralized by Non-Agency RMBS

The Company carries securitized debt, collateralized by Non-Agency RMBS at the principal balance outstanding plus unamortized premiums, less unaccreted discounts recorded in connection with the financing of the loans or RMBS with third parties. For disclosure purposes, the Company estimates the fair value of securitized debt, collateralized by Non-Agency RMBS by estimating the future cash flows associated with the underlying assets collateralizing the secured debt outstanding. The Company models the fair value of each underlying asset by considering, among other items, the structure of the underlying security, coupon, servicer, delinquency, actual and expected defaults, actual and expected default severities, reset indices, and prepayment speeds in conjunction with market research for similar collateral performance and the Company's expectations of general economic conditions in the sector and other economic factors. This process, including the review process, is consistent with the process used for Agency MBS and Non-Agency RMBS using internal models. For further discussion of the valuation process and benchmarking process, see *Agency MBS and Non-Agency RMBS* discussion herein.

The Company's estimates of fair value of securitized debt, collateralized by Non-Agency RMBS involve judgment and assumptions that are deemed to be significant to the fair value measurement process, which renders the resulting fair value estimates Level 3 inputs in the fair value hierarchy.

Fair value option

The table below shows the unpaid principal and fair value of the financial instruments carried at fair value with changes in fair value reflected in earnings under the fair value option election as of June 30, 2025 and December 31, 2024, respectively:

| | June 30, 2025 | | December 31, 2024 | |
|---|----------------------------------|------------|----------------------------------|------------|
| | (dollars in thousands) | | | |
| | Unpaid Principal/ Notional | Fair Value | Unpaid Principal/ Notional | Fair Value |
| Assets: | | | | |
| Non-Agency RMBS | | | | |
| Senior | \$ — | \$ — | \$ 14,163 | \$ 13,036 |
| Subordinated | 448,893 | 251,246 | 483,136 | 274,435 |
| Interest-only | 2,535,660 | 82,437 | 2,644,741 | 73,335 |
| Agency RMBS | | | | |
| Pass-through | 2,334,802 | 2,256,507 | — | — |
| CMO | 362,333 | 361,215 | 464,640 | 461,658 |
| Interest-only | 375,663 | 15,880 | 380,311 | 16,784 |
| Agency CMBS | | | | |
| Project loans | 39,719 | 35,715 | 40,882 | 34,370 |
| Interest-only | 289,334 | 5,964 | 449,437 | 6,408 |
| Loans held for investment, at fair value | 10,889,146 | 10,640,298 | 11,659,420 | 11,196,678 |
| Liabilities ⁽¹⁾: | | | | |
| Secured Financing Agreements, at fair value | 321,856 | 313,526 | 337,245 | 319,456 |
| Securitized debt at fair value, collateralized by Loans held for investment | 7,460,570 | 6,970,800 | 7,570,721 | 6,984,495 |

(1) The Company recorded \$ 1 million unrealized loss for contingent earn-out liability as of June 30, 2025. The contingent earn-out liability balance is included in Accounts payable and other liabilities on the Company's Consolidated Statement of Financial Condition.

The table below shows the impact of change in fair value on each of the financial instruments carried at fair value with changes in fair value reflected in earnings under the fair value option election in the Consolidated Statement of Operations for the quarter and six months ended June 30, 2025 and 2024:

| | For the Quarters Ended | | Six Months Ended | |
|---|-------------------------------------|---------------|-------------------------------------|---------------|
| | June 30, 2025 | June 30, 2024 | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | | (dollars in thousands) | |
| | Gain/(Loss) on Change in Fair Value | | Gain/(Loss) on Change in Fair Value | |
| Assets: | | | | |
| Non-Agency RMBS | | | | |
| Senior | \$ 1,057 | \$ (210) | \$ 1,284 | \$ (13) |
| Subordinated | 40 | 4,419 | 1,323 | 7,723 |
| Interest-only | 2,895 | (3,633) | 12,730 | (12,288) |
| Agency RMBS | | | | |
| Pass-through | 20,736 | — | 20,005 | — |
| CMO | 394 | (689) | 1,861 | (689) |
| Interest-only | 294 | 199 | (310) | (209) |
| Agency CMBS | | | | |
| Project loans | 1,884 | 38 | 2,523 | 3,112 |
| Interest-only | (296) | 98 | 73 | (357) |
| Loans held for investment, at fair value | 57,139 | 43,921 | 209,070 | 117,947 |
| Liabilities: ⁽¹⁾ | | | | |
| Secured Financing Agreements, at fair value | (3,285) | 1,386 | (9,459) | 8,410 |
| Securitized debt at fair value, collateralized by Loans held for investment | (73,557) | (34,298) | (101,804) | (35,641) |

(1) The Company recorded \$330 thousand and \$1 million unrealized losses for contingent earn-out liability during the quarters and six months ended June 30, 2025. The contingent earn-out liability balance is included in Accounts payable and other liabilities on the Company's Consolidated Statement of Financial Condition.

Derivatives

Interest Rate Swaps and Swaptions

The Company uses clearing exchange market prices to determine the fair value of its exchange cleared interest rate swaps. For bilateral swaps, the Company determines the fair value based on the net present value of expected future cash flows on the swap. The Company uses an option pricing model to determine the fair value of its swaptions. For bilateral swaps and swaptions, the Company compares its own estimate of fair value with counterparty prices to evaluate for reasonableness. Both the clearing exchange and counter-party pricing quotes incorporate common market pricing methods, including a spread measurement to the Treasury yield curve or interest rate swap curve as well as underlying characteristics of the particular contract. Interest rate swaps and swaptions are modeled by the Company by incorporating such factors as the term to maturity, swap curve, overnight index swap rates, and the payment rates on the fixed portion of the interest rate swaps. The Company has classified the characteristics used to determine the fair value of interest rate swaps and swaptions as Level 2 inputs in the fair value hierarchy.

Treasury Futures

The fair value of Treasury futures is determined by quoted market prices in an active market. The Company has classified the characteristics used to determine the fair value of Treasury futures as Level 1 inputs in the fair value hierarchy.

Swap Futures

The fair value of Swap futures is determined using quoted settlement prices published by the ERMIS Secured Overnight Financing Rate, which reflect observable market data for standardized CME-cleared contracts. The Company has classified the characteristics used to determine the fair value of Swap futures as Level 2 inputs in the fair value hierarchy.

Interest rate caps

The fair value of Interest rate caps is determined using a discounted cash flow approach that considers the difference between the forward curve of the reference rate and the cap's strike rate. The expected future cash flows from each caplet are calculated and discounted to present value using observable market interest rates. The discounted cashflows contemplate both an intrinsic value based upon the strike rate in reference to the market reference rate as well as a time value based upon the implied

volatility of the market reference rate forward curve projection. This valuation is based on market inputs and is classified as Level 2 in the fair value hierarchy.

Secured Financing Agreements

Secured financing agreements are collateralized financing transactions utilized by the Company to acquire investment securities. For short term secured financing agreements and longer term floating rate secured financing agreements, the Company estimates fair value using the contractual obligation plus accrued interest payable. The Company has classified the characteristics used to determine the fair value of secured financing agreements as Level 2 inputs in the fair value hierarchy.

Secured Financing Agreements, at fair value

Fair value for certain secured financing agreements that are carried at fair value with changes in fair value reported in earnings are valued at the price that the Company would pay to transfer the liability to a market participant at the reporting date in an orderly transaction. The Company evaluates recent trades of financial liabilities made by the Company, which includes an element of non-performance risk, as well as changes in market interest rates to determine the fair value of the secured financing agreements. The primary factor in determining the fair value is the change in market interest rates from the transaction date of the secured financing agreements and the reporting date. As these rates are observable, the secured financing agreements are reported as Level 2 inputs in the fair value hierarchy.

Short-term Financial Instruments

The carrying value of cash and cash equivalents, accrued interest receivable, dividends payable, payable for investments purchased, and accrued interest payable are considered to be a reasonable estimate of fair value due to the short term nature and low credit risk of these short-term financial instruments.

Long term debt

The fair value of the Company's Senior Unsecured Notes is based upon prices obtained from third-party pricing services or broker quotations and are classified as Level 2.

Equity Method Investments

The Company has made investments in entities or funds. For these investments where the Company has a non-controlling interest; but are deemed to be able to exert significant influence over the affairs of these entities or funds, the Company utilizes the equity method of accounting. These investments are not carried at fair value. The carrying value of the Company's equity method investments is determined using cost accumulation method. The Company adjusts the carrying value of its equity method investments for its share of earnings or losses, dividends or return of capital on a quarterly basis. The fair value of equity method investments is based on the fund valuation received from the manager of the fund. The Company has classified the characteristics used to determine the fair value of equity method investments as Level 3 inputs in the fair value hierarchy. The equity method investments are included in Other assets on the Consolidated Statement of Financial Condition.

The Company's financial assets and liabilities carried at fair value on a recurring basis, including the level in the fair value hierarchy, at June 30, 2025 and December 31, 2024 are presented below.

| June 30, 2025 (dollars in thousands) | | | | | |
|---|---------|-----------|------------|--|------------|
| | Level 1 | Level 2 | Level 3 | Counterparty and Cash Collateral, netting | Total |
| Assets: | | | | | |
| Non-Agency RMBS, at fair value | \$ — | \$ — | 1,010,995 | \$ — | 1,010,995 |
| Agency MBS, at fair value | — | 2,675,280 | — | — | 2,675,280 |
| Loans held for investment, at fair value | — | 208,313 | 10,431,985 | — | 10,640,298 |
| Derivatives, at fair value | — | 5,689 | — | (5,689) | — |
| Liabilities: | | | | | |
| Secured Financing Agreement, at fair value | — | 313,526 | — | — | 313,526 |
| Securitized debt at fair value, collateralized by Loans held for investment | — | — | 6,970,800 | — | 6,970,800 |
| Derivatives, at fair value | 301 | 8,748 | — | (8,748) | 301 |
| December 31, 2024 (dollars in thousands) | | | | | |
| | Level 1 | Level 2 | Level 3 | Counterparty and Cash Collateral, netting | Total |
| Assets: | | | | | |
| Non-Agency RMBS, at fair value | \$ — | \$ — | 1,064,169 | \$ — | 1,064,169 |
| Agency MBS, at fair value | — | 519,218 | — | — | 519,218 |
| Loans held for investment, at fair value | — | 337,833 | 10,858,845 | — | 11,196,678 |
| Derivatives, at fair value | 117 | 7,146 | — | (7,146) | 117 |
| Liabilities: | | | | | |
| Secured Financing Agreement, at fair value | — | 319,456 | — | — | 319,456 |
| Securitized debt at fair value, collateralized by Loans held for investment | — | — | 6,984,495 | — | 6,984,495 |
| Derivatives, at fair value | — | — | — | — | — |

The table below provides a summary of the changes in the fair value of financial instruments classified as Level 3 at June 30, 2025 and December 31, 2024.

Fair Value Level 3 Rollforward - Assets

| | Fair Value Level 3 Rollforward - Assets | | | |
|---|---|---------------------------|--------------------|---------------------------|
| | For the Six Months Ended | | For the Year Ended | |
| | June 30, 2025 | | December 31, 2024 | |
| | (dollars in thousands) | | | |
| | Non-Agency RMBS | Loans held for investment | Non-Agency RMBS | Loans held for investment |
| Beginning balance Level 3 | \$ 1,064,169 | \$ 10,858,845 | \$ 1,043,806 | \$ 11,125,052 |
| Transfers into Level 3 | — | — | — | — |
| Transfers out of Level 3 | — | — | — | — |
| Purchases of assets | 808 | (21,428) | 97,646 | 759,900 |
| Principal payments | (53,264) | (606,614) | (74,091) | (1,184,167) |
| Sales and Settlements | (12,234) | 3,599 | — | (3,441) |
| Net accretion (amortization) | 12,084 | (11,496) | 34,267 | (39,490) |
| Gains (losses) included in net income | | | | |
| (Increase) decrease in provision for credit losses | (7,796) | — | (9,869) | — |
| Realized gains (losses) on sales and settlements | (1,095) | — | — | — |
| Net unrealized gains (losses) included in income | 15,336 | 209,078 | (1,391) | 200,991 |
| Gains (losses) included in other comprehensive income | — | — | — | — |
| Total unrealized gains (losses) for the period | (7,013) | — | (26,199) | — |
| Ending balance Level 3 | \$ 1,010,995 | \$ 10,431,985 | \$ 1,064,169 | \$ 10,858,845 |

Fair Value Level 3 Rollforward - Liabilities

| | For the Six Months Ended | | For the Year Ended | |
|---|--------------------------|-----------|--------------------|-------------|
| | June 30, 2025 | | December 31, 2024 | |
| | (dollars in thousands) | | | |
| | Securitized Debt | | Securitized Debt | |
| Beginning balance Level 3 | \$ | 6,984,495 | \$ | 7,601,881 |
| Transfers into Level 3 | | — | | — |
| Transfers out of Level 3 | | — | | — |
| Transfer due to consolidation/deconsolidation | | — | | — |
| Issuance of debt | | 780,166 | | 340,096 |
| Principal payments | | (591,470) | | (1,170,579) |
| Sales and Settlements | | (316,078) | | — |
| Net (accretion) amortization | | 9,762 | | 17,039 |
| (Gains) losses included in net income | | | | |
| Other than temporary credit impairment losses | | — | | — |
| Realized (gains) losses on sales and settlements | | 2,122 | | — |
| Net unrealized (gains) losses included in income | | 101,803 | | 196,058 |
| (Gains) losses included in other comprehensive income | | — | | — |
| Total unrealized (gains) losses for the period | | — | | — |
| Ending balance Level 3 | \$ | 6,970,800 | \$ | 6,984,495 |

There were no transfers in or out from Level 3 during the quarter ended June 30, 2025 and the year ended December 31, 2024, respectively.

The significant unobservable inputs used in the fair value measurement of the Company's Non-Agency RMBS and securitized debt are the weighted average discount rates, prepayment rate, constant default rate, and the loss severity.

Discount Rate

The discount rate refers to the interest rate used in the discounted cash flow analysis to determine the present value of future cash flows. The discount rate takes into account not just the time value of money, but also the risk or uncertainty of future cash flows. An increased uncertainty of future cash flows results in a higher discount rate. The discount rate used to calculate the

present value of the expected future cash flows is based on the discount rate implicit in the security as of the last measurement date. As discount rates move up, the values of the discounted cash flows are reduced.

The discount rates applied to the expected cash flows to determine fair value are derived from a range of observable prices on securities backed by similar collateral. As the market becomes more or less liquid, the availability of these observable inputs will change.

Prepayment Rate

The prepayment rate specifies the percentage of the collateral balance that is expected to prepay at each point in the future. The prepayment rate is based on factors such as interest rates, loan-to-value ratio, debt-to-income ratio, and is scaled up or down to reflect recent collateral-specific prepayment experience as obtained from remittance reports and market data services.

Constant Default Rate

Constant default rate represents an annualized rate of default on a group of mortgages. The constant default rate, or CDR, represents the percentage of outstanding principal balances in the pool that are in default, which typically equates to the home being past 60-day and 90-day notices and in the foreclosure process. When default rates increase, expected cash flows on the underlying collateral decreases. When default rates decrease, expected cash flows on the underlying collateral increases.

Default vectors are determined from the current “pipeline” of loans that are more than 30 days delinquent, in foreclosure, bankruptcy, or are REO. These delinquent loans determine the first 30 months of the default curve. Beyond month 30, the default curve transitions to a value that is reflective of a portion of the current delinquency pipeline.

Loss Severity

Loss severity rates reflect the amount of loss expected from a foreclosure and liquidation of the underlying collateral in the mortgage loan pool. When a mortgage loan is foreclosed, the collateral is sold and the resulting proceeds are used to settle the outstanding obligation. In many circumstances, the proceeds from the sale do not fully repay the outstanding obligation. In these cases, a loss is incurred by the lender. Loss severity is used to predict how costly future losses are likely to be. An increase in loss severity results in a decrease in expected future cash flows. A decrease in loss severity results in an increase in expected future cash flows.

The curve generated to reflect the Company’s expected loss severity is based on collateral-specific experience with consideration given to other mitigating collateral characteristics. Collateral characteristics such as loan size, loan-to-value, seasoning or loan age and geographic location of collateral also effect loss severity.

Sensitivity of Significant Inputs – Non-Agency RMBS and securitized debt, collateralized by Loans held for investment

Prepayment rates vary according to interest rates, the type of financial instrument, conditions in financial markets, and other factors, none of which can be predicted with any certainty. In general, when interest rates rise, it is relatively less attractive for borrowers to refinance their mortgage loans, and as a result, prepayment speeds tend to decrease. When interest rates fall, prepayment speeds tend to increase. For RMBS investments purchased at a premium, as prepayment rates increase, the amount of income the Company earns decreases as the purchase premium on the bonds amortizes faster than expected. Conversely, decreases in prepayment rates result in increased income and can extend the period over which the Company amortizes the purchase premium. For RMBS investments purchased at a discount, as prepayment rates increase, the amount of income the Company earns increases from the acceleration of the accretion of the purchase discount into interest income. Conversely, decreases in prepayment rates result in decreased income as the accretion of the purchase discount into interest income occurs over a longer period.

For securitized debt carried at fair value issued at a premium, as prepayment rates increase, the amount of interest expense the Company recognizes decreases as the issued premium on the debt amortizes faster than expected. Conversely, decreases in prepayment rates result in increased expense and can extend the period over which the Company amortizes the premium.

For debt issued at a discount, as prepayment rates increase, the amount of interest the Company expenses increases from the acceleration of the accretion of the discount into interest expense. Conversely, decreases in prepayment rates result in decreased expense as the accretion of the discount into interest expense occurs over a longer period.

A summary of the significant inputs used to estimate the fair value of Level 3 Non-Agency RMBS held for investment at fair value as of June 30, 2025 and December 31, 2024 follows. The weighted average discount rates are based on fair value.

| June 30, 2025 Significant Inputs | | | | | | | | |
|-------------------------------------|---------------|------------------|-------------|------------------|--------|------------------|---------------|------------------|
| | Discount Rate | | Prepay Rate | | CDR | | Loss Severity | |
| | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average |
| Non-Agency RMBS | | | | | | | | |
| Senior | 5%-15% | 6.4% | 6%-18% | 6.6% | 0%-15% | 1.2% | 26%-57% | 29.4% |
| Subordinated | 0%-15% | 8.3% | 6%-28% | 8.8% | 0%-3% | 0.7% | 20%-50% | 32.3% |
| Interest-only | 9%-100% | 10.7% | 6%-20% | 6.8% | 0%-8% | 0.8% | 0%-87% | 28.0% |

| December 31, 2024 Significant Inputs | | | | | | | | |
|---|---------------|------------------|-------------|------------------|---------|------------------|---------------|------------------|
| | Discount Rate | | Prepay Rate | | CDR | | Loss Severity | |
| | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average |
| Non-Agency RMBS | | | | | | | | |
| Senior | 5% -10% | 6.6% | 6% -20% | 6.6% | 0% -13% | 1.2% | 25% -86% | 30.0% |
| Subordinated | 0% -15% | 8.5% | 6% -20% | 8.1% | 0% -3% | 0.7% | 25% -50% | 33.1% |
| Interest-only | 9% -100% | 11.8% | 6% -25% | 7.0% | 0% -7% | 0.9% | 0% -83% | 29.4% |

A summary of the significant inputs used to estimate the fair value of securitized debt at fair value, collateralized by Loans held for investment, as of June 30, 2025 and December 31, 2024 follows:

| June 30, 2025 Significant Inputs | | | | | | | | |
|---|---------------|------------------|-------------|------------------|-------|------------------|---------------|------------------|
| | Discount Rate | | Prepay Rate | | CDR | | Loss Severity | |
| | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average |
| Securitized debt at fair value, collateralized by Loans held for investment | 5%-9% | 5.8% | 6%-20% | 8.0% | 0%-4% | 0.5% | 20%-50% | 34.3% |

| December 31, 2024 Significant Inputs | | | | | | | | |
|---|---------------|------------------|-------------|------------------|-------|------------------|---------------|------------------|
| | Discount Rate | | Prepay Rate | | CDR | | Loss Severity | |
| | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average | Range | Weighted Average |
| Securitized debt at fair value, collateralized by Loans held for investment | 5%-9% | 6.0% | 6%-15% | 7.5% | 0%-5% | 0.6% | 20%-55% | 35.5% |

All of the significant inputs listed have some degree of market observability based on the Company's knowledge of the market, information available to market participants, and use of common market data sources. Collateral default and loss severity projections are in the form of "curves" that are updated quarterly to reflect the Company's collateral cash flow projections. Methods used to develop these projections conform to industry conventions. The Company uses assumptions it considers its best estimate of future cash flows for each security.

Sensitivity of Significant Inputs – Loans held for investment

The Loans held for investment are primarily comprised of loans collateralized by seasoned repurchasing residential mortgages. Additionally, it includes non-conforming, single family, owner occupied, investor owned, and jumbo prime residential mortgages. The significant unobservable factors used to estimate the fair value of the Loans held for investment collateralized by seasoned repurchasing residential mortgage loans, as of June 30, 2025 and December 31, 2024, include coupon, FICO score at origination, loan-to-value, or LTV ratios, owner occupancy status, and property type. A summary of the significant factors used to estimate the fair value of Loans held for investment collateralized primarily by seasoned repurchasing residential mortgages at fair value as of June 30, 2025 and December 31, 2024 follows:

| | June 30, 2025 | December 31, 2024 |
|------------------------------|---------------|-------------------|
| Factor: | | |
| Coupon | | |
| Base Rate | 5.7% | 6.2% |
| Actual | 5.9% | 5.9% |
| FICO | | |
| Base Rate | 640 | 640 |
| Actual | 667 | 665 |
| Loan-to-value (LTV) | | |
| Base Rate | 86% | 86% |
| Actual | 78% | 78% |
| Loan Characteristics: | | |
| Occupancy | | |
| Owner Occupied | 84% | 86% |
| Investor | 11% | 9% |
| Secondary | 5% | 5% |
| Property Type | | |
| Single family | 77% | 78% |
| Manufactured housing | 3% | 3% |
| Multi-family/mixed use/other | 20% | 19% |

The loan factors are generally not observable for the individual loans and the base rates developed by the Company's internal model are subjective and change as market conditions change. The impact of the loan coupon on the value of the loan is dependent on the loan history of delinquent payments. A loan with no history of delinquent payments would result in a higher overall value than a loan which has a history of delinquent payments. Similarly, a higher FICO score and a lower LTV ratio results in increases in the fair market value of the loan and a lower FICO score and a higher LTV ratio results in a lower value. See Note 4 for delinquency details for the Loans held for investment portfolio.

Property types also affect the overall loan values. Property types include single family, manufactured housing and multi-family/mixed use and other types of properties. Single family homes represent properties that house one to four family units. Manufactured homes include mobile homes and modular homes. Loan value for properties that are investor or secondary homes have a reduced value as compared to the baseline loan value. Additionally, single family homes will result in an increase to the loan value, whereas manufactured and multi-family/mixed use and other properties will result in a decrease to the loan value, as compared to the baseline.

Financial instruments not carried at fair value

The following table presents the carrying value and fair value, as described above, of the Company's financial instruments not carried at fair value on a recurring basis at June 30, 2025 and December 31, 2024.

| | | June 30, 2025 (dollars in thousands) | |
|---|-------------------------------|---|------------|
| | Level in Fair Value Hierarchy | Carrying Amount | Fair Value |
| Equity method investments ⁽¹⁾ | 3 | \$ 66,430 | \$ 66,430 |
| Secured financing agreements | 2 | 4,249,537 | 4,283,659 |
| Securitized debt, collateralized by Non-Agency RMBS | 3 | 68,278 | 47,928 |
| Long term debt | 2 | 135,211 | 140,784 |

(1) Included in other assets on the Consolidated Statements of Financial Condition

| December 31, 2024 (dollars in thousands) | | | |
|---|-------------------------------|-----------------|------------|
| | Level in Fair Value Hierarchy | Carrying Amount | Fair Value |
| Equity method investments ⁽¹⁾ | 3 | \$ 63,947 | \$ 63,947 |
| Secured financing agreements | 2 | 2,504,915 | 2,534,652 |
| Securitized debt, collateralized by Non-Agency RMBS | 3 | 71,247 | 49,022 |
| Long term debt | 2 | 134,646 | 140,563 |

(1) Included in other assets on the Consolidated Statements of Financial Condition

6. Secured Financing Agreements

Secured financing agreements include short term repurchase agreements with original maturity dates of less than one-year, long-term financing agreements with original maturity dates of more than one year and loan warehouse credit facilities collateralized by loans acquired by the Company.

At June 30, 2025 and December 31, 2024, the repurchase agreements are collateralized by Agency and Non-Agency mortgage-backed securities with interest rates generally indexed to the Secured Overnight Financing Rate ("SOFR"). The maturity dates on the repurchase agreements are all less than one year and generally are less than 180 days. The collateral pledged as security on the repurchase agreements may include the Company's investments in bonds issued by consolidated VIEs, which are eliminated in consolidation.

The long-term financing agreements include secured financing arrangements with an original term of one year or greater which is secured by Non-Agency RMBS pledged as collateral. These long-term secured financing agreements have a maturity date of February 2027. The collateral pledged as security on the long-term financing agreements may include the Company's investments in bonds issued by consolidated VIEs, which are eliminated in consolidation.

The warehouse credit facilities collateralized by loans are repurchase agreements intended to finance loans until they can be sold into a longer-term securitization structure. The maturity dates on the warehouse credit facilities range from three months to one year with interest rates indexed to SOFR.

The secured financing agreements generally require the Company to post collateral at a specific rate in excess of the unpaid principal balance of the agreement. For certain secured financing agreements, this may require the Company to post additional margin if the fair value of the assets were to drop. To mitigate this risk, the Company has negotiated several long-term financing agreements which are not subject to additional margin requirements upon a drop in the fair value of the collateral pledged or until the drop is greater than a threshold. At June 30, 2025 and December 31, 2024, the Company has \$924 million and \$853 million, respectively, of secured financing agreements that are not subject to additional margin requirements upon a change in the fair value of the collateral pledged. At June 30, 2025 and December 31, 2024, the Company has \$498 million and \$512 million, respectively, of secured financing agreements that are not subject to additional margin requirements until the drop in the fair value of collateral is greater than a threshold. Repurchase agreements may allow the credit counterparty to avoid the automatic stay provisions of the Bankruptcy Code, in the event of a bankruptcy of the Company, and take possession of, and liquidate, the collateral under such repurchase agreements without delay.

At June 30, 2025 and December 31, 2024, the Company pledged \$1 million and \$17 million, respectively, of margin cash collateral to the Company's secured financing agreement counterparties. At June 30, 2025, the weighted average haircut on the Company's secured financing agreements collateralized by Agency RMBS was 4.5%, Agency CMBS was 5.4% and Non-Agency RMBS and Loans held for investment was 25.7%. At December 31, 2024, the weighted average haircut on the Company's secured financing agreements collateralized by Agency RMBS was 5.1%, Agency CMBS was 5.5% and Non-Agency RMBS and Loans held for investment was 26.0%.

Certain of the long-term financing agreements and warehouse credit facilities are subject to certain covenants. These covenants include that the Company maintain its REIT status as well as maintain a net asset value or GAAP equity greater than a certain level. If the Company fails to comply with these covenants at any time, the financing may become immediately due in full. Additionally, certain financing agreements become immediately due if the total stockholders' equity of the Company drops by 50% from the most recent year end. Currently, the Company is in compliance with all covenants and does not expect to fail to comply with any of these covenants within the next twelve months. The Company has a total of \$1.9 billion unused uncommitted warehouse credit facilities as of June 30, 2025.

At June 30, 2025, the Company had amounts at risk with Nomura Securities International, Inc., or Nomura, of 19% of its equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 330 days. The amount at risk with Nomura was \$489 million. At December 31, 2024, the Company had amounts at risk with Nomura Securities International, Inc., or Nomura, of 20% of its equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 108 days. The amount at risk with Nomura was \$512 million.

The secured financing agreements principal outstanding, weighted average borrowing rates, weighted average remaining maturities, average balances and the fair value of the collateral pledged as of June 30, 2025 and December 31, 2024 were:

| | June 30, 2025 | December 31, 2024 |
|---|---------------|-------------------|
| Secured financing agreements outstanding principal secured by: | | |
| Agency RMBS (in thousands) | \$ 2,110,460 | \$ 402,644 |
| Agency CMBS (in thousands) | 30,500 | 29,123 |
| Non-Agency RMBS and Loans held for investment (in thousands) ⁽¹⁾ | 2,430,433 | 2,410,393 |
| Total: | \$ 4,571,393 | \$ 2,842,160 |
| MBS pledged as collateral at fair value on Secured financing agreements: | | |
| Agency RMBS (in thousands) | \$ 2,231,258 | \$ 423,768 |
| Agency CMBS (in thousands) | 30,814 | 29,146 |
| Non-Agency RMBS and Loans held for investment (in thousands) | 3,594,590 | 3,633,183 |
| Total: | \$ 5,856,662 | \$ 4,086,097 |
| Average balance of Secured financing agreements secured by: | | |
| Agency RMBS (in thousands) | \$ 925,925 | \$ 540,735 |
| Agency CMBS (in thousands) | 30,234 | 35,555 |
| Non-Agency RMBS and Loans held for investment (in thousands) | 2,476,815 | 2,370,931 |
| Total: | \$ 3,432,974 | \$ 2,947,221 |
| Average borrowing rate of Secured financing agreements secured by: | | |
| Agency RMBS | 4.49 % | 4.83 % |
| Agency CMBS | 4.48 % | 4.77 % |
| Non-Agency RMBS and Loans held for investment | 6.58 % | 6.78 % |
| Average remaining maturity of Secured financing agreements secured by: | | |
| Agency RMBS | 15 Days | 16 Days |
| Agency CMBS | 8 Days | 8 Days |
| Non-Agency RMBS and Loans held for investment | 317 Days | 237 Days |
| Average original maturity of Secured financing agreements secured by: | | |
| Agency RMBS | 32 Days | 43 Days |
| Agency CMBS | 32 Days | 33 Days |
| Non-Agency RMBS and Loans held for investment | 344 Days | 267 Days |

(1) The values for secured financing agreements in the table above is net of \$ 1 million of deferred financing costs as of June 30, 2025.

At June 30, 2025 and December 31, 2024, the secured financing agreements collateralized by MBS and Loans held for investment had the following remaining maturities and borrowing rates.

June 30, 2025

December 31, 2024

(dollars in thousands)

| | Principal ⁽¹⁾ | Weighted Average Borrowing Rates | Range of Borrowing Rates | Principal | Weighted Average Borrowing Rates | Range of Borrowing Rates |
|--------------------|--------------------------|-------------------------------------|--------------------------|--------------|-------------------------------------|--------------------------|
| Overnight | \$ — | N/A | N/A | \$ — | N/A | N/A |
| 1 to 29 days | 2,334,912 | 4.68% | 4.47% - 7.18% | 642,358 | 5.61% | 4.66% - 7.52% |
| 30 to 59 days | 376,179 | 6.21% | 5.08% - 6.83% | 959,559 | 7.79% | 5.34% - 12.50% |
| 60 to 89 days | 296,139 | 5.35% | 4.72% - 6.54% | 318,750 | 5.58% | 4.87% - 7.02% |
| 90 to 119 days | 286,563 | 7.26% | 5.50% - 7.47% | 51,416 | 6.38% | 5.51% - 6.77% |
| 120 to 180 days | 133,902 | 5.86% | 5.07% - 6.51% | 123,072 | 6.15% | 5.82% - 6.77% |
| 180 days to 1 year | 220,180 | 5.96% | 5.62% - 6.57% | 409,760 | 6.79% | 5.80% - 7.49% |
| 1 to 2 years | 601,662 | 8.28% | 7.75% - 8.57% | — | N/A | N/A |
| 2 to 3 years | 321,856 | 5.00% | 5.00% - 6.14% | 337,245 | 5.02% | 5.02% - 5.02% |
| Total | \$ 4,571,393 | 5.60% | | \$ 2,842,160 | 6.48% | |

(1) The values for secured financing agreements in the table above is net of \$ 1 million of deferred financing costs as of June 30, 2025.

Secured Financing Agreements at fair value

The Company has a secured financing agreement for which the Company has elected fair value option. The Company believes electing fair value for this financial instrument better reflects the transactional economics. The total principal balance outstanding on this secured financing at June 30, 2025 and December 31, 2024 was \$322 million and \$337 million, respectively. The fair value of collateral pledged was \$374 million and \$383 million as of June 30, 2025 and December 31, 2024, respectively. The Company carries this secured financing instrument at fair value of \$314 million and \$319 million as of June 30, 2025 and December 31, 2024, respectively. At June 30, 2025 and December 31, 2024, the weighted average borrowing rate on secured financing agreements at fair value was 5.0%. At June 30, 2025 and December 31, 2024, the haircut for the secured financing agreements at fair value was 7.5%. At June 30, 2025, the maturity on the secured financing agreements at fair value was two years.

7. Securitized Debt

All of the Company's securitized debt is collateralized by residential mortgage loans or Non-Agency RMBS. For financial reporting purposes, the Company's securitized debt is accounted for as secured borrowings. Thus, the residential mortgage loans or RMBS held as collateral are recorded in the assets of the Company as Loans held for investment or Non-Agency RMBS and the securitized debt is recorded as a non-recourse liability in the accompanying Consolidated Statements of Financial Condition.

Securitized Debt Collateralized by Non-Agency RMBS

At June 30, 2025 and December 31, 2024, the Company's securitized debt collateralized by Non-Agency RMBS was carried at amortized cost and had a principal balance of \$10 million. At June 30, 2025 and December 31, 2024, the debt carried a weighted average coupon of 6.7%. As of June 30, 2025, the maturities of the debt range between the years 2036 and 2037. None of the Company's securitized debt collateralized by Non-Agency RMBS is callable.

The Company did not acquire any securitized debt collateralized by Non-Agency RMBS during the quarters and the six months ended June 30, 2025 and 2024.

The following table presents the estimated principal repayment schedule of the securitized debt collateralized by Non-Agency RMBS at June 30, 2025 and December 31, 2024, based on expected cash flows of the residential mortgage loans or RMBS, as adjusted for projected losses on the underlying collateral of the debt. All of the securitized debt recorded in the Company's Consolidated Statements of Financial Condition is non-recourse to the Company.

| | June 30, 2025 | December 31, 2024 |
|-------------------------|------------------------|-------------------|
| | (dollars in thousands) | |
| Within One Year | \$ — | \$ — |
| One to Three Years | — | 13 |
| Three to Five Years | — | — |
| Greater Than Five Years | 2 | 13 |
| Total | \$ 2 | \$ 26 |

Maturities of the Company's securitized debt collateralized by Non-Agency RMBS are dependent upon cash flows received from the underlying collateral. The estimate of their repayment is based on scheduled principal payments on the underlying collateral. This estimate will differ from actual amounts to the extent prepayments or losses are experienced. See Note 3 for a more detailed discussion of the securities collateralizing the securitized debt.

Securitized Debt Collateralized by Loans Held for Investment

At June 30, 2025 and December 31, 2024, the Company's securitized debt collateralized by Loans held for investment had a principal balance of \$7.5 billion and \$7.6 billion, respectively. At June 30, 2025 and December 31, 2024, the total securitized debt collateralized by Loans held for investment carried a weighted average coupon of 3.6% and 3.5%, respectively. As of June 30, 2025, the maturities of the debt range between the years 2038 and 2099.

During the six months ended June 30, 2025, the Company acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of \$14 million for \$312 million. This transaction resulted in net gain on extinguishment of debt of \$2 million. The Company did not acquire any securitized debt collateralized by loans held for investment during the six months ended June 30, 2024.

The following table presents the estimated principal repayment schedule of the securitized debt collateralized by Loans held for investment at June 30, 2025 and December 31, 2024, based on expected cash flows of the residential mortgage loans or RMBS, as adjusted for projected losses on the underlying collateral of the debt. All of the securitized debt recorded in the Company's Consolidated Statements of Financial Condition is non-recourse to the Company.

| | June 30, 2025 | December 31, 2024 |
|-------------------------|------------------------|-------------------|
| | (dollars in thousands) | |
| Within One Year | \$ 1,272,191 | \$ 1,288,028 |
| One to Three Years | 2,095,590 | 2,091,147 |
| Three to Five Years | 1,934,672 | 1,937,868 |
| Greater Than Five Years | 2,157,496 | 2,253,020 |
| Total | \$ 7,459,949 | \$ 7,570,063 |

Maturities of the Company's securitized debt collateralized by Loans held for investment are dependent upon cash flows received from the underlying loans. The estimate of their repayment is based on scheduled principal payments on the underlying loans. This estimate will differ from actual amounts to the extent prepayments or loan losses are experienced. See Note 4 for a more detailed discussion of the loans collateralizing the securitized debt.

Certain of the securitized debt collateralized by Loans held for investment contain call provisions at the option of the Company at a specific date. Other securitized debt issued by the Company contain clean-up call provisions. A clean-up call provision is a right to call the outstanding debt at pre-defined terms when the collateral falls below a certain percentage of the original balance, typically 10%. Generally, these clean-up call rights are shared with other parties to the debt, including the loan servicers and the paying agents. Clean-up calls are generally put in place to reduce the administrative burdens when a loan pool balance becomes de minimis hence uneconomical to manage. The following table presents the par value of the callable debt by year as of June 30, 2025, excluding any debt issued by the Company where the Company only has a clean-up call.

| June 30, 2025 | | |
|------------------------|----|-----------|
| (dollars in thousands) | | |
| Year | | Principal |
| Currently callable | \$ | 4,447,948 |
| 2026 | | 636,289 |
| 2027 | | 1,077,223 |
| 2028 | | 789,248 |
| Total | \$ | 6,950,708 |

8. Long Term Debt

Senior Notes

On May 22, 2024, the Company completed its registered underwritten public offering of \$5 million aggregate principal amount of 9.00% senior notes due 2029 (the “9.00% Notes”). The 9.00% Notes were issued at 100% of the principal amount, bear interest at a rate equal to 9.00% per year, payable in cash on a quarterly basis, and are expected to mature on May 15, 2029. After deducting the underwriting discount and other debt issuance costs, the Company received approximately \$62 million.

On August 12, 2024, the Company completed its registered underwritten public offering of \$5 million aggregate principal amount of 9.25% senior notes due 2029 (the “9.25% Notes”). The 9.25% Notes were issued at 100% of the principal amount, bear interest at a rate equal to 9.25% per year, payable in cash on a quarterly basis, and are expected to mature on August 15, 2029. Pursuant to the underwriting agreement, the Company also granted the underwriters a 30-day option to purchase up to an additional \$0 million aggregate principal amount of the 9.25% Notes to cover over-allotments, which was fully exercised by the underwriters. The Company issued \$75 million of total principal amount under this offering and after deducting the underwriting discount and other debt issuance costs, the Company received approximately \$72 million.

At June 30, 2025, the outstanding principal amount of these notes was \$140 million and the accrued interest payable on this debt was \$2 million. At June 30, 2025, the unamortized deferred debt issuance cost was \$5 million. The net interest expense was \$3 million and \$7 million for the quarter and six months ended June 30, 2025, respectively. The unamortized deferred debt issuance costs will be amortized until maturity, which will be no later than May 15, 2029 and August 2029 for 9.00% Notes and 9.25% Notes, respectively.

9. Consolidated Securitization Vehicles and Other Variable Interest Entities

Since its inception, the Company has utilized VIEs for the purpose of securitizing whole mortgage loans or re-securitizing RMBS and obtaining long-term, non-recourse financing. The Company evaluated its interest in each VIE to determine if it is the primary beneficiary.

During the six months ended June 30, 2025, the Company consolidated approximately \$934 million unpaid principal balance of seasoned repurchasing residential mortgage loans. As of June 30, 2024, the Company did not securitize any residential mortgage loans.

VIEs for Which the Company is the Primary Beneficiary

The retained beneficial interests in VIEs for which the Company is the primary beneficiary are typically the subordinated tranches of these securitizations and in some cases the Company may hold interests in additional tranches. The table below reflects the assets and liabilities recorded in the Consolidated Statements of Financial Condition related to the consolidated VIEs as of June 30, 2025 and December 31, 2024.

| | June 30, 2025 | December 31, 2024 |
|---|------------------------|---------------------|
| | (dollars in thousands) | |
| Assets: | | |
| Non-Agency RMBS, at fair value ⁽¹⁾ | \$ 219,971 | \$ 229,343 |
| Loans held for investment, at fair value | 9,587,787 | 9,671,731 |
| Accrued interest receivable | 51,338 | 50,305 |
| Other assets | 18,057 | 18,715 |
| Total Assets: | \$ 9,877,153 | \$ 9,970,094 |
| Liabilities: | | |
| Securitized debt, collateralized by Non-Agency RMBS | \$ 68,278 | \$ 71,247 |
| Securitized debt at fair value, collateralized by Loans held for investment | 7,264,425 | 6,671,471 |
| Accrued interest payable | 23,883 | 21,803 |
| Other liabilities | 1,553 | 1,984 |
| Total Liabilities: | \$ 7,358,139 | \$ 6,766,505 |

(1) June 30, 2025 and December 31, 2024 balances includes allowance for credit losses of \$ 13 million and \$10 million, respectively.

Income and expense amounts related to consolidated VIEs recorded in the Consolidated Statements of Operations is presented in the tables below.

| | For the Quarters Ended | |
|---|---------------------------------|-------------------|
| | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | |
| Interest income, Assets of consolidated VIEs | \$ 141,818 | \$ 144,027 |
| Interest expense, Non-recourse liabilities of VIEs | 73,038 | 69,692 |
| Net interest income | \$ 68,780 | \$ 74,335 |
| Increase (decrease) in provision for credit losses | \$ 1,903 | \$ 1,784 |
| Servicing fees | \$ 5,957 | \$ 6,567 |
| | | |
| | For the Six Months Ended | |
| | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | |
| Interest income, Assets of consolidated VIEs | \$ 286,220 | \$ 290,943 |
| Interest expense, Non-recourse liabilities of VIEs | 142,690 | 142,815 |
| Net interest income | \$ 143,530 | \$ 148,128 |
| Increase (decrease) in provision for credit losses | \$ 3,050 | \$ 2,734 |
| Servicing fees | \$ 12,127 | \$ 12,827 |

VIEs for Which the Company is Not the Primary Beneficiary

The Company is not required to consolidate VIEs in which it has concluded it does not have a controlling financial interest, and thus is not the primary beneficiary. In such cases, the Company does not have both the power to direct the entities' most significant activities, such as rights to replace the servicer without cause, and the obligation to absorb losses or right to receive benefits that could potentially be significant to the VIEs. The Company's investments in these unconsolidated VIEs are carried in Non-Agency RMBS on the Consolidated Statements of Financial Condition and include senior and subordinated bonds issued by the VIEs.

The fair value of the Company's investments in each unconsolidated VIEs at June 30, 2025, ranged from less than \$ million to \$21 million with an aggregate amount of \$791 million. The fair value of the Company's investments in each unconsolidated VIEs at December 31, 2024, ranged from less than \$1 million to \$21 million, with an aggregate amount of \$835 million. The Company's maximum exposure to loss from these unconsolidated VIEs was \$775 million and \$830 million and at June 30, 2025 and December 31, 2024, respectively. The maximum exposure to loss was determined as the amortized cost of the unconsolidated VIE, which represents the purchase price of the investment adjusted by any unamortized premiums or discounts as of the reporting date.

10. Derivative Instruments

In connection with the Company's interest rate risk strategy, the Company may economically hedge a portion of its interest rate risk by entering into derivative financial instrument contracts in the form of interest rate swaps, swaptions, U.S. Treasury futures, Swap futures and Interest rate caps. Swaps are used to lock in a fixed rate related to a portion of the Company's current and anticipated payments on secured financing agreements. The Company typically agrees to pay a fixed rate of interest, or pay rate, in exchange for the right to receive a floating rate of interest, or receive rate, over a specified period of time. Interest rate swaptions provide the option to enter into an interest rate swap agreement for a predetermined notional amount, stated term and pay and receive interest rates in the future. The Company's swaptions are not centrally cleared. U.S. Treasury futures are derivatives that track the prices of generic benchmark U.S. Treasury securities with identical maturity and are traded on an active exchange. It is generally the Company's policy to close out any U.S. Treasury futures positions prior to delivering the underlying security. U.S. Treasury futures lock in a fixed rate related to a portion of its current and anticipated payments on its secured financing agreements. Swap futures are exchange-traded contracts that mirror the economics of an interest rate swap, where one party pays a fixed rate and the other pays a floating rate based on the SOFR. Swap futures are marked-to-market daily, with prices published by the CME Group. Interest rate caps are used to protect against undesirable movement in a floating interest rate related to a portion of the Company's current and anticipated payments on secured financing arrangements. Interest rate caps act as a hedge against rising floating interest rates, with the Company purchasing Interest rate caps for a set term and defined strike rate relative to a market reference rate such as SOFR.

The Company's derivatives are recorded as either assets or liabilities on the Consolidated Statements of Financial Condition and measured at fair value. These derivative financial instrument contracts are not designated as hedges for GAAP; therefore, all changes in fair value are recognized in earnings. The Company elects to net the fair value of its derivative contracts by counterparty when appropriate. These contracts contain legally enforceable provisions that allow for netting or setting off of all individual derivative receivables and payables with each counterparty and therefore, the fair values of those derivative contracts are reported net the counterparty.

The use of derivatives creates exposure to credit risk relating to potential losses that could be recognized if the counterparties to these instruments fail to perform their obligations under the contracts. In the event of a default by the counterparty, the Company could have difficulty obtaining its RMBS or cash pledged as collateral for these derivative instruments. The Company periodically monitors the credit profiles of its counterparties to determine if it is exposed to counterparty credit risk. See Note 15 for further discussion of counterparty credit risk.

The weighted average pay rate on the Company's interest rate swaps at June 30, 2025 was 3.61% and the weighted average receive rate was 4.14%. At June 30, 2025, the weighted average maturity on the Company's interest rate swaps was less than 6 years. The weighted average pay rate on the Company's interest rate swaps at December 31, 2024 was 3.56% and the weighted average receive rate was 4.49%. At December 31, 2024, the weighted average maturity on the Company's interest rate swaps was less than one year.

The Company had net realized losses of \$3 million related to swap terminations during the quarter ended June 30, 2025. The Company had realized losses of \$9 million related to the maturity of three swaps during the quarter and six months ended June 30, 2025. The Company had a realized loss of \$7 million related to the maturity of one swap during the quarter and six months ended June 30, 2024.

During the quarter ended June 30, 2025, the Company had net realized losses of \$6 million related to the sale of 29 swaption contracts. During the six months ended June 30, 2025, the Company exercised a swaption contract with \$500 million notional and entered into a less than one-year swap with \$500 million notional with a 3.45% fixed pay rate.

During the quarter ended June 30, 2024, the Company exercised one swaption contract with a \$500 million notional, and entered into a one-year swap with \$500 million notional and a weighted average fixed pay rate of 3.76%. During the six months ended June 30, 2024, the Company exercised three swaption contracts, each with \$500 million notional, and entered into three one-year swaps, each with \$500 million notional and a weighted average fixed pay rate of 3.56%.

During the quarter and six months ended June 30, 2025, the Company covered its open short position of 1,000 two-year U.S. Treasury Futures contracts for a net realized gain of \$82 thousand. During the quarter and six months ended June 30, 2024, the

Company entered into 1,391 short 5-year and 1,684 short 5-year U.S. Treasury futures contract with a notional of \$139 million and \$168 million, respectively.

During the quarter ended June 30, 2025, the Company had a realized loss of \$390 thousand on the sale of 400 10-year SOFR, Swap future contracts, 400 two-year SOFR swap future contracts and 250 five-year SOFR swap future contracts. During the quarter and six months ended June 30, 2025, the Company is short 500 two-year SOFR Swap future contracts. The net par equivalent pay fixed on the Company's Swap futures at June 30, 2025 was 4.05% and the weighted average receive rate was 4.45%. At June 30, 2024, the Company held no Swap future contracts.

During the six months ended June 30, 2025, the Company entered into an Interest rate cap. The Company paid \$7 million for a two year Interest rate cap with a strike rate of 3.95% on SOFR as the market reference rate. At June 30, 2024, the Company held no Interest rate caps.

The Company also maintains collateral in the form of cash margin from its counterparties to its derivative contracts. In accordance with the Company's netting policy, the Company presents the fair value of its derivative contracts net of cash margin received. See Note 15 for additional details on derivative netting.

The table below summarizes the location and fair value of the derivatives reported in the Consolidated Statements of Financial Condition after counterparty netting and posting of cash collateral as of June 30, 2025 and December 31, 2024.

| | | June 30, 2025 | | | |
|------------------------|-----------------------------|--|--------|--|----------|
| Derivative Instruments | Notional Amount Outstanding | Derivative Assets | | Derivative Liabilities | |
| | | Location on Consolidated Statements of Financial Condition | | Location on Consolidated Statements of Financial Condition | |
| | | Net Estimated Fair Value/Carrying Value | | Net Estimated Fair Value/Carrying Value | |
| (dollars in thousands) | | | | | |
| Interest Rate Swaps | \$ 2,534,000 | Derivatives, at fair value | \$ — | Derivatives, at fair value | \$ — |
| Swap futures | 50,000 | Derivatives, at fair value | — | Derivatives, at fair value | (301) |
| Swaptions | — | Derivatives, at fair value | — | Derivatives, at fair value | — |
| U.S. Treasury futures | — | Derivatives, at fair value | — | Derivatives, at fair value | — |
| Interest Rate Cap | \$ 1,000,000 | Derivatives, at fair value | — | Derivatives, at fair value | — |
| Total | \$ 3,584,000 | | \$ — | | \$ (301) |
| | | | | | |
| | | December 31, 2024 | | | |
| Derivative Instruments | Notional Amount Outstanding | Derivative Assets | | Derivative Liabilities | |
| | | Location on Consolidated Statements of Financial Condition | | Location on Consolidated Statements of Financial Condition | |
| | | Net Estimated Fair Value/Carrying Value | | Net Estimated Fair Value/Carrying Value | |
| (dollars in thousands) | | | | | |
| Interest Rate Swaps | \$ 1,500,000 | Derivatives, at fair value, net | \$ — | Derivatives, at fair value, net | \$ — |
| Swaptions | 500,000 | Derivatives, at fair value, net | — | Derivatives, at fair value, net | — |
| U.S. Treasury futures | 200,000 | Derivatives, at fair value, net | 117 | Derivatives, at fair value, net | — |
| Total | \$ 2,200,000 | | \$ 117 | | \$ — |

The effect of the Company's derivatives on the Consolidated Statements of Operations for the quarter and six months ended June 30, 2025 and 2024 is presented below.

| | | Net gains (losses) on derivatives For the Quarter Ended | |
|------------------------|---|--|---------------|
| | | June 30, 2025 | June 30, 2024 |
| Derivative Instruments | Location on Consolidated Statements of Operations and Comprehensive Income | (dollars in thousands) | |
| Interest Rate Swaps | Net unrealized gains (losses) on interest rate swaps | \$ (26) | \$ 15,801 |
| Interest Rate Swaps | Net realized gains (losses) on interest rate swaps | (11,941) | (17,317) |
| Interest Rate Swaps | Periodic interest on derivatives, net | 3,756 | 6,971 |
| Swap futures | Net unrealized gains (losses) on derivatives | (400) | — |
| Swap futures | Net realized gains (losses) on derivatives | (390) | — |
| Swap futures | Periodic interest on derivatives, net | 293 | — |
| Treasury futures | Net unrealized gains (losses) on derivatives | — | (2,605) |
| Treasury futures | Net realized gains (losses) on derivatives | — | — |
| Swaptions | Net unrealized gains (losses) on derivatives | — | (1,241) |
| Swaptions | Net realized gains (losses) on derivatives | (5,623) | — |
| Interest Rate Cap | Net unrealized gains (losses) on derivatives | (2,128) | — |
| Interest Rate Cap | Net realized gains (losses) on derivatives | — | — |
| Interest Rate Cap | Periodic interest on derivatives, net | 1,018 | — |
| Total | | \$ (15,441) | \$ 1,609 |

| Derivative Instruments | | Location on Consolidated Statements of Operations and Comprehensive Income | Net gains (losses) on derivatives for the Six Months Ended | |
|------------------------|--|--|--|---------------|
| | | | June 30, 2025 | June 30, 2024 |
| (dollars in thousands) | | | | |
| Interest Rate Swaps | Net unrealized gains (losses) on interest rate swaps | \$ | (3,896) | \$ 19,480 |
| Interest Rate Swaps | Net realized gains (losses) on interest rate swaps | | (11,941) | (17,317) |
| Interest Rate Swaps | Periodic interest on derivatives, net | | 7,844 | 12,448 |
| Swap futures | Net unrealized gains (losses) on derivatives | | (641) | — |
| Swap futures | Net realized gains (losses) on derivatives | | (390) | — |
| Swap futures | Periodic interest on derivatives, net | | 340 | — |
| Treasury futures | Net unrealized gains (losses) on derivatives | | (117) | (2,605) |
| Treasury futures | Net realized gains (losses) on derivatives | | 82 | — |
| Swaptions | Net unrealized gains (losses) on derivatives | | — | 269 |
| Swaptions | Net realized gains (losses) on derivatives | | (5,623) | — |
| Interest Rate Cap | Net unrealized gains (losses) on derivatives | | (4,370) | — |
| Interest Rate Cap | Net realized gains (losses) on derivatives | | — | — |
| Interest Rate Cap | Periodic interest on derivatives, net | | 1,018 | — |
| Total | | \$ | (17,694) | \$ 12,275 |

When the Company enters into derivative contracts, they are typically subject to International Swaps and Derivatives Association Master Agreements or other similar agreements which may contain provisions that grant counterparties certain rights with respect to the applicable agreement upon the occurrence of certain events such as (i) a decline in stockholders' equity in excess of specified thresholds or dollar amounts over set periods of time, (ii) the Company's failure to maintain its REIT status, (iii) the Company's failure to comply with limits on the amount of leverage, and (iv) the Company's stock being delisted from the NYSE. Upon the occurrence of any one of items (i) through (iv), or another default under the agreement, the counterparty to the applicable agreement has a right to terminate the agreement in accordance with its provisions. If the Company breaches any of these provisions, it will be required to settle its obligations under the agreements at their termination values, which approximates fair value.

11. Capital Stock

Preferred Stock

The Company declared dividends to Series A preferred stockholders of \$3 million and \$6 million, or \$0.50 and \$1.00 per preferred share, during the quarters and six months ended June 30, 2025. The Company declared dividends to Series A preferred stockholders of \$3 million and \$6 million, or \$0.50 and \$1.00 per preferred share, during the quarter and six months ended June 30, 2024, respectively.

The Company declared dividends to Series B preferred stockholders of \$8 million and \$17 million, or \$0.65 and \$1.30 per preferred share, during the quarter and six months ended June 30, 2025. The Company declared dividends to Series B preferred stockholders of \$9 million and \$16 million or \$0.71 and \$1.21 per preferred share, during the quarter and six months ended June 30, 2024.

The Company declared dividends to Series C preferred stockholders of \$5 million and \$10 million, or \$0.48 and \$0.97 per preferred share, during the quarters and six months ended June 30, 2025. The Company declared dividends to Series C preferred stockholders of \$5 million and \$10 million, or \$0.48 and \$0.97 per preferred share, during the quarter and six months ended June 30, 2024.

The Company declared dividends to Series D preferred stockholders of \$5 million and \$10 million, \$0.63 or \$1.26 per preferred share, during the quarter and six months ended June 30, 2025. The Company declared dividends to Series D preferred stockholders of \$6 million and \$10 million, or \$0.70 and \$1.20 per preferred share, during the quarter and six months ended June 30, 2024, respectively.

On October 30, 2021, all 5,800,000 issued and outstanding shares of Series A Preferred Stock with an outstanding liquidation preference of \$45 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On March 30, 2024, all 13,000,000 issued and outstanding shares of Series B Preferred Stock with an outstanding liquidation preference of \$25 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On March 30, 2024, all 8,000,000 issued and outstanding shares of Series D Preferred Stock with an outstanding liquidation preference of \$200 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On September 30, 2025, all 10,400,000 issued and outstanding shares of Series C Preferred Stock with an outstanding liquidation preference of \$260 million will become callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

After June 30, 2023, all LIBOR tenors relevant to the Company ceased to be published or became no longer representative. The Company believes that the federal Adjustable Interest Rate (LIBOR) Act (the "Act") and the related regulations promulgated thereunder are applicable to each of its Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock. In light of the applicability of the Act to the aforementioned preferred stock, the Company believes, given all of the information available to the Company to date, that three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26161% per annum have automatically replaced, or will automatically replace, three-month LIBOR as the reference rate for calculations of the dividend rate payable on the relevant preferred stock for dividend periods from and after (i) March 30, 2024, in the case of the Series B Preferred Stock, (ii) September 30, 2025, in the case of the Series C Preferred Stock, and (iii) March 30, 2024, in the case of the Series D Preferred Stock.

Common Stock

In January 2024, the Company's Board of Directors updated the authorization of the Company's share repurchase program (the "Share Repurchase Program") to include the Company's preferred stock and increased the authorization by \$33 million back up to \$250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of the Company's common stock and preferred stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The timing, manner, price and amount of any repurchases will be determined at the Company's discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, the Company intends to only consider repurchasing shares of its common stock when the purchase price is less than the last publicly reported book value per common share. In addition, the Company does not intend to repurchase any shares from directors, officers or other affiliates. The

program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

The Company did not repurchase any of its common stock during the quarters ended June 30, 2025 and 2024. The approximate dollar value of shares that may yet be purchased under the Share Repurchase Program is \$250 million as of June 30, 2025.

In 2022, the Company entered into separate Distribution Agency Agreements (the “Existing Sales Agreements”) with each of Credit Suisse Securities (USA) LLC, JMP Securities LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC. In February 2023, the Company amended the Existing Sales Agreements and entered into separate Distribution Agency Agreements (together with the Existing Sales Agreements, as amended, the “Sales Agreements”) with J.P. Morgan Securities LLC and UBS Securities LLC (replacing Credit Suisse Securities LLC) to include J.P. Morgan Securities LLC and UBS Securities LLC as additional sales agents. Pursuant to the terms of the Sales Agreements, the Company may offer and sell shares of our common stock, having an aggregate offering price of up to \$500 million, from time to time in “at the market” offerings through any of the sales agents under the Securities Act of 1933. The Company did not issue any shares under the at-the-market sales program during the quarters ended June 30, 2025 and 2024. The approximate dollar value of shares that may yet be issued under our at-the-market sales program is \$426 million as of June 30, 2025.

During the quarter and six months ended June 30, 2025, the Company declared dividends to common shareholders of \$1 million or \$0.37 per share and \$61 million or \$0.74 per share, respectively. During the quarter and six months ended June 30, 2024, the Company declared dividends to common shareholders of \$29 million and \$56 million, or \$0.35 and \$0.68 per share, respectively.

Earnings per Share (EPS)

EPS for the quarters ended June 30, 2025 and 2024 are computed as follows:

| | For the Quarters Ended | |
|---|--|----------------------|
| | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands, except share and per share data) | |
| Numerator: | | |
| Net income (loss) available to common shareholders - Basic | \$ 14,024 | \$ 33,913 |
| Effect of dilutive securities: | — | — |
| Net income (loss) available to common shareholders - Diluted | \$ 14,024 | \$ 33,913 |
| Denominator: | | |
| Weighted average basic shares | 81,408,087 | 81,334,509 |
| Effect of dilutive securities | 1,192,021 | 947,381 |
| Weighted average dilutive shares | 82,600,108 | 82,281,890 |
| Net income (loss) per average share attributable to common stockholders - Basic | \$ 0.17 | \$ 0.42 |
| Net income (loss) per average share attributable to common stockholders - Diluted | \$ 0.17 | \$ 0.41 |

| | For the Six Months Ended | |
|---|---|---------------|
| | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands, except share and per share data) | |
| Numerator: | | |
| Net income (loss) available to common shareholders - Basic | \$ 159,964 | \$ 144,930 |
| Effect of dilutive securities: | — | — |
| Net income (loss) available to common shareholders - Diluted | \$ 159,964 | \$ 144,930 |
| Denominator: | | |
| Weighted average basic shares | 81,386,680 | 81,326,944 |
| Effect of dilutive securities | 1,178,028 | 975,048 |
| Weighted average dilutive shares | 82,564,708 | 82,301,992 |
| Net income (loss) per average share attributable to common stockholders - Basic | \$ 1.97 | \$ 1.78 |
| Net income (loss) per average share attributable to common stockholders - Diluted | \$ 1.94 | \$ 1.76 |

There were no anti-dilutive shares as of quarter and six months ended June 30, 2025 and 2024.

12. Accumulated Other Comprehensive Income

The following table presents the changes in the components of Accumulated Other Comprehensive Income, or the AOCI, for the six months ended June 30, 2025 and 2024:

| | June 30, 2025 | |
|---------------------------------|---|-------------------------------|
| | (dollars in thousands) | |
| | Unrealized gains (losses) on available-for-sale securities, net | Total Accumulated OCI Balance |
| Balance as of December 31, 2024 | \$ 159,449 | \$ 159,449 |
| OCI before reclassifications | (7,014) | (7,014) |
| Amounts reclassified from AOCI | — | — |
| Net current period OCI | (7,014) | (7,014) |
| Balance as of June 30, 2025 | \$ 152,435 | \$ 152,435 |
| | June 30, 2024 | |
| | (dollars in thousands) | |
| | Unrealized gains (losses) on available-for-sale securities, net | Total Accumulated OCI Balance |
| Balance as of December 31, 2023 | \$ 185,668 | \$ 185,668 |
| OCI before reclassifications | (11,566) | (11,566) |
| Amounts reclassified from AOCI | — | — |
| Net current period OCI | (11,566) | (11,566) |
| Balance as of June 30, 2024 | \$ 174,102 | \$ 174,102 |

There were no amounts reclassified from AOCI during the six months ended June 30, 2025 and 2024.

13. Equity Compensation, Employment Agreements and other Benefit Plans

On June 14, 2023, the Board of Directors recommended and shareholders approved the Chimera Investment Corporation 2023 Equity Incentive Plan (the “Plan”). It authorized the issuance of up to 6,666,667 shares of our common stock for the grant of awards under the Plan. The Plan replaced our 2007 Equity Incentive Plan, as amended and restated effective December 10, 2015 (the “Prior Plan”), and no new awards will be granted under the Prior Plan. Any awards outstanding under the Prior Plan will remain subject to and be paid under the Prior Plan. Any shares subject to outstanding awards under the Prior Plan that expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the Plan. Also, shares withheld for tax withholding requirements after stockholder approval of the Plan for

full value awards originally granted under the Prior Plan (such as the RSUs and PSUs awarded to our named executive officers) will automatically become available for issuance under the Plan.

As of June 30, 2025, approximately 4 million shares were available for future grants under the Plan.

Awards under the Plan may include stock options, stock appreciation rights, restricted stock, dividend equivalent rights (“DERs”) and other share-based awards (including RSUs). Under the Plan, any of these awards may be performance awards that are conditioned on the attainment of performance goals.

The Compensation Committee of the Board of Directors of the Company had previously approved a Stock Award Deferral Program, or the Deferral Program. The Deferral Program consisted of two distinct non-qualified deferred compensation plans within the meaning of Section 409A of the Code, as amended, one for non-employee directors (the “Director Plan”) and one for certain executive officers (the “Executive Officer Plan”). Under the Deferral Program, non-employee directors and certain executive officers could elect to defer payment of certain stock awards made pursuant to the Plan. Deferred awards are treated as deferred stock units and paid at the earlier of separation from service or a date elected by the participant who is separating. Payments are generally made in a lump sum or, if elected by the participant, in five annual installments. Deferred awards receive dividend equivalents during the deferral period in the form of additional deferred stock units. Amounts are paid at the end of the deferral period by delivery of shares from the Plan (plus cash for any fractional deferred stock units), less any applicable tax withholdings. Deferral elections do not alter any vesting requirements applicable to the underlying stock award. On November 5, 2024, the Compensation Committee of the Board of Directors of the Company approved irrevocably terminating the Executive Officer Plan and suspending new deferral elections under the Director Plan. The Executive Officer Plan will be liquidated on November 30, 2025, and all amounts outstanding under the Executive Officer Plan on the liquidation date will be paid at that time in accordance with applicable tax rules. All deferrals previously made under the Director Plan will remain outstanding, and all deferrals pursuant to prior elections made by directors will be paid on the originally scheduled payment dates. At June 30, 2025 and December 31, 2024, there are approximately 162 thousand and 124 thousand shares for which payments have been deferred until separation or a date elected by the participant, respectively. At June 30, 2025 and December 31, 2024, there are approximately 281 thousand and 229 thousand DERs earned but not yet delivered, respectively.

Grants of Restricted Stock Units (“RSUs”)

During the quarters and six months ended June 30, 2025 and 2024, the Company granted RSU awards to senior management, employees and directors. These RSU awards are designed to reward senior management, employees of the Company and directors for services provided to the Company. Generally, the RSU awards vest equally over a three-year period and will fully vest after three years. For employees who are retirement eligible, defined as years of service to the Company plus age that is equal to or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. For senior management who are retirement eligible, defined as having attained age 55 and the sum of his or her age plus his or her years of service is equal or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. The RSU awards are valued at the market price of our common stock on the grant date and generally the employees must be employed by us on the vesting dates to receive the RSU awards. The Company granted 58 thousand and 362 thousand RSU awards during the quarter and six months ended June 30, 2025 with a grant date fair value of \$1 million and \$5 million for the 2025 performance year. The Company granted 61 thousand and 240 thousand RSU awards during the quarter and six months ended June 30, 2024 with a grant date fair value of \$1 million and \$4 million, for the 2024 performance year.

Grants of Performance Share Units (“PSUs”)

PSU awards are designed to align compensation with the Company’s future performance. The PSU awards granted during the six months ended June 30, 2025 and 2024, include a three-year performance period ending on December 31, 2027 and December 31, 2026, respectively. For the PSU awards granted during the six months ended June 30, 2025, and 2024, the final number of shares awarded will be between 0% and 200% of the PSUs granted based equally on the Company Economic Return and share price performance compared to a peer group. The Company’s three-year Company Economic Return is equal to the Company’s change in book value per common share plus common stock dividends. Share price performance equals change in share price plus common stock dividends. Compensation expense will be recognized on a straight-line basis over the three-year vesting period based on an estimate of the Company Economic Return and share price performance in relation to the entities in the peer group and will be adjusted each period based on the Company’s best estimate of the actual number of shares awarded. For the six months ended June 30, 2025, the Company granted 296 thousand PSU awards to senior management with a grant date fair value of \$4 million. For the six months ended June 30, 2024, the Company granted 179 thousand PSU awards to senior management with a grant date fair value of \$3 million.

The Company recognized stock-based compensation expense of \$2 million and \$6 million for the quarter and six months ended June 30, 2025. The Company recognized stock-based compensation expense of \$2 million and \$5 million for the quarter and six months ended June 30, 2024.

The Company also maintains a qualified 401(k) plan. The plan is a retirement savings plan that allows eligible employees to contribute a portion of their wages on a tax-deferred basis under Section 401(k) of the Code. Employees may contribute, through payroll deductions, up to \$23,500 if under the age of 50 years and an additional \$7,500 “catch-up” contribution for employees 50 years or older. The Company matches 100% of the first 6% of the eligible compensation deferred by employee contributions. The employer funds the 401(k) matching contributions in the form of cash, and participants may direct the Company match to an investment of their choice. The benefit of the Company’s contributions vests immediately. Generally, a participating employee is entitled to distributions from the plans upon termination of employment, retirement, death or disability. The 401(k) expenses related to the Company’s qualified plan for the quarter and six months ended June 30, 2025 was \$237 thousand and \$476 thousand, respectively. The 401(k) expenses related to the Company’s qualified plan for the quarter and six months ended June 30, 2024 was \$133 thousand and \$283 thousand, respectively.

14. Income Taxes

For the year ended December 31, 2024, the Company qualified to be taxed as a REIT under Code Sections 856 through 860. As a REIT, the Company is not subject to U.S. federal income tax to the extent that it makes qualifying distributions of taxable income to its stockholders. To maintain qualification as a REIT, the Company must distribute at least 90% of its annual REIT taxable income (subject to certain adjustments) to its shareholders and meet certain other requirements such as assets it may hold, income it may generate and its shareholder composition. It is generally the Company’s policy to distribute to its shareholders all of the Company’s taxable income.

The state and local tax jurisdictions in which the Company is subject to tax-filing obligations recognize the Company’s status as a REIT and, therefore, the Company generally does not pay income tax in such jurisdictions. The Company may, however, be subject to certain minimum state and local tax filing fees and its TRSs are subject to U.S. federal, state, and local taxes.

The Company recorded current income tax expense of \$409 thousand and \$2 million for the quarter and six months ended June 30, 2025, respectively. The Company recorded current income tax expense of \$31 thousand and \$39 thousand for the quarter and six months ended June 30, 2024, respectively.

The Company’s effective tax rate differs from the U.S. federal corporate statutory tax rate of 21 percent primarily due to the deduction of dividend distributions required to be paid under Code Section 857(a).

The Company’s U.S. federal, state and local tax returns for the tax years ending on or after December 31, 2021, remain open for examination.

15. Credit Risk and Interest Rate Risk

The Company’s primary components of market risk are credit risk and interest rate risk. The Company is subject to interest rate risk in connection with its investments in Agency MBS and Non-Agency RMBS, residential mortgage loans, borrowings under secured financing agreements and securitized debt. When the Company assumes interest rate risk, it attempts to minimize interest rate risk through asset selection, hedging and matching the income earned on mortgage assets with the cost of related financing.

The Company attempts to minimize credit risk through due diligence, asset selection and portfolio monitoring. The Company has established a whole loan target market including qualified mortgages, non-qualified mortgages and repurchasing residential mortgage loans. Additionally, the Company seeks to minimize credit risk through compliance with regulatory requirements, geographic diversification, owner occupied property, and moderate loan-to-value ratios. These factors are considered to be important indicators of credit risk.

By using derivative instruments and secured financing agreements, the Company is exposed to counterparty credit risk if counterparties to the contracts do not perform as expected. If a counterparty fails to perform on a derivative instrument, the Company’s counterparty credit risk is equal to the amount reported as a derivative asset on its balance sheet to the extent that amount exceeds collateral obtained from the counterparty or, if in a net liability position, the extent to which collateral posted exceeds the liability to the counterparty. The amounts reported as a derivative asset/(liability) are derivative contracts in a gain/(loss) position, and to the extent subject to master netting arrangements, net of derivatives in a loss/(gain) position with the same counterparty and collateral received/(pledged). If the counterparty fails to perform on a secured financing agreement, the Company is exposed to a loss to the extent that the fair value of collateral pledged exceeds the liability to the counterparty. The Company attempts to minimize counterparty credit risk by evaluating and monitoring the counterparty’s credit, executing master netting arrangements and obtaining collateral, and executing contracts and agreements with multiple counterparties to reduce exposure to a single counterparty.

The Company's secured financing agreements transactions are governed by underlying agreements that provide for a right of setoff by the lender, including in the event of default or in the event of bankruptcy of the borrowing party to the transactions. The Company's derivative transactions are governed by underlying agreements that provide for a right of setoff under master netting arrangements, including in the event of default or in the event of bankruptcy of either party to the transactions. The Company presents its assets and liabilities subject to such arrangements on a net basis in the Consolidated Statements of Financial Condition. The following table presents information about our assets and liabilities that are subject to such arrangements and can potentially be offset on our consolidated statements of financial condition as of June 30, 2025 and December 31, 2024.

June 30, 2025
(dollars in thousands)

| | Gross Amounts of Recognized Assets (Liabilities) | Gross Amounts Offset in the Consolidated Statements of Financial Position | Net Amounts Offset in the Consolidated Statements of Financial Position | Gross Amounts Not Offset with Financial Assets (Liabilities) in the Consolidated Statements of Financial Position | | Net Amount |
|---|--|--|---|---|--|---------------------|
| | | | | Financial Instruments | Cash Collateral (Received) Pledged ⁽¹⁾ | |
| Secured financing agreements | \$ (4,563,063) | \$ — | \$ (4,563,063) | \$ 5,856,662 | \$ 693 | \$ 1,294,292 |
| Interest rate swaps - Gross Assets | 2,575 | (2,575) | — | — | 56,514 | 56,514 |
| Interest rate swaps - Gross Liabilities | (8,748) | 8,748 | — | — | — | — |
| Swap futures - Gross Assets | — | — | — | — | 520 | 520 |
| Swap futures - Gross Liabilities | (301) | — | (301) | — | — | (301) |
| Interest rate cap - Gross Assets | 3,114 | (3,114) | — | — | — | — |
| Interest rate cap - Gross Liabilities | — | — | — | — | (136) | (136) |
| Other Derivative Assets | — | — | — | — | — | — |
| Total | \$ (4,566,423) | \$ 3,059 | \$ (4,563,364) | \$ 5,856,662 | \$ 57,591 | \$ 1,350,889 |

(1) Included in other assets

December 31, 2024
(dollars in thousands)

| | Gross Amounts of Recognized Assets (Liabilities) | Gross Amounts Offset in the Consolidated Statements of Financial Position | Net Amounts Offset in the Consolidated Statements of Financial Position | Gross Amounts Not Offset with Financial Assets (Liabilities) in the Consolidated Statements of Financial Position | | Net Amount |
|---|--|--|---|---|--|---------------------|
| | | | | Financial Instruments | Cash Collateral (Received) Pledged ⁽¹⁾ | |
| Secured financing agreements | \$ (2,824,371) | \$ — | \$ (2,824,371) | \$ 4,086,097 | \$ 17,340 | \$ 1,279,066 |
| Interest Rate Swaps - Gross Assets | 3,754 | (3,754) | — | — | — | — |
| Interest Rate Swaps - Gross Liabilities | — | — | — | — | (13,486) | (13,486) |
| Treasury Futures - Gross Assets | 117 | — | 117 | — | — | 117 |
| Treasury Futures - Gross Liabilities | — | — | — | — | 1,098 | 1,098 |
| Swaptions - Gross Assets | — | — | — | — | — | — |
| Swaptions - Gross Liabilities | 3,391 | (3,391) | — | — | (399) | (399) |
| Total | \$ (2,817,109) | \$ (7,145) | \$ (2,824,254) | \$ 4,086,097 | \$ 4,554 | \$ 1,266,396 |

(1) Included in other assets

16. Commitments and Contingencies

From time to time, the Company may become involved in various claims and legal actions arising in the ordinary course of business. In connection with certain securitization transactions engaged in by the Company, it has the obligation under certain circumstances to repurchase assets from the VIE upon breach of certain representations and warranties.

17. Subsequent Events

On July 31, 2025, the Company entered into purchase agreements to acquire base and excess servicing compensation rights, also known as mortgage servicing rights (MSRs), associated with a portfolio of mortgage loans from a licensed, Government-sponsored enterprise (GSE)-approved residential mortgage loan servicer.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of our financial condition and results of operations should be read in conjunction with the consolidated financial statements and notes to those statements included in Item 1 of this Quarterly Report on Form 10-Q.

In this Quarterly Report on Form 10-Q, references to “we,” “us,” “our” or “the Company” refer to Chimera Investment Corporation and its subsidiaries unless specifically stated otherwise or the context otherwise indicates. The following defines certain of the commonly used terms in this Quarterly Report on Form 10-Q: Agency refers to a federally chartered corporation, such as Fannie Mae or Freddie Mac, or an agency of the U.S. Government, such as Ginnie Mae; MBS refers to mortgage-backed securities secured by pools of residential or commercial mortgage loans; RMBS refers to mortgage-backed securities secured by pools of residential mortgage loans; CMBS refers to mortgage-backed securities secured by pools of commercial mortgage loans; Agency RMBS and Agency CMBS refer to MBS that are secured by pools of residential and commercial mortgage loans, respectively, and are issued or guaranteed by an Agency; ABS refers to asset-backed securities; Agency MBS refers to MBS that are issued or guaranteed by an Agency and includes Agency RMBS and Agency CMBS collectively; Non-Agency RMBS refers to residential MBS that are not guaranteed by any agency of the U.S. Government or any Agency; IO refers to Interest-only securities.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

We make forward-looking statements in this report that are subject to risks and uncertainties. These forward-looking statements include information about, among other things, possible or assumed future results of our business, financial condition, liquidity, results of operations, plans and objectives. When we use the words “goal,” “target,” “assume,” “believe,” “expect,” “anticipate,” “estimate,” “project,” “budget,” “forecast,” “predict,” “potential,” “plan,” “continue,” “intend,” “should,” “may,” “could,” “would,” “will” or similar expressions, we intend to identify forward-looking statements. Statements regarding the following subjects, among others, are forward-looking by their nature:

- our ability to obtain funding on favorable terms and access the capital markets;
- our ability to achieve optimal levels of leverage and effectively manage our liquidity;
- changes in inflation, the yield curve, interest rates and mortgage prepayment rates;
- our ability to manage credit risk related to our investments and comply with the Risk Retention Rules;
- rates of default, delinquencies, forbearance, deferred payments or decreased recovery rates on our investments;
- the concentration of properties securing our securities and residential loans in a small number of geographic areas;
- our ability to execute on our business and investment strategy;
- our ability to determine accurately the fair market value of our assets;
- changes in our industry, the general economy or geopolitical conditions (such as the recent tensions in international trade);
- our ability to successfully integrate and realize the anticipated benefits of any acquisitions, including the HomeXpress Acquisition (as defined below) and the Palisades Acquisition;
- our ability to operate our investment management and advisory services and manage any regulatory rules and conflicts of interest;
- the degree to which our hedging strategies may or may not be effective;
- our ability to effect our strategy to securitize residential mortgage loans;
- our ability to compete with competitors and ability to source target assets at attractive prices;
- our ability to find and retain qualified executive officers and key personnel;
- the ability of servicers and other third parties to perform their services at a high level and comply with applicable law and expanding regulations;
- our dependence on information technology and its susceptibility to cyber-attacks;
- our ability to comply with extensive government regulation;
- the impact of and changes in governmental regulations, tax law and rates, accounting guidance, and similar matters;
- our ability to maintain our exemption from registration under the Investment Company Act of 1940, as amended (the “1940 Act”);
- our ability to maintain our classification as a real estate investment trust (“REIT”) for U.S. federal income tax purposes;
- the volatility of the market price and trading volume of our shares;
- our ability to make distributions to our stockholders in the future; and

- delays and/or unforeseen events that could cause the HomeXpress Acquisition (as defined below) to be delayed or not consummated

Forward-looking statements are based on our beliefs, assumptions and expectations of our future performance, taking into account all information currently available to us. You should not place undue reliance on these forward-looking statements. These beliefs, assumptions and expectations can change as a result of many possible events or factors, not all of which are known to us. If a change occurs, our business, financial condition, liquidity, results of operations and prospects may vary materially from those expressed in our forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made. New risks and uncertainties arise from time to time, and it is impossible for us to predict those events or how they may affect us. Except as required by law, we are not obligated to, and do not intend to, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Executive Summary

We are a publicly traded REIT whose principal business objective is to provide attractive risk-adjusted returns and distributable income through investment performance linked to mortgage credit fundamentals. We are primarily engaged in the business of investing for our own account and on behalf of third-party clients through our investment management and advisory services activities. We invest, directly or indirectly, generally on a levered basis in diversified portfolios of mortgage assets, including residential mortgage loans, Non-Agency RMBS, Agency RMBS, Agency CMBS, MSRs, business purpose and investor loans, including RTLs, and other real estate-related assets.

As of June 30, 2025, based on the fair value of our interest earning assets, approximately 74% of our investment portfolio was allocated to residential mortgage loans, 19% to Agency RMBS, and 7% to Non-Agency RMBS. For comparison, at December 31, 2024, approximately 88% of our investment portfolio was residential mortgage loans, 8% of our investment portfolio was Non-Agency RMBS, and 4% of our investment portfolio was Agency MBS.

We finance our investments using a variety of sources, including securitizations, warehouse facilities, repurchase agreements and other capital market activities which are used for liquidity management as well as to enhance our potential return on equity. We manage interest rate risk using hedging instruments such as interest rate swaps, swaptions, caps, options, and U.S. Treasury futures.

Our investment strategy is intended to be durable across a variety of economic, rate, and credit environments. We continue to approach portfolio management in a disciplined manner and are expecting to operate in an uncertain environment defined in part by elevated interest rates and periods of heightened rate volatility. Consistent with that approach, we were patient with respect to investing the proceeds from securitizations closed at the end of the first quarter. As we entered April, volatility was elevated and markets were volatile and as such, we tactically deployed into the wider spread environment with over 85% of our second quarter investments in Agency RMBS settling on May 13, 2025 or later.

In addition, we took a number of strategic actions during the quarter designed to continue expanding our platform capabilities and repositioning the investment portfolio, including:

- entered into a definitive agreement to acquire HomeXpress Mortgage Corp (“HomeXpress”), which is a leading national non-QM mortgage lender, and which transaction is expected to close in 2025 and is projected to be accretive to our earnings in 2026;
- invested \$2.3 billion (\$402 million will settle in the third quarter) in Agency RMBS Pass-throughs;
- added \$1.9 billion in swaps with varying tenors as part of the hedging framework associated with the Agency RMBS portfolio;
- generated \$9 million in revenue attributable to investment management and third-party advisory services; and
- subsequent to quarter end, closed on the acquisition of \$6.5 billion of Fannie Mae mortgage servicing rights through an excess servicing strip partnership.

Market Conditions and our Strategy

Interest Rates

Early in the second quarter of 2025, the U.S. administration imposed a series of tariffs on select countries, impacting global trade and prompting concerns with respect to growth and inflation. Geopolitical tensions in the Middle East and the ongoing conflict between Russia and Ukraine contributed toward market volatility. However, by the midpoint of the quarter, while

overall uncertainty still remained, trade tensions began to ease and signs of de-escalation in geopolitical conflicts helped stabilize markets.

Inflation remained contained, the labor market showed resilience, and the Federal Reserve held rates steady while emphasizing a data dependent policy stance. Treasury yields sold off through May and rallied going into quarter end. Corporate credit spreads were tighter with non-agency RMBS spreads ending the quarter slightly wider. Equity markets achieved new heights and liquidity markets remained constructive.

Despite the improved market sentiment, risks remained elevated with the consensus forecasts assigning a 35% to 40% probability of a recession. The Consumer Price Index rose 2.4% year-over-year in June 2025, unchanged from the levels recorded in April and May, while unemployment inched higher and wage growth moderated. With this backdrop, the data did not provide the catalysts necessary for the Federal Reserve to adjust its interest rate policy, which resulted in the target rate being maintained between 4.25% and 4.50% at both the April and June FOMC meetings.

Interest rates rose throughout much of the second quarter before falling near quarter-end. Front-end yields declined while the back end of the curve remained steady, indicating that markets have started to adjust for potential rate cuts while leaving longer term rates subject to expectations surrounding U.S. growth, inflation, fiscal responsibility, and supply-demand dynamics in U.S. government debt markets. The yield on two-year Treasury notes fell by 16 basis points to 3.72%, while the yield on ten-year Treasury notes rose by 2 basis points to 4.23%. Meanwhile, interest rate volatility spiked in early April amid tariff fears, before reversing course and finishing the quarter lower overall.

Credit Spreads

Credit markets reflected a stable-to-positive risk sentiment in the second quarter. Nominal MBS spreads remained flat to slightly wider as volatility subsided and demand stabilized. Corporate spreads tightened by 16 basis points for investment grade and 67 basis points for high yield. In securitized products, the credit curve remained flat to modestly wider, supported by steady collateral performance and demand across the spectrum of investors.

Residential credit fundamentals remained solid, with low defaults, rising home prices, and historically high homeowner equity continuing to support strong performance and investor demand.

Housing Market

Mortgage rates increased modestly in the second quarter, with the Freddie Mac 30-year survey rate increasing from 6.65% to 6.77%. The spread between 30-year mortgage rates and the ten-year Treasury yield widened to 254 basis points by quarter end, up from 244 basis points at the end of the first quarter. Economic factors, including inflation concerns and policy uncertainties, continue to contribute to the current mortgage rate environment.

The S&P CoreLogic Case-Shiller U.S. National Home Price Index increased 1.9% through April 2025, following a 4.0% gain in 2024. The NAR's Housing Affordability Index improved modestly in the first quarter reading as income levels rose more than mortgage and housing costs. Existing home sales in the U.S. saw a slight increase in May 2025, rising 0.8% to a seasonally adjusted annual rate of 4.03 million, according to the National Association of Realtors. However, this pace is still sluggish compared to historical averages and remains lower than the previous year. Further, the Mortgage Bankers Association's Refinance Index ended the quarter slightly up, with prepayment speeds still significantly below historical norms attributable in part to more than 5% of current homeowners estimated to hold mortgages with interest rates below 5%, or more than 160 basis points below current rates.

The U.S. continued to face a significant housing shortage, estimated at 4.5 million homes, as development has not kept pace with demand, particularly in high growth geographies. Contributing to this shortfall are factors including higher construction costs and the threat that these costs could rise further under an increased tariff regime along with the effect of immigration policy on labor costs. In addition, increasingly burdensome permitting and zoning regulations further contribute to fewer affordable new homes and delays in delivering new homes to the market.

Q2 2025 Business Highlights

Strategic Acquisition of HomeXpress Mortgage Corp

On June 11, 2025, we entered into a Stock Purchase Agreement (as amended on August 5, 2025 and as may be further amended from time to time, the "Stock Purchase Agreement") to acquire HomeXpress Mortgage Corp, a Delaware corporation ("HomeXpress") (the "HomeXpress Acquisition") from the Sellers as defined in the Stock Purchase Agreement. We have

assigned the Stock Purchase Agreement to our wholly-owned subsidiary, Chimera Funding TRS LLC, a Delaware limited liability company ("Funding TRS"). Accordingly, following the closing (the "Closing") of the HomeXpress Acquisition, HomeXpress will become our indirect wholly-owned subsidiary operating under Funding TRS. As consideration for the HomeXpress Acquisition, we will pay to the Sellers a purchase price consisting of (i) cash in an amount that equals the adjusted book value of Holdco and its subsidiaries, including HomeXpress, as of the Closing, subject to certain adjustments in accordance with the terms of the Stock Purchase Agreement, plus (ii) a premium consisting of (a) \$120 million in cash and (b) 2,077,151 shares of our common stock. Closing is expected to occur in the fourth quarter of 2025, subject to the satisfaction of closing conditions as specified in the Stock Purchase Agreement.

The HomeXpress Acquisition is strategically important as we seek to reposition our portfolio and business capabilities, and we believe the HomeXpress Acquisition will benefit us and our investors in multiple ways, including, but not limited to, offering us direct exposure to non-QM loans and further diversifying our source of earnings.

Secured Financing Activity

During the second quarter of 2025, our secured financing costs declined by 61 basis points, and our secured financing agreements (recourse liabilities) increased by a net \$1.6 billion reflecting the deployment of leverage to support the Agency RMBS portfolio allocation strategy. As of June 30, 2025, we had no outstanding warehouse financing exposure (recourse liabilities) backed by RPLs.

Investment Activity

Agency RMBS Pass-throughs. Predominantly during the middle and latter half of the quarter, we purchased approximately \$2.3 billion of Agency RMBS Pass-throughs, taking advantage of relative value opportunities while simultaneously increasing our liquid securities allocation. These investments have added portfolio value and enable us to maintain liquidity which we can access for future investments or other strategic objectives, including business acquisitions.

We currently target return on equity from this Agency RMBS allocation in the 12% to 15% range, and in any case, expect the levered return to exceed our cost of capital and be accretive to our earnings.

RTL Loans. We settled \$27 million of business purpose residential transition loans during the second quarter that we committed to purchase in first quarter, funded with warehouse facilities and targeting mid-to-high teen levered returns. These loans were purchased with a weighted average asset yield of 8.46%.

Asset Sales. During the quarter, we sold one Non-Agency RMBS for \$13 million along with Agency CMO securities for \$73 million. In addition, we also sold previously purchased Agency RMBS Pass-through securities of \$53 million and reallocated the capital to our current portfolio strategy. We received a total of \$138 million in net proceeds from this sale and a total of \$98 million after paying the financing on these positions. These sales resulted in a net realized loss of \$2 million during the quarter, not including any net realized interest income. Proceeds from the sales were largely re-invested in Agency RMBS that increased our liquidity allocation.

Hedging transactions during the quarter ended June 30, 2025

Residential Credit Portfolio. We continued to maintain our strategy of using interest rate derivatives to mitigate the impact of interest rates on our future financing costs and protect against the potential for higher interest rates eroding our earnings and dividend paying ability. Our hedging strategy in our credit portfolio seeks to limit the impact of higher interest rates, while maintaining optionality in the event interest rates decline in the future. During the quarter, three pay-fixed swaps matured, including (i) a \$500 million 3.43% pay-fixed interest rate swap in April 2025, (ii) a \$500 million 3.49% pay-fixed interest rate swap in April 2025, and (iii) a \$500 million 3.76% pay-fixed interest rate swap in June 2025.

As of June 30, 2025, we maintained open interest rate hedge positions attributable to the residential credit portfolio that included: (i) a \$500 million 3.45% pay-fixed interest rate swap maturing in January 2026, (ii) a \$1 billion interest rate cap with a strike rate of 3.95% maturing in February 2027, and (iii) \$50 million 4.00% par rate equivalent pay-fixed two-year Eris swap futures maturing in March 2027.

Agency RMBS Portfolio. Interest rate swaps and swaptions are valuable tools for managing the interest rate and prepayment risks associated with levered Agency RMBS. By strategically using these derivatives, we seek to mitigate these risks, stabilize cash flows, and potentially enhance the overall risk-adjusted returns of the Agency RMBS portfolio. During the quarter, we executed a variety of interest rate derivative transactions across a range of tenors, including \$1.9 billion in pay-fixed interest

rate swaps and \$2.5 billion in swaptions. We also closed out interest rate swaptions with a range of maturities and underlying swap tenors representing notional balances of \$2.1 billion that resulted in net realized loss of \$6 million.

Loan Acquisitions. Considering the velocity and magnitude of interest rate movements, we maintain a hedging program to manage the interest rate risk for the time differential between loan purchase commitment and the closing of loans into securitization. We use a combination of various U.S. Treasury futures contracts to hedge our exposure to future financing costs. Our hedging techniques attempt to mitigate the interest rate risk but do not capture the impact of credit spread risk. We did not have any loan commitments or related futures hedges as of the end of the quarter.

Investment and third-party asset management and advisory fees

Palisades generated third-party investment, asset management and advisory fees in the amount of \$9 million during the quarter and \$18 million for the first half of the year. We continue to see interest from investors in residential asset management and advisory services that offer a solution for investors that want exposure to residential loans but may lack the infrastructure to manage the complexities of the strategy. We added a new mandate during the quarter and anticipate onboarding additional clients throughout 2025.

Operating expenses

Compensation, general and administrative, and servicing expenses were marginally lower during the second quarter as compared to the previous quarter. Compensation expenses were lower this quarter as the first quarter included fully accelerated long-term stock incentive awards for retirement-eligible employees. General and administrative expenses and servicing fees remained flat this quarter compared to last. Our transaction expenses were lower by \$5 million this quarter as first quarter expenses were comparatively elevated due to the number of securitization transactions closed.

Strategy Outlook

We expect the second half of the year in many ways to be a continuation of the first half, defined in part by policy uncertainty, tariff announcements, geopolitical risks, and U.S. fiscal concerns. We anticipate markets will continue to vacillate around labor, growth, and inflation data alongside ongoing speculation with respect to the pace of monetary policy easing. Against this backdrop, we are committed to maintaining flexibility, exploring opportunities to expand our platform capabilities, and strategically repositioning our investment portfolio.

The announced acquisition of HomeXpress is an important component of our long-term business strategy; we believe that the HomeXpress Acquisition will further diversify our sources of revenue, give us the ability to manufacture investable assets for our portfolio, provide the ability to cross sell and bundle assets and services solutions for third parties, and create opportunities to strategically retain and reinvest profits.

The repositioning of our investment portfolio is an ongoing initiative that will take time to fully implement, as we adjust our strategy in response to changing market conditions by shifting our asset allocations across various asset classes as interest rate and credit cycles change over time. We are committed to diversifying the portfolio and finding ways to produce liquidity both organically and through our access to capital markets. We intend to maintain sufficient liquidity and optionality to capitalize on market opportunities aligned with our portfolio and business growth objectives.

In addition to supporting our regulatory compliance, we believe that our Agency RMBS allocation provides portfolio diversity, stable cash flows and dividend paying ability, protection in periods of high market volatility, and a source of liquidity for opportunistic asset and business acquisitions. We also intend to continue evaluating opportunities to acquire MSRs, which we believe will help balance the duration risk in our securitized loan portfolio, as well as diversify our sources of earnings to pay our dividends.

We declared a \$0.37 dividend per common share in the second quarter of 2025. Our economic return (as measured by the change in book value per common share plus common stock dividend) was 0.5% for the second quarter of 2025.

Business Operations

Net Income (Loss) Summary

The table below presents our net income (loss) on a GAAP basis for the quarters ended June 30, 2025 and March 31, 2025, and the six months ended June 30, 2025 and June 30, 2024.

Net Income (Loss)
(dollars in thousands, except share and per share data)

| | For the Quarters Ended | | | For the Six Months Ended | | |
|--|------------------------|-------------------|---------------------|--------------------------|-------------------|------------------|
| | June 30, 2025 | March 31, 2025 | QoQ Change | June 30, 2025 | June 30, 2024 | YoY Change |
| Net interest income: | | | | | | |
| Interest income ⁽¹⁾ | \$ 201,297 | \$ 190,616 | \$ 10,681 | \$ 391,914 | \$ 373,291 | \$ 18,623 |
| Interest expense ⁽²⁾ | 135,287 | 121,397 | 13,890 | 256,684 | 240,889 | 15,795 |
| Net interest income | 66,010 | 69,219 | (3,209) | 135,230 | 132,402 | 2,828 |
| | | | | | | |
| Increase (decrease) in provision for credit losses | 4,409 | 3,387 | 1,022 | 7,796 | 5,032 | 2,764 |
| Other income (losses): | | | | | | |
| Net unrealized gains (losses) on derivatives | (2,554) | (6,469) | 3,915 | (9,024) | 17,144 | (26,168) |
| Realized gains (losses) on derivatives | (17,954) | 82 | (18,036) | (17,872) | (17,317) | (555) |
| Periodic interest on derivatives, net | 5,067 | 4,135 | 932 | 9,202 | 12,448 | (3,246) |
| Net gains (losses) on derivatives | (15,441) | (2,252) | (13,189) | (17,694) | 12,275 | (29,969) |
| Investment management and advisory fees | 8,810 | 8,936 | (126) | 17,745 | — | 17,745 |
| Net unrealized gains (losses) on financial instruments at fair value | 6,971 | 128,895 | (121,924) | 135,866 | 87,995 | 47,871 |
| Net realized gains (losses) on sales of investments | (1,915) | — | (1,915) | (1,915) | (3,750) | 1,835 |
| Gains (losses) on extinguishment of debt | — | 2,122 | (2,122) | 2,122 | — | 2,122 |
| Other investment gains (losses) | 2,953 | (417) | 3,370 | 2,536 | 5,687 | (3,151) |
| Total other income (losses) | 1,378 | 137,284 | (135,906) | 138,660 | 102,207 | 36,453 |
| Other expenses: | | | | | | |
| Compensation and benefits | 11,660 | 13,085 | (1,425) | 24,745 | 16,226 | 8,519 |
| General and administrative expenses | 6,815 | 6,907 | (92) | 13,721 | 11,993 | 1,726 |
| Servicing and asset manager fees | 7,306 | 7,431 | (125) | 14,737 | 15,134 | (397) |
| Amortization of intangibles and depreciation expenses | 949 | 951 | (2) | 1,902 | — | 1,902 |
| Transaction expenses | 390 | 5,688 | (5,298) | 6,077 | 67 | 6,010 |
| Total other expenses | 27,120 | 34,062 | (6,942) | 61,182 | 43,420 | 17,762 |
| Income (loss) before income taxes | 35,859 | 169,052 | (133,193) | 204,912 | 186,157 | 18,755 |
| Income taxes | 409 | 1,755 | (1,346) | 2,165 | 39 | 2,126 |
| Net income (loss) | \$ 35,450 | \$ 167,297 | \$ (131,847) | \$ 202,747 | \$ 186,118 | \$ 16,629 |
| | | | | | | |
| Dividends on preferred stock | 21,426 | 21,357 | 69 | 42,783 | 41,188 | 1,595 |
| | | | | | | |
| Net income (loss) available to common shareholders | \$ 14,024 | \$ 145,940 | \$ (131,916) | \$ 159,964 | \$ 144,930 | \$ 15,034 |
| Net income (loss) per share available to common shareholders: | | | | | | |
| Basic | \$ 0.17 | \$ 1.79 | \$ (1.62) | \$ 1.97 | \$ 1.78 | \$ 0.19 |
| Diluted | \$ 0.17 | \$ 1.77 | \$ (1.60) | \$ 1.94 | \$ 1.76 | \$ 0.17 |
| | | | | | | |
| Weighted average number of common shares outstanding: | | | | | | |
| Basic | 81,408,087 | 81,350,497 | 57,590 | 81,386,680 | 81,326,944 | 59,736 |
| Diluted | 82,600,108 | 82,394,218 | 205,890 | 82,564,708 | 82,301,992 | 262,716 |
| | | | | | | |
| Dividends declared per share of common stock | \$ 0.37 | \$ 0.37 | — | \$ 0.74 | \$ 0.68 | \$ 0.06 |

(1) Includes interest income of consolidated VIEs of \$141,818 and \$144,402 for the quarters ended June 30, 2025 and March 31, 2025, respectively, and \$286,220 and \$290,943 for the six months ended June 30, 2025 and 2024, respectively.

(2) Includes interest expense of consolidated VIEs of \$73,038, and \$69,651 for the quarters ended June 30, 2025 and March 31, 2025, respectively, and \$142,690 and \$142,815 for the six months ended June 30, 2025 and 2024, respectively.

Results of Operations for the quarters Ended June 30, 2025 and March 31, 2025, and for the six months ended June 30, 2024 and June 30, 2024.

Our primary source of income is interest income earned on our assets, net of interest expense paid on our financing liabilities, and investment and asset management fees earned through our investment management and advisory business.

Quarter ended June 30, 2025 compared to the quarter ended March 31, 2025

For the quarter ended June 30, 2025, our net income available to common shareholders was \$14 million, or \$0.17 per average basic common share, as compared to a net income available to common shareholders of \$146 million, or \$1.79 per average basic common share for the quarter ended March 31, 2025. The decrease in net income available to common shareholders for the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025, was primarily driven by a decrease in unrealized gains on financial instruments at fair value of \$122 million and an increase in net loss on derivatives of \$13 million, partially offset by an increase in other investments gains of \$3 million. During the quarter ended June 30, 2025, we had unrealized gains on financial instruments at fair value of \$7 million, net interest income of \$66 million, and investment management and advisory fees of \$9 million, offset in part by operating expenses of \$27 million and preferred stock dividend of \$21 million.

As discussed earlier, during the second quarter of 2025, the yield on two-year U.S Treasury Notes fell by sixteen basis points, while the yield on ten-year U.S. Treasury Notes and residential credit spreads remained relatively flat resulting in lower market pricing gains on our investment as compared to the first quarter of 2025.

Six Months Ended June 30, 2025 compared to the six months ended June 30, 2024

For the six months ended June 30, 2025, our net income available to common shareholders was \$160 million, or \$1.97 per average basic common share, compared to a net income of \$145 million, or \$1.78 per average basic common share for the six months ended June 30, 2024. The increase in net income available to common shareholders for the quarter ended June 30, 2025, as compared to the quarter ended June 30, 2024 was primarily driven by an increase in net unrealized gains on financial instruments at fair value of \$48 million and an increase in investment management and advisory fees of \$18 million. This increase was offset in part by a decrease on net gains on derivatives of \$30 million, an increase in transaction expense of \$6 million due to higher securitization activity, and an increase in compensation expense of \$9 million due to an increase in overall employee headcount and additional compensation expense related to the Palisades Acquisition during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024.

Interest Income

Quarter ended June 30, 2025 compared to the quarter ended March 31, 2025

Interest income increased by approximately \$10 million or 5.1%, to \$201 million for the quarter ended June 30, 2025, as compared to \$191 million for the quarter ended March 31, 2025. The increase in our interest income during the quarter ended June 30, 2025 was primarily driven by our Agency RMBS purchases as we took advantage of relative value opportunities and increased our liquid security allocation, as compared to the previous quarter. During the quarter ended June 30, 2025, the interest income on our Agency RMBS portfolio increased by \$12 million as compared to the quarter ended March 31, 2025 driven by our Agency Pass-through purchases, which was partially offset by a decrease of \$3 million on our Loans held for investment portfolio due to lower loan balances.

Six Months Ended June 30, 2025 compared to the six months ended June 30, 2024

Interest income increased by \$19 million, or 5.0%, to \$392 million for the six months ended June 30, 2025 as compared to \$373 million, for the six months ended June 30, 2024. This increase was primarily driven by our Agency CMO and Agency Pass-through purchases during the period. During the six months ended June 30, 2025, the interest income on our Agency RMBS portfolio increased by \$24 million driven by these purchases as compared to the six months ended June 30, 2024. The increase in interest income is offset by a decreases in income on our Non-agency RMBS and Loans held for investment portfolios of \$3 million and \$1 million, respectively, due to declining asset balances.

Interest Expense

Quarter ended June 30, 2025 compared to the quarter ended March 31, 2025

Interest expense increased by \$14 million, or 11.4%, to \$135 million for the quarter ended June 30, 2025, as compared to \$121 million for the quarter ended March 31, 2025. This increase was primarily driven by an increase in our borrowings under secured financing agreements collateralized by Agency RMBS balance of \$807 million to finance the Agency RMBS purchases during the quarter. During the quarter ended June 30, 2025, the interest expense on secured financing agreements collateralized by Agency RMBS increased by \$8 million due to higher balances. Additionally, the interest expense on Securitized debt, collateralized by Loans held for investments and secured financing agreements collateralized by Loans held for investments increased by \$3 million and \$2 million, respectively, due to higher financing rates during the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025.

Six Months Ended June 30, 2025 compared to the six months ended June 30, 2024

Interest expense increased by \$16 million, or 6.6%, to \$257 million for the six months ended June 30, 2025, as compared to \$241 million for the six months ended June 30, 2024. The increase was primarily driven by an increase in interest expense on our secured financing agreements collateralized by Agency RMBS of \$15 million, driven by higher borrowings to finance our Agency CMO and Agency Pass-through purchases during the six months ended June 30, 2025, as compared to the prior period. Additionally, the interest expense on our Long Term Debt increased to \$7 million during the six months ended June 30, 2025 as compared to \$1 million for the six months ended June 30, 2024, driven by our additional unsecured long term debt issuance.

These increases were offset by a decrease in our average securitized debt balance of \$486 million, which decreased our interest expense on Securitized debt by \$1 million during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024. As we rebalanced our investment portfolio, we reduced our average secured financing agreements collateralized by Agency CMBS and Non-Agency RMBS, which combined with lower financing costs, decreased our interest expense on secured financing agreements collateralized by Agency CMBS and Non-Agency RMBS by \$5 million during the six months ended June 30, 2025, as compared to the six months ended June 30, 2024.

Economic Net Interest Income

Our Economic net interest income is a non-GAAP financial measure that equals GAAP net interest income adjusted for net periodic interest cost of derivatives and excludes interest earned on cash. 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 derivatives, which is presented as a part of Net gains (losses) on derivatives in our Consolidated Statements of Operations. Interest rate swaps and Swap futures are used to manage the increase in interest paid on secured financing agreements in a rising rate environment. Presenting the net contractual interest payments on interest rate derivatives 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 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 any interest earned on cash, is referred to as Economic interest expense. Where indicated, net interest income reflecting net periodic interest on derivatives 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 | Periodic Interest On Derivatives, net | Economic Interest Expense | GAAP Net Interest Income | Periodic Interest On Derivatives, net | Other ⁽¹⁾ | Economic Net Interest Income |
|--|----------------------------|-----------------------------|--|---------------------------------|-----------------------------|--|----------------------|---------------------------------------|
| For the Quarter Ended June 30, 2025 | \$ 201,297 | \$ 135,287 | \$ (5,067) | \$ 130,220 | \$ 66,010 | \$ 5,067 | \$ (2,002) | \$ 69,075 |
| For the Quarter Ended March 31, 2025 | \$ 190,616 | \$ 121,397 | \$ (4,135) | \$ 117,262 | \$ 69,219 | \$ 4,135 | \$ (1,050) | \$ 72,304 |
| For the Quarter Ended December 31, 2024 | \$ 192,364 | \$ 126,540 | \$ (4,542) | \$ 121,997 | \$ 65,824 | \$ 4,542 | \$ (1,169) | \$ 69,197 |
| For the Quarter Ended September 30, 2024 | \$ 195,295 | \$ 128,844 | \$ (6,789) | \$ 122,054 | \$ 66,451 | \$ 6,789 | \$ (1,729) | \$ 71,511 |
| For the Quarter Ended June 30, 2024 | \$ 186,717 | \$ 119,422 | \$ (6,971) | \$ 112,451 | \$ 67,295 | \$ 6,971 | \$ (1,872) | \$ 72,394 |

(1) Primarily interest income on cash and cash equivalents.

Net Interest Rate Spread

The following tables 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 Quarters Ended | | | | | |
|---|------------------------|-------------------|--------------------|------------------------|-------------------|--------------------|
| | June 30, 2025 | | | March 31, 2025 | | |
| | (dollars in thousands) | | | (dollars in thousands) | | |
| | Average Balance | Interest | Average Yield/Cost | Average Balance | Interest | Average Yield/Cost |
| Assets: | | | | | | |
| Interest-earning assets ⁽¹⁾: | | | | | | |
| Agency RMBS ⁽³⁾ | \$ 1,422,791 | \$ 19,649 | 5.5 % | \$ 627,478 | \$ 7,158 | 5.6 % |
| Agency CMBS | 41,709 | 1,264 | 12.1 % | 41,607 | 548 | 5.3 % |
| Non-Agency RMBS | 962,840 | 28,289 | 11.8 % | 987,344 | 28,269 | 11.5 % |
| Loans held for investment | 10,856,968 | 150,093 | 5.5 % | 11,091,882 | 153,591 | 5.5 % |
| Total | \$ 13,284,308 | \$ 199,295 | 6.0 % | \$ 12,748,311 | \$ 189,566 | 5.9 % |
| Liabilities and stockholders' equity: | | | | | | |
| Interest-bearing liabilities ⁽²⁾: | | | | | | |
| Secured financing agreements collateralized by: | | | | | | |
| Agency RMBS ⁽³⁾ | \$ 1,294,316 | \$ 12,428 | 4.6 % | \$ 487,288 | \$ 4,730 | 4.6 % |
| Agency CMBS | 30,572 | 346 | 4.5 % | 29,972 | 338 | 4.5 % |
| Non-Agency RMBS | 629,610 | 9,330 | 5.9 % | 647,628 | 9,569 | 5.9 % |
| Loans held for investment | 1,851,517 | 29,628 | 6.4 % | 1,828,760 | 27,450 | 6.0 % |
| Securitized debt | 7,555,801 | 75,014 | 4.0 % | 7,636,038 | 71,701 | 3.8 % |
| Long term debt | 139,750 | 3,474 | 9.9 % | 139,750 | 3,474 | 9.9 % |
| Total | \$ 11,501,566 | \$ 130,220 | 4.5 % | \$ 10,769,436 | \$ 117,262 | 4.4 % |
| Economic net interest income/net interest rate spread | | \$ 69,075 | 1.5 % | | \$ 72,304 | 1.5 % |
| Net interest-earning assets/net interest margin | \$ 1,782,742 | | 2.1 % | \$ 1,978,875 | | 2.3 % |
| Ratio of interest-earning assets to interest bearing liabilities | 1.15 | | | 1.18 | | |

(1) Interest-earning assets at amortized cost.

(2) Interest includes periodic interest on derivatives, net

(3) These amounts have been adjusted to reflect the daily outstanding averages for which the financial instruments were held during the period.

| For the Six Months Ended | | | | | | | | |
|---|----------------------|-------------------|---|----------------------|--------------------|--------------|-----------------------|--|
| June 30, 2025 (dollars in thousands) | | | June 30, 2024 (dollars in thousands) | | | | | |
| | Average Balance | Interest | Average Yield/Cost | | Average Balance | Interest | Average Yield/Cost | |
| Assets: | | | | | | | | |
| <i>Interest-earning assets ⁽¹⁾:</i> | | | | | | | | |
| Agency RMBS ⁽³⁾ | \$ 1,445,971 | \$ 26,807 | 5.5 % | \$ 459,554 | \$ 3,044 | 6.3 % | | |
| Agency CMBS | 41,683 | 1,812 | 8.7 % | 56,059 | 1,313 | 4.7 % | | |
| Non-Agency RMBS | 974,489 | 56,558 | 11.6 % | 967,723 | 59,462 | 12.3 % | | |
| Loans held for investment | 10,965,678 | 303,685 | 5.5 % | 11,457,259 | 305,019 | 5.3 % | | |
| Total | \$ 13,427,821 | \$ 388,862 | 5.8 % | \$ 12,940,595 | \$ 368,838 | 5.8 % | | |
| Liabilities and stockholders' equity: | | | | | | | | |
| <i>Interest-bearing liabilities ⁽²⁾:</i> | | | | | | | | |
| Secured financing agreements collateralized by: | | | | | | | | |
| Agency RMBS ⁽³⁾ | \$ 1,306,879 | \$ 17,158 | 4.6 % | \$ 376,644 | \$ 1,858 | 5.6 % | | |
| Agency CMBS | 30,234 | 684 | 4.5 % | 41,028 | 1,162 | 5.7 % | | |
| Non-Agency RMBS | 638,508 | 18,899 | 5.9 % | 669,251 | 23,024 | 6.9 % | | |
| Loans held for investment | 1,838,307 | 57,079 | 6.2 % | 1,686,151 | 54,276 | 6.4 % | | |
| Securitized debt | 7,579,850 | 146,716 | 3.9 % | 8,066,197 | 147,432 | 3.7 % | | |
| Long term debt | 139,750 | 6,947 | 9.9 % | 65,000 | 691 | 9.8 % | | |
| Total | \$ 11,533,528 | \$ 247,483 | 4.3 % | \$ 10,904,271 | \$ 228,442 | 4.2 % | | |
| Economic net interest income/net interest rate spread | | \$ 141,379 | 1.5 % | | \$ 140,396 | 1.6 % | | |
| Net interest-earning assets/net interest margin | \$ 1,894,293 | | 2.1 % | \$ 2,036,324 | | 2.2 % | | |
| Ratio of interest-earning assets to interest bearing liabilities | | 1.16 | | | 1.19 | | | |

(1) Interest-earning assets at amortized cost.

(2) Interest includes periodic interest on derivatives, net

(3) These amounts have been adjusted to reflect the daily outstanding averages for which the financial instruments were held during the period.

Economic Net Interest Income and the Average Earning Assets

Quarter ended June 30, 2025 compared to the quarter ended March 31, 2025

Our Economic net interest income (which is a non-GAAP measure, see “Economic net interest income” discussion earlier for details) decreased by \$3 million to \$69 million for the quarter ended June 30, 2025 from \$72 million for the quarter ended March 31, 2025. The net interest margin, which equals the Economic net interest income as a percentage of the net average balance of our interest-earning assets less our interest-bearing liabilities, remained unchanged at 1.5% for the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025.

Our Average net interest-earning assets decreased by \$196 million to \$1.8 billion for the quarter ended June 30, 2025, compared to \$2.0 billion for the quarter ended March 31, 2025. Our net interest rate spread, which equals the yield on our average interest-earning assets less the economic average cost of funds, decreased by 20 basis points to 2.1% for the quarter ended June 30, 2025, as compared to 2.3% for the quarter ended March 31, 2025.

Six months ended June 30, 2025 compared to the six months ended June 30, 2024

Our Economic net interest income (which is a non-GAAP measure, see “Economic net interest income” discussion earlier for details) increased by \$1 million to \$141 million for the six months ended June 30, 2025 from \$140 million for the six months ended June 30, 2024. The net interest margin, which equals the Economic net interest income as a percentage of the net average balance of our interest-earning assets less our interest-bearing liabilities, decreased by 10 basis points to 2.1% for the six months ended June 30, 2025, as compared to 2.2% for the six months ended June 30, 2024.

Our Average net interest-earning assets decreased by \$142 million to \$1.9 billion for the six months ended June 30, 2025, compared to \$2.0 billion for the same period of 2024. Our net interest rate spread, which equals the yield on our average

interest-earning assets less the economic average cost of funds, decreased by 10 basis points for the six months ended June 30, 2025, as compared to the six months ended June 30, 2024.

Economic Interest Expense and the Cost of Funds

The borrowing rate at which we are able to finance our assets using secured financing agreements is typically correlated to SOFR and the term of the financing. The borrowing rate on the majority of our securitized debt is fixed and correlated to the term of the financing. The table below shows our average borrowed funds, Economic interest expense, average cost of funds (inclusive of periodic interest on swaps and Swap futures), average one-month SOFR, average three-month SOFR and average one-month SOFR relative to average three-month SOFR.

| | Average Debt Balance | Economic Interest Expense | Average Cost of Funds | Average One-Month SOFR | Average Three- Month SOFR | Average One-Month SOFR Relative to Average Three-Month SOFR |
|---|-------------------------|------------------------------|--------------------------|---------------------------|------------------------------|--|
| (Ratios have been annualized, dollars in thousands) | | | | | | |
| For the Quarter Ended June 30, 2025 | \$ 11,501,566 | \$ 130,220 | 4.50 % | 4.32 % | 4.30 % | 0.02 % |
| For the Quarter Ended March 31, 2025 | \$ 10,769,436 | \$ 117,262 | 4.40 % | 4.31 % | 4.30 % | 0.01 % |
| For the Quarter Ended December 31, 2024 | \$ 10,880,840 | \$ 121,997 | 4.48 % | 4.59 % | 4.50 % | 0.09 % |
| For the Quarter Ended September 30, 2024 | \$ 10,904,969 | \$ 122,054 | 4.48 % | 5.29 % | 5.24 % | 0.05 % |
| For the Quarter Ended June 30, 2024 | \$ 10,741,156 | \$ 112,451 | 4.24 % | 5.33 % | 5.33 % | 0.00 % |

Average interest-bearing liabilities increased by \$732 million for the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025. Economic interest expense increased by \$13 million for the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025, due to an increase in borrowings under our secured financing agreements to fund our Agency RMBS purchases.

While we may use interest rate hedges to mitigate risks related to changes in interest rate, the hedges may not fully offset interest expense movements.

Provision for Credit Losses

For the quarter ended June 30, 2025, we recorded an increase in provision for credit losses of \$4 million, as compared to an increase in provision of credit losses of \$3 million for the quarter ended March 31, 2025. For the six months ended June 30, 2025, we recorded an increase in provision for credit losses of \$8 million, as compared to an increase in provision of credit losses of \$5 million for the six months ended June 30, 2024. The changes in provision for credit losses for the quarter and six months ended June 30, 2025, as compared to the quarter and six months ended March 31, 2025 and June 30, 2024, are primarily due to a deterioration in cashflows on certain investments.

Net Gains (Losses) on Derivatives

We use derivatives to economically hedge the effects of changes in interest rates on our portfolio, specifically our secured financing agreements. Unrealized gains and losses include the change in market value, period over period, on our derivatives portfolio. Changes in market value are generally a result of changes in interest rates. We may or may not ultimately realize these unrealized derivative gains and losses depending on trade activity, changes in interest rates and the values of the underlying securities. The net gains and losses on our derivatives include both unrealized and realized gains and losses. Realized gains and losses include the net cash paid and received on our interest rate swaps, swap futures, and swaptions during the period as well as sales, terminations and settlements of our swaps, swaptions, interest rate cap and U.S. Treasury futures.

The tables below show a summary of our net gains (losses) on derivative instruments, for the quarters ended June 30, 2025 and March 31, 2025, and six months ended June 30, 2025 and June 30, 2024, respectively.

| | For the Quarters Ended | |
|---|------------------------|----------------|
| | June 30, 2025 | March 31, 2025 |
| | (dollars in thousands) | |
| Periodic interest on derivatives, net | \$ 5,067 | \$ 4,135 |
| Realized gains (losses) on derivative instruments, net: | | |
| Interest rate swaps | (11,941) | — |
| Swap futures | (390) | — |
| Treasury futures | — | 82 |
| Swaptions | (5,623) | — |
| Interest Rate Cap | — | — |
| Total realized gains (losses) on derivative instruments, net | (17,954) | 82 |
| Unrealized gains (losses) on derivative instruments, net: | | |
| Interest rate swaps | (26) | (3,870) |
| Swap futures | (400) | (240) |
| Treasury futures | — | (117) |
| Swaptions | — | — |
| Interest Rate Cap | (2,128) | (2,242) |
| Total unrealized gains (losses) on derivative instruments, net: | (2,554) | (6,469) |
| Total gains (losses) on derivative instruments, net | \$ (15,441) | \$ (2,252) |

| | For the Six Months Ended | |
|---|--------------------------|---------------|
| | June 30, 2025 | June 30, 2024 |
| | (dollars in thousands) | |
| Periodic interest on derivatives, net | \$ 9,202 | \$ 12,448 |
| Realized gains (losses) on derivative instruments, net: | | |
| Interest rate swaps | (11,941) | — |
| Swap futures | (390) | (17,317) |
| Treasury futures | 82 | — |
| Swaptions | (5,623) | — |
| Interest Rate Cap | — | — |
| Total realized gains (losses) on derivative instruments, net | (17,872) | (17,317) |
| Unrealized gains (losses) on derivative instruments, net: | | |
| Interest rate swaps | (3,896) | 19,480 |
| Swap futures | (641) | — |
| Treasury futures | (117) | (2,605) |
| Swaptions | — | 269 |
| Interest Rate Cap | (4,370) | — |
| Total unrealized gains (losses) on derivative instruments, net: | (9,024) | 17,144 |
| Total gains (losses) on derivative instruments, net | \$ (17,694) | \$ 12,275 |

During the quarters ended June 30, 2025 and March 31, 2025, we recognized total net losses on derivatives of \$15 million and \$2 million, respectively. During the six months ended June 30, 2025 and June 30, 2024, we recognized total net losses on derivatives of \$18 million and net gains on derivatives of \$12 million, respectively.

Changes in market value are generally a result of changes in interest rates. We may or may not ultimately realize these unrealized derivative gains and losses depending on trade activity, changes in interest rates and the values of the underlying securities.

The weighted average pay rate on our interest rate swaps at June 30, 2025 was 3.61% and the weighted average receive rate was 4.14%. At June 30, 2025, the weighted average maturity on our interest rate swaps was less than 6 years. The weighted average pay rate on our interest rate swaps at December 31, 2024 was 3.56% and the weighted average receive rate was 4.49%. At December 31, 2024, the weighted average maturity on our interest rate swaps was less than one year.

We had a realized loss of \$3 million related to the swap terminations during the quarter ended June 30, 2025. We had realized losses of \$9 million related to the maturity of three swaps during the quarter and six months ended June 30, 2025. We had a realized loss of \$17 million related to the maturity of one swap during the quarter and six months ended June 30, 2024.

During the quarter ended June 30, 2025, we had realized loss of \$6 million on the sale of 29 swaption contracts. During the six months ended June 30, 2025, we exercised a swaption contract with \$500 million notional and entered into a less than one-year swap with \$500 million notional with a 3.45% fixed pay rate.

During the quarter ended June 30, 2024, we exercised one swaption contract with a \$500 million notional, and entered into a one-year swap with \$500 million notional and a weighted average fixed pay rate of 3.76%. During the six months ended June 30, 2024, we exercised three swaption contracts, each with \$500 million notional, and entered into three one-year swaps, each with \$500 million notional and a weighted average fixed pay rate of 3.56%.

During the quarter and six months ended June 30, 2025, we covered our open short position of 1,000 two-year U.S. Treasury Futures contracts for a net realized gain of \$82 thousand. During the quarter and six months ended June 30, 2024, we entered into 1,391 short 5-year and 1,684 short 5-year U.S. Treasury futures contract with a notional of \$139 million and \$168 million, respectively.

During the quarter ended June 30, 2025, we had a realized loss of \$390 thousand on the sale of 400 10-year SOFR, Swap future contracts, 400 two-year SOFR swap future contracts and 250 five-year SOFR swap future contracts. During the quarter and six months ended June 30, 2025, we are short 500 two-year SOFR Swap future contracts. The net par equivalent pay fixed on our Swap futures at June 30, 2025 was 4.05% and the weighted average receive rate was 4.45%. At June 30, 2024, we held no Swap future contracts.

During the six months ended June 30, 2025, we entered into an Interest rate cap. We paid \$7 million for a two year Interest rate cap with a strike rate of 3.95% on SOFR as the market reference rate. At June 30, 2024, we held no Interest rate caps.

Changes in our derivative positions were primarily a result of changes in our secured financing composition and changes in interest rates.

Investment management and advisory fees

During the fourth quarter of 2024, we started earning investment management and advisory fees through certain investment management agreements entered into with our investment partnerships and privately offered pooled investment vehicles, insurance companies, and other institutional clients. We recognized investment management and advisory fees of \$9 million for the quarters ended June 30, 2025 and March 31, 2025, respectively. We recognized investment management and advisory fees of \$18 million during the six months ended June 30, 2025.

Net Unrealized Gains (Losses) on Financial Instruments at Fair Value

During the quarter June 30, 2025, the yield on two-year U.S. Treasury Notes fell by sixteen basis points, while the yield on ten-year U.S. Treasury Notes rose by two basis points and the residential credit spreads remained relatively unchanged resulting in market pricing that remained relatively flat to slightly up compared to prior quarter end. We recorded net unrealized gains on financial instruments at fair value of \$7 million and \$129 million for the quarters ended June 30, 2025 and March 31, 2025, respectively. We recorded net unrealized gains on financial instruments at fair value of \$136 million and \$88 million for the six months ended June 30, 2025 and June 30, 2024, respectively.

Gains and Losses on Sales of Assets

We do not forecast sales of investments as we generally expect to invest for long-term gains. However, from time to time, we may sell assets to create liquidity necessary to pursue new opportunities, to achieve targeted leverage ratios, as well as for gains when prices indicate a sale is most beneficial to us, or is the most prudent course of action to maintain a targeted risk adjusted yield for our investors.

During the quarter ended June 30, 2025, we rebalanced a portion of our investment portfolio and sold certain of our Agency CMO, Agency RMBS and Non-Agency RMBS assets, which resulted in a net realized loss of \$2 million. Proceeds from these sales were largely re-invested in liquid Agency RMBS Pass-through securities. We had a net realized loss of \$4 million during the six months ended June 30, 2024 which was primarily driven by our sales of Agency CMBS investments as a part of our portfolio optimization efforts.

Gain and Loss on Extinguishment of Debt

When we acquire our outstanding securitized debt, we extinguish the outstanding debt and recognize a gain or loss based on the difference between the carrying value of the debt and the cost to acquire the debt which is reflected in the Consolidated Statements of Operations as a gain or loss on extinguishment of debt.

Securitized Debt Collateralized by Non-Agency RMBS

We did not acquire any securitized debt collateralized by Non-Agency RMBS during the quarters ended June 30, 2025 and March 31, 2025 and during the six months ended June 30, 2025 and June 30, 2024.

Securitized Debt Collateralized by Loans Held for Investment

We did not acquire any securitized debt collateralized by loans held for investment during the quarter ended June 30, 2025 and during the quarter and six months ended June 30, 2024. We acquired securitized debt collateralized by Loans held for investment with an amortized cost balance of \$314 million for \$312 million during the six months ended June 30, 2025.

Long Term Debt Expense

During the second quarter of 2024, we issued \$65 million aggregate principal amount of 9.00% unsecured senior notes due 2029 that pay quarterly interest. After deducting the underwriting discount and other debt issuance costs, we received approximately \$63 million of proceeds.

During the third quarter of 2024, we issued \$75 million aggregate principal amount (including the additional amount issued pursuant to the exercise of the over-allotment option) of 9.25% unsecured senior notes due 2029 that pay quarterly interest. After deducting the underwriting discount and other debt issuance costs, we received approximately \$72 million of proceeds.

At June 30, 2025, the outstanding principal amount of these notes was \$140 million and the accrued interest payable on this debt was \$2 million. At June 30, 2025, the unamortized deferred debt issuance cost was \$5 million. The net interest expense was \$3 million and \$7 million for the quarter and six months ended June 30, 2025, respectively.

Compensation, General and Administrative Expenses and Transaction Expenses

The table below shows our total compensation and benefits expense, general and administrative, or G&A expenses, and transaction expenses as compared to average total assets and average equity for the periods presented.

| | Total Compensation, G&A and Transaction Expenses | Total Compensation, G&A and Transaction Expenses/Average Assets | Total Compensation, G&A and Transaction Expenses/Average Equity |
|--|---|--|--|
| | (Ratios have been annualized, dollars in thousands) | | |
| For the Quarter Ended June 30, 2025 | \$ 18,865 | 0.54 % | 2.86 % |
| For the Quarter Ended March 31, 2025 | \$ 25,680 | 0.78 % | 3.97 % |
| For the Quarter Ended December 31, 2024 | \$ 28,240 | 0.84 % | 4.29 % |
| For the Quarter Ended September 30, 2024 | \$ 15,130 | 0.45 % | 2.25 % |
| For the Quarter Ended June 30, 2024 | \$ 13,287 | 0.41 % | 2.01 % |

Compensation and benefits costs decreased slightly and were \$12 million and \$13 million for the quarters ended June 30, 2025 and March 31, 2025, respectively. Compensation and benefits costs were approximately \$25 million and \$16 million for the six months ended June 30, 2025 and June 30, 2024. The decrease in Compensation and benefits costs for the quarter ended June 30, 2025 compared to the quarter ended March 31, 2025, was primarily due to the first quarter expense including fully accelerated long-term stock incentive awards for the retirement eligible employees. The increase in Compensation and benefits costs for the six months ended June 30, 2025 compared to the six months ended June 30, 2024, was driven by higher overall compensation expense related to the increase in employee headcount and Palisades Acquisition.

The general and administrative expenses remained unchanged at \$7 million for the quarters ended June 30, 2025 and March 31, 2025, respectively. G&A expenses were approximately \$14 million and \$12 million for the six months ended June 30, 2025 and June 30, 2024. G&A expenses are primarily comprised of legal, market data and research, auditing, consulting, information technology, rent and independent investment consulting expenses.

During the quarter ended June 30, 2025, we incurred transaction expenses of \$390 thousand in relation to the HomeXpress Acquisition. During the quarter ended March 31, 2025, we incurred transaction expenses of \$6 million due to securitizations.

Servicing and Asset Manager Fee Expense

Servicing fees and asset manager expenses remained relatively unchanged at \$7 million for the quarters ended June 30, 2025 and March 31, 2025, respectively. Servicing fees and asset manager expenses remained relatively unchanged at \$15 million for the six months ended June 30, 2025 and June 30, 2024, respectively. These servicing fees are primarily related to the servicing costs of the whole loans held in consolidated securitization vehicles and are paid from interest income earned by the VIEs. Servicing fees generally ranged from 2 to 50 basis points of unpaid principal balances of our consolidated VIEs.

Amortization of intangibles and depreciation expenses

We recognized intangible assets related to investment management agreements and developed technology acquired in the transaction. The long-lived fixed assets are comprised of leasehold improvements, furniture and fixtures, and computers. The fixed assets and intangible assets are depreciated or amortized over their estimated useful lives. We acquired both intangible assets and long-lived fixed assets through the Palisades Acquisition during the fourth quarter of 2024. During the quarters ended June 30, 2025 and March 31, 2025, we recognized amortization of intangible assets and depreciation expense of \$949 thousand and \$951 thousand. During the six months ended June 30, 2025, we recognized amortization of intangible assets and depreciation expense of \$2 million.

Earnings available for distribution

Earnings available for distribution is a non-GAAP measure and is defined as GAAP net income excluding (i) unrealized gains or losses on financial instruments carried at fair value with changes in fair value recorded in earnings, (ii) realized gains or losses on the sales of investments, (iii) gains or losses on the extinguishment of debt, (iv) changes in the provision for credit losses, (v) unrealized gains or losses on derivatives, (vi) realized gains or losses on derivatives, (vii) transaction expenses, (viii) stock compensation expenses for retirement eligible awards, (ix) amortization of intangibles and depreciation expenses, (x) non-cash imputed compensation expense related to business acquisitions, and (xi) other gains and losses on equity investments.

Non-cash imputed compensation expense reflects the portion of the consideration paid in the Palisades Acquisition that pursuant to the seller's contractual arrangements is distributable to the seller's legacy employees (who are now our employees) and that for GAAP purposes is recorded as non-cash imputed compensation expense with an offsetting entry recorded as non-cash contribution from a related party to our shareholder's equity. The excluded amounts do not include any normal, recurring compensation paid to our employees.

Transaction expenses are primarily comprised of costs only incurred at the time of execution of our securitizations, certain structured secured financing agreements, and business combination transactions and include costs such as underwriting fees, legal fees, diligence fees, accounting fees, bank fees and other similar transaction-related expenses. These costs are all incurred prior to or at the execution of the transaction and do not recur. Recurring expenses, such as servicing fees, custodial fees, trustee fees and other similar ongoing fees are not excluded from earnings available for distribution. We believe that excluding these costs is useful to investors as it is generally consistent with our peer group's treatment of these costs in their non-GAAP measures presentation, mitigates period to period comparability issues tied to the timing of securitization and structured finance transactions, and is consistent with the accounting for the deferral of debt issue costs prior to the fair value election option made by us. In addition, we believe it is important for investors to review this metric which is consistent with how management internally evaluates the performance of the Company. Stock compensation expense charges incurred on awards to retirement eligible employees is reflected as an expense over a vesting period (generally 36 months) rather than reported as an immediate expense.

We view Earnings available for distribution as one 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. Other metrics that our Board of Directors may consider when determining the amount, if any, of dividends on our common stock include, among others, REIT taxable income, dividend yield, book value, cash generated from the portfolio, reinvestment opportunities and other cash needs. To maintain our qualification as a REIT, U.S. federal income tax law generally requires that we distribute at least 90% of our REIT taxable income (subject to certain adjustments) annually. Earnings available for distribution, however, is different than REIT taxable income. For example, differences between Earnings available for distribution and REIT taxable income generally may result from whether the REIT uses mark-to-market accounting for GAAP purposes, accretion of market discount or OID and amortization of premium, and differences in the treatment of securitizations for GAAP and tax purposes, among other items. Further, REIT taxable income generally does not include earnings of our domestic TRSs unless such income is distributed from current or accumulated earnings and profits. The determination of whether we have met the requirement to

distribute at least 90% of our annual REIT taxable income is not based on Earnings available for distribution and 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. We believe Earnings available for distribution helps us and investors evaluate our financial performance period over period without the impact of certain non-recurring transactions. Therefore, Earnings available for distribution should not be viewed in isolation and is not a substitute for or superior to 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.

| | For the Quarters Ended | | | | |
|--|---|-------------------|---------------------|--------------------|------------------|
| | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| | (dollars in thousands, except per share data) | | | | |
| GAAP Net income (loss) available to common stockholders | \$ 14,024 | \$ 145,940 | \$ (168,275) | \$ 113,672 | \$ 33,913 |
| Adjustments ⁽¹⁾ : | | | | | |
| Net unrealized (gains) losses on financial instruments at fair value | (6,971) | (128,895) | 181,197 | (104,012) | (11,231) |
| Net realized (gains) losses on sales of investments | 1,915 | — | 1,468 | — | — |
| (Gains) losses on extinguishment of debt | — | (2,122) | — | — | — |
| Increase (decrease) in provision for credit losses | 4,409 | 3,387 | 4,448 | 358 | 3,684 |
| Net unrealized (gains) losses on derivatives | 2,554 | 6,469 | (276) | 14,457 | (11,955) |
| Realized (gains) losses on derivatives | 17,954 | (82) | (641) | 4,864 | 17,317 |
| Transaction expenses | 390 | 5,688 | 4,707 | 2,317 | — |
| Stock Compensation expense for retirement eligible awards | (501) | 1,432 | (307) | (424) | (419) |
| Amortization of intangibles and depreciation expenses ⁽²⁾ | 949 | 951 | 321 | — | — |
| Non-cash imputed compensation related to business acquisition | 341 | 341 | 10,296 | — | — |
| Other investment (gains) losses | (2,953) | 417 | (2,490) | (1,366) | (1,001) |
| Earnings available for distribution | \$ 32,111 | \$ 33,526 | \$ 30,448 | \$ 29,866 | \$ 30,308 |
| GAAP net income (loss) per diluted common share | \$ 0.17 | \$ 1.77 | \$ (2.07) | \$ 1.39 | \$ 0.41 |
| Earnings available for distribution per adjusted diluted common share | \$ 0.39 | \$ 0.41 | \$ 0.37 | \$ 0.36 | \$ 0.37 |

(1) As a result of the Palisades Acquisition, we updated the determination of earnings available for distribution to exclude non-recurring acquisition-related transaction expenses, non-cash amortization of intangibles and depreciation expenses, and non-cash imputed compensation expenses. These expenses are excluded as they relate to the Palisades Acquisition and are not directly related to generation of our portfolio's investment income.

(2) Non-cash amortization of intangibles and depreciation expenses related to the Palisades Acquisition

The table below summarizes the reconciliation from weighted-average diluted shares under GAAP to the weighted-average adjusted diluted shares used for Earnings available for distribution for the periods reported below.

| | For the Quarters Ended | | | | |
|---|------------------------|-------------------|-------------------|--------------------|-------------------|
| | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| Weighted average diluted shares - GAAP | 82,600,108 | 82,394,218 | 81,266,223 | 81,855,872 | 82,281,890 |
| Potentially dilutive shares ⁽¹⁾ | — | — | 1,263,734 | — | — |
| Adjusted weighted average diluted shares - Earnings available for distribution | 82,600,108 | 82,394,218 | 82,529,957 | 81,855,872 | 82,281,890 |

(1) Potentially dilutive shares related to restricted stock units and performance stock units excluded from the computation of weighted average GAAP diluted shares because their effect would have been anti-dilutive given the GAAP net loss available to common shareholders for the quarter ended December 31, 2024.

Earnings available for distribution for the quarter ended June 30, 2025 were \$32 million, or \$0.39 per average diluted common share, and decreased by \$2 million, compared to \$34 million, or \$0.41 per average diluted common share for the quarter ended March 31, 2025. This decrease in Earnings available for distribution was primarily due to the timing of the Agency RMBS Pass-through investments which occurred during the middle of the quarter.

Net Income (Loss) and Return on Total Stockholders' Equity

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 June 30, 2025 | 5.38 % | 10.49 % | 7.54 % |
| For the Quarter Ended March 31, 2025 | 25.89 % | 11.19 % | 8.10 % |
| For the Quarter Ended December 31, 2024 | (22.27)% | 10.52 % | 7.16 % |
| For the Quarter Ended September 30, 2024 | 20.30 % | 10.64 % | 6.79 % |
| For the Quarter Ended June 30, 2024 | 8.57 % | 11.06 % | 7.08 % |

Return on average equity was 5.38% for the quarter ended June 30, 2025, as compared to 25.89% for the quarter ended March 31, 2025. This decrease was primarily driven by lower mark to market gains on our investment portfolio. Economic net interest income as a percentage of average equity decreased by 70 basis points for the quarter ended June 30, 2025 as compared to the quarter ended March 31, 2025. Earnings available for distribution as a percentage of average common equity decreased by 56 basis points for the quarter ended June 30, 2025, as compared to the quarter ended March 31, 2025, primarily driven by higher interest expense on secured financing agreements collateralized by Agency RMBS.

Financial Condition

Portfolio Review

During the six months ended June 30, 2025, we focused our efforts on taking advantage of relative value opportunities while simultaneously increasing our liquid securities allocation. During the six months ended June 30, 2025, on an aggregate basis, we purchased \$2.4 billion of investments and received \$840 million in principal payments related to our Agency MBS, Non-Agency RMBS and Loans held for investment portfolio.

The following table summarizes certain characteristics of our portfolio at June 30, 2025 and December 31, 2024.

| | June 30, 2025 | December 31, 2024 |
|--|---------------|-------------------|
| Interest earning assets at period-end ⁽¹⁾ | \$ 14,326,573 | \$ 12,780,065 |
| Interest bearing liabilities at period-end | \$ 11,737,352 | \$ 10,014,759 |
| GAAP Leverage at period-end | 4.5:1 | 4.0:1 |
| GAAP Leverage at period-end (recourse) | 1.8:1 | 1.2:1 |

(1) Excludes cash and cash equivalents.

| Portfolio Composition | June 30, 2025 | December 31, 2024 | June 30, 2025 | December 31, 2024 |
|---|----------------|-------------------|---------------|-------------------|
| | Amortized Cost | | Fair Value | |
| Non-Agency RMBS | 6.8 % | 7.9 % | 7.1 % | 8.3 % |
| Senior | 3.2 % | 3.7 % | 4.0 % | 4.8 % |
| Subordinated | 2.5 % | 3.0 % | 2.5 % | 2.9 % |
| Interest-only | 1.1 % | 1.2 % | 0.6 % | 0.6 % |
| Agency RMBS | 18.2 % | 3.7 % | 18.3 % | 3.7 % |
| Pass-through | 15.6 % | — % | 15.7 % | — % |
| CMO | 2.5 % | 3.6 % | 2.5 % | 3.6 % |
| Interest-only | 0.1 % | 0.1 % | 0.1 % | 0.1 % |
| Agency CMBS | 0.4 % | 0.4 % | 0.3 % | 0.4 % |
| Project loans | 0.3 % | 0.3 % | 0.2 % | 0.3 % |
| Interest-only | 0.1 % | 0.1 % | 0.1 % | 0.1 % |
| Loans held for investment | 74.6 % | 88.0 % | 74.3 % | 87.6 % |
| Fixed-rate percentage of portfolio | 85.7 % | 87.9 % | 85.1 % | 87.3 % |
| Adjustable-rate percentage of portfolio | 14.3 % | 12.1 % | 14.9 % | 12.7 % |

GAAP leverage at period-end is calculated as a ratio of our secured financing agreements and securitized debt liabilities over GAAP book value. GAAP recourse leverage is calculated as a ratio of our secured financing agreements over stockholders' equity.

The following table presents details of each asset class in our portfolio at June 30, 2025 and December 31, 2024. The principal or notional value represents the interest income earning balance of each class. The weighted average figures are weighted by each investment's respective principal/notional value in the asset class.

| | June 30, 2025 | | | | | | | | | | | |
|---------------------------|--|---------------------------------------|-----------------------------|-------------------------|---|--|---|--|---|---|-------------------------------------|--|
| | 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⁾ | Weighted Average 3 Month Prepay Rate at Period-End | Weighted Average 12 Month Prepay Rate at Period-End | Weighted Average 3 Month CDR at Period-End | Weighted Average 12 Month CDR at Period-End | Weighted Average Loss Severity ⁽²⁾ | Weighted Average Credit Enhancement | |
| Non-Agency MBS | | | | | | | | | | | | |
| Senior | \$ 968,382 | \$ 43.69 | \$ 59.30 | 5.7 % | 18.7 % | 4.3 % | 4.6 % | 2.0 % | 1.7 % | 22.4 % | 1.4 % | |
| Subordinated | \$ 613,051 | \$ 58.52 | \$ 57.79 | 4.4 % | 7.9 % | 8.5 % | 7.7 % | 0.4 % | 0.6 % | 29.3 % | 6.9 % | |
| Interest-only | \$ 2,535,660 | \$ 5.91 | \$ 3.25 | 0.7 % | 4.4 % | 4.8 % | 5.2 % | 0.8 % | 0.9 % | 35.9 % | — % | |
| Agency RMBS | | | | | | | | | | | | |
| Pass-through | \$ 2,334,802 | \$ 95.79 | \$ 96.65 | 4.7 % | 5.4 % | 5.7 % | 5.1 % | N/A | N/A | N/A | N/A | |
| CMO | \$ 362,333 | \$ 99.97 | \$ 99.69 | 5.5 % | 5.6 % | 12.4 % | 10.5 % | N/A | N/A | N/A | N/A | |
| Interest-only | \$ 375,663 | \$ 5.06 | \$ 4.23 | 0.8 % | 6.6 % | 9.2 % | 8.8 % | N/A | N/A | N/A | N/A | |
| Agency CMBS | | | | | | | | | | | | |
| Project loans | \$ 39,719 | \$ 101.52 | \$ 89.92 | 3.4 % | 3.3 % | — % | — % | N/A | N/A | N/A | N/A | |
| Interest-only | \$ 289,334 | \$ 1.94 | \$ 2.06 | 0.6 % | 9.4 % | 5.6 % | 3.1 % | N/A | N/A | N/A | N/A | |
| Loans held for investment | | | | | | | | | | | | |
| Re-performing Loans | \$ 9,471,413 | \$ 97.78 | \$ 97.75 | 5.7 % | 5.6 % | 6.7 % | 6.5 % | 0.7 % | 0.4 % | 30.0 % | 8.8 % | |
| Prime Loans | \$ 403,539 | \$ 90.84 | \$ 94.03 | 4.3 % | 5.9 % | 8.3 % | 5.7 % | — % | — % | 37.8 % | — % | |
| Investor Loans | \$ 799,462 | \$ 102.53 | \$ 101.35 | 6.9 % | 6.5 % | 14.4 % | 14.2 % | 0.1 % | 0.1 % | 7.3 % | 15.3 % | |
| Business Purpose Loans | \$ 214,732 | \$ 100.38 | \$ 99.21 | 8.7 % | 6.6 % | 52.9 % | 24.6 % | 0.2 % | 0.6 % | 10.6 % | — % | |

(1) Bond Equivalent Yield at period-end. Weighted Average Yield is calculated using each investment's respective amortized cost.

(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

| December 31, 2024 | | | | | | | | | | | | |
|----------------------------------|--|---------------------------------------|-----------------------------|-------------------------|--------------------------------------|--|---|--|---|---|-------------------------------------|--|
| | 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 | Weighted Average 3 Month Prepay Rate at Period-End | Weighted Average 12 Month Prepay Rate at Period-End | Weighted Average 3 Month CDR at Period-End | Weighted Average 12 Month CDR at Period-End | Weighted Average Loss Severity ⁽¹⁾ | Weighted Average Credit Enhancement | |
| Non-Agency MBS | | | | | | | | | | | | |
| Senior | \$ 1,010,128 | \$ 45.11 | \$ 60.83 | 5.7 % | 17.6 % | 4.5 % | 4.9 % | 1.1 % | 1.5 % | 14.7 % | 1.9 % | |
| Subordinated | \$ 648,977 | \$ 59.18 | \$ 57.99 | 4.5 % | 8.0 % | 7.4 % | 7.0 % | 1.1 % | 0.8 % | 29.7 % | 6.8 % | |
| Interest-only | \$ 2,644,741 | \$ 5.81 | \$ 2.77 | 0.7 % | 6.6 % | 5.0 % | 5.3 % | 0.8 % | 0.8 % | 39.5 % | — % | |
| Agency RMBS | | | | | | | | | | | | |
| CMO | \$ 464,640 | \$ 99.97 | \$ 99.36 | 5.8 % | 5.8 % | 15.7 % | — % | N/A | N/A | N/A | N/A | |
| Interest-only | \$ 380,311 | \$ 5.15 | \$ 4.41 | 0.6 % | 6.9 % | 9.4 % | 9.0 % | N/A | N/A | N/A | N/A | |
| Agency CMBS | | | | | | | | | | | | |
| Project loans | \$ 40,882 | \$ 101.51 | \$ 84.07 | 3.5 % | 3.4 % | — % | — % | N/A | N/A | N/A | N/A | |
| Interest-only | \$ 449,437 | \$ 1.36 | \$ 1.43 | 0.5 % | 8.9 % | — % | — % | N/A | N/A | N/A | N/A | |
| Loans held for investment | | | | | | | | | | | | |
| Re-performing Loans | \$ 10,322,156 | \$ 98.05 | \$ 96.14 | 5.5 % | 5.6 % | 6.7 % | 6.2 % | 0.7 % | 0.7 % | 25.1 % | 8.3 % | |
| Prime Loans | \$ 420,446 | \$ 90.75 | \$ 92.50 | 4.3 % | 5.9 % | 6.0 % | 4.1 % | — % | — % | 37.8 % | — % | |
| Investor Loans | \$ 573,748 | \$ 102.04 | \$ 98.64 | 6.5 % | 6.4 % | 12.6 % | 9.8 % | — % | — % | — % | 14.7 % | |
| Business Purpose Loans | \$ 343,071 | \$ 100.74 | \$ 100.01 | 6.8 % | 8.9 % | 27.8 % | 14.3 % | 1.2 % | 0.2 % | 4.5 % | 6.8 % | |

(1) Bond Equivalent Yield at period-end. Weighted Average Yield is calculated using each investment's respective amortized cost.

(2) Calculated based on reported losses to date, utilizing widest data set available (i.e., life-time losses, 12-month loss, etc.)

Based on the projected cash flows for our Non-Agency RMBS that are not of high credit quality, a portion of the original purchase discount is designated as Accretable Discount, which reflects the purchase discount expected to be accreted into interest income, and a portion is designated as Non-Accretable Difference, which represents the contractual principal on the security that is not expected to be collected. The amount designated as Non-Accretable Difference may be adjusted over time, based on the actual performance of the security, its underlying collateral, actual and projected cash flow from such collateral, economic conditions and other factors. If the performance of a security is more favorable than previously estimated, a portion of the amount designated as Non-Accretable Difference may be transferred to Accretable Discount and accreted into interest income over time. Conversely, if the performance of a security is less favorable than previously estimated, a provision for credit loss may be recognized resulting in an increase in the amounts designated as Non-Accretable Difference.

The following table presents changes to Accretable Discount (net of premiums) as it pertains to our Non-Agency RMBS portfolio, excluding premiums on interest-only investments, during the previous five quarters.

| For the Quarters Ended (dollars in thousands) | | | | | |
|--|---------------|----------------|-------------------|--------------------|---------------|
| Accretable Discount (Net of Premiums) | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| Balance, beginning of period | \$ 110,861 | \$ 117,203 | \$ 123,953 | \$ 125,881 | \$ 130,624 |
| Accretion of discount | (8,253) | (7,705) | (8,855) | (10,949) | (11,142) |
| Purchases | — | — | — | 2,834 | 919 |
| Sales | 188 | — | — | — | — |
| Elimination in consolidation | — | — | — | — | — |
| Transfers from/(to) credit reserve, net | 5,616 | 1,363 | 2,105 | 6,187 | 5,480 |
| Balance, end of period | \$ 108,412 | \$ 110,861 | \$ 117,203 | \$ 123,953 | \$ 125,881 |

Liquidity and Capital Resources

General

Liquidity measures our ability to meet cash requirements, including for ongoing borrowing commitments such as margin calls on non-MTM facilities, purchases of RMBS, residential mortgage loans and other assets for our portfolio, payment of dividends and other general business needs. Our principal sources of capital and funds for additional investments primarily include earnings, principal paydowns and sales from our investments, borrowings under securitizations and re-securitizations, secured financing agreements and other financing facilities including warehouse facilities, and proceeds from equity or other securities offerings.

Our ability to fund our operations, meet financial obligations and finance target asset acquisitions may be impacted by our ability to secure and maintain our master secured financing agreements, warehouse facilities and secured financing agreement facilities with our counterparties. Because secured financing agreements and warehouse facilities are short-term commitments of capital, lenders may respond to market conditions making it more difficult for us to renew or replace on a continuous basis our maturing short-term borrowings and have and may continue to impose more onerous conditions when rolling forward such financings. If we are not able to renew our existing facilities or arrange for new financing on terms acceptable to us, or if we default on our covenants or are otherwise unable to access funds under our financing facilities or if we are required to post more collateral or face larger haircuts, we may have to curtail our asset acquisition activities and dispose of assets.

To meet our short term (one year or less) liquidity needs, we expect to continue to borrow funds in the form of secured financing agreements and, subject to market conditions, other types of financing. The terms of the secured financing transaction borrowings under our master secured financing agreement generally conform to the terms in the standard master secured financing agreement as published by the Securities Industry and Financial Markets Association, ("SIFMA") or similar market accepted agreements, as to repayment and margin requirements. In addition, each lender typically requires that we include supplemental terms and conditions to the standard master secured financing agreement. Typical supplemental terms and conditions include changes to the margin maintenance requirements, net asset value, required "haircuts" (which are the difference expressed in percentage terms between the fair value of the collateral and the amount the counterpart will lend to us) purchase price maintenance requirements, and requirements that all disputes related to the secured financing agreement be litigated or arbitrated in a particular jurisdiction. These provisions may differ for each of our lenders.

To meet our longer-term liquidity needs (greater than one year), we expect our principal sources of capital and funds to continue to be provided by earnings, principal paydowns and sales from our investments, borrowings under securitizations and re-securitizations, secured financing agreements and other financing facilities, as well as proceeds from equity, debt or other securities offerings.

In addition to the principal sources of capital described above, we may enter into warehouse facilities and use longer dated structured secured financing agreements. The use of any particular source of capital and funds will depend on market conditions, availability of these facilities, and the investment opportunities available to us.

Current Period

We held cash and cash equivalents of approximately \$250 million and \$84 million at June 30, 2025 and December 31, 2024, respectively. As a result of our operating, investing and financing activities described below, our cash position increased by \$166 million from December 31, 2024 to June 30, 2025.

Our operating activities provided net cash of approximately \$41 million and \$126 million for the six months ended June 30, 2025 and 2024, respectively. The cash flows from operations were primarily driven by interest received in excess of interest paid of \$149 million and \$163 million during the quarters ended June 30, 2025 and 2024, respectively.

Our investing activities used cash of \$1.4 billion and provided cash of \$135 million for the six months ended June 30, 2025 and 2024, respectively. During the six months ended June 30, 2025, we used cash to purchase \$1.9 billion of Agency MBS and \$436 million of Loans held for investment, which were offset by cash received for principal repayments on Agency MBS, Non-Agency RMBS and Loans held for investment of \$840 million, collectively. During the six months ended June 30, 2024, we received cash for principal repayments on Agency MBS, Non-Agency RMBS and Loans held for investment of \$672 million and from sale of our Agency MBS of \$35 million. This cash received was offset in part by cash used on investment purchases of \$443 million of Agency MBS, \$80 million of Loans held for investment, and \$49 million of Non-Agency RMBS.

Our financing activities provided cash of \$1.5 billion and used cash of \$320 million for the six months ended June 30, 2025 and 2024, respectively. During the six months ended June 30, 2025, we received cash from net proceeds on our secured financing agreements of \$1.7 billion, and proceeds received from our secured debt borrowings of \$780 million. This cash received was offset in part by cash used for repayment of principal on our securitized debt of \$903 million, and payment of common and preferred dividends of \$104 million. During the six months ended June 30, 2024, we primarily used cash for repayment of principal on our securitized debt of \$568 million and payment of common and preferred dividends of \$91 million. This cash used was offset in part by net proceeds provided by our secured financing agreements of \$276 million and cash provided by the issuance of unsecured notes of \$62 million.

Our recourse leverage increased at June 30, 2025 to 1.8:1 as compared to 1.2:1 at December 31, 2024. This increase was primarily driven by higher borrowings under secured financing agreements to finance our Agency RMBS purchases. Our recourse leverage excludes the securitized debt which can only be repaid from the proceeds on the assets securing this debt in

their respective VIEs. Our recourse leverage is presented as a ratio of our secured financing agreements and long term debt, which are recourse to our assets and our equity.

Based on our current portfolio, leverage ratio and available borrowing arrangements, we believe our assets will be sufficient to enable us to meet anticipated short-term liquidity requirements. However, if our cash resources are insufficient to satisfy our liquidity requirements, we may sell additional investments, reduce our dividends, or issue debt or additional common or preferred equity securities to meet our liquidity needs. As of June 30, 2025 and December 31, 2024, we had \$311 million and \$526 million of unencumbered assets available to us which can be pledged to access additional short-term financing or sold to raise additional cash, if necessary.

At June 30, 2025 and December 31, 2024, the remaining maturities and borrowing rates on our RMBS and loan secured financing agreements were as follows.

| | June 30, 2025 | | | December 31, 2024 | | |
|--------------------|--------------------------|-------------------------------------|--------------------------|-------------------|-------------------------------------|--------------------------|
| | (dollars in thousands) | | | | | |
| | Principal ⁽¹⁾ | Weighted Average Borrowing Rates | Range of Borrowing Rates | Principal | Weighted Average Borrowing Rates | Range of Borrowing Rates |
| Overnight | \$ — | — | N/A | \$ — | — | N/A |
| 1 to 29 days | 2,334,912 | 4.68% | 4.47% - 7.18% | 642,358 | 5.61% | 4.66% - 7.52% |
| 30 to 59 days | 376,179 | 6.21% | 5.08% - 6.83% | 959,559 | 7.79% | 5.34% - 12.50% |
| 60 to 89 days | 296,139 | 5.35% | 4.72% - 6.54% | 318,750 | 5.58% | 4.87% - 7.02% |
| 90 to 119 days | 286,563 | 7.26% | 5.50% - 7.47% | 51,416 | 6.38% | 5.51% - 6.77% |
| 120 to 180 days | 133,902 | 5.86% | 5.07% - 6.51% | 123,072 | 6.15% | 5.82% - 6.77% |
| 180 days to 1 year | 220,180 | 5.96% | 5.62% - 6.57% | 409,760 | 6.79% | 5.80% - 7.49% |
| 1 to 2 years | 601,662 | 8.28% | 7.75% - 8.57% | — | N/A | N/A |
| 2 to 3 years | 321,856 | 5.00% | 5.00% - 6.14% | 337,245 | 5.02% | 5.02% - 5.02% |
| Total | \$ 4,571,393 | 5.60% | | \$ 2,842,160 | 6.48% | |

(1) The values for secured financing agreements in the table above is net of \$1 million of deferred financing costs as of June 30, 2025.

Average remaining maturity of Secured financing agreements secured by:

| | June 30, 2025 | December 31, 2024 |
|---|---------------|-------------------|
| Agency RMBS | 15 Days | 16 Days |
| Agency CMBS | 8 Days | 8 Days |
| Non-Agency RMBS and Loans held for investment | 317 Days | 237 Days |

We collateralize the secured financing agreements we use to finance our operations with our MBS investments and mortgage loans held in trusts controlled by us. Our counterparties negotiate a "haircut", which is the difference expressed in percentage terms between the fair value of the collateral and the amount the counterparty will lend to us, when we enter into a financing transaction. The size of the haircut reflects the perceived risk and market volatility associated with holding the MBS by the lender. The haircut provides lenders with a cushion for daily market value movements that reduce the need for a margin call to be issued or margin to be returned as normal daily increases or decreases in MBS market values occur. At June 30, 2025, the weighted average haircut on our secured financing agreements collateralized by Agency RMBS was 4.5%, Agency CMBS was 5.4%, and Non-Agency RMBS and Loans held for investment was 25.7%. At December 31, 2024, the weighted average haircut on our remaining secured financing agreements collateralized by Agency RMBS was 5.1%, Agency CMBS was 5.5%, and Non-Agency RMBS and Loans held for investment was 26.0%.

Because the fair value of the Non-Agency MBS is more difficult to determine in current financial conditions, as well as more volatile period to period than Agency MBS, the Non-Agency MBS typically requires a larger haircut. In addition, when financing assets using the standard form of SIFMA Master Repurchase Agreements, the counterparty to the agreement typically nets its exposure to us on all outstanding repurchase agreements and issues margin calls if movement of the fair values of the assets in the aggregate exceeds their allowable exposure to us. A decline in asset fair values could create a margin call or may create no margin call depending on the counterparty's specific policy. In addition, counterparties consider a number of factors, including their aggregate exposure to us as a whole and the number of days remaining before the repurchase transaction closes prior to issuing a margin call. To minimize the risk of margin calls, as of June 30, 2025, we have entered into \$924 million of financing arrangements for which the collateral cannot be adjusted as a result of changes in market value, minimizing the risk of a margin call as a result in price volatility. We refer to these agreements as non-MTM facilities. These non-MTM facilities generally have higher costs of financing, but lower the risk of a margin call which could result in sales of our assets at

distressed prices. All non-MTM facilities are collateralized by Non-Agency RMBS collateral, which tends to have increased volatile price changes during periods of market stress. In addition we have entered into certain secured financing agreements that are not subject to additional margin requirement until the drop in fair value of collateral is greater than a threshold. We refer to these agreements as limited MTM facilities. As of June 30, 2025 we have \$498 million of limited MTM facilities. We believe these non-MTM and limited MTM facilities significantly reduce our financing risks. See Note 5 to our Consolidated Financial Statements for a discussion on how we determine the fair values of the RMBS collateralizing our secured financing agreements.

At June 30, 2025, the weighted average borrowing rates for our secured financing agreements collateralized by Agency RMBS was 4.5%, Agency CMBS was 4.5% and Non-Agency MBS and Loans held for investment was 6.6%. At December 31, 2024, the weighted average borrowing rates for our secured financing agreements collateralized by Agency RMBS was 4.8%, Agency CMBS was 4.8% and Non-Agency MBS and Loans held for investment was 6.8%.

We entered into a secured financing agreement during the fourth quarter of 2022 for which we have elected fair value option. We believe electing fair value for this financial instrument better reflects the transactional economics. The total principal balance outstanding on this secured financing at June 30, 2025 and December 31, 2024 was \$322 million and \$337 million, respectively. The fair value of collateral pledged was \$374 million and \$383 million as of June 30, 2025 and December 31, 2024, respectively. We carry this secured financing instrument at fair value of \$314 million and \$319 million as of June 30, 2025 and December 31, 2024, respectively. At June 30, 2025 and December 31, 2024, the weighted average borrowing rate on secured financing agreements at fair value was 5.0%. At June 30, 2025 and December 31, 2024, the haircut for the secured financing agreements at fair value was 7.5%. At June 30, 2025, the maturity on the secured financing agreements at fair value was two years.

The table below presents our average daily secured financing agreements balance and the secured financing agreements balance at each period end for the periods presented. Our balance at period-end tends to fluctuate from the average daily balances due to the adjusting of the size of our portfolio by using leverage.

| Period | Average secured financing agreements balances | Secured financing agreements balance at period end |
|--------------------------------|---|--|
| | (dollars in thousands) | |
| Quarter End June 30, 2025 | \$ 3,806,015 | \$ 4,563,063 |
| Quarter End March 31, 2025 | \$ 2,925,366 | \$ 2,994,191 |
| Quarter End December 31, 2024 | \$ 3,019,337 | \$ 2,824,371 |
| Quarter End September 30, 2024 | \$ 2,986,995 | \$ 3,228,748 |
| Quarter End June 30, 2024 | \$ 2,561,042 | \$ 2,699,299 |

Our secured financing agreements do not require us to maintain any specific leverage ratio. We believe the appropriate leverage for the particular assets we are financing depends on the credit quality and risk of those assets. At June 30, 2025 and December 31, 2024, the carrying value of our total interest-bearing debt was approximately \$11.7 billion and \$9.9 billion, respectively, which represented a leverage ratio of approximately 4.5:1 and 4.0:1, respectively. We include our secured financing agreements, long term debt, and securitized debt in the numerator of our leverage ratio and stockholders' equity as the denominator.

At June 30, 2025, we had secured financing agreements with 17 counterparties. All of our secured financing agreements are secured by Agency MBS, Non-Agency RMBS and Loans held for investment and cash. Under these secured financing agreements, we may not be able to reclaim our collateral but will still be obligated to pay our repurchase obligations. We mitigate this risk by ensuring our counterparties are rated financial institutions. As of June 30, 2025 and December 31, 2024, we had \$5.9 billion and \$4.1 billion, respectively, of securities or cash pledged against our secured financing agreements obligations.

We expect to enter into new secured financing agreements at maturity; however, there is a risk that we will not be able to renew our secured financing agreements when we desire to renew them or obtain favorable interest rates and haircuts as a result of uncertainty in the market including, but not limited to, uncertainty as a result of inflation and increases in the federal funds rate. We offset the interest rate risk of our repurchase agreements primarily through the use of derivatives, which primarily consist of interest rate swaps, Swap futures, swaptions, U.S. Treasury futures and Interest rate caps. The average remaining maturities on our interest rate swaps at June 30, 2025 was less than one year. All of our swaps are cleared by a central clearing house. When our interest rate swaps are in a net loss position (expected cash payments are in excess of expected cash receipts on the swaps), we post collateral as required by the terms of our swap agreements. The average remaining maturities on our Swap futures at June 30, 2025 is two years. The Swap futures are exchange traded instrument. Similar to our interest rate swaps we post

collateral when we are in a net loss position. The Interest rate cap has a two-year maturity with a potential payment every ninety days from the initial settlement date. The payment is dependent upon whether the compounded average market reference rate for the ninety day period is greater than the strike rate on the Interest rate cap. We will receive a payment if the difference between the two amounts is positive.

Exposure to Financial Counterparties

We actively manage the number of secured financing counterparties to reduce counterparty risk and manage our liquidity needs. The following table summarizes our exposure to our secured financing agreements counterparties at June 30, 2025:

| June 30, 2025 | | | | |
|---------------|--------------------------|-----------------------------|--------------------------------------|-------------------------|
| Country | Number of Counterparties | Secured Financing Agreement | Derivative Instruments at Fair Value | Exposure ⁽¹⁾ |
| | | (dollars in thousands) | | |
| United States | 10 | \$ 2,709,721 | \$ 1,876 | \$ 594,896 |
| Japan | 3 | 1,170,742 | — | 533,235 |
| Canada | 2 | 374,406 | (5,236) | 105,866 |
| Spain | 1 | 40,217 | — | 2,325 |
| South Korea | 1 | \$ 276,307 | \$ — | \$ 14,265 |
| Total | 17 | \$ 4,571,393 | \$ (3,360) | \$ 1,250,587 |

(1) Represents the amount of securities and/or cash pledged as collateral to each counterparty less the aggregate of secured financing agreement.

We regularly monitor our exposure to financing counterparties for credit risk and allocate assets to these counterparties based, in part, on the credit quality and internally developed metrics measuring counterparty risk. Our exposure to a particular counterparty is calculated as the excess collateral which is pledged relative to the secured financing agreement balance. If our exposure to our financing counterparties exceeds internally developed thresholds, we develop a plan to reduce the exposure to an acceptable level. At June 30, 2025, we had amounts at risk with Nomura of 19% of our equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 330 days. The amount at risk with Nomura was \$489 million. At December 31, 2024, we had amounts at risk with Nomura of 20% of our equity related to the collateral posted on secured financing agreements. The weighted average maturities of the secured financing agreements with Nomura were 108 days. The amount at risk with Nomura was \$512 million.

At June 30, 2025, we did not use credit default swaps or other forms of credit protection to hedge the exposures summarized in the table above.

Stockholders' Equity

In January 2024, our Board of Directors updated the authorization of our share repurchase program (the "Share Repurchase Program") to include our preferred stock and increased the authorization by \$33 million back up to \$250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of our common stock and preferred stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). The timing, manner, price and amount of any repurchases will be determined at our discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, we intend to only consider repurchasing shares of our common stock when the purchase price is less than the last publicly reported book value per common share. In addition, we do not intend to repurchase any shares from directors, officers or other affiliates. The program does not obligate us to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

We did not repurchase any of our common stock during the quarters ended June 30, 2025 and 2024. The approximate dollar value of shares that may yet be purchased under the Share Repurchase Program is \$250 million as of June 30, 2025.

In 2022, we entered into separate Distribution Agency Agreements (the "Existing Sales Agreements") with each of Credit Suisse Securities (USA) LLC, JMP Securities LLC, Goldman Sachs & Co. LLC, Morgan Stanley & Co. LLC and RBC Capital Markets, LLC. In February 2023, the Company amended the Existing Sales Agreements and entered into separate Distribution Agency Agreements (together with the Existing Sales Agreements, as amended, the "Sales Agreements") with J.P. Morgan Securities LLC and UBS Securities LLC (replacing Credit Suisse Securities LLC) to include J.P. Morgan Securities LLC and UBS Securities LLC as additional sales agents. Pursuant to the terms of the Sales Agreements, we may offer and sell shares of

our common stock, having an aggregate offering price of up to \$500 million from time to time in “at the market offerings” through any of the sales agents under the Securities Act of 1933. We did not issue any shares under the at-the-market sales program during the quarters ended June 30, 2025 and 2024. The approximate dollar value of shares that may yet be issued under our at-the-market sales program is \$426 million as of June 30, 2025.

We declared dividends to Series A preferred stockholders of \$3 million and \$6 million, or \$0.50 and \$1.00 per preferred share, during the quarters and six months ended June 30, 2025. We declared dividends to Series A preferred stockholders of \$3 million and \$6 million, or \$0.50 and \$1.00 per preferred share, during the quarter and six months ended June 30, 2024, respectively.

We declared dividends to Series B preferred stockholders of \$8 million and \$17 million, or \$0.65 and \$1.30 per preferred share, during the quarter and six months ended June 30, 2025. We declared dividends to Series B preferred stockholders of \$9 million and \$16 million or \$0.71 and \$1.21 per preferred share, during the quarter and six months ended June 30, 2024.

We declared dividends to Series C preferred stockholders of \$5 million and \$10 million, or \$0.48 and \$0.97 per preferred share, during the quarters and six months ended June 30, 2025. We declared dividends to Series C preferred stockholders of \$5 million and \$10 million, or \$0.48 and \$0.97 per preferred share, during the quarter and six months ended June 30, 2024.

We declared dividends to Series D preferred stockholders of \$5 million and \$10 million, \$0.63 or \$1.26 per preferred share, during the quarter and six months ended June 30, 2025. We declared dividends to Series D preferred stockholders of \$6 million and \$10 million, or \$0.70 and \$1.20 per preferred share, during the quarter and six months ended June 30, 2024, respectively.

On October 30, 2021, all 5,800,000 issued and outstanding shares of Series A Preferred Stock with an outstanding liquidation preference of \$145 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On March 30, 2024, all 13,000,000 issued and outstanding shares of Series B Preferred Stock with an outstanding liquidation preference of \$325 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On March 30, 2024, all 8,000,000 issued and outstanding shares of Series D Preferred Stock with an outstanding liquidation preference of \$200 million became callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

On September 30, 2025, all 10,400,000 issued and outstanding shares of Series C Preferred Stock with an outstanding liquidation preference of \$260 million will become callable at a redemption price equal to the liquidation preference plus accrued and unpaid dividends through, but not including the redemption date.

After June 30, 2023, all LIBOR tenors relevant to us ceased to be published or became no longer representative. We believe that the federal Adjustable Interest Rate (LIBOR) Act (the “Act”) and the related regulations promulgated thereunder are applicable to each of its Series B Preferred Stock, Series C Preferred Stock and Series D Preferred Stock. In light of the applicability of the Act to the aforementioned preferred stock, we believe, given all of the information available to us to date, that three-month CME Term SOFR plus the applicable tenor spread adjustment of 0.26% per annum have automatically replaced, or will automatically replace, three-month LIBOR as the reference rate for calculations of the dividend rate payable on the relevant preferred stock for dividend periods from and after (i) March 30, 2024, in the case of the Series B Preferred Stock, (ii) September 30, 2025, in the case of the Series C Preferred Stock, and (iii) March 30, 2024, in the case of the Series D Preferred Stock.

Stock Based Compensation

On June 14, 2023, the Board of Directors recommended and shareholders approved, the Chimera Investment Corporation 2023 Equity Incentive Plan (the “Plan”). It authorized the issuance of up to 6,666,667 shares of our common stock for the grant of awards under the Plan. The Plan replaced our 2007 Equity Incentive Plan, as amended and restated effective December 10, 2015 (the “Prior Plan”), and no new awards will be granted under the Prior Plan. Any awards outstanding under the Prior Plan will remain subject to and be paid under the Prior Plan. Any shares subject to outstanding awards under the Prior Plan that expire, terminate, or are surrendered or forfeited for any reason without issuance of shares will automatically become available for issuance under the Plan. Also, shares withheld for tax withholding requirements after stockholder approval of the Plan for full value awards originally granted under the Prior Plan (such as the RSUs and PSUs awarded to our named executive officers) will automatically become available for issuance under the Plan.

As of June 30, 2025, approximately 4 million shares were available for future grants under the Plan.

Awards under the Plan may include stock options, stock appreciation rights, restricted stock, dividend equivalent rights (“DERs”) and other share-based awards (including RSUs). Under the Plan, any of these awards may be performance awards that are conditioned on the attainment of performance goals.

The Compensation Committee of our Board of Directors had previously approved a Stock Award Deferral Program (the “Deferral Program”). The Deferral Program consisted of two distinct non-qualified deferred compensation plans within the meaning of Section 409A of the Code, as amended, one for non-employee directors (the “Director Plan”) and one for certain executive officers (the “Executive Officer Plan”). Under the Deferral Program, non-employee directors and certain executive officers could elect to defer payment of certain stock awards made pursuant to the Plan. Deferred awards are treated as deferred stock units and paid at the earlier of separation from service or a date elected by the participant who is separating. Payments are generally made in a lump sum or, if elected by the participant, in five annual installments. Deferred awards receive dividend equivalents during the deferral period in the form of additional deferred stock units. Amounts are paid at the end of the deferral period by delivery of shares from the Plan (plus cash for any fractional deferred stock units), less any applicable tax withholdings. Deferral elections do not alter any vesting requirements applicable to the underlying stock award. On November 5, 2024, the Compensation Committee of our Board of Directors approved irrevocably terminating the Executive Officer Plan and suspending new deferral elections under the Director Plan. The Executive Officer Plan will be liquidated on November 30, 2025, and all amounts outstanding under the Executive Officer Plan on the liquidation date will be paid at that time in accordance with applicable tax rules. All deferrals previously made under the Director Plan will remain outstanding, and all deferrals pursuant to prior elections made by directors will be paid on the originally scheduled payment dates. At June 30, 2025 and December 31, 2024, there are approximately 162 thousand and 124 thousand shares for which payments have been deferred until separation or a date elected by the participant, respectively. At June 30, 2025 and December 31, 2024, there are approximately 281 thousand and 229 thousand DERs earned but not yet delivered, respectively.

Grants of Restricted Stock Units (“RSUs”)

During the quarters and six months ended June 30, 2025 and 2024, we granted RSU awards to senior management, employees and directors. These RSU awards are designed to reward senior management, employees and directors of the Company for services provided to the Company. Generally, the RSU awards vest equally over a three-year period and will fully vest after three years. For employees who are retirement eligible, defined as years of service to the Company plus age that is equal to or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. For senior management who are retirement eligible, defined as having attained age 55 and the sum of his or her age plus his or her years of service is equal or greater than 65, the service period is considered to be fulfilled and all grants are expensed immediately. The RSU awards are valued at the market price of our common stock on the grant date and generally the employees must be employed by us on the vesting dates to receive the RSU awards. We granted 58 thousand and 362 thousand RSU awards during the quarter and six months ended June 30, 2025 with a grant date fair value of \$1 million and \$5 million for the 2025 performance year. We granted 61 thousand and 240 thousand RSU awards during the quarter and six months ended June 30, 2024 with a grant date fair value of \$1 million and \$4 million, for the 2024 performance year.

Grants of Performance Share Units (“PSUs”)

PSU awards are designed to align compensation with the Company’s future performance. The PSU awards granted during the six months ended June 30, 2025 and 2024, include a three-year performance period ending on December 31, 2027 and December 31, 2026, respectively. For the PSU awards granted during the six months ended June 30, 2025, and 2024, the final number of shares awarded will be between 0% and 200% of the PSUs granted based equally on the Company Economic Return and share price performance compared to a peer group. Our three-year Company Economic Return is equal to our change in book value per common share plus common stock dividends. Share price performance equals change in share price plus common stock dividends. Compensation expense will be recognized on a straight-line basis over the three-year vesting period based on an estimate of the Company Economic Return and share price performance in relation to the entities in the peer group and will be adjusted each period based on our best estimate of the actual number of shares awarded. For the six months ended June 30, 2025, we granted 296 thousand PSU awards to senior management with a grant date fair value of \$4 million. For the six months ended June 30, 2024, we granted 179 thousand PSU awards to senior management with a grant date fair value of \$3 million.

At June 30, 2025 and December 31, 2024, there were approximately \$2 million and \$1 million, respectively, unvested shares of RSUs and PSUs issued to our employees and directors.

Contractual Obligations and Commitments

The following tables summarize our contractual obligations at June 30, 2025 and December 31, 2024. The estimated principal repayment schedule of the securitized debt is based on expected cash flows of the residential mortgage loans or RMBS, as adjusted for expected principal write-downs on the underlying collateral of the debt.

June 30, 2025
(dollars in thousands)

| Contractual Obligations | Within One Year | One to Three Years | Three to Five Years | Greater Than or Equal to Five Years | Total |
|---|---------------------|---------------------|---------------------|-------------------------------------|----------------------|
| Secured financing agreements | \$ 3,647,875 | \$ 923,518 | \$ — | \$ — | \$ 4,571,393 |
| Securitized debt, collateralized by Non-Agency RMBS | — | — | — | 2 | 2 |
| Securitized debt at fair value, collateralized by Loans held for investment | 1,272,191 | 2,095,590 | 1,934,672 | 2,157,496 | 7,459,949 |
| Interest expense on MBS secured financing agreements ⁽¹⁾ | 29,895 | 5,478 | — | — | 35,373 |
| Interest expense on securitized debt ⁽¹⁾ | 257,264 | 394,960 | 259,693 | 328,080 | 1,239,997 |
| Total | \$ 5,207,225 | \$ 3,419,546 | \$ 2,194,365 | \$ 2,485,578 | \$ 13,306,714 |

(1) Interest is based on variable rates in effect as of June 30, 2025.

December 31, 2024
(dollars in thousands)

| Contractual Obligations | Within One Year | One to Three Years | Three to Five Years | Greater Than or Equal to Five Years | Total |
|---|---------------------|---------------------|---------------------|-------------------------------------|----------------------|
| Secured financing agreements | \$ 2,504,915 | \$ 337,245 | \$ — | \$ — | \$ 2,842,160 |
| Securitized debt, collateralized by Non-Agency RMBS | — | 13 | — | 13 | 26 |
| Securitized debt at fair value, collateralized by Loans held for investment | 1,288,028 | 2,091,147 | 1,937,868 | 2,253,020 | 7,570,063 |
| Interest expense on MBS secured financing agreements ⁽¹⁾ | 29,737 | 1,364 | — | — | 31,101 |
| Interest expense on securitized debt ⁽¹⁾ | 255,162 | 394,250 | 257,323 | 292,081 | 1,198,816 |
| Total | \$ 4,077,842 | \$ 2,824,019 | \$ 2,195,191 | \$ 2,545,114 | \$ 11,642,166 |

(1) Interest is based on variable rates in effect as of December 31, 2024.

Not included in the tables above are the unfunded construction loan commitments of \$3 million and \$5 million as of June 30, 2025 and December 31, 2024. We expect the majority of these commitments will be paid within one year and are reported under Payable for investments purchased in our Consolidated Statements of Financial Condition.

We have made a \$75 million capital commitment to a fund managed by Kah Capital Management, LLC. During the quarter and six months ended June 30, 2025, we did not make any additional funding toward the commitment, and the total funding remained at \$56 million, leaving an unfunded commitment of \$19 million.

Capital Expenditure Requirements

At June 30, 2025 and December 31, 2024, we had no material commitments for capital expenditures.

Dividends

To maintain our qualification as a REIT, we must pay annual dividends to our stockholders of at least 90% of our taxable income (subject to certain adjustments). Before we pay any dividend, we must first meet any operating requirements and scheduled debt service on our financing facilities and other debt payable.

Critical Accounting Estimates

Accounting policies are integral to understanding our Management's Discussion and Analysis of Financial Condition and Results of Operations. The preparation of financial statements in accordance with GAAP requires management to make certain judgments and assumptions, on the basis of information available at the time of the financial statements, in determining accounting estimates used in the preparation of these statements. Our significant accounting policies and accounting estimates are described in Note 2 to the Consolidated Financial Statements. Critical accounting policies are described in this section. An accounting policy is considered critical if it requires management to make assumptions or judgments about matters that are highly uncertain at the time the accounting estimate was made or require significant management judgment in interpreting the accounting literature. If actual results differ from our judgments and assumptions, or other accounting judgments were made, this could have a significant and potentially adverse impact on our financial condition, results of operations and cash flows.

The accounting policies and estimates which we consider most critical relate to the recognition of revenue on our investments, including recognition of any losses, and the determination of fair value of our financial instruments. The consolidated financial statements include, on a consolidated basis, our accounts, the accounts of our wholly-owned subsidiaries, and variable interest entities (“VIEs”) for which we are the primary beneficiary. All significant intercompany balances and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although our estimates contemplate current conditions and how we expect them to change in the future, it is reasonably possible that actual conditions could be different than anticipated in those estimates, which could materially adversely impact our results of operations and our financial condition. Management has made significant estimates in several areas, including current expected credit losses of Non-Agency RMBS, valuation of Loans held for investments, Agency and Non-Agency MBS, forward interest rates for interest rate swaps, and income recognition on Loans held for investments, Non-Agency RMBS, goodwill, intangibles and contingent earn-out liability. Actual results could differ materially from those estimates.

Recent Accounting Pronouncements

Refer to Note 2 in the Notes to Consolidated Financial Statements for a discussion of accounting guidance we have recently adopted or expect to be adopted in the future.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The primary components of our market risk are related to credit risk, interest rate risk, prepayment risk, extension risk, basis risk and market risk. While we do not seek to avoid risk completely, we believe the risk can be quantified from historical experience and we seek to actively manage that risk and to maintain capital levels consistent with the risks we undertake.

Additionally, refer to Item 1A, “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information on risks we face.

Credit Risk

We are subject to credit risk in connection with our investments in Non-Agency RMBS and residential mortgage loans and face more credit risk on assets we own that are rated below “AAA” or not rated. The credit risk related to these investments pertains to the ability and willingness of the borrowers to pay, which is assessed before credit is granted or renewed and periodically reviewed throughout the loan or security term. We believe that residential loan credit quality, and thus the quality of our assets, is primarily determined by the borrowers’ credit profiles and loan characteristics.

In connection with loan acquisitions, we or a third party perform an independent review of the mortgage file to assess the origination and servicing of the mortgage loan as well as our ability to enforce the contractual rights in the mortgage. Depending on the size of the loans, we may not review all of the loans in a pool, but rather a sample of loans for diligence review based upon specific risk-based criteria such as property location, loan size, effective LTV ratio, borrower’s characteristics and other criteria we believe to be important indicators of credit risk. Additionally, we obtain representations and warranties from each seller with respect to the residential mortgage loans, including the origination and servicing of the mortgage loan as well as the enforceability of the lien on the mortgaged property. A seller who breaches these representations and warranties in making a loan that we purchase may be obligated to repurchase the loan from us. Our resources include a portfolio management system, as well as third-party software systems. We utilize third-party due diligence firms to perform an independent mortgage loan file review to ensure compliance with existing guidelines. In addition to statistical sampling techniques, we create adverse credit and valuation samples, which we individually review.

Additionally, we closely monitor credit losses incurred, as well as how expectations of credit losses are expected to change on our Non-Agency RMBS and Loans held for investment portfolios. We estimate future credit losses based on historical experience, market trends, current delinquencies as well as expected recoveries. The net present value of these expected credit losses can change, sometimes significantly from period to period as new information becomes available. When credit loss experience and expectations improve, we will collect more principal on our investments. If credit loss experience deteriorates, we will collect less principal on our investments. The favorable or unfavorable changes in credit losses are reflected in the yield on our investments in mortgage loans and recognized in earnings over the remaining life of our investments. The following table presents changes to net present value of expected credit losses for our Non-Agency RMBS and Loans held for investment

portfolios during the previous five quarters. Gross losses are discounted at the rate used to amortize any discounts or premiums on our investments into income. A decrease (negative balance) in the "Increase/(decrease)" line item in the tables below represents a favorable change in expected credit losses. An increase (positive balance) in the "Increase/(decrease)" line item in the tables below represents an unfavorable change in expected credit losses.

| For the Quarters Ended (dollars in thousands) | | | | | |
|--|---------------|----------------|-------------------|--------------------|---------------|
| <u>Non-Agency RMBS</u> | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| Balance, beginning of period | \$ 89,065 | \$ 85,305 | \$ 81,368 | \$ 78,366 | \$ 98,035 |
| Realized losses | (1,613) | (1,811) | (1,182) | 534 | (1,940) |
| Accretion | 3,072 | 2,906 | 2,820 | 2,926 | 3,140 |
| Losses on purchases | — | — | — | — | — |
| Losses on sold/paid-off | — | — | 48 | — | (2) |
| Increase/(decrease) | 41 | 2,665 | 2,251 | (458) | (20,867) |
| Balance, end of period | \$ 90,565 | \$ 89,065 | \$ 85,305 | \$ 81,368 | \$ 78,366 |

| For the Quarters Ended (dollars in thousands) | | | | | |
|--|---------------|----------------|-------------------|--------------------|---------------|
| <u>Loans held for investment</u> | June 30, 2025 | March 31, 2025 | December 31, 2024 | September 30, 2024 | June 30, 2024 |
| Balance, beginning of period | \$ 106,961 | \$ 143,228 | \$ 181,895 | \$ 190,675 | \$ 213,050 |
| Realized losses | (7,816) | (3,583) | (6,180) | (6,226) | (8,149) |
| Accretion | 1,439 | 1,087 | 2,584 | 2,703 | 2,964 |
| Losses on purchases | — | — | — | — | — |
| Increase/(decrease) | 2,143 | (33,771) | (35,071) | (5,257) | (17,190) |
| Balance, end of period | \$ 102,727 | \$ 106,961 | \$ 143,228 | \$ 181,895 | \$ 190,675 |

Additionally, the Non-Agency RMBS which we acquire for our portfolio are reviewed by us to ensure that they satisfy our risk-based criteria. Our review of Non-Agency RMBS includes utilizing a portfolio management system. Our review of Non-Agency RMBS and other ABS is based on quantitative and qualitative analysis of the risk-adjusted returns on Non-Agency RMBS and other ABS. This analysis includes an evaluation of the collateral characteristics supporting the RMBS such as borrower payment history, credit profiles, geographic concentrations, credit enhancement, seasoning, and other pertinent factors.

Interest Rate Risk

Our net interest income, borrowing activities and profitability could be negatively affected by volatility in interest rates caused by uncertainties stemming from the effect of inflation and updated Federal Rate projections in 2024. As the Federal Reserve increases its federal funds rate, the margin between short and long-term rates could further compress. A prolonged period of extremely volatile and unstable market conditions would likely increase our funding costs and negatively affect market risk mitigation strategies. Higher income volatility from changes in interest rates and spreads to benchmark indices could cause a loss of future net interest income and a decrease in the current fair market values of our assets. Fluctuations in interest rates will impact both the level of income and expense recorded on most of our assets and liabilities and the market value of all interest-earning assets and interest-bearing liabilities, which in turn could have a material adverse effect on our net income, operating results, or financial condition.

Interest rate risk is highly sensitive to many factors, including governmental, monetary and tax policies, domestic and international economic and political considerations and other factors beyond our control. We are subject to interest rate risk in connection with our investments and our related debt obligations, which are generally secured financing agreements and securitization trusts. Our secured financing agreements and warehouse facilities may be of limited duration that is periodically refinanced at current market rates. We typically mitigate this risk through utilization of derivative contracts, primarily interest rate swap agreements, swaptions, and futures. While we may use interest rate hedges to mitigate risks related to changes in interest rate, the hedges may not fully offset interest expense movements.

Interest Rate Effects on Net Interest Income

Our operating results depend, in large part, on differences between the income from our investments and our borrowing costs. Most of our warehouse facilities and secured financing agreements provide financing based on a floating rate of interest calculated on a fixed spread over SOFR. The fixed spread varies depending on the type of underlying asset which collateralizes the financing. During periods of rising interest rates, the borrowing costs associated with our investments tend to increase while the income earned on our investments may remain substantially unchanged or decrease. This will result in a narrowing of the net interest spread between the related assets and borrowings and may even result in losses. Further, defaults could increase and result in credit losses to us, which could adversely affect our liquidity and operating results. Such delinquencies or defaults could also have an adverse effect on the spread between interest-earning assets and interest-bearing liabilities. We generally do not hedge against credit losses. Hedging techniques are partly based on assumed levels of prepayments of our fixed-rate and hybrid adjustable-rate residential mortgage loans and RMBS. If prepayments are slower or faster than assumed, the life of the residential mortgage loans and RMBS will be longer or shorter, which would reduce the effectiveness of any hedging strategies we may use and may cause losses on such transactions.

Interest Rate Effects on Fair Value

Another component of interest rate risk is the effect changes in interest rates will have on the fair value of the assets we acquire. We face the risk that the fair value of our assets will increase or decrease at different rates than that of our liabilities, including our hedging instruments, if any. We primarily assess our interest rate risk by estimating the duration of our assets compared to the duration of our liabilities and hedges. Duration essentially measures the market price volatility of financial instruments as interest rates change. We generally calculate duration using various financial models and empirical data. Different models and methodologies can produce different duration numbers for the same securities.

It is important to note that the impact of changing interest rates on fair value can change significantly when interest rates change beyond 100 basis points from current levels. Therefore, the volatility in the fair value of our assets could increase significantly when interest rates change beyond 100 basis points. In addition, other factors impact the fair value of our interest rate-sensitive investments and hedging instruments, such as the shape of the yield curve, market expectations as to future interest rate changes and other market conditions. Accordingly, in the event of changes in actual interest rates, the change in the fair value of our assets would likely differ from that shown below and such difference might be material and adverse to our stockholders.

Interest Rate Cap Risk

We may also invest in adjustable-rate residential mortgage loans and RMBS. These are mortgages or RMBS in which the underlying mortgages are typically subject to periodic and lifetime Interest rate cap and floors, which limit the amount by which the security's interest yield may change during any given period. However, our borrowing costs pursuant to our financing agreements will not be subject to similar restrictions. Therefore, in a period of increasing interest rates, interest rate costs on our borrowings could increase without limitation by caps, while the interest-rate yields on our adjustable-rate residential mortgage loans and RMBS would effectively be limited. This problem will be magnified to the extent we acquire adjustable-rate RMBS that are not based on mortgages which are fully indexed. In addition, the mortgages or the underlying mortgages in an RMBS may be subject to periodic payment caps that result in some portion of the interest being deferred and added to the principal outstanding. This could result in our receipt of less cash income on our adjustable-rate mortgages or RMBS than we need in order to pay the interest cost on our related borrowings. These factors could lower our net interest income or cause a net loss during periods of rising interest rates, which would harm our financial condition, cash flows and results of operations.

Interest Rate Mismatch Risk

We fund a substantial portion of the acquisitions of our investments with borrowings that have interest rates based on indices and re-pricing terms similar to, but of somewhat shorter maturities than, the interest rate indices and re-pricing terms of the mortgages and MBS we purchase. In most cases the interest rate indices and re-pricing terms of our mortgage assets and our funding sources will not be identical, thereby creating an interest rate mismatch between assets and liabilities. Our cost of funds would likely rise or fall more quickly than would our earnings rate on assets. During periods of changing interest rates, such interest rate mismatches could negatively impact our financial condition, cash flows and results of operations. To mitigate interest rate mismatches, we may utilize the hedging strategies discussed above. Our analysis of risks is based on our experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of investment decisions by our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results.

To mitigate potential interest rate mismatches, we have entered into agreements for longer term, non-MTM financing facilities at rates that are higher than short term secured financing agreements. These longer term agreements are primarily on our less

liquid Non-Agency RMBS assets. Having non-MTM financing facilities may be useful in this market to prevent significant margin calls or collateral liquidation in a volatile market. If the market normalizes and repurchase rates fall, we may be locked into long term and higher interest expenses than are otherwise available in the market to finance our portfolio.

Our profitability and the value of our investment portfolio including derivatives may be adversely affected during any period as a result of changing interest rates. The following table quantifies the potential changes in net interest income and market value on the assets we retain and derivatives, if interest rates go up or down 50 and 100 basis points, assuming parallel movements in the yield curves. All changes in income and value are measured as percentage changes from the projected net interest income and the value of the assets we retain at the base interest rate scenario. The base interest rate scenario assumes interest rates at June 30, 2025 and various estimates regarding prepayment and all activities are made at each level of rate change. Actual results could differ significantly from these estimates.

| Change in Interest Rate | June 30, 2025 | |
|-------------------------|---|--|
| | Projected Percentage Change in Net Interest Income ⁽²⁾ | Projected Percentage Change in Market Value ⁽³⁾ |
| -100 Basis Points | 8.75 % | 4.11 % |
| -50 Basis Points | 4.59 % | 2.08 % |
| Base Interest Rate | — | — |
| +50 Basis Points | (4.62) % | (2.07) % |
| +100 Basis Points | (9.34) % | (4.03) % |

(1) The retained securities are securities retained by us from securitization VIEs included in our portfolio and not the consolidated assets and liabilities of the VIEs. Our consolidated statement of financial condition includes assets of consolidated VIEs that can only be used to settle obligations and liabilities of the VIEs for which creditors do not have recourse to us.

(2) Includes preferred stock dividend expense.

(3) Projected Percentage Change in Market Value is based on instantaneous moves in interest rates.

Prepayment Risk

As we receive prepayments of principal on these investments, premiums and discounts on such investments will be amortized or accreted into interest income. In general, an increase in actual or expected prepayment rates will accelerate the amortization of purchase premiums, thereby reducing the interest income earned on the investments. Conversely, discounts on such investments are accelerated and accreted into interest income, increasing interest income when prepayments increase. Actual prepayment results may be materially different than the assumptions we use for our portfolio.

Extension Risk

Management computes the projected weighted-average life of our investments based on assumptions regarding the rate at which the borrowers will prepay the underlying mortgages. In general, when fixed-rate or hybrid adjustable-rate residential mortgage loans or RMBS are acquired via borrowings, we may, but are not required to, enter into an interest rate swap agreement or other hedging instrument that attempts to fix our borrowing costs for a period close to the anticipated average life of the fixed-rate portion of the related assets. This strategy is designed to protect us from rising interest rates as the borrowing costs are managed to maintain a net interest spread for the duration of the fixed-rate portion of the related assets. However, if prepayment rates decrease in a rising interest rate environment, the life of the fixed-rate portion of the related assets could extend beyond the term of the swap agreement or other hedging instrument. This could have a negative impact on our results from operations, as borrowing costs would no longer be fixed after the end of the hedging instrument while the income earned on the fixed and hybrid adjustable-rate assets would remain fixed. In extreme situations, we may be forced to sell assets to maintain adequate liquidity, which could cause us to incur losses.

Basis Risk

We may seek to limit our interest rate risk by hedging portions of our portfolio through interest rate swaps or other types of hedging instruments. Basis risk relates to the risk of the spread between our MBS and hedges widening. Such a widening may cause a decline in the fair value of our MBS that is greater than the increase in fair value of our hedges resulting in a net decline in book value.

Market Risk

Market Value Risk

Certain of our securities classified as available-for-sale are reflected at their estimated fair value with unrealized gains and losses excluded from earnings and reported in other comprehensive income. The estimated fair value of these securities fluctuates primarily due to changes in interest rates, prepayment speeds, market liquidity, credit quality, and other factors. Generally, in a rising interest rate environment, the estimated fair value of these securities would be expected to decrease; conversely, in a decreasing interest rate environment, the estimated fair value of these securities would be expected to increase. As market volatility increases or liquidity decreases, the fair value of our investments may be adversely impacted.

Real Estate Market Risk

We own assets secured by real property and may own real property directly. Residential property values are subject to volatility and may be affected adversely by a number of factors, including, but not limited to, national, regional and local economic conditions and unemployment (which may be adversely affected by industry slowdowns and other factors); local real estate conditions (such as housing supply and demand); changes or continued weakness in specific industry segments; construction quality, age and design; demographic factors; natural disasters and other acts of God; and retroactive changes to building or similar codes. In addition, decreases in property values reduce the value of the collateral and the potential proceeds available to a borrower to repay our loans, which could also cause us to incur losses.

Risk Management

Subject to maintaining our REIT status, we seek to manage risk exposure to protect our portfolio of residential mortgage loans, RMBS, and other assets and related debt against the effects of major interest rate changes. We generally seek to manage risk by:

- monitoring and adjusting, if necessary, the reset index and interest rate related to our RMBS and our financings;
- attempting to structure our financing agreements to have a range of different maturities, terms, amortizations and interest rate adjustment periods, rights to post both cash and collateral for margin calls and provisions for non-MTM financing facilities;
- using derivatives, financial futures, swaps, options, caps, floors and forward sales to adjust the interest rate sensitivity of our investments and our borrowings;
- using securitization financing to receive the benefit of attractive financing terms for an extended period of time in contrast to short term financing and maturity dates of the investments not included in the securitization; and
- actively managing, through assets selection, on an aggregate basis, the interest rate indices, interest rate adjustment periods, and gross reset margins of our investments and the interest rate indices and adjustment periods of our financings.

Our efforts to manage our assets and liabilities are focused on the timing and magnitude of the re-pricing of assets and liabilities. We attempt to control risks associated with interest rate movements. Methods for evaluating interest rate risk include an analysis of our interest rate sensitivity “gap,” which is the difference between interest-earning assets and interest-bearing liabilities maturing or re-pricing within a given time period. A gap is considered positive when the amount of interest-rate sensitive assets exceeds the amount of interest-rate sensitive liabilities. A gap is considered negative when the amount of interest-rate sensitive liabilities exceeds interest-rate sensitive assets. During a period of rising interest rates, a negative gap would tend to adversely affect net interest income, while a positive gap would tend to result in an increase in net interest income. During a period of falling interest rates, a negative gap would tend to result in an increase in net interest income, while a positive gap would tend to affect net interest income adversely. Because different types of assets and liabilities with the same or similar maturities may react differently to changes in overall market rates or conditions, changes in interest rates may affect net interest income positively or negatively even if an institution were perfectly matched in each maturity category.

The following table sets forth the estimated maturity or re-pricing of our interest-earning assets and interest-bearing liabilities at June 30, 2025. The amounts of assets and liabilities shown within a particular period were determined in accordance with the contractual terms of the assets and liabilities, and securities are included in the period in which their interest rates are first scheduled to adjust and not in the period in which they mature and includes the effect of the interest rate swaps, if any. The interest rate sensitivity of our assets and liabilities in the table could vary substantially based on actual prepayments.

June 30, 2025
(dollars in thousands)

| | Within 3 Months | | 3-12 Months | | 1 Year to 3 Years | | Greater than 3 Years | | Total | |
|---|-----------------|-------------|-------------|-------------|-------------------|-------------|----------------------|-----------|-------|------------|
| Rate sensitive assets | \$ | 1,090,801 | \$ | 5,858,437 | \$ | 648,409 | \$ | 6,749,413 | \$ | 14,347,059 |
| Cash equivalents | | 250,223 | | — | | — | | — | | 250,223 |
| Total rate sensitive assets | \$ | 1,341,024 | \$ | 5,858,437 | \$ | 648,409 | \$ | 6,749,413 | \$ | 14,597,282 |
| | | | | | | | | | | |
| Rate sensitive liabilities | | 4,996,601 | | 3,729,675 | | 554,015 | | 2,309,829 | | 11,590,120 |
| Interest rate sensitivity gap | \$ | (3,655,577) | \$ | 2,128,762 | \$ | 94,394 | \$ | 4,439,584 | \$ | 3,007,162 |
| | | | | | | | | | | |
| Cumulative rate sensitivity gap | \$ | (3,655,577) | \$ | (1,526,815) | \$ | (1,432,421) | \$ | 3,007,163 | | |
| | | | | | | | | | | |
| Cumulative interest rate sensitivity gap as a percentage of total rate sensitive assets | | (25)% | | (10)% | | (10)% | | 21 % | | |

Our analysis of risks is based on our management's experience, estimates, models and assumptions. These analyses rely on models which utilize estimates of fair value and interest rate sensitivity. Actual economic conditions or implementation of investment decisions by our management may produce results that differ significantly from the estimates and assumptions used in our models and the projected results shown in the above tables. These analyses contain certain forward-looking statements and are subject to the safe harbor statement set forth under the heading, "Special Note Regarding Forward-Looking Statements."

Enterprise Risk Management

We employ a "Three Layers of Defense Approach" to Enterprise Risk Management designed to assess and manage risk to achieve our strategic goals. The "First Layer of Defense" consists of assessing key risks indicators facing each respective business unit within the Company. Our risk management unit is an independent group that acts as the "Second Layer of Defense". The risk management unit partners with various business units to understand, monitor, manage and escalate risks as appropriate. The financial reporting unit operates under the requirements of the Sarbanes Oxley. The "Third Layer of Defense" consists of many of our internal controls which are subject to an independent evaluation by our third-party internal auditors. As an independent third party, the mandate of the internal auditor is to objectively assess the adequacy and effectiveness of our internal control environment to improve risk management, control and governance processes. Periodic reporting from the risk management unit is provided to executive management and to the Audit Committee of the Board of Directors.

Cybersecurity Risk

Our cybersecurity risk management and strategy is incorporated into our Enterprise Risk Management process. Our Board of Directors, in coordination with the Audit Committee and the Risk Committee, oversees management of cybersecurity risk. Please refer to Item 1C, "Cybersecurity" in our Annual Report on Form 10-K for the year ended December 31, 2024 for additional information about our cybersecurity risk management, strategy and governance.

Business Continuity Plan

Our Business Continuity Plan is prepared with the intent of providing guidelines to facilitate (i) employee safety and relocation; (ii) preparedness for carrying out activities and receiving communication; (iii) resumption and restoration of systems and business processes and (iv) the protection and integrity of the Company's assets.

Our Business Continuity Plan is designed to facilitate business process resilience in a broad range of scenarios with a dedicated Disaster Recovery Team which is comprised of executive management, head of technology, and professionals across our various business units. Our Business Continuity Plan identifies the critical systems and processes necessary for business operations as well as the resources, employees, and planning needed to support these systems and processes. Critical systems and processes are defined as those which have a material impact on core operations, financial performance, or regulatory requirements. This includes applications which facilitate financial transactions, transaction settlements, financial reporting, and business communication and the personnel who perform such actions. Our Business Continuity Plan provides guidelines to aid in the timely resumption of business operations and for communication with employees, service providers and other key stakeholders needed to support these operations. Our Business Continuity Plan is a "living process" that will evolve with the input and guidance of the key stakeholders, subject matter experts and industry best practices and is reviewed and updated at least annually.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

As of the end of the period covered by this report, an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Exchange Act) was performed under the supervision and with the participation of the Company's senior management, including the Chief Executive Officer and the Chief Financial Officer. Based on that evaluation, the Company's management, including the Chief Executive Officer and the Chief Financial Officer, concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

(b) Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Securities Exchange Act of 1934, the Company's management, including its Chief Executive Officer and the Chief Financial Officer, has evaluated the Company's internal control over financial reporting to determine whether any changes occurred during the period covered by this quarterly report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. Based on that evaluation, there has been no such changes, during the second quarter of 2025.

Part II. Other Information

Item 1. Legal Proceedings

None.

Item 1A. Risk Factors

We are supplementing the risk factors described under "Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024 ("2024 Form 10-K"), with the additional risk factors set forth below. These supplemental risk factors should be read in conjunction with the other risk factors described in the 2024 Form 10-K.

Completion of the HomeXpress Acquisition remains subject to conditions and we may fail to realize the expected benefits of the HomeXpress Acquisition.

The HomeXpress Acquisition is subject to various customary closing conditions. There is no assurance that these closing conditions will be satisfied in a timely manner or at all. If the HomeXpress Acquisition is not completed within the expected timeframe, such delay may materially and adversely affect the benefits that we may expect to achieve as a result of the HomeXpress Acquisition and could result in additional transaction costs or other effects associated with the uncertainty.

In addition, we may be required to devote significant attention and resources to successfully integrate HomeXpress' operations into our existing business. This integration process may disrupt our business and, if ineffective, would limit the anticipated benefits of the HomeXpress Acquisition. Failure to achieve the anticipated benefits of the HomeXpress Acquisition could adversely affect our results of operations.

We have incurred, and may continue to incur, substantial expenses related to the HomeXpress Acquisition.

We have incurred substantial legal, accounting, financial advisory and other costs in connection with the HomeXpress Acquisition. We may incur significant additional costs in connection with the completion of the HomeXpress. There are a number of factors beyond our control that could affect the total amount or the timing of the transaction and integration expenses. Many of the expenses that will be incurred are, by their nature, difficult to estimate accurately at the present time.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

In January 2024, the Company's Board of Directors updated the authorization of the Company's Share Repurchase Program to include the Company's preferred stock and increased the authorization by \$33 million back up to \$250 million. Such authorization does not have an expiration date, and at present, there is no intention to modify or otherwise rescind such authorization. Shares of the Company's common stock may be purchased in the open market, including through block purchases, through privately negotiated transactions, or pursuant to any trading plan that may be adopted in accordance with Rule 10b5-1 of the Exchange Act. The timing, manner, price and amount of any repurchases will be determined at the

Company's discretion and the program may be suspended, terminated or modified at any time, for any reason. Among other factors, the Company intends to only consider repurchasing shares of its common stock when the purchase price is less than the last publicly reported book value per common share. In addition, the Company does not intend to repurchase any shares from directors, officers or other affiliates. The program does not obligate the Company to acquire any specific number of shares, and all repurchases will be made in accordance with Rule 10b-18, which sets certain restrictions on the method, timing, price and volume of stock repurchases.

The Company did not repurchase any of its common stock during the quarters and six months ended June 30, 2025.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not applicable.

Item 5. Other Information

Amendment to Stock Purchase Agreement

As previously disclosed on our Current Report on Form 8-K filed with the SEC on June 12, 2025 (as amended by the Form 8-K/A filed with the SEC on June 13, 2025), on June 11, 2025, we entered into a Stock Purchase Agreement (the "Original Stock Purchase Agreement") to acquire (through our wholly-owned subsidiary Chimera Funding TRS, LLC), directly or indirectly, HomeXpress. As part of the consideration in respect thereof, we have agreed to issue 2,077,151 shares (the "Shares") of our common stock to the Sellers (as defined in the Original Stock Purchase Agreement) upon the closing of the acquisition (the "Closing"). At the time, we expected to file with the SEC a registration statement on Form S-4 to cover the issuance of the common stock portion of the purchase price.

On August 5, 2025, we and the Sellers entered into a First Amendment (the "Amendment") to the Original Stock Purchase Agreement (the Original Stock Purchase Agreement, as amended by the Amendment, is referred to herein as the "Stock Purchase Agreement"). The Amendment, among other things, removes our obligation to file a registration statement on Form S-4 to register the offer and sale of the Shares as contemplated in the Original Stock Purchase Agreement. Instead, the Shares will be issued in a private placement pursuant to the exemption from registration under Section 4(a)(2) of the Securities Act of 1933, as amended, and we became obligated to enter into the Registration Rights Agreement described immediately below.

Registration Rights Agreement

In connection with the Amendment, on August 5, 2025, we entered into a Registration Rights Agreement (the "Registration Rights Agreement") with the Sellers, pursuant to which we granted the Sellers certain registration rights with respect to the Shares.

On the date of the Closing or as soon as reasonably practicable after the Closing, but in no event later than 10 calendar after the Closing, we have agreed to file a resale shelf registration statement on Form S-3 or an automatic shelf registration statement, or other forms as may be appropriate and available, registering the resale of all of the Shares held by the Sellers (the "Resale Shelf"). Following the initial effectiveness of the Resale Shelf, we are required to use our reasonable best efforts to maintain such effectiveness continuously until the date on which there are no longer any "Registrable Shares", as defined in the Registration Rights Agreement.

The Registration Rights Agreement contains customary "blackout" and similar provisions, as well as customary provisions related to indemnification and contribution provisions.

The foregoing description of each of the Amendment and the Registration Rights Agreement does not purport to be complete and is qualified in its entirety by the terms of the Amendment and the Registration Rights Agreement, copies of which are filed as Exhibits 2.2 and 10.2, respectively, to this Quarterly Report on Form 10-Q and incorporated herein by reference.

Unregistered Sale of Equity Securities

The information set forth above under "Amendment to Stock Purchase Agreement" is incorporated herein by reference.

Item 6. Exhibits**EXHIBIT INDEX**

| Exhibit Number | Description |
|----------------|---|
| 2.1 | Stock Purchase Agreement, dated June 11, 2025, by and among Chimera Investment Corporation and the Sellers and their Representatives, each as defined therein (filed as Exhibit 2.1 to the Company's Report on Form 8-K/A filed on June 13, 2025 and incorporated herein by reference). |
| 2.2 | First Amendment to Stock Purchase Agreement, dated August 5, 2025, by and among Chimera Investment Corporation and the Sellers and their Representatives, each as defined therein. |
| 3.1 | Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 (File No. 333-145525) filed on September 27, 2007 and incorporated herein by reference). |
| 3.2 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on May 28, 2009 and incorporated herein by reference). |
| 3.3 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on November 5, 2010 and incorporated herein by reference). |
| 3.4 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on April 6, 2015 and incorporated herein by reference). |
| 3.5 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.2 to the Company's Report on Form 8-K filed on April 6, 2015 and incorporated herein by reference). |
| 3.6 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.6 to the Company's Report on Form 8-A filed on January 17, 2019 and incorporated herein by reference). |
| 3.7 | Certificate of Correction, dated as of September 10, 2021 (filed as Exhibit 3.7 to the Company's Report on Form 8-K filed on September 13, 2021 and incorporated herein by reference). |
| 3.8 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed on May 21, 2024 and incorporated by reference herein). |
| 3.9 | Articles of Amendment to the Articles of Amendment and Restatement of Chimera Investment Corporation, (filed as Exhibit 3.2 to the Company's Report on Form 8-K filed on May 21, 2024 and incorporated by reference herein). |
| 3.10 | Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (filed as Exhibit 3.1 to the Company's Report on Form 8-K filed October 12, 2016 and incorporated herein by reference). |
| 3.11 | Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock, par value \$0.01 per share (filed as Exhibit 3.7 to the Company's Registration Statement on Form 8-A filed on February 24, 2017 and incorporated herein by reference). |
| 3.12 | Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (filed as Exhibit 3.8 to the Company's Report on Form 8-A filed September 18, 2018 and incorporated herein by reference). |
| 3.13 | Articles Supplementary to the Articles of Amendment and Restatement of Chimera Investment Corporation designating the Company's 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock (filed as Exhibit 3.10 to the Company's Report on Form 8-A filed January 17, 2019 and incorporated herein by reference). |
| 3.14 | Amended and Restated Bylaws of Chimera Investment Corporation (filed as Exhibit 3.1 to the Company's Current Report on Form 8-K filed on January 10, 2017 and incorporated herein by reference). |
| 4.1 | Specimen Common Stock Certificate of Chimera Investment Corporation (filed as Exhibit 4.1 to the Company's Registration Statement on Amendment No. 1 to Form S-11 (File No. 333-145525) filed on September 27, 2007 and incorporated herein by reference). |
| 4.2 | Form of specimen certificate representing the shares of 8.00% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Report on Form 8-K filed October 12, 2016 and incorporated herein by reference). |

| | |
|---------|---|
| 4.3 | <u>Form of specimen certificate representing the shares of 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on February 24, 2017 and incorporated herein by reference).</u> |
| 4.4 | <u>Form of specimen certificate representing the shares of 7.75% Series C Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on September 18, 2018 and incorporated herein by reference).</u> |
| 4.5 | <u>Form of specimen certificate representing the shares of 8.00% Series D Fixed-to-Floating Rate Cumulative Redeemable Preferred Stock Certificate (filed as Exhibit 4.1 to the Company's Registration Statement on Form 8-A filed on January 17, 2019 and incorporated herein by reference).</u> |
| 4.6 | <u>Indenture, dated April 13, 2020, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.1 to the Company's Current Report on Form 8-K filed on April 13, 2020 and incorporated herein by reference).</u> |
| 4.7 | <u>Second Supplemental Indenture, dated May 22, 2024, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.8 to the Company's Registration Statement on Form 8-A filed on May 22, 2024 and incorporated herein by reference).</u> |
| 4.8 | <u>Third Supplemental Indenture, dated August 19, 2024, between the Company and Wilmington Trust, National Association, as Trustee (filed as Exhibit 4.9 to the Company's Registration Statement on Form 8-A filed on August 19, 2024 and incorporated herein by reference).</u> |
| 4.9 | <u>Form of 9.000% Senior Notes Due 2029 of the Company (attached as Exhibit A to the Second Supplemental Indenture, incorporated by reference as Exhibit 4.9 to the Company's Registration Statement on Form 8-A filed on May 22, 2024).</u> |
| 4.10 | <u>Form of 9.250% Senior Notes Due 2029 of the Company (attached as Exhibit A to the Third Supplemental Indenture, incorporated by reference as Exhibit 4.11 to the Company's Registration Statement on Form 8-A filed on August 19, 2024).</u> |
| 10.1 | <u>Letter of Agreement and General Release, dated April 2, 2025, between Chimera Investment Corporation and Dan Sudhanshu Thakkar (filed as Exhibit 10.1 to the Company's Report on Form 8-K filed on April 8, 2025 and incorporated herein by reference).</u> |
| 10.2 | <u>Registration Rights Agreement, dated August 5, 2025, by and among Chimera Investment Corporation and the Holders as defined therein.</u> |
| 31.1 | <u>Certification of Phillip J. Kardis II, Chief Executive Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 31.2 | <u>Certification of Subramaniam Viswanathan, Chief Financial Officer of the Registrant, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.</u> |
| 32.1 | <u>Certification of Phillip J. Kardis II, Chief Executive Officer of the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 32.2 | <u>Certification of Subramaniam Viswanathan, Chief Financial Officer the Registrant, pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.</u> |
| 101.INS | XBRL Instance Document - The instance document does not appear in the interactive data file because its XBRL tags are embedded within the inline XBRL document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document |
| 101.LAB | XBRL Taxonomy Extension Labels Linkbase Document |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document |
| 104 | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101) |

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 thereunto duly authorized.

CHIMERA INVESTMENT CORPORATION

Date: August 6, 2025

By: /s/ Phillip J. Kardis II
Phillip J. Kardis II
President and Chief Executive Officer
(Principal Executive Officer of the registrant)

Date: August 6, 2025

By: /s/ Subramaniam Viswanathan
Subramaniam Viswanathan
Chief Financial Officer (Principal Financial Officer
and Principal Accounting Officer of the registrant)

FIRST AMENDMENT TO STOCK PURCHASE AGREEMENT

This First Amendment to Stock Purchase Agreement (this “**Amendment**”) is entered into as of August 5, 2025 (“**Amendment Effective Date**”), by and among Chimera Investment Corporation, a Maryland corporation (“**Buyer**”), Chimera Funding TRS LLC, a Delaware limited liability company (“**Buyer Assignee**”), Seer Capital Partners Master Fund LP, a Cayman Islands exempted limited partnership (“**Seer Master Fund**”), Seer Capital Management LP, a Delaware limited partnership, not for itself but for the benefit of its clients (“**Seer Capital**”, and together with Seer Master Fund, the “**Holdco Sellers**” and each a “**Holdco Seller**”), and solely in its capacity as representative for the Management Sellers, Kyle Walker (“**Management Seller Representative**”).

RECITALS

WHEREAS, Buyer, Holdco Sellers, Management Seller Representative and certain other parties entered into that certain Stock Purchase Agreement, dated as of June 11, 2025 (the “**Purchase Agreement**”);

WHEREAS, Buyer assigned certain of its obligations under the Purchase Agreement to Buyer Assignee pursuant to that certain Assignment and Assumption Agreement by and between Buyer and Buyer Assignee, dated June 11, 2025;

WHEREAS, the Purchase Agreement may only be amended in writing by an instrument executed by Buyer, Holdco Sellers and Management Seller Representative; and

WHEREAS, the parties hereto desire to amend the Purchase Agreement in accordance with the terms of this Amendment.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, the parties hereto agree as follows:

1. Defined Terms. Capitalized terms used in this Amendment and not otherwise defined herein shall have the meanings assigned to them in the Purchase Agreement.

2. Amendments to Purchase Agreement.

(a) The following definitions are hereby added to Section 1.1 of the Purchase Agreement:

“**Accounting Expenses**” has the meaning set forth in Section 9.12.

“**Commission**” has the meaning set forth in Section 3.1(e).

“**Registration Rights Agreement**” means the Registration Rights Agreement executed by each of the Sellers and Buyer, dated as of the Amendment Effective Date.

“**State Securities Laws**” has the meaning set forth in Section 3.1(e).

(b) The definition of “**Adjusted Book Value**” in Section 1.1 of the Purchase Agreement is hereby amended by inserting the following at the end thereof:

“and (iv) without taking into account any accrual related to the Accounting Expenses.”

(c) The definition of “**Ancillary Agreements**” in Section 1.1 of the Purchase Agreement is hereby amended by inserting the following immediately after “the R&W Insurance Policy”:

“, the Registration Rights Agreement”.

(d) The definition “**Registration Statement**” in Section 1.1 of the Purchase Agreement is hereby deleted in its entirety.

(e) The last sentence in Section 2.2 of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“All transactions contemplated herein to occur on and as of the Closing Date shall be deemed to have occurred simultaneously and to be effective as of 12:01 a.m. New York City time on the Closing Date; provided that if the Closing occurs on the last day of a calendar month, the Closing Date shall be deemed to have occurred simultaneously and to be effective as of 11:59 p.m. New York City time, on the Closing Date.”

(f) The following is hereby added as Section 3.1(e) to the Purchase Agreement:

“Status of Each Seller: Restrictions on Transfer or Sale of Buyer Stock

(i) Each Seller, for itself and on behalf of any client for whom such Seller is acting, (A) has such knowledge, skill and experience in business, financial and investment matters and is capable of evaluating the merits and risks of an investment in the Buyer Stock issuable hereunder, (B) has made, either alone or with the assistance of its own professional advisors, to the extent deemed appropriate, its own legal, tax, accounting, and financial evaluation of the merits and risks of an investment in the Buyer Stock issuable hereunder, (C) has considered the suitability of the Buyer Stock issuable hereunder an investment in light of its own circumstances and financial condition, (D) is able to bear the risks associated with an investment in the Buyer Stock issuable hereunder, and (E) agrees to furnish Buyer any additional information requested by Buyer to assure compliance with applicable U.S. federal and state securities laws in connection with the offer and sale of the Buyer Stock issuable hereunder.

(ii) Each Seller, for itself and on behalf of any client for whom such Seller is acting, (A) is acquiring shares of Buyer Stock for his, her or its own

account, for investment purposes, and not with a view to, or for resale in connection with, any distribution in violation of the Securities Act or any applicable foreign, federal, state or local securities or “Blue Sky” laws (“**State Securities Laws**”), (B) understands that the offer and sale of the Buyer Stock issuable hereunder have not been registered under the Securities Act or any applicable State Securities Laws by reason of specific exemptions under the provisions thereof which depend in part upon the investment intent of such Seller and any client for which such Seller is acting, (C) understands that Buyer is relying upon the representations and agreements contained in this Section 3.1(e) (and any supplemental information) for the purpose of determining whether the offer and sale of the Buyer Stock issuable hereunder meets the requirements for such exemptions, (D) understands that the shares of Buyer Stock issuable hereunder are “restricted securities” under applicable federal securities laws and that the Securities Act and the rules of the U.S. Securities and Exchange Commission (the “**Commission**”) provide in substance that the such Seller and any client for which such Seller is acting may dispose of the Buyer Stock only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, (E) will not sell, assign, pledge, give, transfer, or otherwise dispose of the shares of Buyer Stock or any interest therein, or make any offer or attempt to do any of the foregoing, unless the transaction is registered under the Securities Act and complies with the requirements of all applicable State Securities Laws, or the transaction is exempt from the registration requirements of the Securities Act and all applicable requirements of State Securities Laws, and (F) understands that certificates, if any, representing the shares of Buyer Stock issuable hereunder will bear a legend making reference to the foregoing restrictions, and that Buyer shall not be required to give effect to any purported transfer of the shares of Buyer Stock being issued hereunder except upon compliance with the foregoing restrictions.

(g) The following is hereby added as 3.3(i)(vi) to the Purchase Agreement:

“As of the date hereof, Buyer is eligible under applicable federal securities Laws to file an automatic shelf registration statement on Form S-3ASR to register the shares of Buyer Stock to be delivered pursuant to this Agreement for resale by the Sellers.”

(h) The following is hereby added as 3.3(i)(vii) to the Purchase Agreement:

“Assuming that the representations and warranties set forth in Section 3.1(e) are true and correct in all respects as of the date of this Agreement and as of the Closing Date, the offer and sale of shares of Buyer Stock issuable pursuant to this Agreement will be exempt from the registration and prospectus delivery requirements of the Securities Act and the rules and regulations promulgated thereunder.”

(i) The following at the end of Section 3.3(k)(iii) of the Purchase Agreement is hereby deleted in its entirety:

“, including but not limited to, information included in the Registration Statement.”

(j) Section 4.2(c) of the Purchase Agreement is hereby deleted in its entirety.

(k) Section 6.1(d) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“Stock Matters: All actions required by Applicable Law to effectuate the issuance of Buyer Stock to be issued pursuant to Section 2.3(b) shall have been completed.”

(l) Section 6.1(e) of the Purchase Agreement is hereby deleted in its entirety and replaced with the following:

“Registration Rights Agreement. The Registration Rights Agreement, duly executed by the Buyer and Sellers, shall be in full force and effect as of the Closing Date.”

(m) The following is hereby added to the end of Section 9.12 of the Purchase Agreement:

(n) “and (iii) any costs, expenses, or fees payable to Houlihan Lokey or another certified public accountant or financial advisory firm selected in connection with any financial advisory, accounting, internal controls analysis, or other similar services provided to Holdco or any member of the Company Group following the date hereof for purposes of preparing any financial disclosures or filings with the SEC related to Buyer or the transactions contemplated by this Agreement (“**Accounting Expenses**”), shall be the sole responsibility of Buyer. For the avoidance of doubt, costs incurred by Sellers, Holdco or the Company Group relating to financial advisory, accounting or other similar services that are not in furtherance of preparation of financial disclosures or filings with the SEC shall not be considered Accounting Expenses and shall be the sole responsibility of Sellers, Holdco or the Company Group, as applicable, unless any such costs were incurred at the request of Buyer.”

(o) The reference to “The Tampa Lease” in Section 3.2(m)(i)(7) of the Seller Disclosure Schedule is hereby deleted in its entirety.

3. Reference to and Effect on the Purchase Agreement.

(a) This Amendment shall become effective as of the date first written above.

(b) Upon the effectiveness of this Amendment, each reference in the Purchase Agreement to “this Agreement”, “hereunder”, “hereof”, “herein” or words of like import shall mean and be a reference to the Purchase Agreement as amended hereby.

(c) Except as amended hereby, the Purchase Agreement, shall remain in full force and effect in accordance with its terms.

4. Governing Law. This Amendment shall be governed by and construed in accordance with the domestic laws of the State of New York without giving effect to any choice or conflict of law provision or rule that would cause the application of the Applicable Laws of any jurisdiction other than the State of New York.

5. Counterparts. This Amendment may be executed in one or more counterparts (including by means of portable document format), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed and delivered by their duly authorized officers as of the Amendment Effective Date.

BUYER:

CHIMERA INVESTMENT CORPORATION

By: /s/ Phillip J. Kardis II
Name: Phillip J. Kardis II
Title: President and Chief Executive Officer

BUYER ASSIGNEE:

CHIMERA FUNDING TRS LLC

By: Chimera Investment Corporation, as Sole Member

By: /s/ Phillip J. Kardis II
Name: Phillip J. Kardis II
Title: President and Chief Executive Officer

[Signatures Continue on Following Page]

HOLDCO SELLERS:

SEER CAPITAL PARTNERS MASTER FUND LP

By: Seer Capital Management LP, its investment manager

By: /s/ Richard D'Albert

Name: Richard D'Albert

Title: Authorized Signatory

SEER CAPITAL MANAGEMENT LP, not for itself but for the benefit of its clients

Name: /s/ Richard D'Albert

Title: Authorized Signatory

MANAGEMENT SELLER REPRESENTATIVE:

/s/ Kyle Walker

Kyle Walker

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this “**Agreement**”) is entered into as of August 5, 2025, by and among (i) Chimera Investment Corporation, a Maryland corporation (the “**Company**”), on the one hand, and (ii) Seer Capital Partners Master Fund LP, a Cayman Islands exempted limited partnership, and Seer Capital Management LP, a Delaware limited partnership, not for itself but for the benefit of its clients, Kyle Walker, Robert Clafford, and Michael Koch (each a “**Holder**”, and collectively the “**Holders**”), on the other hand.

WHEREAS, the Company and the Holders are parties to a Stock Purchase Agreement, dated as of June 11, 2025 (as amended on August 5, 2025 and as may be amended, supplemented or restated from time to time, the “**Stock Purchase Agreement**”), pursuant to which, the Company will acquire from the Holders equity interests in HomeXpress Mortgage Corp., a Delaware corporation;

WHEREAS, upon the closing of the transactions contemplated by the Stock Purchase Agreement (the “**Closing**”), the Company will issue to the Holders certain shares of its common stock, par value \$0.01 (“**Common Stock**”), in accordance with the terms of the Stock Purchase Agreement;

WHEREAS, in anticipation of the consummation of the transactions contemplated by the Stock Purchase Agreement, the parties desire to enter into this Agreement in order to grant certain rights to the Holders as set forth below.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and obligations hereinafter set forth, the parties hereby agree as follows:

1. *Definitions*

As used in this Agreement, the following terms shall have the following meanings:

“**Acquisition Shares**” shall mean the shares of Common Stock issuable by the Company to the Holders in accordance with the terms of the Stock Purchase Agreement.

“**Additional Shares**” shall mean any shares of Common Stock issued to Holders pursuant to a stock split, stock dividend or other distribution with respect to, or in exchange or in replacement of, the Acquisition Shares, or in connection with a combination of shares, distribution, recapitalization, merger, consolidation, other reorganization or other similar event.

“**Board**” shall have the meaning set forth in Section 3(d) hereof.

“**Business Day**” shall mean each day that is not a Saturday, Sunday or other day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close.

“**Closing**” shall have the meaning set forth in the preamble to this Agreement.

“**Common Stock**” shall have the meaning set forth in the preamble to this Agreement.

“**Company**” shall have the meaning set forth in the preamble to this Agreement.

“**Company Offering**” shall have the meaning set forth in Section 3(d) hereof.

“**Effectiveness Deadline**” shall mean (i) the date the Registration Statement is filed if the Registration Statement is an “automatic shelf registration statement” within the meaning of Rule 405 under the Securities Act or (ii) the 60th calendar day following the Closing (or, in the event the SEC reviews and has written comments to the Registration Statement, the 90th calendar day following the Closing); provided, however, that if the Company is notified by the SEC that the Registration Statement will not be reviewed or is no longer subject to further review and comments, the Effectiveness Deadline shall be the fifth (5th) Business Day following the date on which the Company is so notified if such date precedes the dates otherwise required above; provided, further, that if the Effectiveness Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Effectiveness Deadline shall be extended to the next Business Day on which the SEC is open for business.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

“**Filing Deadline**” shall mean the 10th calendar day following the Closing, provided, however, that if the Filing Deadline falls on a Saturday, Sunday or other day that the SEC is closed for business, the Filing Deadline shall be extended to the next Business Day on which the SEC is open for business.

“**Holder**” or “**Holders**” shall have the meaning set forth in the preamble to this Agreement.

“**Initial Delay Period**” shall have the meaning set forth in Section 3(b) hereof.

“**Losses**” shall have the meaning set forth in Section 5(a) hereof.

“**NYSE**” shall mean the New York Stock Exchange.

“**Offering Blackout Period**” shall have the meaning set forth in Section 3(d) hereof.

“**Offering Notice**” shall have the meaning set forth in Section 3(d) hereof.

“**Permitted Free Writing Prospectus**” shall have the meaning set forth in Section 2(a) hereof.

“**Person**” shall mean any natural person, partnership, association, limited liability company, corporation, trust, or unincorporated organization, or other governmental or legal entity.

“**Prospectus**” shall mean the prospectus included in the Registration Statement, including any preliminary prospectus (including any Permitted Free Writing Prospectus), as amended or supplemented by any prospectus supplement with respect to the terms of the offering of any

portion of the Registrable Shares (as defined below) covered by such Registration Statement, and by all other amendments and supplements to such prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

“Registrable Shares” shall mean the Acquisition Shares and any Additional Shares; provided, however, that the Acquisition Shares and any Additional Shares held by a particular Holder shall cease to be Registrable Shares (a) after such securities shall have been disposed of pursuant to an effective Registration Statement, (b) after such securities have been sold pursuant to Rule 144 or any other exemption under the Securities Act (unless the transferor’s rights are assigned to the transferee in accordance with Section 7(c) hereof), or (c) at such time as such Holder is eligible to sell such securities under Rule 144 without any limitation as to volume or manner of sale.

“Registration Expenses” shall mean any and all expenses incident to the performance of or compliance with this Agreement, including without limitation: (i) all registration and filing fees; (ii) all fees and expenses associated with a required listing of the Registrable Shares on any securities exchange; (iii) all fees and expenses with respect to filings required to be made with the NYSE or any other securities exchange; (iv) all fees and expenses of compliance with state securities or “blue sky” laws (including reasonable fees and disbursements of counsel for the holders of securities in connection with blue sky qualifications of the securities and determination of their eligibility for investment under the laws of such jurisdictions); (v) all printing expenses, messenger, telephone and delivery expenses; and (vi) all fees and disbursements of counsel for the Company and customary fees and expenses for independent certified public accountants retained by the Company and any transfer agent and registrar fees; provided, however, that Registration Expenses shall not include, and the Company shall not have any obligation to pay, any fees, discounts or commissions attributable to the sale of such Registrable Shares, or any legal fees and expenses of counsel to any Holder.

“Registration Statement” shall mean the registration statement of the Company that the Company is obligated to file pursuant to Section 2(a) of this Agreement covering the resale of the Registrable Shares under the Securities Act on an appropriate form, and all amendments and supplements to such registration statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all materials incorporated by reference therein. All references to the “Registration Statement” shall include any successor Registration Statement filed with the respect to the Registrable Shares.

“Rule 144” shall mean Rule 144 promulgated under the Securities Act (or any successor provision).

“SEC” shall mean the United States Securities and Exchange Commission.

“Securities Act” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

“Shelf Registration Expiration Date” shall have the meaning set forth in Section 2(a) hereof.

“**Stock Purchase Agreement**” shall have the meaning set forth in the preamble to this Agreement.

“**Suspension Event**” shall have the meaning set forth in Section 3(d) hereof.

2. Registration Rights

(a). *Filing of Registration Statement.* Subject to the provisions of Section 2(b) hereof, on the date of the Closing or as soon as reasonably practicable thereafter, but in any event no later than the Filing Deadline, the Company shall use its reasonable best efforts to file a shelf registration statement on Form S-3 under the Securities Act (or if Form S-3 is not available for purposes of registering the resale of the Registrable Shares, then on another appropriate form) (the “**Registration Statement**”) registering the resale by the Holders of all Registrable Shares in an offering to be made on a delayed or continuous basis pursuant to Rule 415 under the Securities Act. If permitted under the Securities Act, the Registration Statement shall be an “automatic shelf registration statement” as defined in Rule 405 under the Securities Act. In lieu of filing the Registration Statement, the Company may, in accordance with Section 2(g) hereof, file one or more prospectus supplement(s) covering the resale of all Registrable Shares and supplementing a prospectus contained in an effective registration statement which has already been filed by the Company. If the Registration Statement is not automatically effective upon filing with the SEC, the Company shall use its reasonable best efforts to cause the Registration Statement to become or be declared effective as soon as reasonably practicable after the filing thereof with the SEC, but in any event not later than the Effectiveness Deadline. The Company shall use its reasonable best efforts keep the Registration Statement effective until the date on which there are no longer any Registrable Shares (the “**Shelf Registration Expiration Date**”). The Holders will not offer or sell, without the Company’s consent, any Registrable Shares by means of any “free writing prospectus” (as defined in Rule 405 under the Securities Act) that is required to be filed with the SEC pursuant to Rule 433 under the Securities Act (any free writing prospectus consented to by the Company, a “**Permitted Free Writing Prospectus**”).

(b). *Information from Holders.* Upon written request from the Company, and as a condition to the Company’s obligation to include any Holder of Registrable Shares as a selling security holder in the Registration Statement, such Holder shall provide to the Company all information about such Holder that counsel to the Company reasonably concludes is required to be included in the Registration Statement pursuant to applicable law, including Item 507 of Regulation S-K promulgated under the Securities Act and any applicable “blue sky” laws, rules or regulations. Upon the written request of the Company, each Holder of Registrable Shares included in the Registration Statement as a selling security holder shall promptly provide updates of all Holder information included in the Registration Statement as applicable.

(c). *Notification and Distribution of Materials.* The Company shall notify the Holders, promptly after the Company receives notice thereof, of the date and time the Registration Statement and each post-effective amendment thereto relating to the Registrable Shares shall have become or been declared effective, or an amendment or any supplement to the Prospectus shall have been filed with the SEC. The Company shall furnish, without charge, to the Holders such number of copies of the Registration Statement (including any amendments, supplements and exhibits), the Prospectus contained therein (including each preliminary prospectus and all related amendments and supplements, if any) and any documents incorporated by reference in

the Registration Statement or such other documents as the Holders may reasonably request in order to facilitate the sale of the Registrable Shares in the manner described in the Registration Statement; provided, however, that the Company shall not be required to furnish to the Holders any document (other than the Prospectus) to the extent that such document is accessible on the SEC's Electronic Data Gathering, Analysis, and Retrieval System.

(d). *Amendments and Supplements*. The Company shall prepare and file with the SEC from time to time such amendments and supplements to the Registration Statement and Prospectus used in connection therewith as may be necessary to keep the Registration Statement effective and to comply with the provisions of the Securities Act with respect to the disposition of the Registrable Shares covered thereby until the Shelf Registration Expiration Date. The Company shall use its reasonable best efforts to file any supplement or post-effective amendment to the Registration Statement with respect to the plan of distribution or a Holder's ownership interests in such Holder's Registrable Shares that is reasonably necessary to permit the sale of such Holder's Registrable Shares pursuant to the Registration Statement; provided, that Holders shall, upon written request, promptly furnish the Company with updates of all reasonably necessary information required for filing such amendments and supplements. The Company shall file any necessary listing applications or amendments to the existing applications to cause the Shares registered under the Registration Statement to be then listed or quoted on the NYSE or such other primary exchange or quotation system on which the Common Stock is then listed or quoted.

(e). *Notice of Certain Events*. The Company shall promptly notify each Holder of, and confirm in writing, the filing of the Registration Statement or Prospectus, amendment or supplement related thereto or any post-effective amendment to the Registration Statement and the effectiveness of any post-effective amendment. At any time when a Prospectus relating to the Registration Statement is required to be delivered under the Securities Act by a Holder to a transferee, the Company shall promptly notify the Holders of the happening of any event as a result of which the Company believes the Prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. In such event, the Company shall promptly prepare and furnish to the Holders a reasonable number of copies of a supplement to or an amendment of such Prospectus as may be necessary so that, as thereafter delivered to the purchasers of Registrable Shares sold under the Prospectus, such Prospectus shall not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they are made, not misleading. The Company shall, if necessary, promptly amend the Registration Statement of which such Prospectus is a part to reflect such amendment or supplement.

(f). *No Underwritten Offerings; No "Piggyback" Rights*. Notwithstanding the foregoing, no underwritten offering of the Registrable Shares, may be conducted pursuant to this Agreement. No Holder shall have any right to participate in any Company Offering (as defined below in Section 3(d)).

(g). *Existing Registration Statements*. Notwithstanding anything herein to the contrary and subject to applicable law and regulation, the Company may satisfy any obligation hereunder to file a registration statement or to have a registration statement become effective by

designating a registration statement that previously has been filed with the SEC or become effective, as the case may be, as the relevant registration statement for purposes of satisfying such obligation, and all references to any such obligation shall be construed accordingly; provided that such previously filed registration statement may be, and is, amended or, subject to applicable securities laws, supplemented to add the number of Registrable Shares, and, to the extent necessary, to identify as selling security holders the Holders pursuant to the terms of this Agreement. To the extent this Agreement refers to the filing or effectiveness of a Registration Statement, by or at a specified time and the Company has, in lieu of then filing such Registration Statement or having such Registration Statement become effective, designated a previously filed or effective registration statement as the relevant Registration Statement for such purposes, in accordance with the preceding sentence, such references shall be construed to refer to such designated Registration Statement, as amended or supplemented in the manner contemplated by the immediately preceding sentence.

3. Suspension of Registration Requirements; Sales Restrictions

(a). *Suspension of Registration.* The Company shall use its reasonable best efforts to prevent the issuance by the SEC of any order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose. The Company shall promptly notify each Holder of, and confirm in writing, the issuance by the SEC of any such order suspending the effectiveness of the Registration Statement with respect to such Holder's Registrable Shares or the initiation of any proceedings for that purpose. The Company shall use its reasonable best efforts to obtain the withdrawal of any order suspending the effectiveness of the Registration Statement as soon as practicable.

(b). *Delay in Initial Sales.* Each Holder agrees that, solely to the extent the initial Registration Statement relating to Registrable Shares filed pursuant to this Agreement becomes effective (i) on or after the 20th day of the last month of a quarter and (ii) before the Company's Form 10-Q (or Form 10-K, in the event of the fourth quarter of a fiscal year) is filed with the SEC, following the effectiveness of the Registration Statement, such Holder will not effect any dispositions of any of the Shares pursuant to the Registration Statement or any filings under any state securities laws until the second business day after the Company's Form 10-Q or Form 10-K, as applicable, is filed with the SEC (the "**Initial Delay Period**"); provided, however, that such Holder shall be permitted to effect such dispositions during the Initial Delay Period if such Holder delivers a written certification to the Company (in a form reasonably acceptable to the Company) that such Holder does not possess any material nonpublic information about the Company and its subsidiaries (including HomeXpress Mortgage Corp.), taken as a whole, at the time of the proposed sale. For the avoidance of doubt, this Section 3(b) is intended to apply only to the Initial Delay Period, and its purpose is limited solely to that period and shall have no further purpose or effect thereafter.

(c). *Blackout Periods.* Notwithstanding anything to the contrary set forth in this Agreement (including, without limitation, Section 3(b) above), the Company's obligation under this Agreement to file, amend or supplement the Registration Statement, or to cause the Registration Statement, or any filings under any state securities laws, to become or remain effective, shall be suspended for one or more periods in the event of pending negotiations relating to, or consummation of, a transaction or the occurrence of an event that (i) would require additional disclosure of material information by the Company in the Registration Statement or

such filing, as to which the Company has a bona fide business purpose for preserving confidentiality, (ii) render the Company unable to comply with SEC requirements or (iii) would otherwise make it impractical or unadvisable to cause the Registration Statement or such filings to be filed, amended or supplemented or to become effective (any such circumstances being hereinafter referred to as a “**Suspension Event**”). The Company shall notify the Holders of the existence of any Suspension Event by promptly delivering to each Holder a certificate signed by an executive officer of the Company stating that a Suspension Event has occurred and is continuing. Notwithstanding the foregoing, the Company’s right to suspend its obligations as provided above in this Section 3(c) shall in no event be for more than 45 consecutive days or for more than 100 days in any 12-month period.

Each Holder agrees that, following the effectiveness of the Registration Statement relating to Registrable Shares of such Holder, such Holder will not effect any dispositions of any of the Shares pursuant to the Registration Statement or any filings under any state securities laws at any time after such Holder has received notice from the Company to suspend dispositions as a result of the occurrence or existence of any Suspension Event or so that the Company may correct or update the Registration Statement or such filing. The Holders will maintain the confidentiality of the fact that it has received written notice from the Company regarding a Suspension Event as well as any information included in such notice unless otherwise required by law or subpoena until such time as the information contained therein is or becomes available to the public generally, other than as a result of disclosure by the Holder in breach of the terms of this Agreement. The Holders may recommence effecting dispositions of the Shares pursuant to the Registration Statement or such filings, and all other obligations which are suspended as a result of a Suspension Event shall no longer be so suspended, following further notice to such effect from the Company, which notice shall be given by the Company promptly after the conclusion of any such Suspension Event.

(d). *Company Offerings*. If requested by the Company in connection with an offering of the Company’s securities (each, a “**Company Offering**”), each Holder of Registrable Shares agrees, not to effect any disposition of any of the Shares during the period (the “**Offering Blackout Period**”) beginning upon receipt by such Holder of written notice from the Company (an “**Offering Notice**”) (which shall first be provided when the Board of Directors of the Company (the “**Board**”) has been apprised of a potential Company Offering) and ending no later than the thirty-fifth (35th) day after the pricing of such Company Offering, unless such Offering Blackout Period is otherwise lessened or waived by the Company, in its sole discretion. Such agreement shall be in writing in the form reasonably satisfactory to the Company. For the avoidance of doubt, any Offering Blackout Period provided in this Section 3(d) is in addition to the restrictions set forth in Sections 3(b) and (c) above. The foregoing provisions of this Section 3(d) shall be applicable to the Holders of Registrable Shares only if all officers and directors of the Company are subject to the same restrictions and the length of the Offering Blackout Period applicable to the Holders of Registrable Shares shall not exceed the length of similar restrictions applicable to the officers and directors of the Company.

(e). *Company Insider Trading Policy*. For the avoidance of doubt, to the extent any Holder becomes subject to the Company’s Insider Trading Policy at the Closing, such Holder shall be subject to all restrictions related to trading in the Common Stock as may be applicable under the Company’s Insider Trading Policy, it being understood that such restrictions shall be in addition to any restriction set forth in this Section 3.

4. Expenses

The Company shall bear the cost of all of the Registration Expenses. The Holders shall bear all selling expenses and taxes (including transfer taxes) attributable to the sale of Registrable Shares by the Holders, all legal fees and expenses of counsel to the Holders, and all other expenses incurred in connection with the performance by the Holders of their obligations under the terms of this Agreement. For the avoidance of doubt, to the extent any agreement related to expenses in this Section 4 (including the definition of “Registration Expenses”) conflicts with any agreement related to expenses in the Stock Purchase Agreement, the terms of the Stock Purchase Agreement shall prevail.

5. Indemnification and Contribution

(a). *Indemnification by the Company.* The Company agrees to indemnify and hold harmless, to the fullest extent permitted by applicable law, each Holder and their respective officers, directors, managers, partners, equity holders, members, employees, agents and representatives and each Person (if any) which controls a Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys’ fees) (collectively, “**Losses**”) caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary Prospectus or Prospectus relating to the Registrable Shares (as amended or supplemented from time to time), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, and the Company will pay to each such Holder or other aforementioned Person any reasonable and documented legal or other expenses incurred thereby in connection with investigating or defending any claim or proceeding from which Losses may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 5(a) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Company, which consent shall not be unreasonably withheld, nor shall the Company be liable for any Losses that are caused by or contained in or based upon any information furnished in writing to the Company by or on behalf such Holder expressly for use therein, or by the Holder’s failure to deliver a copy of the Registration Statement or Prospectus or any amendments or supplements thereto after the Company has furnished the Holder with copies of the same. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of a Holder or any other indemnified party.

(b). *Indemnification by Holders.* Each Holder, severally and not jointly, agrees to indemnify and hold harmless, to the fullest extent permitted by applicable law, the Company and its officers, directors, partners, stockholders, members, employees, agents and representatives and each Person (if any) which controls the Company within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary Prospectus or Prospectus

relating to the Registrable Shares (as amended or supplemented from time to time), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, if such statement or omission was made in reliance upon any information furnished in writing to the Company by or on behalf such Holder expressly for use therein, and each Holder, severally and not jointly, will pay to the Company other aforementioned Person any reasonable and documented legal or other expenses incurred thereby in connection with investigating or defending any claim or proceeding from which Losses may result, as such expenses are incurred; provided, however, that the indemnity agreement contained in this Section 5(b) shall not apply to amounts paid in settlement of any such claim or proceeding if such settlement is effected without the consent of the Holders of a majority of the Registrable Shares, which consent shall not be unreasonably withheld, nor shall any Holder be liable for any Losses in an amount greater than the value at Closing of the Acquisition Shares received by such Holder, measured by the closing price of the Common Stock on the New York Stock Exchange on the date of Closing.

(c). *Notices of Claims.* Promptly after receipt by an indemnified party under this Section 5 of notice of the commencement of any action (including any governmental action) for which a party may be entitled to indemnification hereunder, such indemnified party will, if a claim in respect thereof is to be made against any indemnifying party under this Section 5, give the indemnifying party notice of the commencement thereof. The indemnifying party shall have the right to participate in such action and, to the extent the indemnifying party so desires, participate jointly with any other indemnifying party to which notice has been given, and to assume the defense thereof with counsel selected by the indemnifying party and reasonably satisfactory to the indemnified party; provided, however, that an indemnified party (together with all other indemnified parties that may be represented without conflict by one counsel) shall have the right to retain one separate counsel, with the fees and expenses to be paid by the indemnifying party, if representation of such indemnified party by the counsel retained by the indemnifying party would be inappropriate due to actual or potential differing interests between such indemnified party and any other party represented by such counsel in such action. The failure to give notice to the indemnifying party within a reasonable time of the commencement of any such action shall relieve such indemnifying party of any liability to the indemnified party under this Section 5, only to the extent that such failure materially prejudices the indemnifying party's ability to defend such action. The failure to give notice to the indemnifying party will not relieve it of any liability that it may have to any indemnified party otherwise than under this Section 5.

(d). *Contribution.* If the indemnification provided for in this Section 5 is unavailable to an indemnified party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each such indemnifying party, in lieu of indemnifying such indemnified party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such indemnified party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations; provided, that the maximum amount of liability in respect of such contribution shall be limited, in the case of each Holder, to an amount equal to the value at Closing of the Acquisition Shares, measured by the closing price of the Common Stock on the New York Stock Exchange on the date of Closing, received by such Holder. The relative fault of the Company and each Holder shall be determined by reference to,

among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by *pro rata* allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an indemnified party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim or proceeding. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person which was not guilty of such fraudulent misrepresentation.

6. Rule 144 Compliance

With a view to making available to the Holders of Registrable Shares the benefits of Rule 144 and any other rule or regulation of the SEC that may at any time permit a Holder to sell securities of the Company to the public without registration, the Company shall:

- (a). use commercially reasonable efforts to make and keep public information available, as those terms are understood and defined in Rule 144;
- (b). use commercially reasonable efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act;
- (c). furnish to any Holder of Registrable Shares, promptly upon request, a written statement by the Company as to its compliance with the reporting requirements of Rule 144 and of the Securities Act and the Exchange Act;
- (d). use commercially reasonable efforts to promptly remove any restrictive legends from the Registrable Shares, upon receipt of notice from any Holder that any Registrable Shares are eligible for resale pursuant to Rule 144 without any volume limitations or other restrictions on transfer under paragraphs (c), (e), (f) and (h) of Rule 144, or that any Registrable Shares have been sold pursuant to the Registration Statement; and
- (e). take such further action as any Holder or Holders of Registrable Shares may reasonably request, all to the extent required from time to time to enable such Holder or Holders to sell Registrable Shares without registration under the Securities Act pursuant to Rule 144 or any other rules or regulations now existing or hereafter adopted by the SEC.

7. Miscellaneous

- (a). *Amendments and Waivers.* The provisions of this Agreement may not be amended, modified, supplemented or waived without the prior written consent of the Company and Holders holding in excess of one-half of the aggregate number of outstanding Registrable Shares at the time of any such amendment, modification, supplement or waiver.
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(b). *Notices.* Any notices, consents, waivers or other communications required or permitted to be given under the terms of this Agreement must be in writing and will be deemed to have been delivered: (i) upon receipt, when delivered personally; (ii) upon receipt, when sent by facsimile (provided confirmation of transmission is mechanically or electronically generated and kept on file by the sending party); or (iii) one Business Day after deposit with an overnight courier service, in each case properly addressed to the party to receive the same. The addresses and contact information for such communications shall be:

(i) if to the Company:

Chimera Investment Corporation
630 Fifth Avenue, Suite 2400
New York, NY 10111
Attention: Miyun Sung
Email: miyun.sung@chimerareit.com

With required copy to:

Hunton Andrews Kurth LLP
2200 Pennsylvania Avenue NW
Washington, D.C. 20037
Attention: Robert K. Smith/Tianlu Zhang
Email: RSmith@hunton.com; TZhang@hunton.com

(ii) if to the Holders:

Seer Capital Management LP
1177 Sixth Avenue, New York, NY 10036
Attention Andrew Dominus
E-mail: adominus@seercap.com

With required copy to:

HomeXpress Mortgage Corp.
1936 E. Deere Ave, Suite 200,
Santa Ana, CA 92705
Attention: Kyle Walker
E-mail: kwalker@homexmortgage.com

With required copy to:

Mayer Brown LLP
1221 Avenue of the Americas
New York, NY 10020-1001
Attention: David Freed
E-mail: dfreed@mayerbrown.com

(c). *Successors and Assigns.* This Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. The Company shall not assign this Agreement or any rights or obligations hereunder without the prior written consent of the Holders of a majority of the Registrable Shares; provided, however, this Agreement may be binding upon any successor of the Company or transferee of all or substantially all of the Company's business and assets as a result of merger, acquisition, consolidation, or otherwise by operation of law, without the consent of any Holders. Each Holder may assign this Agreement or any rights hereunder in connection with an assignment, transfer or other disposition of Registrable Shares, provided that (i) the transferee or assignee becomes a party to this Agreement or agrees in writing to be subject to the terms hereof to the same extent as if such transferee or assignee were an original party hereunder, and (ii) the Company is given written notice by such Holder of such transfer or assignment stating the name and address of such transferee or assignee and identifying the securities with regard to which such rights and obligations are being transferred or assigned.

(d). *Termination and Survival.* The rights of each Holder under this Agreement shall terminate upon the Shelf Registration Expiration Date. Notwithstanding the foregoing, the rights and obligations of the parties under Section 5 of this Agreement shall remain in full force and effect following such time.

(e). *Specific Performance.* The parties hereto acknowledge that the obligations undertaken by them hereunder are unique and that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to (i) compel specific performance of the obligations, covenants and agreements of any other party under this Agreement in accordance with the terms and conditions of this Agreement and (ii) obtain preliminary injunctive relief to secure specific performance and to prevent a breach of this Agreement.

(f). *Counterparts.* This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(g). *Headings.* The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(h). *Governing Law.* This Agreement shall be governed by and construed in accordance with the laws of the State of New York, as applied to contracts made and performed within the state of New York, excluding choice-of-law principles of the law of such state that would permit the application of the laws of a jurisdiction other than such state. Each of the parties and each holder by accepting the benefits hereof as third party beneficiaries hereto hereby irrevocably submits to the jurisdiction of any state court in the state of New York or any federal court sitting in New York, in each case located in the city and county of New York, in respect of any suit, action or proceeding arising out of or relating to this Agreement, and irrevocably accepts for itself and in respect of its property, generally and unconditionally, the jurisdiction of the aforesaid courts. Each of the parties hereto and each holder by accepting the benefits hereof as third party beneficiaries irrevocably waives, to the fullest extent it may effectively do so under

applicable law, any objection that it may now or hereafter have to the laying of the venue of any such suit, action or proceeding brought in any such court and any claim that any such suit, action or proceeding brought in any such court has been brought in an inconvenient forum. Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of this Agreement or any matter referred to herein is hereby waived by the parties hereto.

(i). *Severability.* If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction to be invalid, illegal, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions set forth herein shall remain in full force and effect and shall in no way be affected, impaired or invalidated, and the parties hereto shall use their commercially reasonable efforts to find and employ an alternative means to achieve the same or substantially the same result as that contemplated by such term, provision, covenant or restriction. It is hereby stipulated and declared to be the intention of the parties hereto that they would have executed the remaining terms, provisions, covenants and restrictions without including any of such that may be hereafter declared invalid, illegal, void or unenforceable.

(j). *Entire Agreement.* This Agreement, together with the Subscription Agreement, is intended by the parties hereto as a final expression of their agreement, and is intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein and therein.

[Signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

CHIMERA INVESTMENT CORPORATION

By: /s/ Phillip J. Kardis II
Name: Phillip J. Kardis II
Title: President and Chief Executive Officer

SEER CAPITAL PARTNERS MASTER FUND LP

By: Seer Capital Management LP, its investment manager

By: /s/ Richard D'Albert
Name: Richard D'Albert
Title: Authorized Signatory

SEER CAPITAL MANAGEMENT LP, not for itself but for the benefit of its clients

By: /s/ Richard D'Albert
Name: Richard D'Albert
Title: Authorized Signatory

Kyle Walker

/s/ Kyle Walker

Robert Clafford

/s/ Robert Clafford

Michael Koch

/s/ Michael Koch

[Signature Page to Registration Rights Agreement]

**RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Phillip J. Kardis II, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chimera Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Phillip J. Kardis II

Phillip J. Kardis II

President and Chief Executive Officer (Principal Executive Officer of the registrant)

**RULE 13a-14(a)/15d-14(a) CERTIFICATION PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Subramaniam Viswanathan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Chimera Investment Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and have:
 - a. Designed such disclosure controls and procedures or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 6, 2025

/s/ Subramaniam Viswanathan

Subramaniam Viswanathan

Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer of the registrant)

CHIMERA INVESTMENT CORPORATION
630 FIFTH AVE SUITE 2400
NEW YORK, NEW YORK 10111

**CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the quarterly report on Form 10-Q of Chimera Investment Corporation (the “Company”) for the period ended June 30, 2025 to be filed with Securities and Exchange Commission on or about the date hereof (the “Report”), I, Phillip J. Kardis II, Chief Executive Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Phillip J. Kardis II

Phillip J. Kardis II

President and Chief Executive Officer (Principal Executive Officer of the registrant)

Date: August 6, 2025

CHIMERA INVESTMENT CORPORATION
630 FIFTH AVE SUITE 2400
NEW YORK, NEW YORK 10111

**CERTIFICATION
PURSUANT TO SECTION 906 OF THE
SARBANES-OXLEY ACT OF 2002, 18 U.S.C. SECTION 1350**

In connection with the quarterly report on Form 10-Q of Chimera Investment Corporation (the “Company”) for the period ended June 30, 2025 to be filed with Securities and Exchange Commission on or about the date hereof (the “Report”), I, Subramaniam Viswanathan, Chief Financial Officer of the Company, certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company at the dates of, and for the periods covered by, the Report.

It is not intended that this statement be deemed to be filed for purposes of the Securities Exchange Act of 1934.

/s/ Subramaniam Viswanathan

Subramaniam Viswanathan

Chief Financial Officer (Principal Financial Officer and Principal Accounting Officer of the registrant)

Date: August 6, 2025