

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported):
November 20, 2018

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

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

520 Madison Avenue, 32nd Fl	
<u>New York, New York</u>	<u>10022</u>
(Address of principal executive offices)	(Zip Code)

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

(Former Name or Former Address, if Changed Since Last Report)

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

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

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

Emerging growth company

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

Item 7.01. Regulation FD Disclosure

Chimera Investment Corporation (the “Company”) hereby furnishes the information set forth in the presentation (the “Presentation”) attached hereto as Exhibit 99.1, which is incorporated herein by reference.

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

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

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

99.1 [Third Quarter 2018 Presentation](#)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Chimera Investment Corporation

By: /s/ Rob Colligan

Name: Rob Colligan

Title: Chief Financial Officer

Date: November 20, 2018



**INVESTOR
PRESENTATION**
NYSE: CIM

3rd Quarter 2018



DISCLAIMER

This presentation includes “forward-looking statements” within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995. Actual results may differ from expectations, estimates and projections and, consequently, readers should not rely on these forward-looking statements as predictions of future events. Words such as “goal,” “expect,” “target,” “assume,” “estimate,” “project,” “budget,” “forecast,” “anticipate,” “intend,” “plan,” “may,” “will,” “could,” “should,” “believe,” “predicts,” “potential,” “continue,” and similar expressions are intended to identify such forward-looking statements. These forward-looking statements involve significant risks and uncertainties that could cause actual results to differ materially from expected results, including, among other things, those described in our most recent Annual Report on Form 10-K, and any subsequent Quarterly Reports on Form 10-Q, under the caption “Risk Factors.” Factors that could cause actual results to differ include, but are not limited to: the state of credit markets and general economic conditions; changes in interest rates and the market value of our assets; the rates of default or decreased recovery on the mortgages underlying our target assets; the occurrence, extent and timing of credit losses within our portfolio; the credit risk in our underlying assets; declines in home prices; our ability to establish, adjust and maintain appropriate hedges for the risks in our portfolio; the availability and cost of our target assets; our ability to borrow to finance our assets and the associated costs; changes in the competitive landscape within our industry; our ability to manage various operational risks and costs associated with our business; interruptions in or impairments to our communications and information technology systems; our ability to acquire residential mortgage loans and successfully securitize the residential mortgage loans we acquire; our ability to oversee our third party sub-servicers; the impact of any deficiencies in the servicing or foreclosure practices of third parties and related delays in the foreclosure process; our exposure to legal and regulatory claims; legislative and regulatory actions affecting our business; the impact of new or modified government mortgage refinance or principal reduction programs; our ability to maintain our REIT qualification; and limitations imposed on our business due to our REIT status and our exempt status under the Investment Company Act of 1940.

Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Chimera does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any change in events, conditions or circumstances on which any such statement is based. Additional information concerning these and other risk factors is contained in Chimera’s most recent filings with the Securities and Exchange Commission (SEC). All subsequent written and oral forward-looking statements concerning Chimera or matters attributable to Chimera or any person acting on its behalf are expressly qualified in their entirety by the cautionary statements above.

This presentation may include industry and market data obtained through research, surveys, and studies conducted by third parties and industry publications. We have not independently verified any such market and industry data from third-party sources. This presentation is provided for discussion purposes only and may not be relied upon as legal or investment advice, nor is it intended to be inclusive of all the risks and uncertainties that should be considered. This presentation does not constitute an offer to purchase or sell any securities, nor shall it be construed to be indicative of the terms of an offer that the parties or their respective affiliates would accept.

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

Information is unaudited, estimated and subject to change.



CHIMERA IS A RESIDENTIAL MORTGAGE REIT

Chimera develops and manages a portfolio of leveraged mortgage investments to produce an attractive quarterly dividend for shareholders

- Established in 2007
- Internally managed since August 2015
- Total Capital \$3.9 Billion
- Total Portfolio \$24.6 Billion
- Common Stock Price \$18.13 / Dividend Yield 11.03%
- 8.00% Fixed Series A Preferred Stock Price \$25.57
- 8.00% Variable Series B Preferred Stock Price \$25.70
- 7.75% Variable Series C Preferred Stock Price \$25.11
- Overall leverage ratio 5.1:1 / Recourse leverage ratio 2.8:1

All data as of September 30, 2018

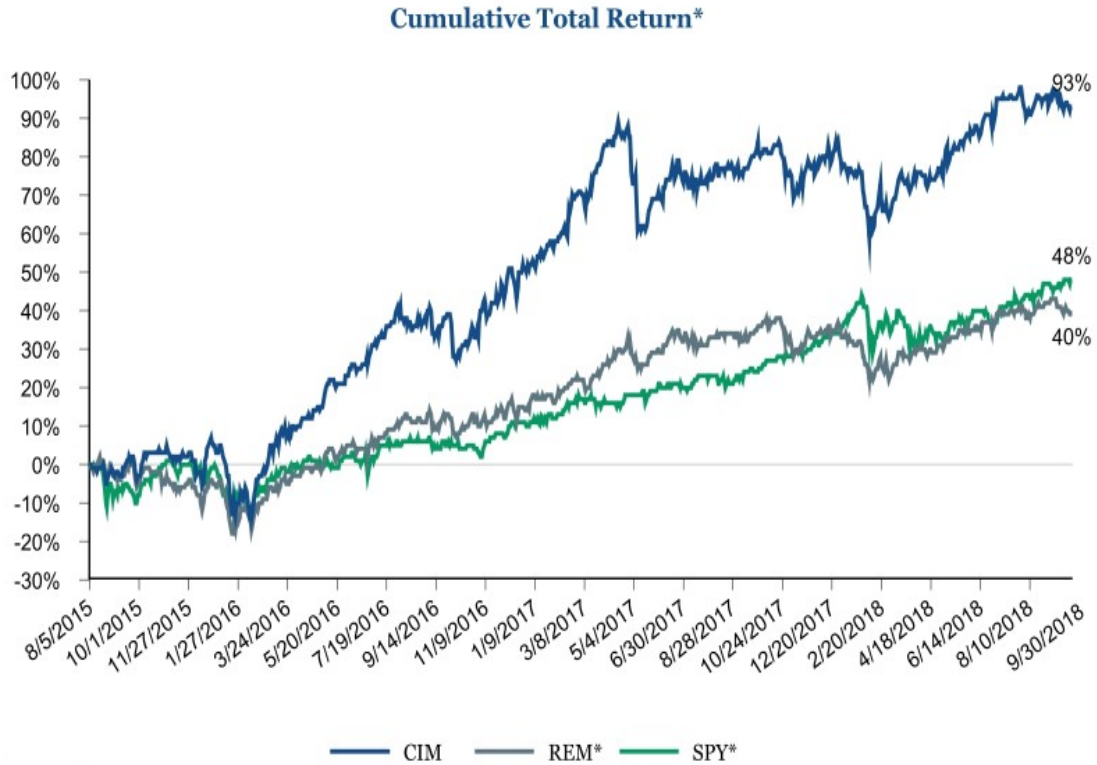
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TOTAL RETURN

Chimera has outperformed mortgage REITs and the S&P 500 since internalization of management



All data as of September 30, 2018

Source: Bloomberg

*Assuming reinvestment of dividends

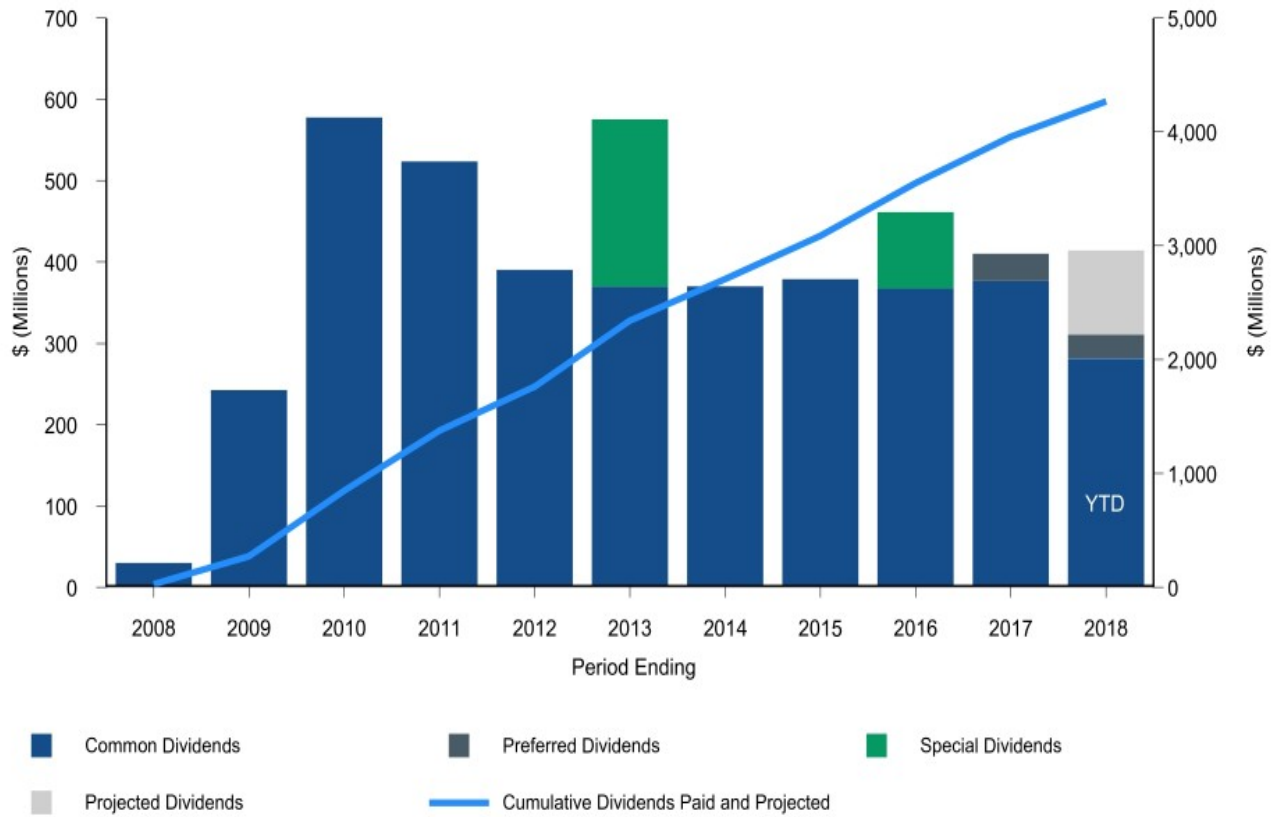
SPY: The SPDR® S&P 500® ETF Trust seeks to provide investment results that, before expenses, correspond generally to the price and yield performance of the S&P 500® Index.

REM: The iShares Mortgage Real Estate ETF seeks to track the investment results of an index composed of U.S. REITs that hold U.S. residential and commercial mortgages.

Information is unaudited, estimated and subject to change.

DIVIDENDS

Chimera has paid \$4.3 billion in dividends since inception



All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

DYNAMIC INVESTMENT STRATEGY

Chimera focuses on acquiring Residential Mortgage Loans, Non-Agency RMBS, Agency RMBS and Agency CMBS

Residential Mortgage Loans

Chimera acquires residential mortgage loans. Chimera utilizes leverage through a combination of securitization, repo and warehouse facilities to manage risk and increase returns on the portfolio. Chimera's loan portfolio has historically generated higher returns with less price volatility and interest rate risk than comparable Agency RMBS.

Non-Agency RMBS

Chimera invests in both investment grade and non-investment grade RMBS. This portfolio provides high risk-adjusted returns while providing increased liquidity. Non-Agency RMBS securities carry higher yields than Agency RMBS.

Agency RMBS

Agency mortgage-backed securities that are backed by residential loans provide spread income for the portfolio with added benefit of liquidity. Chimera utilizes repo and various hedging techniques to increase returns on the portfolio while managing interest rate risk. Agency mortgage backed securities are amongst the most liquid securities available in the fixed income market.

Agency CMBS

Agency CMBS provide many of the same benefits as Agency RMBS while adding convexity to the portfolio. Agency CMBS typically carry prepay protection for the investor enabling more efficient hedging techniques than Agency RMBS.

PORTFOLIO COMPOSITION

76% of Chimera's equity capital is allocated to mortgage credit



All data as of September 30, 2018

(1) Financing excludes unsettled trades

Net Investment Analysis⁽¹⁾

	Residential Mortgage Credit Portfolio	Agency Portfolio	Total Portfolio
Gross Asset Yield:	7.1%	3.4%	5.8%
Financing Cost ⁽²⁾ :	4.3%	2.3%	3.6%
Net Interest Spread:	2.8%	1.1%	2.2%
Net Interest Margin:	3.3%	1.5%	2.7%

All data as of September 30, 2018

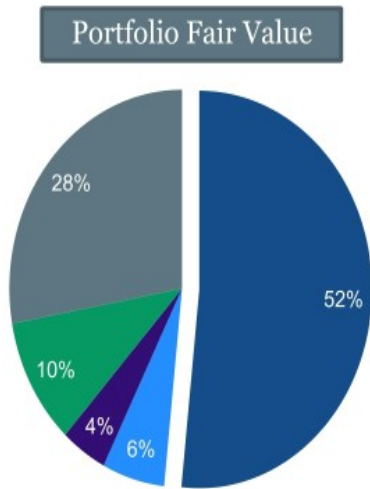
(1) Reflects third quarter 2018 average assets, yields, and spreads

(2) Includes the interest incurred on interest rate swaps

Information is unaudited, estimated and subject to change.

LOAN PORTFOLIO COMPOSITION

Chimera has acquired a unique portfolio of residential mortgage loans comprising 52% of the total portfolio



- Securitized Loan Portfolio
- Non-Agency RMBS
- Consolidated RMBS Securitizations
- Agency CMBS
- Agency RMBS

Seasoned Low Loan Balance Mortgage Portfolio

Total Current Unpaid Balance	\$12.3 Billion
Total Number of Loans	139,390
Weighted Average Loan Size	\$88,486
Weighted Average Coupon	6.90%
Average Loan Age	154 Months

All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

UNIQUE MORTGAGE CREDIT PORTFOLIO

Key transactions distinguish Chimera from other Mortgage REITs

Consolidated RMBS Subordinate Bond Portfolio

2009–2011 Chimera Creates and Retains \$2.8 Billion High Yield Subordinate Bonds

- \$1.1 billion current remaining face value of subordinate bonds
- Durable value over wide band of prepayment rates
- Difficult to re-create in size and price

Springleaf Seasoned Loan Portfolio

2014 Chimera Acquires \$4.8 Billion Seasoned Loan Portfolio

- Originated by American General
- 7 Securitizations with embedded call options
- 7 deals called and re-securitized

Risk Retention Seasoned Loan Portfolio

2016-2018 Chimera Securitized \$14.3 Billion Seasoned Loans

- Performing loans with 10 years of payment history
- 19 securitizations with all senior securities placed
- \$3.1 billion bonds retained for investment portfolio

All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

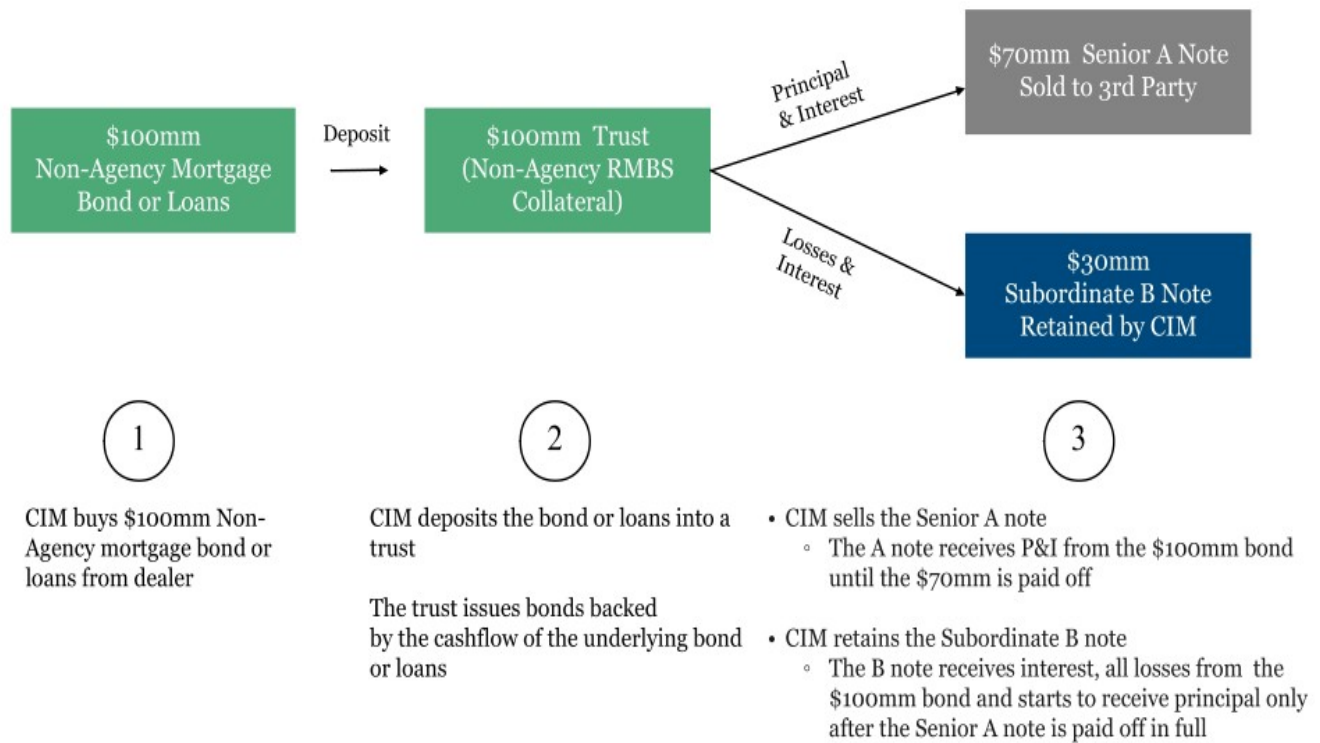
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THE SECURITIZATION PROCESS

Chimera has created term-funding through securitization

Creation of senior and subordinate bonds



Information is unaudited, estimated and subject to change.

SECURITIZATION HISTORY

Chimera utilizes the securitization process to create its own differentiated portfolio

- Chimera continues to benefit from exercising the option to call, restructure and optimize its securitizations
- Chimera has completed 50 deals and securitized \$29.7 billion of residential mortgage assets since inception

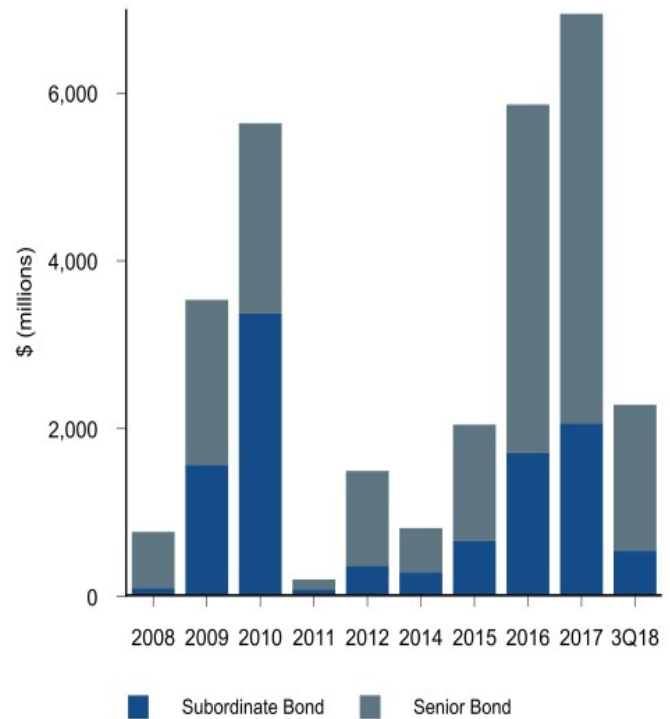
(\$ in thousands)

Vintage	Type	Deal Total Senior/Sub		
		Total Original Face	Senior Bond	Subordinate Bond
2008	Loan	770,865	670,949	99,916
2009	RMBS	3,535,036	1,965,001	1,570,035
2010	RMBS	5,638,374	2,267,183	3,371,191
2011	RMBS	264,388	177,139	87,249
2012	Loan	1,496,917	1,131,791	365,126
2014	Loan & RMBS	816,126	522,220	293,906
2015	Loan	2,048,483	1,385,162	663,321
2016	Loan	5,861,317	4,148,904	1,712,413
2017	Loan	6,943,112	4,880,569	2,062,543
2018	Loan	2,285,815	1,740,467	545,348
Total		29,660,433	18,889,385	10,771,048

Note: Springleaf deals are included in years that each was called and securitized
All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

Securitization History



CURRENT SECURITIZED PORTFOLIO HOLDINGS

Chimera creates bonds to be retained in its investment portfolio

- The majority of our credit portfolio is related to loans or bonds Chimera securitized
- Chimera has consistently used the securitization process to build its unique portfolio of high yielding assets

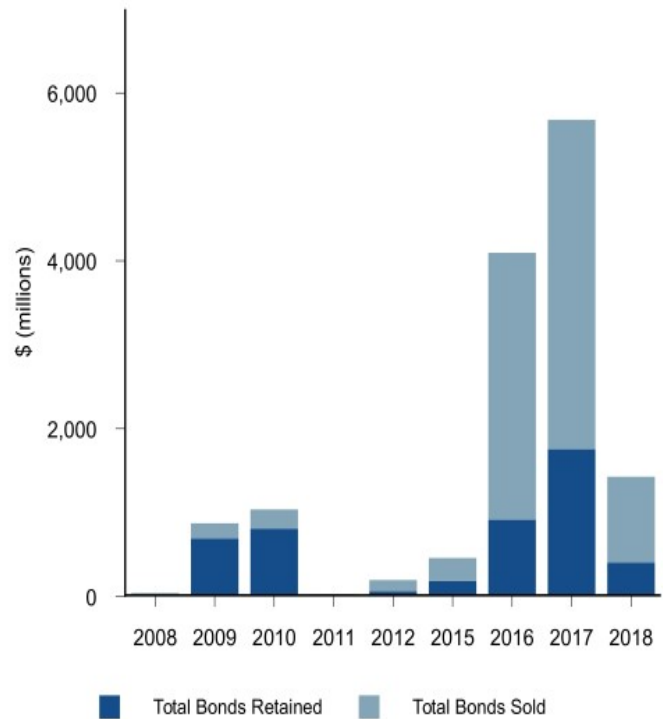
(\$ in thousands)

Vintage	Type	Total Current Face	Total Bonds Sold (Financing)	Total Bonds Retained
2008	Loan	42,385	32,175	10,209
2009	RMBS	873,336	179,387	693,950
2010	RMBS	1,038,513	227,494	811,019
2011	RMBS	31,526	30,204	1,323
2012	Loan	197,969	135,391	62,578
2015	Loan	460,012	273,458	186,554
2016	Loan	4,095,635	3,178,639	916,996
2017	Loan	5,679,854	3,923,265	1,756,588
2018	Loan	1,427,755	1,019,747	408,008
Total		13,846,986	8,999,760	4,847,226

All data as of September 30, 2018

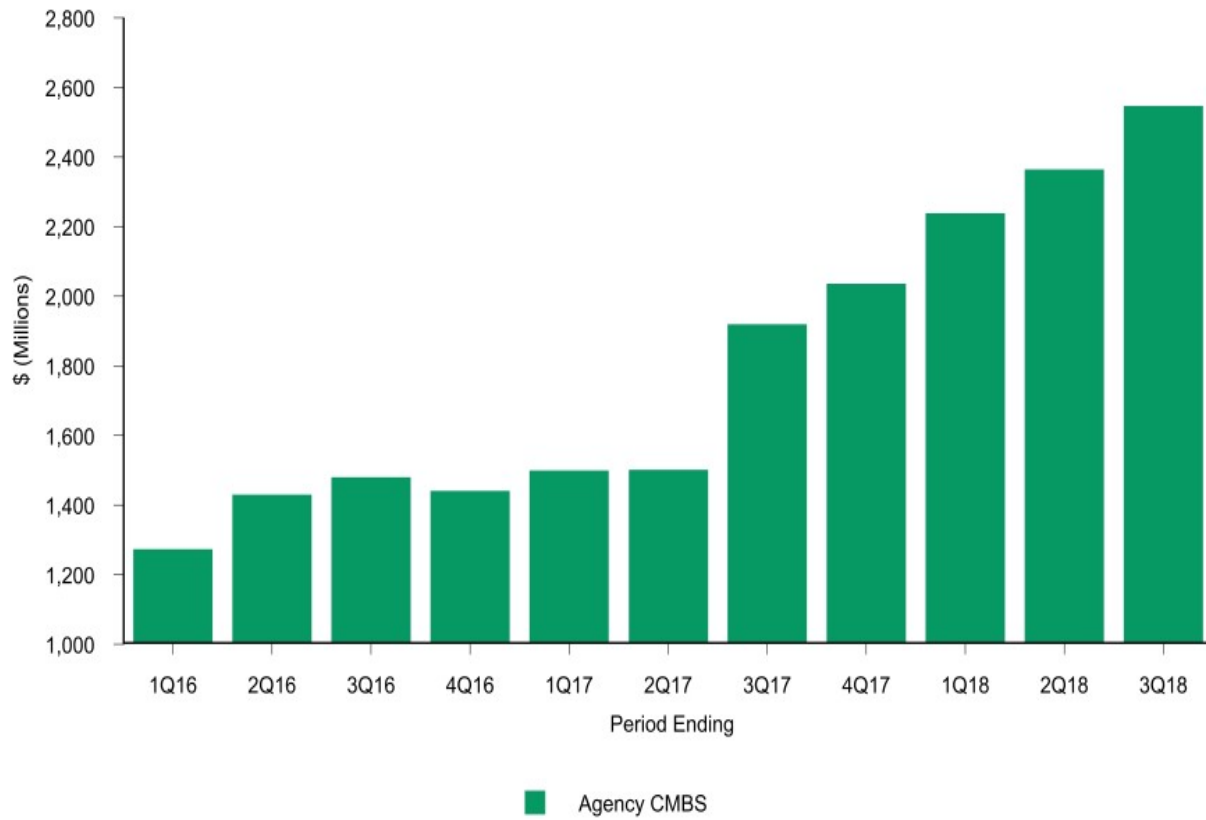
Information is unaudited, estimated and subject to change.

Current Securitization Portfolio



AGENCY CMBS PORTFOLIO

Chimera has been increasing its Agency CMBS portfolio, investing primarily in Ginnie Mae project loans. Agency CMBS typically have less prepayment risk vs Agency RMBS.



All data as of September 30, 2018




Information is unaudited, estimated and subject to change.

CAPITAL MANAGEMENT

Chimera continues to add shareholder value while diversifying its capital structure

- Chimera issued \$260 million of Series C preferred stock in September 2018
- Chimera has raised \$730 million in preferred stock, representing 19% of total capital
- Board of Directors declared \$2.00 dividends per common share in 2018
- Board of Directors re-authorized \$100 million common stock repurchase in February 2018 and Chimera has executed on \$15 million of this amount during 1Q18
- In 2015 Chimera repurchased 18 million shares of common stock for \$250 million

Preferred Stock

 CHIMERA INVESTMENT CORPORATION	 CHIMERA INVESTMENT CORPORATION	 CHIMERA INVESTMENT CORPORATION
5,800,000 Shares 8.00% Fixed Series A Cumulative Redeemable Preferred Stock October 2016 Liquidation Preference \$25.00 Per Share	13,000,000 Shares 8.00% Variable Series B Cumulative Redeemable Preferred Stock February 2017 Liquidation Preference \$25.00 Per Share	10,400,000 Shares 7.75% Variable Series C Cumulative Redeemable Preferred Stock September 2018 Liquidation Preference \$25.00 Per Share

- Series A is a fixed coupon, callable on October 30, 2021
- Series B is a 7 year fixed coupon floating at LIBOR plus 5.791%, callable on March 30, 2024
- Series C is a 7 year fixed coupon floating at LIBOR plus 4.743%, callable on September 30, 2025
- Series A, B and C preferred shared trade on the New York Stock Exchange under symbols CIM PRA, CIM PRB, and CIM PRC

All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

SUMMARY

Chimera has assembled a unique portfolio of mortgage assets with a goal to provide high and durable income to shareholders

Dynamic Investment Strategy

Chimera has developed a diversified portfolio of mortgage backed securities to maximize risk-adjusted returns. Chimera's total return has outperformed Mortgage REITs and the S&P 500 since internalization of management in 2015.

Unique Mortgage Credit Portfolio

Chimera has created a high yield mortgage portfolio through securitization activity. Chimera's seasoned mortgage portfolio has a weighted average coupon of 6.90% with a weighted average loan size of ninety thousand dollars.

Positive Macro-Economic Environment

Macro-economic conditions for U.S. employment and housing are positive for the credit of Chimera's mortgage portfolio.

Appendix








Information is unaudited, estimated and subject to change.



2018 SECURITIZATION ACTIVITY

Chimera securitized \$2.3 billion of loans in 2018 growing the investment portfolio to \$24.6 billion

Loan Securitizations

 CIM 2018-R1 \$169,032,000 March 2018	 CIM 2018-R2 \$380,292,000 March 2018	 CIM 2018-R3 \$181,073,000 April 2018	 CIM 2018-J1 \$380,009,000 April 2018
 CIM 2018-R4 \$387,222,000 June 2018	 CIM 2018-R5 \$380,194,000 July 2018	 CIM 2018-INV1 \$407,992,000 September 2018	

- Chimera has closed seven securitizations in the first three quarters of 2018 continuing portfolio growth and optimizing our securitized loan liability structure
- CIM 2018-R1, CIM 2018-R2 and CIM 2018-R5 were refinancing of Chimera's securitized loans
- CIM 2018-R3 and CIM 2018-R4 were securitizations of seasoned residential loans
- CIM 2018-J1 was Chimera's 1st Prime Jumbo securitization since 2012
- CIM 2018-INV1 was Chimera's first securitization of investor base residential mortgage loans

All data as of September 30, 2018

Information is unaudited, estimated and subject to change.

AGENCY MBS PORTFOLIO AND FUNDING

The majority of Chimera's Agency Portfolio consists of highly liquid pass-through securities

Agency Securities – As of September 30, 2018

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
	3.50%	\$780,640	98.7	9.7
Agency Pass-through	4.00%	5,170,450	101.1	5.6
	4.50%	438,444	103.5	9.9
	5.0%	341,141	105.1	N/A ⁽³⁾
Commercial	3.6%	2,532,460	97.8	—
Agency IO	0.8%	N/M ⁽²⁾	4.2	3.7
Total		\$9,263,135		

Repo Days to Maturity – As of September 30, 2018

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$3,245,322	2.22%	
30 to 59 days	3,730,841	2.25%	
60 to 89 days	717,324	2.34%	
Total	\$7,693,487	2.25%	31 Days

All data as of September 30, 2018

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

(2) Notional Agency IO was \$2.9 billion as of September 30, 2018

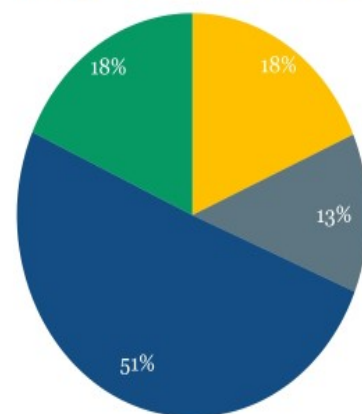
Information is unaudited, estimated and subject to change.

INTEREST RATE SENSITIVITY

Chimera added to its Agency and hedge portfolios during the quarter

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
Agency Securities	Market Value	\$ 9,857,910	\$ 9,650,351	\$ 9,406,092	\$ 9,133,202	\$ 8,840,558
	Percentage Change	4.8 %	2.6 %	-	(2.9)%	(6.0)%
Swap	Market Value	(413,821)	(202,279)	-	193,387	378,260
	Percentage Change	(4.4)%	(2.2)%	-	2.1 %	4.0 %
Futures	Market Value	(32,951)	(16,262)	-	15,868	31,328
	Percentage Change	(0.4)%	(0.2)%	-	0.2 %	0.3 %
Net Gain/(Loss)		\$ 5,046	\$ 25,718	-	\$ (63,635)	\$ (155,946)
Percentage Change in Portfolio Value ⁽¹⁾		0.1 %	0.3 %	-	(0.7)%	(1.7)%

Hedge Book Maturities



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

Total Notional Balance - Derivative Instruments

	September 30, 2018	June 30, 2018
Agency Interest Rate Swaps	6,432,650	5,087,400
Swaptions	53,000	53,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

Information is unaudited, estimated and subject to change.



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