

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):
February 20, 2020

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

<u>Maryland</u> (State or Other Jurisdiction of Incorporation)	<u>1-33796</u> (Commission File Number)	<u>26-0630461</u> (IRS Employer Identification No.)
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520 Madison Avenue, 32nd Fl

<u>New York</u> (Address of principal executive offices)	<u>New York</u>	<u>10022</u> (Zip Code)
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Registrant's telephone number, including area code: (212) 626-2300

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

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

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

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

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

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Emerging growth company

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

Item 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 [Fourth Quarter 2019 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: February 20, 2020



INVESTOR PRESENTATION

NYSE: CIM

4th Quarter 2019

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.

CHIMERA IS A HYBRID MORTGAGE REIT

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

- Established in 2007
- Internally managed since August 2015
- Total Capital \$4.0 Billion
- Total Portfolio \$26.2 Billion*
- Common Stock Price \$20.56 / Dividend Yield 9.73%
- Total preferred stock \$930 Million
- Overall leverage ratio 5.5:1 / Recourse leverage ratio 3.4:1

*Based on fair value

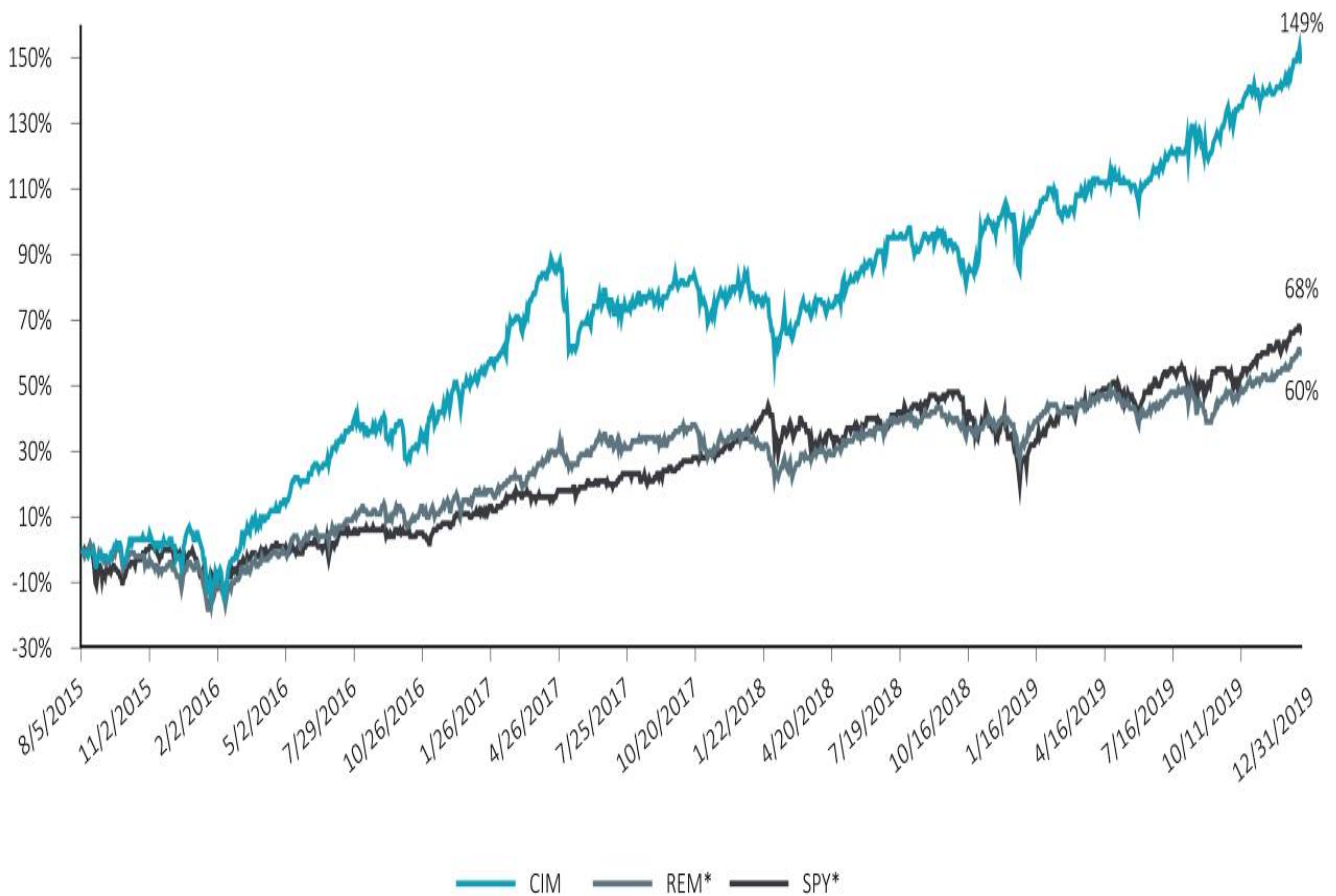
All data as of December 31, 2019

Information is unaudited, estimated and subject to change.

TOTAL RETURN

Chimera has outperformed the Mortgage REIT index and the S&P 500 since internalization of management

Cumulative Total Return*



*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.

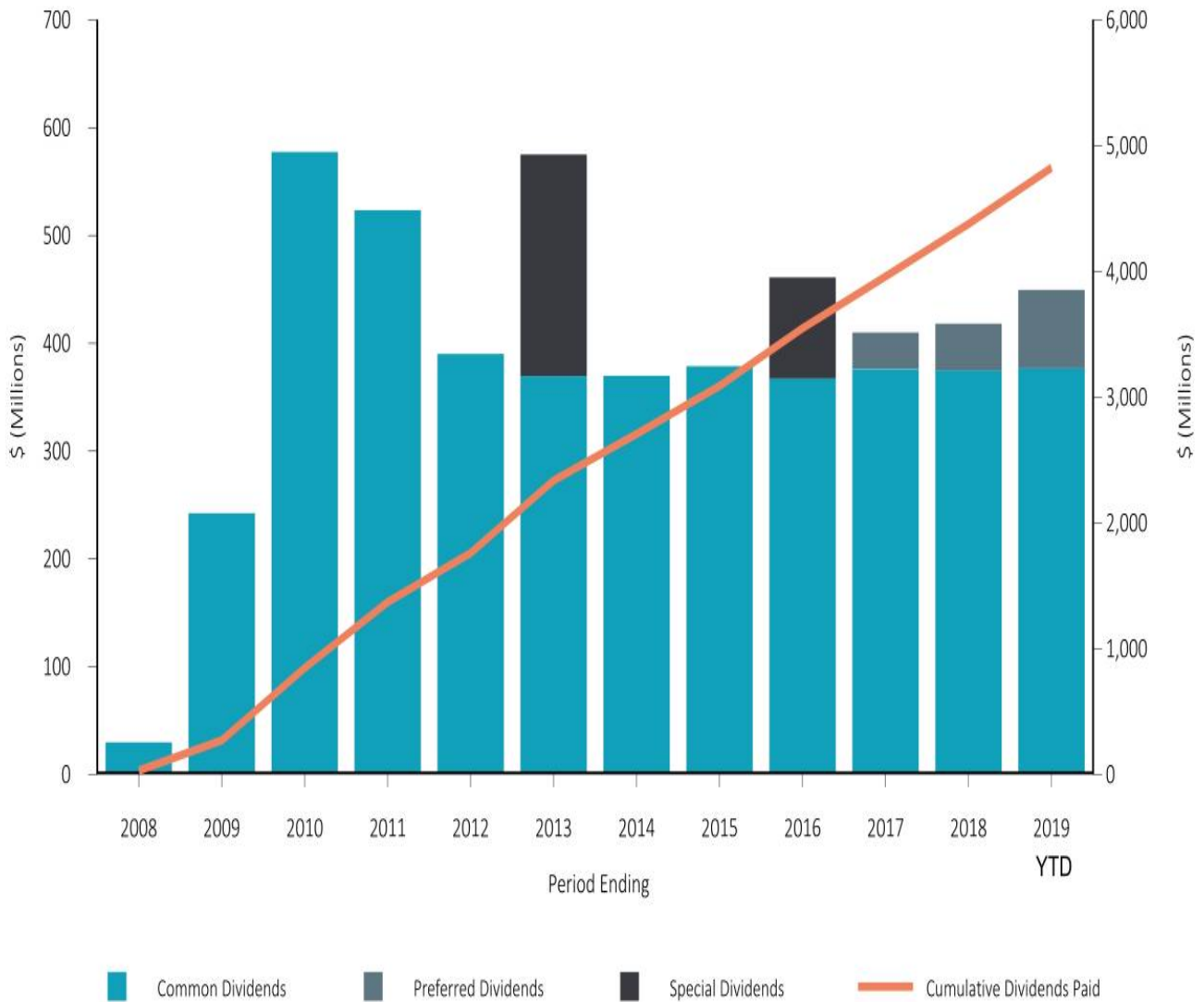
All data as of December 31, 2019

Source: Bloomberg

Information is unaudited, estimated and subject to change.

DIVIDENDS

Chimera has declared \$4.8 billion in dividends since inception



All data as of December 31, 2019

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 and 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 the 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

Chimera acquires Agency CMBS primarily in the form of Ginnie Mae Construction Loan and Ginnie Mae Permanent Loan Certificates. These assets typically have prepayment protection. This prepayment protection generally makes these assets longer duration and thus easier to hedge interest rate risk compared to Agency RMBS.

PORTFOLIO COMPOSITION

Net Investment Analysis⁽²⁾

	Residential Mortgage Credit Portfolio	Agency Portfolio	Total Portfolio
Gross Asset Yield:	6.8%	3.6%	5.5%
Financing Cost ⁽³⁾ :	3.8%	2.3%	3.1%
Net Interest Spread:	3.0%	1.3%	2.4%
Net Interest Margin:	3.5%	1.4%	2.7%

All data as of December 31, 2019

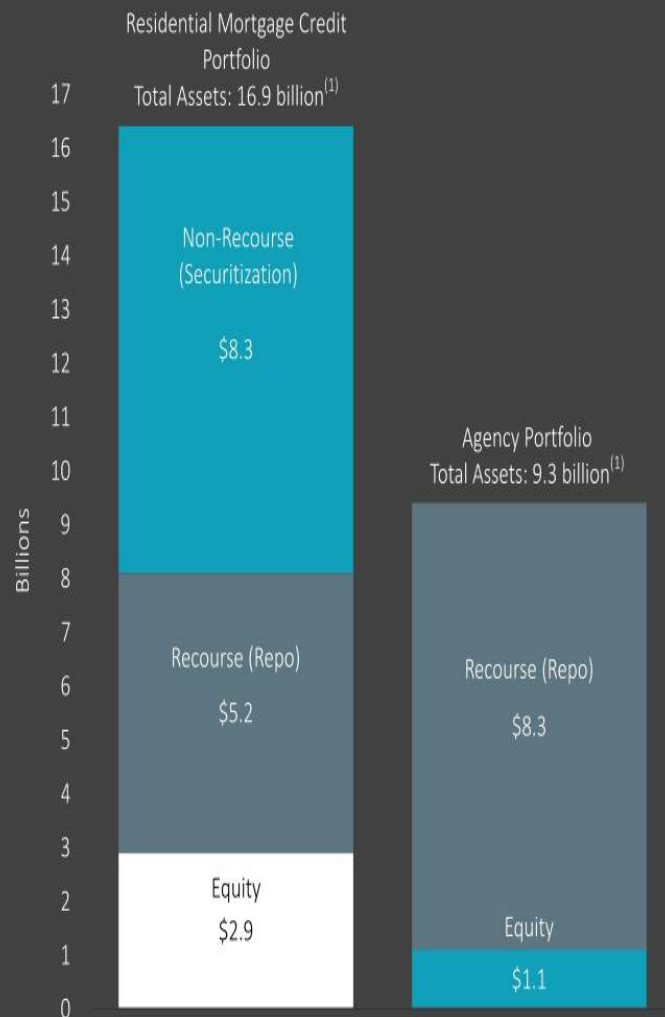
(1) Financing excludes unsettled trades.

(2) Reflects fourth quarter 2019 average assets, yields, and spreads.

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

Information is unaudited, estimated and subject to change.

73% of Chimera's equity capital is allocated to mortgage credit



LOAN PORTFOLIO COMPOSITION

Chimera has acquired a unique portfolio of seasoned residential mortgage loans comprising the majority of Chimera's loan portfolio

Loan Portfolio Characteristics

Total Current Unpaid Principal Balance	\$12.8 Billion
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Total Number of Loans	138,738
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Weighted Average Loan Size	\$92,454
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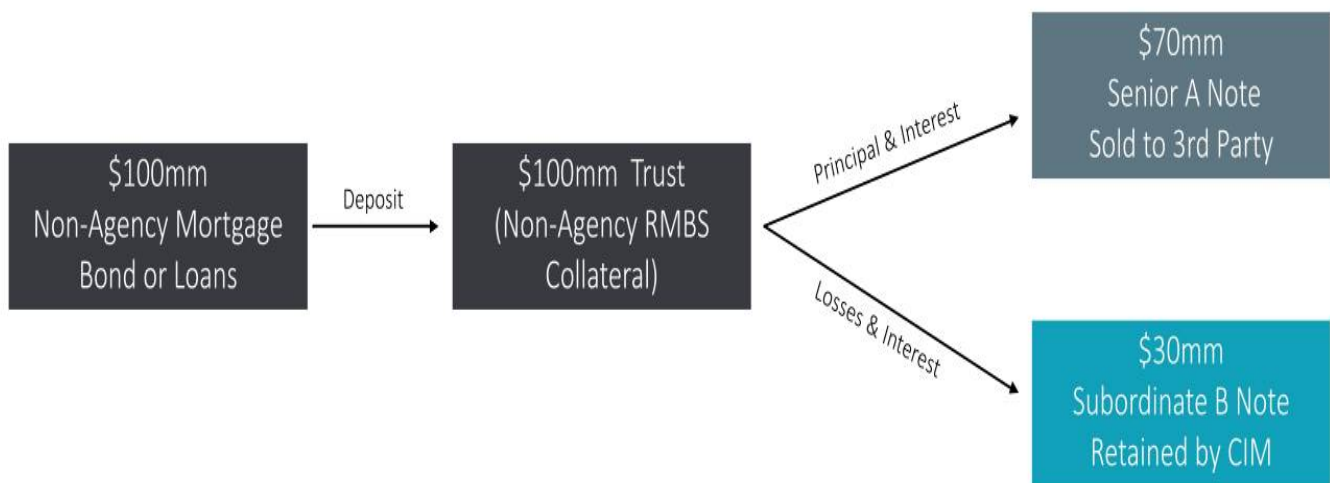
Weighted Average Coupon	6.6%
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Average Loan Age	164 Months
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All data as of December 31, 2019

THE SECURITIZATION PROCESS

Chimera has created term-funding through securitization



CIM buys \$100mm Non-Agency mortgage bond or loans from dealer

CIM deposits the bond or loans into a trust

The trust issues bonds backed by the cashflow of the underlying bond or loans

The Senior A note receives all principal from the collateral and interest on its \$70mm bond until the bond is paid off

The Subordinate B note receives interest on its \$30mm bond, absorbs losses and starts to receive principal only after the Senior A note is paid in full

SECURITIZATION ACTIVITY

- Chimera continues to benefit from exercising the option to call, restructure and optimize its securitizations
- Chimera has 8 outstanding securitizations callable in 2020
- Chimera has completed 63 deals and securitized \$34 billion of residential mortgage assets since inception

(\$ in thousands)

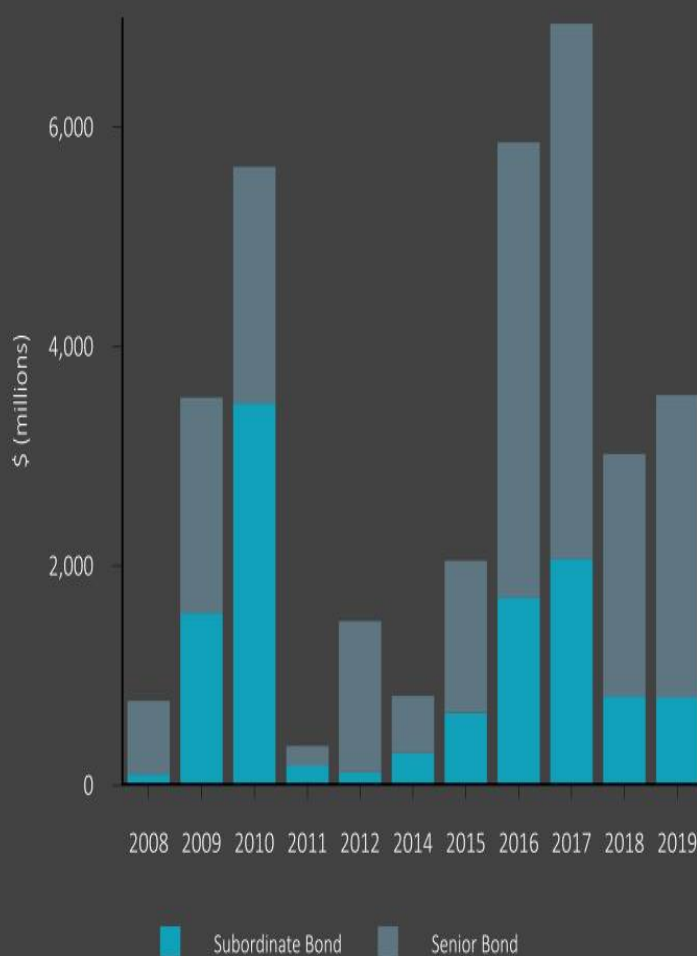
Vintage	Type	Deal Total Senior/Sub		
		Total Original Face	Senior Bond	Subordinate Bond
2008	Loan	770,865	670,949	99,916
2009	RMBS	3,535,035	1,965,001	1,570,034
2010	RMBS	5,638,378	2,156,169	3,482,209
2011	RMBS	359,154	177,139	182,015
2012	Loan	1,496,917	1,378,409	118,508
2014	Loan & RMBS	816,126	522,220	293,906
2015	Loan	2,048,483	1,385,162	663,321
2016	Loan	5,861,574	4,148,904	1,712,670
2017	Loan	6,943,112	4,880,569	2,062,543
2018	Loan	3,021,614	2,209,835	811,779
2019	Loan	3,558,630	2,755,777	802,853
	Total	34,049,889	22,250,134	11,799,755

Note: Springleaf deals are included in years that each was called and securitized
All data as of December 31, 2019

Information is unaudited, estimated and subject to change.

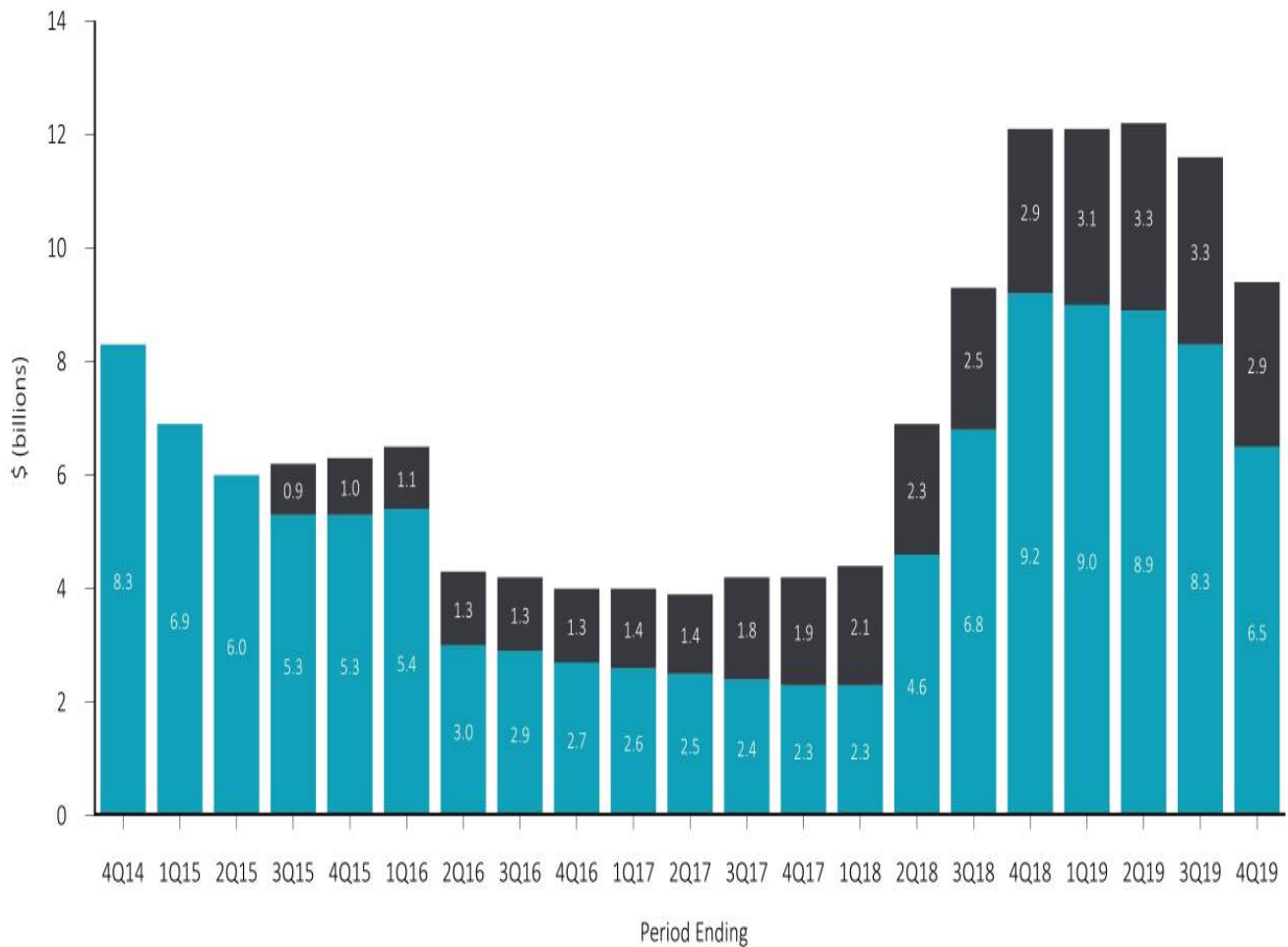
Chimera utilizes the securitization process to create its own differentiated portfolio

Securitization History



AGENCY PORTFOLIO

Agency Passthrough's provide flexibility and allow Chimera to vary its portfolio allocation based on relative value in the market



*Based on fair value, excludes Agency IO
All data as of December 31, 2019

Information is unaudited, estimated and subject to change.

■ Agency Passthrough ■ Agency Commercial

CAPITAL MANAGEMENT

Chimera continues to add shareholder value while diversifying its capital structure

- Board of Directors declares first quarter 2020 dividend of \$0.50 per common share
- Board of Directors expects to maintain a \$0.50 per common share for the remaining three quarters of 2020
- Chimera has raised \$930 million in preferred stock, representing 24% of total capital



5,800,000 Shares
8.00% Fixed Series A
Cumulative Redeemable
Preferred Stock
Issued October 2016



13,000,000 Shares
8.00% Variable Series B
Cumulative Redeemable
Preferred Stock
Issued February 2017



10,400,000 Shares
7.75% Variable Series C
Cumulative Redeemable
Preferred Stock
Issued September 2018



8,000,000 Shares
8.00% Variable Series D
Cumulative Redeemable
Preferred Stock
Issued January 2019

All data as of December 31, 2019

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 the Mortgage REIT Index 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 6.6% with a weighted average loan size of ninety thousand dollars.

Diversified Capital Structure

The addition of preferred stock has created a positive impact on our balance sheet, allowing us to grow our investment portfolio and lower the company's overall cost of capital.

Appendix



AGENCY MBS PORTFOLIO FUNDING

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

Agency Securities – As of December 31, 2019

SECURITY TYPE	COUPON ⁽¹⁾	CURRENT FACE	WEIGHTED AVERAGE MARKET PRICE	WEIGHTED AVERAGE CPR
Agency Pass-through	3.5%	\$339,687	104.2	22.0
	4.0%	5,437,343	104.5	38.0
	4.5%	303,519	106.3	44.8
Commercial	3.7%	2,621,938	106.9	—
Agency IO	1.6%	N/M ⁽²⁾	8.3	14.9
ACMBS IO	0.7%	N/M ⁽²⁾	2.7	5.3
Total		\$8,702,487		

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

(2) Total Agency IO and ACMBS IO Notional was \$3.4 billion as of December 31, 2019

Repo Days to Maturity – As of December 31, 2019

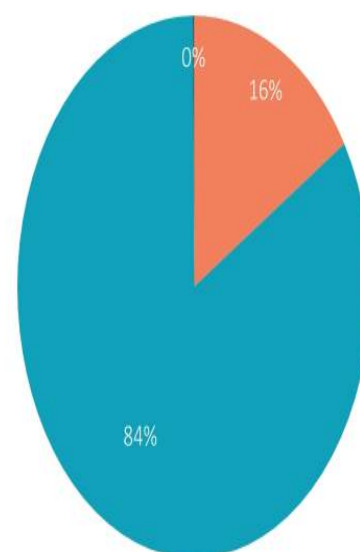
MATURITY	PRINCIPAL BALANCE	WEIGHTED AVERAGE RATE	WEIGHTED AVERAGE DAYS
Within 30 days	\$8,143,851	2.10%	
30 to 59 days	116,939	2.15%	
60 to 89 days	—	—%	
90 to 360 days	—	—%	
Total	\$8,260,790	2.10%	14 Days

INTEREST RATE SENSITIVITY

Chimera rebalanced its Agency hedge portfolio during the quarter

DESCRIPTION (\$ in thousands)	- 100 BASIS POINTS	- 50 BASIS POINTS	UNCHANGED	+50 BASIS POINTS	+100 BASIS POINTS	
Agency Securities	Market Value	\$ 9,661,207	\$ 9,508,139	\$ 9,341,011	\$ 9,145,034	\$ 8,917,815
	Percentage Change	3.4 %	1.8 %	-	(2.1)%	(4.5)%
Swaps	Market Value	(199,967)	(97,890)	-	93,892	183,963
	Percentage Change	(2.1)%	(1.0)%	-	1.0 %	2.0 %
Futures	Market Value	(35,817)	(17,662)	-	17,191	33,913
	Percentage Change	(0.4)%	(0.2)%	-	0.2 %	0.4 %
Net Gain/(Loss)	Market Value	84,412	51,576	-	(84,894)	(205,320)
	Percentage Change in Portfolio Value ⁽¹⁾	0.9 %	0.6 %	-	(0.9)%	(2.2)%

Hedge Book Maturities



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

Total Notional Balance - Derivative Instruments

	December 31, 2019	September 30, 2019
Interest Rate Swaps	4,111,300	4,390,700
Swaptions	—	25,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

All data as of December 31, 2019

Information is unaudited, estimated and subject to change.



chimerareit.com
