

# FINANCIAL SUPPLEMENT

3rd 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.

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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.

# PORTFOLIO COMPOSITION

## Net Investment Analysis<sup>(2)</sup>

	RESIDENTIAL MORTGAGE CREDIT PORTFOLIO	AGENCY PORTFOLIO	TOTAL PORTFOLIO
GROSS ASSET YIELD:	6.8%	3.3%	5.3%
FINANCING COSTS <sup>(3)</sup>	4.1%	2.6%	3.4%
NET INTEREST SPREAD:	2.7%	0.7%	1.9%
NET INTEREST MARGIN:	3.3%	0.9%	2.2%

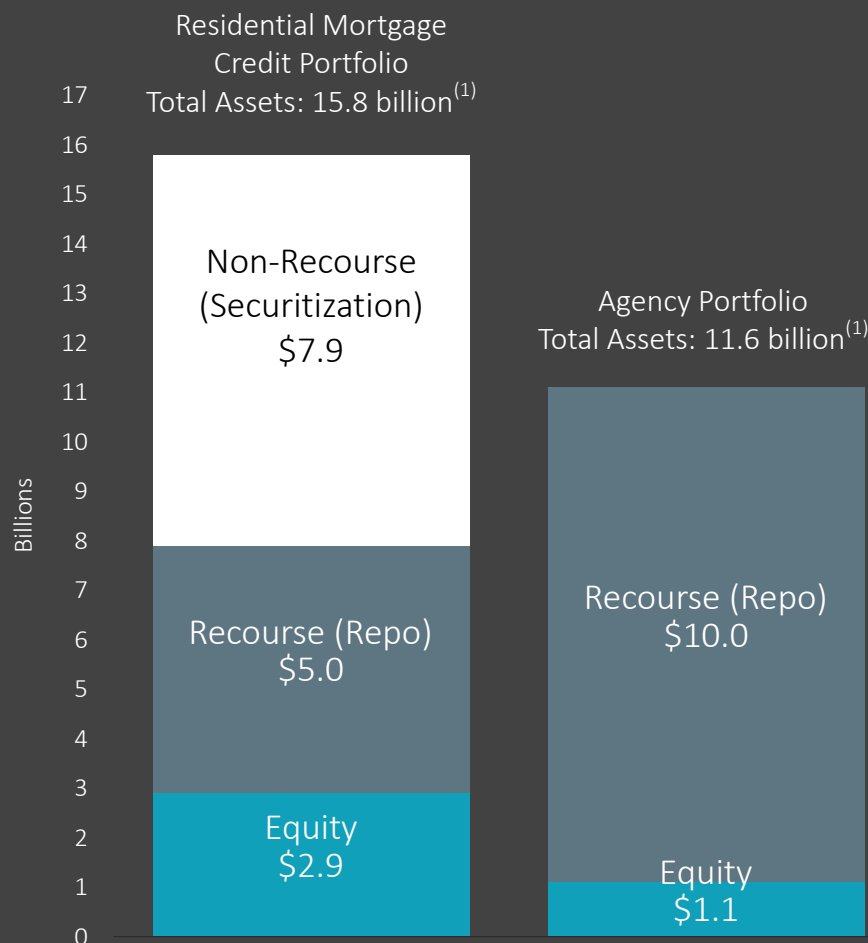
All data as of September 30, 2019

(1) Financing excludes unsettled trades.

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

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

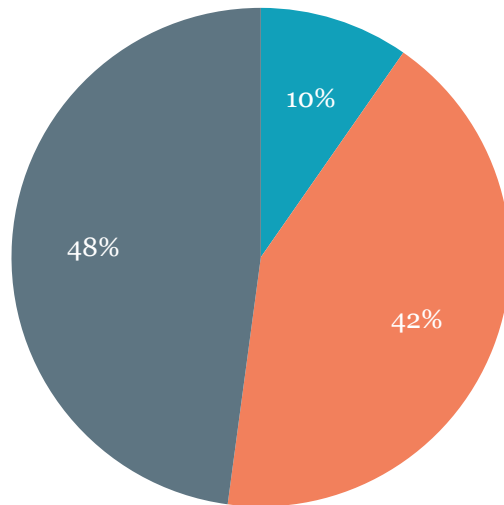
73% of Chimera's equity capital is allocated to mortgage credit



# GAAP ASSET ALLOCATION

Chimera added to the loan portfolio during the quarter

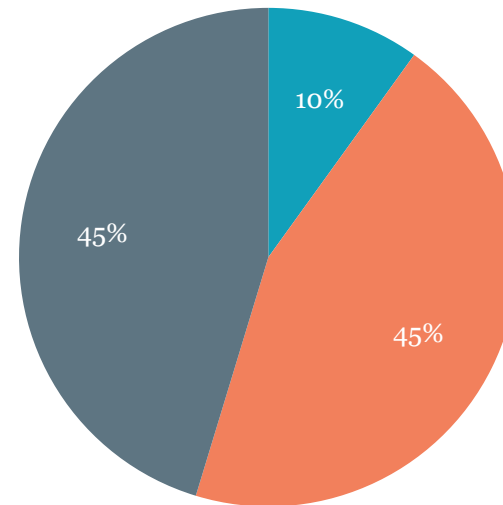
September 30, 2019



■ Non-Agency MBS   ■ Agency MBS  
■ Loan Portfolio

Total Portfolio: \$27.4 billion

June 30, 2019



■ Non-Agency MBS   ■ Agency MBS  
■ Loan Portfolio

Total Portfolio: \$27.2 billion

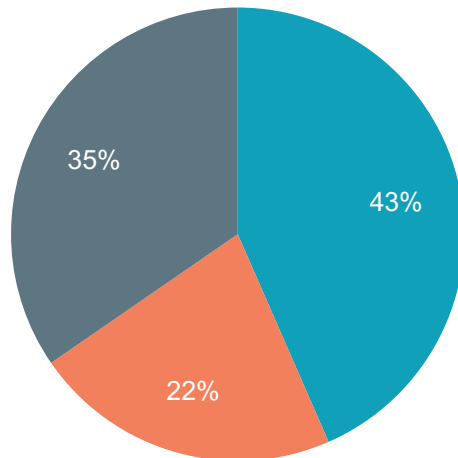
Based on fair value.

Information is unaudited, estimated and subject to change.

# GAAP FINANCING SOURCES

Chimera operates at 5.7:1 total leverage and 3.8:1 recourse leverage<sup>(1)</sup>

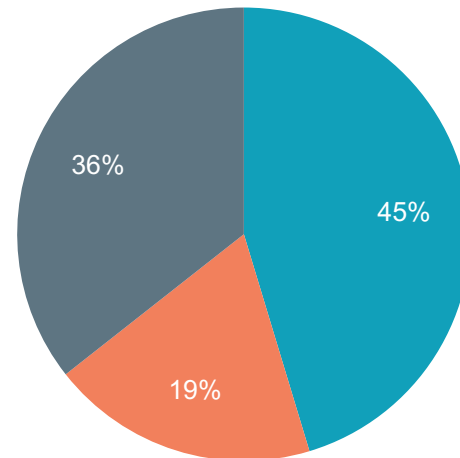
September 30, 2019



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

Total Portfolio: \$22.9 billion

June 30, 2019



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

Total Portfolio: \$22.5 billion

(1) Leverage ratios as of September 30, 2019

(2) Consists of tranches of RMBS and loan securitizations sold to third parties.

# CONSOLIDATED LOAN SECURITIZATIONS

VINTAGE	DEAL	TOTAL ORIGINAL FACE	TOTAL OF TRanches SOLD	TOTAL OF TRanches RETAINED	TOTAL REMAINING FACE	REMAINING FACE OF TRanches SOLD	REMAINING FACE OF TRanches RETAINED
2019	CIM 2019-R1	\$371,762	297,409	\$74,353	\$366,787	292,382	\$74,405
2018	CIM 2018-NR1	\$257,548	—	\$257,548	\$198,597	—	\$198,597
2018	CIM 2018-R6	478,251	334,775	143,476	421,405	278,462	142,943
2018	CIM 2018-R5	380,194	266,136	114,058	324,148	210,697	113,451
2018	CIM 2018-R4	387,222	271,056	116,166	338,125	222,486	115,639
2018	CIM 2018-R3	181,073	146,669	34,404	145,903	111,746	34,157
2018	CIM 2018-R2	380,292	266,204	114,088	310,206	196,021	114,185
2018	CIM 2018-R1	169,032	140,297	28,735	140,640	111,699	28,941
2017	CMLTI 2017-RP2	421,329	341,276	80,053	343,240	263,941	79,299
2017	CIM 2017-8	1,148,050	688,829	459,221	911,477	457,942	453,535
2017	CIM 2017-7	512,446	341,062	171,384	406,106	238,797	167,309
2017	CIM 2017-6	782,725	626,179	156,546	594,585	440,311	154,274
2017	CIM 2017-5	377,034	75,407	301,627	298,215	74,013	224,202
2017	CIM 2017-4	830,510	710,003	120,507	497,136	390,251	106,885
2017	CIM 2017-3	2,434,640	2,113,267	321,373	1,622,913	1,315,568	307,345
2017	CIM 2017-2	331,440	248,580	82,860	243,345	162,479	80,866
2017	CIM 2017-1	526,267	368,387	157,880	363,170	210,640	152,530
2016	CIM 2016-FRE1	185,811	115,165	70,646	126,143	61,138	65,005
2016	CIM 2016-4	601,733	493,420	108,313	380,720	276,174	104,546
2016	CIM 2016-3	1,746,084	1,478,933	267,151	1,048,538	806,486	242,052
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,051,505	805,759	245,746
2016	CIM 2016-1	1,499,341	1,266,898	232,443	884,864	680,856	204,008
2012	CSMC 2012-CIM1	741,939	707,810	34,129	43,724	18,560	25,164
2012	CSMC 2012-CIM2	425,091	404,261	20,830	36,162	19,719	16,443
2012	CSMC 2012-CIM3	329,886	305,804	24,082	96,324	79,412	16,912
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	25,514	18,656	6,858
	<b>TOTAL</b>	<b>\$17,881,587</b>	<b>\$14,049,532</b>	<b>\$3,832,055</b>	<b>\$11,219,492</b>	<b>\$7,744,195</b>	<b>\$3,475,297</b>

All data as of September 30, 2019

\$ in thousands

Information is unaudited, estimated and subject to change.

# AGENCY SECURITIES AND REPO SUMMARY

## Agency Securities – As of September 30, 2019

SECURITY TYPE	COUPON <sup>(1)</sup>	CURRENT FACE	WEIGHTED AVERAGE MARKET PRICE	WEIGHTED AVERAGE CPR
Agency Pass-through	3.5%	\$588,780	103.6	14.9
	4.0%	6,603,563	104.3	26.2
	4.5%	358,064	106.6	23.8
	5.0%	239,977	107.2	37.1
Commercial	3.7%	3,031,644	108.8	—
Agency IO	1.1%	N/M <sup>(2)</sup>	5.6	6.9
Total		\$10,822,028		

## Agency Securities – As of June 30, 2019

SECURITY TYPE	COUPON <sup>(1)</sup>	CURRENT FACE	WEIGHTED AVERAGE MARKET PRICE	WEIGHTED AVERAGE CPR
Agency Pass-through	3.5%	\$620,190	103.0	10.0
	4.0%	7,181,831	103.8	13.9
	4.5%	386,226	105.5	18.7
	5.0%	270,623	105.7	34.2
Commercial	3.6%	3,036,622	105.9	0.1
Agency IO	1.1%	N/M <sup>(2)</sup>	5.4	5.2
Total		\$11,495,492		

## Repo Days to Maturity – As of September 30, 2019

MATURITY	PRINCIPAL BALANCE	WEIGHTED AVERAGE RATE	WEIGHTED AVERAGE DAYS
Within 30 days	\$9,121,803	2.28%	
30 to 59 days	843,045	2.24%	
60 to 89 days	—	—%	
90 to 360 days	—	—%	
Total	\$9,964,848	2.28%	16 Days

## Repo Days to Maturity – As of June 30, 2019

MATURITY	PRINCIPAL BALANCE	WEIGHTED AVERAGE RATE	WEIGHTED AVERAGE DAYS
Within 30 days	\$4,337,493	2.66%	
30 to 59 days	5,873,771	2.61%	
60 to 89 days	5,196	2.68%	
90 to 360 days	—	—%	
Total	\$10,216,460	2.63%	31 Days

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

(2) Notional Agency IO was \$3.2 billion and \$2.8 billion as of September 30, 2019 and June 30, 2019 respectively.

# INTEREST RATE SENSITIVITY

Chimera rebalanced its Agency hedge portfolio during the quarter

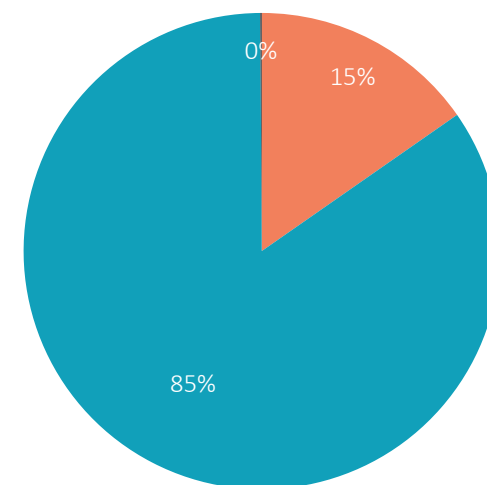
DESCRIPTION (\$ in thousands)		- 100 BASIS POINTS	- 50 BASIS POINTS	UNCHANGED	+50 BASIS POINTS	+100 BASIS POINTS
Agency Securities	Market Value	\$ 12,004,559	\$ 11,810,986	\$ 11,615,323	\$ 11,391,232	\$ 11,127,588
	Percentage Change	3.4 %	1.7 %	-	(1.9)%	(4.2)%
Swaps	Market Value	(281,120)	(137,912)	-	133,016	261,335
	Percentage Change	(2.4)%	(1.2)%	-	1.1 %	2.2 %
Futures	Market Value	(35,790)	(17,649)	-	17,212	33,979
	Percentage Change	(0.3)%	(0.2)%	-	0.1 %	0.3 %
Net Gain/(Loss)	Market Value	72,326	40,102	-	(73,863)	(192,421)
	Percentage Change in Portfolio Value <sup>(1)</sup>	0.6 %	0.3 %	-	(0.6)%	(1.7)%

## Total Notional Balance - Derivative Instruments

	September 30, 2019	June 30, 2019
Interest Rate Swaps	4,390,700	7,706,700
Swaptions	25,000	25,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.

## Hedge Book Maturities



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



