

INVESTOR PRESENTATION

NYSE: CIM

1st Quarter 2017



CHIMERA INVESTMENT
CORPORATION

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 Annual Report on Form 10-K for the year ended December 31, 2016, 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.

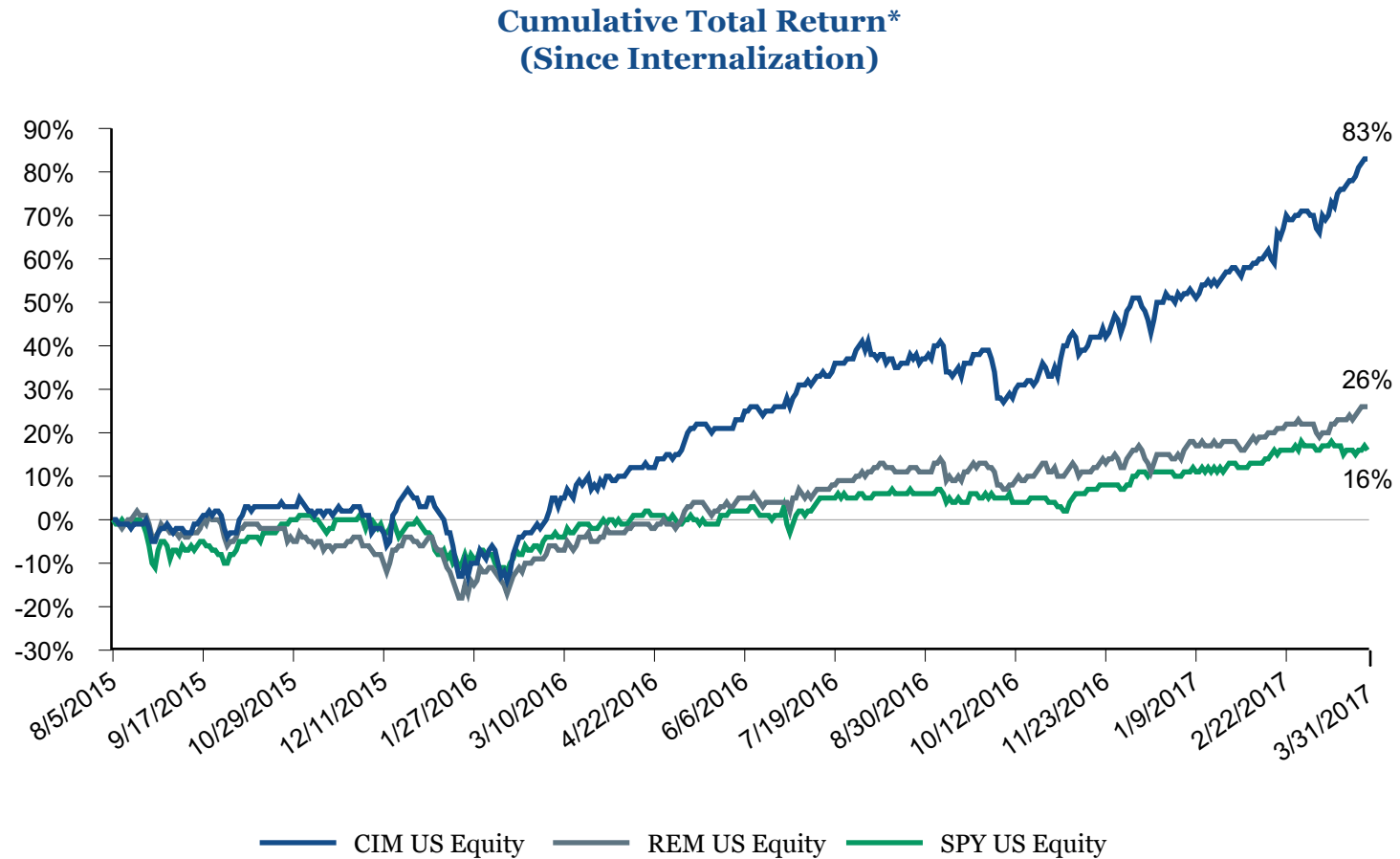
CHIMERA IS A RESIDENTIAL MORTGAGE REIT

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 \$3.5 Billion
- Total Portfolio \$20.0 Billion
- Common Stock Price \$20.18 / Dividend Yield 9.91%
- 8.00% Fixed Series A Preferred Stock Price \$25.17
- 8.00% Variable Series B Preferred Stock Price \$25.39
- Overall leverage ratio 4.6:1 / Recourse leverage ratio 1.7:1

TOTAL RETURN

Chimera has outperformed its peers since internalization of management in August 2015



All data as of March 31, 2017

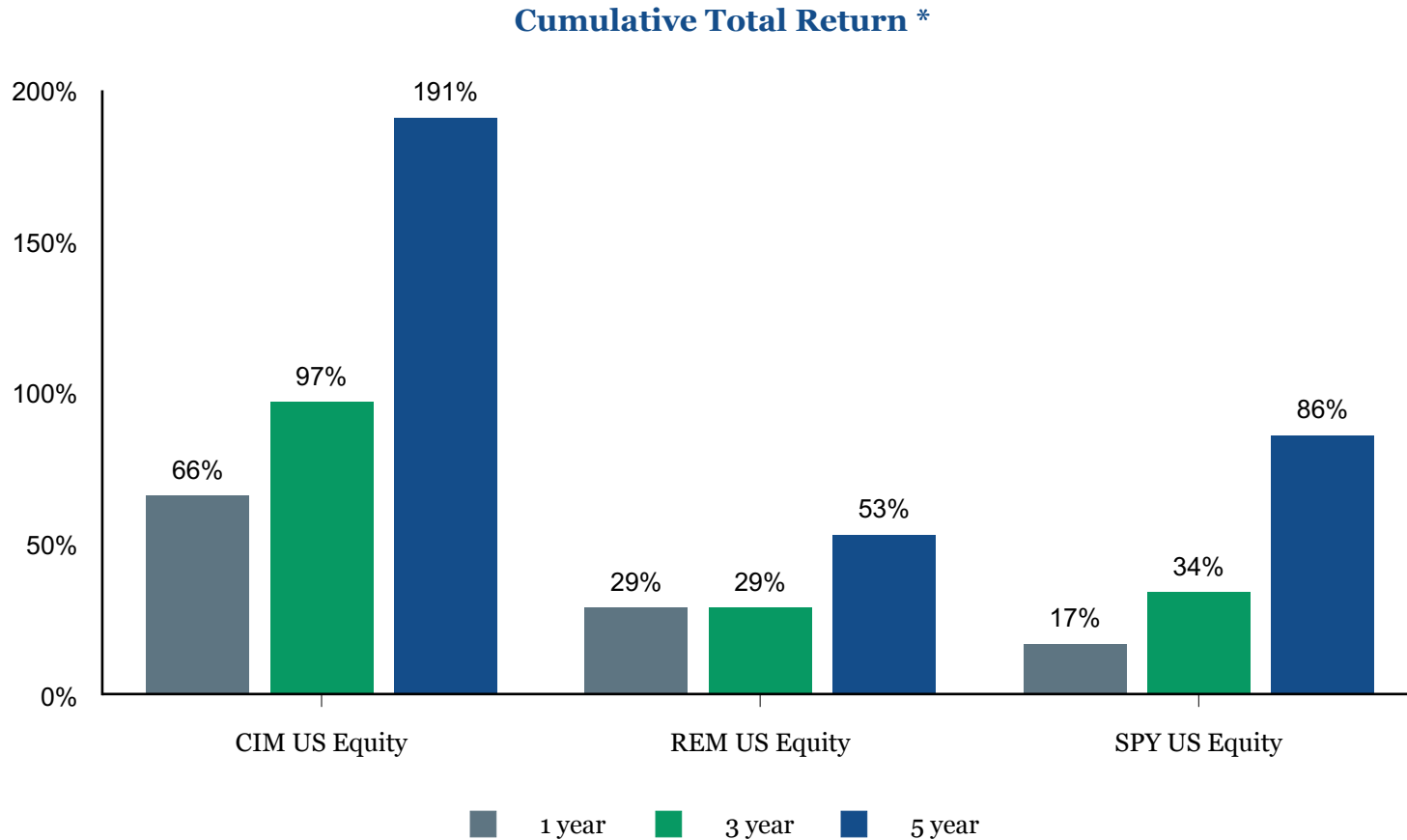
*Assuming reinvestment of dividends

Source: Bloomberg

Information is unaudited, estimated and subject to change.

HISTORICAL TOTAL RETURN

Chimera has consistently produced industry leading returns



All data as of March 31, 2017

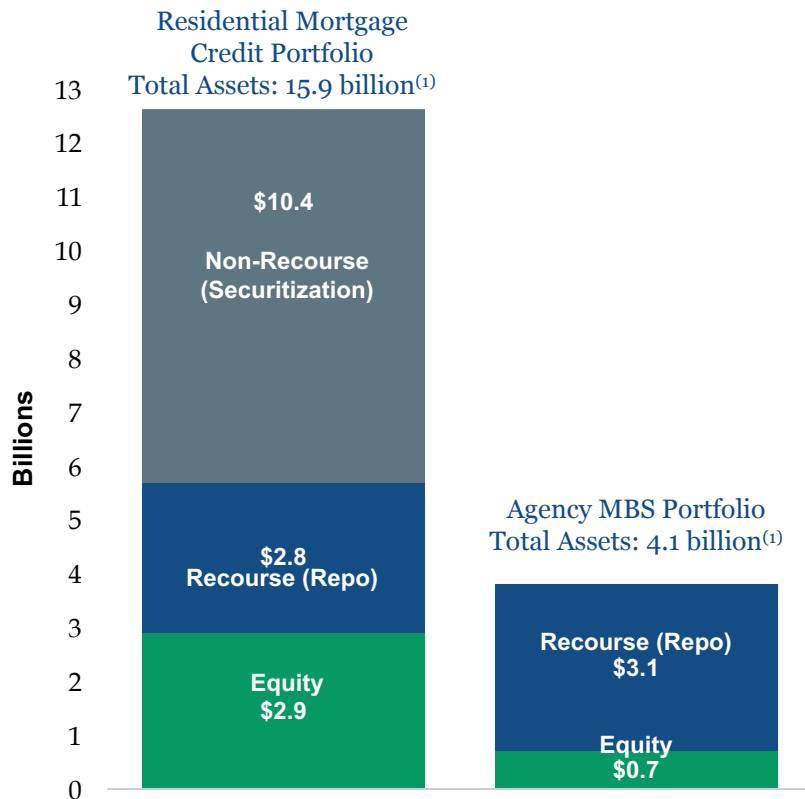
*Assuming reinvestment of dividends

Source: Bloomberg

Information is unaudited, estimated and subject to change.

PORTFOLIO COMPOSITION

81% of Chimera's equity capital is allocated to mortgage credit



All data as of March 31, 2017

(1) Financing excludes unsettled trades

Portfolio Yields and Spreads⁽¹⁾

	Residential Mortgage Credit Portfolio	Agency MBS Portfolio	Total Portfolio
Gross Asset Yield:	7.7%	3.0%	6.5%
Financing Cost ⁽²⁾ :	4.1%	1.5%	3.5%
Net Interest Spread:	3.6%	1.5%	3.0%
Net Interest Margin:	4.1%	1.7%	3.6%

All data as of March 31, 2017

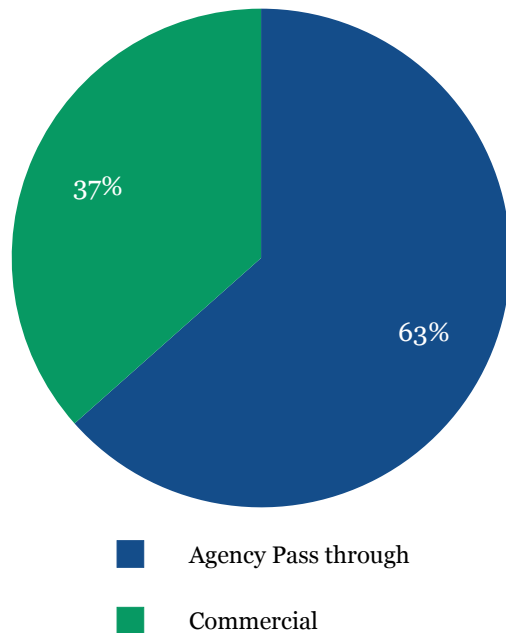
(1) Reflects first quarter 2016 average assets, yields, and spreads

(2) Includes the interest incurred on interest rate swaps

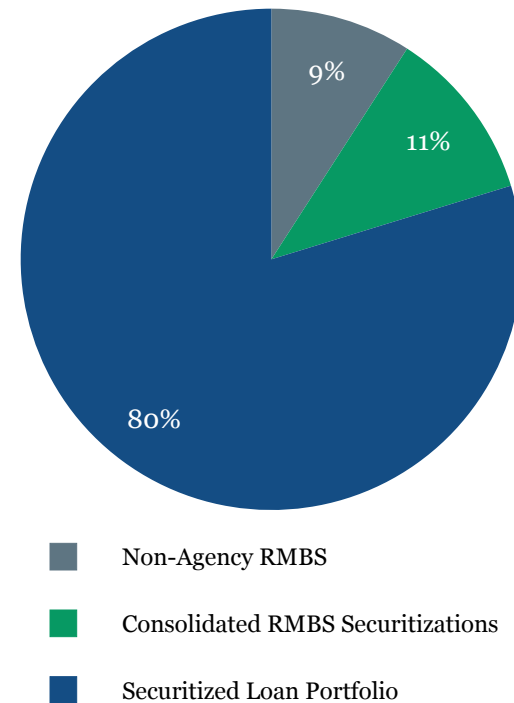
PORTFOLIO COMPOSITION

Chimera's residential credit portfolio provides a high net interest spread while the agency portfolio provides income and liquidity

Agency Portfolio Composition



Credit Portfolio Composition



All data as of March 31, 2017

Information is unaudited, estimated and subject to change.

UNIQUE MORTGAGE CREDIT PORTFOLIO

Key transactions distinguish Chimera from other Mortgage REITs

Re-Remic Subordinate Bond Portfolio

2009–2011 Chimera Creates and Retains \$3.2 Billion High Yield Subordinate Bonds

- \$1.9 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
- 5 deals called and re-securitized
- 2 original deals are currently callable

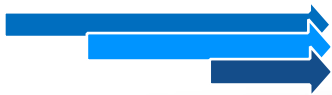
Risk Retention Seasoned Loan Portfolio

2016-2017 Chimera Acquires \$9.3 Billion Seasoned Loan Portfolio

- Performing loans with 10 years of payment history
- 8 securitizations with all senior securities placed
- \$ 1.5 billion subordinate bonds retained for investment portfolio

All data as of March 31, 2017

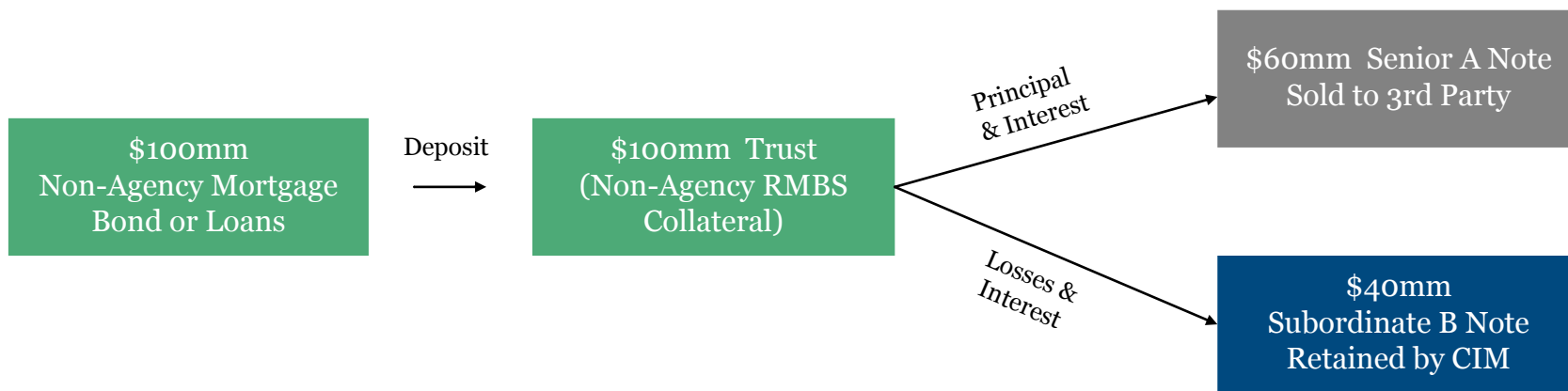
Information is unaudited, estimated and subject to change.



THE SECURITIZATION PROCESS

Chimera created long, term-funding through securitization

Creation of senior and subordinate bonds



1

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

2

CIM deposits the bond or loans into a trust
The trust issues bonds backed by the cashflow of the underlying bond

3

- CIM sells the Senior A note
 - The A note receives P&I from the \$100mm bond until the \$60mm is paid off
- CIM retains the Subordinate B note
 - The B note receives interest, all losses from the \$100mm bond and starts to receive principal only after the Senior A note is paid off in full

CONSOLIDATED RMBS SECURITIZATIONS

- Re-Remic subordinate bonds have had slow prepayments considering the low interest rate environment
- Chimera expects the subordinate bond portfolio to have meaningful impact on earnings for the foreseeable future

(\$ in thousands)

Vintage	Deal	At Issuance / Acquisition			March 31, 2017		
		Total Original Face	Total of Tranches Sold	Total of Tranches Retained	Total Remaining Face	Remaining Face of Tranches Sold	Remaining Face of Tranches Retained
2014	CSMC 2014-4R ⁽¹⁾	367,271	—	367,271	236,725	—	236,725
2010	CSMC 2010-1R	1,730,581	691,630	1,038,951	583,487	4,992	578,495
2010	CSMC 2010-11R	566,571	338,809	227,762	250,518	39,189	211,329
2009	CSMC 2009-12R	1,730,698	915,566	815,132	536,760	102,586	434,174
2009	JPMRR 2009-7	1,522,474	856,935	665,539	501,750	140,218	361,532
2009	JMAC 2009-R2	281,863	192,500	89,363	88,922	31,904	57,018
TOTAL		6,199,458	2,995,440	3,204,018	2,198,162	318,889	1,879,273
		<i>% of origination remaining</i>			35%	11%	59%

Significant outstanding balances remain under a number of prepayment projections



Change in CPR (%)	Total Remaining Face - Projected Balances ⁽²⁾		
	March 31, 2018	March 31, 2019	March 31, 2020
-50%	1,941,367	1,726,417	1,548,019
Unchanged	1,864,874	1,596,581	1,382,311
+50%	1,787,517	1,471,879	1,230,879

All data as of March 31, 2017


(1) Contains collateral from CSMC 2010-12R Trust.

(2) Projected Balances are estimated based on future cash flows and changes in prepayment speeds



ACQUISITION OF SEASONED LOAN PORTFOLIO

Since 2014 Chimera has acquired \$14.1 billion of seasoned performing loans through bulk transactions



Springleaf Acquisition

2014 Springleaf Acquisition

- \$4.8 billion seasoned loans
- 7 securitizations
- Loans originated for American General portfolio

2015 - 2016 Springleaf Optimization

- Chimera refinances 5 of the 7 Springleaf deals into CIM securitizations
- All new Chimera securitizations have call rights



Bank Portfolio Acquisition

2016 Bank Portfolio Acquisition

- \$5.2 billion seasoned loans
- 4 original securitizations

2017 Bank Portfolio Acquisition

- \$4.1 billion seasoned loans
- 4 original securitizations

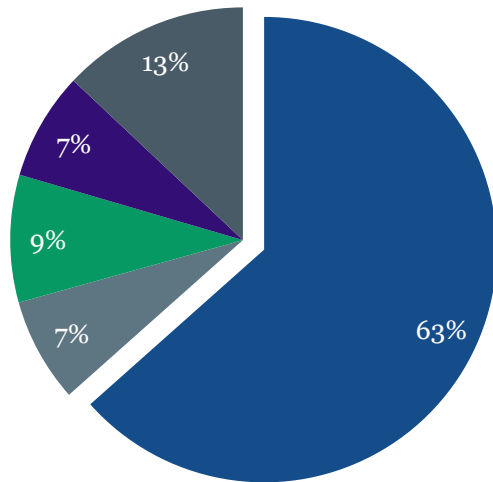
All data as of March 31, 2017

Information is unaudited, estimated and subject to change.

SMALL BALANCE RESIDENTIAL LOAN PORTFOLIO

Chimera has 63% of its total portfolio in loans

Portfolio Composition



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

Seasoned Low Loan Balance Mortgage Portfolio


Total Current Unpaid Balance	<i>\$12.3 Billion</i>
Total Number of Loans	<i>140,434</i>
Weighted Average Loan Size	<i>\$87,853</i>
Weighted Average Coupon	<i>7.07%</i>
Average Loan Age	<i>137 Months</i>

All data as of March 31, 2017


2016 SECURITIZATION ACTIVITY

Chimera securitized \$5.9 billion in 2016 growing the investment portfolio to \$16.3 billion


Loan Securitizations



CIM 2016-1
\$1,499,341,000
April 2016



CIM 2016-2
\$1,762,177,000
May 2016




CIM 2016-3
\$1,746,084,000
May 2016



CIM 2016-4*
\$601,733,000
October 2016



CIM 2016-5*
\$66,171,000
October 2016



CIM 2016-FRE 1
\$185,811,000
October 2016

- Chimera has one of the largest seasoned, performing, small balance residential loan portfolios in the Mortgage REIT Industry
- Chimera securitized \$186 million loans with Freddie Mac in a pilot program
- Chimera expects high single digit yields on the portfolio without leverage

All data as of March 31, 2017

*Springleaf refinanced deals

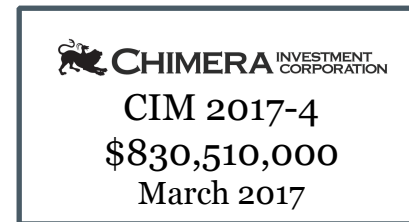
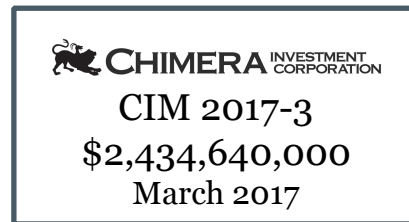
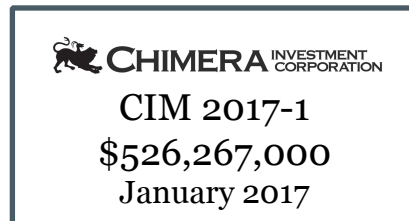
Information is unaudited, estimated and subject to change.



2017 SECURITIZATION ACTIVITY

Chimera has securitized \$4.1 billion in 2017 growing the investment portfolio to \$20.0 billion

Loan Securitizations



- Chimera closed four securitizations in the first quarter of seasoned, performing, low-loan balance residential mortgage loans
- Chimera sold \$3.4 billion of these securities, retaining an interest of \$630 million

All data as of March 31, 2017

Information is unaudited, estimated and subject to change.

Chimera raised \$470 million in preferred equity in the past year

Preferred Stock



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% Fixed Series B
Cumulative Redeemable Preferred Stock
February 2017
Liquidation Preference \$25.00 Per Share

- Series A is a fixed coupon and is callable in 5 years on October 30, 2021
- Series B is a fixed coupon for 7 years then floats at LIBOR plus 5.791%
- Series B is a callable in 7 years on March 30, 2024
- Series A and B preferred shared trade on the New York Stock Exchange under symbols CIM PRA and CIM PRB
- Chimera intends to deploy this capital by acquiring loans, expanding the balance sheet

All data as of March 31, 2017

Information is unaudited, estimated and subject to change.

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

Franchise Mortgage Assets

Chimera has a unique portfolio of high yielding assets, created through securitization, which would be difficult to recreate in size and scale

Positive Macro Economic Environment

Upward trending macro economic conditions for the housing market are positive for the credit of Chimera's mortgage portfolio

Opportunity for Permanent Capital

New risk retention rules present an attractive opportunity for companies like Chimera to sponsor mortgage securitizations

Appendix

AGENCY MBS PORTFOLIO AND FUNDING

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

Agency Securities – As of March 31, 2017

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$1,001,123	102.5	11.0
	4.00%	1,207,431	105.1	15.3
	4.50%	271,980	107.5	21.3
Commercial	3.6%	1,393,290	99.2	—
Agency IO	0.8%	N/M ⁽²⁾	4.0	7.3
Total		\$3,873,824		

Repo Days to Maturity – As of March 31, 2017

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$2,203,298	0.95%	
30 to 59 days	653,210	0.94%	
60 to 89 days	192,418	1.03%	
90 to 360 days	10,341	1%	
Over 360 days	—	—	
Total	\$3,059,267	0.95%	23 Days

All data as of March 31, 2017

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

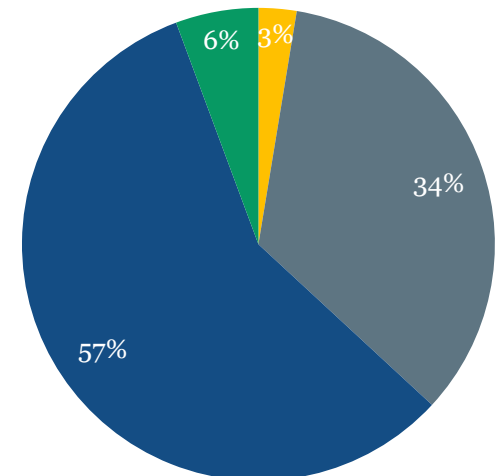
(2) Notional Agency IO was \$3.2 billion as of March 31, 2017

INTEREST RATE SENSITIVITY

Chimera continues to reduce its rate exposure by reducing its Agency portfolio and hedges

Description (\$ in thousands)		- 100 Basis Points	- 50 Basis Points	Unchanged	+50 Basis Points	+100 Basis Points
Agency Securities	Market Value	\$ 4,330,594	\$ 4,220,920	\$ 4,101,851	\$ 3,976,033	\$ 3,847,031
	Percentage Change	5.6 %	2.9 %	-	(3.1)%	(6.2)%
Swap	Market Value	(104,384)	(51,009)	-	49,365	97,693
	Percentage Change	(2.5)%	(1.2)%	-	1.2 %	2.4 %
Futures	Market Value	(35,537)	(17,525)	-	17,059	33,662
	Percentage Change	(0.9)%	(0.4)%	-	0.4 %	0.8 %
Net Gain/(Loss)		\$ 88,822	\$ 50,535	-	\$ (59,394)	\$ (123,465)
Percentage Change in Portfolio Value⁽¹⁾		2.2 %	1.2 %	-	(1.4)%	(3.0)%

Hedge Book Maturities



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

Total Notional Balance - Derivative Instruments

	March 31, 2017	December 31, 2016
Interest Rate Swaps	1,535,900	1,396,900
Swaptions	482,000	624,000
Futures	619,700	619,700

All data as of March 31, 2017

(1) Based on instantaneous moves in interest rates.

Information is unaudited, estimated and subject to change.

