

FINANCIAL SUPPLEMENT

NYSE: CIM

3rd Quarter 2016



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, 2015, 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.

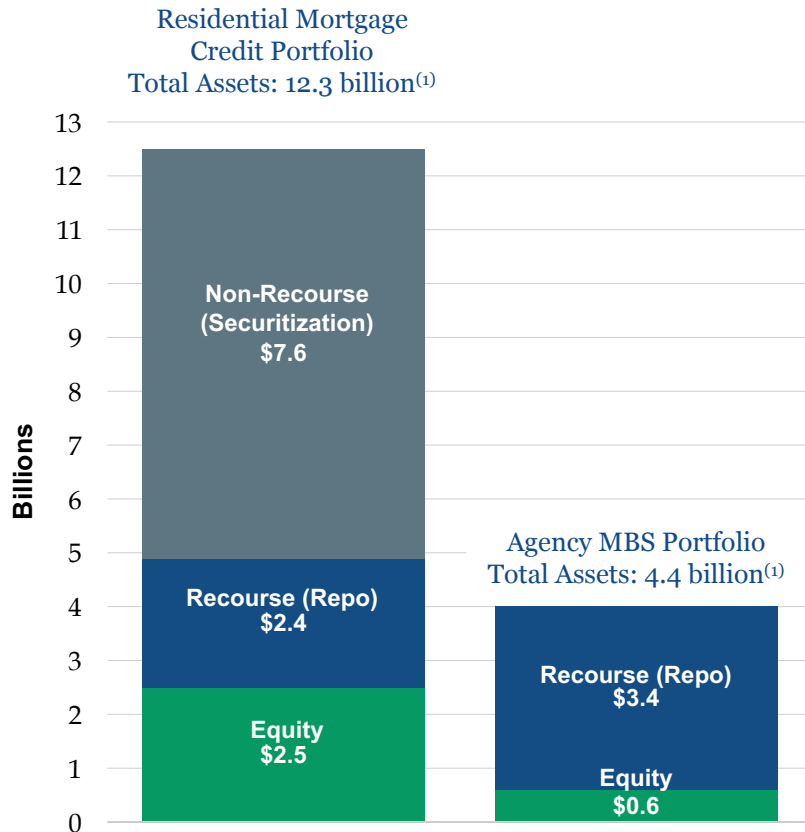
Readers are cautioned not to place undue reliance upon any forward-looking statements, which speak only as of the date made. Chimera does not undertake or accept any obligation to release publicly any updates or revisions to any forward-looking statement to reflect any change in its expectations or any 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

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



All data as of September 30, 2016

(1) Financing excludes unsettled trades.

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

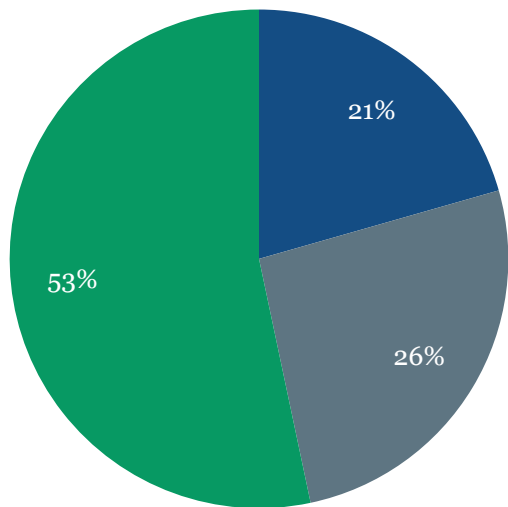
Net Investment Analysis

	Residential Mortgage Credit Portfolio	Agency MBS Portfolio	Total Portfolio
Gross Asset Yield:	7.6%	3.2%	6.5%
Financing Cost ⁽²⁾ :	3.5%	1.4%	2.9%
Net Interest Spread:	4.1%	1.8%	3.6%
Net Interest Margin:	4.6%	1.9%	3.9%

GAAP ASSET ALLOCATION⁽¹⁾

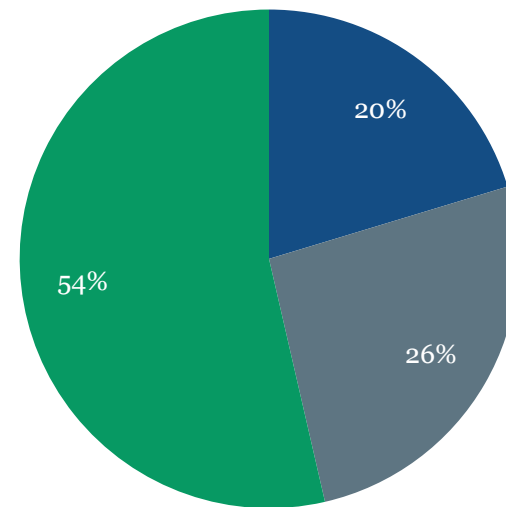
The portfolio composition remained stable through the third quarter of 2016

September 30, 2016



Total Portfolio: \$16.7 billion

June 30, 2016



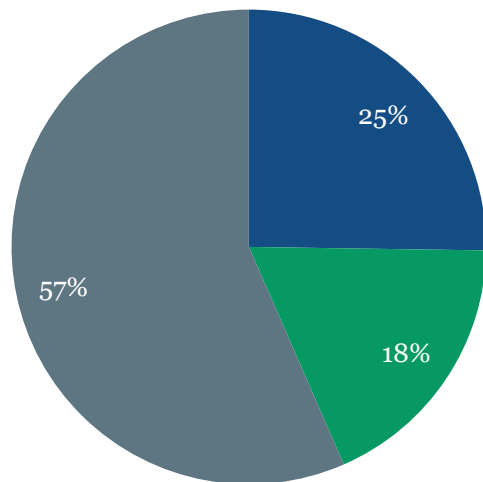
Total Portfolio: \$17.2 billion

(1) Based on fair value.

GAAP FINANCING SOURCES

Total Leverage⁽¹⁾: 4.4:1
Recourse Leverage: 1.9:1

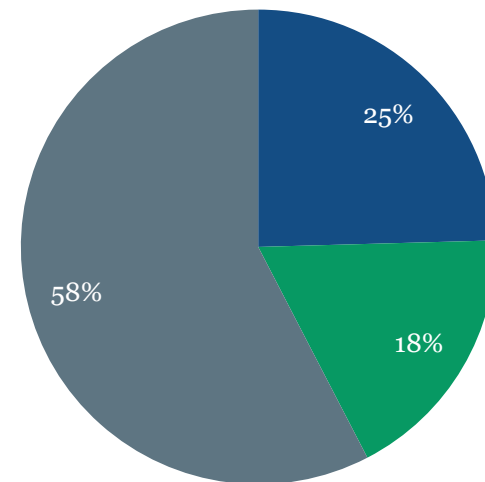
September 30, 2016



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

Total Financing: \$13.4 Billion

June 30, 2016



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

Total Financing: \$13.8 Billion

(1) Leverage ratios as of September 30, 2016
(2) Consists of tranches of RMBS and loan securitizations sold to third parties.

CONSOLIDATED LOAN SECURITIZATIONS

(\$ in thousands)

At Issuance / Acquisition

September 30, 2016

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
2016	CIM 2016-3	\$1,746,084	\$1,478,933	\$267,151	\$1,666,030	\$1,397,985	\$268,045
2016	CIM 2016-2	1,762,177	1,492,563	269,614	1,682,747	1,412,209	270,538
2016	CIM 2016-1	1,499,341	1,266,898	232,443	1,418,075	1,184,915	233,160
2015	CIM 2015-4AG ⁽¹⁾	750,647	425,000	325,647	650,741	448,522	202,219
2015	CIM 2015-3AG ⁽²⁾	698,812	520,935	177,877	580,229	414,780	165,449
2015	CIM 2015-2AG ⁽³⁾	330,293	276,998	53,295	264,522	215,210	49,312
2015	CIM 2015-1EC	268,731	214,985	53,746	230,917	174,361	56,556
2014	CSMC 2014-CIM1 ⁽⁴⁾	333,865	268,087	65,779	241,873	181,117	60,756
2013	SLFMT 2013-1A	1,021,846	1,019,291	2,555	673,846	562,887	110,959
2013	SLFMT 2013-2A	1,137,308	1,134,464	2,844	847,141	815,467	31,674
2013	SLFMT 2013-3A	500,390	499,139	1,251	409,716	248,712	161,004
2012	CSMC 2012-CIM1	741,939	707,810	34,129	85,032	54,046	30,986
2012	CSMC 2012-CIM2	425,091	404,261	20,830	75,130	55,891	19,239
2012	CSMC 2012-CIM3	329,886	305,804	24,082	144,982	125,113	19,869
2008	PHHMC 2008-CIM1	619,710	549,142	70,568	59,927	43,261	16,666
TOTAL		\$12,166,120	\$10,564,310	\$1,601,811	9,030,908	7,334,476	1,696,432

% of origination remaining

74%

(1) Contains collateral from Springleaf 2012-3A Trust.

(2) Contains collateral from Springleaf 2012-2A Trust.

(3) Contains collateral from Springleaf 2012-1A Trust.

(4) Contains collateral from Springleaf 2011-1A Trust.

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			September 30, 2016		
		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	263,888	—	263,888
2010	CSMC 2010-1R	1,730,581	691,630	1,038,951	647,347	14,160	633,187
2010	CSMC 2010-11R	566,571	338,809	227,762	270,438	61,775	208,663
2009	CSMC 2009-12R	1,730,698	915,566	815,132	587,546	117,863	469,683
2009	JPMRR 2009-7	1,522,474	856,935	665,539	543,907	164,661	379,246
2009	JMAC 2009-R2	281,863	192,500	89,363	98,633	39,469	59,164
TOTAL		6,199,458	2,995,440	3,204,018	2,411,759	397,928	2,013,831
		<i>% of origination remaining</i>			39%	13%	63%

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

AGENCY & REPO SUMMARY

Agency Securities – As of September 30, 2016

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$1,085,704	105.6	15.0
	4.00%	1,271,630	107.7	20.4
	4.50%	314,759	109.6	22.8
Commercial	3.6%	1,273,235	105.6	0.1
Agency IO	0.9%	N/M ⁽²⁾	4.5	8.3

Total	\$3,945,328			
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Repo Days to Maturity – As of September 30, 2016

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,553,423	0.82%	
30 to 59 days	332,006	0.78%	
60 to 89 days	827,670	0.83%	
90 to 360 days	665,480	0.79%	
Over 360 days	—	—	

Total	\$3,378,579	0.81%	49 Days
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Agency Securities – As of June 30, 2016

Security Type	Coupon ⁽¹⁾	Current Face	Weighted Average Market Price	Weighted Average CPR
Agency Pass-through	3.50%	\$1,137,343	105.6	7.6
	4.00%	1,356,996	107.4	14.5
	4.50%	339,473	109.3	17
Commercial	3.5%	1,226,725	106.8	—
Agency IO	0.9%	N/M ⁽²⁾	4.6	6.5

Total	\$4,060,537			
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Repo Days to Maturity – As of June 30, 2016

Maturity	Principal Balance	Weighted Average Rate	Weighted Average Days
Within 30 days	\$1,823,192	0.79%	
30 to 59 days	287,077	0.81%	
60 to 89 days	921,941	0.77%	
90 to 360 days	361,042	0.97%	
Over 360 days	—	—	

Total	\$3,393,252	0.80%	41 Days
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(1) Coupon is a weighted average for Commercial and Agency IO

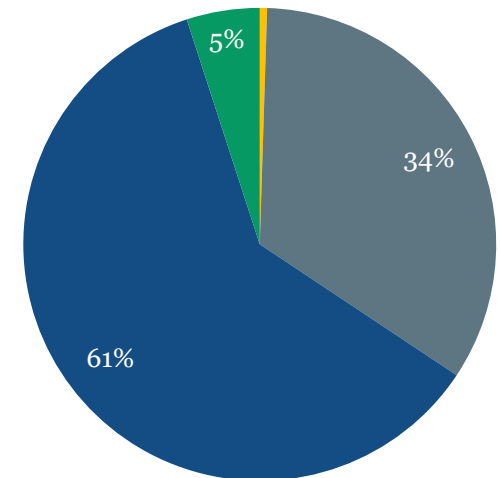
(2) Notional Agency IO was \$3.5 billion and \$3.1 billion as of September 30, 2016 and June 30, 2016 respectively.

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	\$ 4,533,091	\$ 4,450,893	\$ 4,362,550	\$ 4,263,846	\$ 4,153,731
	Percentage Change	3.9 %	2.0 %	-	(2.3)%	(4.8)%
Swap	Market Value	(119,127)	(58,704)	-	56,784	113,142
	Percentage Change	(2.7)%	(1.3)%	-	1.3 %	2.6 %
Futures	Market Value	(36,994)	(18,294)	-	17,807	35,131
	Percentage Change	(0.8)%	(0.4)%	-	0.4 %	0.8 %
Net Gain/(Loss)		\$ 14,420	\$ 11,345	-	\$ (24,113)	\$ (60,546)
Percentage Change in Portfolio Value⁽¹⁾		0.3 %	0.3 %	-	(0.6)%	(1.4)%

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, 2016	June 30, 2016
Interest Rate Swaps	1,380,900	1,430,900
Swaptions	699,000	749,000
Futures	619,700	619,700

(1) Based on instantaneous moves in interest rates.



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