

CHIMERA INVESTMENT CORP
Form 10-Q
August 11, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 2014

OR

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

FOR THE TRANSITION PERIOD FROM _____ TO _____

COMMISSION FILE NUMBER: 1-33796

CHIMERA INVESTMENT CORPORATION
(Exact name of Registrant as specified in its Charter)

MARYLAND
(State or other jurisdiction of incorporation or organization)

26-0630461
(IRS Employer Identification No.)

1211 AVENUE OF THE AMERICAS, SUITE 2902
NEW YORK, NEW YORK
(Address of principal executive offices)

10036
(Zip Code)

(646) 454-3759
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all documents and reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days:

Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to

submit and post such files).

Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, non-accelerated filer, or a smaller reporting company. See definition of “accelerated filer,” “large accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

Indicate the number of shares outstanding of each of the issuer’s classes of common stock, as of the last practicable date:

Class	Outstanding at August 8, 2014
Common Stock, \$.01 par value	1,027,508,880

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CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(dollars in thousands, except share and per share data)

	June 30, 2014 (Unaudited)	December 31, 2013 (1)
Assets:		
Cash and cash equivalents	\$ 73,871	\$ 77,629
Non-Agency RMBS, at fair value		
Senior	230,465	89,687
Senior interest-only	220,131	229,065
Subordinated	485,544	457,569
Subordinated interest-only	15,609	16,571
Agency RMBS, at fair value		
Pass-through	7,976,923	1,954,796
Interest-only	38,627	42,782
Receivable for investments sold	-	253,541
Accrued interest receivable	31,105	15,821
Other assets (includes Due from FIDAC of \$2 million and \$0, respectively)	82,182	8,297
Derivatives, at fair value, net	-	8,095
Subtotal	9,154,457	3,153,853
Assets of Consolidated VIEs:		
Non-Agency RMBS transferred to consolidated variable interest entities ("VIEs"), at fair value	2,682,308	2,981,571
Securitized loans held for investment, net of allowance for loan losses of \$9 million, respectively	714,471	783,484
Accrued interest receivable	14,681	17,173
Subtotal	3,411,460	3,782,228
Total assets	\$ 12,565,917	\$ 6,936,081
Liabilities:		
Repurchase agreements, RMBS (\$6.1 billion and \$1.7 billion pledged as collateral, respectively)	\$ 5,564,554	\$ 1,658,561
Payable for investments purchased	2,030,128	-
Accrued interest payable	9,018	1,397
Dividends payable	92,455	297,904
Accounts payable and other liabilities	1,094	1,861
Investment management fees and expenses payable to affiliate	6,280	5,658
Derivatives, at fair value	25,325	30,199
Subtotal	7,728,854	1,995,580
Non-Recourse Liabilities of Consolidated VIEs		
Securitized debt, collateralized by Non-Agency RMBS (\$2.7 billion and \$3.0 billion pledged as collateral, respectively)	787,162	933,732
	604,655	669,981

Securitized debt, collateralized by loans held for investment (\$703 million and \$763 million pledged as collateral, respectively)			
Accrued interest payable		4,545	5,278
Subtotal		1,396,362	1,608,991
Total liabilities	\$	9,125,216	\$ 3,604,571
Commitments and Contingencies (See Note 16)			
Stockholders' Equity:			
Preferred Stock: par value \$0.01 per share; 100,000,000 shares authorized, 0 shares issued and outstanding, respectively			
	\$	-	\$ -
Common stock: par value \$0.01 per share; 1,500,000,000 shares authorized, 1,027,534,449 and 1,027,626,237 shares issued and outstanding, respectively			
		10,273	10,272
Additional paid-in-capital		3,605,358	3,605,241
Accumulated other comprehensive income (loss)		1,079,648	990,803
Retained earnings (accumulated deficit)		(1,254,578)	(1,274,806)
Total stockholders' equity	\$	3,440,701	\$ 3,331,510
Total liabilities and stockholders' equity	\$	12,565,917	\$ 6,936,081

(1) Derived from the audited consolidated financial statements.

See accompanying notes to consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)
(dollars in thousands, except share and per share data)
(unaudited)

	For the Quarter Ended		For the Six Months Ended	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Net Interest Income:				