

CHIMERA INVESTMENT CORP

Form 10-Q

November 05, 2015

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: SEPTEMBER 30, 2015

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 26-0630461
(State or other jurisdiction of incorporation (IRS Employer Identification No.)
or organization)

520 Madison Avenue
32nd Floor
NEW YORK, NEW YORK
(Address of principal executive offices)

10022
(Zip Code)

(212) 626 2300
(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 October 30, 2015
Common Stock, \$.01 par value	189,014,165

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

(Unaudited)

	September 30, 2015	December 31, 2014
Assets:		
Cash and cash equivalents	\$40,097	\$164,620
Non-Agency RMBS, at fair value	3,789,967	3,404,149
Agency RMBS, at fair value	6,514,728	8,441,522
Securitized loans held for investment, net of allowance for loan losses of \$0 million and \$7 million, respectively	-	626,112
Securitized loans held for investment, at fair value	5,281,652	4,699,215
Receivable for investments sold	57,680	1,572,056
Accrued interest receivable	69,774	71,099
Other assets	173,512	172,601
Derivatives, at fair value, net	12,235	3,631
Total assets (1)	\$15,939,645	\$19,155,005
Liabilities:		
Repurchase agreements, RMBS (\$8.5 billion and \$9.3 billion pledged as collateral, respectively)	\$7,150,821	\$8,455,381
Securitized debt, collateralized by Non-Agency RMBS (\$2.2 billion and \$2.5 billion pledged as collateral, respectively)	571,853	704,915
Securitized debt, collateralized by loans held for investment (\$0 million and \$626 million pledged as collateral, respectively)	-	521,997
Securitized debt at fair value, collateralized by loans held for investment (\$5.3 billion and \$4.7 billion pledged as collateral, respectively)	4,221,295	3,868,366
Payable for investments purchased	715,512	1,845,282
Accrued interest payable	39,842	31,888
Dividends payable	91,383	92,483
Accounts payable and other liabilities	11,516	2,469
Investment management fees payable	3,992	10,357
Derivatives, at fair value	14,714	14,177
Total liabilities (1)	12,820,928	15,547,315
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; 300,000,000 shares authorized, 190,394,216 and 205,546,144 shares issued and outstanding, respectively	10,163	10,275
Additional paid-in-capital	3,394,637	3,606,191
Accumulated other comprehensive income	935,248	1,046,680
Accumulated deficit	(1,221,331)	(1,055,456)
Total stockholders' equity	\$3,118,717	\$3,607,690

Total liabilities and stockholders' equity	\$15,939,645	\$19,155,005
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(1) The Company's consolidated statements of financial condition include assets of consolidated variable interest entities ("VIEs") that can only be used to settle obligations and liabilities of the VIE for which creditors do not have recourse to the primary beneficiary (Chimera Investment Corp.). As of September 30, 2015 and December 31, 2014, total assets of consolidated VIEs were \$7,649,737 and \$7,924,232, respectively, and total liabilities of consolidated VIEs were \$4,806,481 and \$5,111,348, respectively. See Note 8 for further discussion.

See accompanying notes to consolidated financial statements.

CHIMERA INVESTMENT CORPORATION
 CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(dollars in thousands, except share and per share data)

(Unaudited)

	For the Quarter Ended		For the Nine Months Ended	
	September 30, 2015	September 30, 2014	September 30, 2015	September 30, 2014
Net Interest Income:				
Interest income (1)	\$ 211,876	\$ 190,355	\$ 670,825	\$ 445,340
Interest expense (2)	67,910	38,886	194,410	81,991
Net interest income	143,966	151,469	476,415	363,349
Other-than-temporary impairments:				
Total other-than-temporary impairment losses	(3,129)	(726)	(6,389)	(4,939)
Portion of loss recognized in other comprehensive income	(14,703)	(1,264)	(46,359)	(3,932)
Net other-than-temporary credit impairment losses	(17,832)	(1,990		