

PennyMac Mortgage Investment Trust



Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding management's beliefs, estimates, projections and assumptions with respect to, among other things, the Company's financial results, future operations, business plans and investment strategies, as well as industry and market conditions, all of which are subject to change. Words like "believe," "expect," "anticipate," "promise," "plan," and other expressions or words of similar meanings, as well as future or conditional verbs such as "will," "would," "should," "could," or "may" are generally intended to identify forward-looking statements. Actual results and operations for any future period may vary materially from those projected herein, from past results discussed herein, or illustrative examples provided herein.

Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: changes in our investment objectives or investment or operational strategies, including any new lines of business or new products and services that may subject us to additional risks; volatility in our industry, the debt or equity markets, the general economy or the real estate finance and real estate markets specifically, whether the result of market events or otherwise; events or circumstances which undermine confidence in the financial markets or otherwise have a broad impact on financial markets, such as the sudden instability or collapse of large depository institutions or other significant corporations, terrorist attacks, natural or man-made disasters, or threatened or actual armed conflicts; changes in general business, economic, market, employment and political conditions, or in consumer confidence and spending habits from those expected; declines in real estate or significant changes in U.S. housing prices or activity in the U.S. housing market; the availability of, and level of competition for, attractive risk-adjusted investment opportunities in mortgage loans and mortgage-related assets that satisfy our investment objectives; the inherent difficulty in winning bids to acquire mortgage loans, and our success in doing so; the concentration of credit risks to which we are exposed; the degree and nature of our competition; our dependence on our manager and servicer, potential conflicts of interest with such entities and their affiliates, and the performance of such entities; changes in personnel and lack of availability of qualified personnel at our manager, servicer or their affiliates; the availability, terms and deployment of short-term and long-term capital; the adequacy of our cash reserves and working capital; our ability to maintain the desired relationship between our financing and the interest rates and maturities of our assets; the timing and amount of cash flows, if any, from our investments; unanticipated increases or volatility in financing and other costs, including a rise in interest rates; the performance, financial condition and liquidity of borrowers; the ability of our servicer, which also provides us with fulfillment services, to approve and monitor correspondent sellers and underwrite loans to investor standards; incomplete or inaccurate information or documentation provided by customers or counterparties, or adverse changes in the financial condition of our customers and counterparties; our indemnification and repurchase obligations in connection with mortgage loans we purchase and later sell or securitize; the quality and enforceability of the collateral documentation evidencing our ownership and rights in the assets in which we invest; increased rates of delinquency, default and/or decreased recovery rates on our investments; our ability to foreclose on our investments in a timely manner or at all; increased prepayments of the mortgages and other loans underlying our mortgage-backed securities or relating to our mortgage servicing rights, excess servicing spread and other investments; the degree to which our hedging strategies may or may not protect us from interest rate volatility; the effect of the accuracy of or changes in the estimates we make about uncertainties, contingencies and asset and liability valuations when measuring and reporting upon our financial condition and results of income; our failure to maintain appropriate internal controls over financial reporting; technologies for loans and our ability to mitigate security risks and cyber intrusions; our ability to obtain and/or maintain licenses and other approvals in those jurisdictions where required to conduct our business; our ability to detect misconduct and fraud; our ability to comply with various federal, state and local laws and regulations that govern our business; developments in the secondary markets for our mortgage loan products; legislative and regulatory changes that impact the mortgage loan industry or housing market; changes in regulations or the occurrence of other events that impact the business, operations or prospects of government agencies or government-sponsored entities, or such changes that increase the cost of doing business with such entities; the Dodd-Frank Wall Street Reform and Consumer Protection Act and its implementing regulations and regulatory agencies, and any other legislative and regulatory changes that impact the business, operations or governance of mortgage lenders and/or publicly-traded companies; the Consumer Financial Protection Bureau and its issued and future rules and the enforcement thereof; changes in government support of homeownership; changes in government or government-sponsored home affordability programs; limitations imposed on our business and our ability to satisfy complex rules for us to qualify as a real estate investment trust (REIT) for U.S. federal income tax purposes and qualify for an exclusion from the Investment Company Act of 1940 and the ability of certain of our subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes, as applicable, and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules; changes in governmental regulations, accounting treatment, tax rates and similar matters (including changes to laws governing the taxation of REITs, or the exclusions from registration as an investment company); the effect of public opinion on our reputation; the occurrence of natural disasters or other events or circumstances that could impact our operations; and our organizational structure and certain requirements in our charter documents.

You should not place undue reliance on any forward-looking statement and should consider all of the uncertainties and risks described above, as well as those more fully discussed in reports and other documents filed by the Company with the Securities and Exchange Commission from time to time. The Company undertakes no obligation to publicly update or revise any forward-looking statements or any other information contained herein, and the statements made in this presentation are current as of the date of this presentation only.

Third Quarter Highlights

- Net income attributable to common shareholders of \$40.3 million; diluted earnings per common share of \$0.62
 - Annualized return on average common equity of 13%, up from 10% in the prior quarter
 - Dividend of \$0.47 per common share declared on September 25, 2018 and paid on October 30, 2018
 - Book value per common share increased to \$20.48 from \$20.27 at June 30, 2018
- Operating results reflect strong contributions from GSE credit risk transfer (CRT) and mortgage servicing rights (MSRs) combined with increased income from Correspondent Production
- Segment pretax results: Credit Sensitive Strategies: \$33.1 million; Interest Rate Sensitive Strategies: \$24.1 million; Correspondent Production: \$6.0 million; Corporate: \$(11.5) million
- Continued investment in CRT and MSRs resulting from PMT's correspondent production
 - Conventional correspondent loan production totaled \$7.5 billion in unpaid principal balance (UPB), up 39% from the prior quarter, and conventional loan acquisitions from PFSI totaled \$0.9 billion, up 41% from the prior quarter
 - Loans eligible for CRT investments totaled \$6.8 billion in UPB, resulting in a firm commitment to purchase \$237 million of CRT securities
 - New MSR investments totaled \$96 million
- Completed the previously announced sale of \$96 million in UPB of performing loans from the distressed portfolio

Notable activity after quarter end:

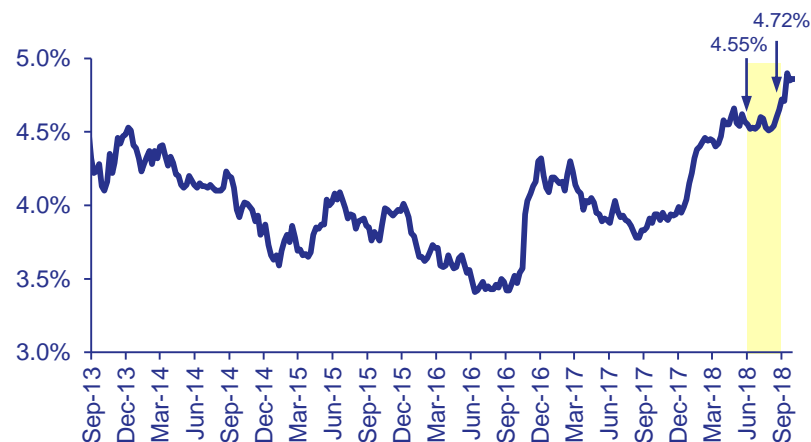
- Entered into four agreements to sell approximately \$300 million in UPB of performing and nonperforming loans from the distressed portfolio⁽¹⁾

⁽¹⁾ These transactions are subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of these transactions or that these transactions will be completed at all

Current Market Environment

- The average rate on 30-year fixed rate mortgages increased 17 basis points over the quarter to 4.72%⁽¹⁾
- Total mortgage originations are expected to remain flat at approximately \$1.6 trillion in 2019
- A strong U.S. economy and employment growth in key homebuying demographics is expected to drive growth in purchase originations
 - Home sales have slowed recently as buyers adjust to higher mortgage rates, but are forecasted to increase in 2019 and 2020
 - On a national basis home price appreciation has been strong, driven by limited supply, but is expected to moderate
- Mortgage delinquency rates increased quarter-over-quarter, driven by seasonal factors and hurricane-related impacts
 - The total U.S. loan delinquency rate was 3.97% as of September 30th, 2018, up from 3.74% at June 30th, 2018 but down from 4.40% at September 30th, 2017⁽³⁾

Average 30-year fixed rate mortgage⁽²⁾



Macroeconomic Forecasts⁽²⁾

	2015	2016	2017	2018E	2019E	2020E
New home sales ('000s)	503	561	616	646	672	682
Existing home sales ('000s)	5,234	5,440	5,547	5,399	5,513	5,733
Total originations (\$ in billions)	\$1,735	\$2,065	\$1,810	\$1,640	\$1,635	\$1,683
Purchase originations (\$ in billions)	\$924	\$1,037	\$1,144	\$1,185	\$1,232	\$1,273
U.S. Home Price Appreciation (Y/Y % Change)	5.3%	5.8%	6.9%	5.8%	4.3%	2.9%

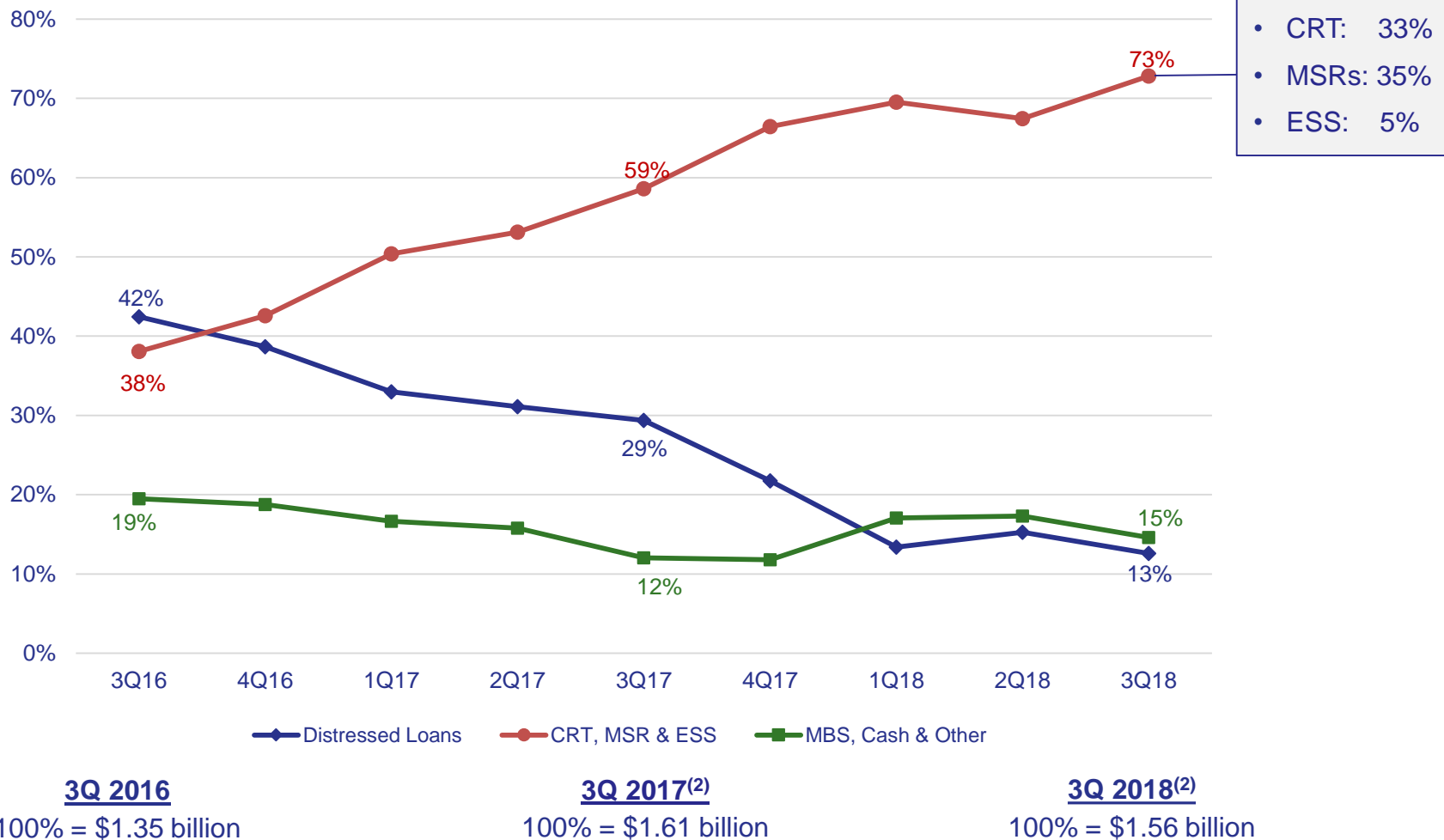
⁽¹⁾ Freddie Mac Primary Mortgage Market Survey. 4.86% as of 10/25/18

⁽²⁾ Actual Mortgage Rates: Freddie Mac Primary Mortgage Market Survey. Forecasted Mortgage Rate 2019: Average of Mortgage Bankers Association, Fannie Mae, Freddie Mac. Actual Home Sales: National Association of Realtors (existing) and the Census Bureau (new). Home sales 2018-2019 Forecast: Average of Mortgage Bankers Association and Fannie Mae. Actual purchase originations: Inside Mortgage Finance. Purchase originations forecast 2018-2019: Average of Mortgage Bankers Association, Fannie Mae, Freddie Mac. All 2020 forecasts: Mortgage Bankers Association. Actual home price appreciation: FHFA Home Price Index. Forecasted home price appreciation: Mortgage Bankers Association

⁽³⁾ Black Knight Financial Services. Includes loans that are 30 days or more past due but not in foreclosure.

Balance Sheet Has Transitioned to Organic Investments in CRT and MSRs

PMT's Equity Allocation⁽¹⁾



⁽¹⁾ Management's internal allocation of equity. Amounts as of quarter end. Percentages may not sum exactly due to rounding.

⁽²⁾ Includes \$300 million of preferred equity

Run-Rate Quarterly Income Potential from PMT's Strategies

(\$ in millions, except EPS)

	Income Potential	WA Equity Allocated ⁽¹⁾	Annualized Return on Equity (ROE)
Credit sensitive strategies:			
GSE credit risk transfer ⁽²⁾	\$ 34.6	\$ 568	24.3%
Distressed loan investments	(2.6)	88	-12.0%
Other credit sensitive strategies	0.2	11	6.5%
Net credit sensitive strategies	\$ 32.1	\$ 666	19.3%
Interest rate sensitive strategies:			
MSRs (incl. recapture)	\$ 14.7	\$ 511	11.5%
ESS (incl. recapture)	2.3	85	10.6%
Agency MBS	6.7	112	24.1%
Non-Agency senior MBS (incl. jumbo)	0.1	2	18.0%
Interest rate hedges	(4.2)		
Net interest rate sensitive strategies	\$ 19.6	\$ 709	11.0%
Correspondent production	\$ 3.1	\$ 89	13.8%
Cash, short term investments, and other	\$ 0.1	\$ 98	0.5%
Management fees & corporate expenses	\$ (12.2)		
Provision for income tax expense	\$ (0.5)		
Net income	\$ 42.1	\$ 1,563	10.8%
Dividends on preferred stock	\$ 6.2	\$ 300	8.3%
Net income attributable to common shareholders	\$ 35.9	\$ 1,263	11.4%
Diluted earnings per common share	\$ 0.55		

- Income potential driven by CRT and net interest rate sensitive strategies
 - CRT and MSR growth driven by PMT's correspondent production
 - CRT returns reflect favorable pricing relative to credit risk
 - Growth in MBS to hedge the interest rate sensitivity of our growing MSR asset
- Correspondent production reflects expectations that the highly competitive market environment continues
- Substantially smaller distressed loan portfolio with losses driven by continued default-related costs and financing expense
- Lowered provision for income tax expenses, primarily due to the more favorable tax treatment of our new CRT investments under the REMIC structure

⁽¹⁾ Management's internal allocation of equity. Equity allocated to MSR, ESS and distressed loan investments reflects an allocation of exchangeable senior notes and associated expenses

⁽²⁾ Projected CRT income includes fair value recognition upon loan delivery under CRT agreements

Note: This slide presents estimates for illustrative purposes only, using PMT's base case assumptions (e.g., for credit performance, prepayment speeds, financing economics) and does not contemplate significant changes or shocks to current market conditions. Actual results may differ materially. Please refer to slide 2 for important disclosures regarding forward-looking statements.

PFSI Is a Strong, Uniquely Qualified Manager for PMT



- **Leading non-bank mortgage specialist**
- **Broad operational capabilities**
 - Loan origination and fulfillment
 - Prime servicing
 - Special servicing
 - Securitization
- **Investment management expertise**
 - Residential mortgage securitization
 - Interest rate risk management
 - Credit risk management
- **Legacy-free, technology-driven and scalable operating platform**



Uniquely qualified manager and service provider for PMT with strong alignment of interest

- PFSI sources and manages high-quality, organically produced mortgage investments expected to deliver attractive risk-adjusted returns
- Performance-based incentives align interests for strong investment returns
- PMT's tax-efficient investment vehicle combined with the operational capabilities and management expertise of PennyMac Financial Services, Inc. (NYSE: PFSI) drives performance for both companies

PFSI completed a corporate reorganization, effective November 1, 2018 that simplifies its corporate structure and financial reporting

- Expands potential investor universe and demand for its stock — market capitalization increased from approximately \$500 million to approximately \$1.5 billion⁽¹⁾ and makes PennyMac Financial eligible for inclusion in certain stock indices

⁽¹⁾ As of October 31, 2018

PMT's Strategies for New Investments

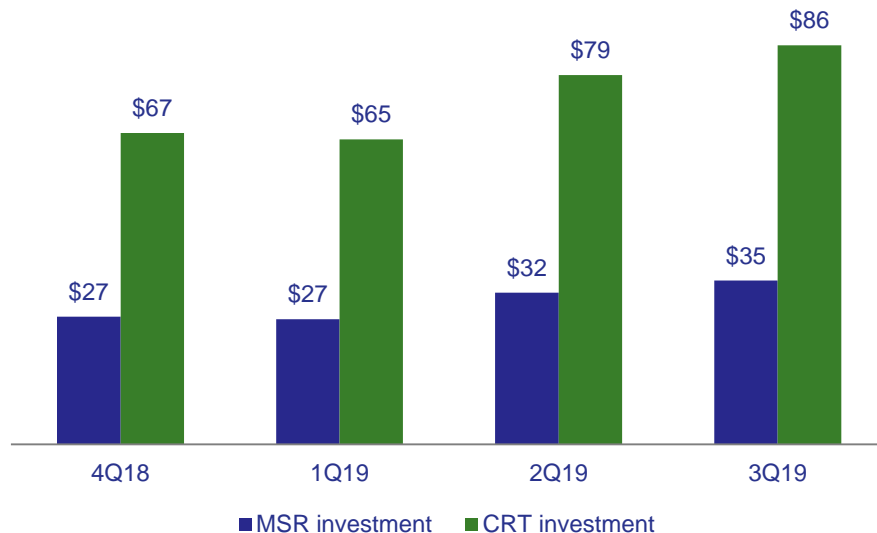
Current Investment Focus

Core investment strategies remain conventional MSR and CRT investments, which offer attractive return profiles and significant growth opportunities

\$418 million in equity projected to be invested in MSRs & CRT over the next 12 months

Projected Quarterly Equity Investments

(\$ in millions)



Additional Investment Opportunities

- Balance sheet investments that leverage our mortgage market expertise and risk management capabilities
- **Prime non-Agency securitizations**
 - **Prime jumbo** – 2018 production estimate: ~\$300 billion, approximately ~7% of which is securitized, with the remainder retained on banks' balance sheets⁽¹⁾
 - **Prime non-QM** – rapidly emerging market, approximately ~25% of which is securitized⁽¹⁾
- **HELOC securitizations**
 - HELOCs are becoming increasingly attractive as rising rates have reduced refinance opportunities, and rising home prices have expanded the pool of tappable home equity
 - Total tappable home equity in the market exceeds \$6 trillion⁽²⁾

⁽¹⁾ Source: Inside Mortgage Finance, as of 2Q18; Company estimates

⁽²⁾ Source: Black Knight Financial, as of July 2018

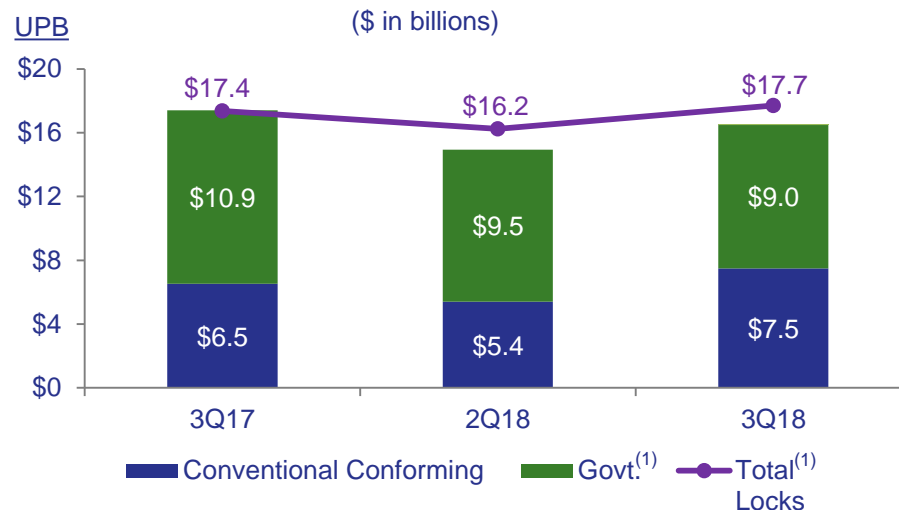
Mortgage Investment Activities



Correspondent Production Highlights

- Correspondent acquisitions from nonaffiliates by PMT in 3Q18 totaled \$16.5 billion, up 10% Q/Q and down 5% Y/Y
 - 54% government loans; 46% conventional loans
 - 39% Q/Q increase in conventional conforming acquisitions, up 15% Y/Y
 - Total lock volume of \$17.7 billion, up 9% Q/Q; up 2% Y/Y
 - Purchase-money loans comprised 87% of total 3Q18 acquisition volume, up from 85% in 2Q18 and 83% in 3Q17
- Growth in conventional volume reflects PMT's unique execution capabilities and improved market conditions during the quarter
- Ongoing development of non-delegated and community bank and credit union relationships where we have traditionally under-indexed the market
- During 3Q18, PMT also acquired \$897 million in UPB of conventional conforming loans originated by PFSI
- October correspondent acquisitions totaled \$6.3 billion; locks totaled \$6.8 billion

Correspondent Production Volume and Mix



Key Financial Metrics		
	2Q18	3Q18
Pretax income as a percentage of interest rate lock commitments ⁽²⁾	0.07%	0.07%
Fulfillment Fee ⁽³⁾	0.27%	0.35%

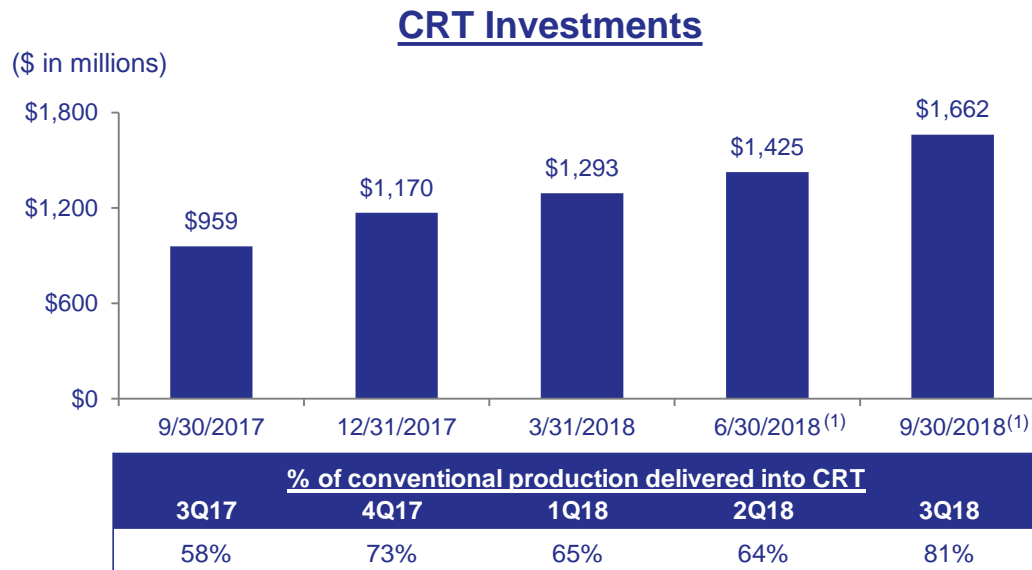
Selected Operational Metrics		
	2Q18	3Q18
Correspondent seller relationships	631	655
Purchase money loans, as a % of total acquisitions	85%	87%

⁽¹⁾ For Government loans, PMT earns a sourcing fee and interest income for its holding period and does not pay a fulfillment fee

⁽²⁾ Conventional conforming and jumbo interest rate lock commitments

⁽³⁾ Based on funded loans subject to fulfillment fees. The fulfillment fee rate in 3Q18 reflects lower discretionary reductions by PFSI to facilitate successful loan acquisitions.

GSE CRT Investments Growing and Performance Remains Strong

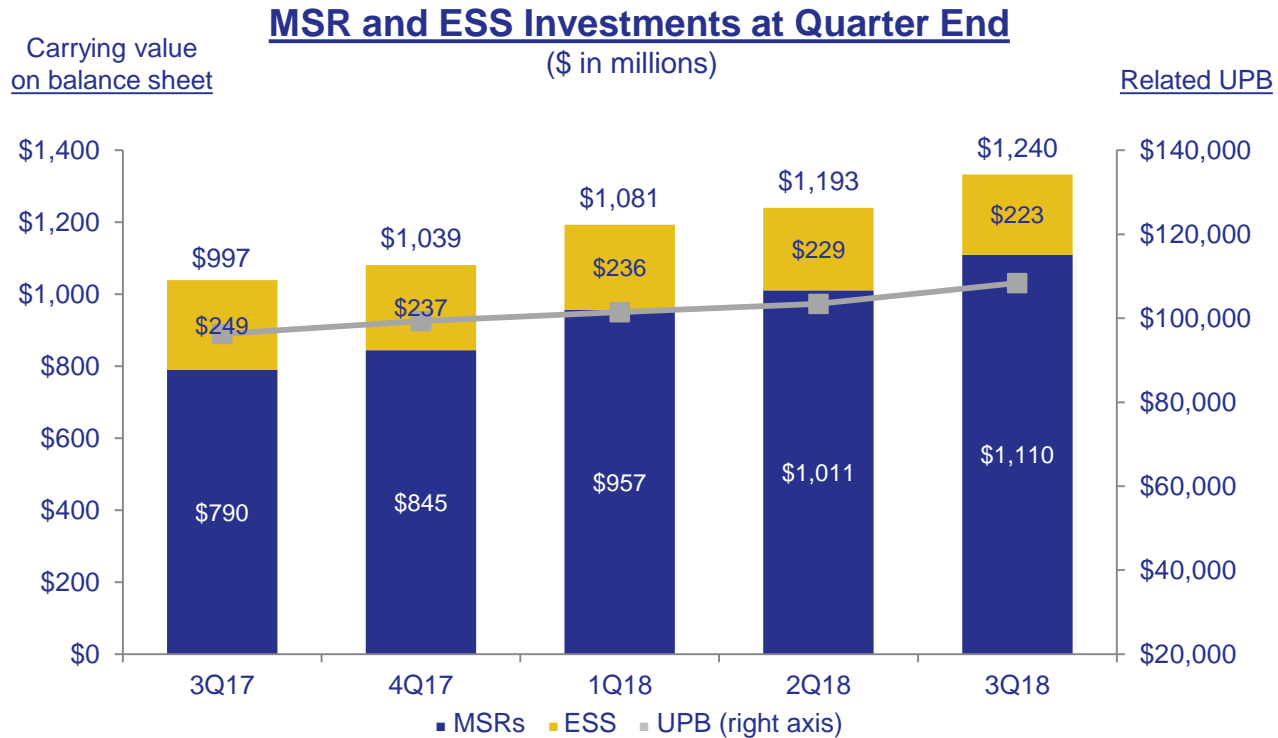


- Loans eligible for CRT investments totaled \$6.8 billion during 3Q18, resulting in a firm commitment to purchase \$237 million of CRT securities
 - Increased percentage of conventional production eligible for CRT enabled by new transaction structure
- After quarter-end, settled our fourth CRT transaction with Fannie Mae, representing \$837 million in CRT investments
- Outstanding UPB of mortgage loans subject to CRT agreements totaled \$39 billion at September 30, 2018
- Delinquency levels improved from 2Q18 and incurred losses increased modestly from normal seasoning of the loans
 - Lifetime losses total \$2.9 million versus \$139.8 million of realized income since inception⁽²⁾

⁽¹⁾ Presented on a pro forma basis that reflects the settlement of the commitments to fund deposits securing CRT agreements related to our fourth CRT investment and for September 30, 2018, firm commitments to purchase CRT securities

⁽²⁾ See slides 28 - 30 for performance metrics and additional details regarding CRT

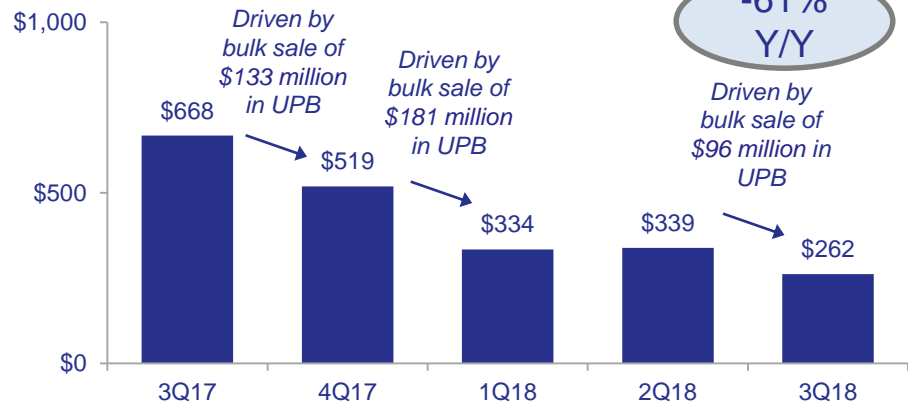
MSR Investments Continued to Grow



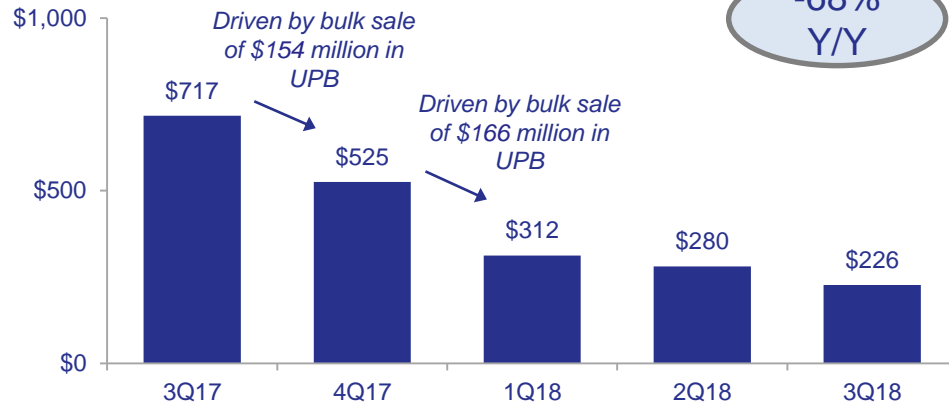
- MSR investments increased to \$1.1 billion due to growth from production activity and fair value gains
- Excess servicing spread (ESS) investments relating to bulk, mini-bulk and flow MSR acquisitions by PennyMac Financial Services, Inc. (NYSE: PFSI) decreased modestly to \$223 million driven by repayments, partially offset by fair value gains and recapture income
- PMT's MSR portfolio increased to \$84.4 billion in UPB from \$78.4 billion at June 30, 2018
 - UPB associated with ESS investments decreased to \$24.1 billion from \$25.1 billion at June 30, 2018

Distressed Loan Portfolio Is Declining Through Liquidation and Sales

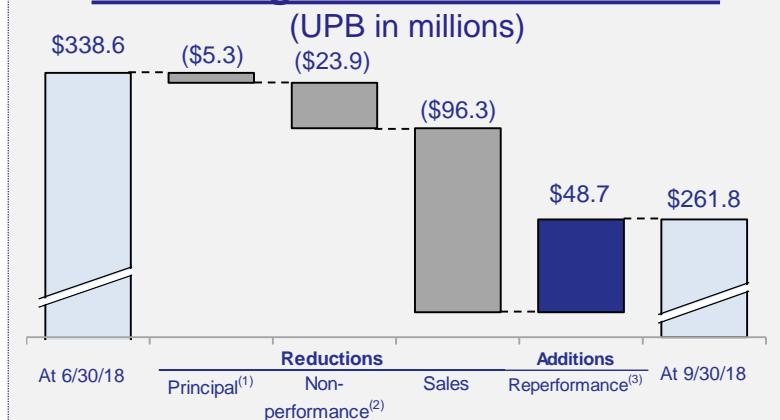
Performing Loans (UPB in millions)



Nonperforming Loans (UPB in millions)



Performing Loan Portfolio Waterfall (UPB in millions)



- After quarter end, entered into four agreements to sell approximately \$300 million in UPB of performing and nonperforming loans from the distressed portfolio⁽⁴⁾

⁽¹⁾ Includes principal payments, payoffs, and write downs

⁽²⁾ Primarily through recidivism of previously performing loans

⁽³⁾ Primarily through loan modifications

⁽⁴⁾ These transactions are subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of these transactions or that these transactions will be completed at all

Financial Results



Third Quarter Income and Return Contributions by Strategy

(\$ in millions)	Total Income Contribution ⁽¹⁾	Market-Driven Value Changes	Income Excluding Market-Driven Value Changes ⁽¹⁾	WA Equity ⁽²⁾ Allocated	Annualized Return on Equity (ROE) ⁽¹⁾
Credit sensitive strategies:					
GSE credit risk transfer ⁽³⁾	\$ 42.1	\$ 16.4	\$ 25.6	\$ 490	34.3%
Distressed loan investments ⁽²⁾	(9.0)	(2.8)	(6.3)	210.0	-17.2%
Other credit sensitive strategies	0.0	(0.1)	0.2	11.8	1.5%
Net credit sensitive strategies	\$ 33.1	\$ 13.5	\$ 19.5	\$ 712	18.6%
Interest rate sensitive strategies:					
MSRs (incl. recapture) ⁽²⁾	\$ 45.0	\$ 33.0	\$ 12.0		
ESS (incl. recapture) ⁽²⁾	3.6	1.1	2.5		
Agency MBS	(13.3)	(20.3)	7.0		
Non-Agency senior MBS (incl. jumbo)	0.2	(0.0)	0.2		
Interest rate hedges	(11.4)	(11.4)	n/a		
Net interest rate sensitive strategies	\$ 24.1	\$ 2.4	\$ 21.7	\$ 687	14.0%
Correspondent production	\$ 6.0		\$ 6.0	\$ 110	21.6%
Cash, short term investments, and other	\$ 0.6	n/a	\$ 0.6	\$ 52	4.7%
Management fees & corporate expenses	(12.1)	n/a	(12.1)		
Corporate	\$ (11.5)	n/a	\$ (11.5)	\$ 52	n/a
Provision for income tax expense	\$ (5.1)	n/a	\$ (5.1)		
Net income	\$ 46.6	\$ 16.0	\$ 30.6	\$ 1,561	11.9%
Dividends on preferred stock	\$ 6.2			\$ 300	8.3%
Net Income attributable to common shareholders	\$ 40.3			\$ 1,262	12.8%

Note: Amounts may not sum exactly due to rounding

⁽¹⁾ Income contribution and the annualized return on equity calculated net of any direct expenses associated with investments (e.g., loan fulfillment fees and loan servicing fees), but before tax expenses. Some of the income associated with the investment strategies may be subject to taxation.

⁽²⁾ Equity allocated represents management's internal allocation. MSR, ESS and distressed loan investments reflect an allocation of exchangeable senior notes and associated expenses.

⁽³⁾ Market-driven value changes include fair value recognition upon loan delivery under CRT agreements and market value changes.

Performance of the Distressed Mortgage Loan Investments

- Net losses on nonperforming and performing loans totaled \$3.1 million, compared to \$4.7 million in 2Q18, driven by losses on nonperforming loans due to adverse valuation impact of higher projected costs of liquidation and protecting PMT's lien interest (e.g., taxes, insurance, maintenance and legal fees) and losses on sales of deeply delinquent loans
- Liquidation and paydown activity on the distressed loan portfolio and real estate acquired upon settlement of loans (REO) generated \$30.1 million in gross cash proceeds and \$8.3 million in net cash proceeds after debt repayment and related expenses
- Bulk sale of performing loans generated \$89.5 million in gross cash proceeds and \$24.5 million in net cash proceeds after debt repayment and related expenses

Net Gains/(Losses) on Mortgage Loans

Unaudited (\$ in thousands)	Quarter ended	
	June 30, 2018	September 30, 2018
Valuation Changes:		
Performing loans	\$ (4,437)	\$ 885
Nonperforming loans	(409)	(2,026)
	(4,846)	(1,141)
Payoffs	561	107
Sales	(416)	(2,017)
	\$ (4,701)	\$ (3,051)

Cash Proceeds and Gain on Liquidation

Unaudited (\$ in thousands)	Quarter ended September 30, 2018		
	Proceeds	Accumulated gains (losses) ⁽¹⁾	Gain on liquidation ⁽²⁾
Mortgage loans	\$ 9,183	\$ 1,492	\$ 106
REO	20,960	(4,384)	2,138
Subtotal	30,143	(2,892)	2,244
Distressed loan sales	89,454	15,203	(2,017)
	\$ 119,597	\$ 12,311	\$ 227

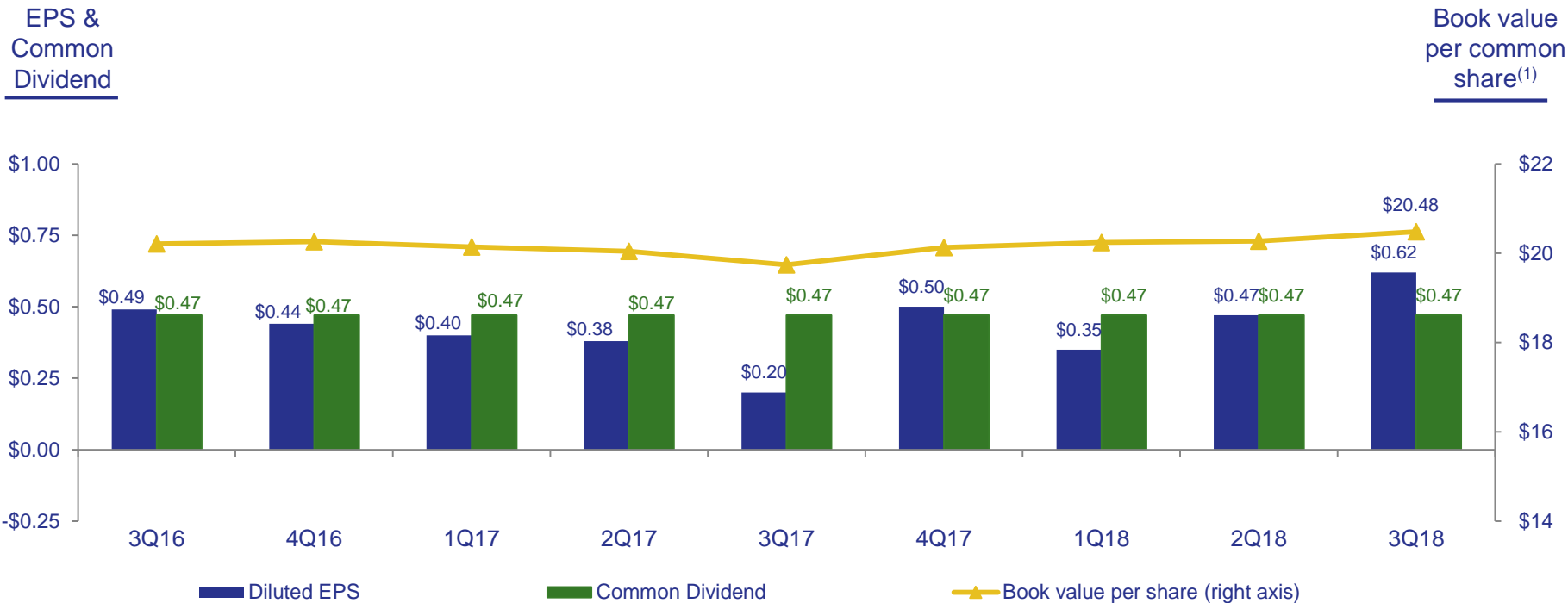
⁽¹⁾ Represents accumulated valuation gains and losses recognized during the period the Company held the respective asset; including valuation adjustments made upon entering into a contract of sale but excludes the gain or loss recorded upon sale or repayment of the respective asset

⁽²⁾ Represents the gain or loss recognized as of the date of sale or repayment of the respective asset

Appendix



Track Record of Stable Dividends and Book Value



Return on Avg. Common Equity ⁽²⁾	10%	9%	9%	8%	4%	11%	7%	10%	13%
---	-----	----	----	----	----	-----	----	-----	-----

- Repurchased 14.7 million common shares at a cost of \$216 million from 3Q15 through 1Q18

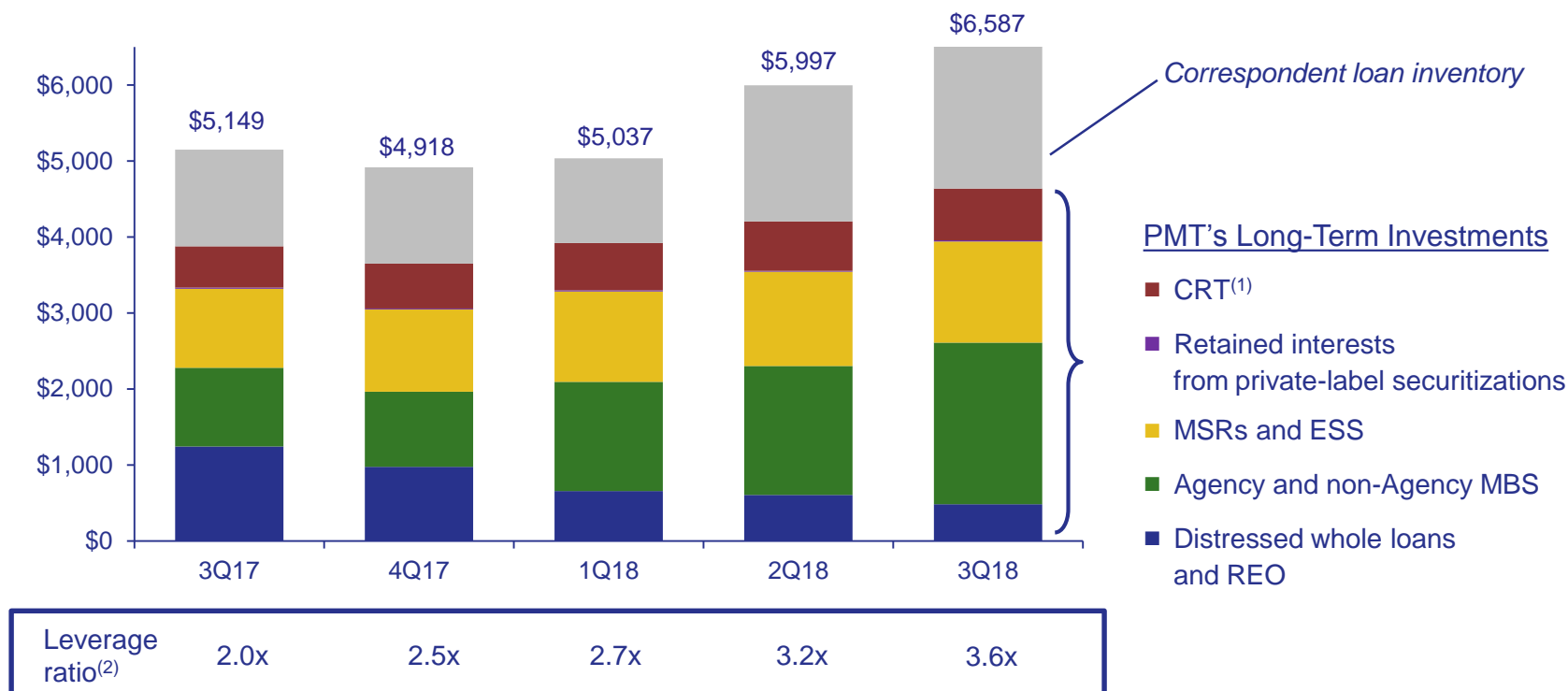
⁽¹⁾ At period end

⁽²⁾ Return on average common equity is calculated based on annualized quarterly net income attributable to common shareholders as a percentage of monthly average common equity during the period

PMT's Mortgage Assets and Leverage Ratio Over Time

Mortgage Assets

(\$ in millions)



⁽¹⁾ The fair value of CRT investments is reflected on the balance sheet as restricted cash and a net derivative asset included in derivative assets. Presented on a pro forma basis that reflects the settlement of the commitments to fund deposits securing CRT agreements related to our fourth CRT investment and for September 30, 2018, firm commitments to purchase CRT securities

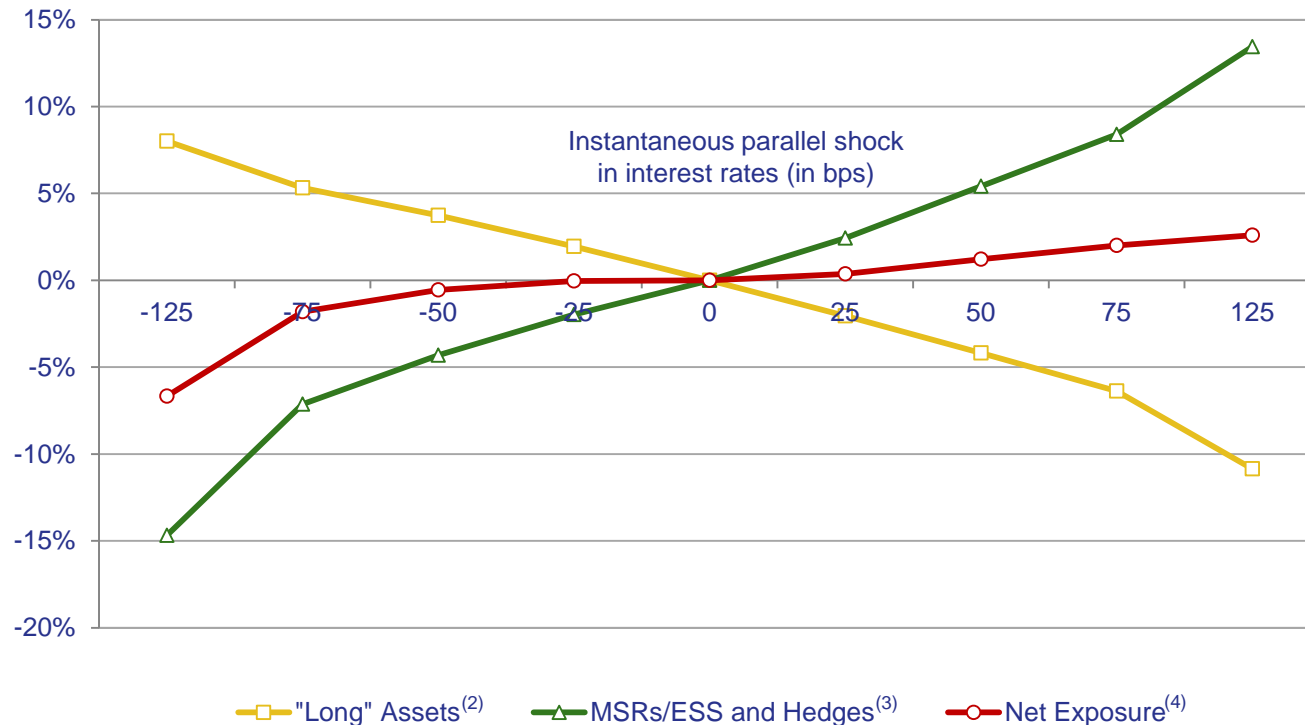
⁽²⁾ All borrowings divided by shareholders' equity at period end

Management of PMT's Interest Rate Risk⁽¹⁾

Estimated Sensitivity to Changes in Interest Rates

% change in PMT
shareholders' equity

At 9/30/18



- PMT's interest rate risk exposure is managed on a "global" basis
 - Disciplined hedging
 - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
 - Utilization of financial hedge instruments
 - Also considers recapture benefit on MSRs and ESS and revenue opportunities from correspondent production

⁽¹⁾ Analysis does not include PMT assets for which interest rates are not a key driver of values, i.e., distressed mortgage loans and REO. The sensitivity analyses on the slide and the associated commentary are limited in that they are estimates as of September 30, 2018; only reflect movements in interest rates and do not contemplate other variables; do not incorporate changes in the variables in relation to other variables; are subject to the accuracy of various models and assumptions used; and do not incorporate other factors that would affect the Company's overall financial performance in such scenarios, including operational adjustments made by management to account for changing circumstances. For these reasons, the preceding estimates should not be viewed as earnings forecasts.

⁽²⁾ Includes loans acquired for sale and IRLCs, net of associated hedges, Agency and Non-Agency MBS assets

⁽³⁾ Includes MSRs, ESS, and hedges which include put and call options on MBS, Eurodollar futures, Treasury futures, and Exchange-traded swaps

⁽⁴⁾ Net exposure represents the net position of the "Long" Assets and the MSRs/ESS and Hedges

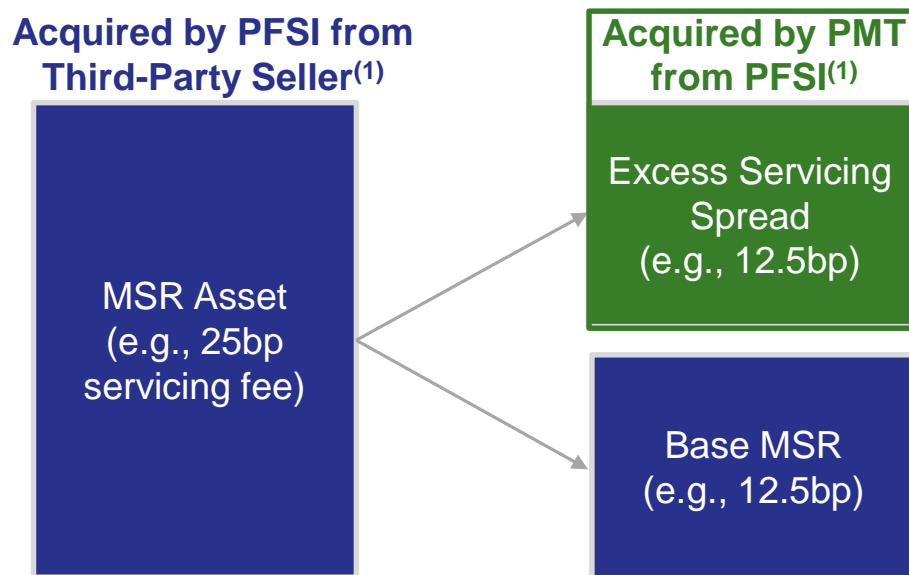
MSRs and ESS Asset Valuation

(\$ in millions)	Mortgage Servicing Rights	Excess Servicing Spread ⁽¹⁾
At 9/30/18		
Pool UPB	\$84,351	\$24,058
Pool weighted average coupon	4.13%	4.18%
Weighted-average pool prepayment speed assumption (CPR)	7.6%	9.0%
Weighted average servicing fee/spread	0.25%	0.19%
Fair value	\$1,109.7	\$223.3
As multiple of servicing fee	5.17	4.96

⁽¹⁾ Pool UPB, weighted average coupon and expected prepayment speed represent the characteristics of the underlying MSR portfolio owned by PennyMac Financial. Weighted average servicing spread, fair value and valuation multiple relate to the ESS asset owned by PMT. The fair value assessment of ESS gives consideration to expected servicing fee collections on non-MSR collateral that has been bought out of the underlying MSR pools due to ongoing servicer activity. The balance of the non-MSR collateral is reflected in the unpaid principal balance above in the amount of \$521 million.

PMT's Excess Servicing Spread Investments in Partnership with PFSI

- PMT has co-invested in Agency MSR assets acquired from third-party sellers by PFSI; presently only related to Ginnie Mae MSR assets
- PMT acquires the right to receive the excess servicing spread cash flows over the life of the underlying loans
- PFSI owns the MSR assets and services the loans



Example transaction: actual transaction details may vary materially

Excess Servicing Spread⁽²⁾

- Interest income from a portion of the contractual servicing fee
 - Realized yield dependent on prepayment speeds and recapture

Base MSR

- Income from a portion of the contractual servicing fee
- Also entitled to ancillary income
- Bears expenses of performing loan servicing activities
- Required to advance certain payments largely for delinquent loans

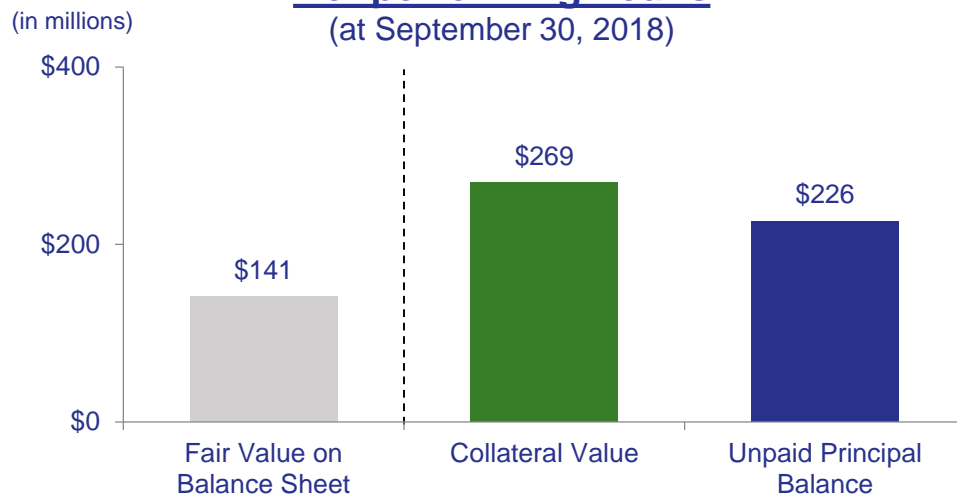
⁽¹⁾ The contractual servicer and MSR owner is PennyMac Loan Services, LLC, an indirect controlled subsidiary of PFSI

⁽²⁾ Subject and subordinate to Agency rights (under the related servicer guide); does not change the contractual servicing fee paid by the Agency to the servicer.

Carrying Values for PMT's Distressed Whole Loans

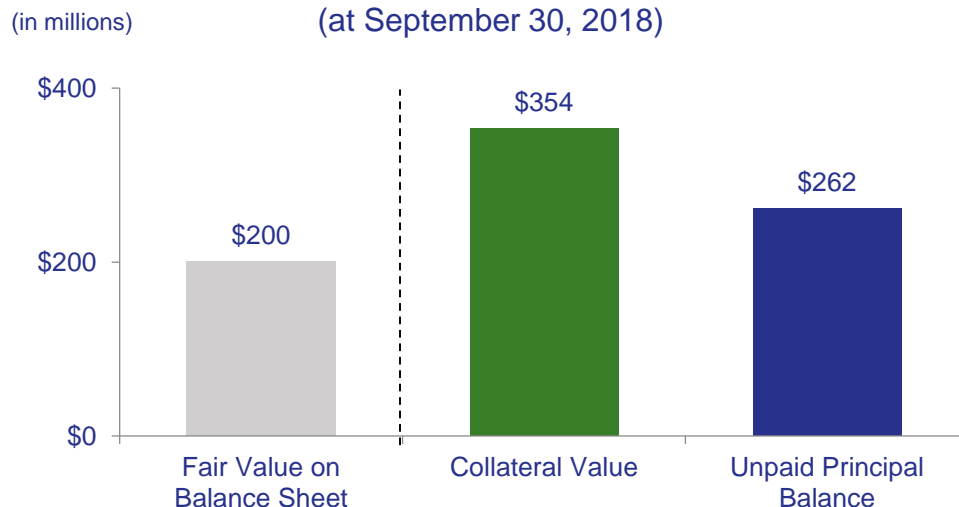
Nonperforming Loans

(at September 30, 2018)



Performing Loans

(at September 30, 2018)

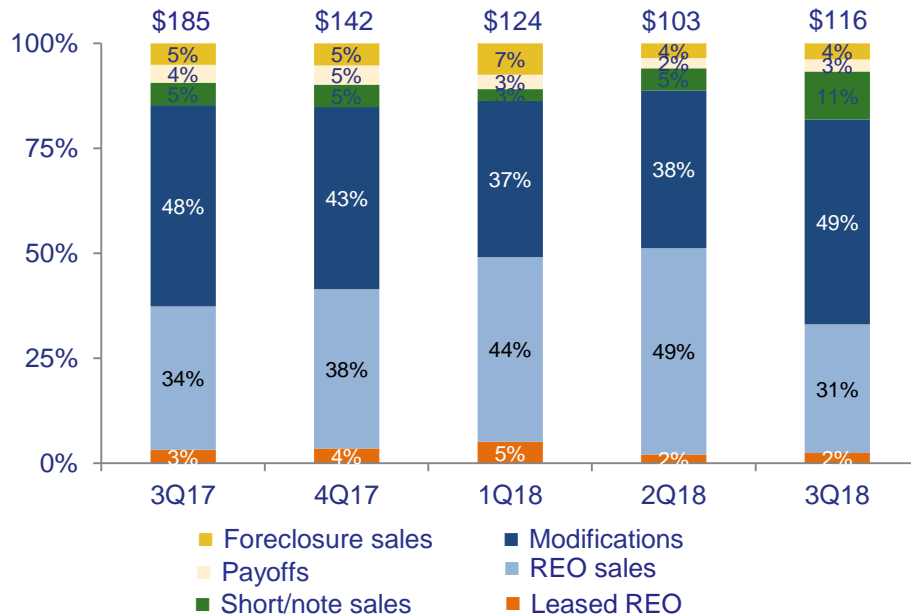


- Nonperforming loans are held on average at a 48% discount to current property value – fair value considers costs expected over the liquidation timeline, expected property appreciation and reperformance probability
- PMT advances funds for items such as property taxes and property preservation to protect its investment in the underlying property; these advances may be recovered from the proceeds when the loan is liquidated before loan balances are repaid or from borrower reperformance either through modification of the loan or reinstatement of the loan to current status
- Performing loans provide ongoing cash interest income and, as they season, the opportunity to realize gains through payoffs, refinances or loan sales

3Q18 Distressed Loan Portfolio Resolution Activity⁽¹⁾

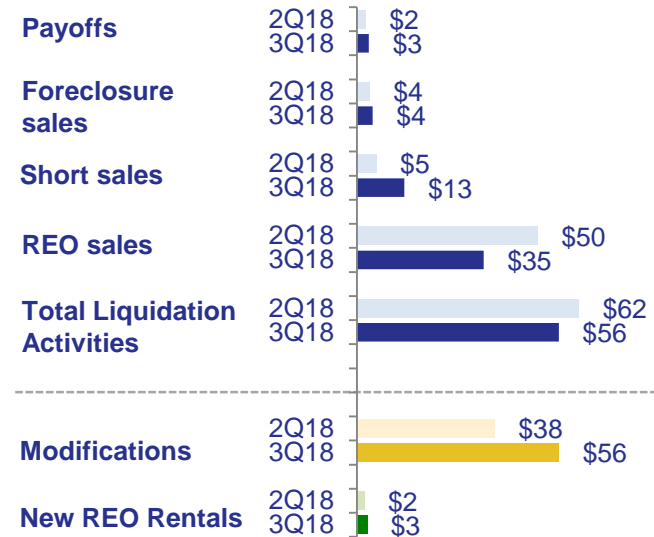
Resolution Activity Over Time

(\$UPB in millions) (% by Activity Type)



Resolution Activity in the Quarter

(\$UPB in millions)



- Quarterly resolution activity as a percentage of nonperforming loans and REO was 30% in 3Q18, up from 23% in 2Q18 and 18% in 3Q17
- Modifications comprised 49% of total resolution activity, up from 38% of total resolution activity in 2Q18
- REO sales were 31% of total resolution activity, down from 49% in 2Q18
 - REO inventory decreased to \$96 million at September 30, 2018 from \$109 million at June 30, 2018
- New REO rentals were \$3 million versus \$2 million in 2Q18

⁽¹⁾ Does not include bulk sales

Distressed Portfolio by Acquisition Period

1Q10		
	Purchase	3Q18
Balance (\$mm)	\$ 182.7	8.2
Pool Factor ⁽¹⁾	1.00	0.04
Current	6.2%	38.7%
30	1.6%	7.0%
60	5.8%	8.9%
90+	37.8%	6.1%
FC	46.4%	10.4%
REO	2.3%	28.9%

2Q10		
	Purchase	3Q18
Balance (\$mm)	\$ 195.5	4.4
Pool Factor ⁽¹⁾	1.00	0.02
Current	5.1%	41.2%
30	2.0%	7.8%
60	4.1%	5.9%
90+	42.8%	7.8%
FC	45.9%	25.7%
REO	0.0%	11.5%

3Q10		
	Purchase	3Q18
Balance (\$mm)	\$ 146.2	2.6
Pool Factor ⁽¹⁾	1.00	0.02
Current	1.2%	40.3%
30	0.4%	22.1%
60	1.3%	0.0%
90+	38.2%	10.2%
FC	58.9%	4.6%
REO	0.0%	22.8%

4Q10		
	Purchase	3Q18
Balance (\$mm)	\$ 277.8	9.5
Pool Factor ⁽¹⁾	1.00	0.03
Current	5.0%	30.6%
30	4.0%	16.8%
60	5.1%	3.9%
90+	26.8%	18.1%
FC	59.1%	14.6%
REO	0.0%	16.0%

1Q11		
	Purchase	3Q18
Balance (\$mm)	\$ 515.1	20.6
Pool Factor ⁽¹⁾	1.00	0.04
Current	2.0%	10.7%
30	1.9%	15.7%
60	3.9%	7.4%
90+	25.9%	13.3%
FC	66.3%	24.5%
REO	0.0%	28.5%

2Q11		
	Purchase	3Q18
Balance (\$mm)	\$ 259.8	12.5
Pool Factor ⁽¹⁾	1.00	0.05
Current	11.5%	26.6%
30	6.5%	24.5%
60	5.2%	6.9%
90+	31.2%	13.9%
FC	43.9%	5.5%
REO	1.7%	22.5%

3Q11		
	Purchase	3Q18
Balance (\$mm)	\$ 542.6	17.6
Pool Factor ⁽¹⁾	1.00	0.03
Current	0.6%	27.0%
30	1.3%	19.5%
60	2.0%	0.9%
90+	22.6%	15.1%
FC	73.0%	11.6%
REO	0.4%	25.9%

4Q11		
	Purchase	3Q18
Balance (\$mm)	\$ 49.0	4.7
Pool Factor ⁽¹⁾	1.00	0.10
Current	0.2%	11.8%
30	0.1%	23.3%
60	0.2%	18.0%
90+	70.4%	15.2%
FC	29.0%	0.0%
REO	0.0%	31.7%

1Q12		
No Pools Purchased in this Quarter.		

2Q12		
	Purchase	3Q18
Balance (\$mm)	\$ 402.5	21.9
Pool Factor ⁽¹⁾	1.00	0.05
Current	45.0%	40.2%
30	4.0%	18.8%
60	4.3%	3.5%
90+	31.3%	10.4%
FC	15.3%	11.6%
REO	0.1%	15.4%

3Q12		
	Purchase	3Q18
Balance (\$mm)	\$ 357.2	18.8
Pool Factor ⁽¹⁾	1.00	0.05
Current	0.0%	21.5%
30	0.0%	6.0%
60	0.1%	3.0%
90+	49.1%	12.2%
FC	50.8%	22.8%
REO	0.0%	34.5%

4Q12		
	Purchase	3Q18
Balance (\$mm)	\$ 290.3	26.9
Pool Factor ⁽¹⁾	1.00	0.09
Current	3.1%	32.5%
30	1.3%	20.4%
60	5.4%	9.7%
90+	57.8%	7.4%
FC	32.4%	8.7%
REO	0.0%	21.2%

⁽¹⁾ Ratio of unpaid principal balance remaining to unpaid principal balance at acquisition

Distressed Portfolio by Acquisition Period (cont.)

1Q13		
	Purchase	3Q18
Balance (\$mm)	\$ 366.2	32.2
Pool Factor ⁽¹⁾	1.00	0.09
Current	1.6%	38.9%
30	1.5%	19.9%
60	3.5%	4.2%
90+	82.2%	13.2%
FC	11.2%	6.1%
REO	0.0%	17.7%

2Q13		
	Purchase	3Q18
Balance (\$mm)	\$ 397.3	53.4
Pool Factor ⁽¹⁾	1.00	0.13
Current	4.8%	32.1%
30	7.4%	16.7%
60	7.6%	4.6%
90+	45.3%	13.7%
FC	34.9%	7.2%
REO	0.0%	25.7%

3Q13		
	Purchase	3Q18
Balance (\$mm)	\$ 929.5	123.4
Pool Factor ⁽¹⁾	1.00	0.13
Current	0.8%	21.5%
30	0.3%	8.9%
60	0.7%	3.3%
90+	58.6%	16.6%
FC	39.6%	15.0%
REO	0.0%	34.8%

4Q13		
	Purchase	3Q18
Balance (\$mm)	\$ 507.3	94.9
Pool Factor ⁽¹⁾	1.00	0.19
Current	1.4%	12.6%
30	0.2%	5.7%
60	0.0%	5.8%
90+	38.3%	21.1%
FC	60.0%	25.3%
REO	0.0%	29.4%

1Q14		
	Purchase	3Q18
Balance (\$mm)	\$ 439.0	99.9
Pool Factor ⁽¹⁾	1.00	0.23
Current	6.2%	12.1%
30	0.7%	7.2%
60	0.7%	2.0%
90+	37.5%	23.7%
FC	53.8%	18.8%
REO	1.1%	36.1%

2Q14		
	Purchase	3Q18
Balance (\$mm)	\$ 37.9	7.7
Pool Factor ⁽¹⁾	1.00	0.20
Current	0.7%	39.4%
30	0.6%	18.4%
60	1.4%	13.6%
90+	59.0%	8.9%
FC	38.2%	6.7%
REO	0.0%	12.9%

3Q14		
No Pools Purchased in this Quarter.		

4Q14		
	Purchase	3Q18
Balance (\$mm)	\$ 330.8	53.9
Pool Factor ⁽¹⁾	1.00	0.16
Current	1.6%	23.2%
30	1.6%	9.3%
60	7.1%	6.8%
90+	52.7%	14.1%
FC	36.9%	22.4%
REO	0.0%	24.2%

1Q15		
	Purchase	3Q18
Balance (\$mm)	\$ 310.2	66.3
Pool Factor ⁽¹⁾	1.00	0.21
Current	1.8%	24.7%
30	0.3%	9.8%
60	0.1%	3.3%
90+	66.7%	17.0%
FC	31.1%	19.4%
REO	0.0%	25.8%

No distressed loan acquisitions since 1Q15

⁽¹⁾ Ratio of unpaid principal balance remaining to unpaid principal balance at acquisition

Correspondent Production Fundings and Locks by Product

(\$ in millions)	3Q17	4Q17	1Q18	2Q18	3Q18
Fundings					
Conventional	\$ 6,530	\$ 5,891	\$ 4,226	\$ 5,396	\$ 7,501
Government	10,873	9,505	8,830	9,546	8,970
Jumbo	-	-	-	8	9
Total⁽¹⁾	\$ 17,403	\$ 15,396	\$ 13,056	\$ 14,951	\$ 16,480
Locks					
Conventional	\$ 6,356	\$ 6,293	\$ 4,392	\$ 6,091	\$ 8,535
Government	10,999	9,571	9,162	10,082	9,146
Jumbo	-	-	13	59	33
Total	\$ 17,356	\$ 15,864	\$ 13,567	\$ 16,232	\$ 17,714

Note: Amounts may not sum exactly due to rounding

⁽¹⁾ Does not include loans purchased from PennyMac Financial Services, Inc. in 2Q18, 1Q18, 4Q17 and 3Q17.

Credit Risk Transfer – Income Statement and Balance Sheet Treatment

(\$ in thousands)	Since Inception ⁽¹⁾	
Total UPB of mortgage loans transferred under CRT agreements.....	\$ 44,178,673	} Total UPB of loans delivered to the CRT Special Purpose Vehicles (SPVs) and sold to Fannie Mae
UPB of mortgage loans transferred under CRT agreements.....	\$ 35,869,965	
UPB of mortgage loans delivered subject to agreements to purchase REMIC CRT securities.....	\$ 8,308,708	
Deposits of cash to secure guarantees.....	\$ 703,040	} Cash deposited in the SPV in Other assets. Represents collateral for the initial credit risk retained
Gains (losses) recognized on assets related to CRT agreements Included in net gain on investments:		
Realized.....	\$ 139,767	} Cash income to PMT from the CRT SPVs
Valuation-related	120,708	} Includes fair value recognition upon loan delivery under CRT Agreements and market value changes
	\$ 260,475	
Included in net gain on mortgage loans acquired for sale.....	\$ 16,737	} Recognition upon loan delivery of fair value of firm commitment to purchase REMIC CRT securities
Payments made to settle losses.....	\$ 2,938	} Payments made to Fannie Mae, from pledged cash, for losses on loans underlying the CRT agreements

⁽¹⁾ Cumulative for the thirteen quarters ending 9/30/2018

Credit Risk Transfer – Income Statement and Balance Sheet Treatment (cont'd)

(\$ in thousands)	At September 30, 2018	
UPB of mortgage loans subject to guarantee obligation.....	\$ 38,745,966	} Current outstanding UPB of loans delivered to the CRT SPVs and sold to Fannie Mae or delivered subject to agreements to purchase REMIC CRT securities
Delinquency		
Current to 89 days delinquent.....	\$ 38,666,737	
90 or more days delinquent.....	\$ 48,575	
Foreclosure.....	\$ 9,339	
Bankruptcy.....	\$ 21,315	
Carrying value of CRT agreements		
Deposits securing CRT agreements.....	\$ 662,624	} Current cash collateralizing guarantee included in "Deposits securing credit risk transfer agreements"
Derivative assets.....	\$ 126,354	} Derivative represents fair value of expected future cash inflows related to assumption of credit risk net of expected future losses
Firm commitment to purchase CRT security.....	\$ 18,749	} Fair value of firm commitments to purchase REMIC CRT securities based on loans delivered to date
Commitments to fund deposits securing CRT agreements.....	\$ 578,508	} Adjustment to timing of cash flows in the fourth CRT commitment allows more efficient deployment of capital during the aggregation period
UPB of firm commitments to purchase CRT securities.....	\$ 294,698	} Face amount of firm commitments to purchase REMIC CRT securities related to mortgage loans delivered

PMT's Investments in GSE Credit Risk Transfer

(UPB in billions)

CRT 2015 -1 (May 2015 - July 2015)		
	At inception	9/30/2018
UPB	\$ 1.3	\$ 0.7
Loan Count	4,108	2,847
% Purchase	67.6%	69.9%
WA FICO ⁽¹⁾	742	743
WA LTV ⁽¹⁾	80.5%	76.2%
60+ Days Delinquent Loan Count		19
60+ Days Delinquent % o/s UPB		0.703%
180+ Days Delinquent Loan Count		11
Actual Losses (\$k)		\$ 330

CRT 2015 -2 (August 2015 - February 2016)		
	At inception	9/30/2018
UPB	\$ 4.2	\$ 2.7
Loan Count	15,255	10,775
% Purchase	71.4%	73.2%
WA FICO ⁽¹⁾	743	743
WA LTV ⁽¹⁾	81.2%	77.5%
60+ Days Delinquent Loan Count		71
60+ Days Delinquent % o/s UPB		0.650%
180+ Days Delinquent Loan Count		43
Actual Losses (\$k)		\$ 1,147

CRT 2016 -1 (February 2016 - August 2016)		
	At inception	9/30/2018
UPB	\$ 6.4	\$ 5.2
Loan Count	21,615	18,333
% Purchase	67.4%	70.0%
WA FICO ⁽¹⁾	748	749
WA LTV ⁽¹⁾	81.2%	77.6%
60+ Days Delinquent Loan Count		80
60+ Days Delinquent % o/s UPB		0.419%
180+ Days Delinquent Loan Count		29
Actual Losses (\$k)		\$ 797

CRT 2016 -2 (August 2016 - May 2018)		
	At inception	9/30/2018
UPB	\$ 24.0	\$ 22.0
Loan Count	86,057	81,254
% Purchase	73.2%	73.7%
WA FICO ⁽¹⁾	747	746
WA LTV ⁽¹⁾	82.5%	80.6%
60+ Days Delinquent Loan Count		170
60+ Days Delinquent % o/s UPB		0.214%
180+ Days Delinquent Loan Count		24
Actual Losses (\$k)		\$ 664

CRT 2018 -1 (June 2018 - Current)		
	At inception	9/30/2018
UPB	\$ 8.3	\$ 8.1
Loan Count	29,783	29,184
% Purchase	73.5%	73.5%
WA FICO ⁽¹⁾	745	745
WA LTV ⁽¹⁾	82.2%	82.2%
60+ Days Delinquent Loan Count		0
60+ Days Delinquent % o/s UPB		0.005%
180+ Days Delinquent Loan Count		-
Actual Losses (\$k)		\$ -

Total		
	At inception	9/30/2018
UPB	\$ 44.2	\$ 38.7
Loan Count	156,818	142,393
% Purchase	73.1%	73.0%
WA FICO ⁽¹⁾	747	746
WA LTV ⁽¹⁾	82.4%	80.2%
60+ Days Delinquent Loan Count		340
60+ Days Delinquent % o/s UPB		0.238%
180+ Days Delinquent Loan Count		107
Actual Losses (\$k)		\$ 2,938

⁽¹⁾ FICO and LTV metrics at origination