PennyMac Mortgage Investment Trust

Second Quarter 2019 Earnings Report

August 1, 2019

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.

Second Quarter Highlights

- Net income attributable to common shareholders of $38.0 million; diluted earnings per common share of $0.50
  - Annualized return on average common equity of 10%[(1)]
  - Dividend of $0.47 per common share declared on June 26, 2019 and paid on July 30, 2019
  - Book value per common share increased to $20.79 from $20.72 at March 31, 2019
- Segment pretax results: Credit Sensitive Strategies: $33.0 million; Interest Rate Sensitive Strategies: $(1.9) million; Correspondent Production: $16.2 million; Corporate: $(13.9) million
- Results reflect:
  - Solid performance from government-sponsored enterprise (GSE) credit risk transfer (CRT) investments and strong correspondent production results
  - Agency mortgage-backed securities (MBS) and interest rate hedges substantially offset the market-driven valuation impact of declining interest rates on mortgage servicing rights (MSR) and excess servicing spread (ESS) investments
- Strong correspondent production trends drove investment growth in CRT and MSRs
  - Conventional correspondent loan production totaled $12.2 billion in unpaid principal balance (UPB), up 35% from the prior quarter and 101% from 2Q18[(2)]
  - CRT deliveries totaled $9.3 billion in UPB, resulting in a firm commitment to purchase $324 million of CRT securities
  - Added $153 million in new MSRs

(1) Annualized 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.
(2) Consists of delegated and non-delegated conventional conforming and non-Agency loans and includes conventional loans acquired from PennyMac Financial Services, Inc. (NYSE: PFSI).

Second Quarter Highlights (continued)

- Other investment and financing activities:
  - Settled PMT's fifth CRT transaction totaling $933 million in face amount; currently delivering loans to Fannie Mae under a commitment for our sixth CRT transaction
  - Issued $638 million of 4-year term notes to finance PMT's fourth settled CRT transaction, further adding duration and improving its capital efficiency
  - Completed the sale of non-performing loans totaling $42 million in UPB from the distressed portfolio
- Increased organic investment opportunities and strong results drove successful capital raises totaling $214 million in net proceeds
  - Raised $170 million from an issuance of 8.1 million common shares in an underwritten equity offering
  - Raised $44 million through the "At The Market" (ATM) common equity program, issuing 2.1 million shares

Notable activity after quarter end:

- Entered into an agreement after the quarter end to sell approximately $115 million in UPB of nonperforming and reperforming loans(1)
  - Remaining distressed loans after the sale are expected to total $18 million in UPB

(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 Federal Reserve recently cut the Fed Funds rate by 25 basis points, with additional cuts expected by year end
  - The U.S. economic outlook has weakened, weighed down by global growth concerns and uncertainty around trade tensions
- The average 30-year fixed rate mortgage ended the second quarter at 3.73%, 0.33% lower than at March 31st
  - Decline has resulted in higher refinance activity and increases to 2019 origination forecasts
  - Approximately 50% of mortgages in Agency MBS now eligible for refinance (75% of 2017 - 2019 vintages)[3]
- Purchase originations are expected to grow supported by moderating home price appreciation and low mortgage rates
- Mortgage delinquency rates remain near all-time lows, but increased slightly from the prior quarter end
  - The total U.S. loan delinquency rate ended the quarter at 3.73%, up slightly from 3.65% at March 31, 2019[4]
- Spreads on seasoned GSE CRT securities widened slightly relative to 1Q19 due to faster prepayment expectations, while newer issue CRT spreads tightened slightly

Average 30-year fixed rate mortgage[1]

Macroeconomic Forecasts[2]

	2016	2017	2018	2019E	2020E	2021E
New home sales ('000s)	561	616	620	664	662	682
Existing home sales ('000s)	5,440	5,547	5,339	5,373	5,460	5,559
Total originations ($ in billions)	$2,065	$1,810	$1,630	$1,730	$1,684	$1,740
Purchase originations ($ in billions)	$1,037	$1,144	$1,141	$1,210	$1,247	$1,308
U.S. Home Price Appreciation (Y/Y % Change)	5.8%	6.9%	6.3%	4.3%	3.0%	2.6%

Green: denotes improvement since previous earnings report
Red: denotes drop since previous earnings report

(1) Freddie Mac Primary Mortgage Market Survey. 3.75% as of 7/25/19 (2) Actual Home Sales: National Association of Realtors (existing) and the Census Bureau (new). Home sales Forecast: Average of Mortgage Bankers Association and Fannie Mae. Actual purchase and total originations: Inside Mortgage Finance. Purchase and total originations forecast: Average of Mortgage Bankers Association, Fannie Mae, Freddie Mac. Actual home price appreciation: FHFA Home Price Index. Forecasted home price appreciation: Average of Mortgage Bankers Association, Fannie Mae, Freddie Mac. (3) Citi Research (4) Black Knight Financial Services. Includes loans that are 30 days or more past due but not in foreclosure

PMT's Investment Activity by Strategy During the Quarter

	Long-term mortgage asset	Asset Balance (3/31/19)	New investments	Runoff / liquidations	Fair value changes[2]	Asset Balance (6/30/19)
Credit Sensitive Strategies	**Credit Risk Transfer[1]**	$ 2,202	**$ 324**	$ (4)	$ 38	$ 2,561
	Distressed loans & REO	$ 224	**$ -**	$ (45)	$ (6)	$ 172
Interest Rate Sensitive Strategies	**MSR & ESS**	$ 1,362	**$ 153**	$ (54)	$ (140)	$ 1,321
	Agency MBS	$ 2,589	**$ 81**	$ (91)	$ 21	$ 2,600
	Total	$ 6,377	**$ 559**	$ (195)	$ (87)	$ 6,654

(1) The fair value of CRT investments is reflected on the balance sheet as deposits securing CRT arrangements, firm commitments to purchase CRT securities and derivative and credit risk transfer strip assets, net of the interest-only security payable. Presented on a pro forma basis that reflects the face amount of firm commitment to purchase CRT securities.

(2) Changes in fair value of CRT investments included the accrual of carry on firm commitments reflected in income as well as changes in fair value upon settlement of a CRT transaction

Run-Rate Return Potential from PMT's Investment Strategies

($ in millions, except EPS)	Annualized Return on Equity (ROE)	WA Equity Allocated (%)[1]
Credit sensitive strategies:		
GSE credit risk transfer[2]	20.5%	44%
Distressed loan & REO investments	-2.6%	3%
Other credit sensitive strategies	16.5%	0%
Net credit sensitive strategies	**19.0%**	**47%**
Interest rate sensitive strategies:		
MSRs (incl. recapture)	12.9%	23%
ESS (incl. recapture)	10.6%	3%
Agency MBS	19.9%	6%
Non-Agency senior MBS (incl. jumbo)	22.5%	0%
Interest rate hedges[3]	-3.4%	n/a
Net interest rate sensitive strategies	**10.6%**	**32%**
Correspondent production	**21.6%**	**9%**
Cash, short term investments, and other	0.4%	12%
Management fees & corporate expenses[4]	-2.9%	
Net Corporate[4]	**-2.9%**	
Provision for income tax expense[4]	-0.6%	
Net income	**10.9%**	**100%**
Dividends on preferred stock	**8.3%**	**14%**
Net income attributable to common shareholders	**11.3%**	**86%**
Diluted EPS	**$ 0.56**	

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.

- New investments in CRT and MSRs are accretive to and drive PMT's overall return potential
  - Includes the deployment of recent capital raises into CRT and MSRs
    - Pace of deployment driven by PMT's correspondent production
  - MBS to offset the interest rate sensitivity of a growing MSR asset
- Correspondent production return potential reflects a modest improvement to the highly competitive market
- Impact of distressed loans and real estate owned (REO) expected to diminish significantly given recent sales and commitments to sell substantially all of the remaining loans

[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
[3] ROE calculated as a percentage of segment equity
[4] ROE calculated as a percentage of total equity

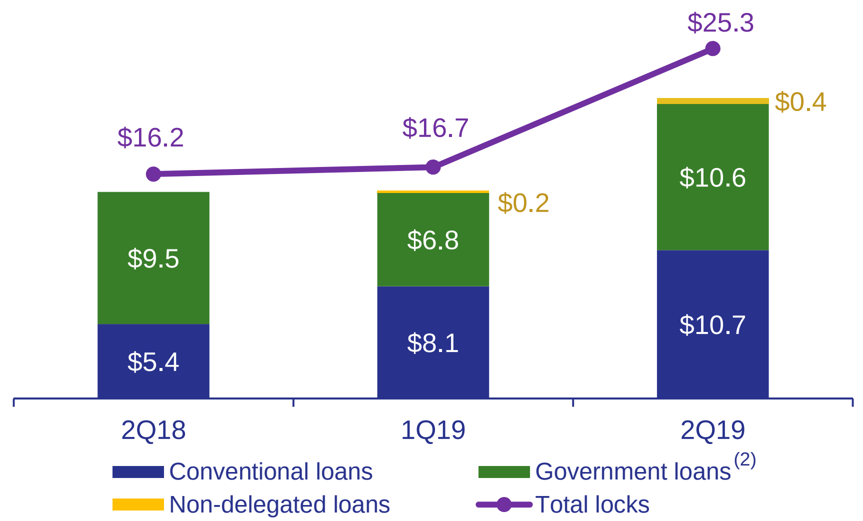
Mortgage Investment Activities

Correspondent Production Highlights

- Correspondent acquisitions from nonaffiliates in 2Q19 totaled $21.7 billion in UPB, up 44% Q/Q and 45% Y/Y[(1)]
  - 51% conventional loans; 49% government loans
  - Conventional conforming acquisitions of $10.7 billion in UPB, up 32% Q/Q and 99% Y/Y
  - Government acquisitions of $10.6 billion in UPB, up 57% Q/Q and 11% Y/Y
- Acquired $1.1 billion in UPB of conventional loans originated by PFSI, up 54% Q/Q and 69% Y/Y
- Conventional lock volume of $12.6 billion in UPB, up 41% Q/Q and 110% Y/Y[(3)]
- July correspondent acquisitions totaled $10.3 billion in UPB; locks totaled $10.8 billion in UPB

Correspondent Production Volume and Mix

(UPB in billions)



Key Financial Metrics	1Q19	2Q19
Pretax income as a percentage of interest rate lock commitments[(3)]	0.02%	0.06%
Fulfillment fee[(4)]	0.34%	0.28%

Selected Operational Metrics	1Q19	2Q19
Correspondent seller relationships	743	752
Purchase money loans, as a % of total acquisitions	85%	79%

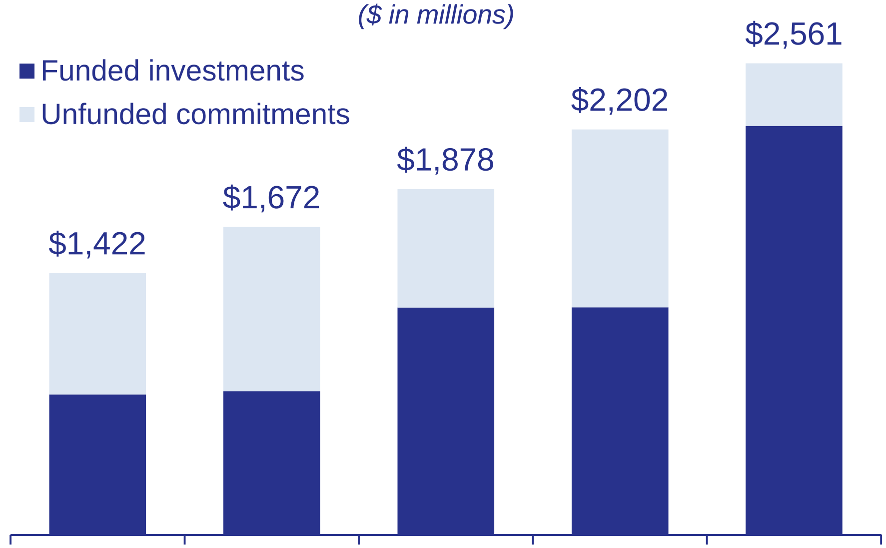
(1) Includes delegated and non-delegated acquisitions
(2) For delegated government loans, PMT earns a sourcing fee and interest income for its holding period and does not pay a fulfillment fee
(3) Conventional conforming and non-Agency interest rate lock commitments
(4) Based on funded loans subject to fulfillment fees

GSE CRT Investments Continue Growth Trajectory and Strong Performance

- Settled PMT's fifth CRT transaction during 2Q19
- Delivering loans to Fannie Mae under a commitment for our sixth CRT transaction
- Delivered $9.3 billion in UPB of loans during the quarter resulting in a firm commitment to purchase $324 million of CRT securities
- Credit performance of the loans underlying our CRT investments remains strong and in line with expectations

CRT Investments(1)

($ in millions)



Selected metrics for quarter ended(2):	6/30/2018	9/30/2018	12/31/2018	3/31/2019	6/30/2019
Underlying UPB of loans ($ in billions)	$32.9	$38.7	$46.3	$52.9	$59.6
WA FICO	747	746	746	746	747
WA LTV	80.4%	80.2%	80.6%	82.9%	83.2%
60+ Days Delinquent % o/s UPB	0.289%	0.238%	0.259%	0.267%	0.267%
Actual losses ($ in millions)	$0.2	$0.4	$0.7	$0.9	$0.9
Cumulative lifetime losses ($ in millions)	$2.5	$2.9	$3.6	$4.5	$5.4

Note: See slides 14, 15 and 24 - 27 for financial performance and additional details regarding CRT investments

(1) The fair value of CRT investments is reflected on the balance sheet as deposits securing CRT arrangements, firm commitments to purchase CRT securities and derivative and credit risk transfer strip assets, net of the interest-only security payable. Presented on a pro forma basis that reflects the face amount of firm commitment to purchase CRT securities, and the commitment to fund deposits securing CRT agreements, as applicable, for each period shown.

(2) FICO and LTV metrics at origination for the population of loans remaining as of the date presented

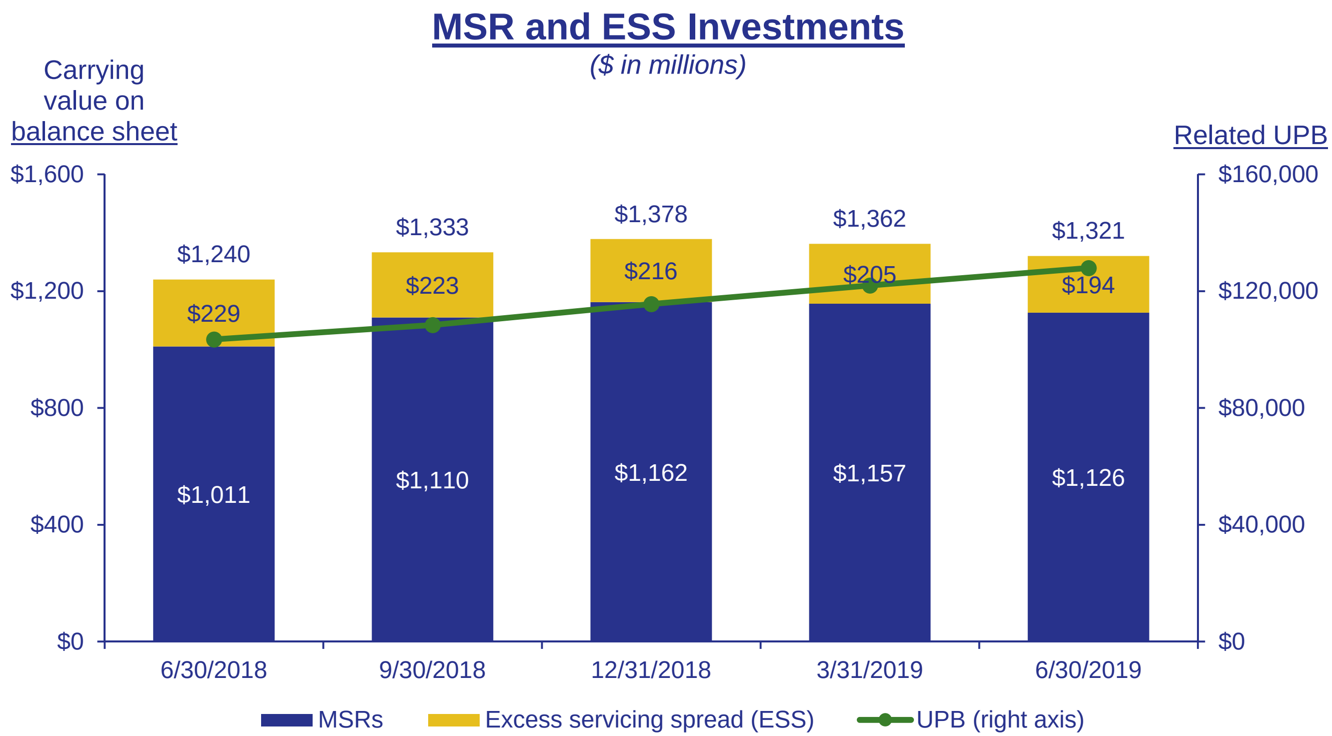
Continuing To Grow Term Financing for CRT Investments

Transaction	CRTs 1-3	CRT 4	CRT 5	CRT 6[1]
Status	Funded	Funded	Funded	In aggregation
UPB ($ in billions)	$8.0	$20.1	$22.4	$9.2
Face Amount[2] ($ in millions)	$362.0	$766.4	$932.2	$324.3
Financing	• Financed with $296 million of secured term notes	• Financed with $638 million of secured term notes issued in June	• Financed with $756 million of securities repurchase agreements	• Commitment to acquire CRT securities
Financing Term	3-year	4-year	30 days	N/A

- Outstanding term financing for PMT's CRT investments grew to $934 million at June 30, 2019
  - Term notes reduce margin call risk and associated internal cash reserves
- CRT 5 currently financed with securities repurchase agreements
  - Plan to pursue secured term financing for this investment later in 2019

(1) PMT is currently in the aggregation period delivering loans to Fannie Mae under a commitment for a sixth CRT transaction. UPB represents the volume delivered through June 30, 2019.
(2) As of June 30, 2019

Trends in MSR and ESS Investments



- MSR investments decreased modestly to $1.1 billion driven by fair value losses resulting from the decline in mortgage rates during the quarter and expectations for higher prepayments in the future
  - Partially offset by the addition of $153 million in new MSR investments from new production volume
  - UPB associated with MSR investments increased to $106.2 billion from $99.3 billion at March 31, 2019
- ESS investments relating to bulk, mini-bulk and flow MSR acquisitions by PFSI between 2013 and 2015 decreased to $194.2 million, driven by repayments of the underlying loans and interest rate-driven fair value losses
  - UPB associated with ESS investments decreased to $21.8 billion from $22.7 billion at March 31, 2019

Financial Results

Second Quarter Income and Return Contributions by Strategy

($ in millions)	Total Income Contribution[1]	Market-Driven Value Changes[2]	Income Excluding Market-Driven Value Changes[1][2]	WA Equity Allocated[3]	Annualized Return on Equity (ROE)[1]
Credit sensitive strategies:					
GSE credit risk transfer	$ 37.5	$ 7.3	$ 30.1	$ 476	31%
Distressed loan & REO investments	(5.3)	-	(5.3)	125	-17%
Other credit sensitive strategies	0.8	0.6	0.3	9	37%
Net credit sensitive strategies	**$ 33.0**	**$ 7.9**	**$ 25.1**	**$ 610**	**22%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)	$ (120.4)	$ (136.9)	$ 16.5		
ESS (incl. recapture)	(2.1)	(3.6)	1.5		
Agency MBS	27.8	21.2	6.6		
Non-Agency senior MBS (incl. jumbo)	0.1	0.0	0.0		
Interest rate hedges	92.7	92.7	n/a		
Net interest rate sensitive strategies	**$ (1.9)**	**$ (26.5)**	**$ 24.6**	**$ 812**	**-1%**
Correspondent production	**$ 16.2**		**$ 16.2**	**$ 373**	**17%**
Cash, short term investments, and other	$ 1.6		$ 1.6	$ 49	13%
Management fees & corporate expenses	(15.5)		(15.5)		
Corporate	**$ (13.9)**	**n/a**	**$ (13.9)**	**$ 49**	**-3%**
Benefit / (Provision) for income tax expense	$ 10.9	$ 12.5	$ (1.6)		
Net income	**$ 44.2**	**$ (6.2)**	**$ 50.4**	**$ 1,844**	**10%**
Dividends on preferred stock	**$ 6.2**			**$ 300**	**8%**
Net income attributable to common shareholders	**$ 38.0**			**$ 1,544**	**10%**
Diluted EPS	**$ 0.50**				

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) Market-driven value changes include fair value recognition upon loan delivery under firm commitment to purchase CRT securities attributable to the credit sensitive strategies segment; see slide 15 for details. Categorization of income as market-driven value changes based on management assessment. Income excluding market-driven value changes does not represent REIT taxable income.

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

Performance of the GSE Credit Risk Transfer Investments in 2Q19

($ in millions)

	Income Contribution		Comments
Market-driven value changes:			
Valuation-related changes included in Net gain (loss) on investment	$	(3.6)	• Reflects effects of market credit spread widening on seasoned CRT investments
Net gain on loans acquired for sale		11.0	• Fair value recognition upon loan delivery under firm commitment to purchase CRT securities totaled $20.4 million; $9.4 million was attributed to the Correspondent Production segment
	$	**7.3**	
Income excluding market-driven value			
Realized gains and carry included in Net gain (loss) on investment	$	35.3	• Spread income earned on CRT investments
Losses recognized during period		(0.9)	
Interest income		7.8	• Interest income on cash deposits securing CRT investments
Interest expense		(12.1)	• Financing expense related to CRT investments
	$	**30.1**	
Total income contribution	**$**	**37.5**	

Appendix

PennyMac®
Mortgage Investment Trust

PMT's Business Model Is Unique Among Mortgage REITs

Diversified Investment Strategy

- Organically produced investments in credit risk and interest-sensitive assets driven by production activities
- Demonstrated ability to invest in multiple residential mortgage strategies to capitalize on market trends: newly originated loans, CRT, MSRs, ESS[(1)], RMBS[(2)] and distressed whole loans
- Securitization interests in HELOC[(3)] and prime non-QM[(4)] loans

Access to Mortgage Origination and Servicing Assets

- Exclusive rights to the conventional correspondent production business and resulting assets
- Right of first refusal on other investment opportunities sourced by its manager and service provider, PFSI

PennyMac Mortgage Investment Trust

Strong Balance Sheet with Significant Sources of Liquidity

- Strong capital structure with modest leverage and diversified sources of funding
- Securitization structure that allows for issuance of term notes on Fannie Mae MSRs to institutional investors

Synergistic Partnership with PFSI

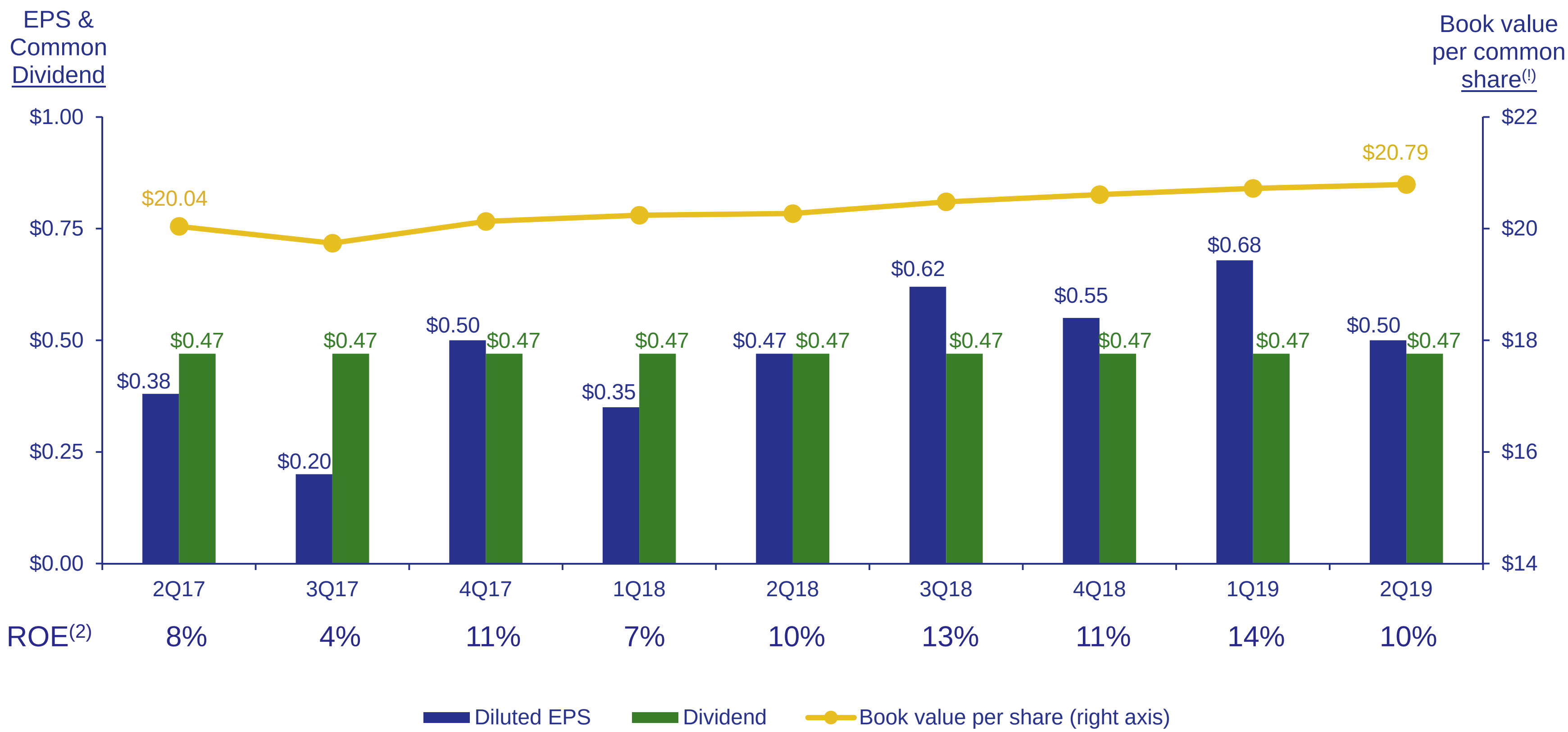
- Access to specialized mortgage capabilities, including origination and servicing operations
- PFSI has expertise across all mortgage functions with over 3,600 employees led by a highly experienced management team
- Enables PMT to aggregate quality investments in residential mortgage products with minimal operational risk
- Established appropriate agreements, controls and oversight to identify and manage potential conflicts

Risk Management and Governance

- Substantial expertise and resources dedicated to risk management
- Sophisticated program to actively manage and hedge interest rate risk
- Governance led by board of trustees which includes seven independent trustees

(1) Excess Servicing Spread
(2) Residential Mortgage Backed Securities
(3) Home Equity Line of Credit
(4) Non-qualified mortgage

Track Record of Stable Dividends and Book Value

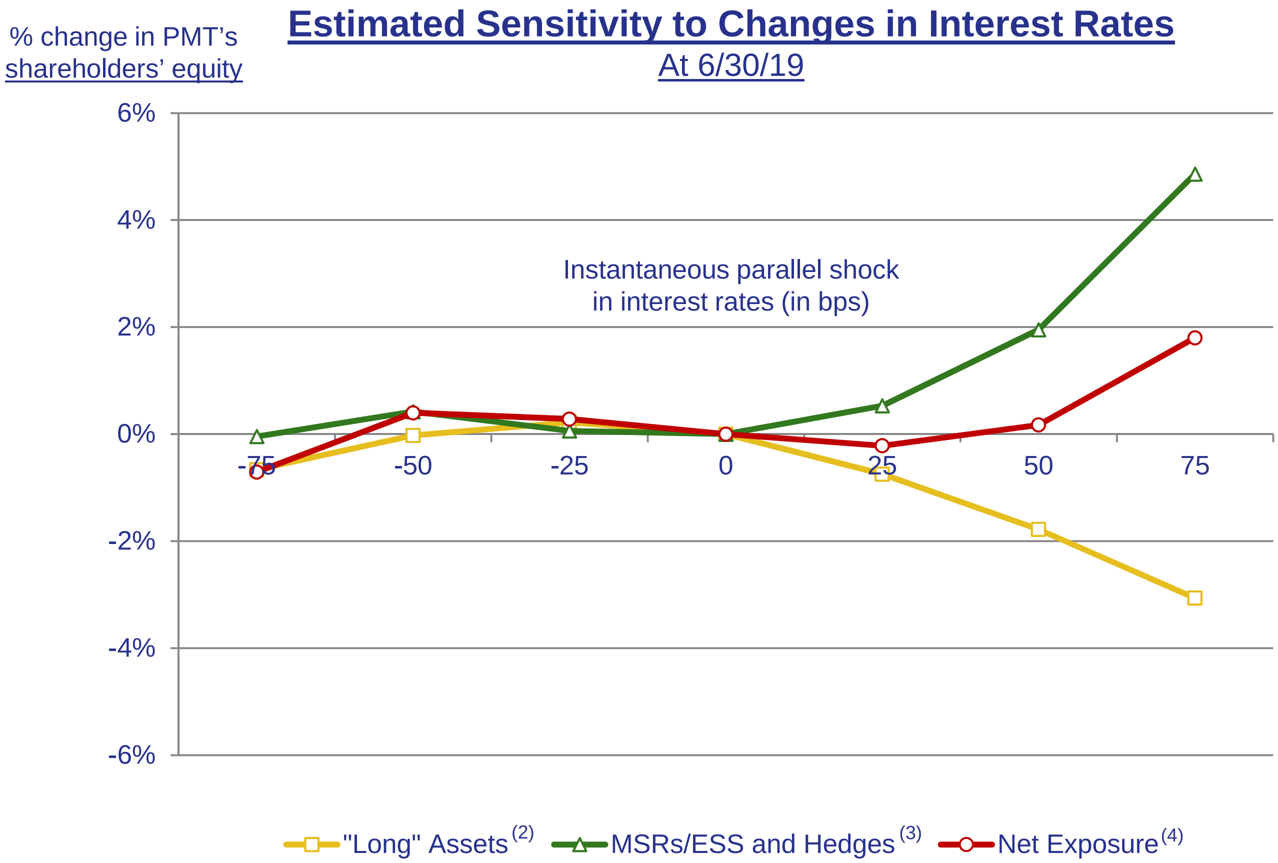


- Repurchased 14.7 million common shares at a cost of $216 million from 3Q15 through 1Q18
- Issued 7.2 million common shares through an underwritten equity offering and our ATM program in 1Q19
- Issued 10.2 million common shares through an underwritten equity offering and our ATM program in 2Q19

(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

Management of PMT's Interest Rate Risk(1)



- 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 loans and REO. The sensitivity analyses on the slide and the associated commentary are limited in that they are estimates as of June 30, 2019; 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

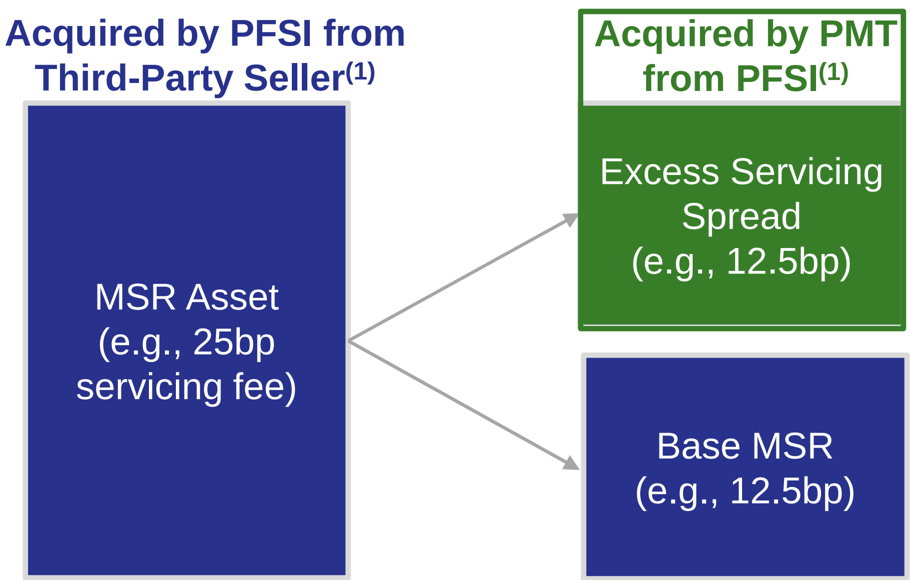
MSRs and ESS Asset Valuation

($ in millions)	Mortgage Servicing Rights	Excess Servicing Spread[1]
At 6/30/19		
Pool UPB	$106,201	$21,758
Pool weighted average coupon	4.32%	4.19%
Weighted-average pool prepayment speed assumption (CPR)	13.9%	11.1%
Weighted average servicing fee/spread	0.27%	0.19%
Fair value	$1,126	$194
As a multiple of servicing fee	3.99	4.78

[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 pool UPB above in the amount of $315 million.

PMT's Excess Servicing Spread Investments in Partnership with PFSI

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



Example transaction: actual transaction details may vary materially

Excess Servicing Spread[2]

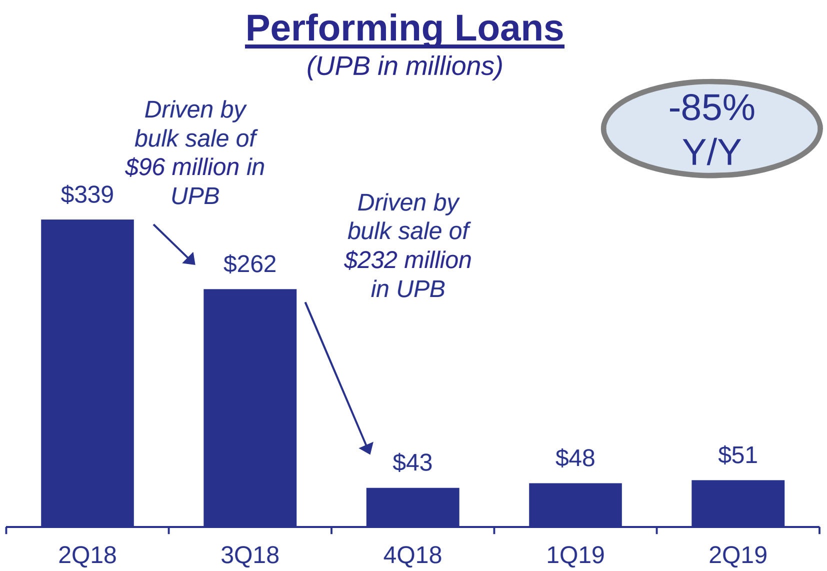
- Interest income from a portion of the contractual servicing fee
  - Realized yield dependent on prepayment speeds and recapture

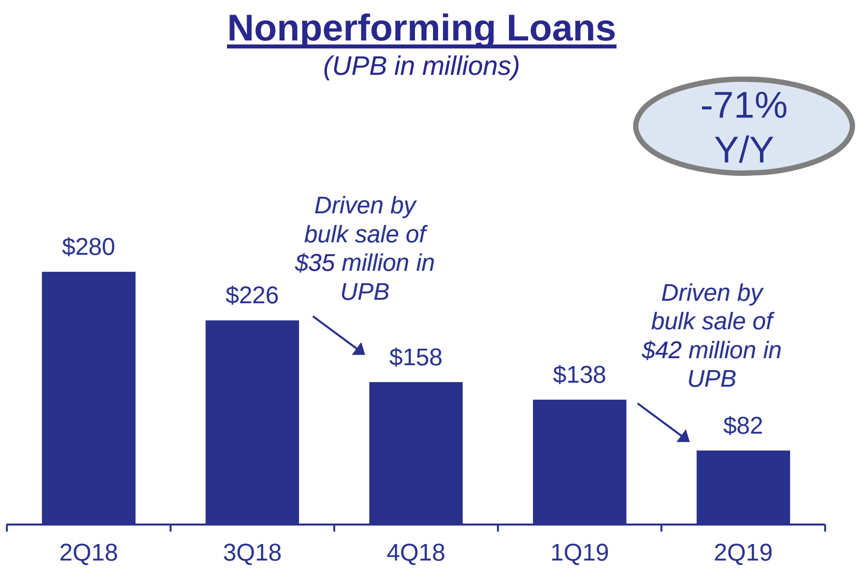
Base MSR

- 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 wholly-owned 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.

Distressed Loan Portfolio Is Declining Through Liquidation and Sales





- Completed the sale of non-performing loans totaling $42 million in UPB from the distressed portfolio
- Entered into an agreement after the quarter to sell approximately $115 million in UPB of nonperforming and reperforming loans from the distressed portfolio[1]
  - This sale represents approximately 86% of the remaining distressed loan portfolio UPB at June 30, 2019

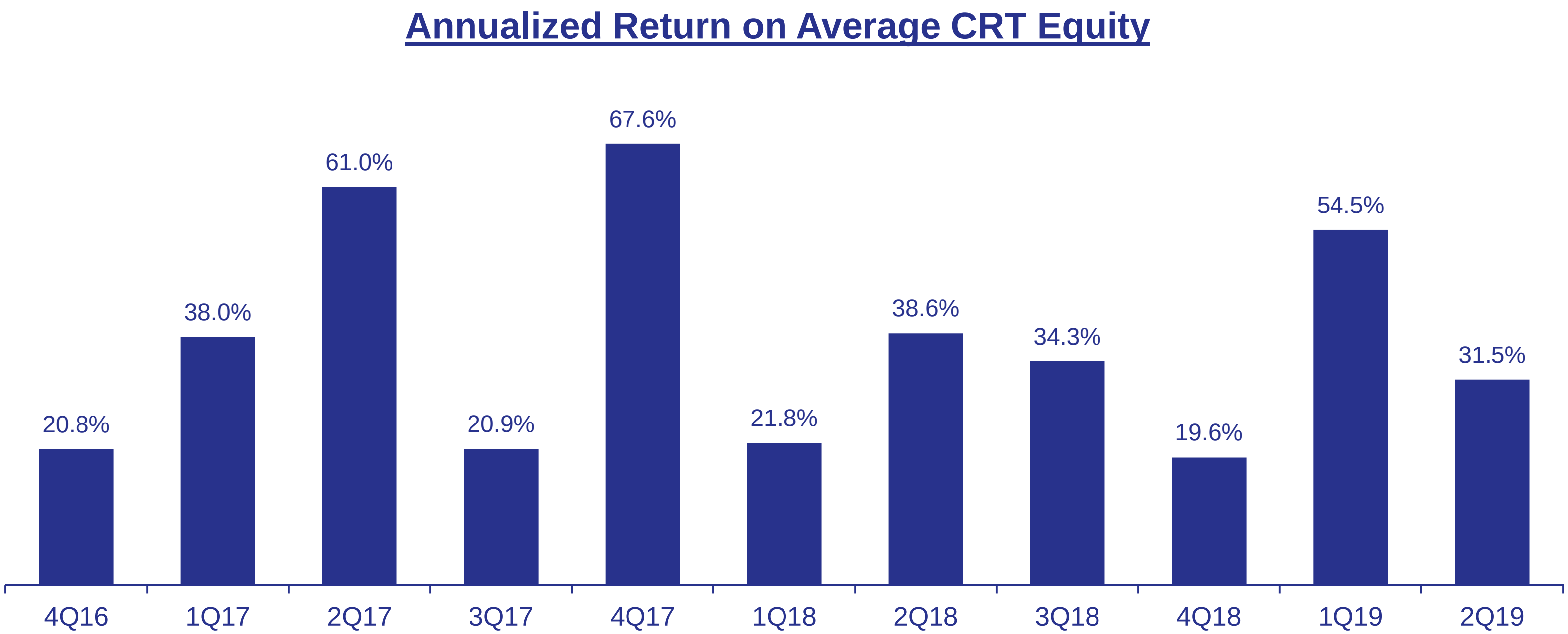
[1] These transactions are subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of these transactions or that these transactions will be completed at all

Performance of the Distressed Mortgage Loan Investments

Net Gains (Losses) on Loans

Unaudited	Quarter ended	
($ in thousands)	March 31, 2019	June 30, 2019
Valuation Changes:		
Performing loans	$ 388	$ (1,772)
Nonperforming loans	535	(4,330)
	923	**(6,102)**
Payoffs	(214)	507
Sales	(224)	144
	$ 485	**$ (5,451)**

Return on Equity Contribution of the GSE Credit Risk Transfer Investments



	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Average CRT equity[(1)] ($ in millions)	$166	$178	$207	$271	$333	$403	$452	$490	$446	$452	$476

[(1)] Equity allocated represents management's internal allocation across segments and investment strategies

Credit Risk Transfer – Income Statement and Balance Sheet Treatment

($ in thousands)	Since Inception[1]		
Total UPB of loans transferred under CRT agreements	$	69,228,518	Total UPB of loans delivered to the CRT Special Purpose Vehicles (SPVs) and sold to Fannie Mae
UPB of loans transferred under CRT agreements	$	35,869,965	
UPB of loans delivered subject to agreements to purchase REMIC CRT securities	$	33,358,553	
Deposits placed to secure guarantees	$	2,130,314	Cash deposited in the SPV in deposits securing CRT agreements. Represents collateral for the initial credit risk retained
Gains (losses) recognized on assets related to CRT agreements			
Included in net gain on investments:			
Realized	$	204,001	Cash income to PMT from the CRT SPVs
Valuation-gains		118,387	Includes fair value recognition upon loan delivery under CRT Agreements and market value changes
	$	322,388	
Included in net gain on loans acquired for sale	$	70,586	Recognition upon loan delivery of fair value of firm commitment to purchase REMIC CRT securities
Payments made to settle losses	$	5,396	Payments made to Fannie Mae, from pledged cash, for losses on loans underlying the CRT agreements

[1] Cumulative for the fifteen quarters ending 6/30/2019

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

($ in thousands)	At June 30, 2019	
UPB of loans subject to guarantee obligation	$ 59,643,310	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	$ 59,526,698	
90 or more days delinquent	$ 64,936	
Foreclosure	$ 9,356	
Bankruptcy	$ 42,320	
Carrying value of CRT agreements		
Deposits securing CRT agreements	$ 2,060,612	Current cash collateralizing guarantee included in "Deposits securing credit risk transfer agreements"
Derivative and credit risk transfer strip assets	$ 186,512	Represents the fair value of expected future cash inflows related to assumption of credit risk net of expected future losses
Interest-only stripped security payable at fair value	$ (26,356)	Fair value of non-recourse liability issued by CRT trusts; represents value of interest-only payment after the maturity of PMT's investments
Firm commitment to purchase CRT security	$ 15,581	Fair value of firm commitment to purchase REMIC CRT securities based on loans delivered to date
Face amount of firm commitment to purchase CRT securities	$ 324,259	Face amount of firm commitment to purchase REMIC CRT securities related to loans delivered

PMT’s Investments in GSE Credit Risk Transfer

(UPB in billions)

CRT 2015 -1 (May 2015 - July 2015)	At inception	6/30/2019
UPB	$ 1.3	$ 0.7
Loan Count	4,108	2,628
% Purchase	67.6%	69.7%
WA FICO(1)	742	744
WA LTV(1)	80.5%	81.0%
60+ Days Delinquent Loan Count		16
60+ Days Delinquent % o/s UPB		0.562%
180+ Days Delinquent Loan Count		15
Actual Losses ($k)		$ 433

CRT 2015 -2 (August 2015 - Feburary 2016)	At inception	6/30/2019
UPB	$ 4.2	$ 2.5
Loan Count	15,255	9,969
% Purchase	71.4%	73.6%
WA FICO(1)	743	744
WA LTV(1)	81.2%	81.7%
60+ Days Delinquent Loan Count		70
60+ Days Delinquent % o/s UPB		0.740%
180+ Days Delinquent Loan Count		62
Actual Losses ($k)		$ 1,577

CRT 2016 -1 (Feburary 2016 - August 2016)	At inception	6/30/2019
UPB	$ 6.4	$ 4.8
Loan Count	21,615	17,130
% Purchase	67.4%	70.1%
WA FICO(1)	748	750
WA LTV(1)	81.2%	81.1%
60+ Days Delinquent Loan Count		77
60+ Days Delinquent % o/s UPB		0.447%
180+ Days Delinquent Loan Count		45
Actual Losses ($k)		$ 1,269

CRT 2016 -2 (August 2016 - May 2018)	At inception	6/30/2019
UPB	$ 23.9	$ 20.1
Loan Count	86,057	76,320
% Purchase	73.2%	74.2%
WA FICO(1)	747	746
WA LTV(1)	82.5%	82.7%
60+ Days Delinquent Loan Count		297
60+ Days Delinquent % o/s UPB		0.388%
180+ Days Delinquent Loan Count		79
Actual Losses ($k)		$ 2,117

CRT 2018 -1 (June 2018 - March 2019)	At inception	6/30/2019
UPB	$ 24.2	$ 22.4
Loan Count	85,434	82,280
% Purchase	81.5%	81.7%
WA FICO(1)	746	746
WA LTV(1)	83.8%	83.9%
60+ Days Delinquent Loan Count		127
60+ Days Delinquent % o/s UPB		0.159%
180+ Days Delinquent Loan Count		16
Actual Losses ($k)		$ -

CRT 2019 -1 (April 2019 - Current)	At inception	6/30/2019
UPB	$ 9.2	$ 9.2
Loan Count	31,362	31,362
% Purchase	77.2%	77.2%
WA FICO(1)	750	750
WA LTV(1)	84.5%	84.5%
60+ Days Delinquent Loan Count		2
60+ Days Delinquent % o/s UPB		0.008%
180+ Days Delinquent Loan Count		-
Actual Losses ($k)		$ -

Total	At inception	6/30/2019
UPB	$ 69.2	$ 59.6
Loan Count	243,831	219,689
% Purchase	76.1%	77.1%
WA FICO(1)	747	747
WA LTV(1)	82.9%	83.2%
60+ Days Delinquent Loan Count		587
60+ Days Delinquent % o/s UPB		0.267%
180+ Days Delinquent Loan Count		217
Actual Losses ($k)		$ 5,396

(1) FICO and LTV metrics at origination

Correspondent Production Acquisitions and Locks by Product

(UPB in millions)	2Q18	3Q18	4Q18	1Q19	2Q19
Acquisitions					
Delegated Conventional Conforming	$ 5,399	$ 7,503	$ 9,052	$ 8,130	$ 10,737
Delegated Government	9,546	8,970	8,885	6,752	10,574
Delegated Non-Agency[(1)]	8	9	5	5	4
Non-Delegated	-	75	120	174	402
Total Correspondent Acquisitions	**$ 14,954**	**$ 16,556**	**$ 18,061**	**$ 15,061**	**$ 21,718**
PFSI's Direct Lending Loans Acquired by PMT	666	902	879	730	1,127
Total Acquisitions	**$ 15,619**	**$ 17,458**	**$ 18,940**	**$ 15,791**	**$ 22,845**
Locks					
Delegated Conventional Conforming	$ 5,979	$ 8,392	$ 9,639	$ 8,974	$ 12,628
Delegated Government	10,082	9,146	8,962	7,385	12,028
Delegated Non-Agency[(1)]	50	20	11	13	14
Non-Delegated	121	157	227	360	636
Total Locks	**$ 16,232**	**$ 17,714**	**$ 18,839**	**$ 16,732**	**$ 25,307**

Note: Delegated volumes exclude PennyMac Financial's direct lending loans acquired by PMT. Amounts may not sum exactly due to rounding.

[(1)] Consists of prime jumbo and non-QM loans