PENNYMAC
MORTGAGE INVESTMENT TRUST

2Q22 EARNINGS REPORT

PennyMac Mortgage Investment Trust

August 2022

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 and from past results discussed herein. These forward-looking statements include, but are not limited to, statements regarding future changes in interest rates and prepayment rates; the impact of the COVID-19 pandemic on our business; future loan originations and production; future loan delinquencies and forbearances; future investment strategies, including the resumption of lender risk share transactions; and other business and financial expectations. Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: changes in interest rates; our exposure to risks of loss and disruptions in operations resulting from adverse weather conditions, man-made or natural disasters, climate change and pandemics such as COVID-19; the impact to our CRT agreements of increased borrower requests for forbearance under the CARES Act; changes in the Company's investment objectives or investment or operational strategies, including any new lines of business or new products and services that may subject it to additional risks; volatility in the Company's industry, the debt or equity markets, the general economy or the real estate finance and real estate markets; events or circumstances which undermine confidence in the financial and housing markets or otherwise have a broad impact on financial and housing markets, such as the sudden instability or collapse of large depository institutions or other significant corporations, terrorist attacks, natural or manmade disasters, or threatened or actual armed conflicts; changes in general business, economic, market, employment and domestic and international political conditions, or in consumer confidence and spending habits from those expected; the degree and nature of the Company's competition; 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 the Company's investment objectives; the inherent difficulty in winning bids to acquire mortgage loans, and the Company's success in doing so; the concentration of credit risks to which the Company is exposed; the Company's dependence on its 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 its manager, servicer or their affiliates; the availability, terms and deployment of short-term and long-term capital; the adequacy of the Company's cash reserves and working capital; the Company's ability to maintain the desired relationship between its financing and the interest rates and maturities of its assets; the timing and amount of cash flows, if any, from the Company's investments; our substantial amount of indebtedness; the performance, financial condition and liquidity of borrowers; the ability of the Company's servicer, which also provides the Company 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 the Company's customers and counterparties; the Company's indemnification and repurchase obligations in connection with mortgage loans it purchases and later sells or securitizes; the quality and enforceability of the collateral documentation evidencing the Company's ownership and rights in the assets in which it invests; increased rates of delinquency, default and/or decreased recovery rates on the Company's investments; the performance of mortgage loans underlying mortgage-backed securities in which the Company retains credit risk; the Company's ability to foreclose on its investments in a timely manner or at all; increased prepayments of the mortgages and other loans underlying the Company's mortgage-backed securities or relating to the Company's mortgage servicing rights and other investments; the degree to which the Company's hedging strategies may or may not protect it from interest rate volatility; the effect of the accuracy of or changes in the estimates the Company makes about uncertainties, contingencies and asset and liability valuations when measuring and reporting upon the Company's financial condition and results of operations; the Company's ability to maintain appropriate internal control over financial reporting; technologies for loans and the Company's ability to mitigate security risks and cyber intrusions; the Company's ability to obtain and/or maintain licenses and other approvals in those jurisdictions where required to conduct its business; the Company's ability to detect misconduct and fraud; the Company's ability to comply with various federal, state and local laws and regulations that govern its business; developments in the secondary markets for the Company's 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 such as the Government National Mortgage Association, the Federal Housing Administration or the Veterans Administration, the U.S. Department of Agriculture, or government-sponsored entities such as the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation, or such changes that increase the cost of doing business with such entities; 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 the Company's business and its ability to satisfy complex rules for it to qualify as a 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 the Company's subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes, as applicable, and the Company's ability and the ability of its subsidiaries to operate effectively within the limitations imposed by these rules; changes in governmental regulations, accounting treatment, tax rates and similar matters; the Company's ability to make distributions to its shareholders in the future; the Company's failure to deal appropriately with issues that may give rise to reputational risk; and the Company's organizational structure and certain requirements in its 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.

This presentation contains financial information calculated other than in accordance with U.S. generally accepted accounting principles ("GAAP"), such as market-driven value changes that provide a meaningful perspective on the Company's business results since the Company utilizes this information to evaluate and manage the business. Non-GAAP disclosure has limitations as an analytical tool and should not be viewed as a substitute for financial information determined in accordance with GAAP.

SECOND QUARTER HIGHLIGHTS

Net loss driven primarily by fair value declines in PMT's Credit Sensitive Strategies due to credit spread widening and tax provisions in its taxable REIT subsidiary, partially offset by results in its Interest Rate Sensitive Strategies and Correspondent Production segments

2Q22 Results

Net loss attributable to common shareholders[1]
$(81)mm

Diluted EPS[2]
$(0.88)

Return on common equity
(20)%

Book value per share
$16.59

Dividend and Other

Dividend per common share
$0.47

Shares repurchased
1.9mm

CREDIT SENSITIVE STRATEGIES

Pretax income	Income excluding market-driven value changes[3]	Fair value of organically-created GSE CRT[2] investments
$(64)mm	**$19mm**	**$1.3bn**

INTEREST RATE SENSITIVE STRATEGIES

Pretax income	Income excluding market-driven value changes[3]	New MSR[2] investments	Fair value of MSR investments
$29mm	**$46mm**	**$171mm**	**$3.7bn**

CORRESPONDENT PRODUCTION

Pretax income	Conventional correspondent production volume	Correspondent seller relationships
$10mm	**$10.3bn**	**777**

Note: All figures are for 2Q22 or as of 6/30/22

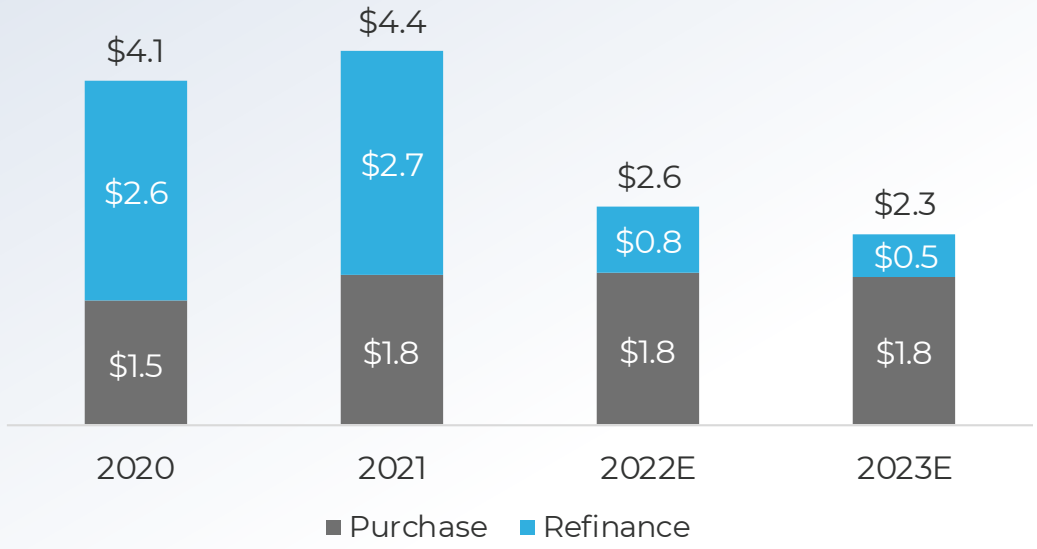
[1] Net loss attributable to common shareholders includes a provision for tax expense of $31 million

[2] EPS = earnings per share. GSE = Government-sponsored enterprises. CRT = credit risk transfer. MSR = mortgage servicing rights.

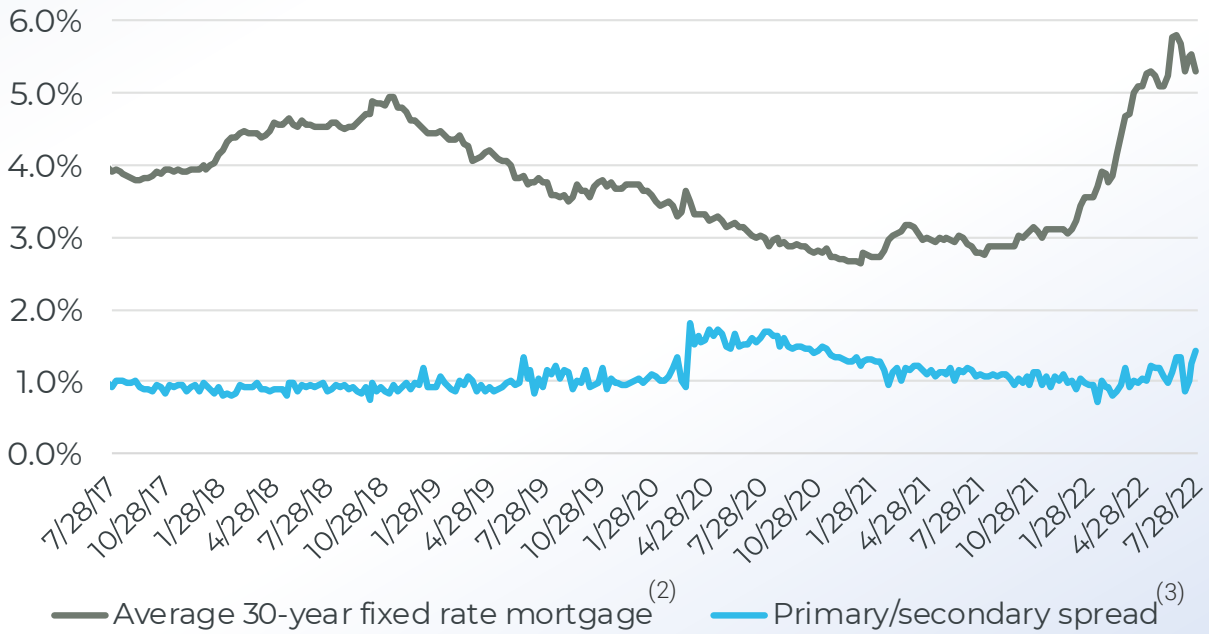
[3] Excludes $83 million of market-driven value losses in the credit sensitive strategies and $17 million of market-driven value losses in the interest rate sensitive strategies – see slide 10 for additional details

ORIGINATION MARKET HAS DECLINED MEANINGFULLY

U.S. Mortgage Origination Market[1]
($ in trillions)



Mortgage Rates Have Rapidly Increased



- Third party forecasts for 2022 total originations range from $2.4 trillion to $2.8 trillion, reflecting a substantial decline from 2021's all-time record
  - Excess industry capacity established in recent years is actively being reduced by market participants
- Purchase originations expected to comprise the majority of volume for the next few years
  - Pennymac has historically over-indexed the purchase money market and is one of the largest producers of purchase-money loans in the U.S.[4]

[1] Actual originations: Inside Mortgage Finance. Forecast originations: Average of Mortgage Bankers Association (7/18/22), Fannie Mae (7/11/22), and Freddie Mac (7/20/22) forecasts.
[2] Freddie Mac Primary Mortgage Market Survey 5.30% as of 7/28/22
[3] Bloomberg: Difference between Freddie Mac Primary Mortgage Market Survey and the 30-Year Fannie Mae or Freddie Mac Par Coupon (MTGEFNCL) Index
[4] Inside Mortgage Finance for the 12 months ended 3/31/22. Pennymac collectively refers to PFSI and PMT, a mortgage real estate investment trust listed on the New York Stock Exchange.

PMT'S POTENTIAL INVESTMENT OPPORTUNITIES

CURRENT OPPORTUNISTIC INVESTMENTS

- Rising interest rates and wider credit spreads have driven opportunities for PMT to deploy capital at attractive, long-term risk-adjusted returns
- Invested approximately $140 million in floating-rate CRT bonds issued by Fannie Mae and Freddie Mac in the first half of 2022; also invested $27 million in fixed-rate bonds from a senior tranche of a jumbo securitization
- Continue to monitor market opportunities to invest in high quality residential mortgage assets
  - Fannie Mae CAS bonds and Freddie Mac STACR bonds
  - Subordinate bonds from investor loan securitizations
  - Senior and subordinate bonds from jumbo securitizations

LENDER-BASED CRT TRANSACTIONS WITH FANNIE MAE AND FREDDIE MAC

- Delivered nearly $120 billion in UPB of loans into CRT transactions with Fannie Mae from 2015 through 2020
- Compelling rationale for lender risk share:
  - Strong alignment of interest between the GSEs and PMT as the acquirer and servicer of the loans
  - Provides improved capital relief for the GSEs under the amended Enterprise Regulatory Capital Framework
  - De-risks the U.S. taxpayer by providing private capital to the housing finance ecosystem
- Actively engaged in discussions with Fannie Mae and Freddie Mac regarding resumption of lender-risk share transactions[1]; PMT is well-positioned given our history, platform and expertise

[1] Since the end of 2020, we have not created any new front-end lender risk share transactions and any future lender risk share transactions with Fannie Mae or Freddie Mac are subject to approval by the FHFA

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:		
Organically-created investments in GSE CRT	17.2%	17%
PMT Non-Agency subordinate MBS	17.1%	1%
Other credit sensitive strategies[2]	12.0%	3%
Net credit sensitive strategies	**16.6%**	**21%**
Interest rate sensitive strategies:		
MSRs (incl. recapture)	16.8%	55%
Agency MBS	30.0%	9%
Non-Agency senior MBS	15.4%	1%
Interest rate hedges[3]	-5.5%	0%
Net interest rate sensitive strategies	**13.2%**	**65%**
Correspondent production	**8.1%**	**7%**
Cash, short term investments, and other	0.8%	8%
Management fees & corporate expenses	-3.0%	0%
Net Corporate[4]	**-2.9%**	**8%**
Provision for income tax expense	-0.4%	
Net income	**9.1%**	**100%**
Dividends on preferred stock	**7.7%**	**26%**
Net income attributable to common shareholders	**9.6%**	**74%**
Average Diluted EPS Per Quarter	**$ 0.40**	

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 loss treatment for CRT transactions as described on slide 26), and does not contemplate market-driven value changes other than realization of cash flows and hedge costs, or significant changes or shocks to current market conditions. Actual results may differ materially.

- Represents the average annualized return and quarterly earnings potential PMT expects from its strategies over the next four quarters
- Reflects performance expectations in the current mortgage market
  - Return potential of PMT's organically-created investments in GSE CRT increased slightly from the prior quarter as credit spreads continued to widen
  - More consistent returns for the interest rate sensitive strategies given slower prepayment speeds
  - High levels of competition in conventional correspondent production with low volumes and tight margins
- Excludes potential contributions from additional opportunistic investments or those under exploration, such as new investments in PMT's organically-created GSE CRT or the introduction of new products

PMT's forecast for taxable income and liquidity continues to support the common dividend at its current level of $0.47 per share through 2022; thereafter, the dividend level will be driven primarily by projections of PMT's earnings potential

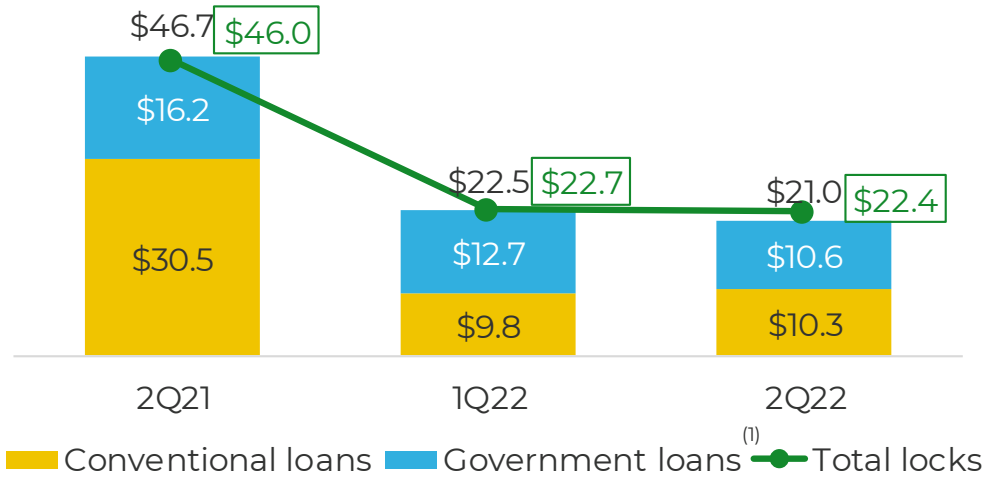
[1] Equity allocated represents management's internal allocation. Certain financing balances and associated interest expenses are allocated between investments based on management's assessment of target leverage ratios and required capital or liquidity to support the investment.
[2] Includes legacy distressed loan portfolio and opportunistic investments in GSE CRT
[3] ROE calculated as a percentage of segment equity
[4] ROE calculated as a percentage of total equity

CORRESPONDENT PRODUCTION HIGHLIGHTS

- Correspondent acquisitions in 2Q22 totaled $21.0 billion in UPB, down 7% Q/Q and 55% Y/Y
  - 49% conventional loans; 51% government loans
  - Conventional conforming acquisitions of $10.3 billion in UPB, up 6% Q/Q and down 66% Y/Y
  - Government acquisitions of $10.6 billion in UPB, down 16% Q/Q and 34% Y/Y[1]
- Conventional lock volume was $11.1 billion in UPB, up 9% Q/Q and down 66% Y/Y[2]
  - Volumes increased from the prior quarter as correspondents seek well-capitalized and reliable aggregators to sell loans servicing-released
- Pennymac remains the largest correspondent aggregator in the U.S.
- July correspondent acquisitions totaled $7.0 billion in UPB; locks were $6.8 billion in UPB

Correspondent Production Volume and Mix

(UPB in billions)



Key Financial Metrics	1Q22	2Q22
Segment pretax income as a percentage of interest rate lock commitments[2]	0.04%	0.09%
Fulfillment fee as a percentage of acquisitions funded[3]	0.17%	0.20%

Selected Operational Metrics	1Q22	2Q22
Correspondent seller relationships	765	777
Purchase money loans, as a % of total acquisitions	69%	82%

Note: May not sum due to rounding

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

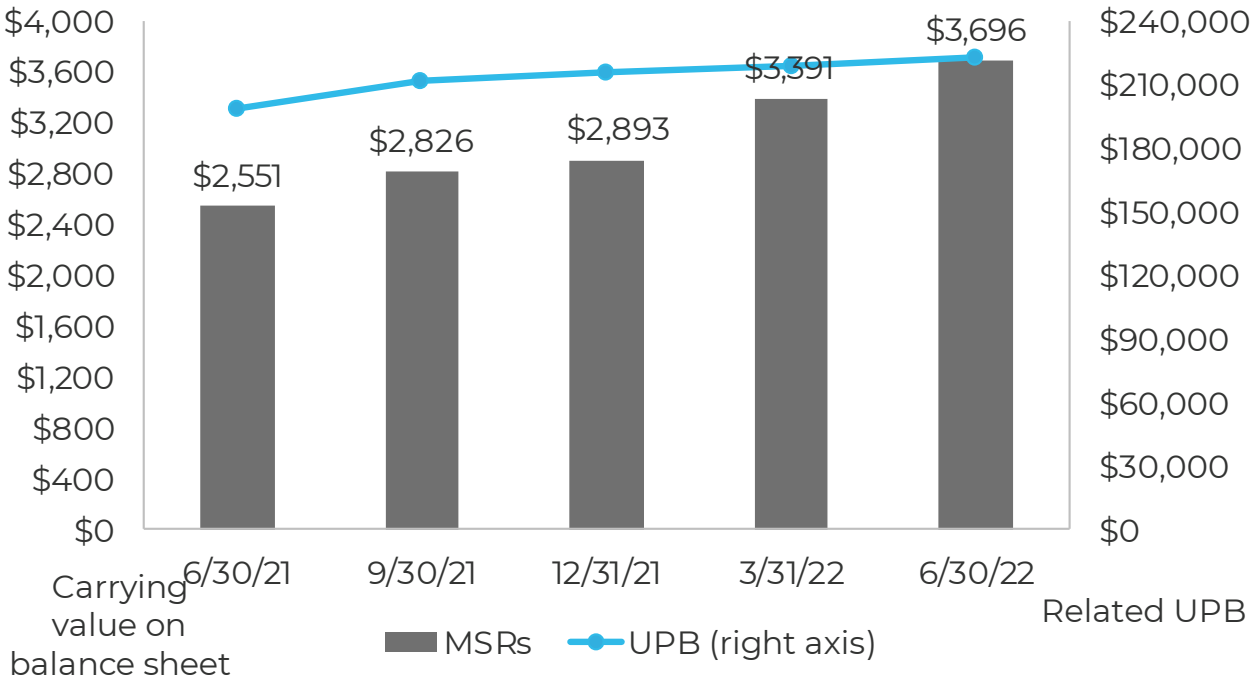
(2) Conventional conforming interest rate lock commitments

(3) Based on funded loans subject to fulfillment fees

TRENDS IN MSR INVESTMENTS

MSR Investments

($ in millions)

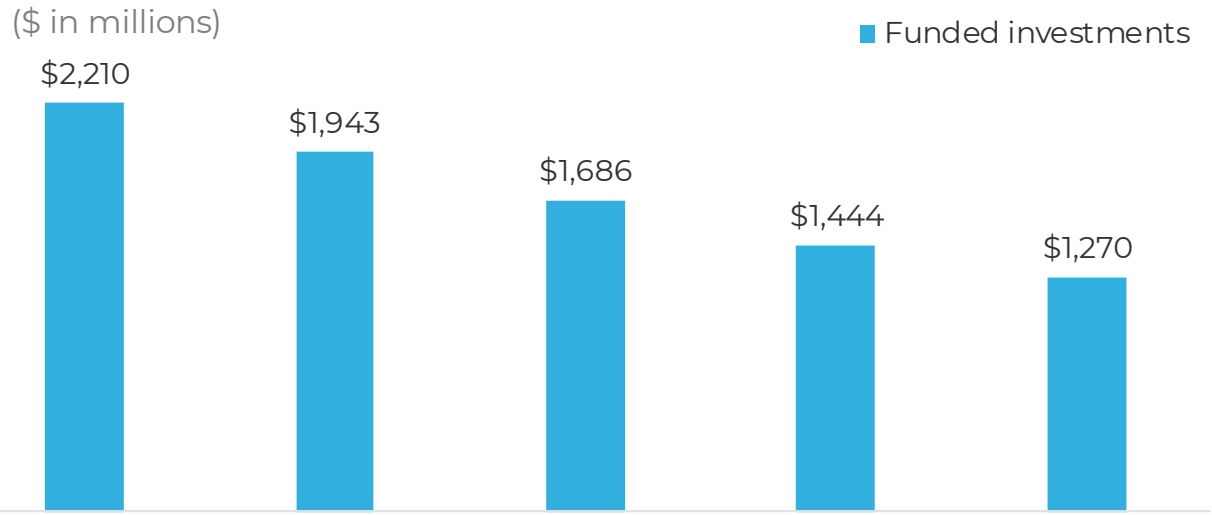


- MSR assets were $3.7 billion as of June 30th, up from $3.4 billion at March 31st, 2022
  - Driven by fair value increases and newly originated MSR investments of $171 million resulting from PMT's conventional production volumes
  - UPB associated with MSR investments increased to $222.5 billion from $219.0 billion at March 31st, 2022

TRENDS IN PMT'S UNIQUE INVESTMENTS IN GSE CREDIT RISK TRANSFER

- UPB and fair value of PMT's organically-created CRT investments declined from March 31st, 2022 due to fair value decreases that resulted from market credit spread widening and prepayments
- The 60+ day delinquency rate declined from March 31st, 2022 as the overall number of delinquent loans decreased faster than the decline in UPB
- Cumulative lifetime losses decreased due to recoveries of previously-recognized losses related to L Street Securities 2017-PM1 – see slide 23
- Actively engaged in discussions with Fannie Mae and Freddie Mac regarding resumption of lender-risk share transactions(2)

Organically-Created GSE CRT Investments(1)



Selected metrics for quarter ended(3):

	6/30/21	9/30/21	12/31/21	3/31/22	6/30/2022
Underlying UPB of loans ($ in billions)	$41.2	$35.4	$30.8	$28.2	$26.3
WA FICO at origination	750	750	750	751	752
WA LTV at origination	82.8%	82.6%	82.4%	82.4%	82.3%
WA Current LTV	64.3%	63.9%	63.5%	63.2%	62.7%
60+ Days Delinquent as a % of outstanding UPB	4.72%	3.79%	3.06%	1.85%	1.31%
Net Realized losses (recoveries) ($ in millions)	($20.2)	($14.3)	($14.5)	($16.0)	($4.5)
Cumulative lifetime losses ($ in millions)	$90.7	$76.4	$61.9	$45.9	$41.4

(1) The fair value of PMT's organically created GSE CRT investments is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip assets or liabilities, net of the interest-only security payable
(2) Since the end of 2020, we have not created any new front-end lender risk share transactions and any future lender risk share transactions with Fannie Mae or Freddie Mac are subject to approval by the FHFA
(3) WA FICO and LTV metrics at origination for the population of loans remaining as of the date presented. Delinquent loans includes delinquent loans on forbearance plans.

SECOND QUARTER RESULTS 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:					
Organically-created investments in GSE CRT	$ (49.8)	$ (67.0)	$ 17.2	$ 388	-51%
PMT Non-Agency subordinate MBS	(5.6)	(6.9)	1.3	28	-80%
Other credit sensitive strategies[4]	(8.4)	(9.0)	0.7	56	-59%
Net credit sensitive strategies	**$ (63.7)**	**$ (82.9)**	**$ 19.2**	**$ 472**	**-54%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)	$ 249.6	$ 220.4	$ 29.1		
Agency MBS	(139.9)	(156.2)	16.3		
Non-Agency senior MBS (incl. jumbo)	(2.2)	(3.0)	0.9		
Interest rate hedges	(78.1)	(78.1)			
Net interest rate sensitive strategies	**$ 29.4**	**$ (17.0)**	**$ 46.3**	**$ 1,323**	**9%**
Correspondent production	**$ 9.8**	**$ -**	**$ 9.8**	**$ 192**	**20%**
Cash, short term investments, and other	$ 0.0		$ 0.0	$ 180	0%
Management fees & corporate expenses	(15.3)	n/a	(15.3)		-3%
Corporate[5]	**$ (15.3)**	**n/a**	**$ (15.3)**	**$ 180**	**-3%**
Provision for income tax expense	$ (30.9)	$ (26.7)	$ (4.2)		
Net income	**$ (70.7)**	**$ (126.6)**	**$ 55.8**	**$ 2,167**	**-13%**
Dividends on preferred stock	**$ 10.5**			**$ 541**	**8%**
Net income attributable to common shareholders	**$ (81.2)**			**$ 1,626**	**-20%**
Diluted EPS	**$ (0.88)**				

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) Categorization of income as market-driven value changes based on management assessment. Income excluding market-driven value changes does not represent REIT taxable income and is a non-GAAP figure.

(3) Equity allocated represents management's internal allocation. Certain financing balances and associated interest expenses are allocated between investments based on management's assessment of target leverage ratios and required capital or liquidity to support the investment.

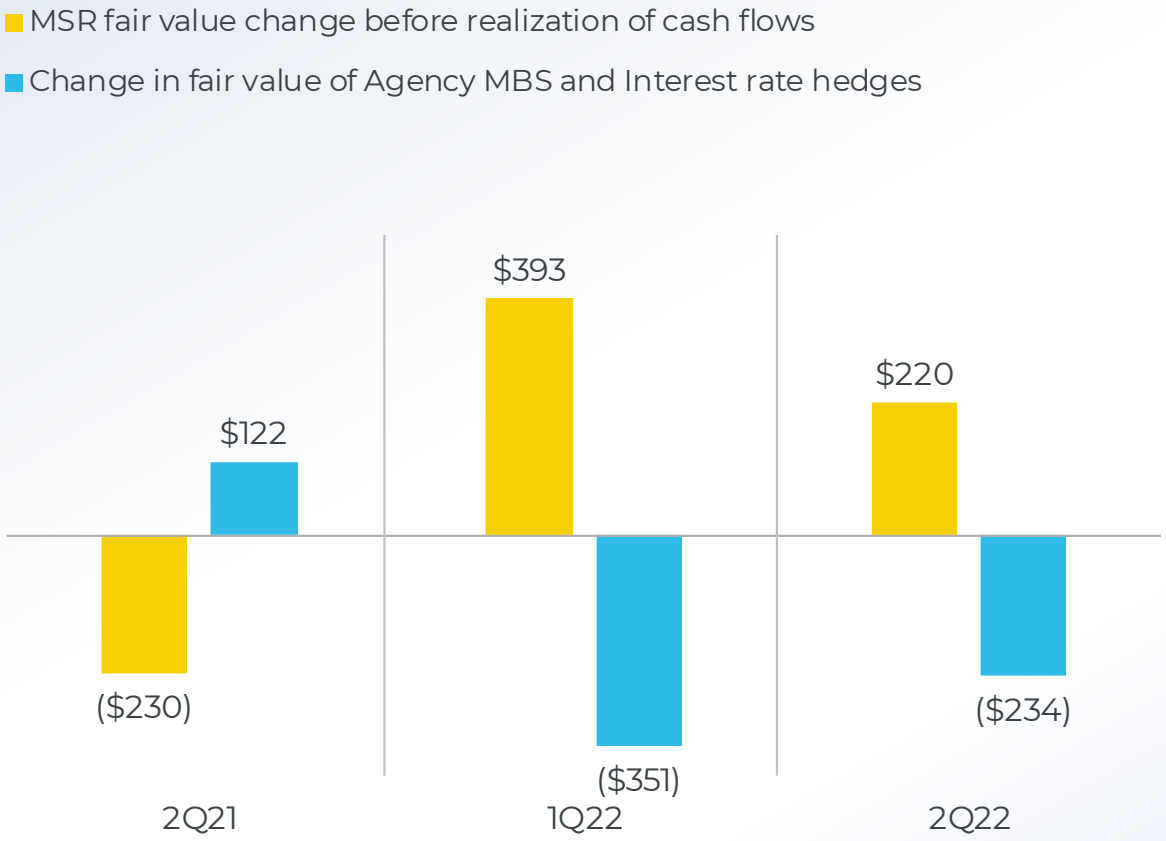
(4) Includes legacy distressed loan portfolio and opportunistic investments in GSE CRT

(5) ROE calculated as a percentage of total equity

HEDGING APPROACH CENTRAL TO PMT'S INTEREST RATE SENSITIVE INVESTMENTS

MSR Valuation Changes and Offsets

($ in millions)



- PMT seeks to manage interest rate risk exposure on a "global" basis, recognizing interest rate sensitivities across its investment strategies
- In 2Q22, MSR fair value increased(1)
  - Driven by higher mortgage rates, resulting in expectations for lower prepayment activity in the future
  - Resulted in a provision for income tax
- Partially offset by fair value declines in Agency MBS and interest rate hedges
  - Primarily driven by higher interest rates

(1) Before recognition of realization of cash flows

PMT'S FLEXIBLE AND SOPHISTICATED FINANCING STRUCTURES

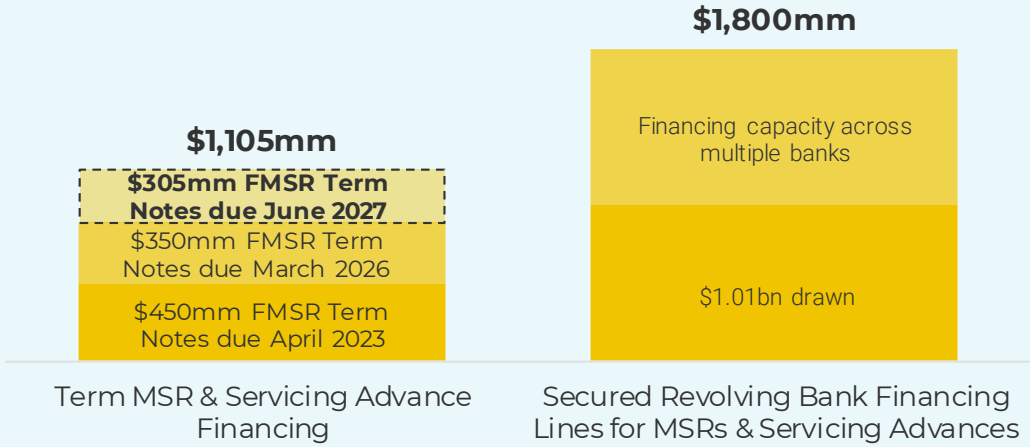
Exchangeable Senior Notes

- Low, fixed interest rates
- More than two years until first maturity of exchangeable senior notes
- Provides flexibility and complements asset-backed structures



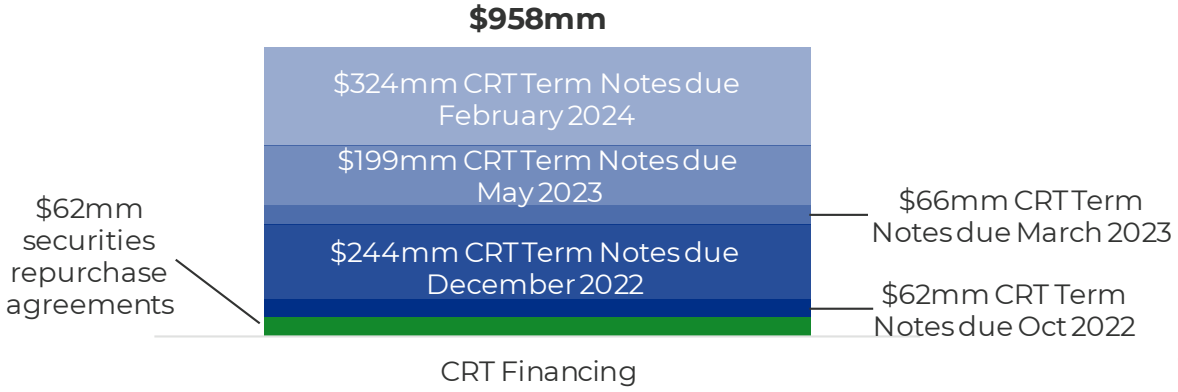
MSR Financing

- Issued $305 million in new 5-year term notes secured by FNMA MSR
- Maturity profile of MSR term notes aligns more closely with the expected life of the MSR asset than short term borrowings
- Secured term notes due in April 2023 contain the ability to extend the maturity for 2-years at PMT's discretion
- Secured revolving bank financing lines provide flexibility to finance fluctuating MSR and advance balances



CRT Financing

- CRT term notes do not contain mark-to-market provisions
- CRT transactions currently financed by term notes with upcoming maturities are expected to be financed with securities repurchase agreements or refinanced with the subsequent issuance of additional term notes
- All CRT term notes contain the ability to extend the maturity for 2 years at PMT's discretion, except $244 million of CRT Term Notes due December 2022



Note: All figures are as of June 30, 2022

APPENDIX

PMT IS FOCUSED ON UNIQUE INVESTMENT STRATEGIES IN THREE SEGMENTS

Correspondent Production

- Leading producer of conventional conforming mortgage loans
- Significant growth in market share over PMT's 13-year history driven by operational excellence and high service levels
- Provides unique ability to produce investment assets organically

Interest Rate Sensitive Strategies

- MSR investments created through the securitization of conventional correspondent loan production
- Hedged with Agency MBS and interest rate derivatives
- Strong track record and discipline in hedging interest rate risk

Credit Sensitive Strategies

- Investments in credit risk on PMT's high-quality loan production with ability to influence performance through active servicing supplemented by opportunistic investments in CRT bonds issued by the GSEs
- Approximately $26.3 billion in UPB of loans underlying PMT's front-end GSE CRT investments at June 30, 2022
- Pursuing potential opportunities for new lender risk share agreements with the GSEs

ROBUST LIQUIDITY RISK MANAGEMENT DISCIPLINE

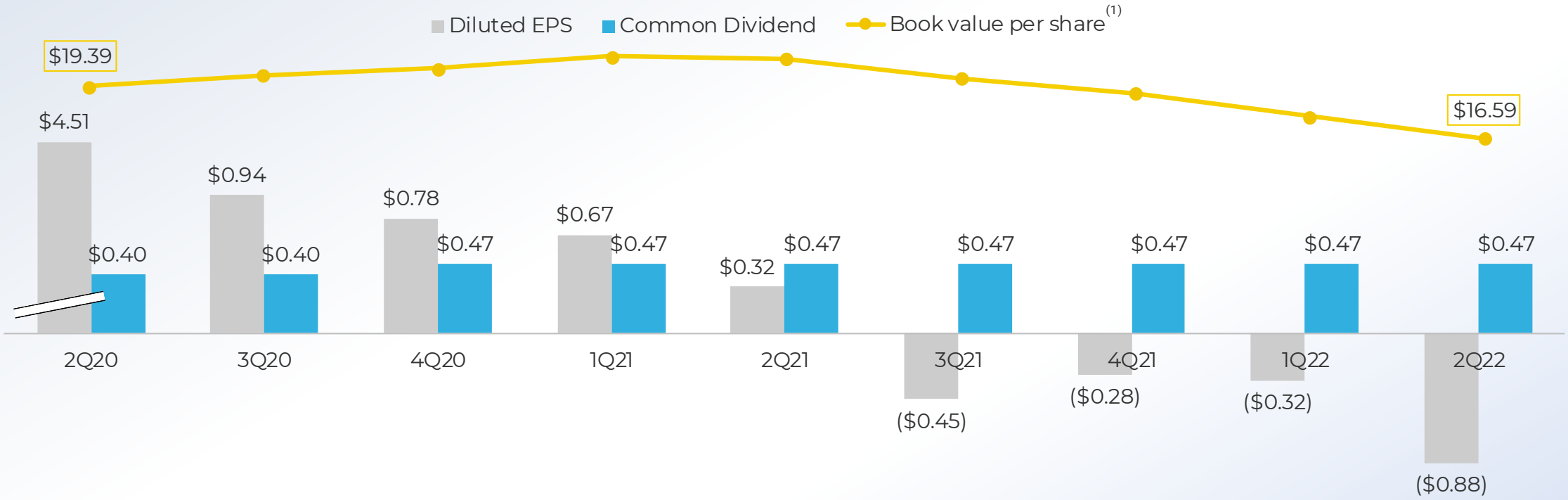
$890 million in available liquidity at June 30, 2022[1], significantly in excess of minimum requirements and internally established reserve levels

Reserves maintained for:

Minimum Regulatory and Counterparty Requirements	• Financing covenants and other requirements of counterparties, regulators and rating agencies • Well-positioned to meet the additional eligibility standards recently proposed by FHFA for non-bank, Agency seller/servicers
Ongoing Operations	• Fulfillment of known financial commitments and obligations • Operating expenses, income tax payments, principal and interest payments on outstanding debt, dividend payments and other • Expected cash needs for business activities
Unexpected Environmental Shocks	• Potential margin calls related to sudden interest rate changes; also considers potential timing difference between margin calls and ability to draw on certain liquidity sources • Potential margin calls related to sudden changes in credit spreads for credit sensitive investments currently financed by securities repurchase agreements • Servicing advances in a severe loan delinquency and prepayment rate scenario

[1] Includes $421 million in cash and short-term investments plus $469 million in amounts that can be immediately borrowed on facilities with pledged collateral

HISTORICAL EARNINGS, DIVIDENDS AND BOOK VALUE PER SHARE



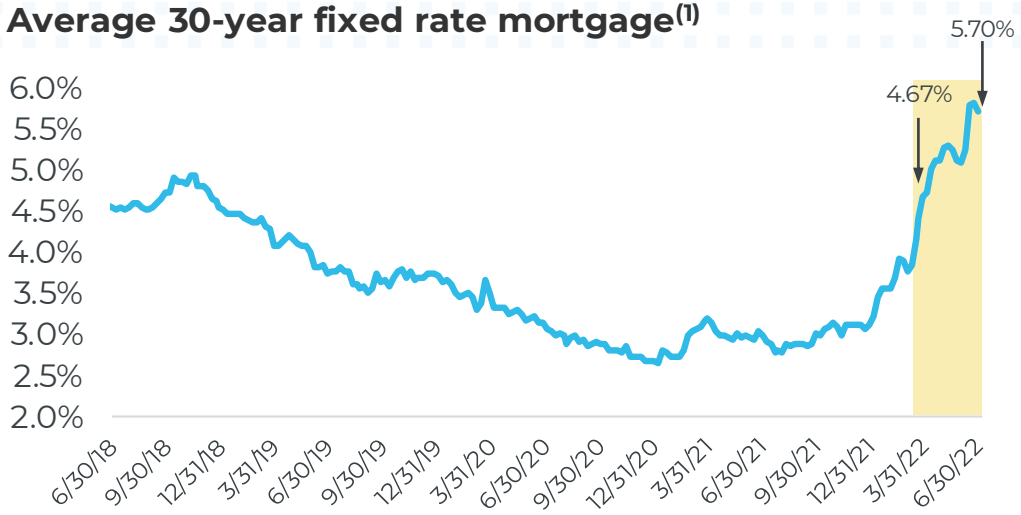
ROE(2):	103%	19%	15%	13%	6%	-9%	-6%	-7%	-20%

- Repurchased 24.5 million common shares from 3Q15 through 2Q22
- Issued 39.2 million common shares through underwritten common equity offerings and our ATM program in 2019 and 2020

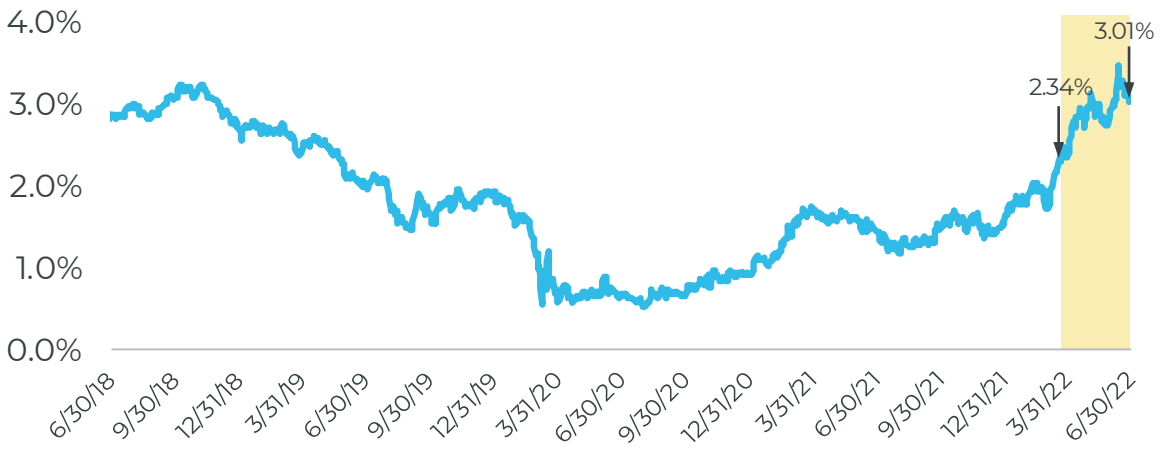
(1) At period end.
(2) Return on average common equity is calculated based on annualized quarterly net income attributable to common shareholders as a percentage of monthly average common equity during the period.

CURRENT MARKET ENVIRONMENT AND MACROECONOMIC TRENDS

Average 30-year fixed rate mortgage[1]



10-year Treasury Bond Yield[2]



Macroeconomic Metrics[3]

	6/30/21	9/30/21	12/31/21	3/31/22	6/30/22
10-year Treasury bond yield	1.5%	1.5%	1.5%	2.3%	3.0%
2/10 year Treasury yield spread	1.2%	1.2%	0.8%	0.0%	0.1%
30-year fixed rate mortgage	3.0%	3.0%	3.1%	4.7%	5.7%
Secondary mortgage rate	1.9%	2.0%	2.1%	3.5%	4.4%
U.S. home price appreciation (Y/Y % change)	18.7%	19.7%	18.8%	20.6%	19.7%
Residential mortgage originations (in billions)	$1,125	$1,090	$995	$725	$650

Footnotes

(1) Freddie Mac Primary Mortgage Market Survey. 5.30% as of 7/28/22

(2) U.S. Department of the Treasury. 2.68% as of 7/28/22

(3) 10-year Treasury bond yield and 2/10 year Treasury yield spread: Bloomberg.
Average 30-year fixed rate mortgage: Freddie Mac Primary Mortgage Market Survey.
Average secondary mortgage rate: 30-Year FNCL Par Coupon Index (MTGEFNCL), Bloomberg.
U.S. home price appreciation: S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index (SPCSUSA). Data is as of 5/31/22.
Residential mortgage originations are for the quarterly period ended. Source: Inside Mortgage Finance.

PMT'S INVESTMENT ACTIVITY BY STRATEGY DURING THE QUARTER

($ in millions)

	Long-term mortgage asset	Asset carrying value at 3/31/22	Net new investments[5]	Fair value changes	Asset carrying value at 6/30/22
Credit Sensitive Strategies	Organically-Created Investments in GSE CRT[1]	$ 1,444	$ (106)	$ (67)	$ 1,270
	Investment in Investor Loan Securitizations[2]	$ 103	$ -	$ (7)	$ 96
	Other Credit Sensitive Strategies[3]	$ 102	$ 35	$ (5)	$ 131
Interest Rate Sensitive Strategies	MSR	$ 3,391	$ 84	$ 220	$ 3,696
	Non-Agency Senior MBS[4]	$ 27	$ -	$ (3)	$ 24
	Agency MBS[4]	$ 2,957	$ 911	$ (156)	$ 3,712
	Total	$ 8,024	$ 924	$ (19)	$ 8,930

[1] The fair value of PMT's organically-created GSE CRT investments from is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip assets or liabilities, net of the interest-only security payable.
[2] As discussed in Note 6 – Variable Interest Entities to our Quarterly Report on Form 10-Q for the quarter ended March 31, 2022, we consolidate the assets and liabilities in the trust that issued the subordinate bonds. Accordingly, this investment is shown as Loans at fair value and Asset-backed financing of variable interest entities on our consolidated balance sheet.
[3] Includes legacy distressed loan portfolio and opportunistic investments in GSE CRT. Net new investments also reflect sales in performing and non-performing loans as a part of PMT's strategy to exit the investments. Includes $10.7 million in carrying value of real estate acquired in settlement of loans at 6/30/22.
[4] MBS = Mortgage-backed securities. Net new investments in Agency MBS represents rebalancing of the MBS portfolio (considered along with to be announced (TBA) hedges in managing PMT's interest rate risk) and runoff.
[5] Net new investments represents new investments net of sales, liquidations, and runoff.

MSR ASSET VALUATION

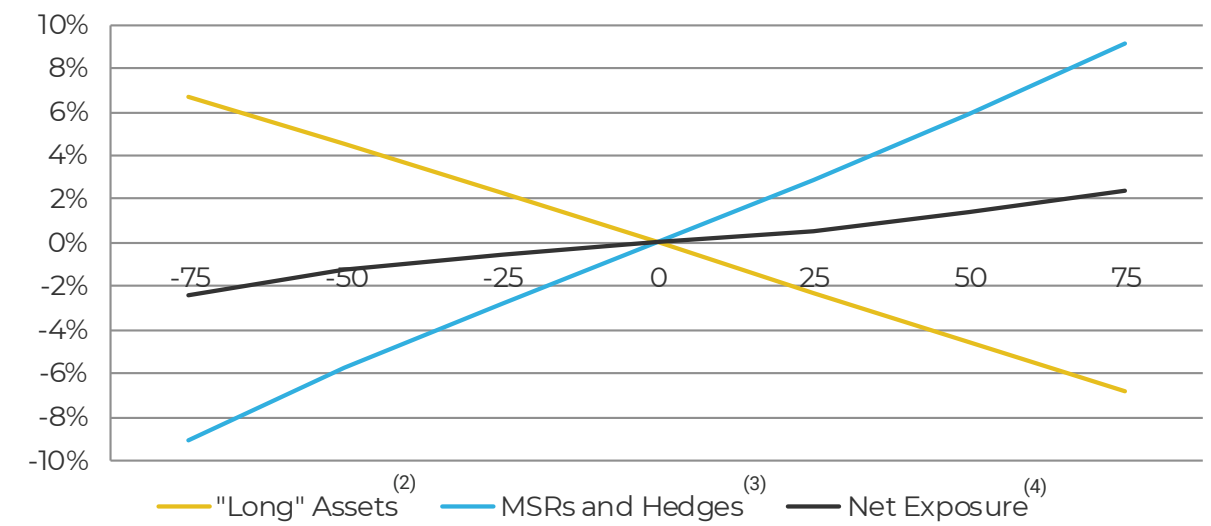
June 30, 2022 *Unaudited ($ in millions)*	Mortgage Servicing Rights
Pool UPB	$222,502
Coupon[(1)]	3.3%
Servicing fee[(1)]	0.28%
Prepayment speed assumption (CPR)[(1)]	6.9%
Fair value	$3,696
As a multiple of servicing fee	5.94

(1) Weighted average

INTEREST RATE SENSITIVE STRATEGIES DESIGNED TO MITIGATE INTEREST RATE VOLATILITY

Gain in value with increasing rates	Gain in value with decreasing rates
MSRs	Agency MBS
Interest Rate Hedges	

Estimated Sensitivity to Changes in Interest Rates at 6/30/22

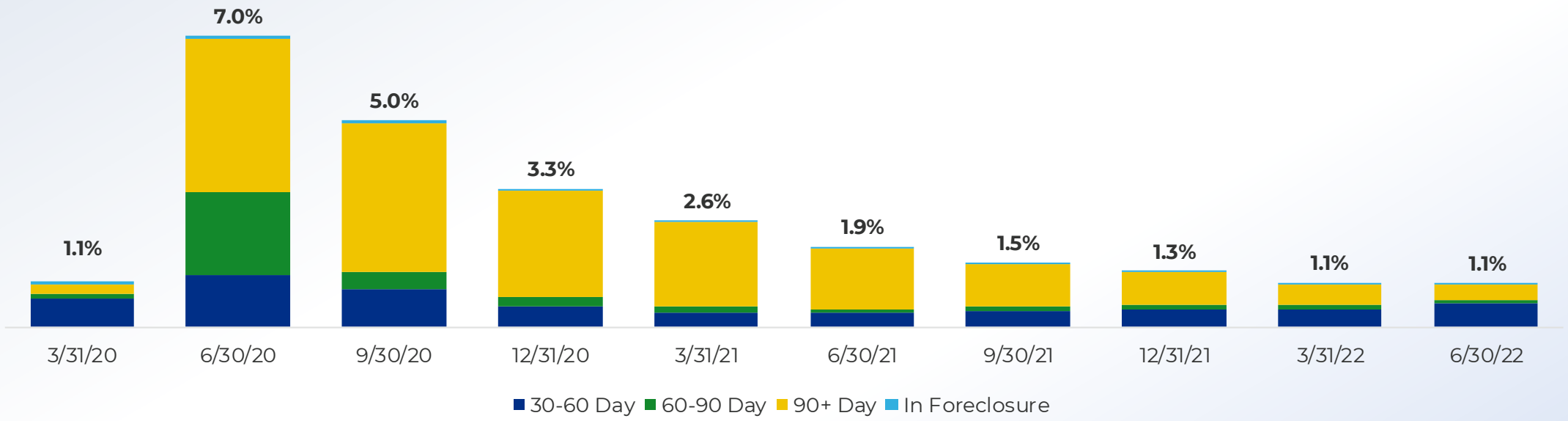


- PMT's interest rate risk exposure is managed on a "global" basis
  - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
  - Utilization of financial hedge instruments
  - Contributes to stability of book value

(1) Interest rate shocks to 10-year Treasury. Sensitivity based on shocks of first principal component of treasury yield curve.
(2) Includes loans acquired for sale and IRLCs, net of associated hedges, Agency and Non-Agency MBS assets
(3) Includes MSRs and hedges which includes or may 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 and hedges

HISTORICAL TRENDS IN DELINQUENCIES AND ADVANCES

Historical Trends in Delinquency and Foreclosure Rates[1]



- Overall mortgage delinquency rates have returned to pre-pandemic levels; however, delinquency rates of seriously delinquent loans (90+ days) remains elevated
- Servicing advances were approximately $65 million at June 30, 2022, down from $93 million at March 31, 2022
  - No P&I advances are outstanding as prepayment activity remains sufficient to cover the GSEs' remittance obligations

Note: Figures may not sum due to rounding

[1] Owned MSR portfolio. Delinquency and foreclosure rates based on UPB. As of 6/30/22, the UPB of mortgage servicing rights owned by PMT totaled $226 billion.

PERFORMANCE OF PMT'S ORGANICALLY-CREATED INVESTMENTS IN GSE CREDIT RISK TRANSFER INVESTMENTS IN 2Q22

($ in millions)	(Loss) Income Contribution	Comments
Market-driven value changes:		
Valuation-related changes included in Net gain (loss) on investment	$ (67.0)	• Reflects impact of credit spread widening
Income excluding market-driven value changes:		
Realized gains and carry included in Net gain (loss) on investment	20.2	• Spread income earned on CRT investments
Net recoveries of previously-recognized losses	4.5	• $5.1 million in net losses reversed related to L Street Securities 2017-PM1 and $0.6 million in losses across all other CRT investments
Interest income	2.4	• Interest income on cash deposits securing CRT investments
Interest expense	(9.7)	• Financing expense related to CRT investments
Other expense	(0.1)	• Expenses to assist certain borrowers in mitigating loan delinquencies they incurred as a result of dislocations arising from the COVID-19 pandemic
	17.2	
Total income contribution	**$ (49.8)**	

PERFORMANCE UPDATE AND LOSS MITIGATION ACTIVITY RELATED TO PMT'S ORGANICALLY-CREATED CRT INVESTMENTS

As of June 30, 2022		Face amount (in millions)	Fair value (in millions)	% of total fair value	(Discount)/ premium (in millions)	Losses-to-date (in millions)
Scheduled loss	PMTT1, PMTT2 & PMTT3	$94	$85	7%	($9)	$14
Scheduled loss	L Street Securities 2017-PM1	$279	$246	19%	($33)	$27
Actual loss	L Street Securities Trust 2019-PMT1	$172	$149	12%	($23)	$0
Actual loss	L Street Securities Trust 2020-PMT1	$885	$790	62%	($96)	$0

PMTT1-3:

If all presently delinquent loans proceeded unmitigated to 180 days or more delinquent, additional losses incurred would be approximately $5 million(1)

L Street Securities 2017-PM1:

$5 million in net losses reversed in 2Q22; $6 million of losses reversed more than offset $1 million in additional realized losses

– Losses have the potential to reverse if the payment status of the related loan is reported as current after the conclusion of a CARES Act forbearance

We believe the majority of potential loss reversals related to COVID-19 forbearance plans have been realized and do not expect a meaningful contribution from these loss reversals in the future

(1) As of June 30, 2022

BALANCE SHEET TREATMENT OF PMT'S ORGANICALLY-CREATED CREDIT RISK TRANSFER INVESTMENTS

($ in thousands)	At June 30, 2022	
UPB of loans subject to guarantee obligation	**$ 26,338,573**	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
Carrying value of CRT arrangements:		
Deposits securing CRT arrangements	$ 1,430,759	Current cash collateralizing guarantee included in "Deposits securing credit risk transfer arrangements"
Derivative and credit risk transfer strip liabilities	$ (140,844)	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	$ (19,485)	Fair value of non-recourse liability issued by CRT trusts; represents value of interest-only payment after the maturity of PMT's investments
Fair value of CRT investments	**$ 1,270,430**	

FINANCING SUMMARY FOR PMT'S ORGANICALLY-CREATED CRT INVESTMENTS

Transaction	PMTT1, PMTT2 & PMTT3	L Street Securities 2017-PM1	L Street Securities Trust 2019-PMT1	L Street Securities Trust 2020-PMT1
as of June 30, 2022				
Status	Funded	Funded	Funded	Funded
UPB ($ in billions)	$2.0	$4.4	$3.1	$16.8
Face Amount ($ in millions)	$94.2	$279.2	$172.1	$885.2
Financing	• $62 million in securities repurchase agreements	• $199 million of 4-year term notes due May 2023	• $62 million of 3-year term notes due October 2022 • $66 million of 3-year term notes due March 2023	• $244 million of 2-year term notes due December 2022 • $324 million of 3-year term notes due February 2024

- CRT term notes do not contain mark-to-market provisions
- Increased losses on CRT investments are not expected to accelerate amortization of the term notes
- All CRT term notes notes contain optional two-year extensions with coupon increase, except $244 million of 2-year term notes due December 2022

ASSESSMENT OF LOSS VARIES BY TRANSACTION FOR PMT'S ORGANICALLY-CREATED CRT INVESTMENTS

PMT CRT Transactions	Recourse Event / Loss Calculation	Loans in Forbearance
PMTT1, PMTT2 & PMTT3	Losses assesed pursuant to a scheduled-severity grid when loan becomes 180 days or more delinquent.	Mortgage Obligations become credit events at 180 days or more delinquent regardless of any grant of forbearance
L Street Securities 2017-PM1		Mortgage Obligations become credit events at 180 days or more delinquent. However, such losses will become reversed credit events if the payment status is reported as current at the conclusion of a forbearance period due to a casualty event (such as natural disaster, fire or theft) or up to 3 months thereafter if necessary[1]
L Street Securities Trust 2019-PMT1	Based on actual losses incurred for loans that default, including principal and interest loss, and other liquidation costs. Modifications that reduce payments also result in losses.	Loans in forbearance only impacted if there is an actual loss.
L Street Securities Trust 2020-PMT1		

[1] Fannie Mae has published clarification that the COVID-19 pandemic is a casualty event.
Source: https://www.fanniemae.com/portal/funding-the-market/credit-risk/news/covid19-casualty-event-050120.html

PMT'S ORGANICALLY-CREATED INVESTMENTS IN CREDIT RISK TRANSFER

(UPB in billions)

PMTT1 (May 2015 - July 2015)	At inception	6/30/22
UPB	$ 1.2	$ 0.2
Loan Count	4,113	839
% Purchase	67.6%	68.1%
WA FICO[1]	742	743
WA LTV[1]	81.3%	80.8%
60+ Days Delinquent Loan Count		9
60+ Days Delinquent % o/s UPB		1.452%
180+ Days Delinquent Loan Count		2
Realized Losses ($k)		$ 1,673

PMTT2 (August 2015 - February 2016)	At inception	6/30/22
UPB	$ 4.2	$ 0.6
Loan Count	15,146	3,081
% Purchase	71.4%	72.5%
WA FICO[1]	742	742
WA LTV[1]	81.8%	81.0%
60+ Days Delinquent Loan Count		14
60+ Days Delinquent % o/s UPB		0.540%
180+ Days Delinquent Loan Count		2
Realized Losses ($k)		$ 5,092

PMTT3 (February 2016 - August 2016)	At inception	6/30/22
UPB	$ 6.5	$ 1.2
Loan Count	21,467	5,220
% Purchase	68.6%	71.5%
WA FICO[1]	749	750
WA LTV[1]	81.4%	80.9%
60+ Days Delinquent Loan Count		36
60+ Days Delinquent % o/s UPB		0.662%
180+ Days Delinquent Loan Count		9
Realized Losses ($k)		$ 7,498

L Street Securities 2017-PM1 (August 2016 - May 2018)	At inception	6/30/22
UPB[4]	$ 22.8	$ 4.4
Loan Count[4]	82,086	20,336
% Purchase	73.6%	73.6%
WA FICO[1]	746	744
WA LTV[1]	82.5%	82.0%
60+ Days Delinquent Loan Count		205
60+ Days Delinquent % o/s UPB		1.185%
180+ Days Delinquent Loan Count		76
Realized Losses ($k)[5]		$ 27,017

L Street Securities 2019-PMT1 (June 2018 - March 2019)	At inception	6/30/22
UPB	$ 23.6	$ 3.1
Loan Count	84,521	14,666
% Purchase	81.7%	79.3%
WA FICO[1]	746	737
WA LTV[1]	83.8%	83.6%
60+ Days Delinquent Loan Count		404
60+ Days Delinquent % o/s UPB		3.357%
180+ Days Delinquent Loan Count		228
Principal Losses ($k)[2]		$ 51
Interest Reduction ($k)[3]		$ 3,670

L Street Securities 2020-PMT1 (April 2019 - September 2020)	At inception	6/30/22
UPB	$ 58.3	$ 16.8
Loan Count	193,310	67,288
% Purchase	61.6%	61.2%
WA FICO[1]	758	757
WA LTV[1]	82.5%	82.3%
60+ Days Delinquent Loan Count		621
60+ Days Delinquent % o/s UPB		1.026%
180+ Days Delinquent Loan Count		363
Principal Losses ($k)[2]		$ 113
Interest Reduction ($k)[3]		$ 2,940

Total	At inception	6/30/22
UPB	$ 116.5	$ 26.3
Loan Count	400,643	111,430
% Purchase	69.1%	66.2%
WA FICO[1]	752	752
WA LTV[1]	82.7%	82.3%
60+ Days Delinquent Loan Count		1,289
60+ Days Delinquent % o/s UPB		1.306%
180+ Days Delinquent Loan Count		680
Principal Losses ($k)[2]		$ 41,444
Interest Reduction ($k)[3]		$ 6,609

(1) FICO and LTV metrics at origination
(2) Losses due to liquidation of reference pool collateral. Losses in L Street Securities 2017-PM1 have potential for reversal – see slide 23 for additional details.
(3) Interest reduction due to modification of reference pool collateral
(4) Loans eligible for loss reversal are included as of 6/30/22
(5) Losses included for loans eligible for reversal as of 6/30/22

CORRESPONDENT PRODUCTION ACQUISITIONS AND LOCKS BY PRODUCT

Unaudited ($ in millions)	2Q21	3Q21	4Q21	1Q22	2Q22
Correspondent Acquisitions					
Conventional Conforming	$ 30,479	$ 28,605	$ 17,157	$ 9,768	$ 10,320
Government[1]	16,175	15,375	15,651	12,730	10,649
Jumbo	-	-	-	1	3
Total	**$ 46,654**	**$ 43,980**	**$ 32,808**	**$ 22,500**	**$ 20,973**
Correspondent Locks					
Conventional Conforming	$ 30,332	$ 29,411	$ 14,717	$ 10,194	$ 11,080
Government[1]	15,657	16,230	15,544	12,487	11,326
Jumbo	-	-	-	-	3
Total	**$ 45,990**	**$ 45,641**	**$ 30,261**	**$ 22,682**	**$ 22,410**

Note: Figures may not sum due to rounding

[1] PMT sells government-insured or guaranteed loans that it purchases from correspondent sellers to PennyMac Loan Services, LLC, and earns a sourcing fee and interest income for its holding period; PMT does not pay a fulfillment fee for government-insured or guaranteed loans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