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**PennyMac Mortgage Investment Trust Reports  
Fourth Quarter and Full-Year 2019 Results**

Westlake Village, CA, February 6, 2020 – PennyMac Mortgage Investment Trust (NYSE: PMT) today reported net income attributable to common shareholders of \$52.4 million, or \$0.55 per common share on a diluted basis for the fourth quarter of 2019, on net investment income of \$155.0 million. PMT previously announced a cash dividend for the fourth quarter of 2019 of \$0.47 per common share of beneficial interest, which was declared on December 20, 2019 and paid on January 30, 2020 to common shareholders of record as of December 31, 2019.

**Fourth Quarter 2019 Highlights**

Financial results:

- Net income attributable to common shareholders of \$52.4 million, down from \$63.8 million in the prior quarter
  - Strong performance from government-sponsored enterprise (GSE) credit risk transfer (CRT) investments
  - Increased income contribution from the Correspondent Production segment
  - Improved performance from Interest Rate Sensitive Strategies despite elevated hedge costs driven by continued interest rate volatility
- Annualized return on average common equity of 10 percent<sup>1</sup>

<sup>1</sup> 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

- Book value per common share of \$21.37 at December 31, 2019, up from \$21.14 at September 30, 2019

Other investment and financing highlights:

- Record correspondent production volumes drove organic investment growth in CRT and mortgage servicing right (MSR) investments
  - Conventional correspondent loan production totaled \$22.7 billion in unpaid principal balance (UPB), up 22 percent from the prior quarter and 125 percent from the fourth quarter of 2018<sup>2</sup>
  - CRT deliveries totaled \$16.6 billion, resulting in a firm commitment to purchase \$655 million of CRT securities
  - Added \$303 million of new MSR investments
- Expanded the capital structure in support of continued growth with the private placement of \$210 million of senior exchangeable notes
- Strong share price performance and increased investment opportunities drove successful capital raises
  - Raised \$201 million in net proceeds from an issuance of 9.2 million common shares in an underwritten equity offering
  - Raised \$14 million through the “At-The-Market” (ATM) equity offering program, issuing 637,000 shares

*Notable activity after quarter end:*

- Committed to issue \$350 million of 3-year notes related to the remainder of PMT’s fifth CRT transaction<sup>3</sup>

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

<sup>3</sup>This transaction is subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of this transaction or that this transaction will be completed at all.

## Full-Year 2019 Highlights

### Financial results:

- Net income attributable to common shareholders of \$201.4 million, up 58% from the prior year
- Diluted earnings per common share of \$2.42, up 22% from the prior year
- Net investment income of \$488.8 million, up 39% from the prior year
- Return on average common equity of 12%, up from 10% in the prior year<sup>4</sup>
- \$1.8 billion in new CRT investments and \$838 million in new MSR investments created in 2019, sourced from record correspondent production volumes
- Completed distressed loan sales representing \$138 million in UPB; equity allocated to distressed loan investments declined to 1 percent of total equity at December 31, 2019 from 8 percent at the end of 2018

“Strong financial performance in the fourth quarter and for the full year 2019 was driven by our unique credit risk transfer investments, record conventional production volumes in our correspondent business and disciplined hedging of mortgage servicing rights,” said President and CEO David Spector. “We create organic CRT investments through our leading correspondent production business, which delivered approximately \$60 billion in UPB of loans to the GSEs this year, resulting in new CRT investments of \$1.8 billion. In light of our investment outlook, in the fourth quarter we expanded PMT’s capital structure with the private placement of \$210 million of senior exchangeable notes and we issued additional common equity, bringing the total equity raised in 2019 to over \$800 million to support continued capital deployment into CRT and MSR investments that we believe are accretive to PMT’s overall investment returns.”

<sup>4</sup> Return on average common equity is calculated based on net income attributable to common shareholders as a percentage of monthly average common equity during the year

The following table presents the contributions of PMT's segments, consisting of Credit Sensitive Strategies, Interest Rate Sensitive Strategies, Correspondent Production, and Corporate:

	<b>Quarter ended December 31, 2019</b>				
	<u>Credit sensitive strategies</u>	<u>Interest rate sensitive strategies</u>	<u>Correspondent production</u> (in thousands)	<u>Corporate</u>	<u>Consolidated</u>
Net gain (loss) on investments:					
CRT investments	\$ 36,850	\$ -	\$ -	\$ -	\$ 36,850
Loans at fair value	(1,025)	-	-	-	(1,025)
Loans held by variable interest entity net of asset-backed secured financing	-	(1,064)	-	-	(1,064)
Mortgage-backed securities	-	(537)	-	-	(537)
Hedging derivatives	(2,116)	(104)	-	-	(2,220)
Excess servicing spread investments	-	2,678	-	-	2,678
	<u>33,709</u>	<u>973</u>	<u>-</u>	<u>-</u>	<u>34,682</u>
Net gain on loans acquired for sale	17,949	-	47,388	-	65,337
Net loan servicing fees	-	20,592	-	-	20,592
Net interest income (expense)					
Interest income	9,021	43,739	41,577	873	95,210
Interest expense	(20,484)	(38,668)	(33,430)	-	(92,582)
	<u>(11,463)</u>	<u>5,071</u>	<u>8,147</u>	<u>873</u>	<u>2,628</u>
Other income	(224)	-	32,020	1	31,797
	<u>39,971</u>	<u>26,636</u>	<u>87,555</u>	<u>874</u>	<u>155,036</u>
Expenses:					
Loan fulfillment and servicing fees payable to PennyMac Financial Services, Inc.					
	277	13,418	58,297	-	71,992
Management fees payable to PennyMac Financial Services, Inc.					
	-	-	-	10,314	10,314
Other	769	874	6,237	5,579	13,459
	<u>\$ 1,046</u>	<u>\$ 14,292</u>	<u>\$ 64,534</u>	<u>\$ 15,893</u>	<u>\$ 95,765</u>
Pretax income (loss)	<u>\$ 38,925</u>	<u>\$ 12,344</u>	<u>\$ 23,021</u>	<u>\$ (15,019)</u>	<u>\$ 59,271</u>

## Credit Sensitive Strategies Segment

The Credit Sensitive Strategies segment primarily includes results from CRT, and also includes distressed loans and non-Agency subordinated bonds. Pretax income for the segment was \$38.9 million on revenues of \$40.0 million, down from pretax income of \$51.9 million on revenues of \$55.0 million in the prior quarter.

The Credit Sensitive Strategies segment recorded a net gain on loans acquired for sale of \$17.9 million, up from \$10.5 million in the prior quarter. These amounts represent the recognition of the fair value of firm commitments to acquire CRT securities for deliveries during the fourth quarter; an additional \$15.6 million was attributed to the Correspondent Production segment, up slightly from \$15.4 million in the prior quarter.

Net gain on investments in the segment was \$33.7 million, down from \$51.5 million in the prior quarter.

Net gain on CRT investments for the quarter was \$36.9 million, down from \$50.9 million in the prior quarter, and included \$15.3 million in valuation-related losses which reflects the impact of accelerated prepayment speeds. The prior quarter included \$8.7 million in valuation-related gains related to credit spread tightening. Net gain on CRT investments also included \$52.5 million in realized gains and carry, up from \$45.6 million in the prior quarter driven by a larger CRT investment. Recognized losses were \$1.7 million, unchanged from the prior quarter.

PMT's distressed loan portfolio generated realized and unrealized losses totaling \$1.0 million, compared to losses of \$1.2 million in the prior quarter.

Net interest expense for the segment totaled \$11.5 million, compared to \$8.5 million in the prior quarter. Interest income totaled \$9.0 million, down from \$12.4 million in the prior quarter, driven primarily by lower short-term interest rates. Interest expense totaled \$20.5 million, down from \$20.9 million in the prior quarter, also driven by lower short-term interest rates.

Other income in the segment was down \$1.7 million from the prior quarter, driven by changes in fair value related to the real estate acquired in the settlement of loans (REO) portfolio. At quarter end, PMT's inventory of REO properties totaled \$65.6 million, down from \$79.2 million at September 30, 2019.

Segment expenses were \$1.0 million, down from \$3.1 million in the prior quarter due to a smaller distressed loan portfolio and lower related resolution costs.

### **Interest Rate Sensitive Strategies Segment**

The Interest Rate Sensitive Strategies segment includes results from investments in MSRs, excess servicing spread (ESS), Agency mortgage-backed securities (MBS), non-Agency senior MBS and interest rate hedges. Pretax income for the segment was \$12.3 million on revenues of \$26.6 million, compared to a pretax loss of \$10.1 million on revenues of \$3.2 million in the prior quarter. The segment includes investments that typically have offsetting fair value exposures to changes in interest rates. For example, in a period with increasing interest rates, MSRs and ESS typically increase in fair value whereas Agency MBS typically decrease in fair value.

The results in the Interest Rate Sensitive Strategies segment consist of net gains and losses on investments, net interest income and net loan servicing fees, as well as associated expenses.

Net gain on investments for the segment was \$1.0 million, and consisted of \$2.7 million of gains in the fair value of ESS investments, partially offset by \$1.1 million of losses on loans held by variable interest entity net of asset-backed secured financing, \$0.5 million of losses on MBS, and \$0.1 million of losses in the fair value of hedging derivatives.

Net loan servicing fees were \$20.6 million, up from \$5.2 million in the prior quarter. Net loan servicing fees included higher servicing fees of \$90.8 million primarily driven by a larger portfolio, and \$7.5 million in other fees, reduced by \$59.2 million in realization of MSR cash flows, which was up 6 percent from the prior quarter. Net loan servicing fees also included a \$129.3 million increase in the fair value of MSR, \$2.2 million of MSR recapture income, and \$150.0 million in related hedging losses. PMT's hedging activities are intended to manage the Company's net exposure across all interest rate sensitive strategies, which include MSR, ESS and MBS.

The following schedule details net loan servicing fees:

	Quarter ended		
	December 31, 2019	September 30, 2019	December 31, 2018
	(in thousands)		
<b>From non-affiliates:</b>			
Servicing fees <sup>(1)</sup>	\$ 90,822	\$ 76,377	\$ 57,400
Other fees	7,489	6,994	1,388
Changes in fair value of MSR:			
Realization of cashflows	(59,248)	(55,673)	(34,863)
Other	129,292	(157,928)	(40,927)
	70,044	(213,601)	(75,790)
(Losses) gains on hedging derivatives	(149,970)	133,921	8,830
	(79,926)	(79,680)	(66,960)
	18,385	3,691	(8,172)
From PFSI—MSR recapture income	2,207	1,468	624
Net loan servicing fees	<u>\$ 20,592</u>	<u>\$ 5,159</u>	<u>\$ (7,548)</u>

<sup>(1)</sup> Includes contractually specified servicing fees

MSR and ESS valuation gains were primarily driven by an increase in interest rates during the quarter, which resulted in lower expected prepayment activity in the future. PMT further benefited from higher recapture income from PFSI for elevated prepayment activity during the quarter. PMT generally benefits from recapture income when the prepayment of a loan underlying PMT's MSR or ESS results from refinancing by PFSI.

Net interest income for the segment was \$5.1 million, up from \$3.7 million in the prior quarter. Interest income totaled \$43.7 million, up from \$41.5 million in the prior quarter, primarily driven by a larger MBS portfolio. Interest expense totaled \$38.7 million, up from \$37.8 million in the prior quarter, primarily driven by increased financing expenses related to the larger MBS portfolio and slightly higher interest shortfall expense from elevated prepayment activity.

Segment expenses were \$14.3 million, up from \$13.3 million in the prior quarter, primarily driven by the larger MSR portfolio.

### **Correspondent Production Segment**

PMT acquires newly originated loans from correspondent sellers and typically sells or securitizes the loans, resulting in current-period income and additions to its investments in MSRs and CRT related to a portion of its production. PMT's Correspondent Production segment generated pretax income of \$23.0 million, up from \$21.8 million in the prior quarter.

Through its correspondent production activities, PMT acquired \$37.7 billion in UPB of loans originated by nonaffiliates, up 20 percent from the prior quarter and 109 percent from the fourth quarter of 2018. Of total correspondent acquisitions, conventional conforming and jumbo acquisitions from nonaffiliates totaled \$20.5 billion, and government-insured or guaranteed and non-delegated acquisitions totaled \$17.2 billion, up from \$16.6 billion and \$14.9 billion, respectively, in the prior quarter. PMT also acquired \$1.7 billion of conventional loans originated by PennyMac Financial, up from \$1.4 billion in the prior quarter. Interest rate lock commitments on conventional loans totaled \$19.7 billion, up from \$19.5 billion in the prior quarter and \$9.6 billion in the fourth quarter of 2018.

Segment revenues were \$87.6 million, a 22 percent increase from the prior quarter and included net gain on loans acquired for sale of \$47.4 million, other income of \$32.0 million, which

primarily consists of volume-based origination fees, and net interest income of \$8.1 million. Net gain on loans acquired for sale in the quarter increased by \$8.7 million from the prior quarter, driven by higher production volumes and slightly higher CRT-related gains, as noted earlier. Net interest income increased \$0.4 million from the prior quarter and decreased \$4.1 million from the fourth quarter of 2018. Net interest income in the third quarter of 2019 and the fourth quarter of 2018 included incentives totaling \$1.0 million and \$8.7 million, respectively, which the Company was entitled to receive under one of its master repurchase agreements to finance mortgage loans that satisfied certain consumer relief characteristics. As expected and previously disclosed, the lender completed the orderly wind down of the incentive program during the quarter ended September 30, 2019 and accordingly, the related master repurchase agreement expired. As a result, there were no consumer relief incentives in the fourth quarter of 2019.

Segment expenses were \$64.5 million, up from \$50.2 million in the prior quarter driven by the increase in production activity, as well as a slight increase in the weighted average fulfillment fee during the quarter. The weighted average fulfillment fee rate in the fourth quarter was 28 basis points, up from 27 basis points in the prior quarter.

### **Corporate Segment**

The Corporate segment includes interest income from cash and short-term investments, management fees, and corporate expenses.

Segment revenues were \$0.9 million, up from \$0.6 million in the prior quarter.

Management fees were \$10.3 million, up 2 percent from the prior quarter driven by an increase in base management fees as a result of PMT's increased average shareholders' equity and partially offset by decreased incentive fees paid to PFSI based on PMT's profitability.

Other segment expenses were \$5.6 million, down from \$6.0 million in the prior quarter.

### **Taxes**

PMT recorded income tax expense of \$0.7 million compared to a tax benefit of \$21.9 million in the prior quarter.

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Executive Chairman Stanford L. Kurland added, “I am pleased to note that PennyMac Mortgage Investment Trust was among the best performing residential mortgage REITs in 2019. I am also pleased to note that since its inception over 10 years ago, PMT has delivered an outstanding annualized return to common shareholders of 12 percent, driven by its unique business model and investment strategies in residential mortgages. I am confident that as I begin to transition away my operational responsibilities at PennyMac Financial, PMT’s manager and services provider, this highly-experienced management team and synergistic relationship will continue to drive attractive risk-adjusted returns to shareholders.”

Management’s slide presentation will be available in the Investor Relations section of the Company’s website at [www.pennymac-REIT.com](http://www.pennymac-REIT.com) beginning at 1:30 p.m. (Pacific Time) on Thursday, February 6, 2020.

### **About PennyMac Mortgage Investment Trust**

PennyMac Mortgage Investment Trust is a mortgage real estate investment trust (REIT) that invests primarily in residential mortgage loans and mortgage-related assets. PMT is externally managed by PNMAC Capital Management, LLC, a wholly-owned subsidiary of PennyMac Financial Services, Inc. (NYSE: PFSI). Additional information about PennyMac Mortgage Investment Trust is available at [www.PennyMac-REIT.com](http://www.PennyMac-REIT.com).

### **Forward-Looking Statements**

This press release 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. Factors which could cause actual results to differ materially from historical results or those

anticipated include, but are not limited to: 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; the occurrence of natural disasters or other events or circumstances that could impact the Company's operations; volatility in the Company's 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 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 man-made 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; 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 degree and nature of the Company's competition; 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; 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 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, excess servicing spread 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; the Company's exposure to risks of loss and disruptions in operations resulting from adverse weather conditions and man-made or natural disasters; 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; 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 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 (including changes to laws governing the taxation of REITs, or the exclusions from registration as an investment company); 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 press release are current as of the date of this release only.

**PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

	<u>December 31, 2019</u>	<u>September 30, 2019</u>	<u>December 31, 2018</u>
	(in thousands, except share amounts)		
<b>ASSETS</b>			
Cash	\$ 104,056	\$ 113,651	\$ 59,845
Short-term investments	90,836	74,895	74,850
Mortgage-backed securities at fair value	2,839,633	2,325,010	2,610,422
Loans acquired for sale at fair value	4,148,425	3,947,368	1,643,957
Loans at fair value	270,793	290,527	408,305
Excess servicing spread received from PennyMac Financial Services, Inc.	178,586	183,141	216,110
Derivative and credit risk transfer strip assets	202,318	274,444	167,165
Firm commitment to purchase credit risk transfer securities at fair value	109,513	54,734	37,994
Real estate acquired in settlement of loans	65,583	79,201	85,681
Real estate held for investment	-	-	43,110
Deposits securing credit risk transfer arrangements	1,969,784	2,044,250	1,146,501
Mortgage servicing rights	1,535,705	1,162,714	1,162,369
Servicing advances	58,084	32,057	67,666
Due from PennyMac Financial Services, Inc.	2,760	4,993	4,077
Other	195,275	157,624	85,309
Total assets	<u>\$ 11,771,351</u>	<u>\$ 10,744,609</u>	<u>\$ 7,813,361</u>
<b>LIABILITIES</b>			
Assets sold under agreements to repurchase	\$ 6,648,890	\$ 6,355,476	\$ 4,777,027
Mortgage loan participation and sale agreements	-	-	178,639
Exchangeable senior notes	443,506	249,269	248,350
Notes payable secured by credit risk transfer and mortgage servicing assets	1,696,295	1,361,142	445,573
Asset-backed financing of a variable interest entity at fair value	243,360	261,209	276,499
Interest-only security payable at fair value	25,709	24,729	36,011
Assets sold to PennyMac Financial Services, Inc. under agreement to repurchase	107,512	107,678	131,025
Derivative liabilities	6,423	9,160	5,914
Accounts payable and accrued liabilities	91,149	108,913	70,687
Due to PennyMac Financial Services, Inc.	48,159	39,744	33,464
Income taxes payable	1,819	-	36,526
Liability for losses under representations and warranties	7,614	7,678	7,514
Total liabilities	<u>9,320,436</u>	<u>8,524,998</u>	<u>6,247,229</u>
<b>SHAREHOLDERS' EQUITY</b>			
Preferred shares of beneficial interest	299,707	299,707	299,707
Common shares of beneficial interest—authorized, 500,000,000 common shares of \$0.01 par value; issued and outstanding 100,182,227, 90,345,127 and 60,951,444 common shares, respectively	1,002	903	610
Additional paid-in capital	2,127,889	1,901,852	1,285,533
Retained earnings (accumulated deficit)	22,317	17,149	(19,718)
Total shareholders' equity	<u>2,450,915</u>	<u>2,219,611</u>	<u>1,566,132</u>
Total liabilities and shareholders' equity	<u>\$ 11,771,351</u>	<u>\$ 10,744,609</u>	<u>\$ 7,813,361</u>

**PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	For the Quarterly Periods ended		
	December 31, 2019	September 30, 2019	December 31, 2018
(in thousands, except per share amounts)			
<b>Investment Income</b>			
Net gain on investments:			
From nonaffiliates	\$ 32,004	\$ 49,224	\$ 46,609
From PennyMac Financial Services, Inc.	2,678	(3,435)	107
	<u>34,682</u>	<u>45,789</u>	<u>46,716</u>
Net gain on loans acquired for sale:			
From nonaffiliates	60,311	45,054	14,902
From PennyMac Financial Services, Inc.	5,026	4,206	2,704
	<u>65,337</u>	<u>49,260</u>	<u>17,606</u>
Loan origination fees	31,959	25,470	15,010
Net loan servicing fees:			
From nonaffiliates			
Contractually specified	90,822	76,377	57,400
Other	7,489	6,994	1,389
	<u>98,311</u>	<u>83,371</u>	<u>58,789</u>
Amortization, impairment, and change in fair value of mortgage servicing rights	(79,926)	(79,680)	(66,961)
	<u>18,385</u>	<u>3,691</u>	<u>(8,172)</u>
From PennyMac Financial Services, Inc.	2,207	1,468	624
	<u>20,592</u>	<u>5,159</u>	<u>(7,548)</u>
Interest income:			
From nonaffiliates	93,043	85,510	63,570
From PennyMac Financial Services, Inc.	2,167	2,291	3,554
	<u>95,210</u>	<u>87,801</u>	<u>67,124</u>
Interest expense:			
To nonaffiliates	91,295	82,702	51,905
To PennyMac Financial Services, Inc.	1,287	1,527	1,776
	<u>92,582</u>	<u>84,229</u>	<u>53,681</u>
Net interest income	2,628	3,572	13,443
Results of real estate acquired in settlement of loans	(526)	702	(2,953)
Other	364	808	1,628
Net investment income	<u>155,036</u>	<u>130,760</u>	<u>83,902</u>
<b>Expenses</b>			
Earned by PennyMac Financial Services, Inc.:			
Loan fulfillment fees	58,297	45,149	28,591
Loan servicing fees	13,695	12,964	11,524
Management fees	10,314	10,098	6,559
Loan origination	5,382	4,328	2,582
Compensation	1,513	1,644	1,369
Professional services	1,066	1,430	688
Safekeeping	1,729	1,633	683
Loan collection and liquidation	218	1,551	953
Other	3,551	3,830	4,751
Total expenses	<u>95,765</u>	<u>82,627</u>	<u>57,700</u>
Income before provision for (benefit from) income taxes	59,271	48,133	26,202
Provision for (benefit from) income taxes	674	(21,867)	(15,423)
Net income	<u>58,597</u>	<u>70,000</u>	<u>41,625</u>
Dividends on preferred shares	6,235	6,234	6,235
Net income attributable to common shareholders	<u>\$ 52,362</u>	<u>\$ 63,766</u>	<u>\$ 35,390</u>
<b>Earnings per share</b>			
Basic	\$ 0.56	\$ 0.75	\$ 0.58
Diluted	\$ 0.55	\$ 0.71	\$ 0.55
<b>Weighted average shares outstanding</b>			
Basic	93,169	84,367	60,951
Diluted	101,865	92,834	69,418
<b>Dividends declared per common share</b>	<u>\$ 0.47</u>	<u>\$ 0.47</u>	<u>\$ 0.47</u>

**PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)**

	Year ended December 31,		
	2019	2018	2017
(in thousands, except per share amounts)			
<b>Net investment income</b>			
Net gain on investments:			
From nonaffiliates	\$ 270,848	\$ 70,842	\$ 110,914
From PennyMac Financial Services, Inc.	(7,530)	11,084	(14,530)
	<u>263,318</u>	<u>81,926</u>	<u>96,384</u>
Net gain on loans acquired for sale:			
From nonaffiliates	155,783	48,260	62,432
From PennyMac Financial Services, Inc.	14,381	10,925	12,084
	<u>170,164</u>	<u>59,185</u>	<u>74,516</u>
Loan origination fees	87,997	43,321	40,184
Net loan servicing fees:			
From nonaffiliates			
Contractually specified	295,390	204,663	164,776
Other	24,099	8,062	6,523
	<u>319,489</u>	<u>212,725</u>	<u>171,299</u>
Amortization, impairment, and change in fair value of mortgage servicing rights			
	(383,731)	(94,330)	(103,487)
	<u>(64,242)</u>	<u>118,395</u>	<u>67,812</u>
From PennyMac Financial Services, Inc.	5,324	2,192	1,428
	<u>(58,918)</u>	<u>120,587</u>	<u>69,240</u>
Interest income:			
From nonaffiliates	307,594	207,634	178,225
From PennyMac Financial Services, Inc.	10,291	15,138	16,951
	<u>317,885</u>	<u>222,772</u>	<u>195,176</u>
Interest expense:			
To nonaffiliates	291,144	167,709	143,333
To PennyMac Financial Services, Inc.	6,302	7,462	8,038
	<u>297,446</u>	<u>175,171</u>	<u>151,371</u>
Net interest income	<u>20,439</u>	<u>47,601</u>	<u>43,805</u>
Results of real estate acquired in settlement of loans	771	(8,786)	(14,955)
Other	5,044	7,233	8,766
Net investment income	<u>488,815</u>	<u>351,067</u>	<u>317,940</u>
<b>Expenses</b>			
Earned by PennyMac Financial Services, Inc.:			
Loan fulfillment fees	160,610	81,350	80,359
Loan servicing fees	48,797	42,045	43,064
Management fees	36,492	24,465	22,584
Loan origination	15,105	6,562	7,521
Compensation	6,897	6,781	6,322
Professional services	5,556	6,380	6,905
Safekeeping	5,097	1,805	2,918
Loan collection and liquidation	4,600	7,852	6,063
Other	15,020	15,839	17,658
Total expenses	<u>298,174</u>	<u>193,079</u>	<u>193,394</u>
Income before (benefit from) provision for income taxes	190,641	157,988	124,546
(Benefit from) provision for income taxes	(35,716)	5,190	6,797
Net income	<u>226,357</u>	<u>152,798</u>	<u>117,749</u>
Dividends on preferred shares	24,938	24,938	15,267
Net income attributable to common shareholders	<u>\$ 201,419</u>	<u>\$ 127,860</u>	<u>\$ 102,482</u>
<b>Earnings per common share</b>			
Basic	\$ 2.54	\$ 2.09	\$ 1.53
Diluted	\$ 2.42	\$ 1.99	\$ 1.48
<b>Weighted average common shares outstanding</b>			
Basic	78,990	60,898	66,144
Diluted	87,711	69,365	74,611