# PennyMac Mortgage Investment Trust



# Forward-Looking Statements

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

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

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

# Fourth Quarter Highlights

- Net income of $31.2 million on net investment income of $68.9 million
  - Diluted earnings per share of $0.44; return on equity of 9%
  - Dividend of $0.47 per share declared on December 20, 2016
  - Book value per share increased to $20.26 from $20.21 at September 30, 2016
- Results driven by strong contributions from GSE credit risk transfer (CRT), correspondent production and an income tax benefit
  - The income tax benefit was primarily driven by the performance of interest rate hedges held in the taxable REIT subsidiary, which produced a loss offset by gains on other interest-rate sensitive assets
- Segment pretax results: Investment Activities: $2.1 million; Correspondent Production: $11.7 million
- Distressed loan investments underperformed expectations; decrease in value primarily driven by recidivism of previously performing loans and reduced expectations of future loan performance and recoveries
- Continued investment in CRT and mortgage servicing rights (MSRs) resulting from PMT's correspondent production business
  - Conventional correspondent loan production totaled $7.5 billion in unpaid principal balance (UPB), up 3% from the prior quarter
  - CRT deliveries totaled $2.6 billion in UPB, which will result in approximately $92 million of new CRT investments once the aggregation period is complete, $24 million of which had been invested at quarter end
  - Added $101 million in new MSRs
- Cash proceeds from the liquidation and pay down of distressed mortgage loans and REO were $92 million, reflecting steady progress of resolution activities

*Notable activity after quarter end:*

- Entered into an agreement to sell $89 million in UPB of performing loans from the distressed portfolio[(1)]

[(1)] This transaction is subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of the transaction or that the transaction will be completed at all.

# Current Market Environment

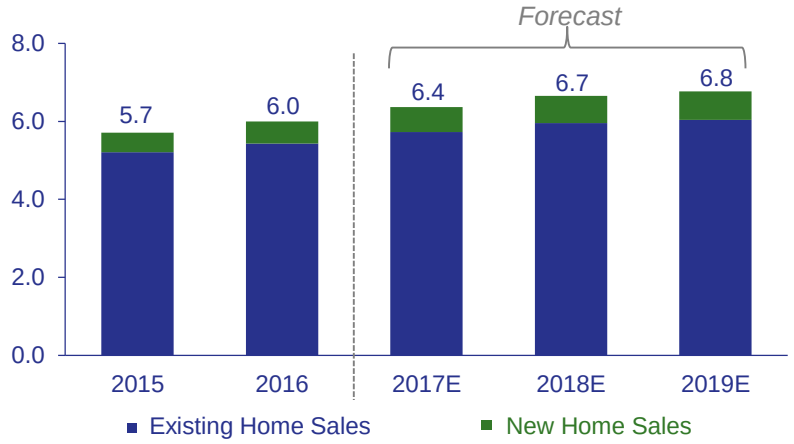
- Mortgage rates rose sharply during the fourth quarter, with the average 30-year fixed rate increasing from 3.41% to 4.32%
  - Mortgage rates have fallen back to 4.19% as of January 26th
- Changes in regulations and policy resulting from the new administration remain uncertain, but any significant impact on the mortgage industry is expected to be limited in the near term
- FHFA again incorporated credit risk transfer as part of the core objectives for the GSEs
  - 2017 scorecard for Fannie Mae and Freddie Mac targets CRT on 90% of UPB in an expanded set of loan categories(3)
  - Creates additional investment opportunities for PMT
- Home sales growth expected to continue, driven by:
  - Strong underlying macroeconomic trends
  - Mortgage rates remaining near historical lows
  - However, limited inventory expected to remain a challenge

**Average 30-year fixed rate mortgage(1)**




**Home Sales(2)**

(Units in millions)



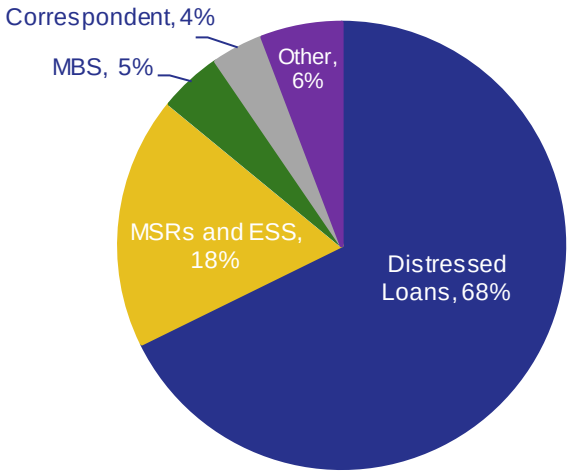

(1) Freddie Mac Primary Mortgage Market Survey. 4.19% as of 1/26/2017
(2) Actual results are from Census Bureau – seasonally adjusted. Forecast estimates are from the Mortgage Bankers Association
(3) "2017 Scorecard for Fannie Mae, Freddie Mac, and Common Securitization Solutions;" Federal Housing Finance Agency; December 15, 2016

# Transitioning to Correspondent-Related Investments Such as CRT and MSRs

## PMT's Equity Allocation[1]

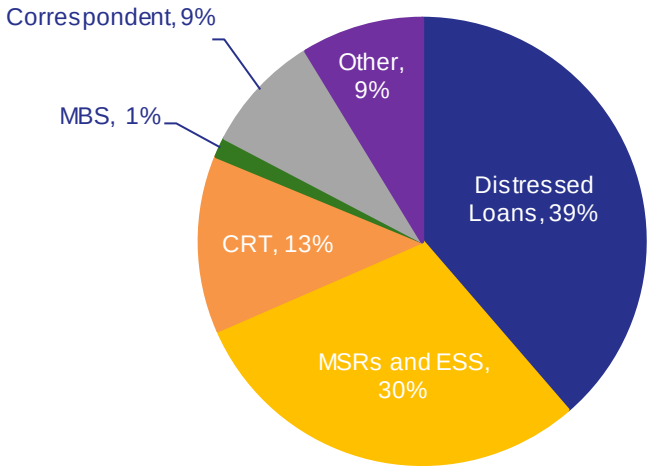
### 4Q 2014

100% = $1.6 billion




### 4Q 2016

100% = $1.4 billion



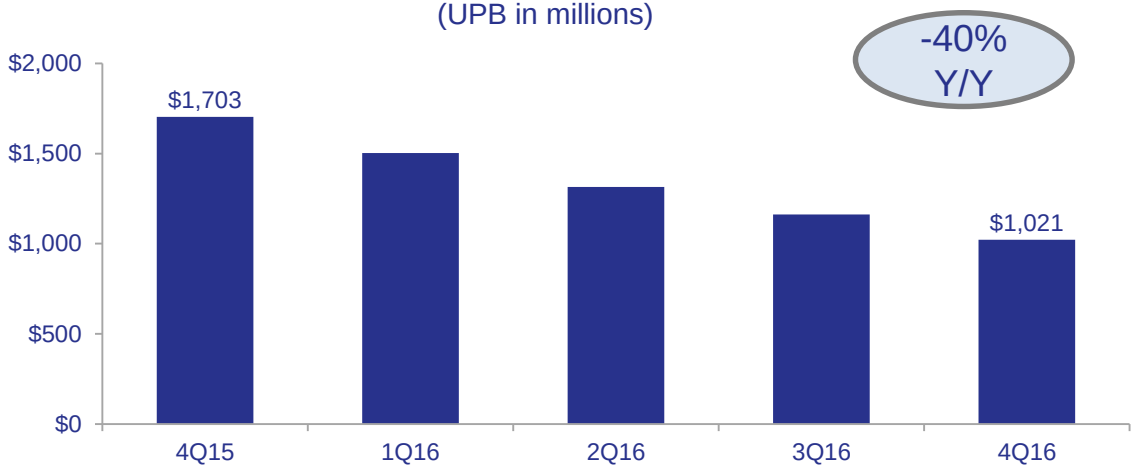

- Current capital deployment is primarily focused on attractive correspondent-related investments – CRT and MSRs

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

# Distressed Loan Portfolio Is Declining Through Liquidation and Sales

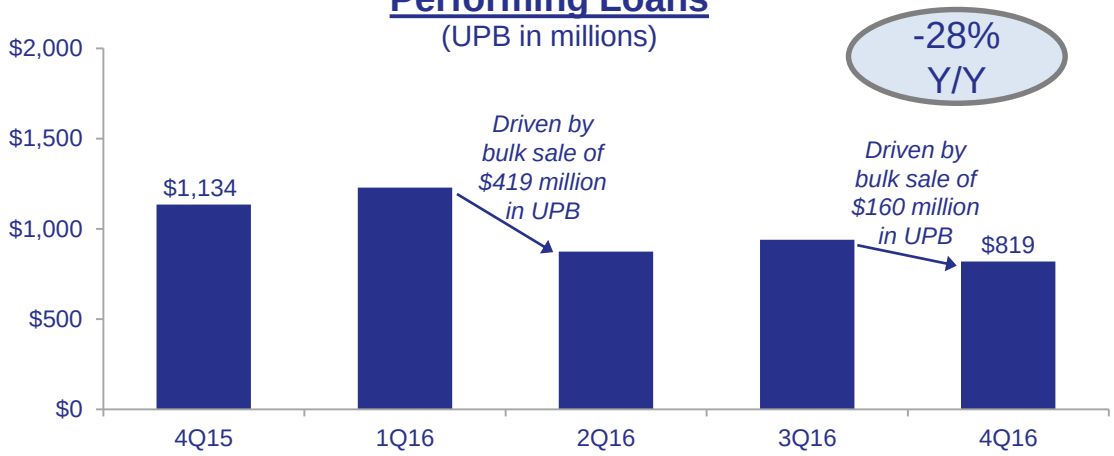
## Nonperforming Loans

(UPB in millions)




## Performing Loans

(UPB in millions)




- Pending sale of $89 million in UPB of performing loans expected to be completed in 1Q17[(1)]

[(1)] This transaction is subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of the transaction or that the transaction will be completed at all.

# Fourth Quarter Income and Return Contributions by Strategy

| ($ in millions) | Total Income Contribution[1] | Market-Driven Value Changes | Income Excluding Market-Driven Value Changes[1] | WA Equity Allocated[3] | Annualized Return on Equity (ROE) |
|---|---|---|---|---|---|
| **Credit sensitive strategies:** | | | | | |
| Distressed loan investments | $ (2.1) | n/a | $ (2.1) | $ 564 | (1.5%) |
| Other credit sensitive strategies | | | | | |
| GSE credit risk transfer | $ 8.7 | $ 1.7 | $ 7.0 | | |
| Non-Agency subordinate bonds | $ (0.3) | $ (0.3) | $ 0.1 | | |
| Commercial real estate finance | $ (0.1) | $ (0.3) | $ 0.2 | | |
| Subtotal net other credit sensitive strategies | $ 8.3 | $ 1.1 | $ 7.2 | $ 183 | 18.3% |
| **Net credit sensitive strategies** | **$ 6.2** | **$ 1.1** | **$ 5.1** | **$ 747** | **3.3%** |
| **Interest rate sensitive strategies:** | | | | | |
| MSRs (incl. recapture)[2] | $ 55.3 | $ 50.7 | $ 4.6 | | |
| Excess Servicing Spread (ESS) (incl. recapture)[2] | $ 21.9 | $ 17.1 | $ 4.8 | | |
| Agency MBS | $ (19.0) | $ (23.6) | $ 4.6 | | |
| Non-Agency senior MBS (incl. jumbo) | $ 0.5 | $ 0.2 | $ 0.3 | | |
| Interest rate hedges | $ (53.2) | $ (53.2) | n/a | | |
| **Net interest rate sensitive strategies** | **$ 5.5** | **$ (8.9)** | **$ 14.3** | **$ 397** | **5.6%** |
| **Correspondent production** | **$ 12.9** | **$ -** | **$ 12.9** | **$ 114** | **45.5%** |
| Cash, short term investments, and other | $ 0.1 | | $ 0.1 | $ 107 | 0.4% |
| Management fees & corporate expenses | $ (10.9) | | $ (10.9) | | |
| Benefit from income taxes | $ 17.3 | | $ 17.3 | | |
| **Net income** | **$ 31.2** | **$ (7.7)** | **$ 38.9** | **$ 1,365** | **9.2%** |

**Note: Amounts may not sum exactly due to rounding**

[1] Income contribution is net of any direct expenses associated with investments (e.g., loan fulfillment fees, loan servicing fees)

[2] Equity allocated to MSR, ESS and distressed loan investments includes an allocation of exchangeable senior notes and associated expenses

[3] Management's internal allocation of equity. Amounts represent weighted averages during the period

# Run-Rate Quarterly Income Potential from PMT's Strategies

| ($ in millions, except EPS) | Income Potential | WA Equity Allocated[1] | Annualized Return on Equity (ROE) |
|---|---|---|---|
| **Credit sensitive strategies:** | | | |
| Distressed loan investments[2] | $ 8.9 | $ 539 | 6.6% |
| Other credit sensitive strategies | | | |
| GSE credit risk transfer | $ 8.7 | $ 203 | 17.2% |
| Non-Agency subordinate bonds | $ 0.1 | $ 2 | 19.8% |
| Commercial real estate finance | $ 0.3 | $ 18 | 6.7% |
| Subtotal net other credit sensitive strategies | $ 9.1 | $ 223 | 16.4% |
| **Net credit sensitive strategies** | **$ 18.0** | **$ 763** | **9.4%** |
| **Interest rate sensitive strategies:** | | | |
| MSRs (incl. recapture)[2] | $ 6.0 | $ 282 | 8.5% |
| ESS (incl. recapture)[2] | $ 4.0 | $ 119 | 13.3% |
| Agency MBS | $ 3.9 | $ 34 | 46.4% |
| Non-Agency senior MBS (incl. jumbo) | $ 0.2 | $ 2 | 42.8% |
| **Net interest rate sensitive strategies** | **$ 14.1** | **$ 437** | **12.9%** |
| **Correspondent production** | **$ 12.3** | **$ 96** | **51.5%** |
| Cash, short term investments, and other | $ 0.1 | $ 83 | 0.5% |
| Management fees & corporate expenses | $ (9.6) | | |
| Provision for income tax expense | $ (2.5) | | |
| **Net income** | **$ 32.4** | **$ 1,378** | **9.4%** |
| Diluted EPS | $ 0.46 | | |

- Income potential does not reflect any share repurchases or gain/loss related to fair value changes or from bulk asset sales (e.g., distressed loans)
- Returns on net credit sensitive strategies expected to improve as capital allocated to CRT investments grows
- Returns on net interest rate sensitive strategies expected to improve from fourth quarter levels
- Contributions from correspondent production expected to moderate in the near term, driven by a smaller origination market
- PMT's objective is to distribute a dividend consistent with earnings per share; REIT taxable income for the year is a floor for dividend payments

**Note: This slide presents estimates for illustrative purposes only, using PMT's base case assumptions (e.g., for credit performance, prepayment speeds, financing economics). Actual results may differ materially. Please refer to slide 2 for important disclosures regarding forward-looking statements.**

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

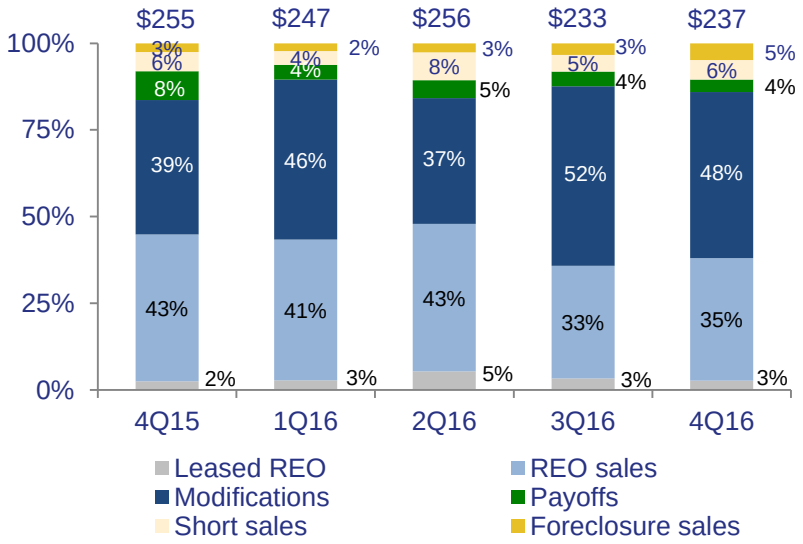
# Mortgage Investment Activities



# Strong Resolution Activity on Distressed Loan Investments

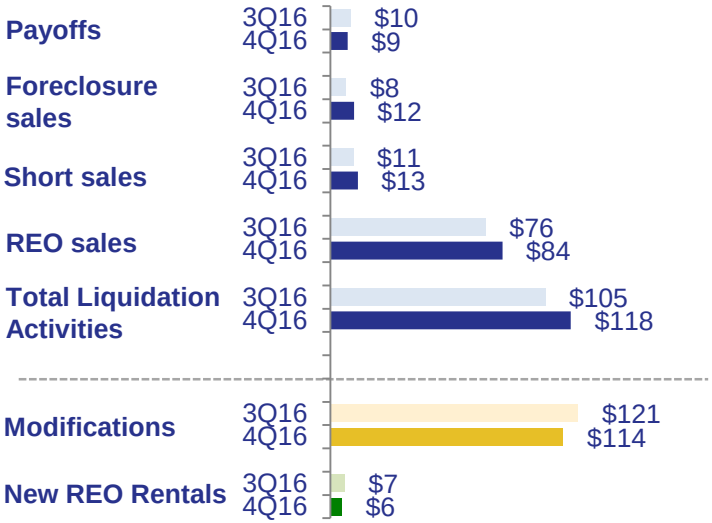
**Resolution Activity (% of UPB)**

($ in millions)




**Resolution Activity (UPB)**

($ in millions)

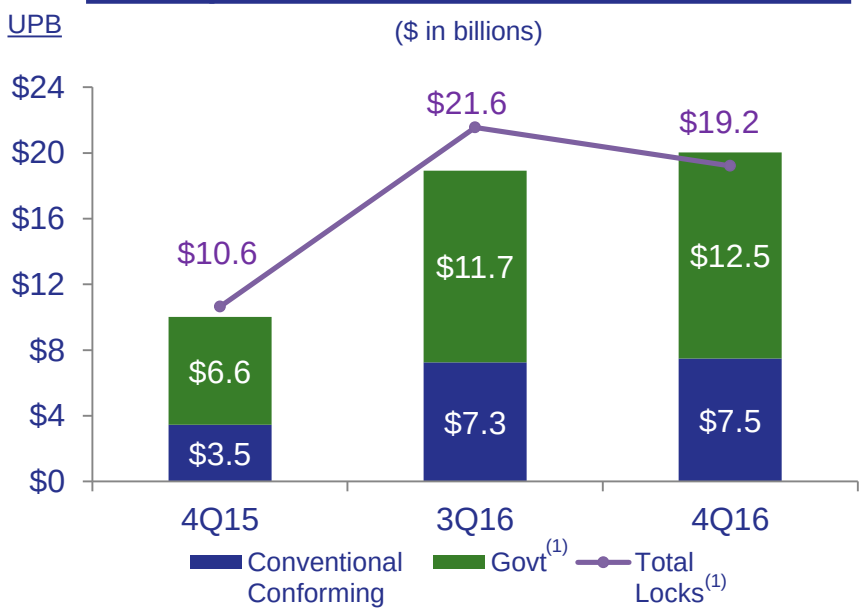



- Quarterly resolution activity as a percentage of the nonperforming loan portfolio increased to 23% in 4Q16, up from 15% in 4Q15
- Modifications comprised 48% of total resolution activity in 4Q16, down slightly from 52% in 3Q16
  - Continued focus on driving reperformance through loss mitigation programs; streamlined modifications totaled $82 million in 4Q16, up from $78 million in the prior quarter
- Increase in REO property sales reflects strong demand for homes
  - REO inventory decreased to $274 million at December 31, 2016 from $288 million at September 30, 2016
- New REO rentals were $6 million in 4Q16, down from $7 million in 3Q16

# Correspondent Production Operational Highlights

- Correspondent acquisitions by PMT in 4Q16 totaled $20.0 billion, up 6% Q/Q and up 100% Y/Y
  - 63% government-insured loans; 37% conventional loans
  - 117% Y/Y growth in conventional conforming acquisitions
  - Total lock volume of $19.2 billion, down 11% Q/Q
- January correspondent acquisitions totaled $5.0 billion; locks totaled $4.5 billion
- Purchase-money loans comprised 62% of total correspondent production
- Correspondent seller relationships reach 522, with growth driven by new non-delegated seller relationships

## Correspondent Production Volume and Mix




| Selected Operational Metrics | 3Q16 | 4Q16 |
|---|---|---|
| Correspondent seller relationships | 504 | 522 |
| Purchase money loans, as a % of total acquisitions | 67% | 62% |

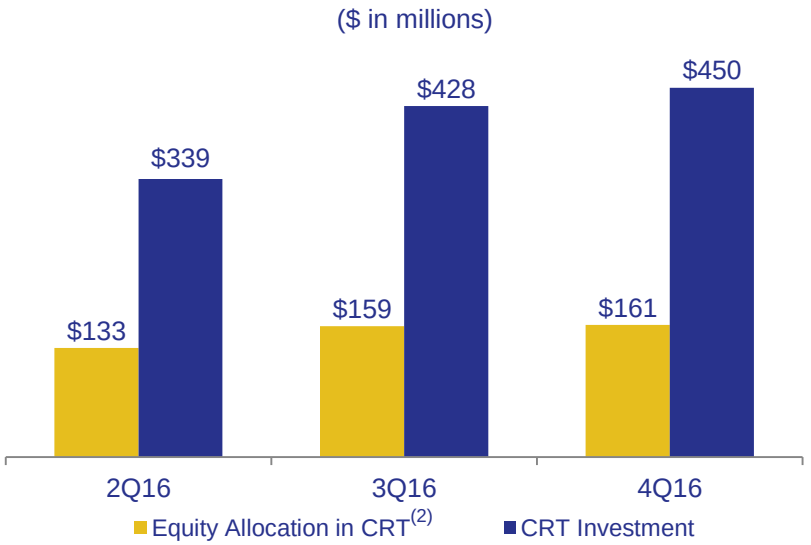
| WA FICO | 3Q16 | 4Q16 |
|---|---|---|
| Government-insured | 698 | 697 |
| Conventional | 755 | 754 |

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

# PMT's Unique Investments in GSE Credit Risk Transfer

- Total CRT investments grew to $450 million at December 31, 2016
- Most recent CRT commitment allows more efficient deployment of capital during the aggregation period[1]
  - As a result, CRT investments will grow at a slower pace until the aggregation period is completed
- Completed $2.6 billion in UPB of deliveries in the fourth quarter, which will result in approximately $92 million of new CRT investments once the aggregation period is complete, $24 million of which had been invested at quarter end
- CRT returns reflect strong underlying income and market-driven value changes due to credit spread tightening
- Underlying collateral performance is strong
  - See slides 20 and 30 for performance metrics

## CRT Investments Outstanding

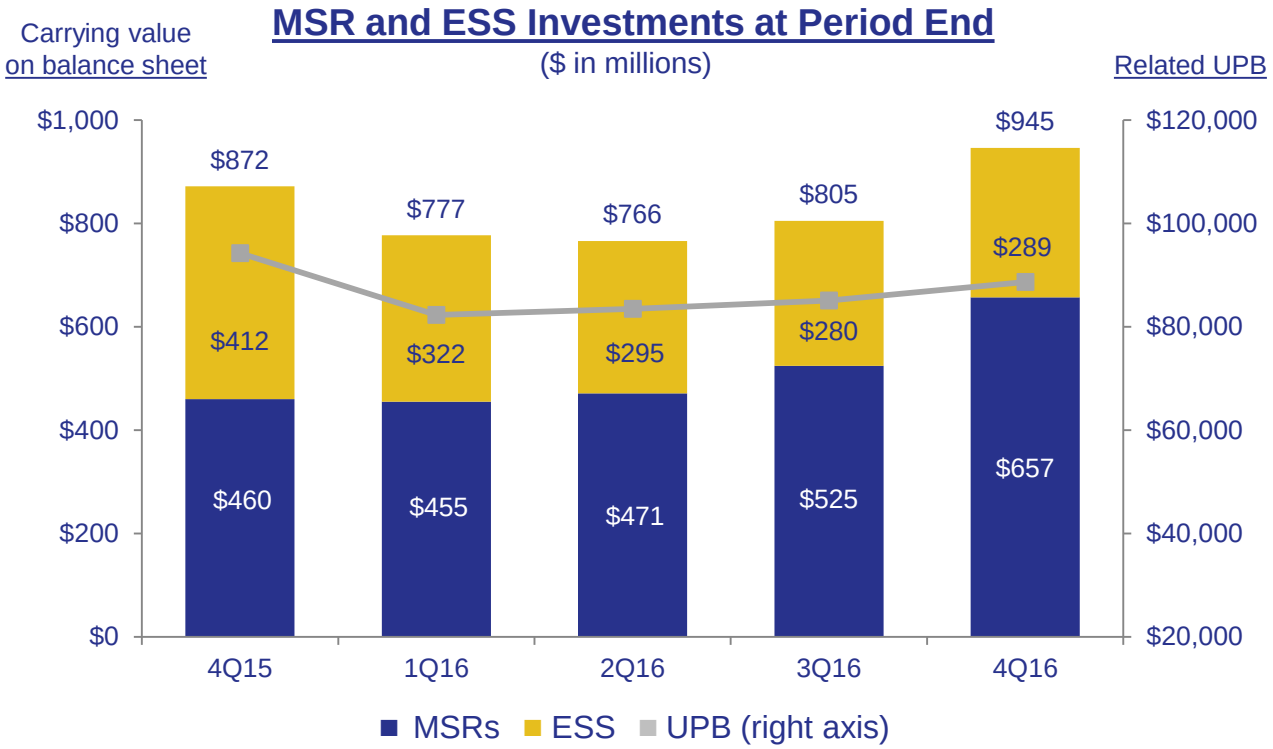



## 4Q16 Returns on CRT Investments

| ($ in millions) | Total Income Contribution | Income Excluding Market-Driven Value Changes |
|---|---|---|
| Investment income | $8.7 | $7.0 |
| Return on average CRT assets | 9.4% | 7.9% |
| Return on average CRT equity | 20.8% | 16.8% |

(1) Although definitive documentation has been executed, this transaction is subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of the transaction or that the transaction will be completed at all.
(2) Represents equity allocation net of financing

# MSR and ESS Investments Increase in Value




- Organic MSR investments resulting from correspondent production activity increased to $657 million, from $525 million at September 30, 2016
- ESS investments resulting from bulk, mini-bulk and flow MSR acquisitions by PFSI increased to $289 million, from $280 million at September 30, 2016
- Higher carrying values reflect expectations for lower future prepayment activity resulting from the rise in mortgage rates during the fourth quarter

# Financial Results



# Pretax Income (Loss) by Operating Segment

| *Unaudited ($ in millions)* | Investment Activities | Correspondent Production | Total Pretax Income |
|---|---|---|---|
| 4Q15 | $ (6.1) | $ 13.1 | $ 6.9 |
| 1Q16 | $ 0.1 | $ 10.9 | $ 11.0 |
| 2Q16 | $ (24.6) | $ 16.4 | $ (8.2) |
| 3Q16 | $ 13.6 | $ 31.4 | $ 45.0 |
| 4Q16 | $ 2.1 | $ 11.7 | $ 13.9 |

Note: Figures may not sum exactly due to rounding

# Investment Activities Segment Results

| *Unaudited* ($ in thousands) | Quarter Ended September 30, 2016 | Quarter Ended December 31, 2016 |
|---|---|---|
| **Revenues:** | | |
| Net gain on investments: | | |
| Mortgage loans at fair value | $ (3,400) | $ (1,036) |
| Mortgage loans held by variable interest entity net of asset-backed secured financing | 2,454 | (347) |
| Mortgage-backed securities | 517 | (23,115) |
| CRT Agreements | 18,477 | 10,401 |
| Hedging derivatives | (945) | 7,496 |
| Excess servicing spread investment[1] | (2,824) | 18,881 |
| | 14,279 | 12,280 |
| Net interest income | | |
| Interest income | 43,284 | 41,146 |
| Interest expense | 30,957 | 29,583 |
| | 12,327 | 11,563 |
| Net loan servicing fees | 15,761 | 7,783 |
| Other | (1,100) | (5,361) |
| **Total revenues** | 41,267 | 26,265 |
| **Expenses:** | | |
| Servicing and Management fees payable to PennyMac Financial Services, Inc.[2] | 15,350 | 15,996 |
| Other | 12,286 | 8,146 |
| **Total expenses** | 27,636 | 24,142 |
| **Pretax income** | **$ 13,631** | **$ 2,123** |

[1] Includes $1.8 million in recapture income in 4Q16

[2] In Q4, servicing fees included $5.7 million of specialty servicing fees, of which $1.3 million relates to the bulk sale of performing loans, and $5.6 million of subservicing fees for PMT's MSRs

- Segment revenue decreased $15.0 million Q/Q
  - Net gain on investments decreased to $12.3 million, primarily driven by:
    - CRT gains of 10.4 million, versus $18.5 million in 3Q16
    - ESS gains and recapture income of $18.9 million[1] and $7.5 million of gains from hedging derivatives
    - Partially offset by $23.1 million valuation loss on mortgage-backed securities driven by higher interest rates
  - Net interest income declined modestly (see slide 17)
  - Net loan servicing fees decreased $8.0 million, driven by MSR fair value changes net of hedge results
  - Other losses were driven by REO valuation losses and higher REO-related advances due to a seasonal increase in real estate tax payments
- Expenses decreased $3.5 million Q/Q
  - Driven by adjustments to estimates of liquidation expenses

# Net Interest Income Declined Modestly Driven by Lower Capitalized Interest

| *Unaudited* ($ in thousands) | Quarter Ended September 30, 2016 | Quarter Ended December 31, 2016 |
|---|---|---|
| Short-term investments | $ - | $ - |
| Mortgage-backed securities | 3,394 | 5,800 |
| Mortgage loans: | | |
| At fair value | 28,952 | 25,864 |
| Held by variable interest entity | 4,040 | 2,523 |
| Acquired for sale at fair value | 158 | 172 |
| Total mortgage loans | 33,150 | 28,559 |
| Excess servicing spread | 4,827 | 5,046 |
| Other | 1,913 | 1,741 |
| Total interest income | 43,284 | 41,146 |
| Interest expense | 30,957 | 29,583 |
| Net interest income | **$ 12,327** | **$ 11,563** |

- Net interest income from Investment Activities was $11.6 million, a 6% Q/Q decrease
  - Total interest income from Investment Activities was $41.1 million, a 5% Q/Q decrease
  - Interest income from the distressed loan portfolio was $25.9 million, an 11% Q/Q decrease
    - Capitalized interest from loan modifications was $22.0 million, down 5% from 3Q16, resulting from lower modification volumes during the fourth quarter(1)
  - ESS interest income was $5.0 million, up 5% Q/Q
  - Total interest expense from Investment Activities was $29.6 million, a 4% Q/Q decrease

(1) Capitalized interest from loan modifications increases interest income and reduces gains from loan valuations

# Performance of the Distressed Loan Investments

- Combining net losses with net interest income, revenue from distressed loans was $13.1 million, compared with $14.1 million in 3Q16
- Distressed loan portfolio underperformed expectations resulting from:
  - Increased recidivism of previously performing loans
  - Adjustments to future expectations of loan performance and recoveries
  - Partially offset by actual home prices better than prior forecasts
- Cash proceeds from liquidation and paydown activity on distressed loans and REO totaled $91.8 million
  - Accumulated gains before liquidation on assets liquidated during the quarter were $1.1 million, and net gains on liquidation were $3.8 million
- Completion of previously announced performing loan sale generated $139 million in gross cash proceeds and approximately $41 million in net cash proceeds after debt repayment and related expenses

## Net Losses on Mortgage Loans

| *Unaudited* ($ in thousands) | Quarter ended Sept. 30, 2016 | Quarter ended Dec. 31, 2016 |
|---|---|---|
| **Valuation Changes:** | | |
| Performing loans | $ (16,350) | $ (619) |
| Nonperfoming loans | 11,506 | (1,451) |
| | **(4,844)** | **(2,070)** |
| Payoffs | 1,298 | 174 |
| Sales | 146 | 860 |
| | **$ (3,400)** | **$ (1,036)** |

## Cash Proceeds and Gain on Liquidation

| ($ in thousands) | Quarter ended December 31, 2016 | | |
|---|---|---|---|
| | Proceeds | Accumulated gains (losses)[1] | Gain on liquidation[2] |
| Mortgage loans | $ 37,527 | $ 4,904 | $ 675 |
| REO | 54,243 | (3,785) | 3,145 |
| Subtotal | 91,770 | 1,119 | 3,820 |
| Performing Loan Sale | 139,449 | 26,901 | 476 |
| | $ 231,219 | $ 28,020 | $ 4,296 |

[1] Represents valuation gains and losses recognized during the period the Company held the respective asset, but excludes the gain or loss recorded upon sale or repayment of the respective asset

[2] Represents the gain or loss recognized as of the date of sale or repayment of the respective asset

# Valuation of MSRs and Excess Servicing Spread (ESS)

| *Unaudited* ($ in millions) | Mortgage Servicing Rights | | | Excess Servicing Spread[1] |
|---|---|---|---|---|
| At 12/31/2016 | At lower of amortized cost or fair value | At fair value | Total | Fair value |
| Pool UPB | $50,540 | $5,764 | $56,304 | $32,376 |
| Pool weighted average coupon | 3.79% | 4.70% | 3.89% | 4.19% |
| Pool prepayment speed assumption (CPR) | 7.7% | 10.7% | 8.0% | 10.5% |
| Weighted average servicing fee/spread | 0.25% | 0.25% | 0.25% | 0.19% |
| Fair value | $626.3 | $64.1 | $690.5 | $288.7 |
| As multiple of servicing fee | 4.89 | 4.40 | 4.84 | 4.76 |
| Carrying (accounting) value | $592.4 | $64.1 | $656.5 | $288.7 |
| **Fair value in excess of carrying value** | **$33.9** | | | |

- PMT carries most of its MSRs at the lower of amortized cost or fair value ("LOCOM")
  - MSRs where the note rate on the underlying loan is less than or equal to 4.5%
- The fair value of MSRs carried at LOCOM was $33.9 million in excess of the carrying value at December 31, 2016, compared with $4.1 million at September 30, 2016

[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

# Credit Risk Transfer – Income Statement and Balance Sheet Treatment

*Unaudited*

| ($ in thousands) | Since Inception[1] | |
|---|---|---|
| UPB of mortgage loans transferred under CRT Agreements | $ 15,793,440 | Total UPB of loans delivered to the CRT SPVs and sold to Fannie Mae |
| Deposits of restricted cash to secure guarantees | $ 453,953 | Cash deposited in the SPV in "restricted cash." Represents collateral for the initial credit risk retained |
| Gains (losses) recognized on derivatives related to CRT Agreements included in Net gain on investments | | |
| Realized | $ 23,129 | Cash income to PMT from the CRT SPVs |
| Resulting from valuation changes | $ 9,964 | Gains and losses resulting from valuation changes represent fair value |
| | $ 33,093 | |
| Payments made to settle losses | $ 90 | Payments made to Fannie Mae, from pledged cash, for losses on loans underlying the CRT agreements |

| | At Dec. 31, 2016 | |
|---|---|---|
| UPB of mortgage loans subject to guarantee obligation | $ 14,379,850 | Current outstanding UPB of loans delivered to the CRT SPVs and sold to Fannie Mae |
| Delinquency | | |
| Current to 89 days delinquent | $ 14,372,247 | |
| 90 or more days delinquent | $ 5,711 | |
| Foreclosure | $ 1,892 | |
| Carrying value of CRT agreements | | |
| Restricted cash included in Other assets | $ 450,059 | Current cash collateralizing guarantee included in "Deposits securing credit risk transfer agreements" |
| Net derivative included in Derivative assets | $ 15,610 | Derivative represents net value of expected future cash inflows related to assumption of credit risk and expected future losses |
| Commitments to fund Deposits securing CRT Agreements | $ 92,109 | Adjustment to timing of cash flows in the most recent CRT commitment allows more efficient deployment of capital during the aggregation period |

[1] Cumulative for the seven quarters ending 12/31/2016

# Correspondent Production Segment Results

| *Unaudited* ($ in thousands) | Quarter Ended Sept. 30, 2016 | As % of Interest Rate Lock Commitments[1] | Quarter Ended Dec. 31, 2016 | As % of Interest Rate Lock Commitments[1] |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Net gain on mortgage loans acquired for sale | $ 43,858 | 0.50% | $ 23,309 | 0.34% |
| Net interest income | 5,477 | 0.06% | 5,452 | 0.08% |
| Other income | 12,724 | 0.15% | 13,902 | 0.20% |
| | $ 62,059 | 0.71% | $ 42,663 | 0.62% |
| **Expenses:** | | | | |
| Loan fulfillment, servicing, and management fees payable to PennyMac Financial Services, Inc. | $ 27,969 | 0.32% | $ 27,945 | 0.40% |
| Other | 2,707 | 0.03% | 2,976 | 0.04% |
| | $ 30,676 | 0.35% | $ 30,921 | 0.45% |
| **Pretax income** | **$ 31,383** | **0.36%** | **$ 11,742** | **0.17%** |

- Segment revenue totaled $42.7 million, a 31% decrease from 3Q16, driven by lower lock volumes and margins
  - Net gain on mortgage loans acquired for sale declined 47% Q/Q; third quarter results included a $5.1 million benefit in provision for representations and warranties due to a change in estimate
  - 4Q16 margins decreased as a result of increased competition in a smaller market
- Conventional conforming acquisition volumes increased 3% from 3Q16
- Fulfillment fees paid for the quarter were 36bp, down slightly from 38bp in 3Q16[2]

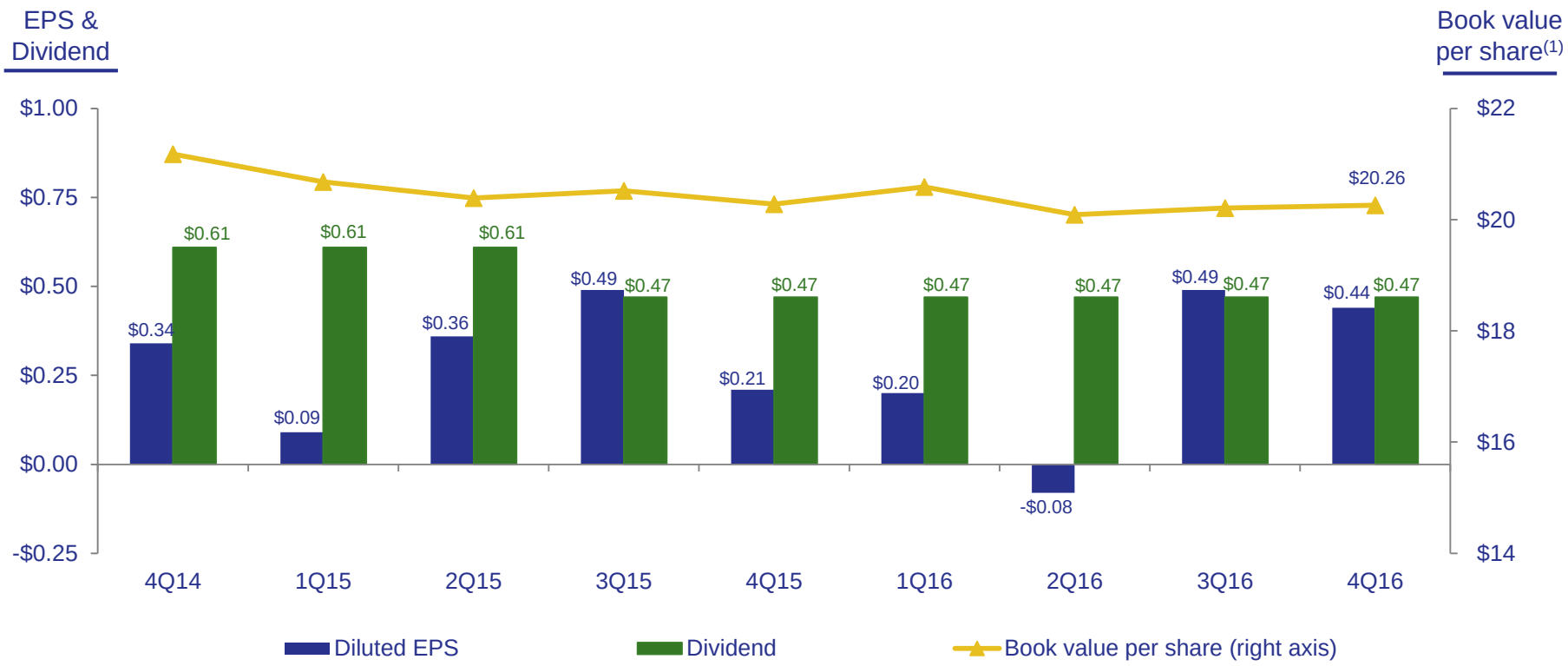
[1] Conventional conforming and jumbo interest rate lock commitments

[2] Fulfillment fees are based on funding volumes. Effective September 12, 2016, the contractual fulfillment fee is 0.35% for conventional loans sold to the Agencies, and 0.85% for all other loans. Previously, the fulfillment fee was in general 0.50% of the funding of conventional and jumbo loans, subject to reductions at specified volumes and discretionary reductions by PFSI.

# Appendix



# PMT EPS, Dividends and Book Value Over Time

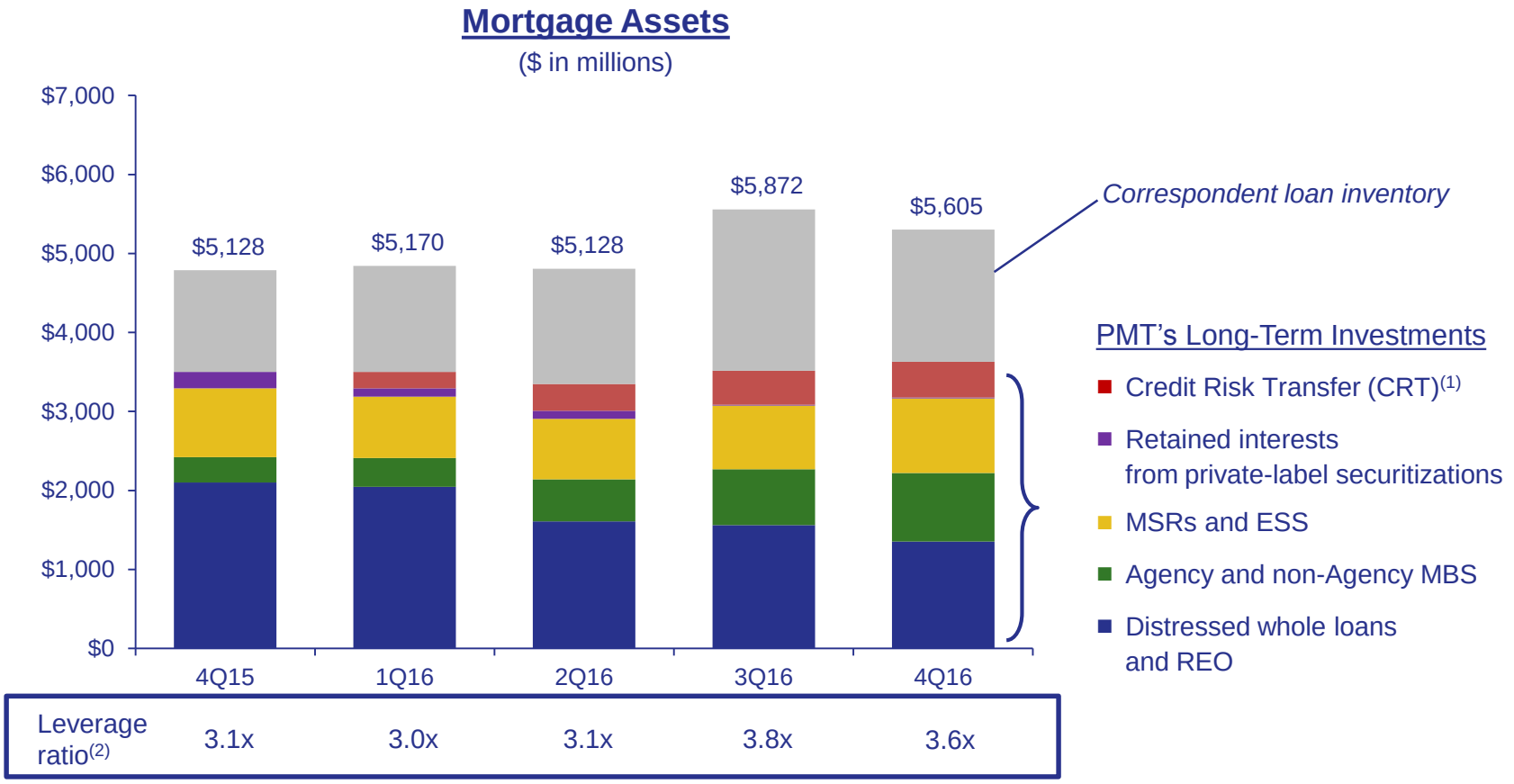



| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Return on Equity(2) | 7% | 2% | 7% | 10% | 4% | 4% | (1)% | 10% | 9% |

(1) At period end.

(2) Return on average equity during the respective quarter; return on average equity is calculated based on annualized quarterly net income as a percentage of monthly average shareholders' equity during the period.

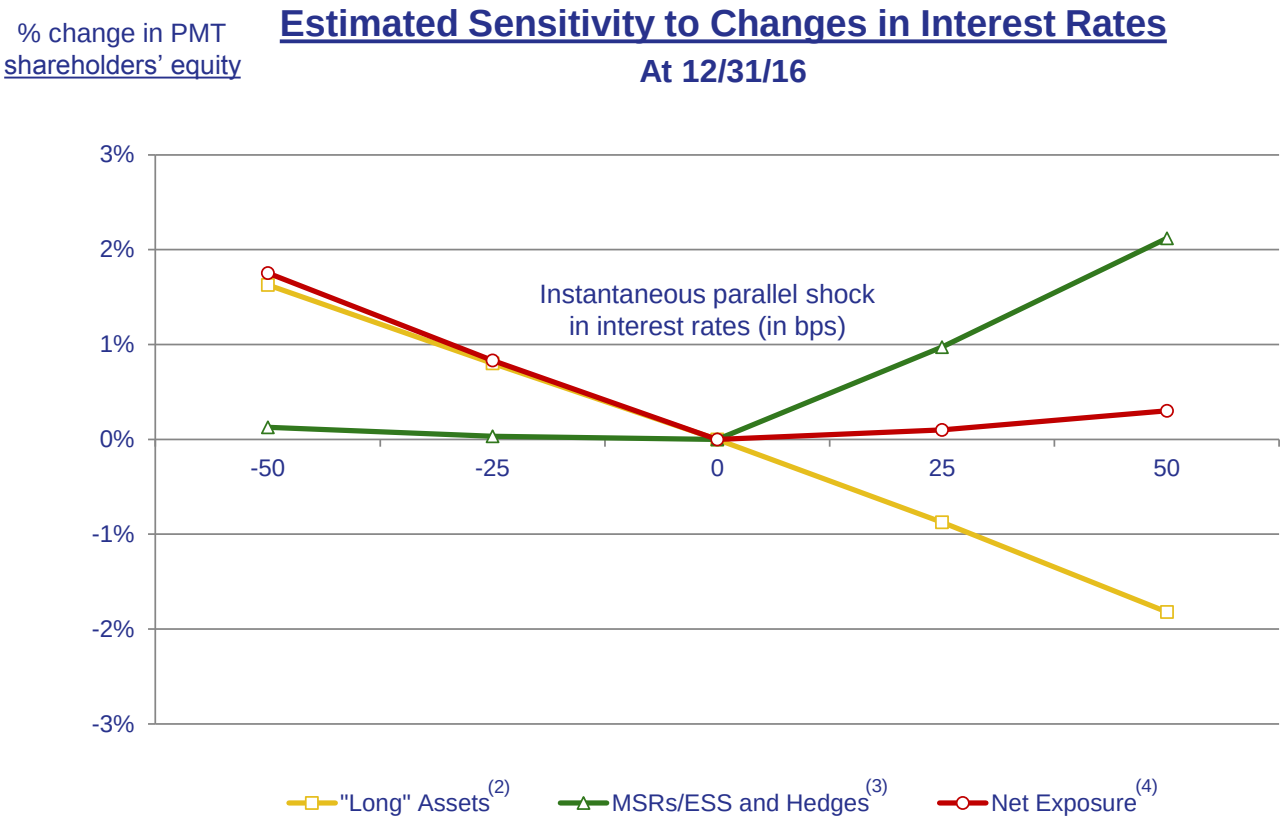
# PMT's Mortgage Assets and Leverage Ratio Over Time




(1) The fair value of CRT investments is reflected on the balance sheet as restricted cash and a net derivative asset included in derivative assets

(2) All borrowings, including exchangeable senior notes and asset-backed secured financing of the variable interest entity, divided by shareholders' equity at period end

# 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 whole loans and REO. The sensitivity analyses on the slide and the associated commentary are limited in that they are estimates as of December 31, 2016; 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 an earnings forecast.

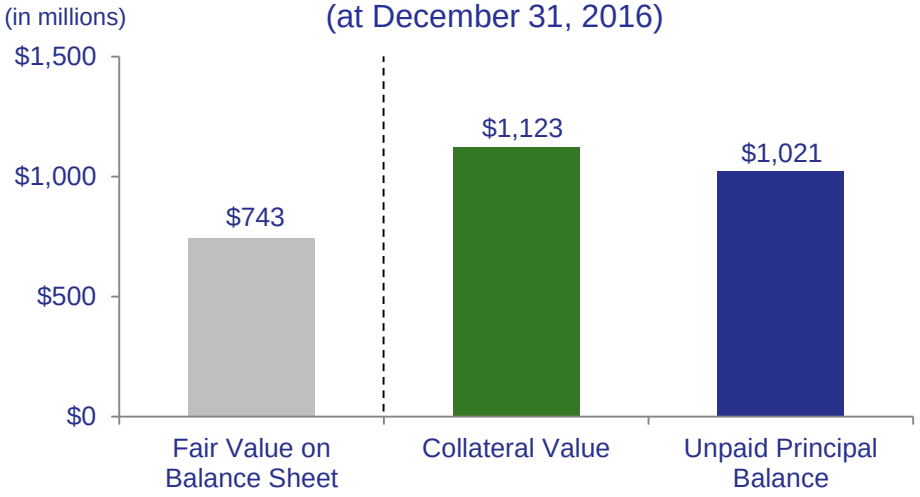
[2] Includes loans acquired for sale and IRLCs, net of associated hedges, Agency and Non-Agency MBS assets

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

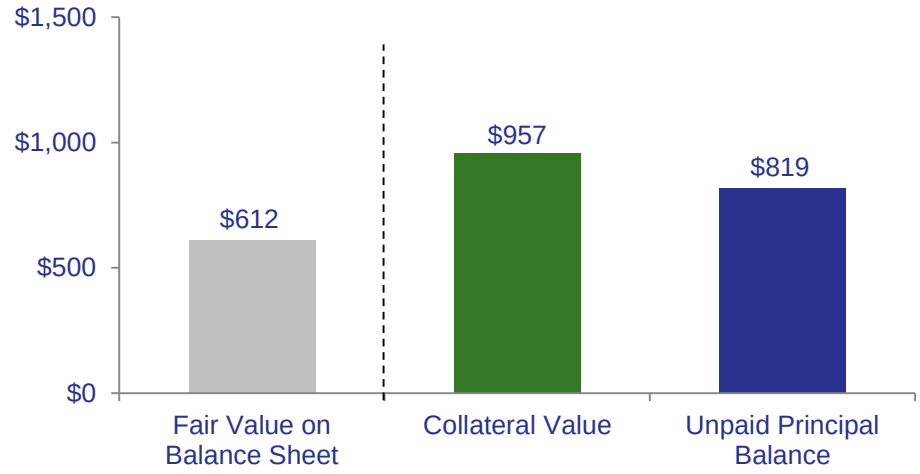
[4] Net exposure represents the net position of the "Long" Assets Position and the MSR/ESS Investments and Hedges

# Carrying Values for PMT's Distressed Whole Loans

## Nonperforming Loans
(at December 31, 2016)




## Performing Loans
(at December 31, 2016)




- Nonperforming loans are held on average at a 34% discount to current property value – fair value considers costs expected over the liquidation timeline, expected property appreciation and reperformance probability
- PMT advances funds for items such as property taxes and property preservation to protect the value of its investment in the underlying property; these advances are recovered from the proceeds when the loan is liquidated before loan balances are repaid or from borrower reperformance either through modification of the loan or reinstatement of the loan to current status
- Performing loans provide ongoing cash interest income and, as they season, the opportunity to monetize gains through payoffs, refinances, or loan sales

# Distressed Portfolio by Acquisition Period

| 1Q10 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 182.7 | 20.4 |
| Pool Factor[1] | 1.00 | 0.11 |
| Current | 6.2% | 30.9% |
| 30 | 1.6% | 9.8% |
| 60 | 5.8% | 8.1% |
| 90+ | 37.8% | 18.1% |
| FC | 46.4% | 22.9% |
| REO | 2.3% | 10.3% |

| 2Q10 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 195.5 | 20.7 |
| Pool Factor[1] | 1.00 | 0.11 |
| Current | 5.1% | 35.9% |
| 30 | 2.0% | 7.6% |
| 60 | 4.1% | 2.4% |
| 90+ | 42.8% | 15.2% |
| FC | 45.9% | 30.3% |
| REO | 0.0% | 8.7% |

| 3Q10 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 146.2 | 13.8 |
| Pool Factor[1] | 1.00 | 0.09 |
| Current | 1.2% | 26.9% |
| 30 | 0.4% | 12.1% |
| 60 | 1.3% | 4.8% |
| 90+ | 38.2% | 22.1% |
| FC | 58.9% | 27.1% |
| REO | 0.0% | 7.0% |

| 4Q10 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 277.8 | 30.1 |
| Pool Factor[1] | 1.00 | 0.11 |
| Current | 5.0% | 35.6% |
| 30 | 4.0% | 13.1% |
| 60 | 5.1% | 4.7% |
| 90+ | 26.8% | 18.6% |
| FC | 59.1% | 15.9% |
| REO | 0.0% | 12.2% |

| 1Q11 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 515.1 | 88.2 |
| Pool Factor[1] | 1.00 | 0.17 |
| Current | 2.0% | 23.2% |
| 30 | 1.9% | 10.6% |
| 60 | 3.9% | 3.0% |
| 90+ | 25.9% | 21.5% |
| FC | 66.3% | 25.9% |
| REO | 0.0% | 15.7% |

| 2Q11 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 259.8 | 51.4 |
| Pool Factor[1] | 1.00 | 0.20 |
| Current | 11.5% | 28.7% |
| 30 | 6.5% | 10.7% |
| 60 | 5.2% | 5.1% |
| 90+ | 31.2% | 21.8% |
| FC | 43.9% | 19.7% |
| REO | 1.7% | 13.8% |

| 3Q11 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 542.6 | 81.8 |
| Pool Factor[1] | 1.00 | 0.15 |
| Current | 0.6% | 28.2% |
| 30 | 1.3% | 9.7% |
| 60 | 2.0% | 5.1% |
| 90+ | 22.6% | 17.0% |
| FC | 73.0% | 25.8% |
| REO | 0.4% | 14.2% |

| 4Q11 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 49.0 | 15.9 |
| Pool Factor[1] | 1.00 | 0.32 |
| Current | 0.2% | 29.7% |
| 30 | 0.1% | 9.9% |
| 60 | 0.2% | 10.0% |
| 90+ | 70.4% | 27.4% |
| FC | 29.0% | 13.6% |
| REO | 0.0% | 9.5% |

| 1Q12 |
|---|
| No Pools Purchased in this Quarter. |

| 2Q12 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 402.5 | 81.3 |
| Pool Factor[1] | 1.00 | 0.20 |
| Current | 45.0% | 33.6% |
| 30 | 4.0% | 13.5% |
| 60 | 4.3% | 6.6% |
| 90+ | 31.3% | 15.5% |
| FC | 15.3% | 24.2% |
| REO | 0.1% | 6.6% |

| 3Q12 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 357.2 | 90.2 |
| Pool Factor[1] | 1.00 | 0.25 |
| Current | 0.0% | 24.7% |
| 30 | 0.0% | 7.7% |
| 60 | 0.1% | 2.0% |
| 90+ | 49.1% | 15.5% |
| FC | 50.8% | 26.0% |
| REO | 0.0% | 24.2% |

| 4Q12 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 290.3 | 82.9 |
| Pool Factor[1] | 1.00 | 0.29 |
| Current | 3.1% | 32.9% |
| 30 | 1.3% | 12.9% |
| 60 | 5.4% | 5.6% |
| 90+ | 57.8% | 16.8% |
| FC | 32.4% | 18.5% |
| REO | 0.0% | 13.4% |

[1] Ratio of unpaid principal balance remaining to unpaid principal balance at acquisition

# Distressed Portfolio by Acquisition Period (cont.)

| 1Q13 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 366.2 | 100.5 |
| Pool Factor[1] | 1.00 | 0.27 |
| Current | 1.6% | 40.6% |
| 30 | 1.5% | 14.0% |
| 60 | 3.5% | 4.6% |
| 90+ | 82.2% | 19.9% |
| FC | 11.2% | 11.2% |
| REO | 0.0% | 9.7% |

| 2Q13 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 397.3 | 164.8 |
| Pool Factor[1] | 1.00 | 0.41 |
| Current | 4.8% | 31.7% |
| 30 | 7.4% | 10.5% |
| 60 | 7.6% | 5.2% |
| 90+ | 45.3% | 15.3% |
| FC | 34.9% | 18.7% |
| REO | 0.0% | 18.7% |

| 3Q13 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 929.5 | 394.1 |
| Pool Factor[1] | 1.00 | 0.42 |
| Current | 0.8% | 19.6% |
| 30 | 0.3% | 4.4% |
| 60 | 0.7% | 3.2% |
| 90+ | 58.6% | 19.9% |
| FC | 39.6% | 26.8% |
| REO | 0.0% | 26.1% |

| 4Q13 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 507.3 | 283.6 |
| Pool Factor[1] | 1.00 | 0.56 |
| Current | 1.4% | 17.5% |
| 30 | 0.2% | 3.7% |
| 60 | 0.0% | 1.9% |
| 90+ | 38.3% | 19.0% |
| FC | 60.0% | 35.0% |
| REO | 0.0% | 23.0% |

| 1Q14 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 439.0 | 251.1 |
| Pool Factor[1] | 1.00 | 0.57 |
| Current | 6.2% | 17.7% |
| 30 | 0.7% | 3.5% |
| 60 | 0.7% | 2.0% |
| 90+ | 37.5% | 19.8% |
| FC | 53.8% | 36.7% |
| REO | 1.1% | 20.3% |

| 2Q14 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 37.9 | 22.6 |
| Pool Factor[1] | 1.00 | 0.60 |
| Current | 0.7% | 42.4% |
| 30 | 0.6% | 5.0% |
| 60 | 1.4% | 3.1% |
| 90+ | 59.0% | 23.3% |
| FC | 38.2% | 13.2% |
| REO | 0.0% | 12.9% |

| 3Q14 |
|---|
| No Pools Purchased in this Quarter. |

| 4Q14 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 330.8 | 218.0 |
| Pool Factor[1] | 1.00 | 0.66 |
| Current | 1.6% | 38.3% |
| 30 | 1.6% | 5.7% |
| 60 | 7.1% | 2.7% |
| 90+ | 52.7% | 16.6% |
| FC | 36.9% | 23.8% |
| REO | 0.0% | 12.8% |

| 1Q15 | Purchase | 4Q16 |
|---|---|---|
| Balance ($mm) | $ 310.2 | 219.2 |
| Pool Factor[1] | 1.00 | 0.71 |
| Current | 1.8% | 21.2% |
| 30 | 0.3% | 3.6% |
| 60 | 0.1% | 3.7% |
| 90+ | 66.7% | 23.5% |
| FC | 31.1% | 30.2% |
| REO | 0.0% | 17.9% |

No distressed loan acquisitions since 1Q15

[1] Ratio of unpaid principal balance remaining to unpaid principal balance at acquisition

# Correspondent Production Fundings and Locks by Product

| ($ in millions) | 4Q15 | 1Q16 | 2Q16 | 3Q16 | 4Q16 |
|---|---|---|---|---|---|
| **Fundings** | | | | | |
| Conventional | $ 3,460 | $ 3,253 | $ 5,171 | $ 7,263 | $ 7,492 |
| Government | 6,558 | 6,423 | 9,433 | 11,657 | 12,544 |
| Jumbo | 12 | 7 | 3 | 1 | - |
| **Total** | **$ 10,030** | **$ 9,683** | **$ 14,607** | **$ 18,920** | **$ 20,036** |
| **Locks** | | | | | |
| Conventional | $ 3,630 | $ 3,857 | $ 5,957 | $ 8,687 | $ 6,925 |
| Government | 7,001 | 6,511 | 10,023 | 12,868 | 12,289 |
| Jumbo | 14 | 11 | 7 | 2 | - |
| **Total** | **$ 10,645** | **$ 10,379** | **$ 15,988** | **$ 21,557** | **$ 19,215** |

Note: Figures may not sum exactly due to rounding

# PMT's Investments in GSE Credit Risk Transfer

($ in billions)

| CRT 2015 -1 (May 2015 - July 2015) | At inception | 12/31/2016 |
|---|---|---|
| UPB | $ 1.3 | $ 0.9 |
| Loan Count | 4,108 | 3,508 |
| % Purchase | 67.6% | 69.2% |
| WA FICO[1] | 742 | 742 |
| WA LTV[1] | 80.5% | 79.2% |
| 60+ Days Delinquent Loan Count | | 12 |
| 60+ Days Delinquent % o/s UPB | | 0.36% |
| 180+ Days Delinquent Loan Count | | 2 |
| Actual Losses ($ in thousands) | | $ 31 |

| CRT 2015 -2 (August 2015 - Feburary 2016) | At inception | 12/31/2016 |
|---|---|---|
| UPB | $ 4.2 | $ 3.5 |
| Loan Count | 15,255 | 13,241 |
| % Purchase | 71.4% | 72.3% |
| WA FICO[1] | 743 | 742 |
| WA LTV[1] | 81.2% | 80.3% |
| 60+ Days Delinquent Loan Count | | 36 |
| 60+ Days Delinquent % o/s UPB | | 0.27% |
| 180+ Days Delinquent Loan Count | | 3 |
| Actual Losses ($ in thousands) | | $ 59 |

| CRT 2016 -1 (Feburary 2016 - August 2016) | At inception | 12/31/2016 |
|---|---|---|
| UPB | $ 6.4 | $ 6.2 |
| Loan Count | 21,615 | 21,021 |
| % Purchase | 67.4% | 68.9% |
| WA FICO[1] | 748 | 748 |
| WA LTV[1] | 81.2% | 80.5% |
| 60+ Days Delinquent Loan Count | | 15 |
| 60+ Days Delinquent % o/s UPB | | 0.06% |
| 180+ Days Delinquent Loan Count | | 1 |
| Actual Losses ($ in thousands) | | $ - |

| CRT 2016 -2 (August 2016 - Current) | At inception | 12/31/2016 |
|---|---|---|
| UPB | $ 3.9 | $ 3.9 |
| Loan Count | 12,900 | 12,900 |
| % Purchase | 60.7% | 60.7% |
| WA FICO[1] | 750 | 750 |
| WA LTV[1] | 79.9% | 79.9% |
| 60+ Days Delinquent Loan Count | | 1 |
| 60+ Days Delinquent % o/s UPB | | 0.01% |
| 180+ Days Delinquent Loan Count | | - |
| Actual Losses ($ in thousands) | | $ - |

| Total | At inception | 12/31/2016 |
|---|---|---|
| UPB | $ 15.8 | $ 14.4 |
| Loan Count | 53,878 | 49,928 |
| % Purchase | 68.7% | 67.7% |
| WA FICO[1] | 746 | 747 |
| WA LTV[1] | 80.8% | 80.3% |
| 60+ Days Delinquent Loan Count | | 64 |
| 60+ Days Delinquent % o/s UPB | | 0.12% |
| 180+ Days Delinquent Loan Count | | 6 |
| Actual Losses ($ in thousands) | | $ 90 |

[1] FICO and LTV metrics at origination

# Net Cash Flows from Existing Investments

## Reconciliation of Non-GAAP Financial Measure

| ($ in thousands) | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | December 31, 2016 | September 30, 2016 | June 30, 2016 | March 31, 2016 | December 31, 2015 |
| **Cash flows from investing activities**[1] | $25,713 | ($146,950) | $ 222,120 | $ 93,069 | $ 80,734 |
| Adjustments to remove items: | | | | | |
| Purchase of mortgage-backed securities at fair value | 213,813 | 301,729 | 199,223 | 50,702 | 22,604 |
| Sale of mortgage-backed securities at fair value | (34,038) | (123,329) | (35,293) | (13,848) | (11,939) |
| Sale of mortgage loans at fair value | - | (891) | - | - | - |
| Purchase of excess servicing spread | - | - | - | - | 102 |
| Deposit of cash securing CRT agreements | 24,073 | 89,697 | 126,031 | 66,706 | 59,555 |
| Net settlement of derivative financial instruments | 1,139 | 3,284 | 2,791 | 2 | (1,957) |
| Change in margin deposits and restricted cash | (43,079) | (13,752) | 19,137 | (2,368) | (6,710) |
| Net purchase of mortgage servicing rights | 137 | - | (106) | 2,602 | 1,975 |
| Net decrease (increase) in short-term investments | 88,735 | 16,476 | (30,623) | 5,635 | 10,347 |
| Sale of excess servicing spread to PFSI | - | - | - | (59,045) | - |
| Bulk sale of mortgage loans at fair value | (139,449) | - | (344,302) | - | - |
| | $137,044 | $126,264 | $158,978 | $143,455 | $154,711 |
| Other adjustments: | | | | | |
| Debt repayment on investment liquidations/sales[2] | $ (87,932) | $ (75,728) | $ (119,386) | $ (82,503) | $ (93,413) |
| Servicing fees[3] | $ 37,079 | $ 34,304 | $ 31,578 | $ 28,872 | $ 28,131 |
| Net interest income from Investment Activities[4] | $ 11,563 | $ 12,327 | $ 9,709 | $ 18,458 | $ 17,198 |
| Less capitalized interest | $ (22,037) | $ (23,068) | $ (16,421) | $ (23,294) | $ (22,775) |
| Expenses[5] | $ (27,899) | $ (31,057) | $ (36,666) | $ (28,237) | $ (30,785) |
| **Net cash flows from existing investments** | $ 47,818 | $43,042 | $ 27,792 | $56,751 | $53,067 |

[1] Quarterly cash flows from investing activities are derived from the Company's year-to-date statements of cash flows
[2] Debt repayment from liquidations calculated based on debt advance rates for each asset type
[3] Revenue component of net loan servicing fees as reported quarterly
[4] Investment Activities segment net interest income from the quarterly segment income statement
[5] Quarterly income statement items excluding noncash items and fulfillment fees

# Opportunity in MSR Acquisitions

## Why Are MSR Sales Occurring?

- Large servicers may sell MSRs due to continuing operational pressures, higher regulatory capital requirements for banks (treatment under Basel III) and a re-focus on core customers/businesses
- Independent mortgage banks sell MSRs from time to time due to a need for capital

## How Do MSRs Come to Market?

- Intermittent large bulk portfolio sales ($10+ billion in UPB)
  - Require considerable coordination with selling institutions and Agencies
- Mini-bulk sales (typically $500 million to $5 billion in UPB)
- Flow/co-issue MSR transactions (monthly commitments, typically $20-100 million in UPB)
  - Alternative delivery method typically from larger independent originators

## Which MSR Transactions Are Attractive?

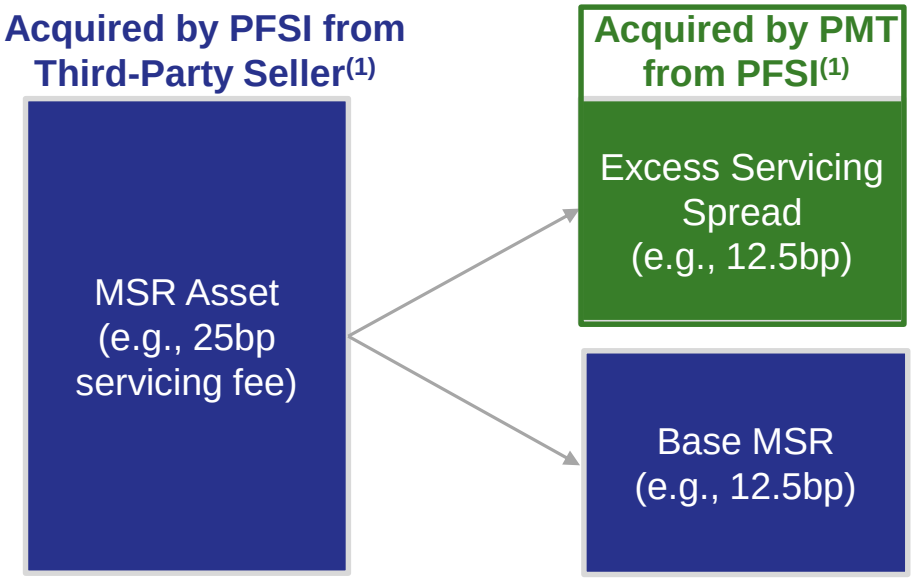
- GSE and Ginnie Mae servicing in which PFSI has distinctive expertise
- MSRs sold and operational servicing transferred to PFSI (not subserviced by a third party)
- Measurable rep and warranty liability for PFSI

**PFSI is uniquely positioned be a successful acquirer of MSRs**

- Proven track record of complex MSR and distressed loan transfers
- Operational platform that addresses the demands of the Agencies, regulators, and financing partners
- Physical capacity in place to sustain servicing portfolio growth plans
- Potential co-investment opportunity for PMT in the excess servicing spread

# 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 indirect subsidiary of PennyMac Financial Services, Inc.
(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.