PENNYMAC
MORTGAGE INVESTMENT TRUST

3Q22 EARNINGS REPORT

PennyMac Mortgage Investment Trust

October 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, housing, 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 Company's ability to comply with various federal, state and local laws and regulations that govern its business; 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; 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.

THIRD QUARTER HIGHLIGHTS

Strong performance from PMT's Interest Rate Sensitive Strategies and income excluding the impacts of market-driven fair value changes offset the impact of continued credit spread widening and a provision for tax expense

3Q22 Results

Net income attributable to common shareholders[1]
$1.5mm

Diluted EPS[2]
$0.01

Return on common equity
0.4%

Book value per share
$16.18

Dividend and Other

Dividend per common share
$0.47

Shares repurchased
1.0mm

CREDIT SENSITIVE STRATEGIES

Pretax income	Pretax income excluding market-driven value changes[3]	Fair value of organically-created CRT[2] investments	New investments in GSE[2] CRT
$(4)mm	**$17mm**	**$1.2bn**	**$59mm**

INTEREST RATE SENSITIVE STRATEGIES

Pretax income	Pretax income excluding market-driven value changes[3]	New MSR[2] investments	Fair value of MSR investments
$104mm	**$43mm**	**$178mm**	**$3.9bn**

CORRESPONDENT PRODUCTION

Pretax income	Conventional correspondent production volume (UPB)[2]	Correspondent seller relationships
$6mm	**$10bn**	**771**

Note: All figures are for 3Q22 or as of 9/30/22

[1] Net income attributable to common shareholders includes a provision for tax expense of $78 million

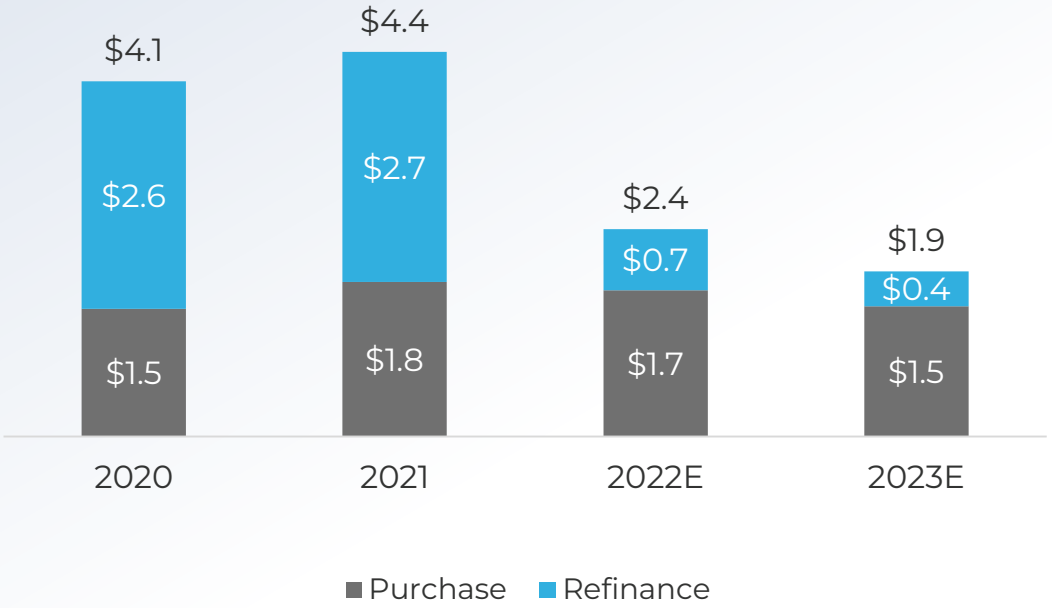
[2] EPS = earnings per share. CRT = credit risk transfer. MSR = mortgage servicing rights. GSE = government-sponsored enterprise. UPB = unpaid principal balance.

[3] Excludes $20 million of market-driven value losses in the credit sensitive strategies and market-driven value gains of $61 million in the interest rate sensitive strategies – see page 11 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 total originations indicate an annualized run rate of $1.7 to $1.9 trillion, reflecting a substantial decline from 2022 levels
  - Excess industry capacity established in recent years continues to be reduced by market participants
- Mortgage REITs with diversified investment portfolios, efficient cost structures and strong risk management practices such as PMT are best-positioned to manage through the volatility presented by the current market environment

[1] Actual originations: Inside Mortgage Finance. Forecast originations: Average of Mortgage Bankers Association (10/23/22), Fannie Mae (10/10/22), and Freddie Mac (10/21/22) forecasts.
[2] Freddie Mac Primary Mortgage Market Survey. 6.94% as of 10/20/22.
[3] Bloomberg: Difference between Freddie Mac Primary Mortgage Market Survey and the 30-Year Fannie Mae or Freddie Mac Par Coupon (MTGEFNCL) Index.

IMPACT OF CURRENT MARKET ENVIRONMENT ON PMT'S BUSINESSES

Credit Sensitive Strategies

- Realized losses on PMT's organically-created CRT investments expected to be limited despite economic conditions
  - 60+ day delinquency rate in PMT's CRT investments of 1.1% as of 9/30/22
  - Credit profiles of borrowers with loans in PMT's CRT investments are especially strong
    - Unemployment remains low at 3.5%(1)
  - Strong home price appreciation since 2015, when PMT began investing in CRT
    - Weighted average current LTVs of 62.3% as of 9/30/22

Interest Rate Sensitive Strategies

- Volatility of MSR value has declined given significant reduction in prepayment speeds at higher interest rates
- Strong contribution from placement fee income expected due to higher short-term rates
  - Custodial funds managed for PMT's portfolio totaled $2.9 billion at September 30, 2022
  - Earnings rate generally fluctuates with changes in the Federal Funds rate
- Underlying performance over time expected to be supported by PFSI's industry-leading servicing capabilities, including proprietary servicing technology

Correspondent Production

- Volumes expected to be lower in future quarters given the projected size of the origination market
- Correspondent channel has historically been a larger percentage of total originations in purchase-oriented markets
  - PMT's acquisitions were 90% purchase loans in 3Q22
- More correspondents seeking to sell loans servicing released due to reduced profitability
- Well-positioned given PMT's leadership in the channel and the potential for consolidation in a smaller market

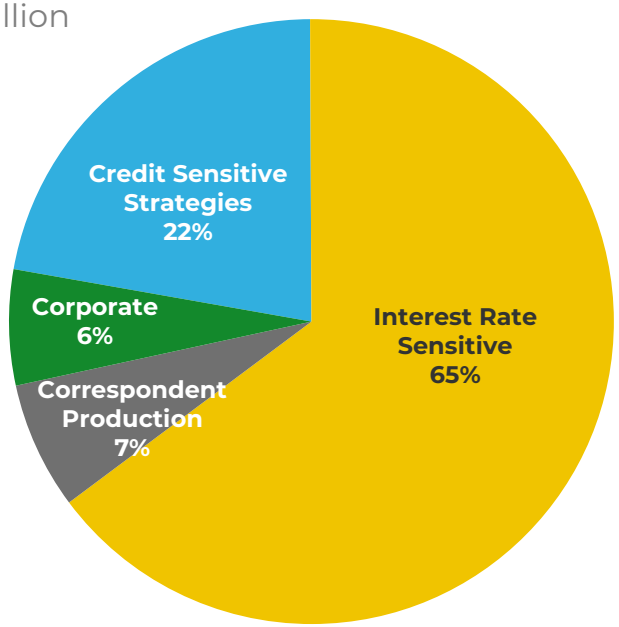
(1) Bureau of Labor Statistics, September 2022

CAPITAL DEPLOYMENT OUTLOOK FOR PMT

- Equity allocation to PMT's Credit Sensitive Strategies has decreased due to runoff of lender risk share investments and fair value declines due to credit spread widening
- Equity allocation to PMT's Interest Rate Sensitive Strategies has increased meaningfully in recent periods due to fair value gains and net new investments

PMT's Equity Allocation – 3Q22

100% = $2.0 billion



Credit Sensitive Strategies

- While the future of lender risk share remains uncertain, wider credit spreads have created investment opportunities in GSE-issued CRT (CAS and STACR bonds) with attractive expected returns
- Year-to-date, PMT has invested $185 million in floating-rate CRT bonds recently issued by Fannie Mae and Freddie Mac
- PMT will be deploying capital into credit sensitive investments on an opportunistic basis

Interest Rate Sensitive Strategies

- PMT is expected to continue investing in MSR, but at a lower pace than prior periods due to lower levels of production and the sale of certain conventional loans to PFSI in 4Q22 – see slide 8

Share Repurchases

- Remains an attractive use of capital while PMT's share price remains well below book value per share
- PMT's Board of Trustees recently approved an increase to PMT's share repurchase authorization from $400 million to $500 million

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	18.2%	15%
PMT Non-Agency Subordinate MBS	18.0%	1%
Other credit sensitive strategies[2]	15.5%	3%
Net credit sensitive strategies	**17.8%**	**20%**
Interest rate sensitive strategies:		
MSRs (incl. recapture)	14.0%	52%
Agency MBS	30.3%	10%
Non-Agency Senior MBS	15.0%	1%
Interest rate hedges[3]	-4.6%	0%
Net interest rate sensitive strategies	**12.1%**	**63%**
Correspondent production	**15.8%**	**9%**
Cash, short term investments, and other	1.3%	8%
Management fees & corporate expenses	-3.0%	0%
Net Corporate[4]	**-2.9%**	**8%**
Provision for income tax expense	-0.2%	
Net income	**9.4%**	**100%**
Dividends on preferred stock	**7.7%**	**27%**
Net income attributable to common shareholders	**10.0%**	**73%**
Average Diluted EPS Per Quarter	**$ 0.41**	

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), 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
  - Slightly lower returns for the interest rate sensitive strategies due to higher financing costs and diminished recapture benefit
  - Return potential in correspondent production has increased due to an expected increase in the proportion of higher margin delivery methods
- 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 dividend level going forward will be driven primarily by projections of its earnings potential and taxable income, with a bias toward dividend stability

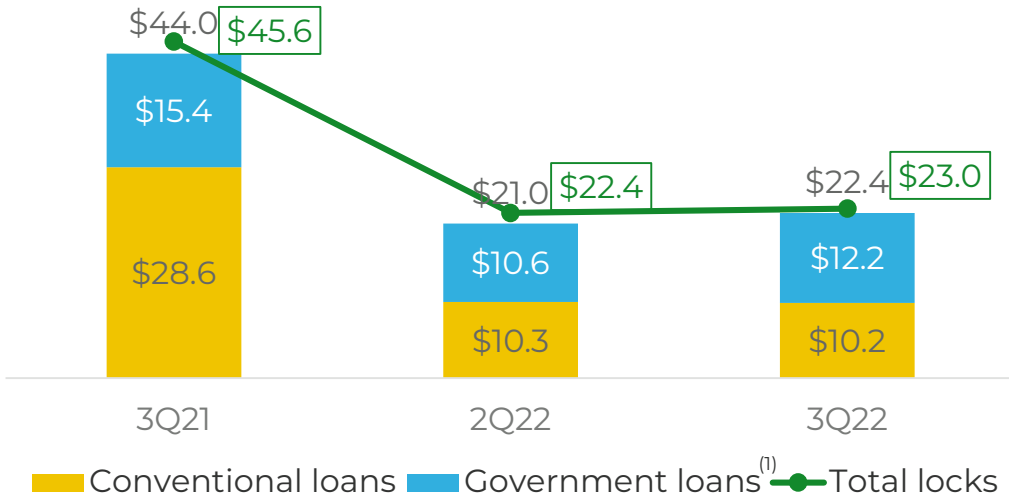
[1] Equity allocated represents management's internal allocation. Certain financing balances and associated interest expenses are allocated between investments based on management's assessment of target leverage ratios and required capital or liquidity to support the investment.
[2] Includes opportunistic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

CORRESPONDENT PRODUCTION HIGHLIGHTS

- Correspondent acquisitions in 3Q22 totaled $22.4 billion in UPB, up 7% Q/Q and down 49% Y/Y
  - 46% conventional loans; 54% government loans
  - Conventional conforming acquisitions of $10.2 billion in UPB, down 1% Q/Q and down 64% Y/Y
  - Government acquisitions of $12.2 billion in UPB, up 14% Q/Q and down 21% Y/Y[1]
- Conventional lock volume was $10.6 billion in UPB, down 4% Q/Q and down 64% Y/Y[2]
  - Maintained pricing discipline despite significant competition for conventional loans in a contracting origination market, including from the GSEs
- To manage the allocation of capital between credit and interest rate sensitive assets, in 4Q22 PMT will be selling certain of its conventional correspondent loans to PFSI in exchange for a sourcing fee
- Pennymac remains the largest correspondent aggregator in the U.S.
- October correspondent acquisitions are estimated to be $7.5 billion in UPB; locks are estimated to be $8.0 billion in UPB

Correspondent Production Volume and Mix

(UPB in billions)



Key Financial Metrics	2Q22	3Q22
Segment pretax income as a percentage of interest rate lock commitments[2]	0.09%	0.06%
Fulfillment fee as a percentage of acquisitions funded[3]	0.20%	0.18%

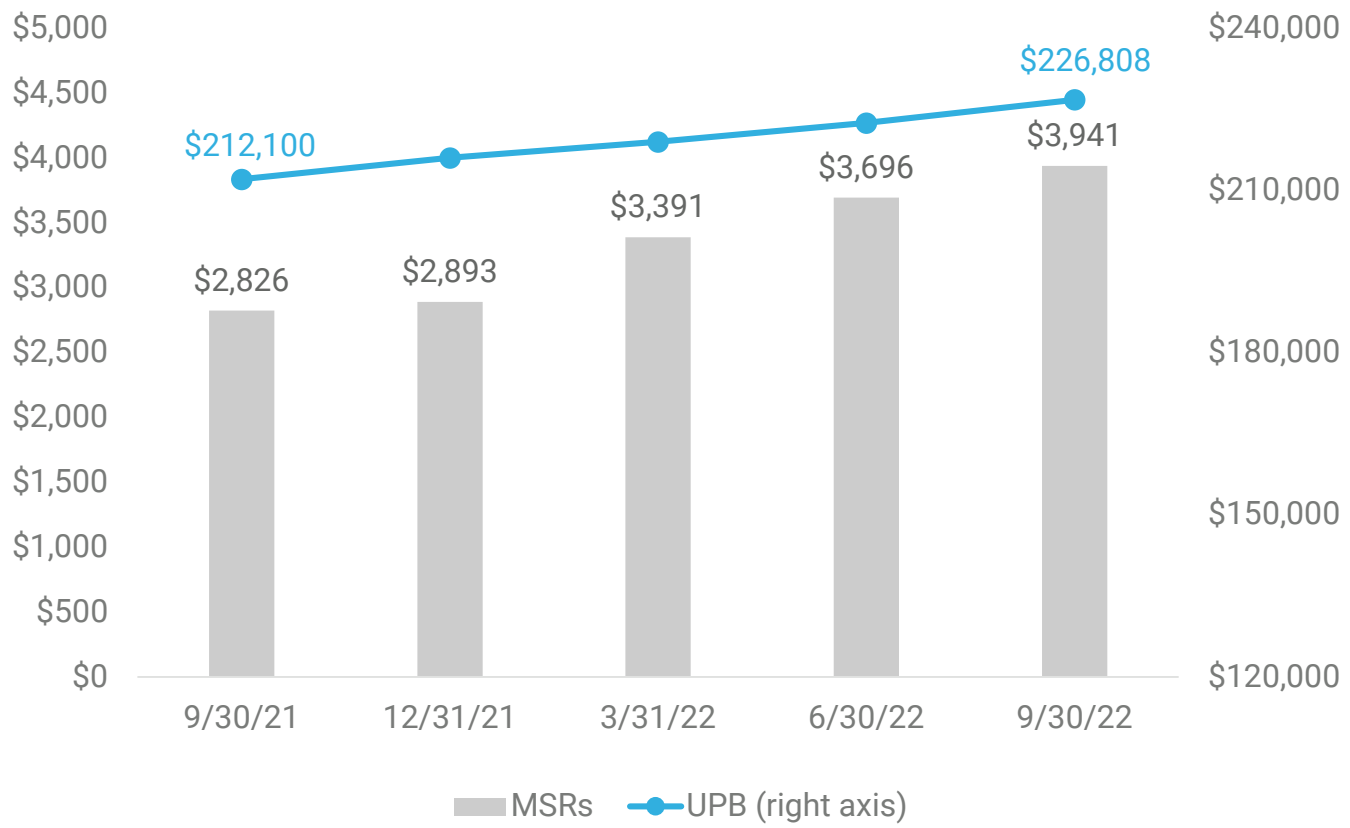
Selected Operational Metrics	2Q22	3Q22
Correspondent seller relationships	777	771
Purchase money loans, as a % of total acquisitions	82%	90%

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)

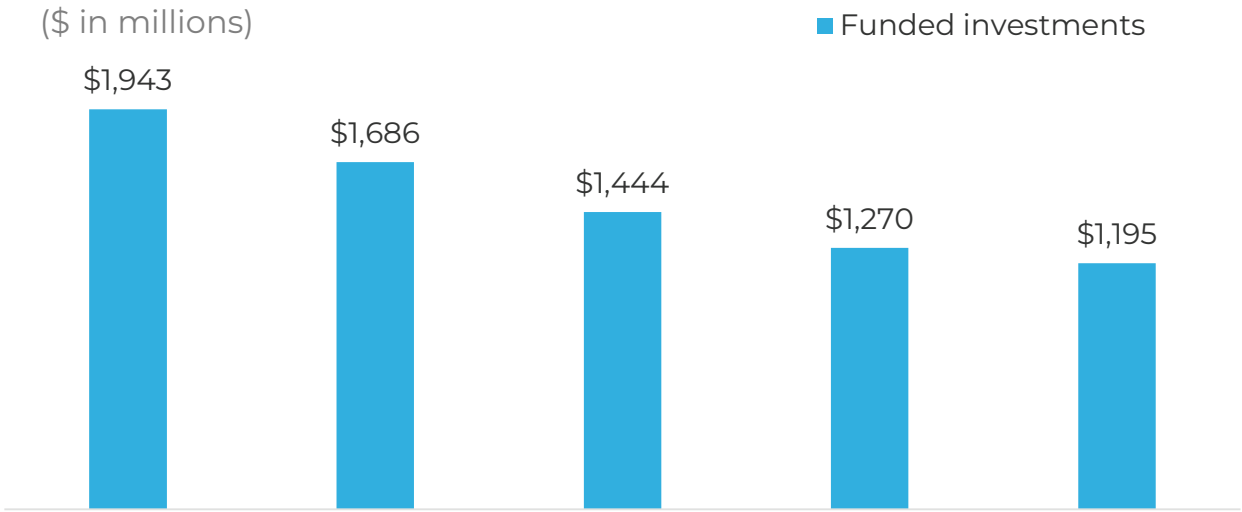


- MSR assets were $3.9 billion as of September 30th, up from $3.7 billion at June 30th, 2022
  - Driven by fair value increases and newly originated MSR investments of $178 million resulting from PMT's conventional production volumes
  - UPB associated with MSR investments increased to $226.8 billion from $222.0 billion at June 30th, 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 June 30th, 2022 due to fair value decreases that resulted from market credit spread widening and prepayments
- The 60+ day delinquency rate declined from June 30th, 2022 as the overall number of delinquent loans decreased faster than the decline in UPB
- Cumulative lifetime losses increased slightly
- Continue to engage 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):	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
Underlying UPB of loans ($ in billions)	$35.4	$30.8	$28.2	$26.3	$25.3
WA FICO at origination	750	750	751	752	752
WA LTV at origination	82.6%	82.4%	82.4%	82.3%	82.2%
WA Current LTV	63.9%	63.5%	63.2%	62.7%	62.3%
60+ Days Delinquent as a % of outstanding UPB	3.79%	3.06%	1.85%	1.31%	1.14%
Net Realized losses (recoveries) ($ in millions)	($14.3)	($14.5)	($16.0)	($4.5)	$0.2
Cumulative lifetime losses ($ in millions)	$76.4	$61.9	$45.9	$41.4	$41.6

(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) Weighted average 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.

THIRD 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	$ (1.4)	$ (14.2)	$ 12.8	$ 364	-2%
PMT Non-Agency Subordinate MBS	(5.6)	(6.6)	1.0	29	-78%
Other credit sensitive strategies[4]	3.3	0.5	2.8	67	20%
Net credit sensitive strategies	**$ (3.7)**	**$ (20.3)**	**$ 16.6**	**$ 459**	**-3%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)	$ 190.4	$ 162.7	$ 27.6		
Agency MBS	(239.8)	(254.3)	14.5		
Non-Agency Senior MBS (incl. jumbo)	(1.3)	(2.0)	0.7		
Interest rate hedges	154.3	154.3			
Net interest rate sensitive strategies	**$ 103.5**	**$ 60.7**	**$ 42.8**	**$ 1,344**	**31%**
Correspondent production	**$ 6.1**	**$ -**	**$ 6.1**	**$ 141**	**17%**
Cash, short term investments, and other	$ 0.3		$ 0.3	$ 128	1%
Management fees & corporate expenses	(15.8)	n/a	(15.8)		-3%
Corporate[5]	**$ (15.5)**	**n/a**	**$ (15.5)**	**$ 128**	**-3%**
Benefit / (Provision) for income tax expense	$ (78.5)	(75.0)	$ (3.5)		
Net income	**$ 11.9**	**$ (34.6)**	**$ 46.5**	**$ 2,072**	**2%**
Dividends on preferred stock	**$ 10.5**			**$ 541**	**8%**
Net income attributable to common shareholders	**$ 1.5**			**$ 1,531**	**0%**
Diluted EPS	**$ 0.01**				

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.

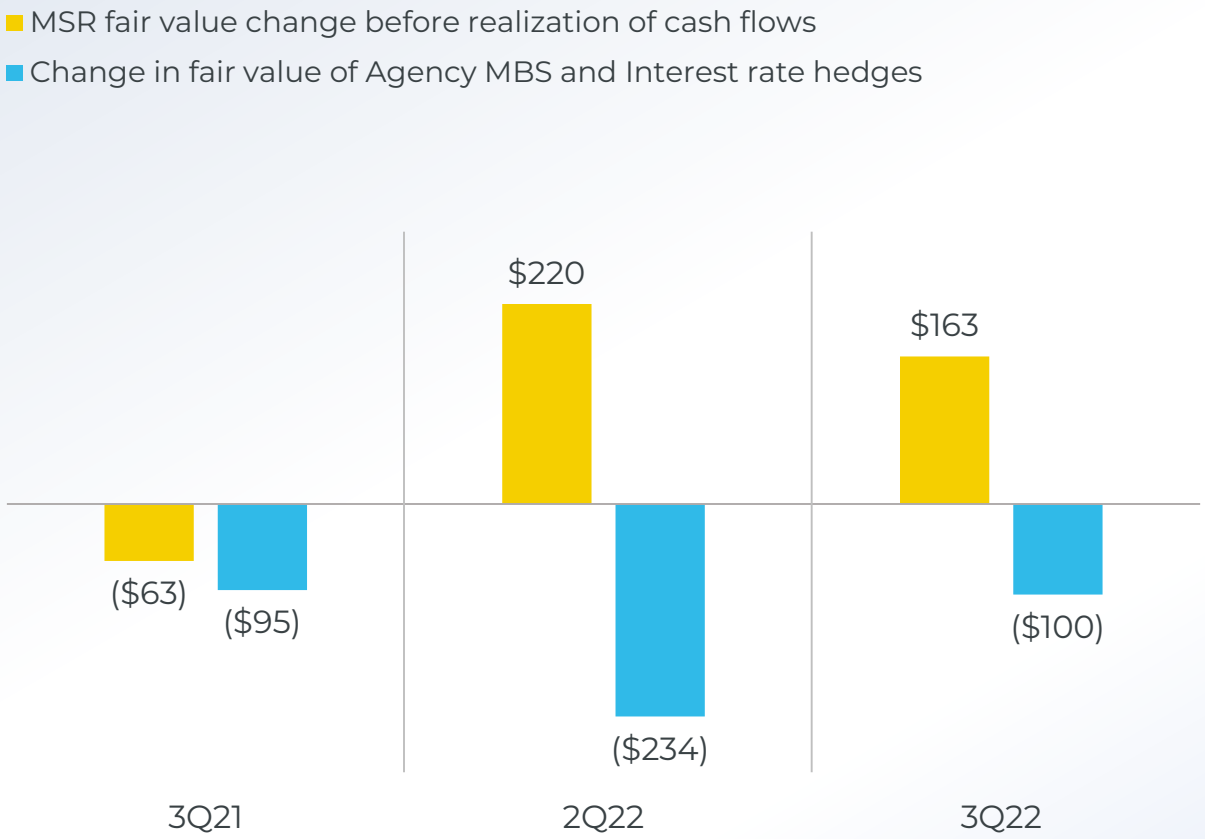
[4] Includes legacy distressed loan portfolio and opportunistic investments in GSE CRT

[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 3Q22, 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
- Net fair value declines in Agency MBS and interest rate hedges
  - Agency MBS fair value declined due to the significant increase in interest rates and spreads
  - Partially offset by strong performance of interest rate hedges

(1) Before recognition of realization of cash flows

PMT'S FLEXIBLE AND SOPHISTICATED FINANCING STRUCTURES

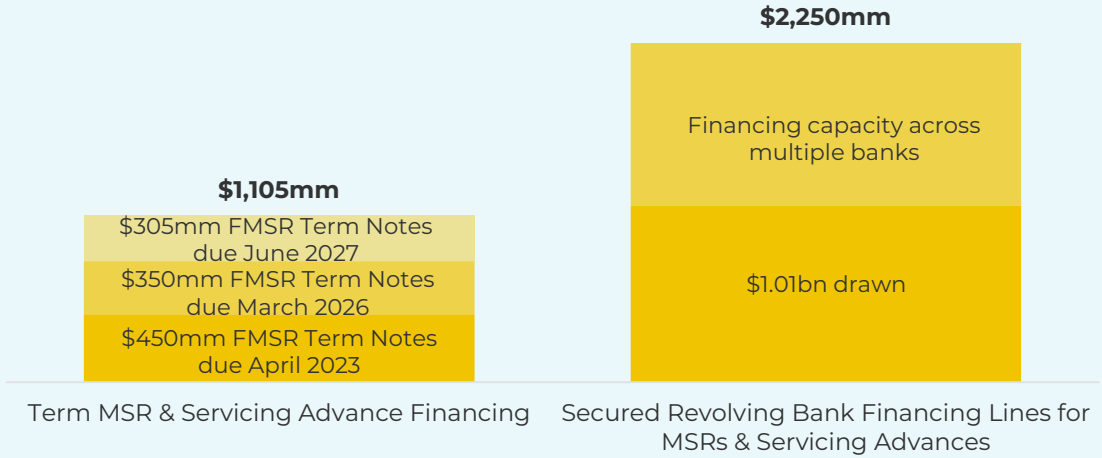
Exchangeable Senior Notes

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



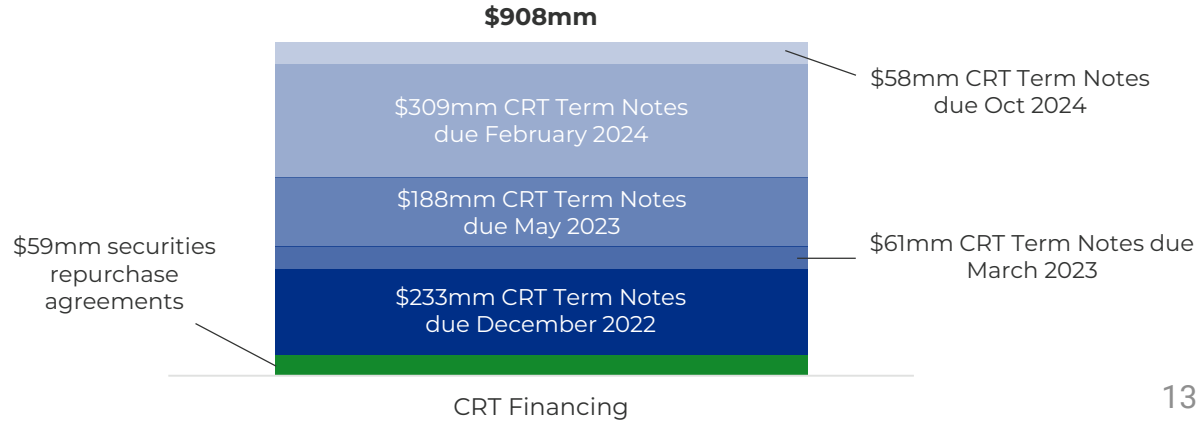
MSR Financing

- 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

- Maturity for the CRT term notes originally maturing in October 2022 have been extended 2 years
- All other CRT term notes contain the ability to extend the maturity for 2 years at PMT's discretion, except $233 million of CRT Term Notes due December 2022 which we expect to finance with securities repurchase agreements while maintaining reserves for potential margin calls
- CRT term notes do not contain mark-to-market provisions



Note: All figures are as of September 30, 2022

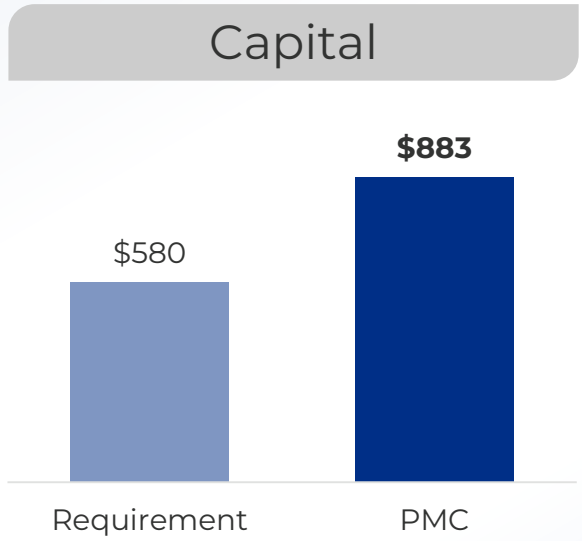
PMT IS IN EXCESS OF PROSPECTIVE REGULATORY CAPITAL AND LIQUIDITY REQUIREMENTS

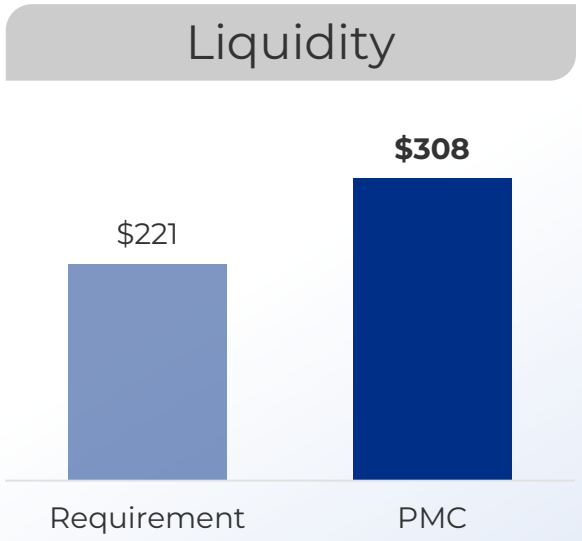
In August, the Federal Housing Finance Agency (FHFA) released updated eligibility standards for non-bank seller/servicers with a proposed effective date for most requirements of September 30, 2023

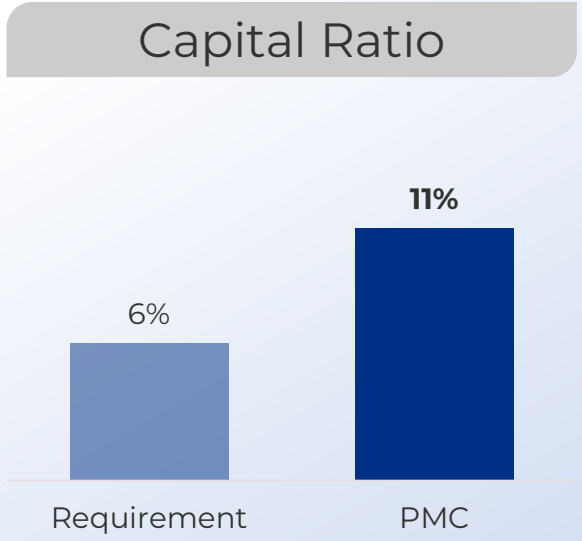
- PennyMac Corp. (PMC) is a wholly-owned subsidiary of PennyMac Mortgage Investment Trust and is approved as a seller/servicer of mortgage loans by Fannie Mae and Freddie Mac

As of September 30, 2022
(in millions)

New FHFA Eligibility Requirements (Pro-Forma)







APPENDIX

PENNYMAC
MORTGAGE INVESTMENT TRUST

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 $25.3 billion in UPB of loans underlying PMT's front-end GSE CRT investments at September 30, 2022

ROBUST LIQUIDITY RISK MANAGEMENT DISCIPLINE

$697 million in available liquidity at September 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 updated FHFA eligibility standards that go into effect in 2023 for non-bank, Agency seller/servicers

Ongoing Operations

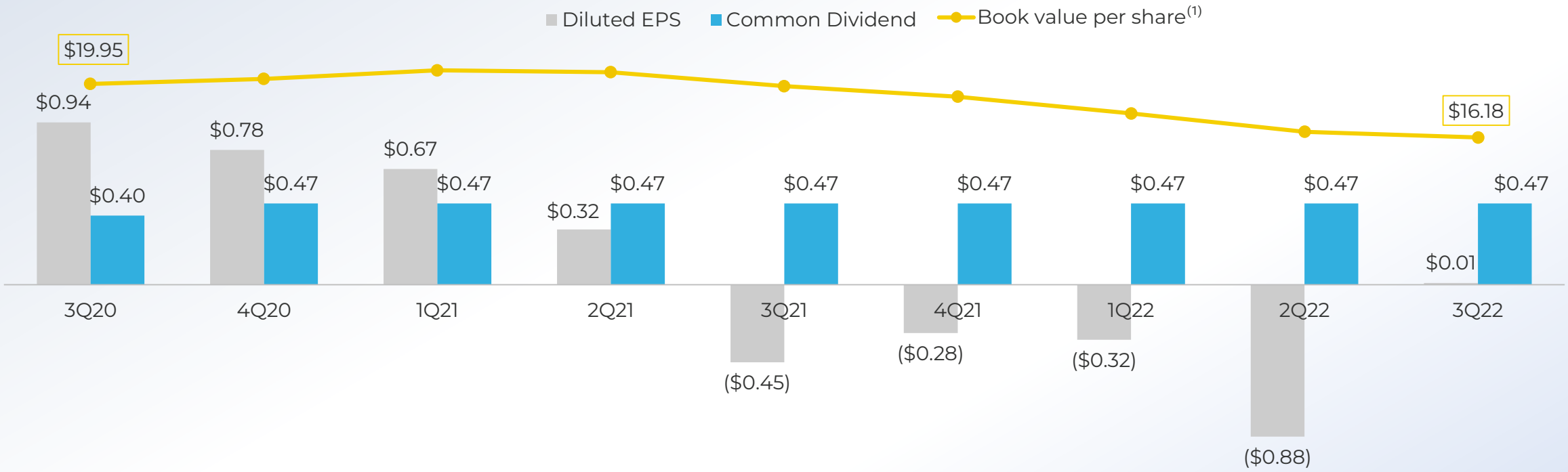
- Fulfillment of financial commitments and obligations
- Operating expenses, income tax payments, principal and interest payments on outstanding debt, dividend payments and other
- Expected cash needs for business activities

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 $411 million in cash and short-term investments plus $286 million in amounts that can be borrowed on facilities with pledged collateral

HISTORICAL EARNINGS, DIVIDENDS AND BOOK VALUE PER SHARE



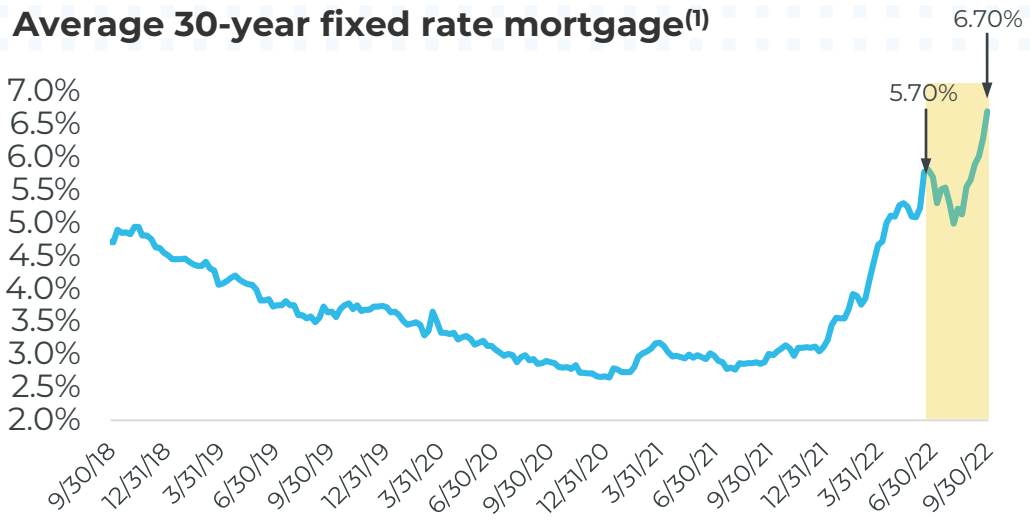
- Repurchased 25.5 million common shares from 3Q15 through 3Q22
- Issued 39.2 million common shares through underwritten common equity offerings and our ATM program in 2019 and 2020

(1) At period end

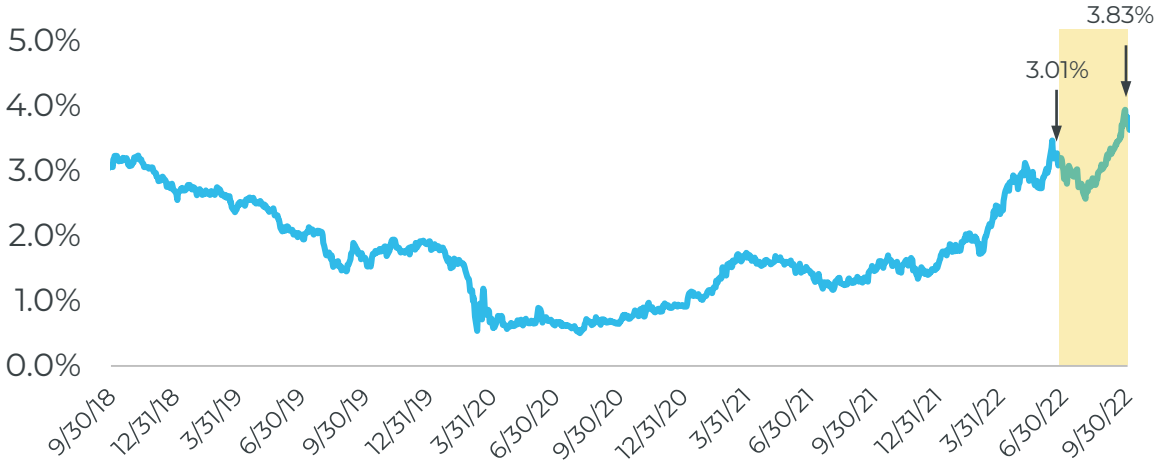
(2) Return on average common equity is calculated based on annualized quarterly net income attributable to common shareholders as a percentage of monthly average common equity during the period.

CURRENT MARKET ENVIRONMENT AND MACROECONOMIC TRENDS

Average 30-year fixed rate mortgage[1]



10-year Treasury Bond Yield[2]



Macroeconomic Metrics[3]

	9/30/21	12/31/21	3/31/22	6/30/22	9/30/22
10-year Treasury bond yield	1.5%	1.5%	2.3%	3.0%	3.8%
2/10 year Treasury yield spread	1.2%	0.8%	0.0%	0.1%	-0.5%
30-year fixed rate mortgage	3.0%	3.1%	4.7%	5.7%	6.7%
Secondary mortgage rate	2.0%	2.1%	3.5%	4.4%	5.6%
U.S. home price appreciation (Y/Y % change)	19.7%	18.8%	20.6%	19.7%	13.0%
Residential mortgage originations (in billions)	$1,090	$995	$725	$650	$505

Footnotes

(1) Freddie Mac Primary Mortgage Market Survey. 6.94% as of 10/20/22

(2) U.S. Department of the Treasury. 4.23% as of 10/20/22

(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 8/31/22.
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 6/30/22	Net new investments[5]	Fair value changes	Asset carrying value at 9/30/22
Credit Sensitive Strategies	Organically-Created Investments in GSE CRT[1]	$ 1,270	**$ (61)**	$ (14)	$ 1,195
	Investment in Investor Loan Securitizations[2]	$ 96	**$ 0**	$ (8)	$ 89
	Other Credit Sensitive Strategies[3]	$ 131	**$ 53**	$ 4	$ 188
Interest Rate Sensitive Strategies	MSR	$ 3,696	**$ 82**	$ 163	$ 3,941
	Non-Agency Senior MBS[4]	$ 24	**$ (1)**	$ (1)	$ 22
	Agency MBS[4]	$ 3,712	**$ 220**	$ (250)	$ 3,682
	Total	$ 8,930	**$ 294**	$ (106)	$ 9,117

[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 June 30, 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 $8.0 million in carrying value of real estate acquired in settlement of loans at 9/30/22.
[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

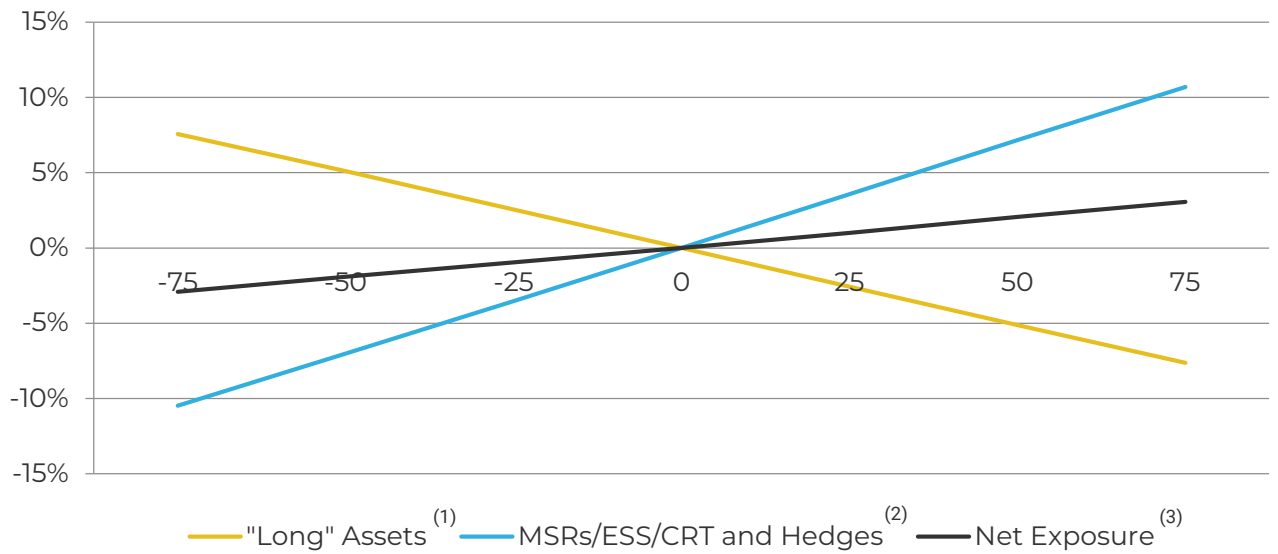
September 30, 2022 *Unaudited ($ in millions)*	Mortgage Servicing Rights
Pool UPB	$226,808
Coupon[(1)]	3.4%
Servicing fee[(1)]	0.28%
Prepayment speed assumption (CPR)[(1)]	6.4%
Fair value	$3,941
As a multiple of servicing fee	6.13

(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 9/30/22

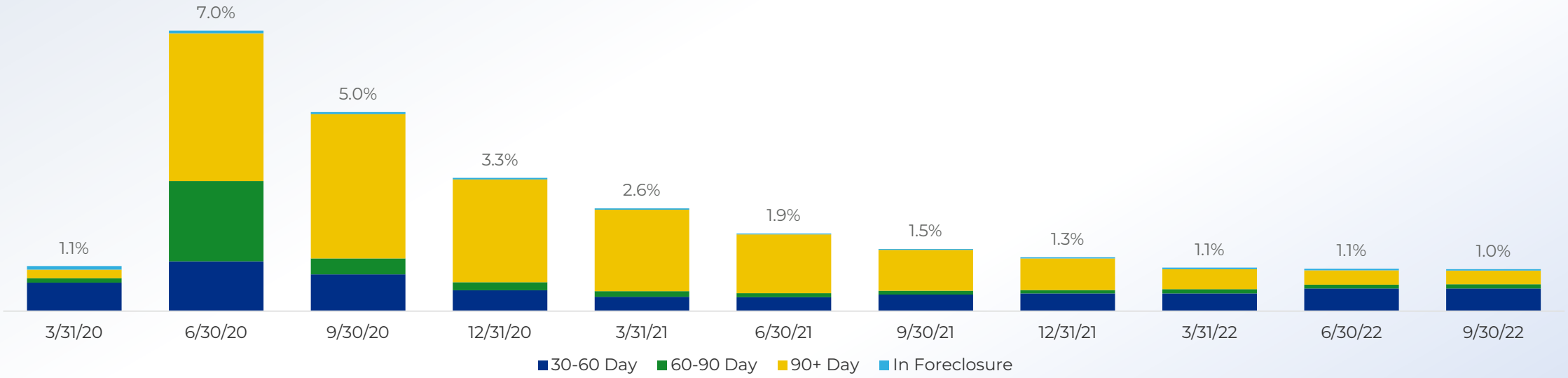


- PMT's interest rate risk exposure is managed on a "global" basis
  - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
  - Utilization of financial hedge instruments
  - Contributes to stability of book value

(1) Includes loans acquired for sale and IRLCs, net of associated hedges, Agency and Non-Agency MBS assets
(2) Includes MSRs and hedges which includes or may include put and call options on MBS, Eurodollar futures, Treasury futures, and exchange-traded swaps
(3) 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
- Servicing advances were approximately $61 million at September 30, 2022, down from $65 million at June 30, 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 9/30/22, the UPB of mortgage servicing rights owned by PMT totaled $231 billion.

PERFORMANCE OF PMT'S ORGANICALLY-CREATED INVESTMENTS IN GSE CREDIT RISK TRANSFER INVESTMENTS IN 3Q22

($ in millions)	(Loss) Income Contribution	Comments
Market-driven value changes:		
Valuation-related changes included in Net gain (loss) on investment	$ (14.2)	• Reflects impact of credit spread widening
Income excluding market-driven value changes:		
Realized gains and carry included in Net gain (loss) on investment	18.8	• Spread income earned on CRT investments
Losses recognized during period	(0.2)	• $0.5 million in net losses reversed related to L Street Securities 2017-PM1 and $0.7 million in losses across all other CRT investments
Interest income	7.0	• Interest income on cash deposits securing CRT investments
Interest expense	(12.7)	• Financing expense related to CRT investments
	12.8	
Total income contribution	**$ (1.4)**	

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

($ in thousands)	At September 30, 2022	
UPB of loans subject to guarantee obligation	**$ 25,265,401**	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	$ 1,369,236	Current cash collateralizing guarantee included in "Deposits securing credit risk transfer arrangements"
Derivative and credit risk transfer strip liabilities	$ (152,596)	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	$ (21,186)	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	**$ 1,195,454**	

PMT'S ORGANICALLY-CREATED INVESTMENTS IN CREDIT RISK TRANSFER

(UPB in billions)

PMTT1 (May 2015 - July 2015)	At inception	9/30/22
UPB	$ 1.2	$ 0.2
Loan Count	4,113	813
% Purchase	67.6%	68.1%
WA FICO[1]	742	743
WA LTV[1]	81.3%	80.7%
60+ Days Delinquent Loan Count		9
60+ Days Delinquent % o/s UPB		1.514%
180+ Days Delinquent Loan Count		1
Actual Losses ($k)		$ 1,727

PMTT2 (August 2015 - February 2016)	At inception	9/30/22
UPB	$ 4.2	$ 0.6
Loan Count	15,146	2,979
% Purchase	71.4%	72.4%
WA FICO[1]	742	742
WA LTV[1]	81.8%	81.0%
60+ Days Delinquent Loan Count		20
60+ Days Delinquent % o/s UPB		0.844%
180+ Days Delinquent Loan Count		1
Actual Losses ($k)		$ 5,161

PMTT3 (February 2016 - August 2016)	At inception	9/30/22
UPB	$ 6.5	$ 1.1
Loan Count	21,467	5,064
% Purchase	68.6%	71.3%
WA FICO[1]	749	750
WA LTV[1]	81.4%	80.8%
60+ Days Delinquent Loan Count		34
60+ Days Delinquent % o/s UPB		0.690%
180+ Days Delinquent Loan Count		2
Actual Losses ($k)		$ 7,949

L Street Securities 2017-PM1 (August 2016 - May 2018)	At inception	9/30/22
UPB[4]	$ 22.8	$ 4.3
Loan Count[4]	82,086	19,672
% Purchase	73.6%	73.6%
WA FICO[1]	746	745
WA LTV[1]	82.5%	81.9%
60+ Days Delinquent Loan Count		186
60+ Days Delinquent % o/s UPB		1.125%
180+ Days Delinquent Loan Count		67
Actual Losses ($k)[5]		$ 26,557

L Street Securities 2019-PMT1 (June 2018 - March 2019)	At inception	9/30/22
UPB	$ 23.6	$ 3.0
Loan Count	84,521	13,931
% Purchase	81.7%	79.4%
WA FICO[1]	746	737
WA LTV[1]	83.8%	83.5%
60+ Days Delinquent Loan Count		310
60+ Days Delinquent % o/s UPB		2.744%
180+ Days Delinquent Loan Count		168
Principal Losses ($k)[2]		$ 121
Interest Reduction ($k)[3]		$ 5,245

L Street Securities 2020-PMT1 (April 2019 - September 2020)	At inception	9/30/22
UPB	$ 58.3	$ 16.1
Loan Count	193,310	65,140
% Purchase	61.6%	61.1%
WA FICO[1]	758	757
WA LTV[1]	82.5%	82.3%
60+ Days Delinquent Loan Count		543
60+ Days Delinquent % o/s UPB		0.884%
180+ Days Delinquent Loan Count		258
Principal Losses ($k)[2]		$ 109
Interest Reduction ($k)[3]		$ 4,593

Total	At inception	9/30/22
UPB	$ 116.5	$ 25.3
Loan Count	400,643	107,599
% Purchase	69.1%	66.1%
WA FICO[1]	752	752
WA LTV[1]	82.7%	82.2%
60+ Days Delinquent Loan Count		1,102
60+ Days Delinquent % o/s UPB		1.137%
180+ Days Delinquent Loan Count		497
Principal Losses ($k)[2]		$ 41,623
Interest Reduction ($k)[3]		$ 9,838

(1) FICO and LTV metrics at origination
(2) Losses due to liquidation of reference pool collateral.
(3) Interest reduction due to modification of reference pool collateral
(4) Loans eligible for loss reversal are included as of 9/30/22
(5) Losses included for loans eligible for reversal as of 9/30/22

CORRESPONDENT PRODUCTION ACQUISITIONS AND LOCKS BY PRODUCT

Unaudited ($ in millions)	3Q21	4Q21	1Q22	2Q22	3Q22
Correspondent Acquisitions					
Conventional Conforming	$ 28,605	$ 17,157	$ 9,768	$ 10,320	$ 10,225
Government[1]	15,375	15,651	12,730	10,649	12,161
Jumbo	-	-	1	3	2
Total	**$ 43,980**	**$ 32,808**	**$ 22,500**	**$ 20,973**	**$ 22,387**
Correspondent Locks					
Conventional Conforming	$ 29,411	$ 14,717	$ 10,194	$ 11,080	$ 10,647
Government[1]	16,230	15,544	12,487	11,326	$ 12,351
Jumbo	-	-	-	3	2
Total	**$ 45,641**	**$ 30,261**	**$ 22,682**	**$ 22,410**	**$ 22,999**

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


PENNYMAC
MORTGAGE INVESTMENT TRUST