



INVESTOR DAY

June 2021



FORWARD-LOOKING STATEMENTS

This presentation contains information from PennyMac Financial Services, Inc.'s ("PFSI") and PennyMac Mortgage Investment Trust's ("PMT") joint investor day held on June 17, 2021 (collectively, "PennyMac," "our" or "we") and contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding PFSI's and PMT's beliefs, estimates, projections and assumptions with respect to, among other things, financial results, 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," "project," "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 the future impact of COVID-19 on our business and financial operations, loan originations and servicing, production, loan delinquencies and forbearances, servicing advances requirements 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: 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 continually changing federal, state and local laws and regulations applicable to the highly regulated industry in which we operate; lawsuits or governmental actions that may result from any noncompliance with the laws and regulations applicable to our businesses; the mortgage lending and servicing-related regulations promulgated by the Consumer Financial Protection Bureau and other regulatory bodies; our dependence on U.S. government-sponsored entities and changes in their current roles or their guarantees or guidelines; volatility in the debt or equity markets, the general economy or the real estate finance and real estate markets; changes in general business, economic, market, employment and domestic and international political conditions, or in consumer confidence and spending habits from those expected; the concentration of credit risk; the degree and nature of competition; the degree to which our hedging strategies may or may not protect against interest rate volatility; the effect of the accuracy of or changes in the estimates made about uncertainties, contingencies and asset and liability valuations when measuring and reporting upon our financial condition and results of operations; changes to government mortgage modification programs; licensing and operational regulatory requirements applicable to our business, to which bank competitors are not subject; foreclosure delays and changes in foreclosure practices; difficulties inherent in growing loan production volume; difficulties inherent in adjusting the size of our operations to reflect changes in business levels; purchase opportunities for mortgage servicing rights and our success in winning bids; our substantial amount of indebtedness; expected discontinuation of LIBOR; increases in loan delinquencies and defaults; maintaining sufficient capital and liquidity including compliance with financial covenants; unanticipated increases or volatility in financing and other costs, including changes in interest rates; our obligation to indemnify third-party purchasers or repurchase loans if loans that we originate, acquire, service or assist in the fulfillment of, fail to meet certain criteria or characteristics or under other circumstances; decreases in management and incentive fees; conflicts of interest in allocating our services and business opportunities between PFSI and PMT and their affiliates; limitations imposed on PMT's 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 PMT's subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes; the effect of public opinion on our reputation; our ability to effectively identify, manage, monitor and mitigate financial risks; our initiation or expansion of new business and investment activities or strategies; our ability to detect misconduct and fraud; our ability to maintain appropriate internal control over financial reporting; our ability to mitigate cybersecurity risks and cyber incidents; our ability to pay dividends; 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 PFSI and PMT with the Securities and Exchange Commission from time to time. PFSI and PMT undertake 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.

This presentation also contains financial information calculated other than in accordance with U.S. generally accepted accounting principles ("GAAP"), such as pretax income excluding valuation items that provide a meaningful perspective on PFSI's business results since it 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.

AGENDA



1. **Overview** – David Spector, Andy Chang
2. **Mortgage Banking Overview** – Doug Jones
3. **Consumer Direct Lending** – Scott Bridges
4. **Broker Direct Lending** – Kim Nichols
5. **Correspondent Production** – Abbie Tidmore
6. **Mortgage Fulfillment** – Jim Follette
7. **Loan Servicing** – Steve Bailey
8. **PMT** – Vandy Fartaj, Will Chang
9. **Capital Management & Financial Outlook** – Pam Marsh, Dan Perotti

OVERVIEW

DAVID SPECTOR

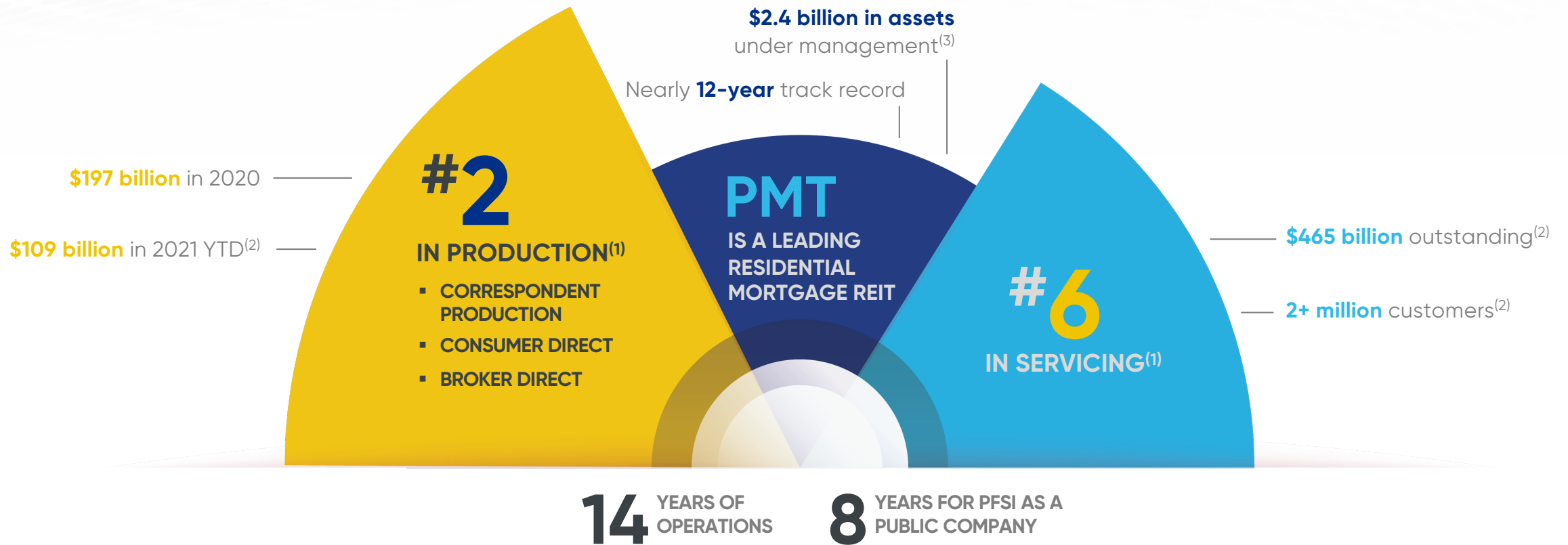
Chairman and Chief Executive Officer

ANDY CHANG

Senior Managing Director
Chief Operating Officer



PENNYMAC IS AN ESTABLISHED LEADER IN THE U.S. MORTGAGE MARKET WITH SUBSTANTIAL GROWTH POTENTIAL



Note: All figures are for PFSI and include volume fulfilled or subserviced for PMT

⁽¹⁾ Inside Mortgage Finance for the year ended or as of 3/31/21

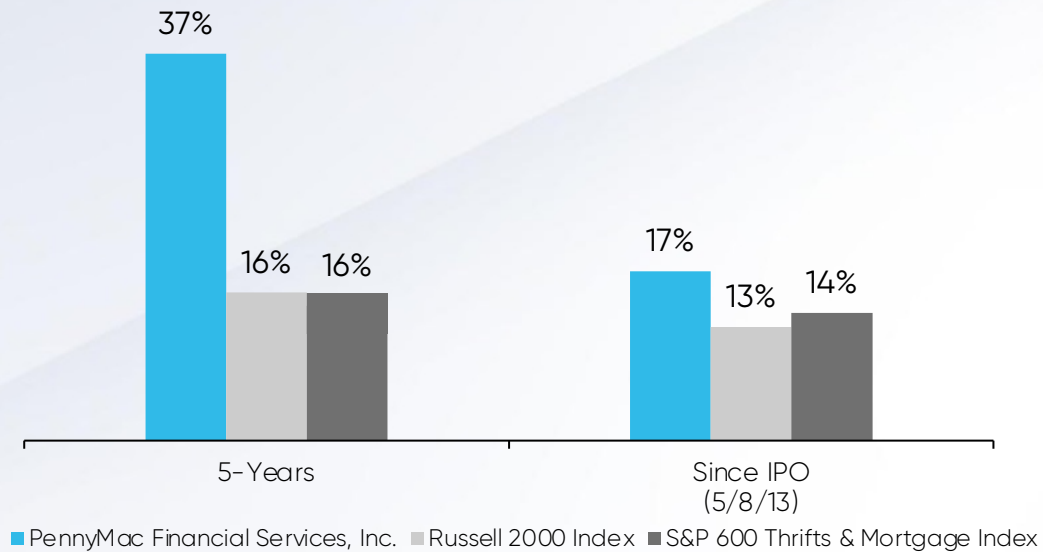
⁽²⁾ Year-to-date through or as of 5/31/21

⁽³⁾ As of 3/31/21

THE PENNYMAC COMPANIES HAVE DELIVERED SUPERIOR LONG-TERM RETURNS TO INVESTORS

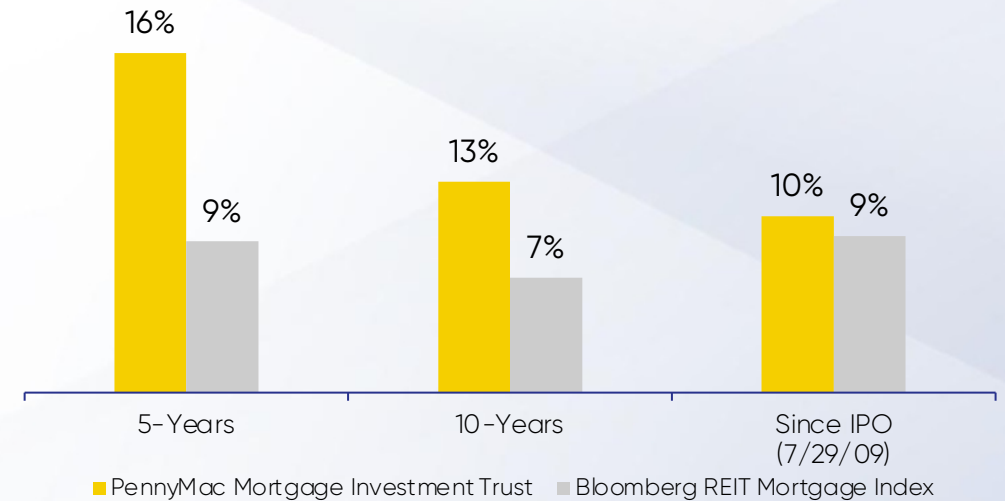
Led by a deep management team with significant mortgage banking expertise and a robust, sophisticated risk management program.

PFSI Annualized Total Return to Stockholders⁽¹⁾



Book value has grown more than 7x since IPO more than 8 years ago

PMT Annualized Total Return to Shareholders⁽¹⁾



History of delivering dividends and book value stability

PENNYMAC PARTICIPATES IN A MASSIVE ADDRESSABLE MARKET

Provides financing for consumers' most significant life transaction

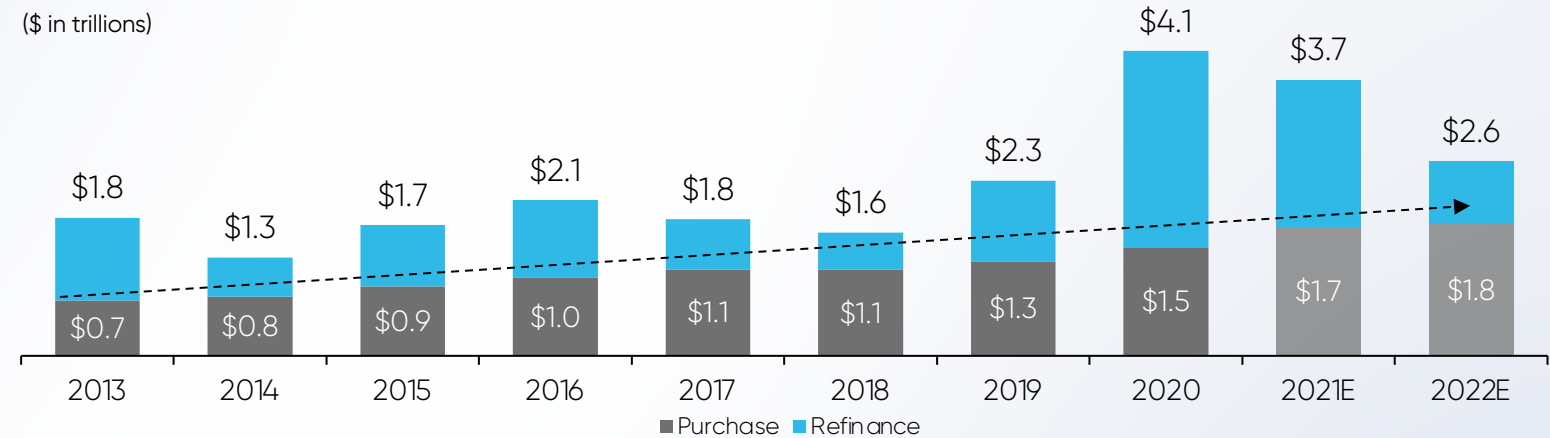
Mortgage loans represent the largest class of U.S. consumer debt

Average of \$2 trillion in unpaid principal balance (UPB) of origination volume per year since the financial crisis

Purchase originations have grown significantly and are expected to support a normalized market larger than \$2 trillion going forward

Annual Origination Volume⁽¹⁾

(\$ in trillions)



U.S. Mortgage Debt Outstanding⁽²⁾

(\$ in trillions)

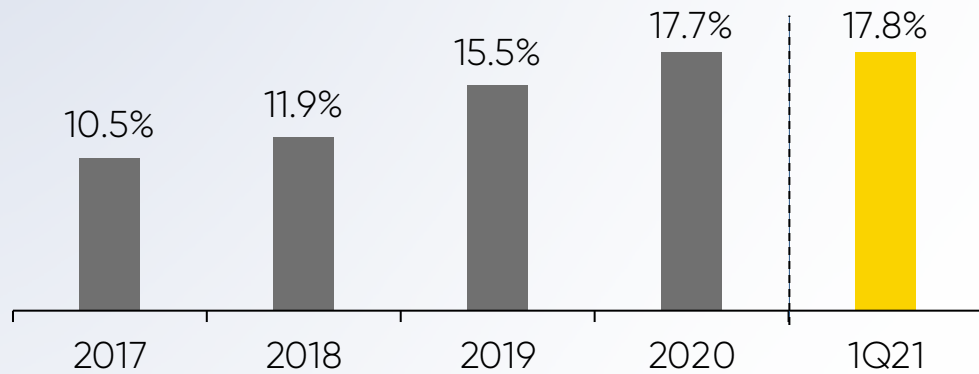


⁽¹⁾ Inside Mortgage Finance for historical information. Average of Fannie Mae (5/10/21), Freddie Mac (4/14/21), and Mortgage Bankers Association (5/19/21) forecasts for future periods.

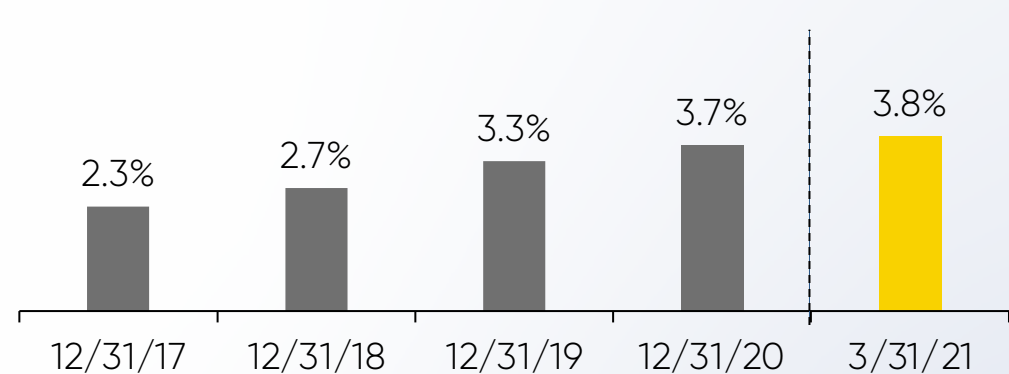
⁽²⁾ Inside Mortgage Finance for historical information. Mortgage Bankers Association forecast (5/19/21) for future periods.

PENNYMAC HAS CONSISTENTLY GAINED SHARE ACROSS ITS BUSINESSES

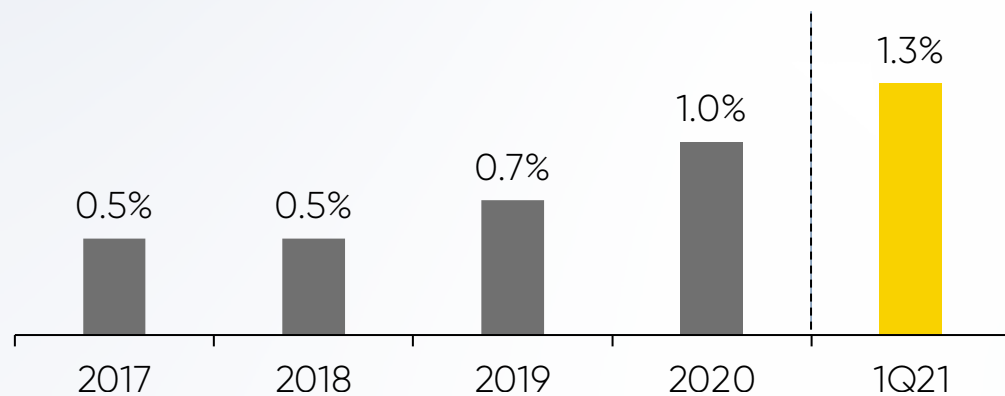
Correspondent Production⁽¹⁾



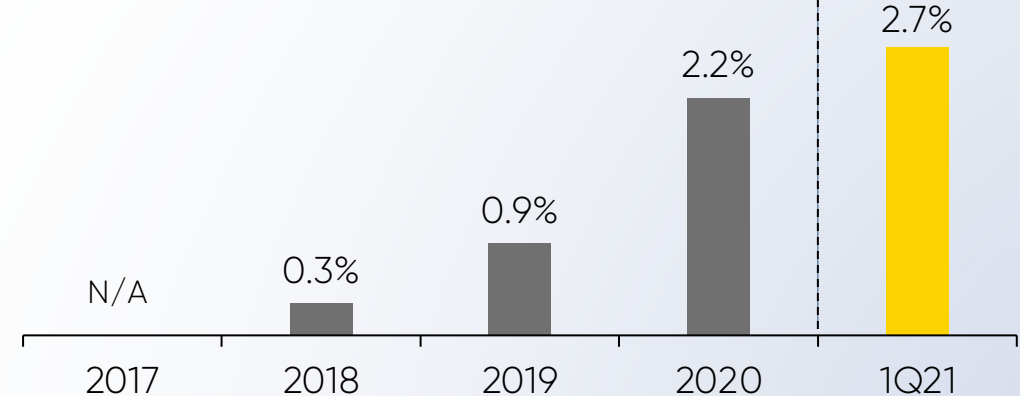
Loan Servicing⁽¹⁾



Consumer Direct Production⁽¹⁾



Broker Direct Production⁽¹⁾

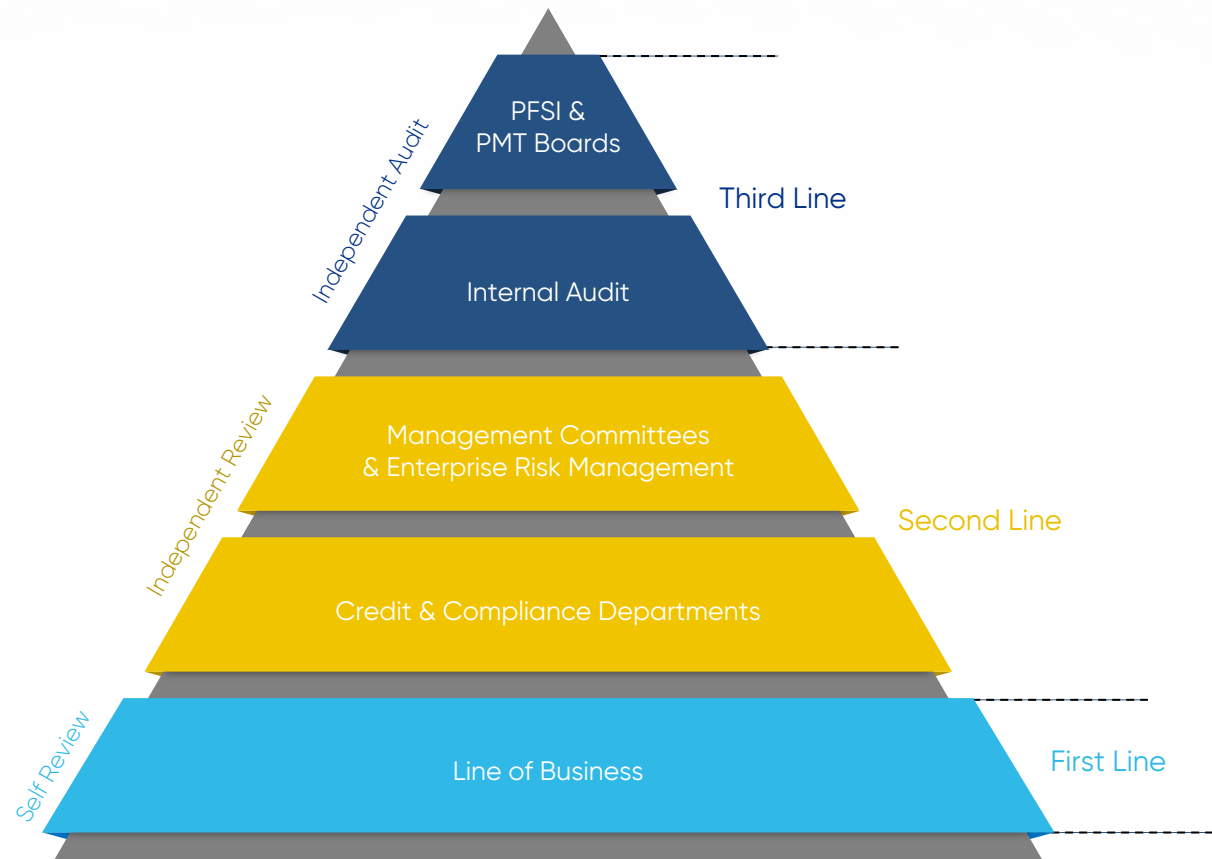


Note: All figures are for PFSI and include volume fulfilled or subserviced for PMT

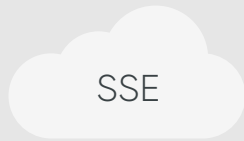
⁽¹⁾ Inside Mortgage Finance. Inside Mortgage Finance estimates average \$1.305 trillion in total origination volume for 1Q21. The correspondent channel represented 22.1% of the overall origination market, retail represented 63.4% and broker represented 14.4%. Loan servicing market share is based on PFSI's servicing portfolio UPB of \$448.8 billion divided by an estimated \$11.9 trillion in mortgage debt outstanding as of March 31, 2021.

PENNYMAC'S EXTENSIVE RISK-GOVERNANCE PLATFORM BUILT TO ADDRESS THE EVOLVING MORTGAGE MARKET

Risk management disciplines fully integrated throughout the organization are the foundation of PennyMac's sustained success.



SIGNIFICANT TECHNOLOGY INVESTMENTS DRIVE GROWTH, EFFICIENCY AND SCALE



SSE

Invested **\$165 MILLION** in transformational technology initiatives from 2018 through 2020; plan to invest an additional **\$140 MILLION** in 2021

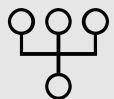


STATE-OF-THE-ART TECHNOLOGY
combining **PROPRIETARY** and leading
THIRD PARTY PLATFORMS



Pricing & Loan Bidding Engine

Investments in technology, processes, and data management to-date have resulted in PennyMac's integrated and scalable platform



Fulfillment

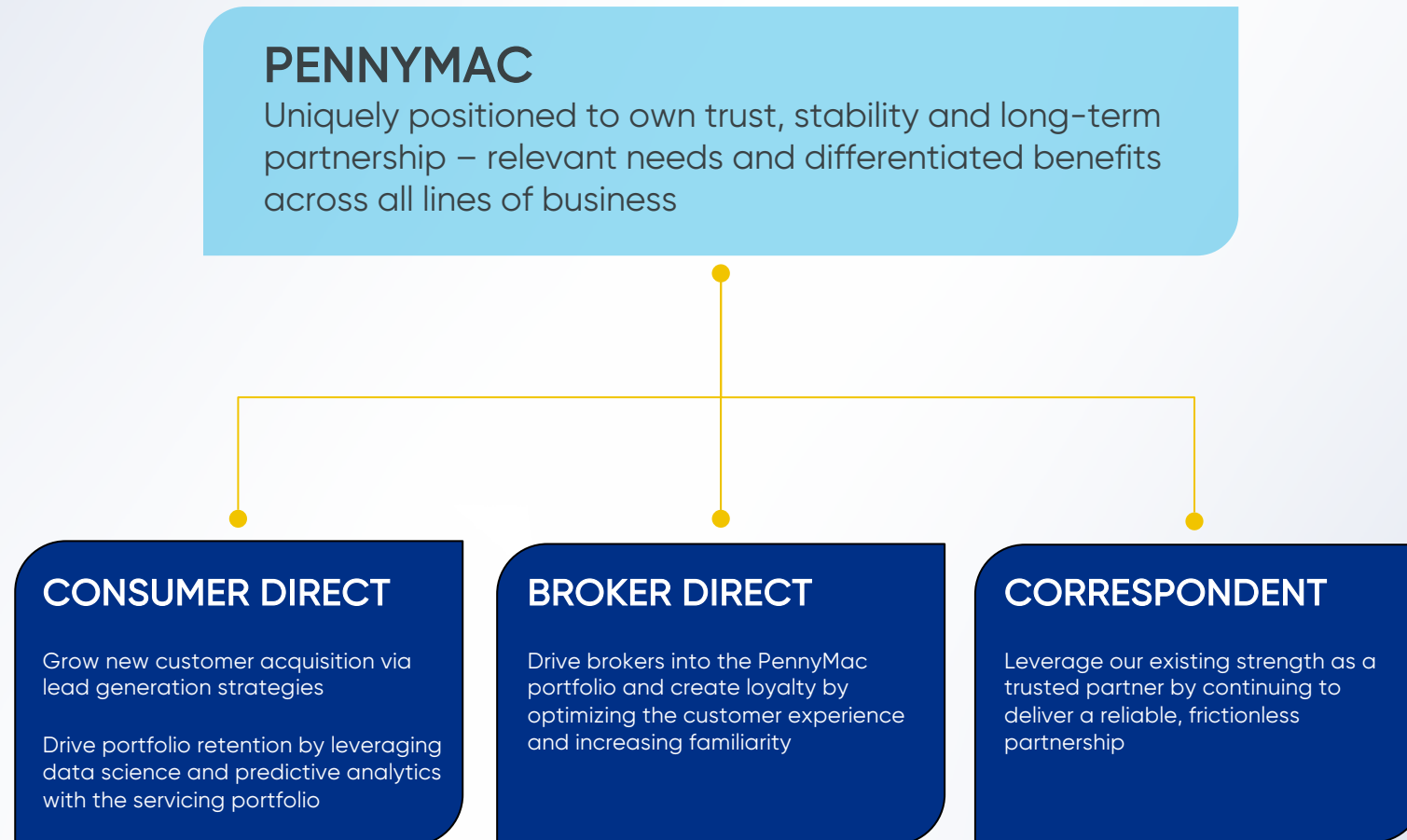


Workflows and processes

Proven ability to **INVEST IN TECHNOLOGY** with **MORTGAGE BANKING EXPERTISE**

INVESTMENTS IN MARKETING TO DRIVE NEW CUSTOMER GROWTH

PennyMac's outstanding growth since its inception has been achieved with limited marketing expense or branding.



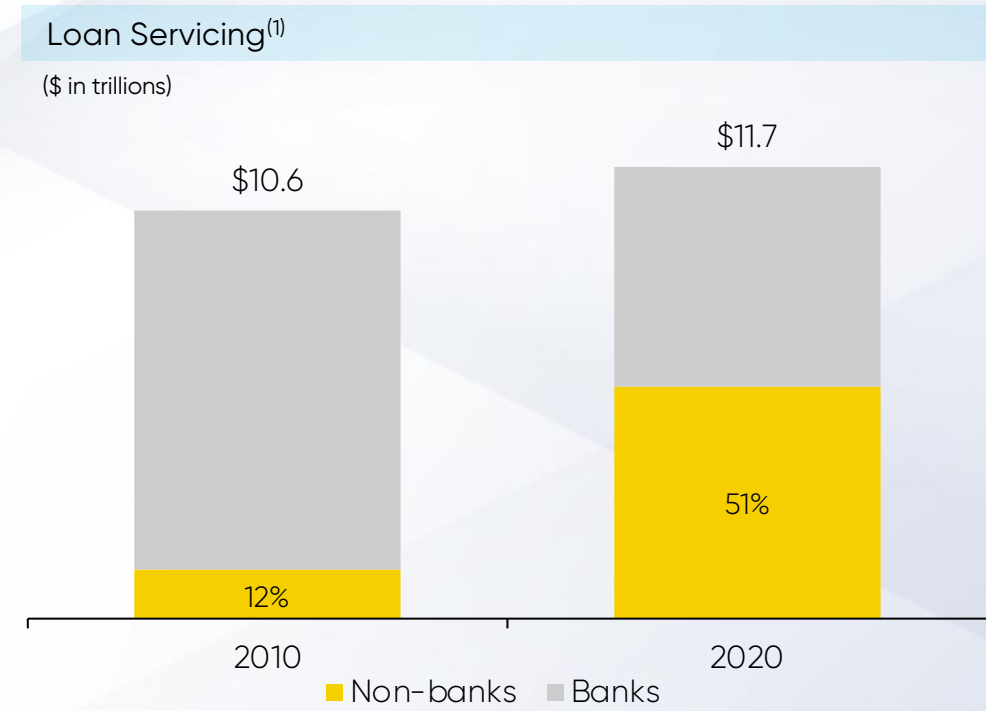
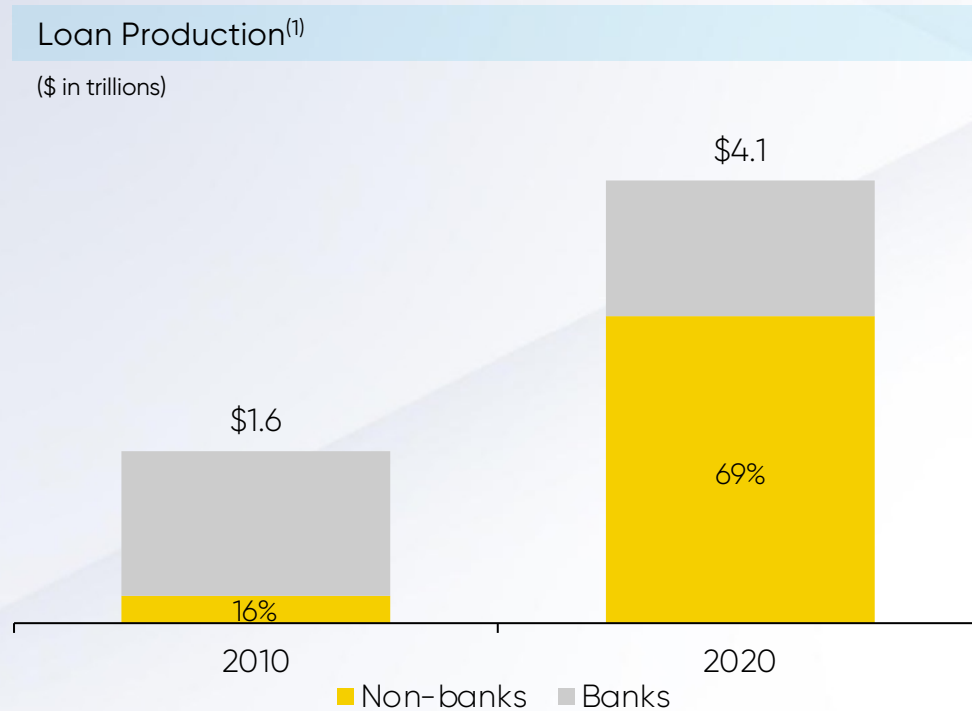
PENNYMAC FINANCIAL'S VISION
FOR SUCCESS IN THE
MEDIUM-TERM



PENNYMAC IS WELL-POSITIONED FOR LONG-TERM SUCCESS



STRONG INDEPENDENT MORTGAGE BANKS ARE LEADING THE MARKET

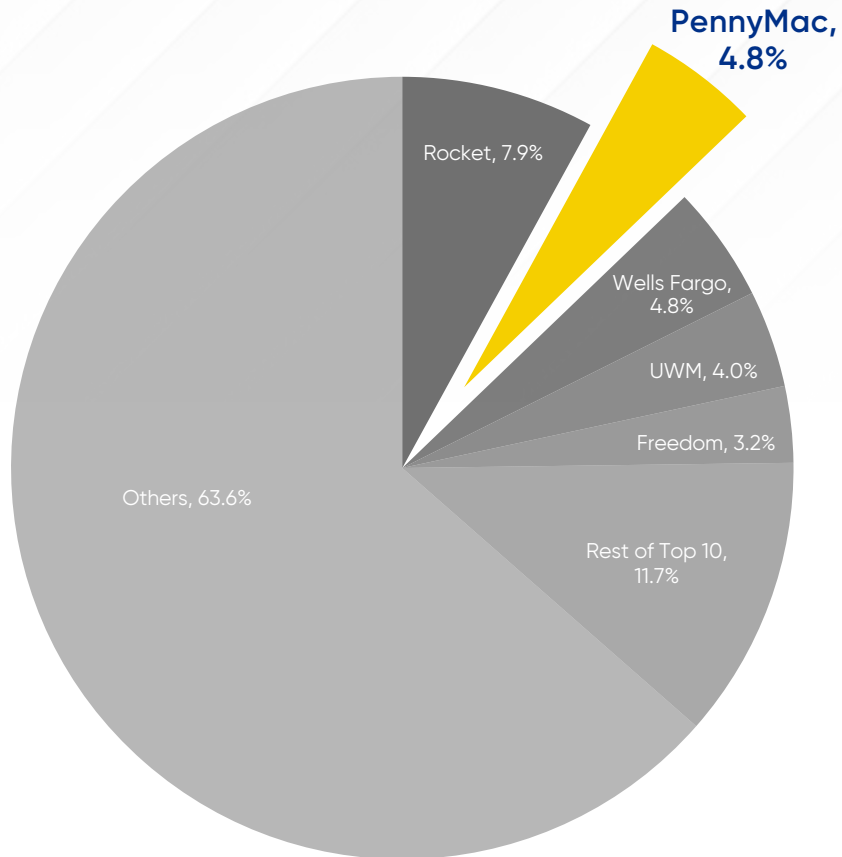


- Non-banks have gained significant share as a result of specialized focus and dedicated resources including technology for the mortgage business
- Many banks have retreated due to increased regulation, higher capital requirements, and a greater focus on core customers and businesses

PENNYMAC IS A LEADER WITH SUBSTANTIAL OPERATING SCALE IN A LARGE, FRAGMENTED MARKET

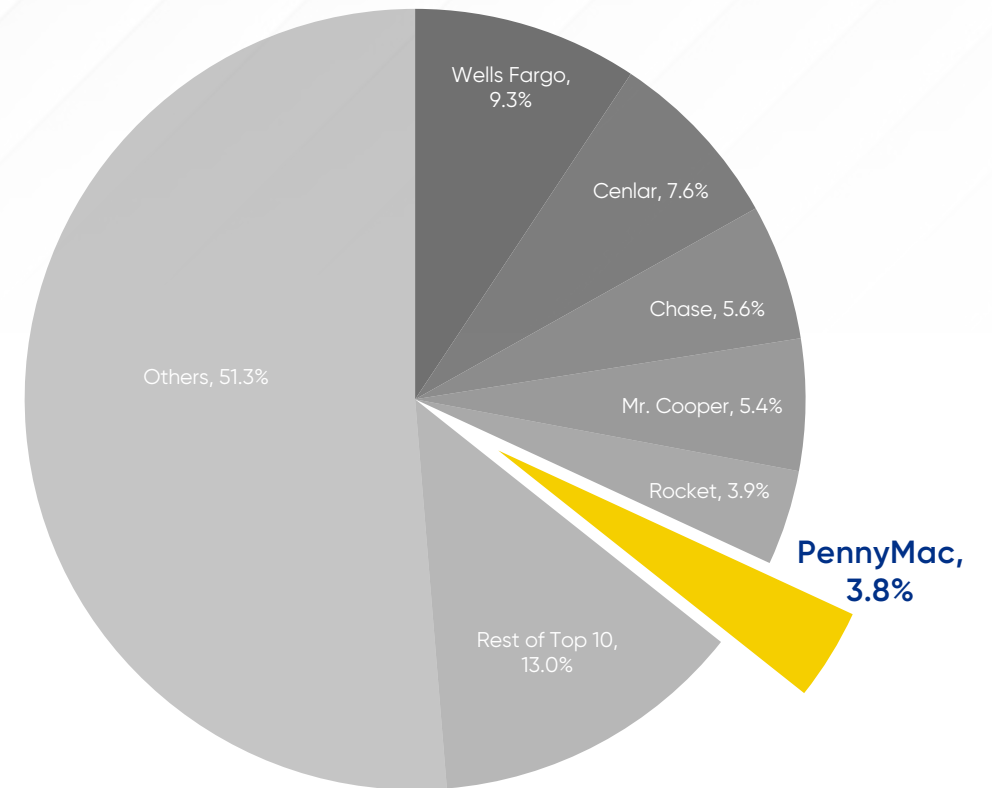
Loan Production⁽¹⁾

(market share)



Loan Servicing⁽¹⁾

(market share)



PFSI's BALANCED BUSINESS MODEL IS A FLYWHEEL

In both businesses, scale and efficiency are critical for success.



SYNERGISTIC RELATIONSHIP PROVIDES A COMPETITIVE ADVANTAGE FOR BOTH COMPANIES



Management Services:

PFSI is the external manager of PMT

Fulfillment Services:

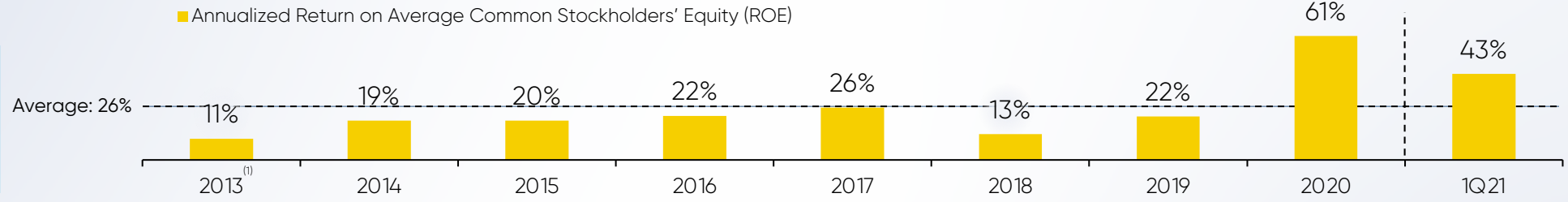
PFSI performs fulfillment in connection with the acquisition, packaging and sale of loans for PMT's correspondent production

Loan Servicing:

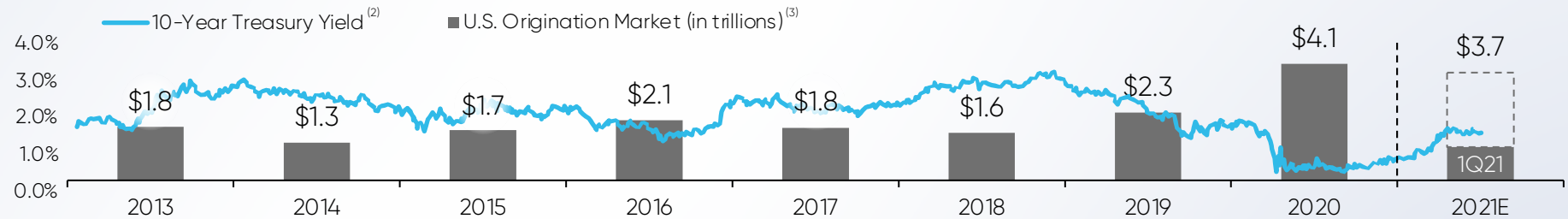
PFSI is the subservicer for PMT's MSR portfolio

PFSI's TRACK RECORD ACROSS VARIOUS MARKET ENVIRONMENTS IS UNIQUE AMONG INDEPENDENT MORTGAGE BANKS

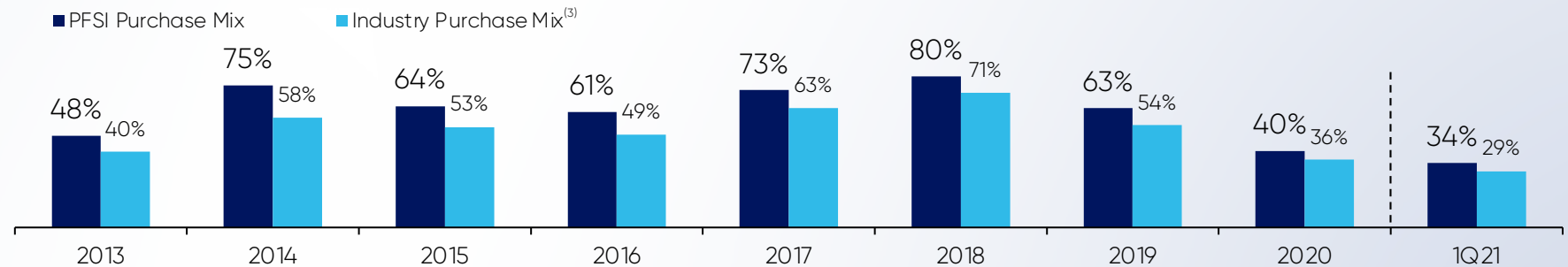
Proven ability to generate attractive ROEs...



...across different market environments...



...with a strong orientation towards purchase money mortgages.



⁽¹⁾ Represents partial year. Initial Public Offering was May 8, 2013.

⁽²⁾ Bloomberg

⁽³⁾ Inside Mortgage Finance. Full year 2021 estimate is an average of Fannie Mae (5/10/21), Freddie Mac (4/14/21), and Mortgage Bankers Association (5/19/21) forecasts.

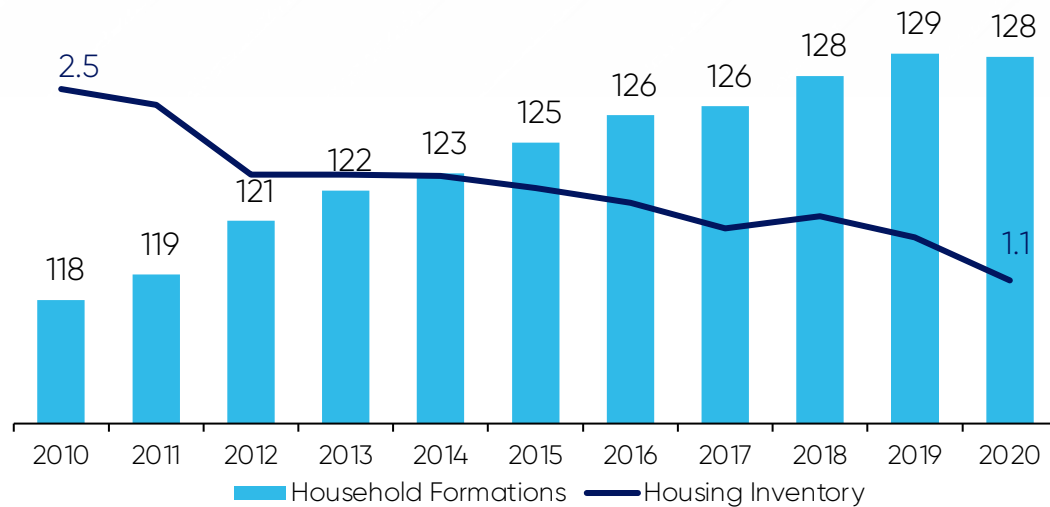
STRONG AND GROWING PURCHASE MARKET DRIVEN BY DEMOGRAPHICS

Increasing demand expected to support the purchase mortgage market as Millennial generation hits key average age for first time home buyers.

U.S. has added almost 11 million new households, while housing supply is at an all time low

Household Formations vs. Housing Inventory ⁽¹⁾

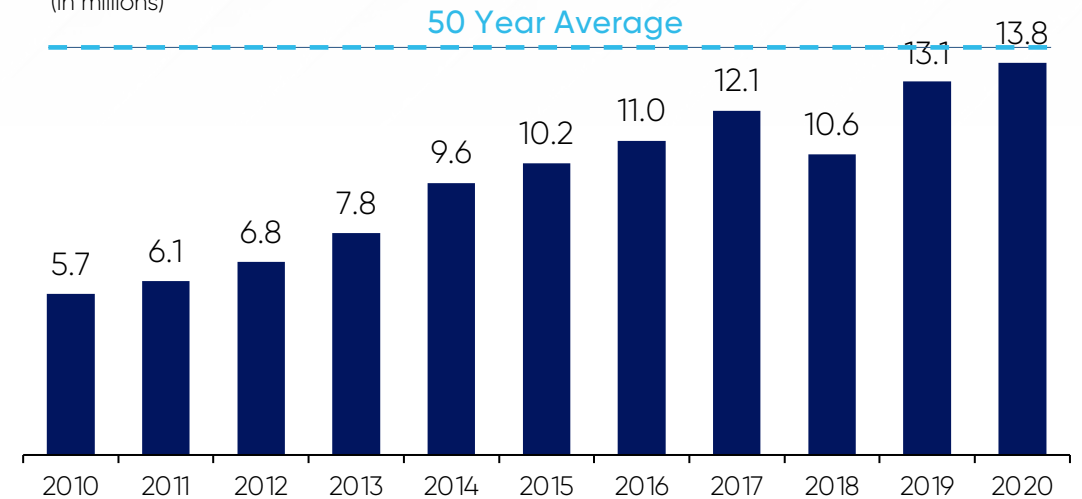
(in millions)



Builders are increasing home completions but remain below their long-term average

Home Completions ⁽²⁾

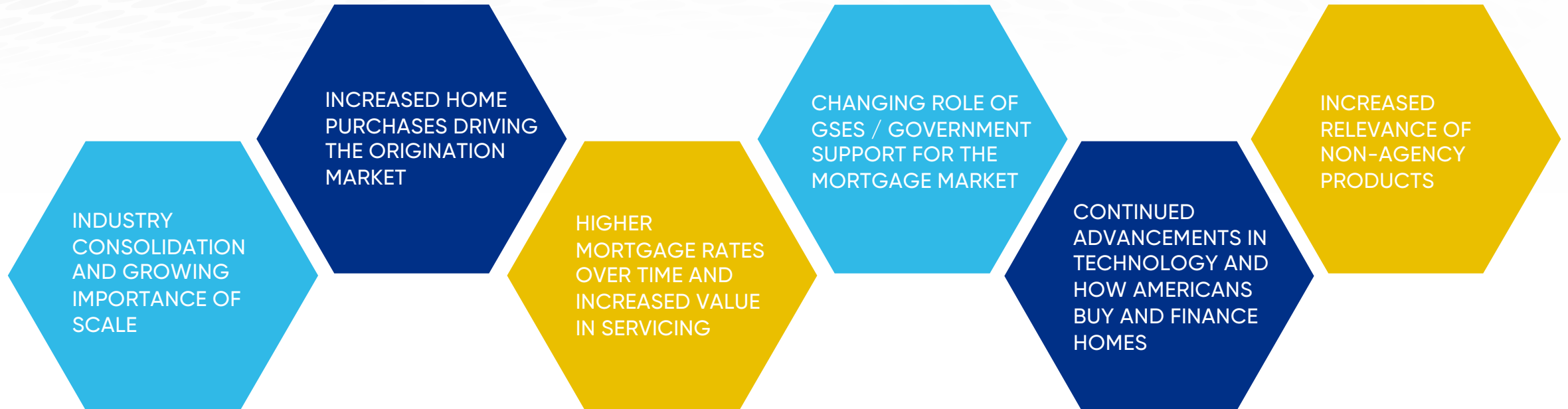
(in millions)



⁽¹⁾ Household Formations: US Census Data. Housing Inventory: NAR

⁽²⁾ St. Louis FED

PENNYMAC IS POSITIONED TO SUCCEED REGARDLESS OF FUTURE TRENDS



MORTGAGE BANKING OVERVIEW

DOUG JONES

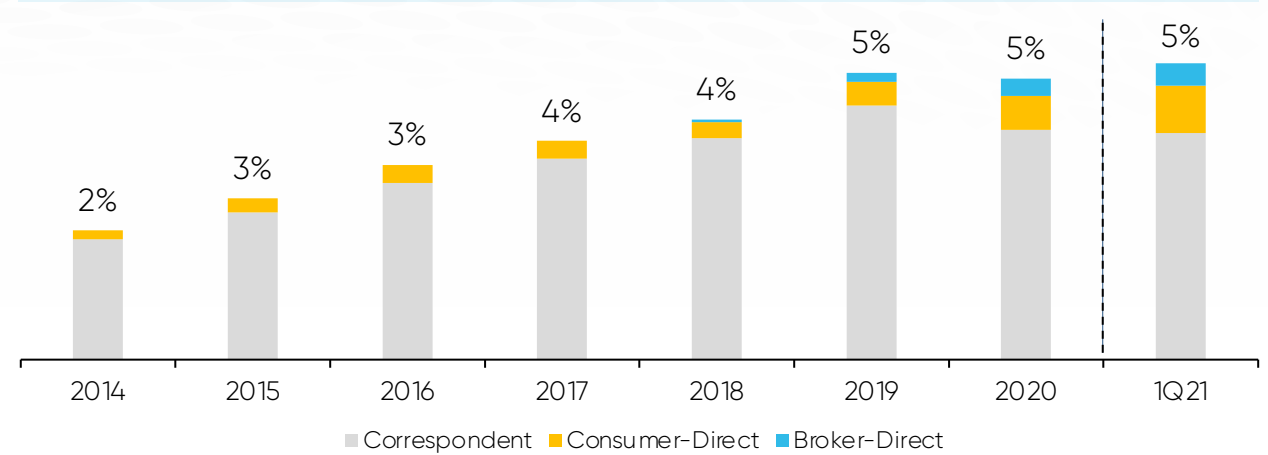
President and Chief Mortgage Banking Officer



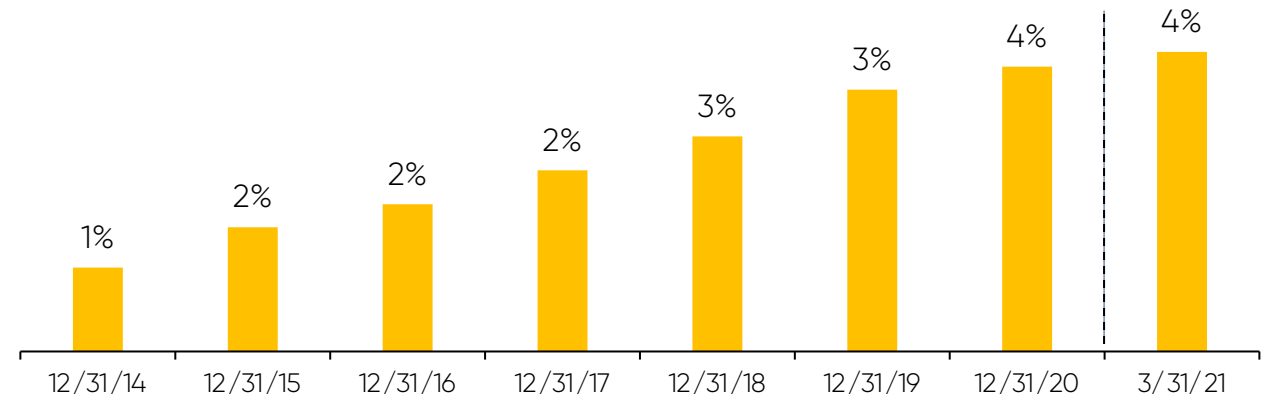
PENNYMAC IS A LEADER ACROSS THE MASSIVE MORTGAGE MARKET

Channel	Where we are today ⁽¹⁾	Medium-Term Goal
Correspondent Production	#1	#1
Broker Direct	#7	#3
Consumer Direct	#15	#5
Servicing	#6	#3

PennyMac's Production Market Share⁽²⁾

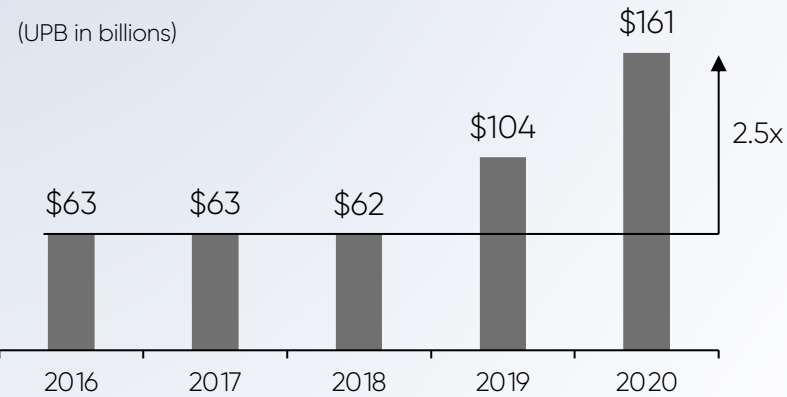


PennyMac's Servicing Market Share⁽²⁾

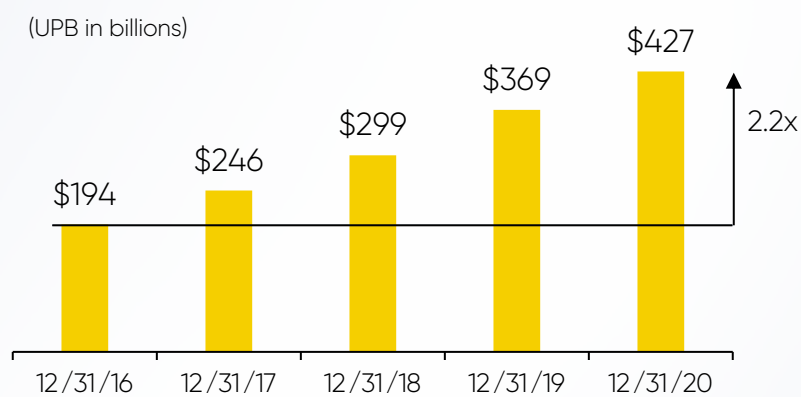


PENNYMAC'S PLATFORM IS SCALABLE AND SUPPORTS LONG-TERM GROWTH PLANS

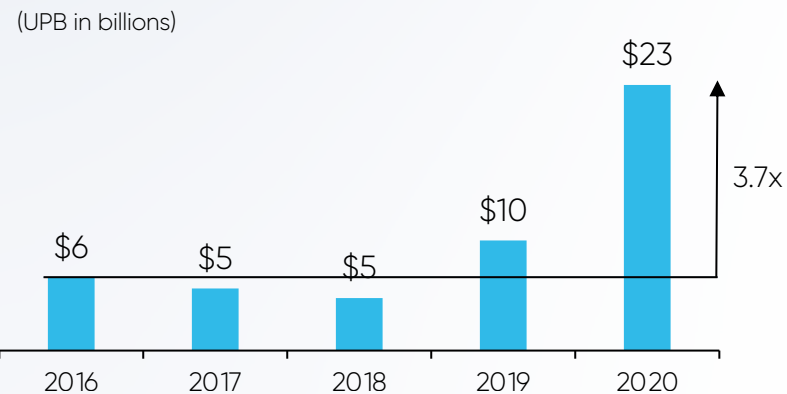
Correspondent Production



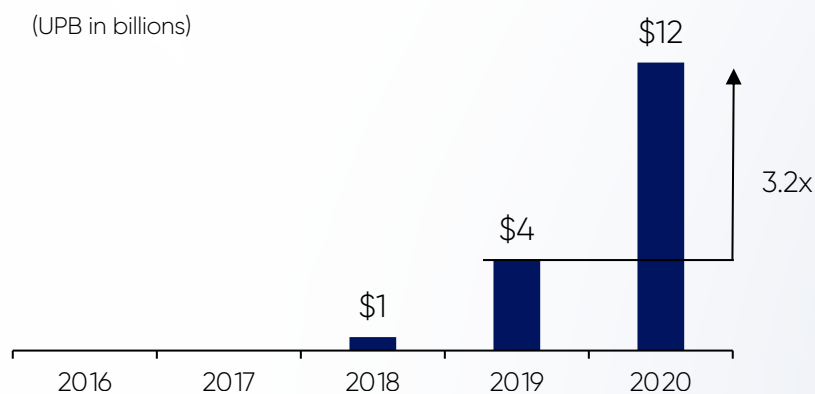
Loan Servicing



Consumer Direct Lending



Broker Direct Lending



- Foundational mortgage banking businesses that require scale and a low cost structure for success
- Correspondent production drives growth of the servicing portfolio
- Significant investments made since inception; proprietary technology integrated with best-in-class vendor applications have driven market share growth

- Significant growth opportunity in higher margin channels supports enhanced levels of profitability over long-term
- Low cost fulfillment operation supports all channels including consumer- and broker-direct
- Current focus of technology investments

PENNYMAC'S PARTICIPATION ACROSS ALL THREE ORIGINATION CHANNELS IS A STRATEGIC ADVANTAGE

All three channels supported by best-in-class risk management and centralized fulfillment platforms.



Correspondent Production

- Operational consistency and low cost structure
- Independent mortgage banks, community banks and credit unions
- Access to the growing purchase market via branch offices and loan officers with local relationships
- Drives servicing portfolio growth



Consumer Direct

- Internet and call-center based model enables low cost structure
- Digital marketing and branding initiatives to drive new customer growth
- Sophisticated data analysis to drive growth in purchase and portfolio recapture



Broker Direct

- Excellence in correspondent provides foundation for B2B success
- Access to a growing channel of the origination market that has historically performed well in purchase markets
- Brokers have meaningful, local relationships in their communities

PENNYMAC CONTINUES TO INVEST IN TRANSFORMATIVE MORTGAGE BANKING TECHNOLOGY

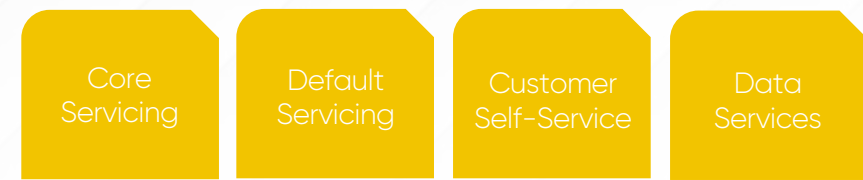
More than 1,000 PennyMac'ers 100% focused on innovative technology.

Digital Lending Platform



- Industry-leading digital lending platform to enable and support PennyMac's market leadership goals
- Organized around several core capability areas with tight orchestration to deliver seamless components
 - Best-in-class lead generation tools
 - Proprietary pricing and margin management engine
 - Workflow routing/automation and data availability
- Capabilities are shared across production business channels

Servicing Platform (SSE)



- Suite of 25 purpose-built, integrated applications
- Modern user interfaces and configurable, complex workflows
- Micro-services organized around business function
- Centralized rules engine and common components
- Cloud-native data services layer with advanced servicing reporting and analytics

CONSUMER DIRECT LENDING

SCOTT BRIDGES

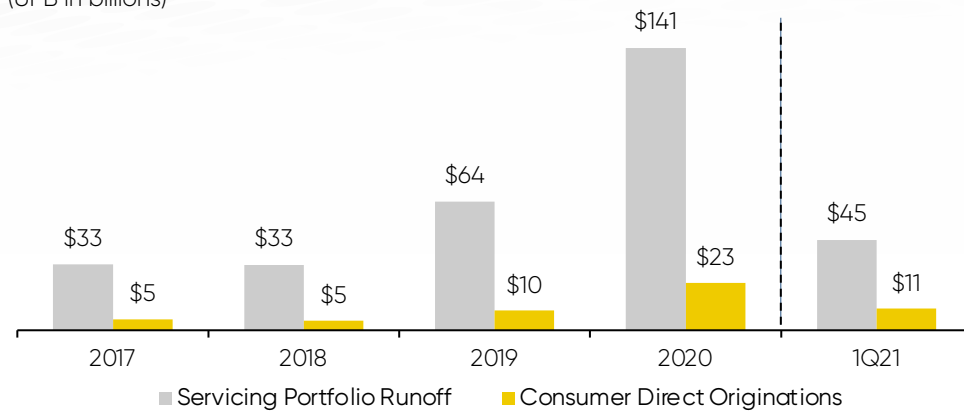
Managing Director
Consumer Direct Lending



PENNYMAC'S INVESTMENTS IN TECHNOLOGY AND MARKETING EXPECTED TO DRIVE CONSUMER DIRECT GROWTH

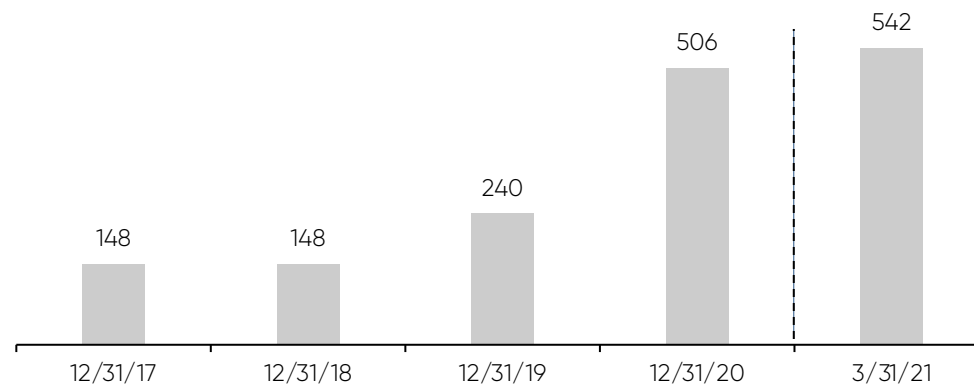
Opportunities for Increased Recapture

(UPB in billions)

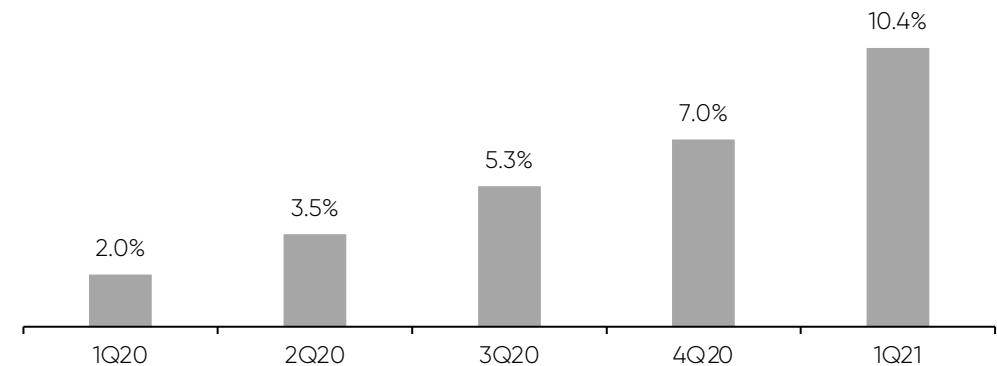


- Current market share of approximately 1.3% represents significant opportunity for growth in the channel
- Marketing and technology initiatives to pursue growth in purchase and new customer acquisition sourced from outside the servicing portfolio
- Portfolio recapture model optimal for returns
- Recent growth in loan officers to successfully execute with an increased presence in the channel
- Medium-term goal to become a Top 5 Retail Originator

Consumer Direct Loan Officers

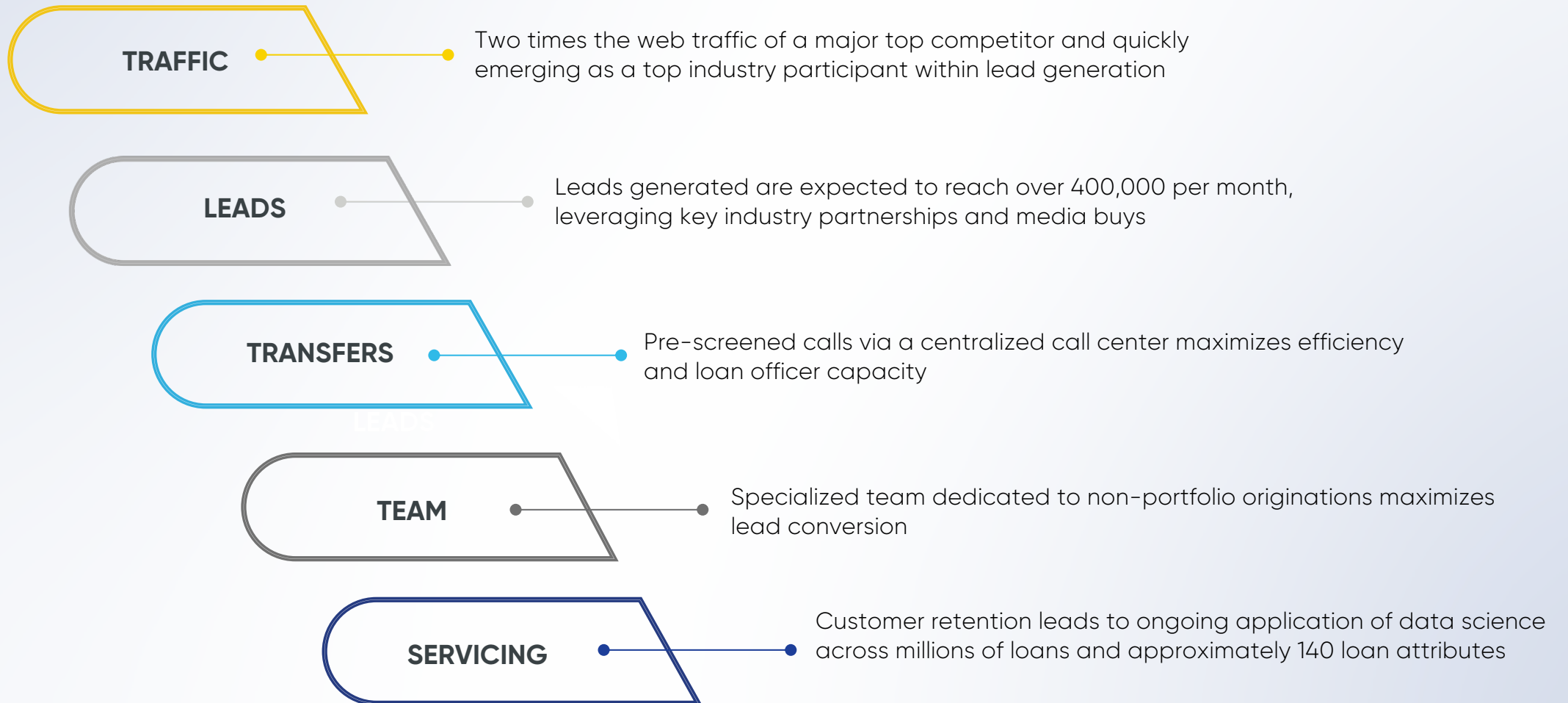


Non-Portfolio Originations as a Percentage of Total



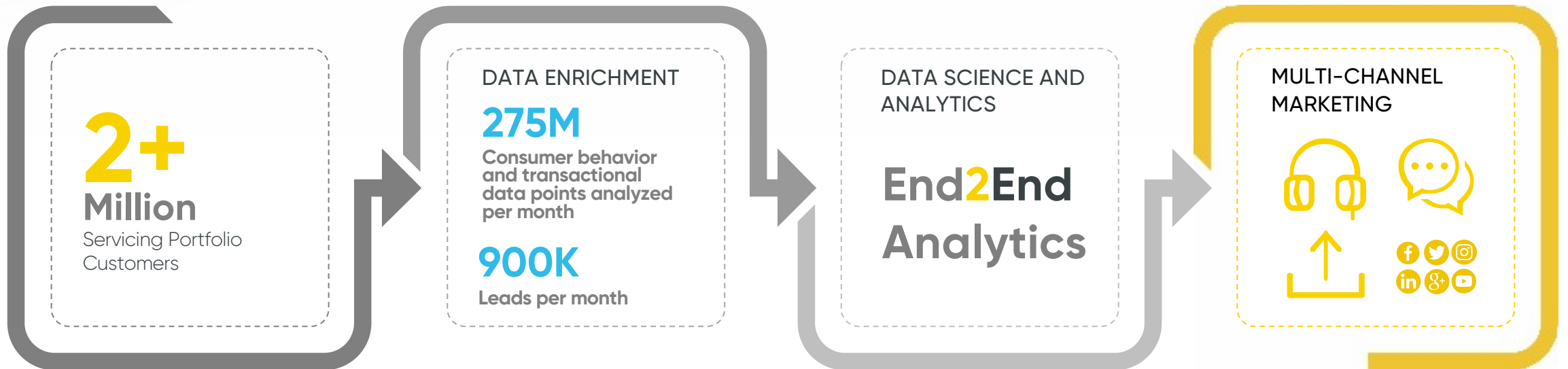
UNIQUELY POSITIONED TO GROW NEW CUSTOMER ACQUISITION CHANNEL

Loans closed per tenured loan officer has increased substantially in recent years, supported by a low cost structure and efficient fulfillment process.



TECHNOLOGY, DATA SCIENCE AND MARKETING DRIVE IMPROVED PRODUCTION PERFORMANCE

Investments in data science produce high-converting, pre-screened leads to maximize production capacity.



PennyMac is uniquely positioned to capture sales opportunities at every customer touch point.

DATA AND ANALYTICS DRIVE PATH TO GROWTH IN PURCHASE ORIGINATIONS

- Disciplined workflow focused on growth in pre-approvals to build down stream productivity
- Advanced data science payoff prediction model
- Dedicated sales and operations staff for purchase loans
- Operational discipline in purchase loans



Advanced data analytics to anticipate home buying activity



Marketing to consumers in consideration phase, far in advance of decision making



Aggressive pre-approval strategy to maximize opportunity



Communication strategies to keep all parties informed



Dedicated operations staff to ensure a smooth transaction



Best-in-class execution to ensure customers close on time

TRANSFORMATIONAL TECHNOLOGY IMPLEMENTATION IN PROGRESS

Optimized efficiency for loan officers

- Co-piloting: PennyMac loan officers can view and assist a customer with an application in real time
- Faster and more accurate collection of customer data

Digital application to provide customers with an even easier and more intuitive online portal to self serve

- Instant interest rate quotes
- Pre-qualification letters

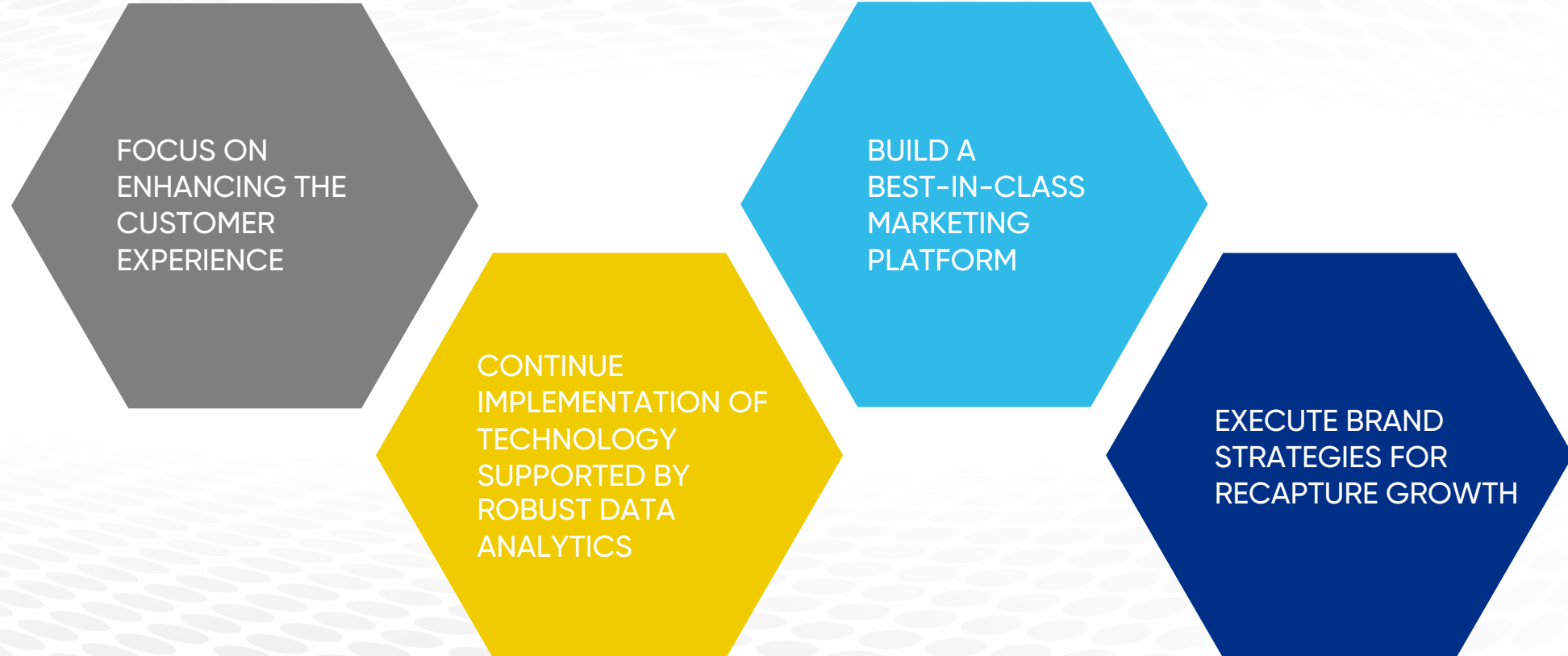
Tools and technology to create a seamless experience

- Asset verification
- Income and employment verification
- Automated conditions and workflows



Leads to increased operational efficiency and industry-leading approval times

PATH TO BECOMING A TOP 5 RETAIL ORIGINATOR



BROKER DIRECT LENDING

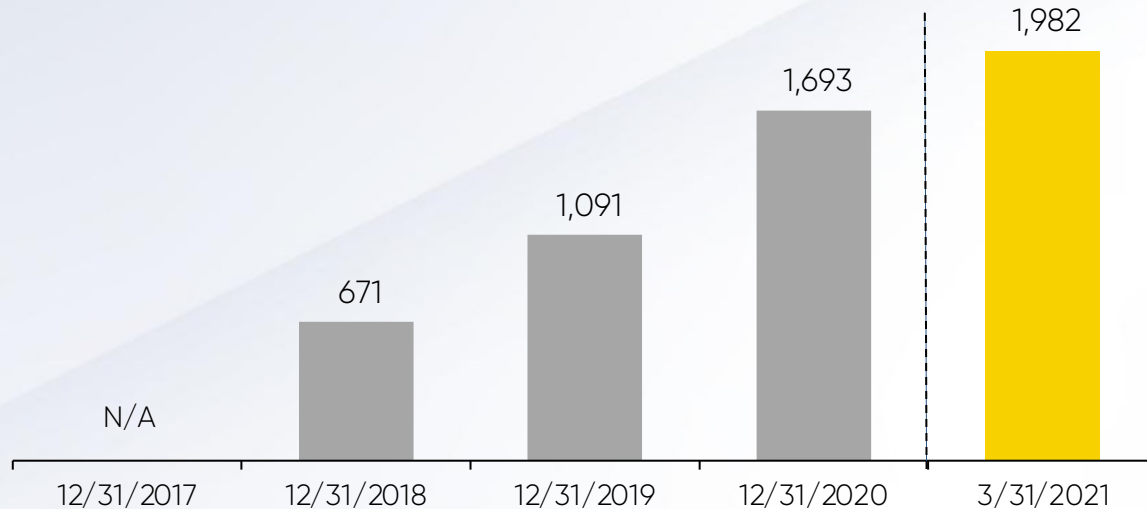
KIM NICHOLS

Senior Managing Director
Broker Direct Lending



PENNYMAC FINANCIAL IS A RAPIDLY-GROWING WHOLESALE LENDER

Approved Brokers & Non-Delegated Correspondent Sellers



Strong market share growth since our entrance into the channel in 2018

- Rapid increase in brokers and non-delegated sellers
- Growing presence in the non-delegated correspondent market serving emerging mortgage bankers and smaller banks and credit unions
- Achieved approximately 3% channel market share with only 14% of the total broker population approved

Wholesale lenders have typically over-indexed the purchase market

- Brokers maintain strong local relationships in the communities they serve

Introduction of new products over time supported by PMT's ability to hold the resulting investments

PROPRIETARY TECHNOLOGY AND TOOLS DISTINGUISH PENNYMAC



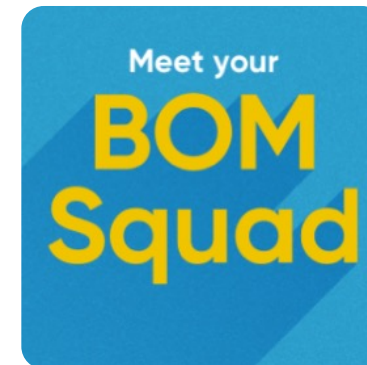
- **PennyMac's POWER portal** provides brokers with full transparency and access to their pipelines and loan data to transact around the clock
- Extends **best-in-class tools and solutions** to brokers with ease of use via a single, digital platform



- **Perfect Rate:** Uses PennyMac's industry-leading, proprietary pricing engine to fine tune the interest rate to the thousandth for customers
- **Perfect Term:** Provides brokers with capabilities to get the perfect term for their clients' situation to the exact month



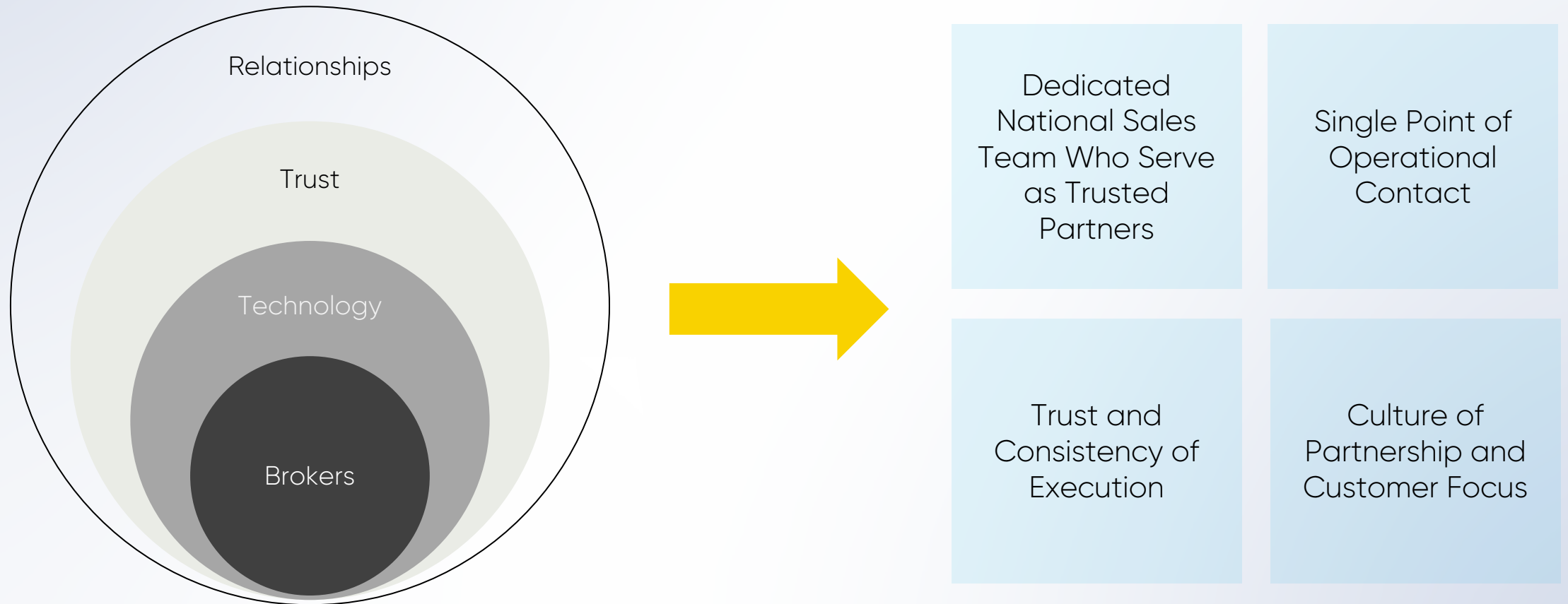
- **A POWERful tool** that searches through all our negotiated provider options to extract the best possible mortgage insurance rate for each loan
- **PennyMac's reduced mortgage insurance rates** are among the most competitive in the industry and provide a competitive advantage for brokers



- Because **we retain the servicing on 100% of the loans we originate**, customers have a seamless loan lifecycle experience, from start to finish
- **Every broker we approve is assigned their own experienced PennyMac Broker Operations Manager (BOM)** to serve as a dedicated point of contact, assuring loans stay on track and on time

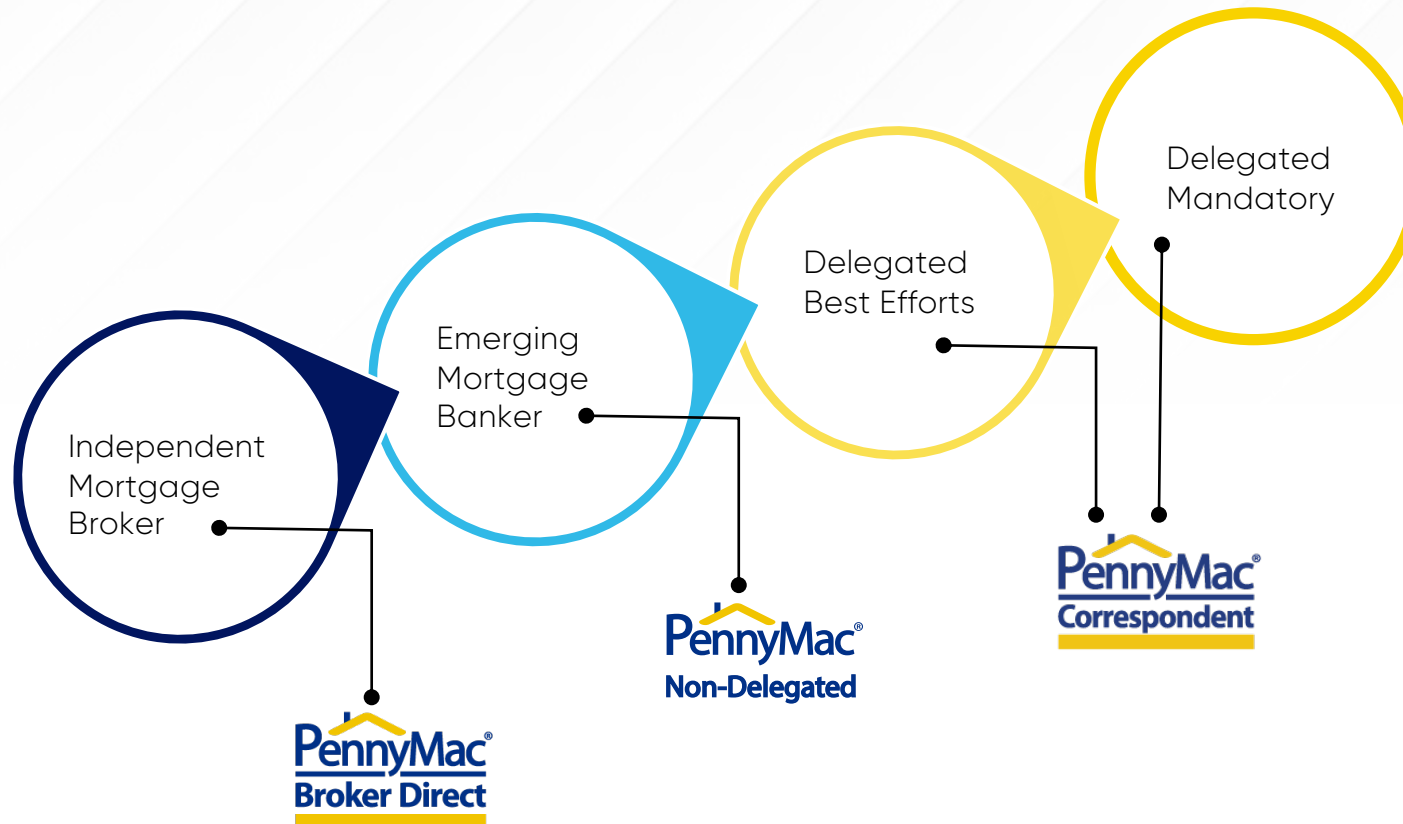
TECHNOLOGY AND TOOLS SUPPORTED BY A GREAT TEAM OF ENGAGED PEOPLE

As much as brokers need scale and automated technology to grow their businesses, they depend on the relationships they have built and the people they trust.




THE MORTGAGE PROFESSIONAL CONTINUUM... SUPPORTING OUR B2B RELATIONSHIPS

PennyMac can be a long-term partner for brokers and emerging bankers to support their business goals, whatever they may be.



PATH TO BECOMING A TOP 3 WHOLESALE ORIGINATOR

A grey hexagonal shape containing text.

GROW OUR BASE
OF BROKERS AND
NON-DELEGATED
SELLERS

A yellow hexagonal shape containing text.

EXPAND
NON-DELEGATED
SERVICE OFFERING

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FOCUS ON
THE CLIENT
EXPERIENCE AND
RELATIONSHIPS

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CONTINUE
INVESTMENT IN
TECHNOLOGY TO
HELP BUSINESS
PARTNERS GROW

CORRESPONDENT PRODUCTION

ABBIE TIDMORE

Senior Managing Director
Correspondent Production



PENNYMAC IS THE LEADER IN CORRESPONDENT PRODUCTION

PennyMac has become the largest correspondent aggregator in the U.S. with a transparent business model well-aligned with customer and shareholder desires.



- Community banks and credit unions
- Well-established, independent mortgage originators
- Builder-owned mortgage companies

10+

Years of operational
excellence

- Consistent execution
- Relationship-based model
- Strong capital base
- Unmatched commitment

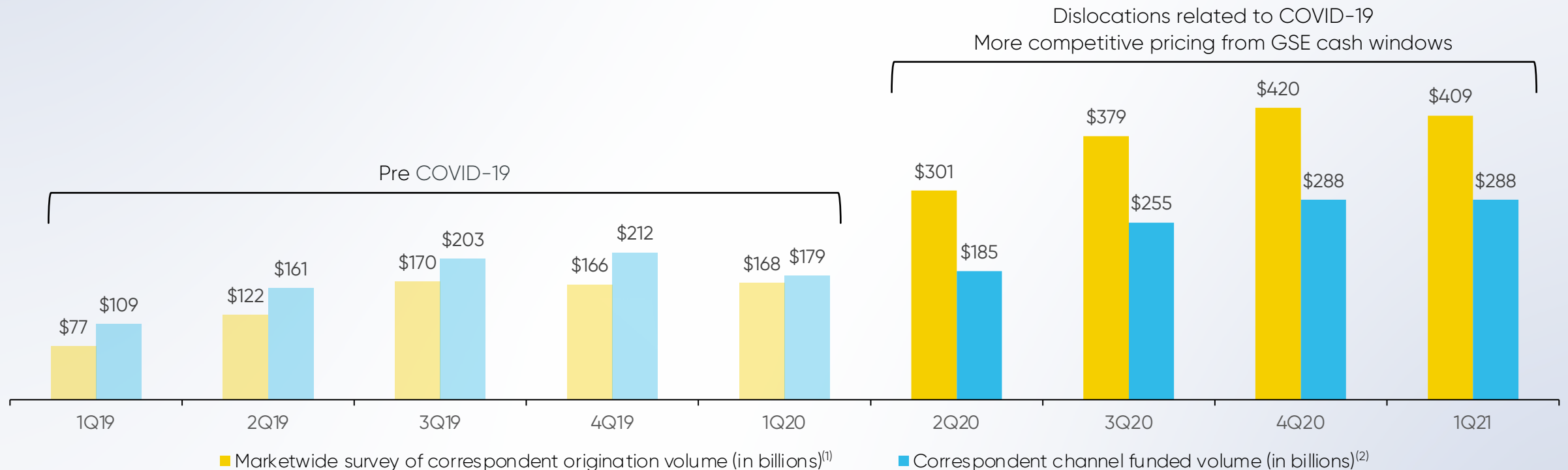


Innovative
technology

- Seamless integration with proprietary loan bidding systems
- Process consistency and efficiency

OPPORTUNITY IN CORRESPONDENT PRODUCTION IS EXPECTED TO REMAIN ROBUST

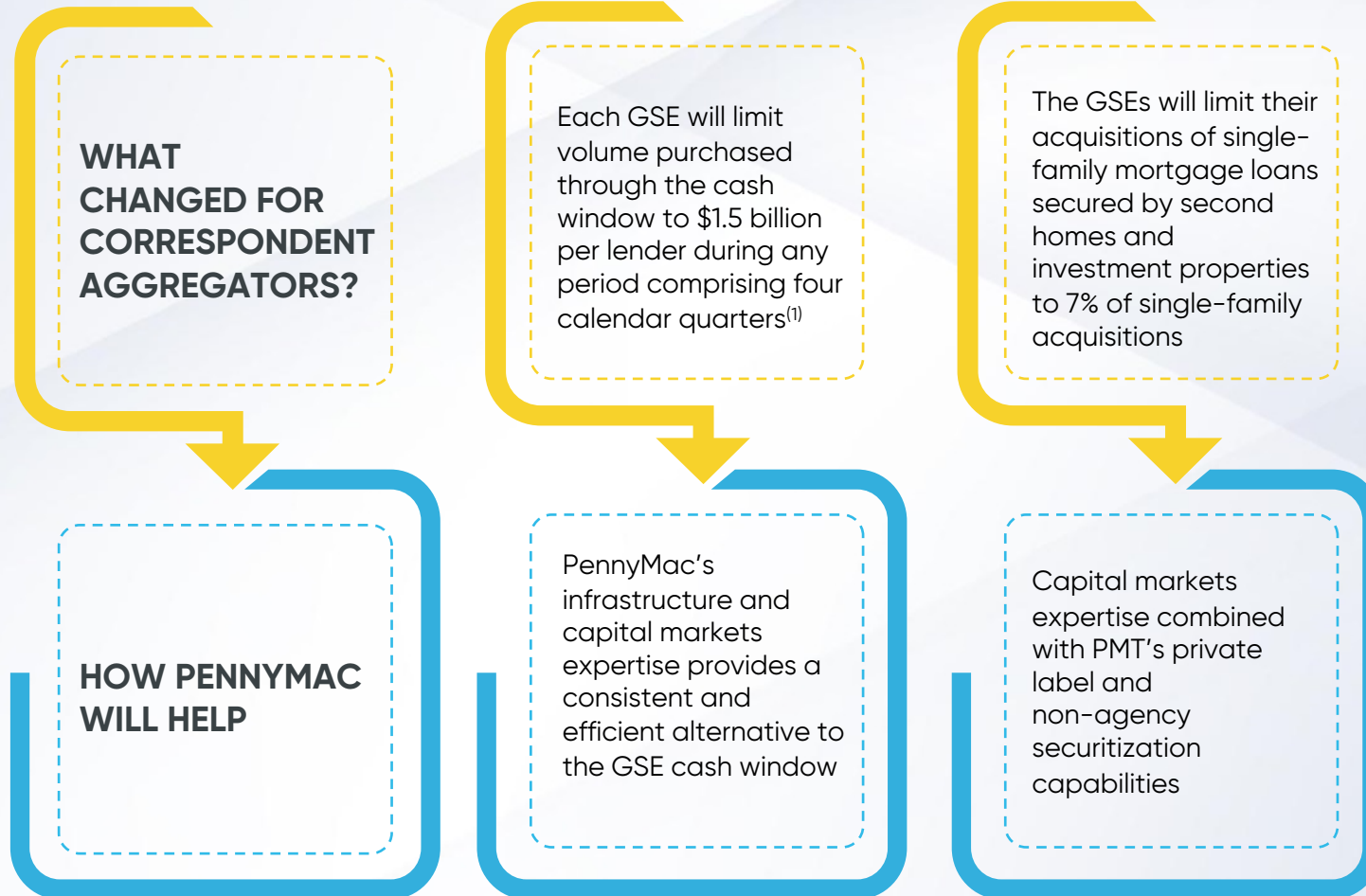
Changes implemented to the GSEs' preferred stock purchase agreements are expected to result in a higher volume of loans sold to aggregators like PennyMac with consistently competitive pricing and fast turn times.




⁽¹⁾ Direct monthly survey of PennyMac's approved clients' origination volumes

⁽²⁾ Inside Mortgage Finance

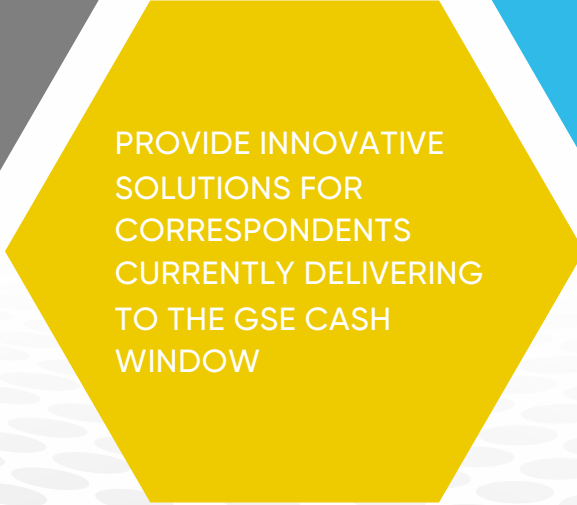
EVOLVING GROWTH OPPORTUNITY FOR PENNYMAC WITH CHANGES IMPLEMENTED TO THE GSEs' PSPAs




SUSTAINING PENNYMAC'S LEADERSHIP POSITION IN CORRESPONDENT PRODUCTION

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CONTINUE TO INCREASE
SHARE OF EXISTING
CLIENT PRODUCTION

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PROVIDE INNOVATIVE
SOLUTIONS FOR
CORRESPONDENTS
CURRENTLY DELIVERING
TO THE GSE CASH
WINDOW

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EXPAND THE
ALREADY ROBUST
SUITE OF PRODUCTS
AND SERVICES
OFFERED

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CONTINUE TO
DELIVER AN UNMATCHED
CUSTOMER EXPERIENCE
WITH CONSISTENTLY
COMPETITIVE BIDS
AND FAST TURNS TIMES

MORTGAGE FULFILLMENT

JIM FOLLETTE

Senior Managing Director
Chief Mortgage Fulfillment Officer



FULFILLMENT OPERATIONS ARE A KEY DIFFERENTIATOR FOR PENNYMAC



Mortgage Fulfillment Division

- Innovative **End2End**, data driven, task-based workflow for all channels
- Loan origination process divided into 17 specific functions, assigned to specialists for improved efficiency, efficacy and scale
- Over 4,000 workflow and business rules results in a highly optimized global workforce
- Technology-enabled workforce management design enables a highly progressive culture committed to enhancing value

Competitive Advantages

- **Reliability:** Delivering on our commitment to the customer through a highly-consistent process
- **Scalability:** Reacting with speed to the dynamic demands of a highly-regulated market
- **Efficiency:** Originating and acquiring loans faster and at lower costs
- **Leadership and Culture:** Identifying opportunities to automate or innovate, ultimately increasing the value of each role within our organization


SUPPORTING PENNYMAC'S PRODUCTION GOALS FOR THE LONG TERM

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SUPPORT THE
PLANNED GROWTH OF
ALL THREE PRODUCTION
CHANNELS WITH A
SCALABLE AND EFFICIENT
FULFILLMENT PROCESS

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DEVELOP TECHNOLOGY
WITH A COMMITMENT
AND FOCUS ON
OMNI-CHANNEL
SOLUTIONS

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LEVERAGE VAST DATA
SETS TO FURTHER
ENHANCE
WORKFLOWS AND
PROCESSES

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CONTINUE TO
FOCUS ON SOLVING
FOR THE CUSTOMER

LOAN SERVICING

STEVE BAILEY

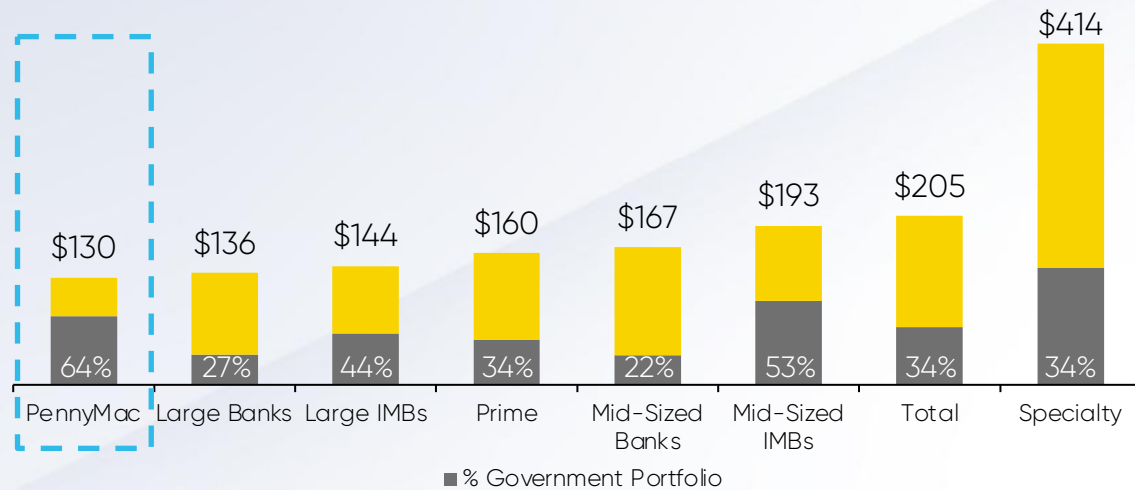
Senior Managing Director
Chief Servicing Officer



PENNYMAC FINANCIAL IS A LOW COST AND PROFITABLE MORTGAGE SERVICER

Direct Servicing Expense⁽¹⁾

(\$ per loan)



Operating Expenses as a Percentage of Average Servicing Portfolio UPB

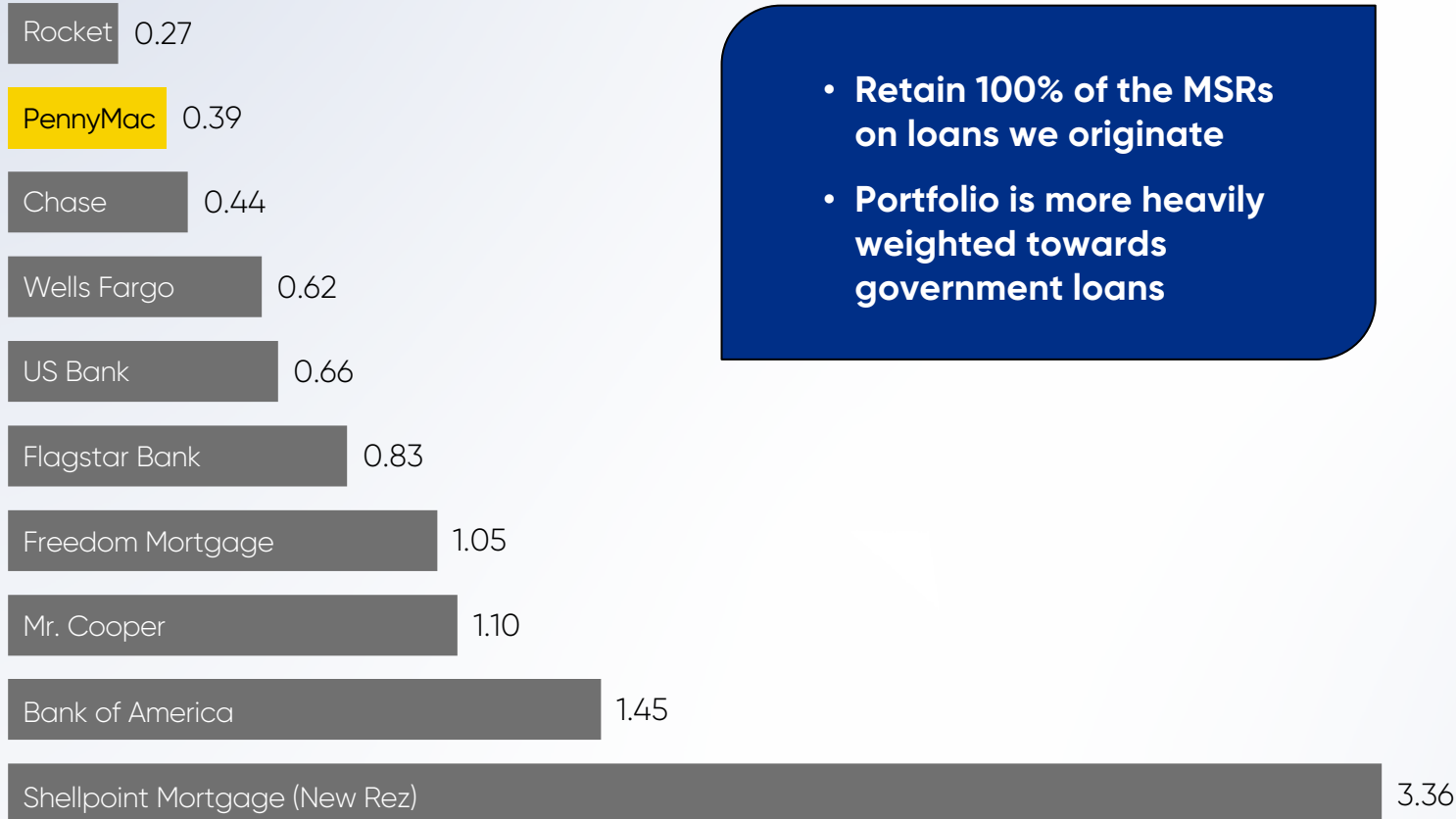
(basis points)



- Our history and expertise servicing distressed loans, combined with the successful execution of loss mitigation strategies related to COVID-19 and hedging of mortgage servicing rights led to record profitability in PFSI's Servicing segment in 2020
- Per loan servicing expenses are relatively low compared to peers and have continued to decrease over our history
- The introduction of our own, proprietary servicing system, SSE, provides us with a more scalable and flexible platform with a lower proportion of variable expenses on a growing portfolio going forward

EFFICIENCY AND HIGH SERVICE STANDARDS DRIVE CUSTOMER SATISFACTION

CFPB Complaints per 100,000 Loans Among Top 10 Servicers⁽¹⁾



- Retain 100% of the MSR's on loans we originate
- Portfolio is more heavily weighted towards government loans

Top 6
SERVICER

High
CUSTOMER
SATISFACTION

More than
2,000
DEDICATED SERVICING
ASSOCIATES

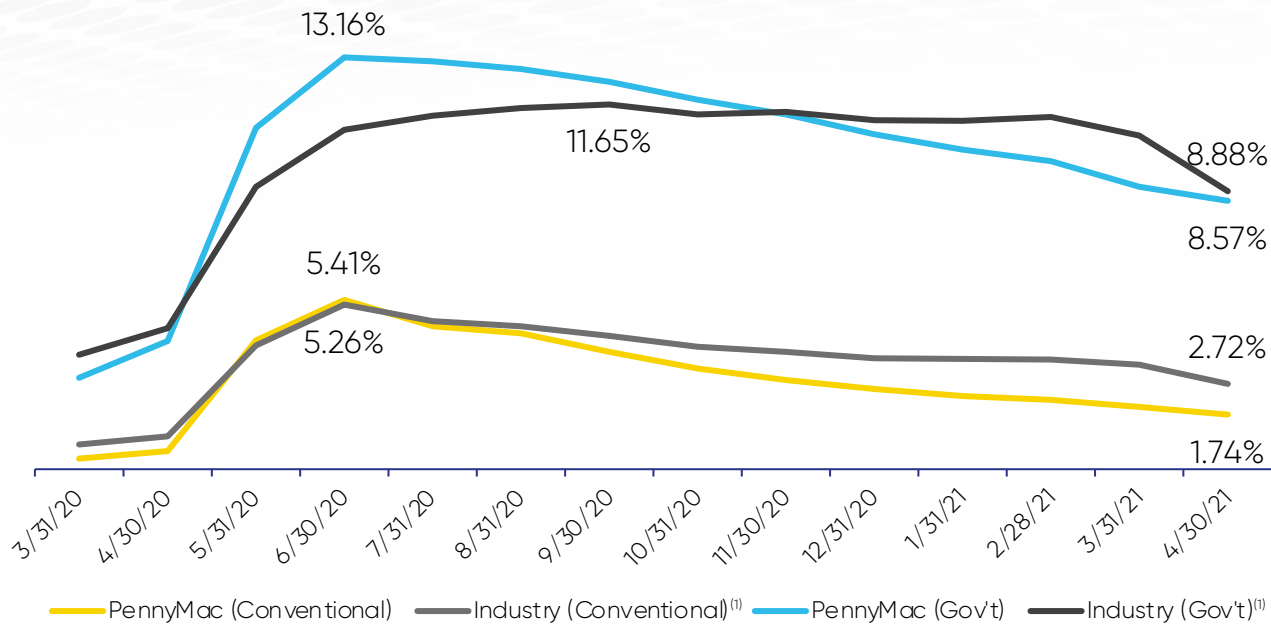
PROPRIETARY SERVICING PLATFORM (SSE) DRIVES COMPETITIVE ADVANTAGE

SSE is a suite of proprietary PennyMac applications and processes integrated with key partners' applications and PennyMac's data warehouse for increased efficiency in servicing, tracking and reporting.



TECHNOLOGY ENABLED QUICK RESOLUTIONS FOR BORROWERS WITH HARDSHIPS RELATED TO COVID-19

60 Day+ Delinquency Rates



Delinquency rates declining faster than the overall industry reflects our expertise in loan servicing, including loss mitigation activities related to COVID-19

SSE provided PennyMac with the flexibility to easily adapt to the rapidly changing environment that ensued as a result of COVID-19.



Forbearance Enrollment: **82%** automated



Forbearance Check Ins: **71%** automated



Forbearance Exits: **56%** automated



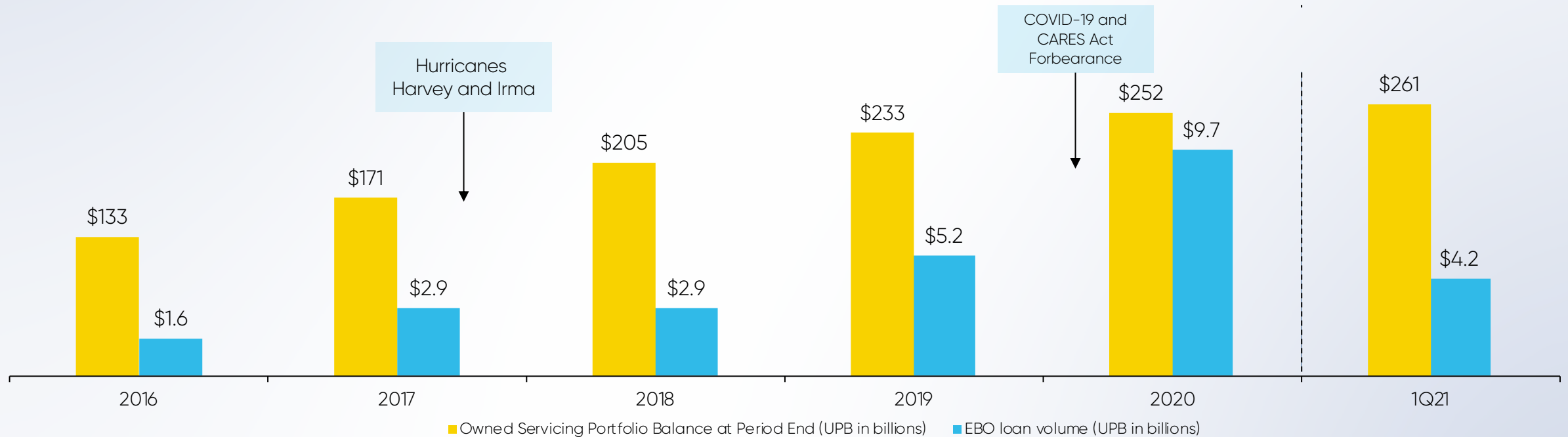
Streamline Modifications: **97%** automated

Through the end of April 2021, approximately 71% of the total forbearance plans we granted our borrowers have been successfully exited.

EARLY BUYOUT ACTIVITIES ARE AN IMPORTANT COMPONENT OF SERVICING GINNIE MAE LOANS

PennyMac has the tools necessary to successfully execute loss mitigation and buyout activities.

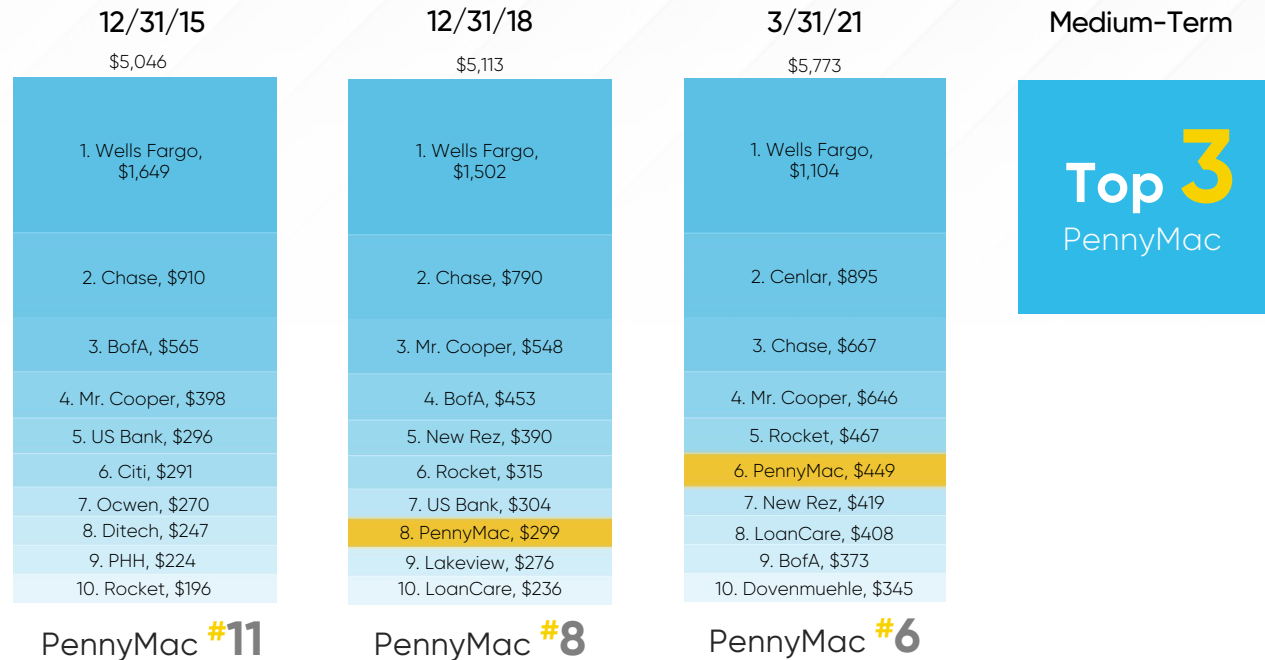
- Servicing data
- Capital markets expertise
- Efficient financing
- Risk management



PENNYMAC EXPECTS TO BECOME A TOP 3 SERVICER IN THE MEDIUM-TERM


UPB of Residential Mortgage Debt Held by Top 10 Mortgage Servicers⁽¹⁾

(\$ in billions)



- Strong, growing origination capability
- Strong management team with mature enterprise risk management to ensure controlled growth

LARGE SERVICING BUSINESS IS A KEY COMPONENT OF PENNYMAC'S BALANCED BUSINESS MODEL

A diagram consisting of four interconnected hexagons arranged in a staggered pattern. The top-left hexagon is grey, the bottom-left is yellow, the top-right is light blue, and the bottom-right is dark blue. Each hexagon contains text describing a key component of PennyMac's business model.

HIGH-QUALITY
SERVICING PORTFOLIO
REPRESENTS A GROWING
STREAM OF RECURRING
EARNINGS AND
CASH FLOW

DRIVER OF LOW-
COST, HIGH-QUALITY
LEADS FOR OUR
CONSUMER-DIRECT
LENDING BUSINESS

SUCCESSFUL EXECUTION
OF LOSS MITIGATION
ACTIVITIES KEEPS
BORROWERS IN THEIR
HOMES AND ENHANCES
LIFETIME RELATIONSHIPS

SERVES AS A NATURAL
HEDGE TO PRODUCTION
INCOME AS RATES RISE

PMT

VANDY FARTAJ

Senior Managing Director
Chief Investment Officer

WILL CHANG

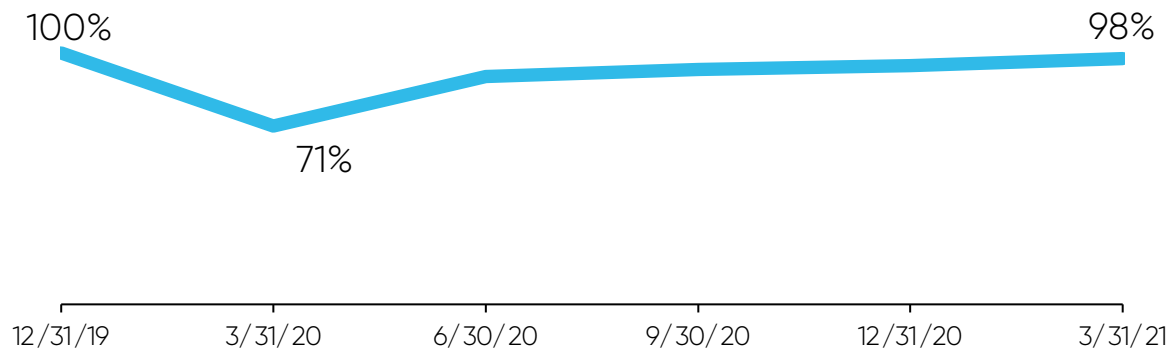
Senior Managing Director
Deputy Chief Investment Officer



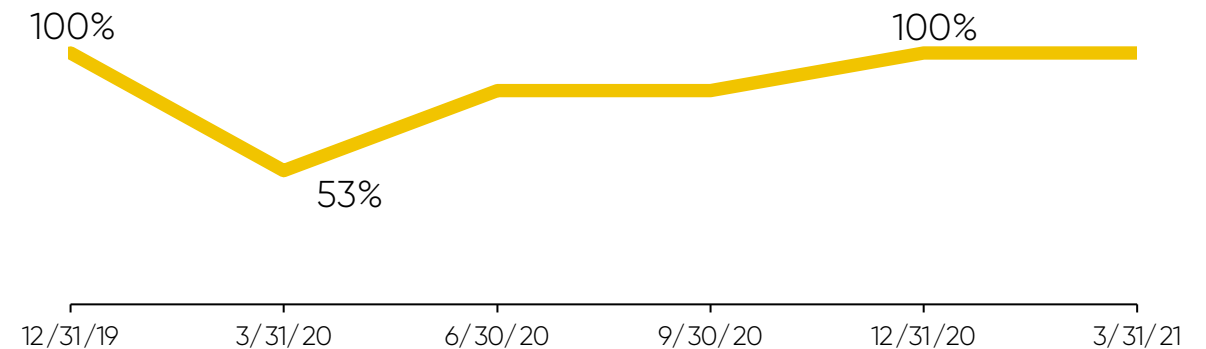
PMT IS A UNIQUE AND SUCCESSFUL RESIDENTIAL MORTGAGE REIT

- Leading producer of conventional mortgage loans to Fannie Mae and Freddie Mac
- Leverages the unique capabilities and industry-leading operational platform provided by its manager and services provider, PFSI
- Strong balance sheet with sophisticated financing structures for the efficient management of long-term mortgage assets
- Ability to organically generate new investments through its correspondent production activities

Percentage of Book Value per Share Compared to 12/31/19 Level



Percentage of Dividend Compared to 12/31/19 Level



PMT was not forced to sell long-term assets to generate liquidity or meet margin call requirements in 2020 as a result of its stable financing structures and effective interest rate risk management

PMT IS FOCUSED ON UNIQUE INVESTMENT STRATEGIES IN THREE SEGMENTS

Correspondent Production

- Leading producer of conventional conforming mortgage loans
- Consistent gains in market share over PMT's almost 11-year history driven by operational excellence and high service levels
- Significant opportunity in the current environment

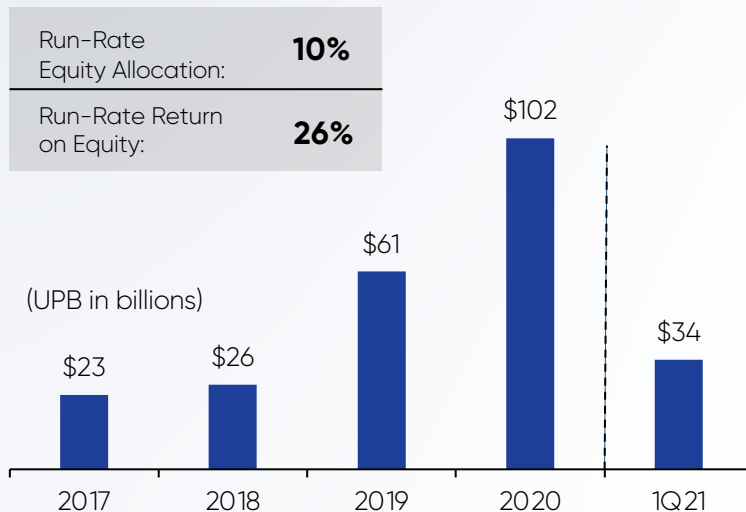
Interest Rate Sensitive Strategies

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

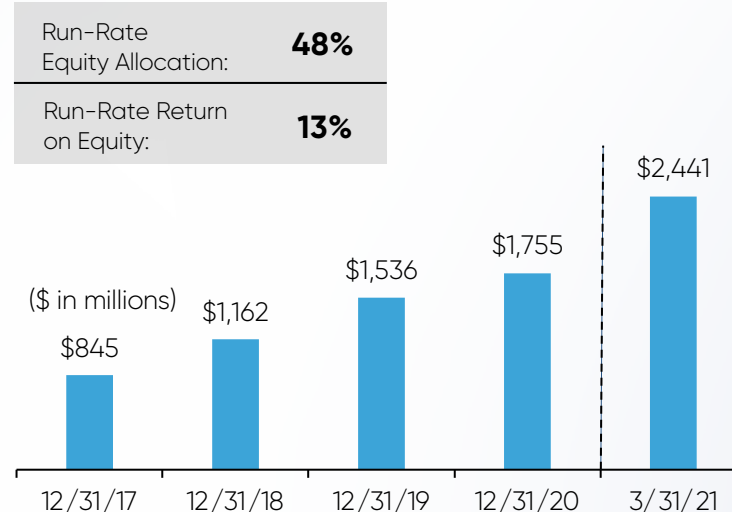
Credit Sensitive Strategies

- Investments in credit risk on PMT's high-quality loan production
- In 2015, PMT began organically investing in innovative front-end GSE CRT investments and ceased new investments in 4Q20
- Approximately \$48 billion in UPB of loans underlying PMT's CRT investments at March 31, 2021

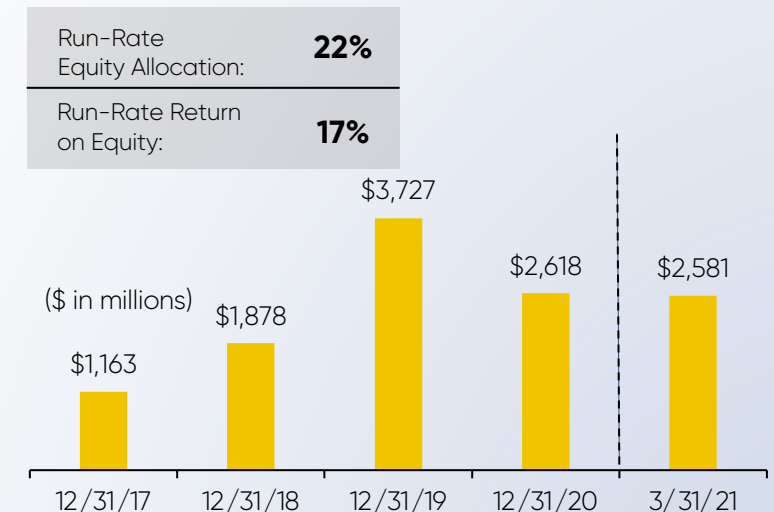
Conventional Correspondent Production



MSR Investments



CRT Investments⁽¹⁾



⁽¹⁾ The fair value of CRT investments is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip liabilities, net of the interest-only security payable. Presented here on a pro forma basis that also includes the face amount of firm commitment to purchase CRT securities for each period shown.

OUTLOOK FOR RETURNS FROM PMT'S CREDIT SENSITIVE STRATEGIES REMAINS STRONG

STRONG ALIGNMENT OF INTERESTS

- PMT's credit investments benefit from PFSI's position as the servicer of the underlying loans
- Insight into borrowers credit characteristics enhances our ability to successfully execute loss mitigation strategies

PREPAYMENT SPEEDS REMAIN ELEVATED

- CRT investments currently held at a discount to par, so PMT avoids losses and expects to recognize fair value gains when underlying loans pay off

STRONG CREDIT PROFILES OF UNDERLYING BORROWERS

- Conventional borrowers with weighted average FICOs of over 750
- Forbearance and delinquency rates continue to decline
- 60+ day delinquency rate of 5.5% as of March 31, 2021

STRONG HOME PRICE APPRECIATION

- Average annual home price appreciation of 6% since PMT started investing in front-end CRT in 2015⁽¹⁾
- Weighted average LTVs have declined from 83% at origination to 69% as of March 31, 2021

CORRESPONDENT PRODUCTION HAS ORGANICALLY GENERATED SIGNIFICANT INVESTMENTS FOR PMT



PMT's INTEREST RATE SENSITIVE STRATEGIES CONTINUE TO HAVE A STRONG RETURN PROFILE

PMT's Interest Rate Sensitive Strategies delivered a 15% return on equity in 2020, despite mortgage rates which declined to all time lows and elevated prepayment speeds.

STRONG CREDIT QUALITY

- 100% conventional borrowers
- Low delinquency rates
- Strong home price appreciation in recent years

INDUSTRY-LEADING SERVICER

- Underlying performance over time expected to be supported by PFSI's industry-leading servicing capabilities
- Proprietary technology (SSE) a competitive advantage

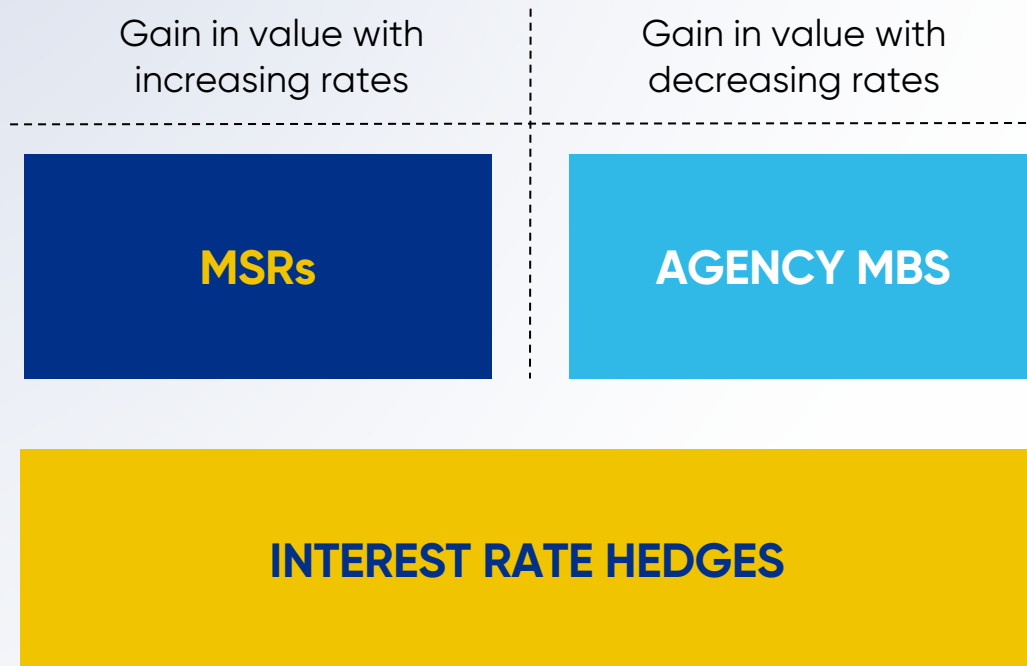
LOW-RATE MSR PORTFOLIO

- Primarily newly originated loans with low interest rates given PMT's record volumes of loan production in the last year
- Pool weighted average coupon of 3.43% as of March 31, 2021

DISCIPLINED HEDGING APPROACH

- Agency MBS and interest rate hedges to offset the interest rate sensitivity of MSRs
- Over time, our results have demonstrated successful hedging of mortgage servicing rights in volatile markets

HEDGING APPROACH CENTRAL TO PMT'S INTEREST RATE SENSITIVE INVESTMENTS



- PMT seeks to manage interest rate risk exposure on a "global" basis, recognizing interest rate sensitivities across its investment strategies
- Multiple mortgage-related investment strategies with complementary interest rate sensitivities
- Contributes to the stability of PMT's book value and earnings

TECHNOLOGY INVESTMENTS MADE BY PFSI PROVIDE PMT A COMPETITIVE ADVANTAGE

PMT utilizes best-in-class vendor systems combined with proprietary technology created by its manager and service provider, PFSI

P3

- Leverages proprietary systems and next generation technology
- Seamless integration with PennyMac's proprietary loan bidding system
- Enables an improved customer experience and process consistencies while increasing the speed of system enhancements

Pricing Engine

- Proprietary pricing engine used to generate rate sheets and price bulk acquisitions
- Instantly prices loans for unique characteristics and required returns
- Can compute and disseminate hundreds of thousands of mid-day price updates within a minute

Pooling Best Execution

- Compares best-execution pooling results against internally developed results
- Automated quality control support deployed to track loans pooled differently

Trade Ticket Entry

- Single system for all trades, including options, futures and other derivative instruments
- Supports confirmations for counterparty trades

PMT IS WELL-POSITIONED FOR A CHANGING MORTGAGE MARKET

CORRESPONDENT PRODUCTION MARKET ENVIRONMENT REMAINS ROBUST

Mortgage rates remain near **historic lows**

Conventional mortgage origination market **remains especially robust**

Strong demographic and secular trends driving **growth in purchase activity**

EVOLVING GSE LANDSCAPE

Changing policies **favor scaled and well-capitalized** market participants

Correspondent aggregators will become **increasingly more important**

Reduced GSE footprint creates need for private capital and those with expertise in capital markets

PMT is uniquely positioned to capitalize on current and evolving investment environments given its scale and importance in the home ownership ecosystem

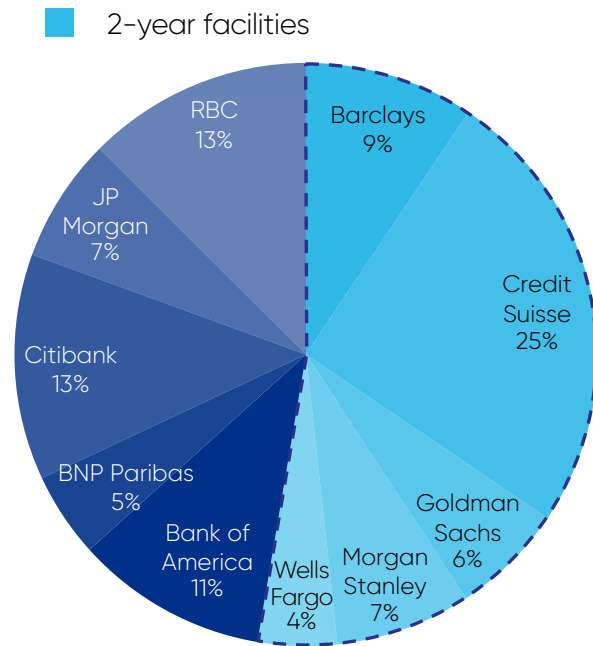
PMT IS WELL-POSITIONED TO CONTINUE ORGANICALLY CREATING INVESTMENTS



PMT HAS DEVELOPED A STRONG AND SOPHISTICATED CAPITAL STRUCTURE OVER ITS HISTORY

PMT Warehouse Facilities at March 31, 2021

Financing for loan inventory supported by multiple strong bank partners, structured with flexible excess capacity to support business needs at optimal cost



\$8.0 billion in total funding capacity

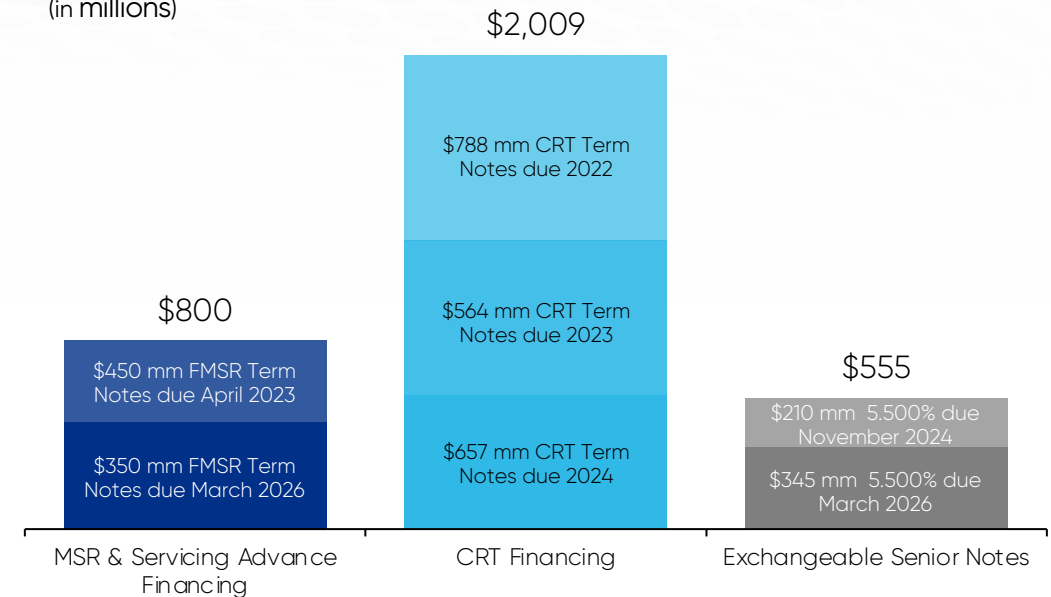
53% 2-year facilities

Approximately **45% committed**

Finances correspondent production

PMT Term Financing Structures at March 31, 2021

(in millions)



- Exchangeable Senior Notes provide stable, long-term funding for the business and complement secured funding in supporting the MSR asset
- CRT term notes do not contain margin call provisions and better match the expected life of the CRT asset compared to short term funding
- Secured MSR structure combines term notes and bank financing to support stable funding and growth of the servicing portfolio

PMT REPRESENTS AN ATTRACTIVE INVESTMENT OPPORTUNITY

TRACK RECORD OF
STRONG RISK-
ADJUSTED RETURNS,
INCLUDING COMMON
DIVIDENDS

STRONG
OPPORTUNITY
IN CONVENTIONAL
CORRESPONDENT
PRODUCTION AND
THE RESULTING
INVESTMENTS

STRONG
BALANCE SHEET
PAIRED WITH
SECURITIZATION
INFRASTRUCTURE
AND EXPERTISE

LEVERAGES
PENNYMAC
FINANCIAL'S
INVESTMENTS IN
TECHNOLOGY AND
BEST-IN-CLASS
OPERATING
PLATFORM

CAPITAL MANAGEMENT & FINANCIAL OUTLOOK

PAM MARSH

Senior Managing Director
Treasurer

DAN PEROTTI

Senior Managing Director
Chief Financial Officer

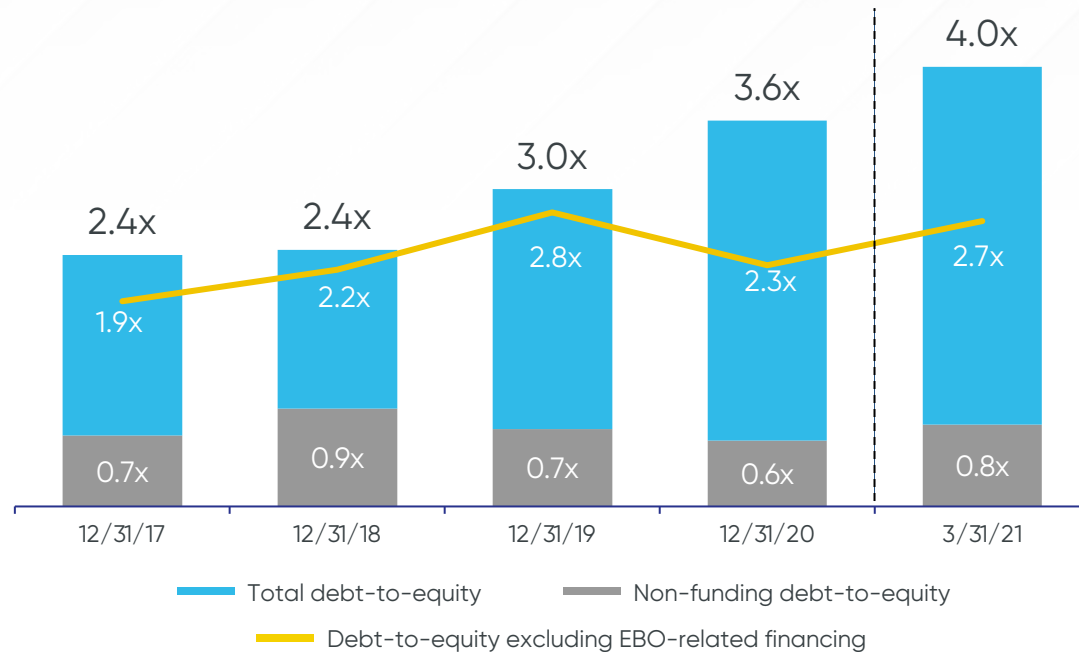


PFSI's PRUDENT FINANCIAL MANAGEMENT WITH LOW LEVERAGE AND RISK MANAGEMENT EXPERTISE

Robust process to monitor and forecast liquidity, hedge results and reserves ensure a strong capital position in stress scenarios.

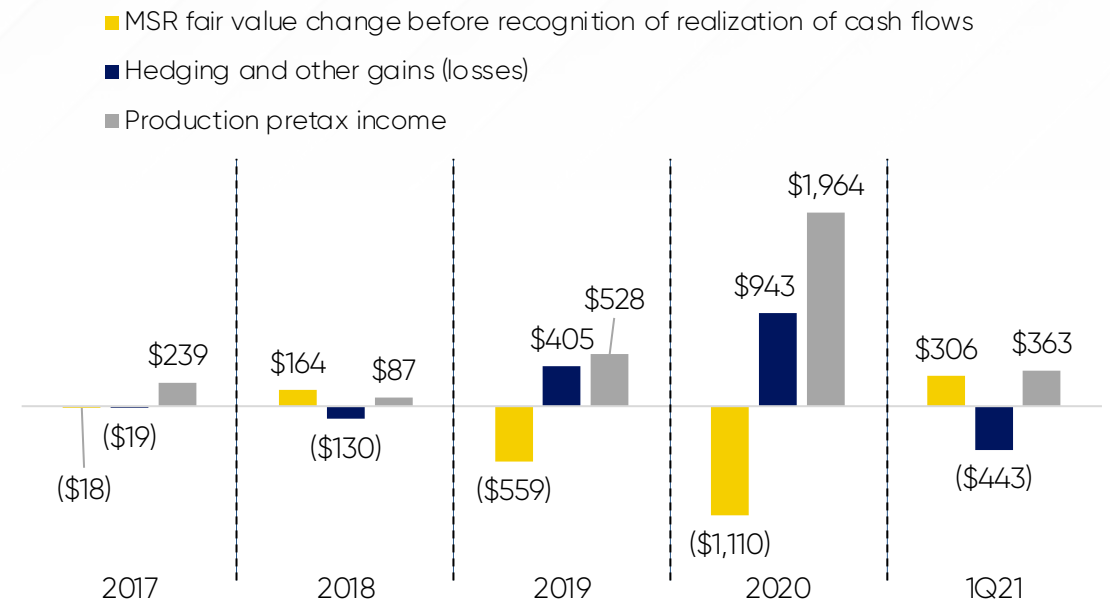
Low Debt-to-Equity Ratio

Track record of maintaining low leverage



Successful Hedging of Mortgage Servicing Rights

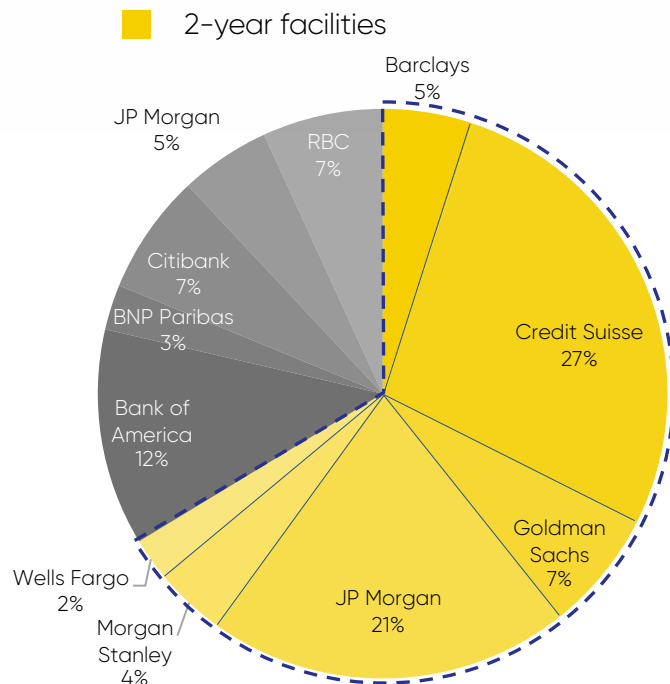
MSR hedging program protects book value and enables PFSI to maintain greater stability of earnings



PFSI HAS DEVELOPED A STRONG AND SOPHISTICATED CAPITAL STRUCTURE OVER ITS HISTORY

PFSI Warehouse Facilities at March 31, 2021

Financing for loan inventory supported by multiple strong bank partners, structured with flexible excess capacity to support business needs at optimal cost



\$14.6 billion
in total funding capacity

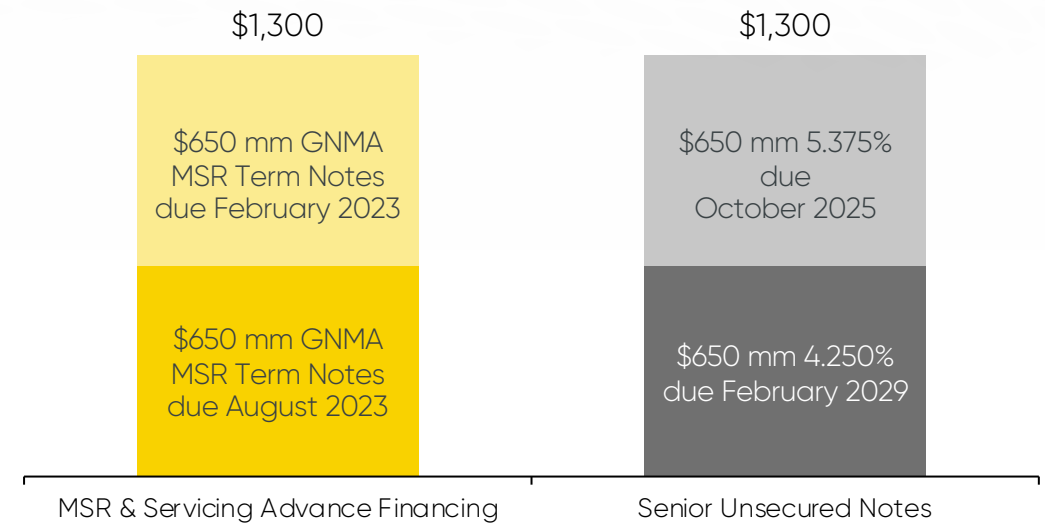
66%
2-year facilities

Approximately
27% committed

Finances government correspondent, direct lending and early buyout activity

PFSI Term Financing at March 31, 2021

(in millions)



- Unsecured term notes provide stable, long-term funding for the business and complement secured funding in supporting the MSR asset
- Secured MSR structure combines term notes and bank financing to support stable funding and growth of the servicing portfolio

PFSI's OPPORTUNITIES FOR CAPITAL DEPLOYMENT

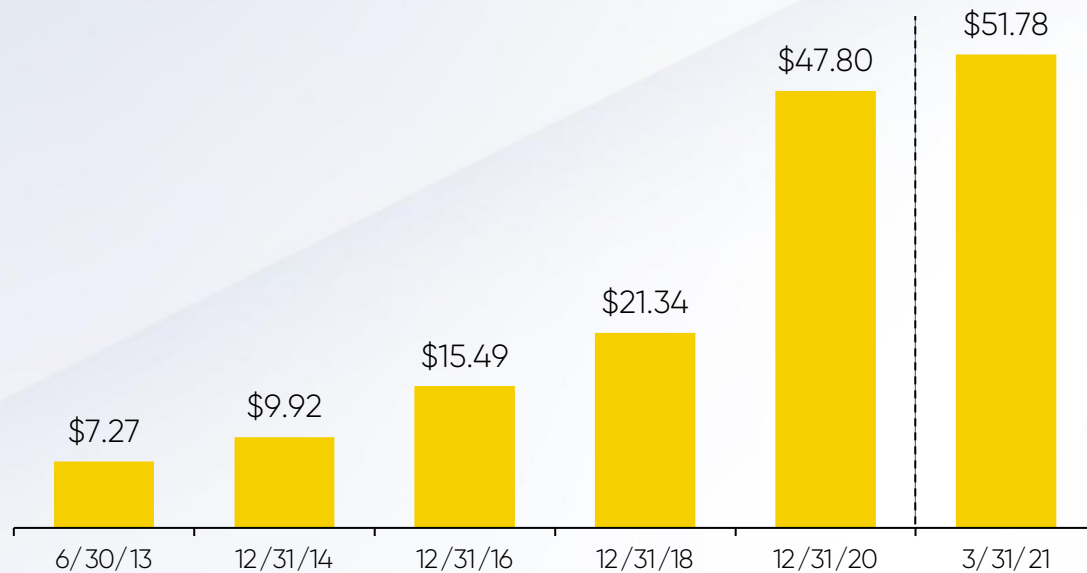
Ongoing investments in the business to ensure long-term success, including major technology enhancements and growing the direct lending platform

Capital required to address opportunities arising from different market environments (MSRs, EBO)

Continue to pursue opportunities to return capital to shareholders

PFSI HAS CONSISTENTLY INCREASED BOOK VALUE WHILE RETURNING CAPITAL

Book Value per Share



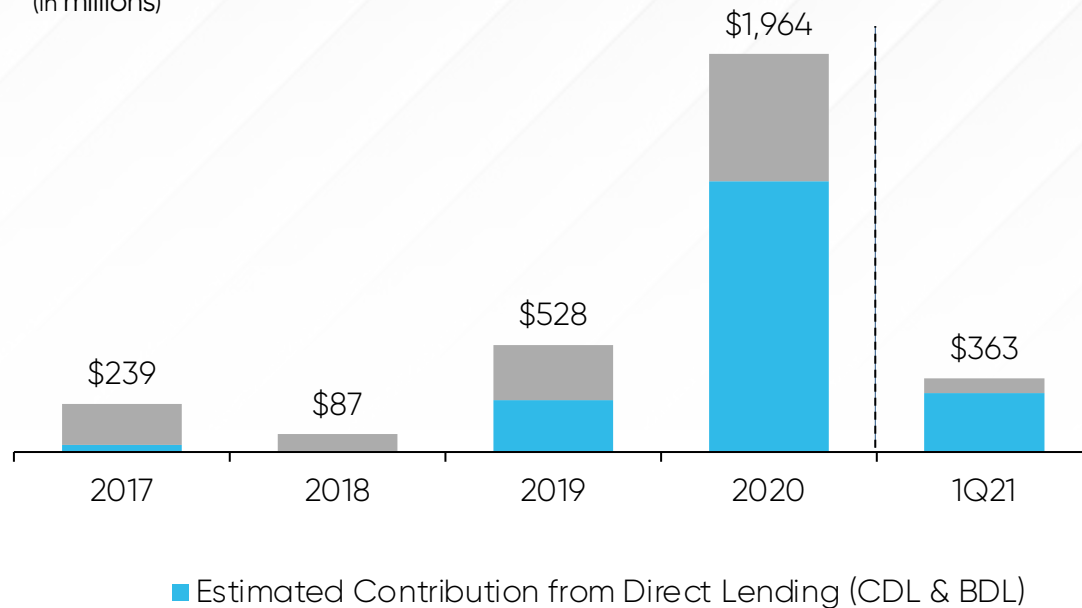
CAPITAL RETURN

- Quarterly dividend instituted in 2019 – have increased twice since
- Repurchased shares totaling \$738 million throughout PFSI's history⁽¹⁾
 - Since the start of 2020, PFSI has repurchased **20%** of its common stock

DIRECT LENDING AND SERVICING ARE DRIVING PFSI'S PROFITABILITY

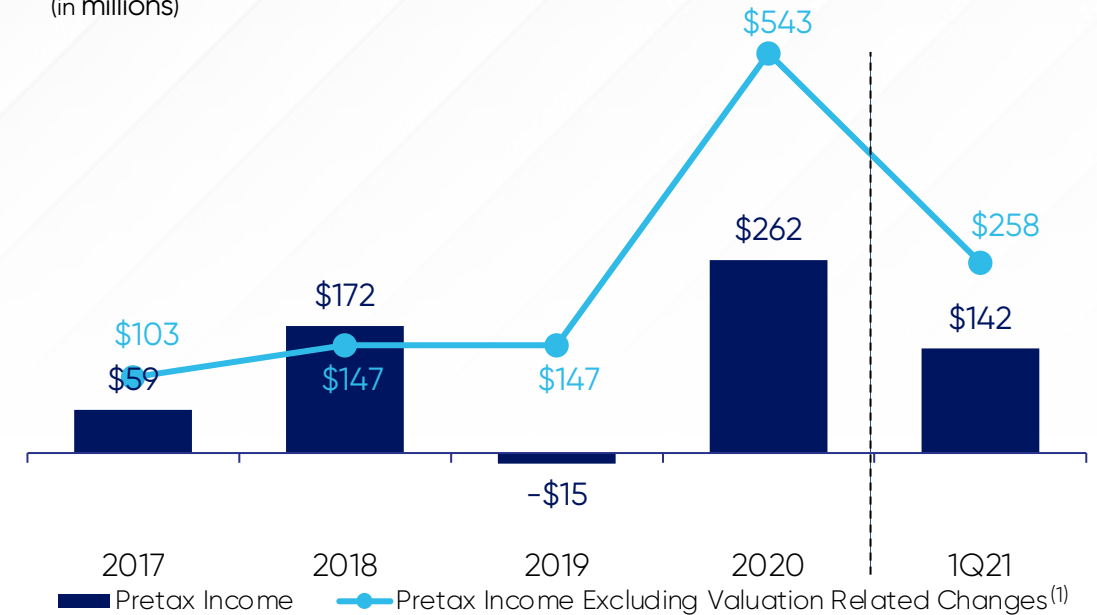
Production Pretax Income

(in millions)



Servicing Pretax Income

(in millions)



- Balanced business model and multi-channel production platform enable PFSI to generate healthy returns even when certain channels experience significant challenges, or overall market volumes decline
- Expectations for elevated servicing profitability bolstered by continued early buyout activity

For the remainder of 2021, we project PFSI to achieve a return on equity closer to our pre-COVID historical returns

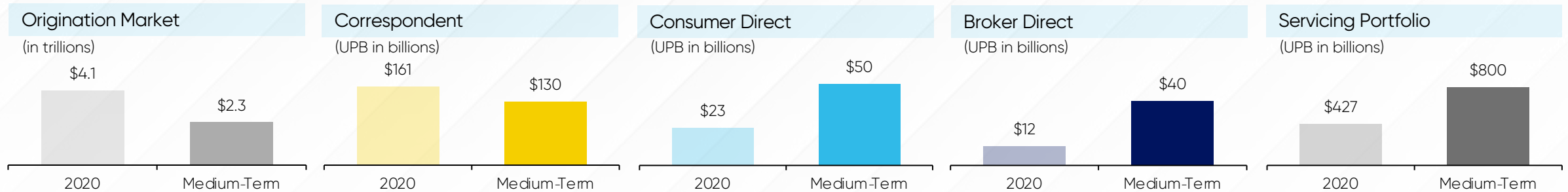
PFSI's MEDIUM-TERM TARGETS DRIVE ITS FINANCIAL OUTLOOK IN A NORMALIZED MARKET

- Illustration assumes normalized market volumes and margins, as well as share repurchases over the expected time frame
- Strong normalized returns on equity and earnings per share achieved with adherence to prudent financial management standards and leverage, therefore minimizing risk
- Result of the plan to achieve leadership positions in each channel over a multi-year period



ILLUSTRATIVE MEDIUM-TERM OUTLOOK FOR PFSI IN A NORMALIZED MARKET ENVIRONMENT

Assumptions



Income Statement

	2020	Medium-Term Outlook	
Net gains on loans held for sale at fair value	\$ 2,741	\$ 2,400	Normalized volumes, margins, and EBO contribution offsets increased production volumes in direct lending
Loan origination fees	286	475	Increases with direct lending growth
Fulfillment fees from PMT	222	140	Normalized market volumes
Net loan servicing fees ⁽¹⁾	439	1,085	Reflects portfolio growth; 2020 included adverse market impact
Net interest income (expense)	(25)	(40)	Impacted by change in mortgage inventory and increased financing need for MSR
Management fees	35	40	Driven by incentive fee income
Other	8	N/A	
Total net revenue	3,706	4,100	
Expenses	1,465	2,850	Scale results in lower expense growth than volume of activity
Pretax income	\$ 2,241	\$ 1,250	
Earnings Per Share	\$ 20.92	\$ 15.00	Assumes additional future share repurchases and stable tax rate
Return on average common stockholders' equity		>20%	

74 ⁽¹⁾ Includes realization of cash flows, other MSR fair value changes and related hedge gains/losses in 2020. Realization of cash flows and expected normalized hedge costs are included in "Medium-Term" projected income, while other MSR fair value changes and related hedge gains/losses are not.

APPENDIX



PFSI'S SERVICING PROFITABILITY EXCLUDING VALUATION-RELATED CHANGES

	2017		2018		2019		2020		1Q21	
	\$ in millions	basis points ⁽¹⁾	\$ in millions	basis points ⁽¹⁾	\$ in millions	basis points ⁽¹⁾	\$ in millions	basis points ⁽¹⁾	\$ in millions	basis points ⁽¹⁾
Operating revenue	\$ 621.7	28.1	\$ 771.5	28.6	\$ 1,022.6	30.6	\$ 1,057.4	26.9	\$ 266.7	24.4
Realization of MSR cash flows	(236.6)	(10.7)	(280.0)	(10.4)	(429.6)	(12.9)	(392.2)	(10.0)	(82.7)	(7.6)
EBO loan-related revenue ⁽²⁾	138.7	6.3	171.4	6.4	147.1	4.4	527.3	13.4	283.7	25.9
Servicing expenses:										
Operating expenses	(232.5)	(10.5)	(283.9)	(10.5)	(319.0)	(9.5)	(355.5)	(9.0)	(109.5)	(10.0)
Payoff-related expense ⁽³⁾	(22.5)	(1.0)	(27.3)	(1.0)	(41.4)	(1.2)	(116.7)	(3.0)	(43.7)	(4.0)
Credit losses and provisions for defaulted loans	(52.6)	(2.4)	(58.5)	(2.2)	(75.6)	(2.3)	(47.8)	(1.2)	(9.4)	(0.9)
EBO loan transaction-related expense	(33.8)	(1.5)	(41.2)	(1.5)	(59.8)	(1.8)	(31.9)	(0.8)	(8.0)	(0.7)
Financing expenses:										
Interest on ESS	(17.0)	(0.8)	(15.1)	(0.6)	(10.3)	(0.3)	(8.4)	(0.2)	(1.3)	(0.1)
Interest to third parties	(62.5)	(2.8)	(90.5)	(3.4)	(87.2)	(2.6)	(89.2)	(2.3)	(37.4)	(3.4)
Pretax income excluding valuation-related changes	\$ 103.0	4.6	\$ 146.5	5.4	\$ 146.8	4.4	\$ 543.0	13.8	\$ 258.4	23.6
Valuation-related changes⁽⁴⁾										
MSR fair value ⁽⁵⁾	(18.1)		163.7		(559.0)		(1,109.8)		306.1	
ESS liability fair value	19.4		(8.5)		9.3		25.0		(1.0)	
Hedging derivatives gains (losses)	(37.9)		(121.0)		395.5		918.2		(442.2)	
Provision for credit losses on active loans ⁽⁶⁾	(7.6)		(8.3)		(7.3)		(114.1)		20.4	
Servicing segment pretax income	\$ 58.7		\$ 172.3		\$ (14.8)		\$ 262.1		\$ 141.7	
Average servicing portfolio UPB	\$ 221,506		\$ 269,403		\$ 334,169		\$ 393,504		\$ 437,826	

⁽¹⁾ Of average portfolio UPB

⁽²⁾ Comprised of net gains on loans held for sale at fair value and net interest income related to EBO loans

⁽³⁾ Consists of interest shortfall and recording and release fees

⁽⁴⁾ Changes in fair value do not include realization of MSR cash flows, which are included in amortization and realization of cash flows above

⁽⁵⁾ Includes fair value changes and provision for impairment

⁽⁶⁾ Considered in the assessment of MSR fair value changes