PennyMac Mortgage Investment Trust

First Quarter 2018 Earnings Report

May 3, 2018

Forward-Looking Statements

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

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

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

First Quarter Highlights

- Net income attributable to common shareholders of $22.0 million on net investment income of $75.7 million
  - Diluted earnings per common share of $0.35; return on average common equity of 7%
  - Dividend of $0.47 per common share declared on March 28, 2018 and paid on April 27, 2018
  - Book value per common share increased to $20.24 from $20.13 at December 31, 2017
- Operating results reflect strong contributions from interest rate sensitive strategies and GSE credit risk transfer (CRT) partially offset by distressed loan investment losses
- Segment pretax results: Credit Sensitive Strategies: $3.6 million; Interest Rate Sensitive Strategies: $37.8 million; Correspondent Production: $6.6 million; Corporate: $(10.2) million
- Continued investment in CRT and mortgage servicing rights (MSRs) resulting from PMT's correspondent production
  - Conventional correspondent loan production from nonaffiliates totaled $4.2 billion in unpaid principal balance (UPB), down 28% from the prior quarter
  - CRT deliveries totaled $3.2 billion in UPB, which is expected to result in approximately $112 million of new CRT investments once the aggregation period is complete
  - Added $67 million in new MSR investments
- Completed the previously announced sale of $347 million in UPB of nonperforming and performing loans from the distressed mortgage loan portfolio

Notable activity after quarter end:

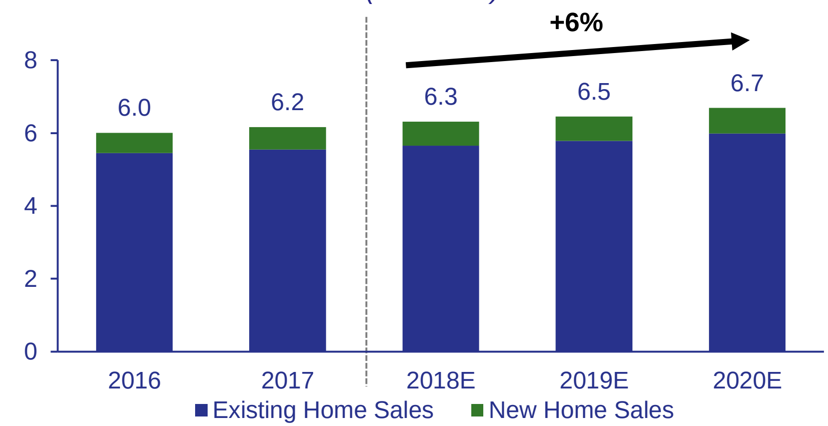
- Issued $450 million of 5-year term notes at attractive rates under our Fannie Mae MSR financing structure

Current Market Environment

- Significant volatility in financial markets during 1Q18, with interest rates increasing sharply
  - Mortgage rates increased 45 basis points to 4.44% at quarter end[(1)]
  - Total mortgage originations were down 21% Q/Q driven by a decline in refinance activity[(2)]
    - Prepayment activity at multi-year low levels[(3)]
  - Contributed to heightened competition among mortgage originators and aggregators
- Home sales growth remains a positive driver for the mortgage market despite higher interest rates and housing supply constraints
- Growth in non-mortgage consumer debt and home price appreciation create demand for loan products to access home equity
- Mortgage delinquencies increased modestly from a year ago[(4)]
  - Excluding the impact of hurricanes, mortgage performance improved from the same period a year ago

Average 30-year fixed rate mortgage[(1)]

Home Sales[(5)]
(in millions)



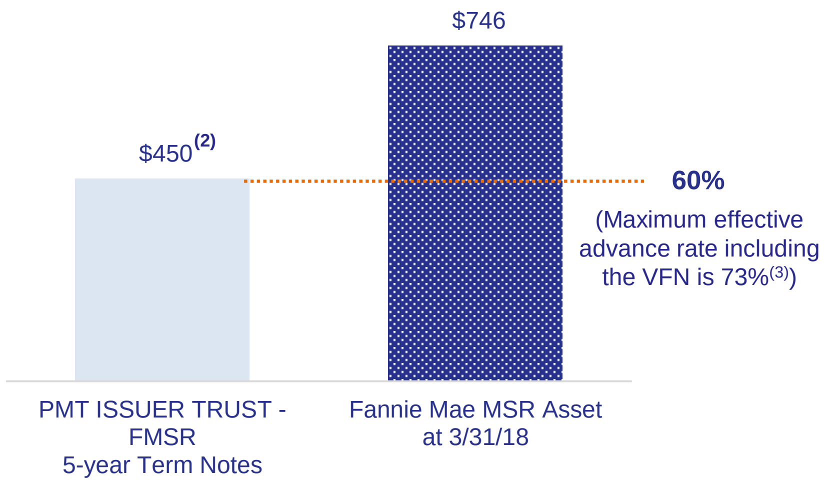
(1) Freddie Mac Primary Mortgage Market Survey. 4.58% as of 4/26/18
(2) Inside Mortgage Finance (as of 4/27/2018) (3) Fannie Mae Housing Forecast (as of 4/10/2018)
(4) Black Knight Financial Services – total U.S. loan delinquency rate 30 day+ delinquent but not in foreclosure was 3.73% as of 3/31/18, compared to 3.61% at 3/31/17
(5) Actual results from National Association of Realtors and the Census Bureau – seasonally adjusted. Forecast estimates are from the Mortgage Bankers Association (forecast as of 4/24/18)

Fannie Mae-Related MSR Financing

- In December 2017, we formed PMT ISSUER TRUST – FMSR[1] to facilitate a new MSR financing structure representing the culmination of efforts made in close partnership with Fannie Mae
- The structure significantly strengthens PMT's liquidity through two components:
  - **Variable Funding Note (VFN)** – issued and financed under a repurchase agreement; replaced bank line
  - **Secured Term Notes** – sold to institutional investors and provides long-term financing and additional liquidity for the asset
- In April, successfully issued $450 million of 5-year secured term notes from the trust at 1-mo. LIBOR plus 2.35%
  - A portion of the term note proceeds were used to reduce the VFN outstanding balance
- Benefits include:
  - Term financing that better aligns with the expected life of the MSR asset
  - Attractive economic terms
  - Diversified sources of financing to include institutional investors and reduced our reliance on bank lenders
  - VFN repo financing can increase to a maximum of $375 million as the MSR asset grows

Financing Versus Fannie Mae MSR

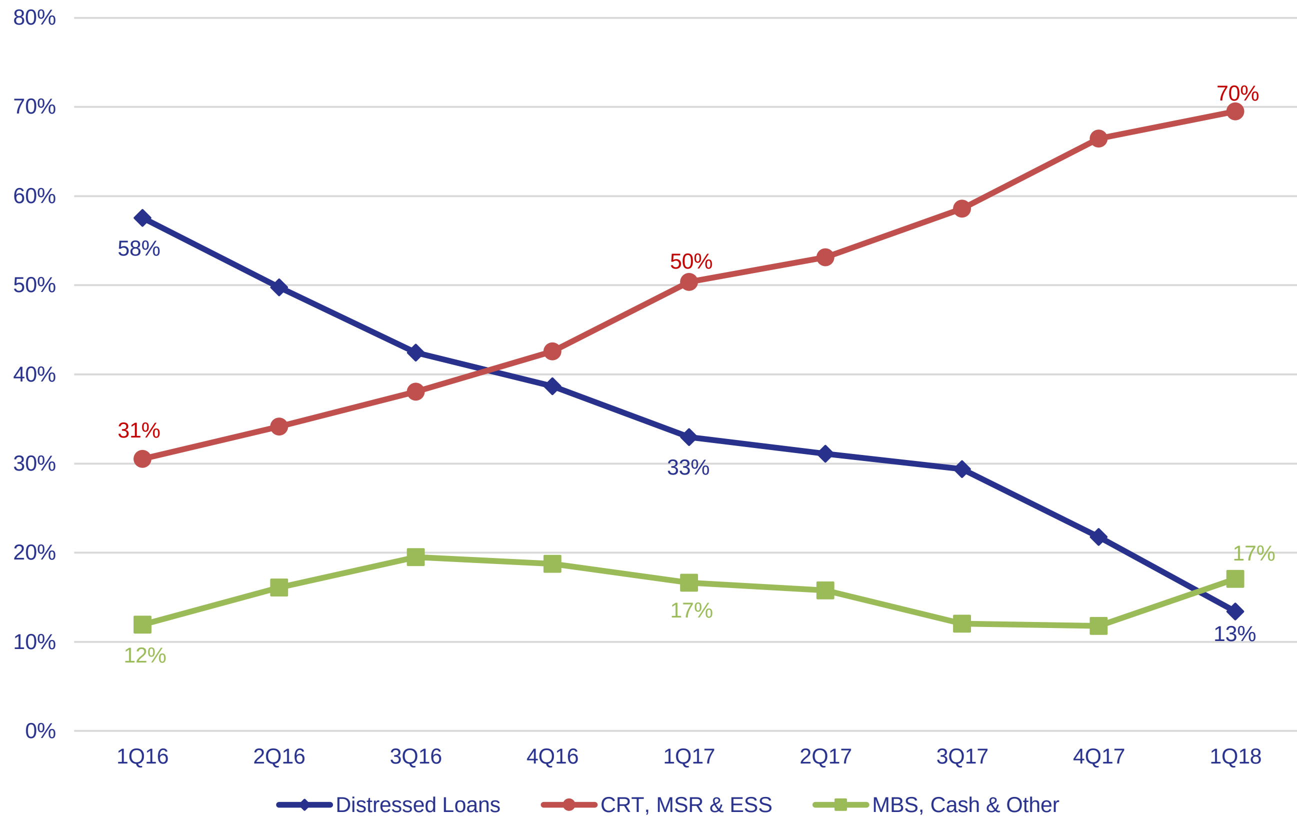
($ in millions)



[1] Further described in PMT's Current Report on Form 8-K filed on December 27, 2017
[2] As of 4/25/18
[3] Advance rate may vary based upon collateral characteristics

Transition to Correspondent-Generated Investments in CRT and MSRs

PMT's Equity Allocation[1]



1Q 2016	**1Q 2017[2]**	**1Q 2018[3]**
100% = $1.41 billion	100% = $1.46 billion	100% = $1.54 billion

(1) Management's internal allocation of equity. Amounts as of quarter end. Percentages may not sum exactly due to rounding.
(2) Includes $115 million of preferred equity
(3) Includes $310 million of preferred equity

Run-Rate Quarterly Income Potential from PMT's Strategies

($ in millions, except EPS)	Income Potential		WA Equity Allocated[1]		Annualized Return on Equity (ROE)
Credit sensitive strategies:					
Distressed loan investments	$	(3.7)	$	143	-10.2%
Other credit sensitive strategies					
GSE credit risk transfer[2]	$	27.7	$	580	19.1%
Non-Agency subordinate bonds	$	0.2	$	3	24.4%
Commercial real estate finance	$	0.0	$	7	0.2%
Subtotal net other credit sensitive strategies	$	27.9	$	589	18.9%
Net credit sensitive strategies	**$**	**24.2**	**$**	**733**	**13.2%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)	$	16.3	$	387	16.8%
ESS (incl. recapture)	$	3.6	$	90	16.0%
Agency MBS	$	7.8	$	122	25.7%
Non-Agency senior MBS (incl. jumbo)	$	0.9	$	11	31.2%
Interest rate hedges	$	(5.0)	$	-	
Net interest rate sensitive strategies	**$**	**23.5**	**$**	**609**	**15.4%**
Correspondent production	**$**	**2.6**	**$**	**92**	**11.4%**
Cash, short term investments, and other	$	0.3	$	90	1.3%
Management fees & corporate expenses	$	(11.5)	$	-	
Corporate	**$**	**(11.2)**	**$**	**90**	**n/a**
Provision for income tax expense	$	(2.0)			
Net income	**$**	**37.2**	**$**	**1,524**	**9.8%**
Dividends on preferred stock	**$**	**6.2**	**$**	**300**	**8.3%**
Net Income attributable to common shareholders	**$**	**30.9**	**$**	**1,224**	**10.1%**
Diluted earnings per common share	**$**	**0.49**			

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

- Income potential driven by CRT and net interest rate sensitive strategies
  - CRT and MSR growth driven by PMT's correspondent production
  - Growth in MBS to balance the interest rate sensitivity of our growing MSR asset
- Correspondent production reflects expectations for a highly competitive mortgage market
- Distressed loan portfolio continues to wind down and is expected to result in a loss

(1) Management's internal allocation of equity. Equity allocated to MSR, ESS and distressed loan investments reflects an allocation of exchangeable senior notes and associated expenses
(2) Projected CRT income includes fair value recognition upon loan delivery under CRT agreements

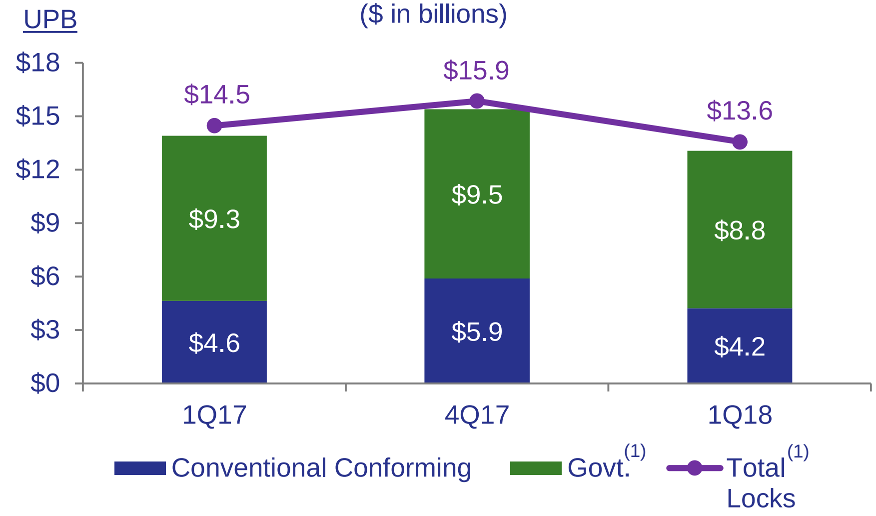
Mortgage Investment Activities

Correspondent Production Highlights

- Correspondent acquisitions from nonaffiliates by PMT in 1Q18 totaled $13.1 billion, down 15% Q/Q and down 6% Y/Y
  - 68% government loans; 32% conventional loans
  - 28% Q/Q decline in conventional conforming acquisitions, down 9% Y/Y
  - Total lock volume of $13.6 billion, down 14% Q/Q and 6% Y/Y
- Volume decline from the prior quarter resulted from higher mortgage rates and seasonal factors
- Pretax income as a percentage of interest rate lock commitments decreased to 15 bps from 22 bps in the prior quarter
- Increased emphasis on a prime jumbo offering to better serve our customers and drive additional volume
  - Creates potential new investments in the subordinate bonds of future securitizations
- April correspondent acquisitions totaled $4.7 billion; locks totaled $5.6 billion

Correspondent Production Volume and Mix

($ in billions)



Key Financial Metrics	4Q17	1Q18
Pretax income as a percentage of interest rate lock commitments[2]	0.22%	0.15%
Fulfillment Fee[3]	0.33%	0.28%

Selected Operational Metrics	4Q17	1Q18
Correspondent seller relationships	613	615
Purchase money loans, as a % of total acquisitions	76%	77%

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

(2) Conventional conforming and jumbo interest rate lock commitments

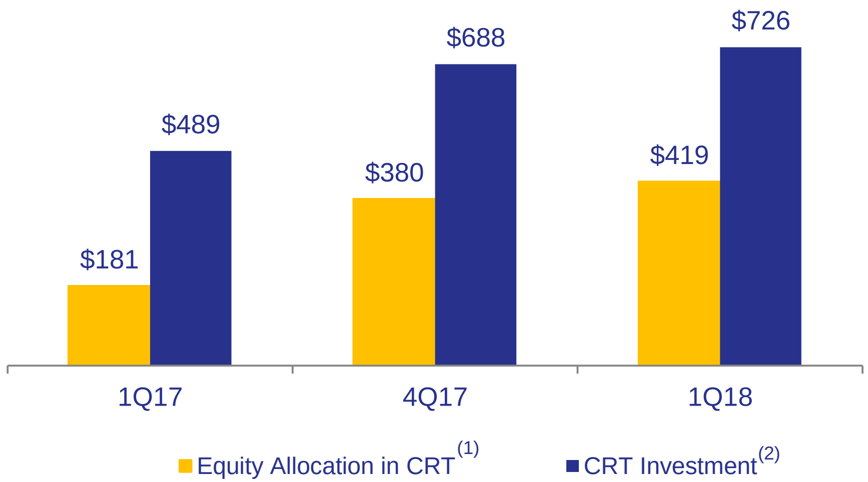
(3) Based on funding volumes of loans subject to fulfillment fees. The fulfillment fee rate is reflective of the more competitive market environment.

GSE Credit Risk Transfer Investments

- Completed $3.2 billion in UPB of deliveries during the quarter, which is expected to result in commitments to fund approximately $112 million of new CRT investments once the aggregation period is complete, $42 million of which had been invested at quarter end
- Returns on CRT investments benefited from the ongoing capital deployment and continued strong credit markets
- 60+ day delinquencies decreased from the prior quarter, driven by the improving credit performance of hurricane-impacted loans[4]
- Incurred losses of $0.8 million in 1Q18, bringing lifetime losses to $2.3 million
  - Reflects seasoning that continues to be in line with expectations
- We are working in close partnership with Fannie Mae on a new REMIC structure for PMT's future CRT investments
  - Expect to begin delivering into the new structure in 2Q18

CRT Investments Outstanding

($ in millions)



1Q18 Returns on CRT Investments

($ in millions)	Total Income Contribution	Income Excluding Market-Driven Fair Value Changes[3]
Investment income	$22.0	$18.8
Return on average CRT assets	13.8%	12.0%
Return on average CRT equity	21.8%	18.6%

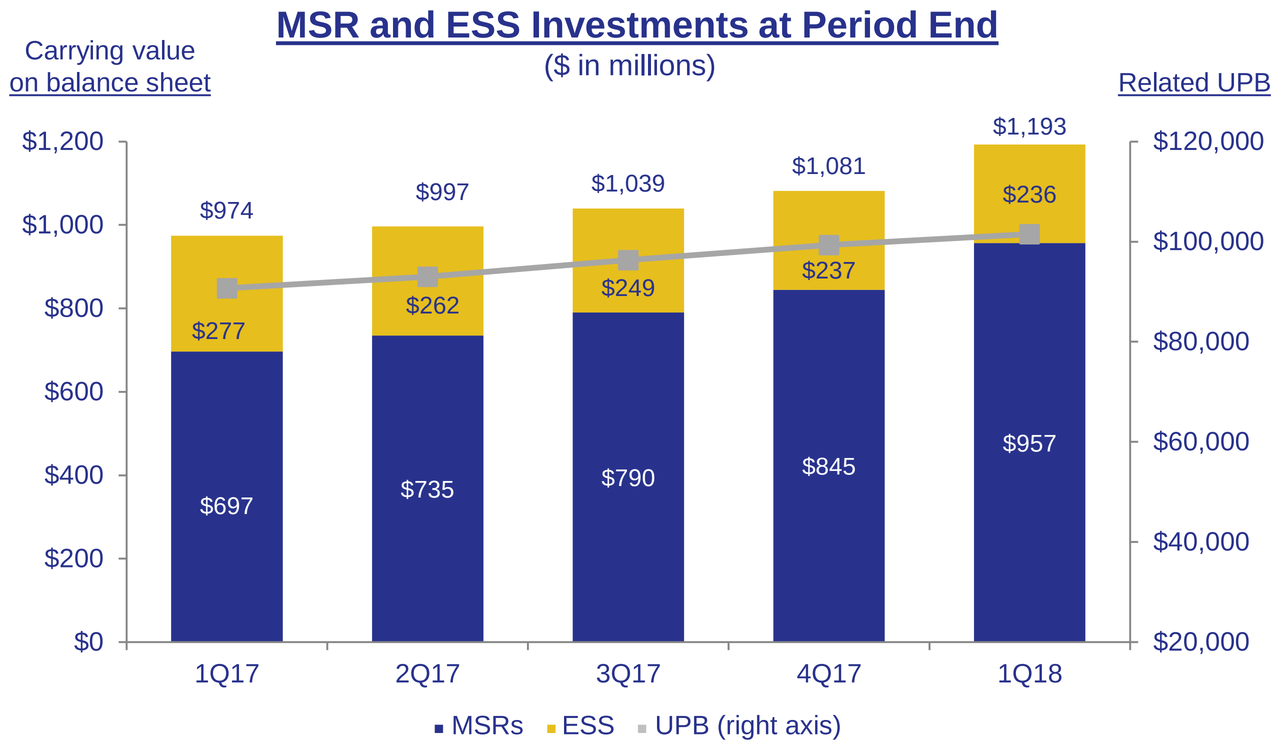
(1) Represents equity allocation net of financing

(2) Includes deposits securing CRT agreements and derivative assets

(3) Valuation-related changes include fair value recognition upon loan delivery under CRT Agreements and fair value changes and are included in total income contribution

(4) See slides 26 and 27 for performance metrics

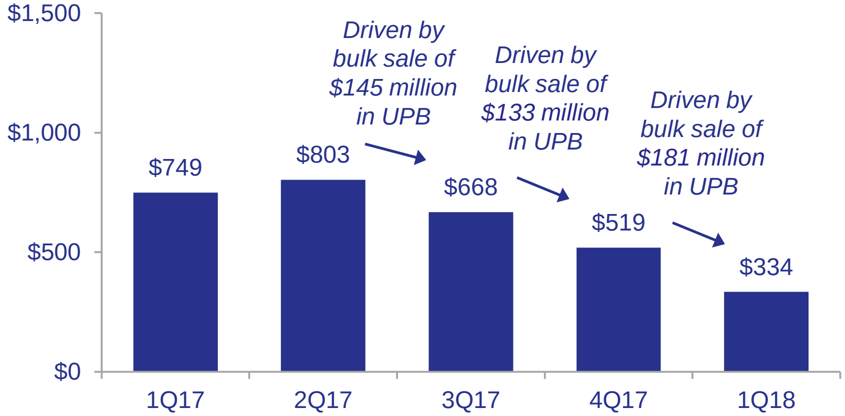
MSR Investments Continued to Grow



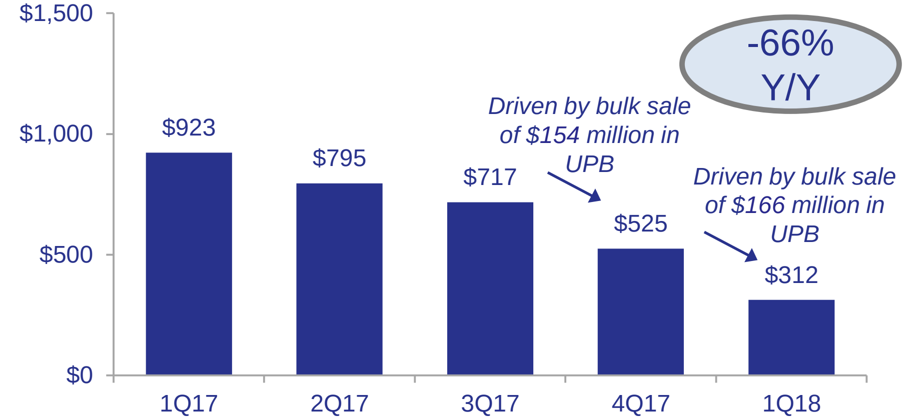
- MSR investments increased to $957 million due to growth from correspondent production activity and fair value gains
- Excess servicing spread (ESS) investments resulting from prior bulk, mini-bulk and flow MSR acquisitions by PennyMac Financial Services, Inc. (NYSE: PFSI) decreased modestly to $236 million driven by repayments partially offset by fair value gains and recapture income
- PMT's MSR portfolio totaled $75.3 billion in UPB at March 31, 2018, up from $72.1 billion at December 31, 2017
  - UPB associated with ESS investments totaled $26.2 billion at March 31, 2018, down from $27.2 billion at December 31, 2017

Distressed Loan Portfolio is Declining Through Liquidation and Sales

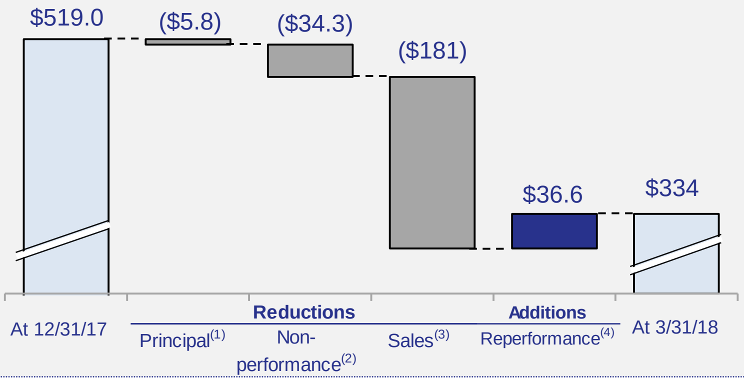
Performing Loans
(UPB in millions)



Nonperforming Loans
(UPB in millions)



Performing Loan Portfolio Waterfall
(UPB in millions)



- Completed the previously announced sale of $347 million in UPB of nonperforming and performing loans from the distressed loan portfolio

(1) Includes principal payments, payoffs, and write downs
(2) Primarily through recidivism of previously performing loans
(3) Bulk sales of performing loans
(4) Primarily through loan modifications

Financial Results

PennyMac®
Mortgage Investment Trust

First Quarter Income and Return Contributions by Strategy

($ in millions)	Total Income Contribution[1]	Market-Driven Value Changes	Income Excluding Market-Driven Value Changes[1]	WA Equity Allocated[2]	Annualized Return on Equity (ROE)[1]
Credit sensitive strategies:					
Distressed loan investments[2]	$ (18.4)	n/a	$ (18.4)	$ 312	-22.7%
Other credit sensitive strategies					
GSE credit risk transfer[3]	22.0	3.2	18.8		
Non-Agency subordinate bonds	(0.1)	(0.2)	0.1		
Commercial real estate finance	0.2	0.0	0.1		
Subtotal net other credit sensitive strategies	$ 22.0	$ 3.1	$ 19.0	$ 422	20.9%
Net credit sensitive strategies	**$ 3.6**	**$ 3.1**	**$ 0.6**	**$ 735**	**2.0%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)[2]	$ 64.4	$ 52.6	$ 11.8		
ESS (incl. recapture)[2]	9.7	6.9	2.8		
Agency MBS	(17.9)	(22.8)	5.0		
Non-Agency senior MBS (incl. jumbo)	1.0	0.7	0.2		
Interest rate hedges	(19.4)	(19.4)	n/a		
Net interest rate sensitive strategies	**$ 37.8**	**$ 18.0**	**$ 19.7**	**$ 700**	**21.6%**
Correspondent production	**$ 6.6**		**$ 6.6**	**$ 72**	**36.6%**
Cash, short term investments, and other	$ 0.2	n/a	$ 0.2	$ 52	1.5%
Management fees & corporate expenses	(10.4)	n/a	(10.4)		
Corporate	**$ (10.2)**	**n/a**	**$ (10.2)**	**$ 52**	**-78.1%**
Provision for income tax expense	$ (9.7)	n/a	$ (9.7)		
Net income	**$ 28.2**	**$ 21.1**	**$ 7.1**	**$ 1,560**	**7.2%**
Dividends on preferred stock	**$ 6.2**			**$ 300**	**8.3%**
Net Income attributable to common shareholders	**$ 21.9**			**$ 1,260**	**7.0%**

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, loan servicing fees), but before tax expenses. Some of the income associated with the investment strategies may be subject to taxation.

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

(3) Market-driven value changes include fair value recognition upon loan delivery under CRT Agreements and market value changes.

Performance of the Distressed Mortgage Loan Investments

- Net losses on nonperforming and performing loans totaled $10.0 million, compared to $8.2 million in the prior quarter, driven by:
  - Adverse valuation impact due to increased investor yield requirements as a result of higher interest rates
  - Higher recidivism of previously performing loans and lower than forecasted transition of loans to performing status during the quarter
  - Expenses associated with protecting PMT's lien interest in the nonperforming loans (e.g., taxes, insurance, maintenance, and legal fees)
- Losses associated with the bulk sale, including market-driven valuation changes during the quarter on the remaining portfolio and sale-related expenses, totaled approximately $8 million
- Cash proceeds from liquidation and paydown activity on the distressed loan portfolio and real estate acquired upon settlement of loans (REO) totaled $47 million
- Bulk sale of nonperforming and performing loans generated $258 million in gross cash proceeds and $80 million in net cash proceeds after debt repayment and related expenses

Net Gains/(Losses) on Mortgage Loans

Unaudited	Quarter ended	
($ in thousands)	December 31, 2017	March 31, 2018
Valuation Changes:		
Performing loans	$ 647	$ (4,169)
Nonperfoming loans	(11,672)	(5,102)
	(11,025)	**(9,271)**
Payoffs	1,114	235
Sales	1,704	(915)
	$ (8,207)	**$ (9,951)**

Cash Proceeds and Gain on Liquidation

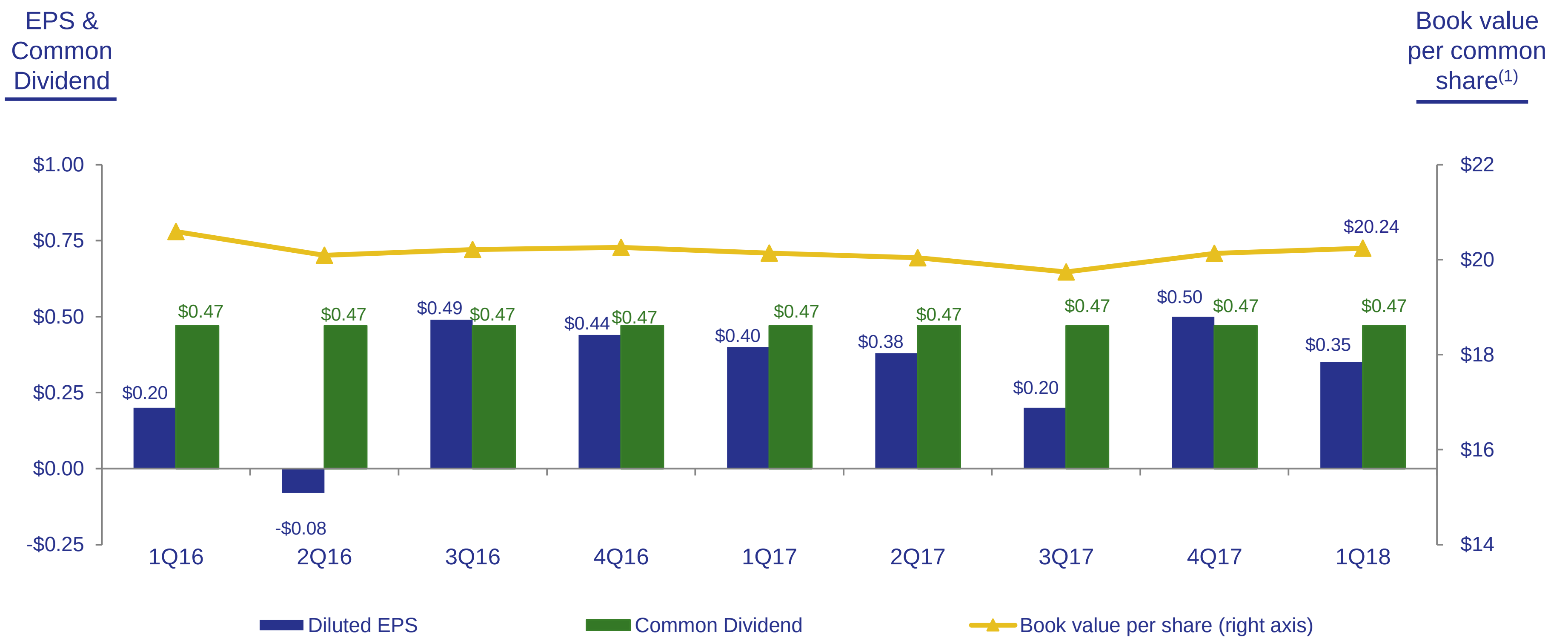
Unaudited ($ in thousands)	Quarter ended March 31, 2018		
	Proceeds	Accumulated gains (losses)[1]	Gain on liquidation[2]
Mortgage loans	$ 14,508	$ 1,586	$ 300
REO	32,437	(3,821)	1,772
Subtotal	46,945	(2,235)	2,072
Distressed Loan Sales	258,206	14,531	(980)
	$ 305,151	**$ 12,296**	**$ 1,092**

[1] Represents accumulated valuation gains and losses recognized during the period the Company held the respective asset; including valuation adjustments made upon entering into a contact of sale but excludes the gain or loss recorded upon sale or repayment of the respective asset

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

Appendix

PMT EPS, Common Dividends and Book Value Per Common Share Over Time

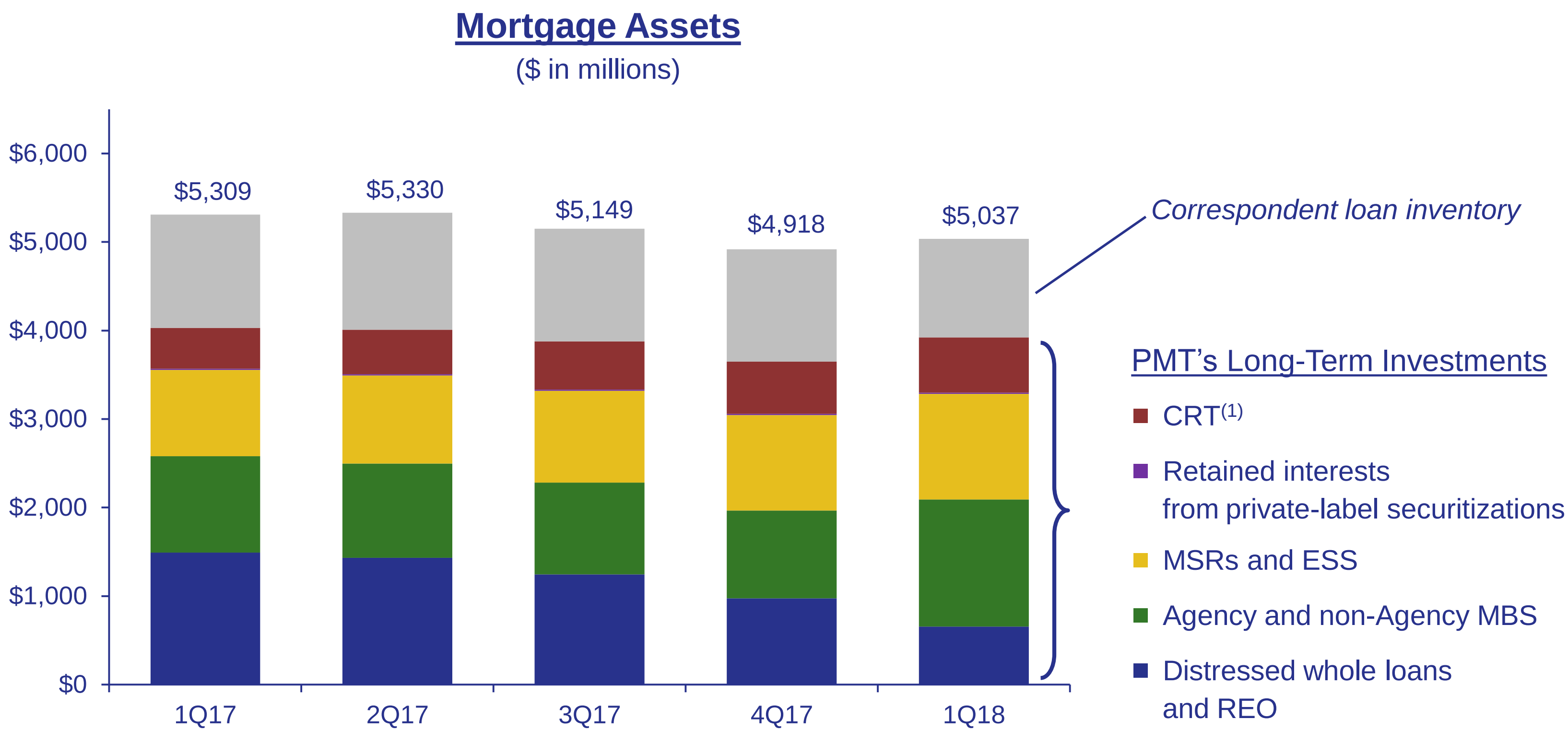


Return on Avg. Common Equity[2]	4%	(1)%	10%	9%	9%	8%	4%	11%	7%

[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

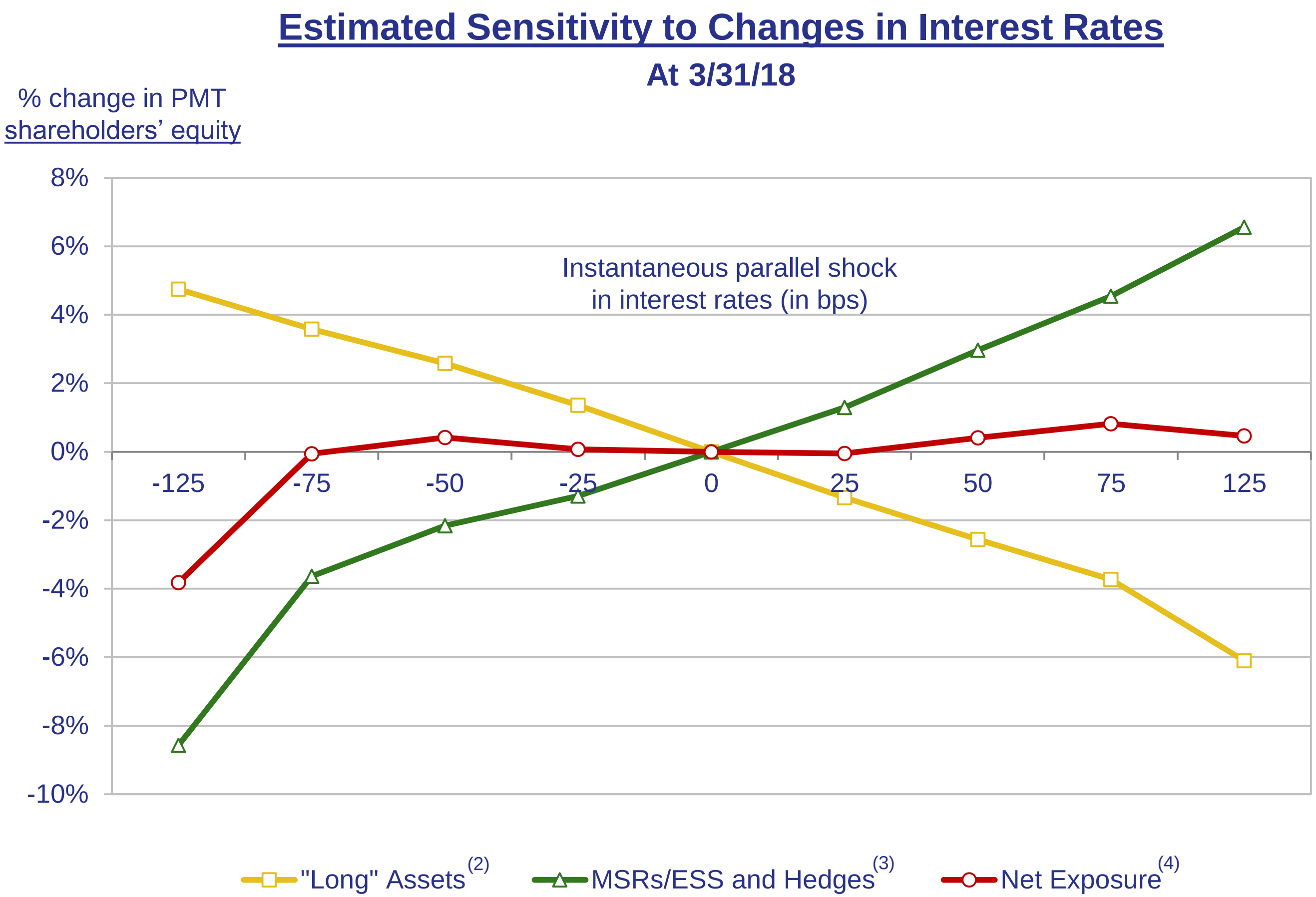
PMT's Mortgage Assets and Leverage Ratio Over Time



	1Q17	2Q17	3Q17	4Q17	1Q18
Leverage ratio[2]	3.0x	3.0x	2.5x	2.5x	2.7x

[1] The fair value of CRT investments is reflected on the balance sheet as restricted cash and a net derivative asset included in derivative assets
[2] All borrowings divided by shareholders' equity at period end

Management of PMT's Interest Rate Risk(1)



- PMT's interest rate risk exposure is managed on a "global" basis
  - Disciplined hedging
  - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
  - Utilization of financial hedge instruments
  - Also considers recapture benefit on MSRs and ESS and revenue opportunities from correspondent production

(1) Analysis does not include PMT assets for which interest rates are not a key driver of values, i.e., distressed mortgage loans and REO. The sensitivity analyses on the slide and the associated commentary are limited in that they are estimates as of March 31, 2018; only reflect movements in interest rates and do not contemplate other variables; do not incorporate changes in the variables in relation to other variables; are subject to the accuracy of various models and assumptions used; and do not incorporate other factors that would affect the Company's overall financial performance in such scenarios, including operational adjustments made by management to account for changing circumstances. For these reasons, the preceding estimates should not be viewed as earnings forecasts.

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

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

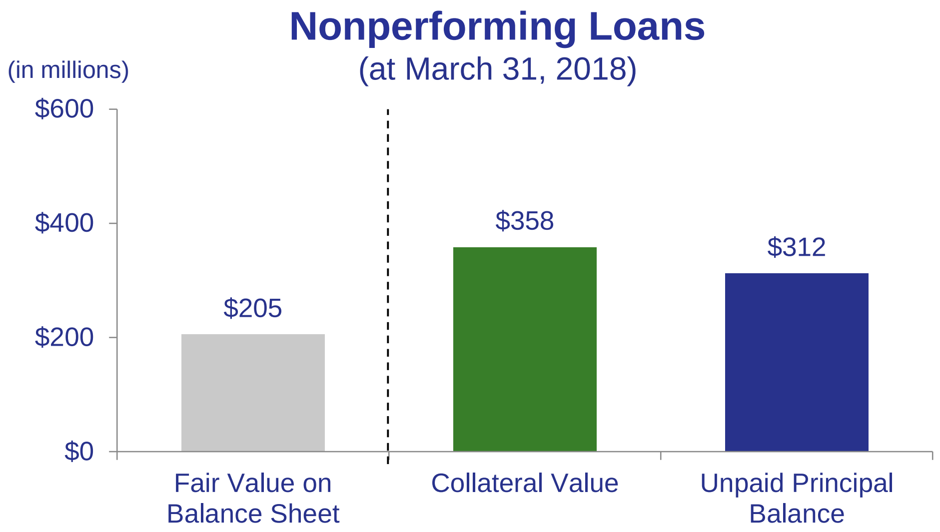
(4) Net exposure represents the net position of the "Long" Assets and the MSRs/ESS and Hedges

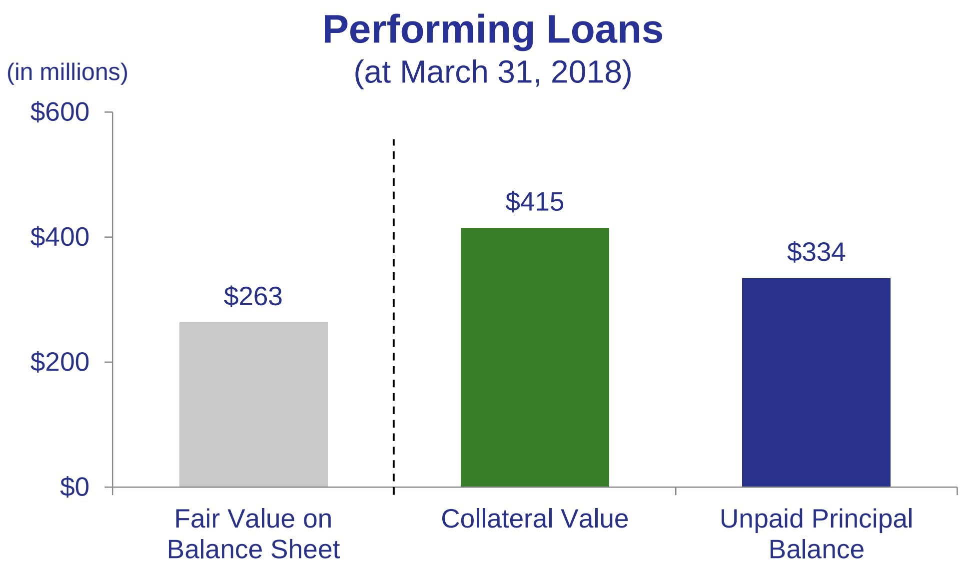
MSRs and ESS Asset Valuation

($ in millions)	Mortgage Servicing Rights	Excess Servicing Spread[1]
At 3/31/18	At fair value	At fair value
Pool UPB	$75,252	$26,237
Pool weighted average coupon	4.00%	4.17%
Weighted-average pool prepayment speed assumption (CPR)	8.0%	9.9%
Weighted average servicing fee/spread	0.25%	0.19%
Fair value	$956.8	$236.0
As multiple of servicing fee	5.01	4.81

(1) Pool UPB, weighted average coupon and expected prepayment speed represent the characteristics of the underlying MSR portfolio owned by PennyMac Financial. Weighted average servicing spread, fair value and valuation multiple relate to the ESS asset owned by PMT

Carrying Values for PMT's Distressed Whole Loans



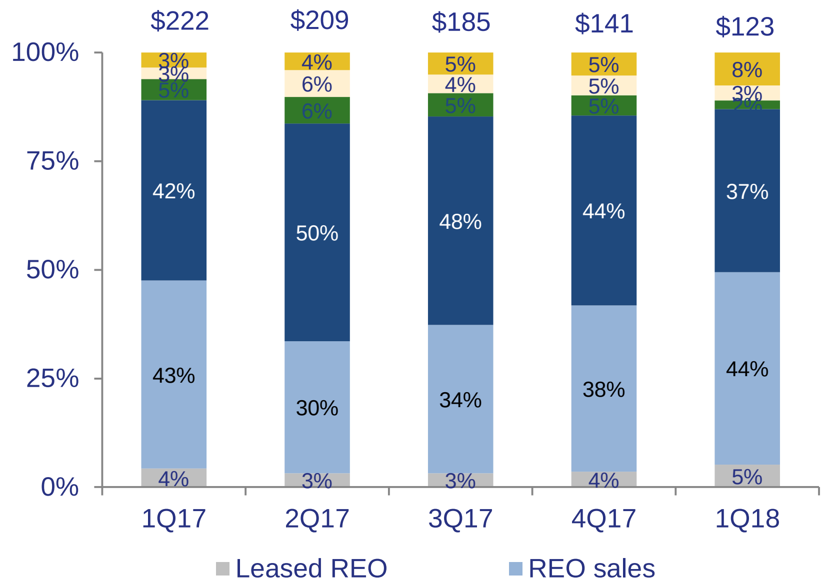


- Nonperforming loans are held on average at a 43% discount to current property value – fair value considers costs expected over the liquidation timeline, expected property appreciation and reperformance probability
- PMT advances funds for items such as property taxes and property preservation to protect the value of its investment in the underlying property; these advances may be recovered from the proceeds when the loan is liquidated before loan balances are repaid or from borrower reperformance either through modification of the loan or reinstatement of the loan to current status
- Performing loans provide ongoing cash interest income and, as they season, the opportunity to realize gains through payoffs, refinances or loan sales

1Q18 Distressed Loan Portfolio Resolution Activity[1]

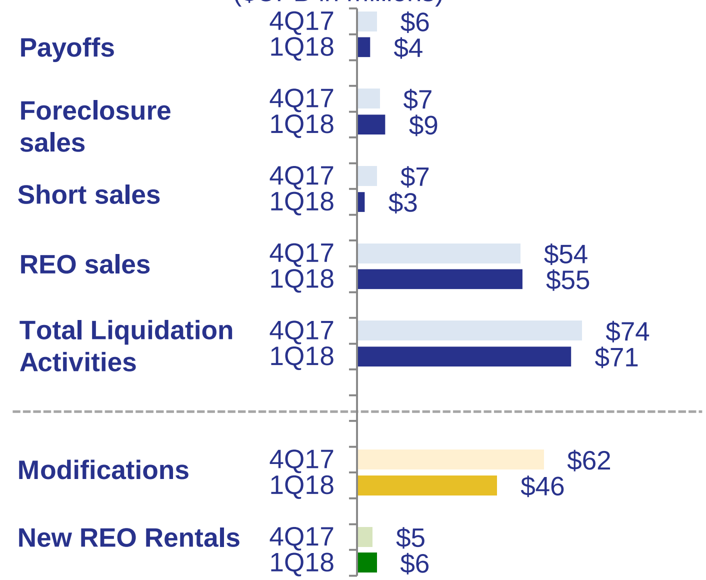
Resolution Activity Over Time

($UPB in millions) (% by Activity Type)



Resolution Activity in the Quarter

($UPB in millions)



- Quarterly resolution activity as a percentage of nonperforming loans and REO was 18% in 1Q18, up from 16% in 4Q17 and 17% in 1Q17
- Modifications comprised 37% of total resolution activity, down from 44% of total resolution activity in 4Q17
- REO sales were 44% of total resolution activity, up from 38% in 4Q17
  - REO inventory decreased to $142 million at March 31, 2018 from $163 million at December 31, 2017
- New REO rentals were $6 million versus $5 million in 4Q17

[1] Does not include bulk sales

Distressed Portfolio by Acquisition Period

1Q10	Purchase	1Q18
Balance ($mm)	$ 182.7	8.7
Pool Factor(1)	1.00	0.05
Current	6.2%	32.1%
30	1.6%	16.5%
60	5.8%	0.0%
90+	37.8%	14.2%
FC	46.4%	9.1%
REO	2.3%	28.2%

2Q10	Purchase	1Q18
Balance ($mm)	$ 195.5	9.1
Pool Factor(1)	1.00	0.05
Current	5.1%	39.9%
30	2.0%	5.0%
60	4.1%	4.6%
90+	42.8%	16.7%
FC	45.9%	12.5%
REO	0.0%	21.3%

3Q10	Purchase	1Q18
Balance ($mm)	$ 146.2	4.0
Pool Factor(1)	1.00	0.03
Current	1.2%	30.5%
30	0.4%	17.0%
60	1.3%	10.4%
90+	38.2%	6.6%
FC	58.9%	21.6%
REO	0.0%	14.0%

4Q10	Purchase	1Q18
Balance ($mm)	$ 277.8	10.1
Pool Factor(1)	1.00	0.04
Current	5.0%	33.2%
30	4.0%	7.4%
60	5.1%	3.9%
90+	26.8%	29.8%
FC	59.1%	7.2%
REO	0.0%	18.4%

1Q11	Purchase	1Q18
Balance ($mm)	$ 515.1	28.2
Pool Factor(1)	1.00	0.05
Current	2.0%	23.0%
30	1.9%	12.1%
60	3.9%	2.8%
90+	25.9%	13.0%
FC	66.3%	21.3%
REO	0.0%	27.7%

2Q11	Purchase	1Q18
Balance ($mm)	$ 259.8	16.5
Pool Factor(1)	1.00	0.06
Current	11.5%	29.8%
30	6.5%	11.1%
60	5.2%	8.2%
90+	31.2%	18.4%
FC	43.9%	17.8%
REO	1.7%	14.7%

3Q11	Purchase	1Q18
Balance ($mm)	$ 542.6	23.3
Pool Factor(1)	1.00	0.04
Current	0.6%	34.9%
30	1.3%	11.0%
60	2.0%	1.0%
90+	22.6%	11.9%
FC	73.0%	15.6%
REO	0.4%	25.5%

4Q11	Purchase	1Q18
Balance ($mm)	$ 49.0	6.2
Pool Factor(1)	1.00	0.13
Current	0.2%	38.6%
30	0.1%	16.9%
60	0.2%	3.4%
90+	70.4%	5.3%
FC	29.0%	0.0%
REO	0.0%	35.8%

1Q12
No Pools Purchased in this Quarter.

2Q12	Purchase	1Q18
Balance ($mm)	$ 402.5	28.9
Pool Factor(1)	1.00	0.07
Current	45.0%	44.0%
30	4.0%	13.6%
60	4.3%	4.8%
90+	31.3%	13.2%
FC	15.3%	8.3%
REO	0.1%	16.1%

3Q12	Purchase	1Q18
Balance ($mm)	$ 357.2	25.5
Pool Factor(1)	1.00	0.07
Current	0.0%	18.2%
30	0.0%	7.1%
60	0.1%	0.3%
90+	49.1%	16.9%
FC	50.8%	18.1%
REO	0.0%	39.3%

4Q12	Purchase	1Q18
Balance ($mm)	$ 290.3	36.6
Pool Factor(1)	1.00	0.13
Current	3.1%	35.8%
30	1.3%	11.7%
60	5.4%	7.2%
90+	57.8%	16.6%
FC	32.4%	10.0%
REO	0.0%	18.8%

(1) Ratio of unpaid principal balance remaining to unpaid principal balance at acquisition

Distressed Portfolio by Acquisition Period (cont.)

1Q13	Purchase	1Q18
Balance ($mm)	$ 366.2	41.9
Pool Factor[1]	1.00	0.11
Current	1.6%	37.8%
30	1.5%	13.6%
60	3.5%	6.4%
90+	82.2%	18.1%
FC	11.2%	5.6%
REO	0.0%	18.6%

2Q13	Purchase	1Q18
Balance ($mm)	$ 397.3	70.2
Pool Factor[1]	1.00	0.18
Current	4.8%	35.3%
30	7.4%	10.4%
60	7.6%	4.7%
90+	45.3%	13.7%
FC	34.9%	11.4%
REO	0.0%	24.5%

3Q13	Purchase	1Q18
Balance ($mm)	$ 929.5	159.3
Pool Factor[1]	1.00	0.17
Current	0.8%	21.8%
30	0.3%	5.8%
60	0.7%	2.8%
90+	58.6%	18.5%
FC	39.6%	18.8%
REO	0.0%	32.3%

4Q13	Purchase	1Q18
Balance ($mm)	$ 507.3	126.3
Pool Factor[1]	1.00	0.25
Current	1.4%	21.2%
30	0.2%	5.1%
60	0.0%	2.1%
90+	38.3%	17.7%
FC	60.0%	24.0%
REO	0.0%	29.8%

1Q14	Purchase	1Q18
Balance ($mm)	$ 439.0	119.7
Pool Factor[1]	1.00	0.27
Current	6.2%	13.1%
30	0.7%	4.9%
60	0.7%	1.6%
90+	37.5%	22.4%
FC	53.8%	22.4%
REO	1.1%	35.5%

2Q14	Purchase	1Q18
Balance ($mm)	$ 37.9	10.1
Pool Factor[1]	1.00	0.27
Current	0.7%	36.9%
30	0.6%	7.3%
60	1.4%	9.9%
90+	59.0%	21.8%
FC	38.2%	9.2%
REO	0.0%	14.8%

3Q14
No Pools Purchased in this Quarter.

4Q14	Purchase	1Q18
Balance ($mm)	$ 330.8	81.7
Pool Factor[1]	1.00	0.25
Current	1.6%	24.9%
30	1.6%	10.5%
60	7.1%	5.5%
90+	52.7%	13.4%
FC	36.9%	17.7%
REO	0.0%	28.0%

1Q15	Purchase	1Q18
Balance ($mm)	$ 310.2	90.2
Pool Factor[1]	1.00	0.29
Current	1.8%	26.7%
30	0.3%	7.2%
60	0.1%	2.6%
90+	66.7%	17.8%
FC	31.1%	19.0%
REO	0.0%	26.6%

No distressed loan acquisitions since 1Q15

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

Correspondent Production Fundings and Locks by Product

($ in millions)	1Q17	2Q17	3Q17	4Q17	1Q18
Fundings					
Conventional	$ 4,632	$ 5,918	$ 6,530	$ 5,891	$ 4,226
Government	9,280	10,392	10,873	9,505	8,830
Jumbo	-	-	-	-	-
Total[(1)]	**$ 13,912**	**$ 16,310**	**$ 17,403**	**$ 15,396**	**$ 13,056**
Locks					
Conventional	$ 5,184	$ 7,022	$ 6,356	$ 6,293	$ 4,392
Government	9,292	11,209	10,999	9,571	9,162
Jumbo	-	-	-	-	13
Total	**$ 14,476**	**$ 18,231**	**$ 17,356**	**$ 15,864**	**$ 13,567**

Note: Figures may not sum exactly due to rounding

(1) Does not include loans purchased from PennyMac Financial Services, Inc. in 1Q18, 4Q17 and 3Q17, respectively.

Credit Risk Transfer – Income Statement and Balance Sheet Treatment

($ in thousands)	Since Inception[1]	
UPB of mortgage loans transferred under CRT Agreements	$ 33,533,466	Total UPB of loans delivered to the CRT Special Purpose Vehicles (SPVs) and sold to Fannie Mae
Deposits of cash to secure guarantees	$ 648,383	Cash deposited in the SPV in Other assets. Represents collateral for the initial credit risk retained
Gains (losses) recognized on assets related to CRT Agreements included in Net gain on investments:		
Realized	$ 94,189	Cash income to PMT from the CRT SPVs
Valuation-related	98,349	Includes fair value recognition upon loan delivery under CRT Agreements and market value changes
	$ 192,538	
Payments made to settle losses	$ 2,314	Payments made to Fannie Mae, from pledged cash, for losses on loans underlying the CRT agreements

	At March 31, 2018	
UPB of mortgage loans subject to guarantee obligation	$ 29,726,369	Current outstanding UPB of loans delivered to the CRT SPVs and sold to Fannie Mae
Delinquency		
Current to 89 days delinquent	$ 29,587,107	
90 or more days delinquent	$ 116,761	
Foreclosure	$ 8,335	
Bankruptcy	$ 14,166	
Carrying value of CRT agreements		
Deposits securing CRT agreements	$ 622,330	Current cash collateralizing guarantee included in "Deposits securing credit risk transfer agreements"
Derivative assets	$ 103,995	Derivative represents value of expected future cash inflows related to assumption of credit risk net of expected future losses
Commitments to fund Deposits securing CRT Agreements	$ 552,957	Adjustment to timing of cash flows in the most recent CRT commitment allows more efficient deployment of capital during the aggregation period

[1] Cumulative for the eleven quarters ending 3/31/2018

PMT's Investments in GSE Credit Risk Transfer

(UPB in billions)

CRT 2015 -1 (May 2015 - July 2015)	At inception	3/31/2018
UPB	$ 1.3	$ 0.8
Loan Count	4,108	3,012
% Purchase	67.6%	69.4%
WA FICO(1)	742	743
WA LTV(1)	80.5%	77.0%
60+ Days Delinquent Loan Count		33
60+ Days Delinquent % o/s UPB		1.143%
180+ Days Delinquent Loan Count		9
Actual Losses ($k)		$ 261

CRT 2015 -2 (August 2015 - Feburary 2016)	At inception	3/31/2018
UPB	$ 4.2	$ 2.9
Loan Count	15,255	11,487
% Purchase	71.4%	73.1%
WA FICO(1)	743	743
WA LTV(1)	81.2%	78.3%
60+ Days Delinquent Loan Count		146
60+ Days Delinquent % o/s UPB		1.291%
180+ Days Delinquent Loan Count		40
Actual Losses ($k)		$ 1,089

CRT 2016 -1 (Feburary 2016 - August 2016)	At inception	3/31/2018
UPB	$ 6.4	$ 5.6
Loan Count	21,615	19,232
% Purchase	67.4%	69.8%
WA FICO(1)	748	749
WA LTV(1)	81.2%	78.5%
60+ Days Delinquent Loan Count		157
60+ Days Delinquent % o/s UPB		0.799%
180+ Days Delinquent Loan Count		16
Actual Losses ($k)		$ 399

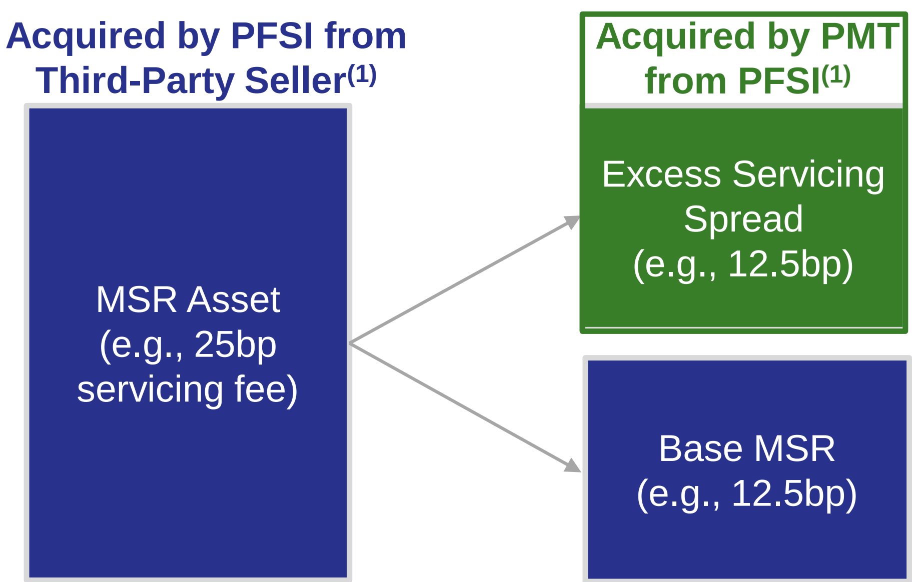
CRT 2016 -2 (August 2016 - Current)	At inception	3/31/2018
UPB	$ 21.6	$ 20.5
Loan Count	77,502	75,098
% Purchase	73.2%	73.5%
WA FICO(1)	724	724
WA LTV(1)	81.2%	81.2%
60+ Days Delinquent Loan Count		261
60+ Days Delinquent % o/s UPB		0.360%
180+ Days Delinquent Loan Count		15
Actual Losses ($k)		$ 565

Total	At inception	3/31/2018
UPB	$ 33.5	$ 29.7
Loan Count	118,480	108,829
% Purchase	71.9%	72.7%
WA FICO(1)	732	731
WA LTV(1)	81.6%	80.3%
60+ Days Delinquent Loan Count		597
60+ Days Delinquent % o/s UPB		0.554%
180+ Days Delinquent Loan Count		80
Actual Losses ($k)		$ 2,314

(1) FICO and LTV metrics at origination

PMT's Excess Servicing Spread Investments in Partnership with PFSI

- PMT has co-invested in Agency MSRs acquired from third-party sellers by PFSI; presently only related to Ginnie Mae MSRs
- PMT acquires the right to receive the excess servicing spread cash flows over the life of the underlying loans
- PFSI owns the MSRs and services the loans



Example transaction: actual transaction details may vary materially

<u>Excess Servicing Spread</u>[2]

- Interest income from a portion of the contractual servicing fee
  - Realized yield dependent on prepayment speeds and recapture

<u>Base MSR</u>

- Income from a portion of the contractual servicing fee
- Also entitled to ancillary income
- Bears expenses of performing loan servicing activities
- Required to advance certain payments largely for delinquent loans

[1] The contractual servicer and MSR owner is PennyMac Loan Services, LLC, an indirect controlled subsidiary of PFSI
[2] Subject and subordinate to Agency rights (under the related servicer guide); does not change the contractual servicing fee paid by the Agency to the servicer.