PennyMac Mortgage Investment Trust

Second Quarter 2018 Earnings Report

August 2, 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.

Second Quarter Highlights

- Net income attributable to common shareholders of $30.2 million on net investment income of $83.0 million
  - Diluted earnings per common share of $0.47; return on average common equity of 10%
  - Dividend of $0.47 per common share declared on June 27, 2018 and paid on July 30, 2018
  - Book value per common share increased to $20.27 from $20.24 at March 31, 2018
- Operating results reflect strong contributions from GSE credit risk transfer (CRT) and mortgage servicing rights (MSRs) partially offset by distressed loan investment losses
- Segment pretax results: Credit Sensitive Strategies: $32.7 million; Interest Rate Sensitive Strategies: $16.4 million; Correspondent Production: $4.5 million; Corporate: $(11.3) million
- Continued investment in CRT and MSRs resulting from PMT's correspondent production
  - Conventional correspondent loan production totaled $5.4 billion in unpaid principal balance (UPB), up 28% from the prior quarter
  - CRT deliveries during the quarter totaled $3.9 billion in UPB, expected to result in approximately $140 million of new CRT investments
    - Deliveries into our fourth CRT transaction totaled $2.3 billion in UPB, expected to result in $82 million of new CRT investments once settlement is complete; deliveries into this transaction ended in May, with final settlement expected in 3Q18
    - Entered into an agreement to acquire REMIC CRT securities from Fannie Mae and delivered $1.5 billion in UPB of loans subject to this agreement resulting in a firm commitment to purchase $58 million of CRT securities
  - Added $65 million in new MSRs

Notable activity after quarter end:

- Entered into an agreement to sell $99 million in UPB of performing loans from the distressed portfolio[1]

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

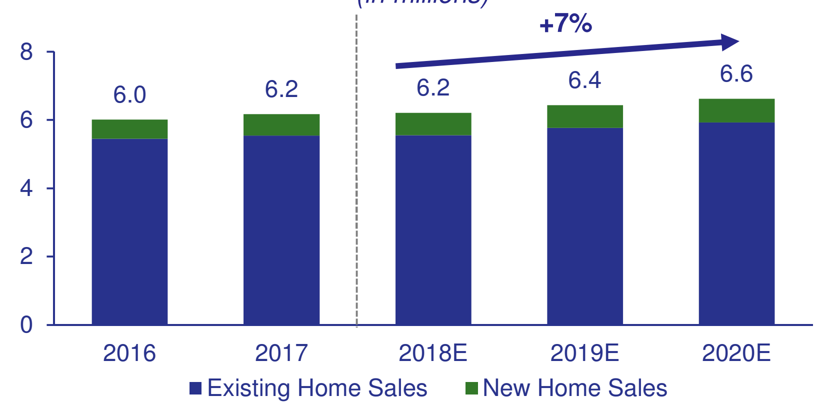
Current Market Environment

- 30-year fixed mortgage rates averaged 4.54% in 2Q18, up 26 basis points from the prior quarter
- The mortgage market is transitioning and remains competitive, with lenders managing capacity and production margin requirements
  - Increase in bulk MSR portfolios offered for sale by lenders seeking to monetize / raise capital
- Recent home sales below expectations[2]
  - Existing homes sales decreased during the quarter as low inventory levels impede growth despite strong demand
  - New home sales have also slowed, but are typically more volatile and represent a significantly smaller market segment versus existing home sales
- Industry origination forecasts project growth beyond 2018, driven by overall economic growth[3]
- Mortgage delinquencies increased modestly from the prior quarter, but remain historically low and below year-ago levels[4]
- Credit performance remains strong, with spreads near post-crisis tight levels

Average 30-year fixed rate mortgage[1]

Home Sales[5]

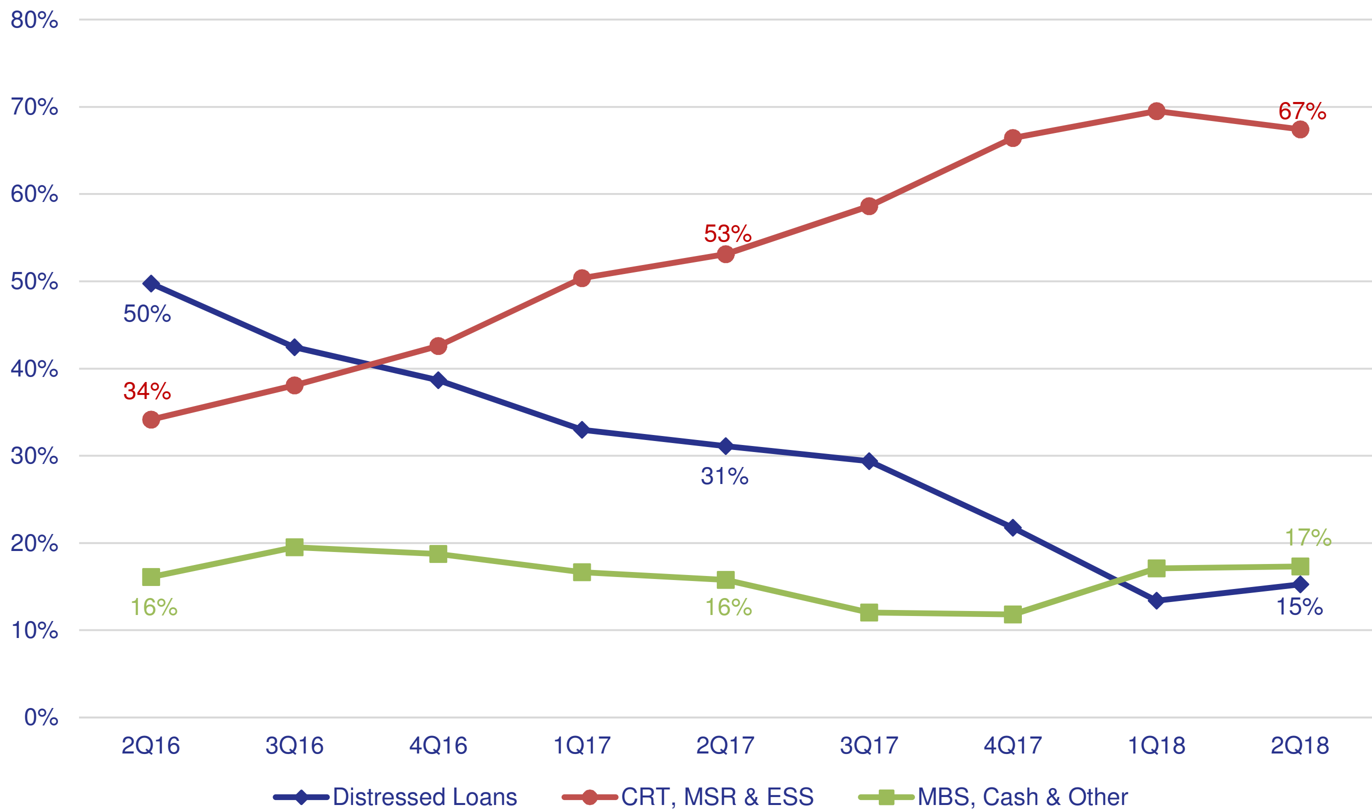
(in millions)



(1) Freddie Mac Primary Mortgage Market Survey. 4.54% as of 7/26/18
(2) National Association of Realtors and the Census Bureau
(3) Average of June Housing Forecasts from Fannie Mae, Freddie Mac, and Mortgage Bankers Association
(4) Black Knight Financial Services – total U.S. loan delinquency rate 30 day+ delinquent but not in foreclosure was 3.74% as of 6/30/18, compared to 3.73% as of 3/31/18 and 3.80% at 6/30/17
(5) Actual results from National Association of Realtors and the Census Bureau – seasonally adjusted. Forecast from the Mortgage Bankers Association (forecast as of 7/6/18)

Transition to Correspondent-Generated Investments in CRT and MSRs

PMT's Equity Allocation[1]



2Q 2016	2Q 2017[2]	2Q 2018[3]
100% = $1.36 billion	100% = $1.45 billion	100% = $1.55 billion

- As previously announced, PMT issued $450 million of 5-year term notes secured by Fannie Mae MSRs in April
- The term note increased leverage against our MSRs and drove a decrease in the equity allocated to CRT, MSR & Excess Servicing Spread (ESS)
- A portion of the proceeds from the term note issuance were used to pay down financing associated with distressed loans, resulting in an increased equity allocation percentage

(1) Management's internal allocation of equity. Amounts as of quarter end. Percentages may not sum exactly due to rounding.
(2) Includes $111 million of preferred equity
(3) Includes $300 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:			
GSE credit risk transfer[2]	$ 32.1	$ 554	23.2%
Distressed loan investments	(3.9)	173	-9.0%
Other credit sensitive strategies	0.1	6	9.1%
Net credit sensitive strategies	**$ 28.4**	**$ 734**	**15.5%**
Interest rate sensitive strategies:			
MSRs (incl. recapture)	$ 13.7	$ 437	12.5%
ESS (incl. recapture)	2.4	86	11.2%
Agency MBS	8.6	131	26.4%
Non-Agency senior MBS (incl. jumbo)	0.9	17	21.0%
Interest rate hedges	(4.0)	-	
Net interest rate sensitive strategies	**$ 21.7**	**$ 672**	**12.9%**
Correspondent production	**$ 2.4**	**$ 88**	**10.9%**
Cash, short term investments, and other	$ 0.3	$ 77	1.3%
Management fees & corporate expenses	$ (12.3)	$ -	
Provision for income tax expense	$ (1.0)	$ -	
Net income	**$ 39.4**	**$ 1,571**	**10.0%**
Dividends on preferred stock	**$ 6.2**	**$ 300**	**8.3%**
Net income attributable to common shareholders	**$ 33.2**	**$ 1,272**	**10.4%**
Diluted earnings per common share	**$ 0.52**		

Note: This slide presents estimates for illustrative purposes only, using PMT's base case assumptions (e.g., for credit performance, prepayment speeds, financing economics) and does not contemplate significant changes or shocks to current market conditions. 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
  - CRT returns reflect favorable pricing relative to credit risk
  - Growth in MBS to balance the interest rate sensitivity of our growing MSR asset
- Correspondent production reflects expectations that the highly competitive market environment continues
- Distressed loan portfolio continues to wind down and is expected to result in a loss, driven by default-related costs and financing expense
- Reduced provision for income tax expenses, primarily due to the more favorable tax treatment of our new CRT investments under the REMIC structure

(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

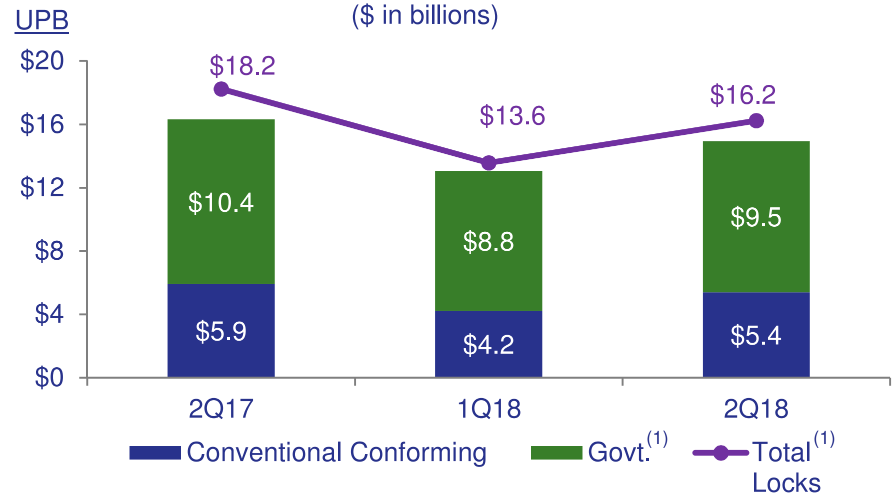
Mortgage Investment Activities

PennyMac®
Mortgage Investment Trust

Correspondent Production Highlights

- Correspondent acquisitions from nonaffiliates by PMT in 2Q18 totaled $15.0 billion, up 15% Q/Q and down 8% Y/Y
  - 64% government loans; 36% conventional loans
  - 28% Q/Q increase in conventional conforming acquisitions, down 9% Y/Y
  - Total lock volume of $16.2 billion, up 20% Q/Q; down 11% Y/Y
- Growth in acquisition volumes driven by a seasonally stronger purchase market
  - Purchase-money loans comprising 85% of total 2Q18 acquisitions volume, up from 77% in 1Q18
- July correspondent acquisitions totaled $5.7 billion; locks totaled $6.6 billion
- During 2Q18, PMT also acquired $634 million in UPB of conventional conforming loans originated by PFSI
  - Drives incremental CRT and MSR investment opportunities for PMT

Correspondent Production Volume and Mix



Key Financial Metrics	1Q18	2Q18
Pretax income as a percentage of interest rate lock commitments[2]	0.15%	0.07%
Fulfillment Fee[3]	0.28%	0.27%

Selected Operational Metrics	1Q18	2Q18
Correspondent seller relationships	615	631
Purchase money loans, as a % of total acquisitions	77%	85%

[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 $3.9 billion in UPB of deliveries in 2Q18
  - Deliveries into our fourth CRT transaction with Fannie Mae (CRT 2016-2) totaled $2.3 billion and resulted in commitments to fund approximately $82 million of new CRT investments[1]
    - Deliveries into this structure ended in May, with final settlement expected in 3Q18
  - Entered into an agreement to acquire REMIC CRT securities from Fannie Mae and delivered $1.5 billion in UPB of loans subject to this agreement resulting in a firm commitment to purchase $58 million of CRT securities
- The new REMIC structure offers several significant structural enhancements, including:
  - REMIC structure is more tax favorable
  - Aligns more closely with Fannie Mae's CAS structure
    - Expected to result in broader availability of financing options
  - Allows a greater percentage of our production to be eligible for investment in CRT
- CRT returns in 2Q18 reflect growth of the investment and continued strong credit markets
- Delinquency levels improved from 1Q18 and incurred losses increased modestly
  - Lifetime losses total $2.5 million versus $116.4 million of realized income since inception[3]

2Q18 Returns on CRT Investments

($ in millions)	Total Income Contribution	Income Excluding Market-Driven Fair Value Changes[2]
Investment income	$43.7	$23.0
Return on average CRT assets	24.6%	13.6%
Return on average CRT equity	38.6%	20.3%

Investments and Commitments

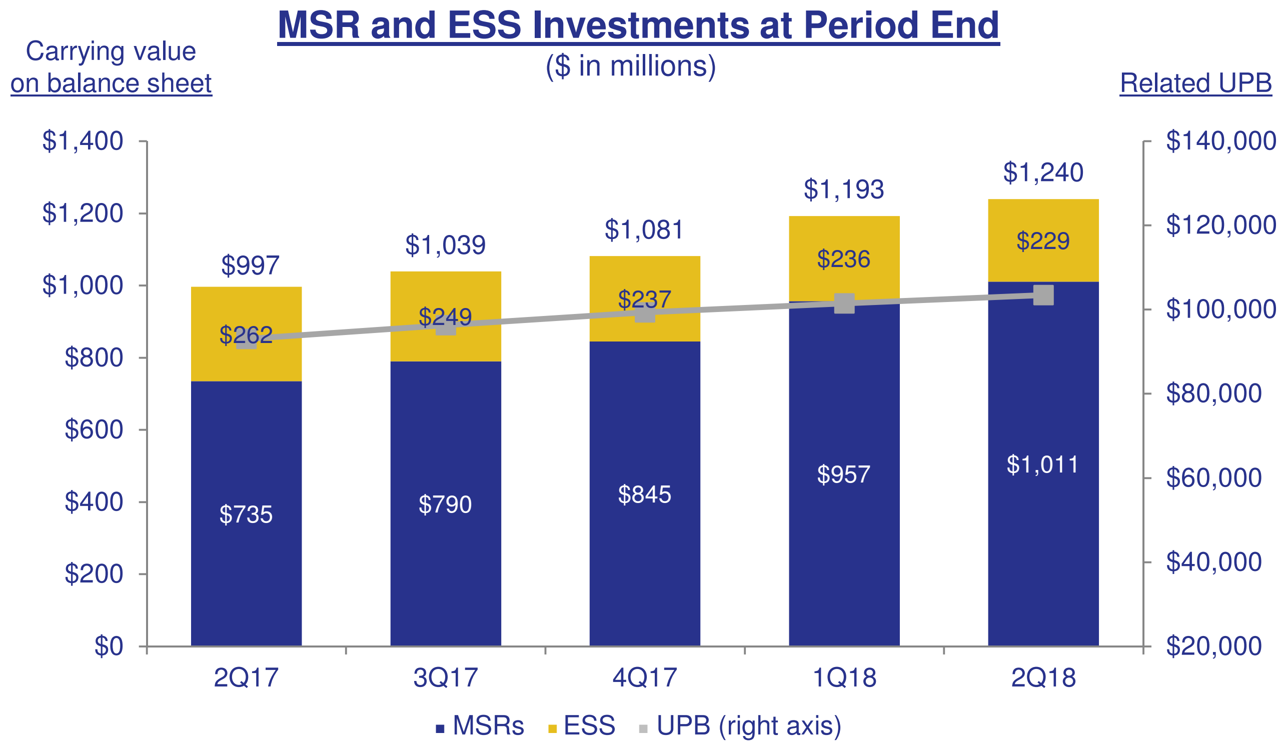
CRT Metrics ($ in millions)	1Q18	2Q18
CRT investment (non-REMIC)	$726	$770
Commitment to fund CRT agreements	$553	$597
Firm commitment to purchase CRT securities	-	$58

(1) Commitment to fund CRT investments totaled $82 million in 2Q18, of which $36 million had been invested at quarter end

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

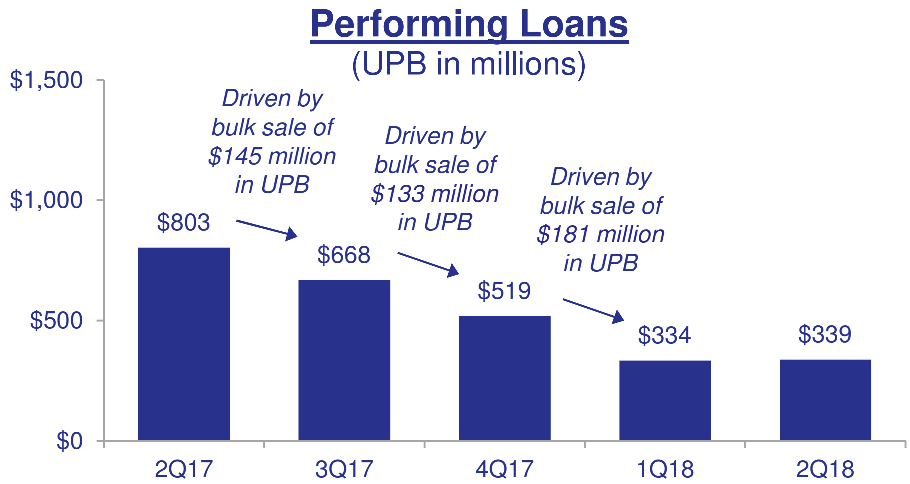
(3) See slides 25 - 27 for performance metrics and additional detail

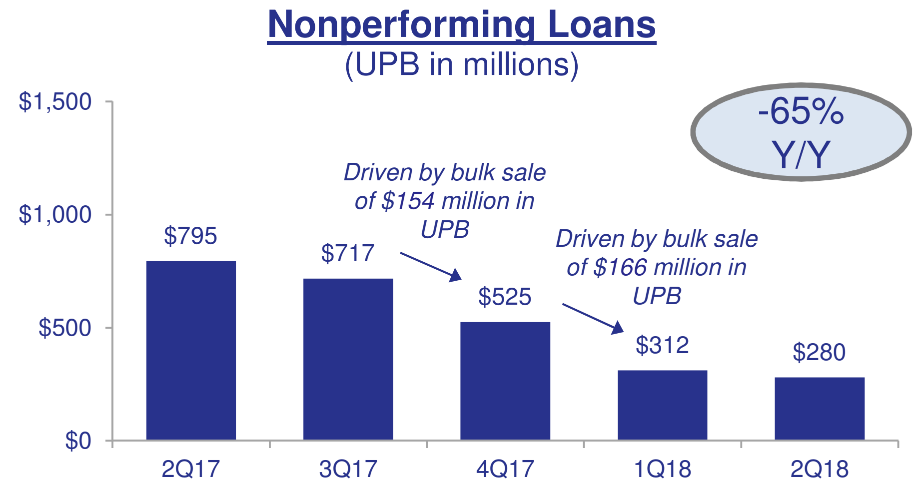
MSR Investments Continued to Grow

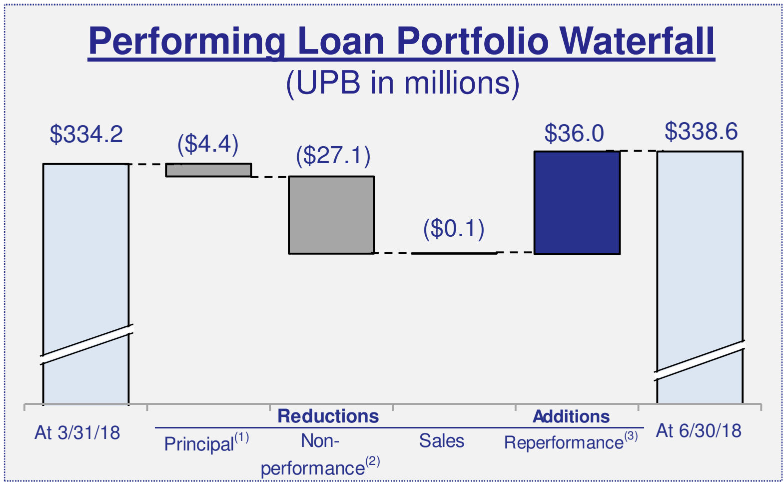


- MSR investments increased to $1.0 billion due to growth from correspondent production activity and fair value gains
- Excess servicing spread (ESS) investments relating to bulk, mini-bulk and flow MSR acquisitions by PennyMac Financial Services, Inc. (NYSE: PFSI) decreased modestly to $229 million driven by repayments, partially offset by fair value gains and recapture income
- PMT's MSR portfolio increased to $78.4 billion in UPB from $75.3 billion at March 31, 2018
  - UPB associated with ESS investments decreased to $25.1 billion from $26.2 billion at March 31, 2018

Distressed Loan Portfolio Is Declining Through Liquidation and Sales







- Entered into an agreement to sell $99 million in UPB of performing loans from the distressed portfolio[4]

(1) Includes principal payments, payoffs, and write downs
(2) Primarily through recidivism of previously performing loans
(3) Primarily through loan modifications
(4) This transaction is subject to continuing due diligence and customary closing conditions. There can be no assurance regarding the size of the transaction or that the transaction will be completed at all

Financial Results

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Second 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:					
GSE credit risk transfer[3]	$ 43.7	$ 20.7	$ 23.0	$ 452	38.6%
Distressed loan investments[2]	(11.4)	(5.8)	(5.6)	263	-17.4%
Other credit sensitive strategies	0.4	0.2	0.2		
Net credit sensitive strategies	**$ 32.7**	**$ 15.2**	**$ 17.5**	**$ 731**	**17.9%**
Interest rate sensitive strategies:					
MSRs (incl. recapture)[2]	$ 28.9	$ 16.1	$ 12.9		
ESS (incl. recapture)[2]	3.5	1.0	2.5		
Agency MBS	(3.7)	(9.8)	6.1		
Non-Agency senior MBS (incl. jumbo)	0.2	(0.1)	0.2		
Interest rate hedges	(12.6)	(12.6)	n/a		
Net interest rate sensitive strategies	**$ 16.4**	**$ (5.4)**	**$ 21.8**	**$ 697**	**9.4%**
Correspondent production	**$ 4.5**		**$ 4.5**	**$ 99**	**18.3%**
Cash, short term investments, and other	$ 0.3	n/a	$ 0.3	$ 29	4.7%
Management fees & corporate expenses	(11.6)	n/a	(11.6)		
Corporate	**$ (11.3)**	**n/a**	**$ (11.3)**	**$ 29**	**n/a**
Benefit (provision) for income tax expense	$ (5.9)	n/a	$ (5.9)		
Net income	**$ 36.4**	**$ 9.8**	**$ 26.6**	**$ 1,556**	**9.4%**
Dividends on preferred stock	**$ 6.2**			**$ 300**	**8.3%**
Net income attributable to common shareholders	**$ 30.2**			**$ 1,256**	**9.6%**

Note: Amounts may not sum exactly due to rounding

(1) Income contribution and the annualized return on equity calculated net of any direct expenses associated with investments (e.g., loan fulfillment fees and loan servicing fees), but before tax expenses. Some of the income associated with the investment strategies may be subject to taxation.

(2) Equity allocated represents management's internal allocation. MSR, ESS and distressed loan investments reflect 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 $4.7 million, compared to $10.0 million in 1Q18, driven by a $5.8 million reduction in fair value due to an increase in investor yield requirements

- Cash proceeds from liquidation and paydown activity on the distressed loan portfolio and real estate acquired upon settlement of loans (REO) totaled $42 million

Net Gains/(Losses) on Mortgage Loans

Unaudited ($ in thousands)	Quarter ended March 31, 2018	Quarter ended June 30, 2018
Valuation Changes:		
Performing loans	$ (4,169)	$ (4,437)
Nonperforming loans	(5,102)	(409)
	(9,271)	**(4,846)**
Payoffs	235	561
Sales	(915)	(416)
	$ (9,951)	**$ (4,701)**

Cash Proceeds and Gain on Liquidation

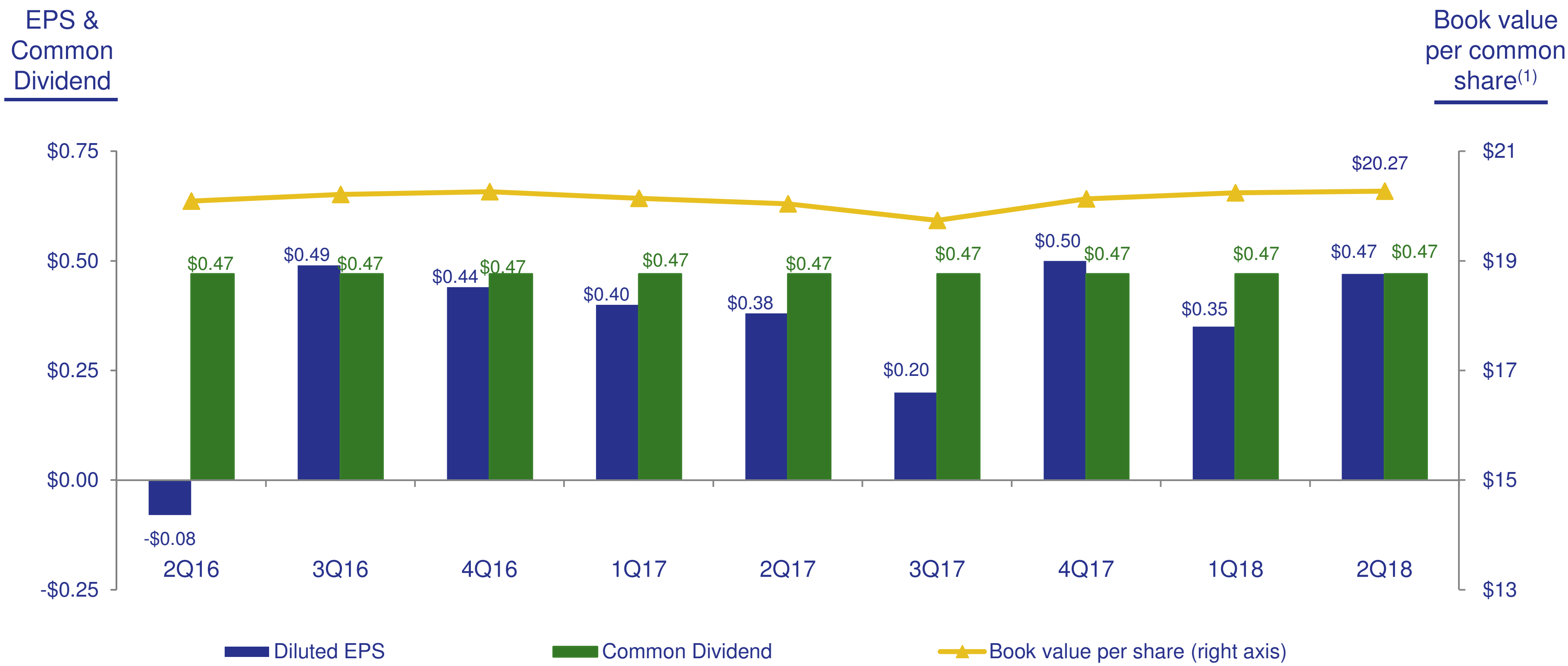
Unaudited ($ in thousands	Quarter ended June 30, 2018 Proceeds	Accumulated gains (losses)[1]	Gain on liquidation[2]
Mortgage loans	$ 9,541	$ 843	$ 562
REO	31,248	(5,497)	2,482
Subtotal	40,789	(4,654)	3,044
Distressed loan sales	958	(128)	(416)
	$ 41,747	**$ (4,782)**	**$ 2,628**

(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

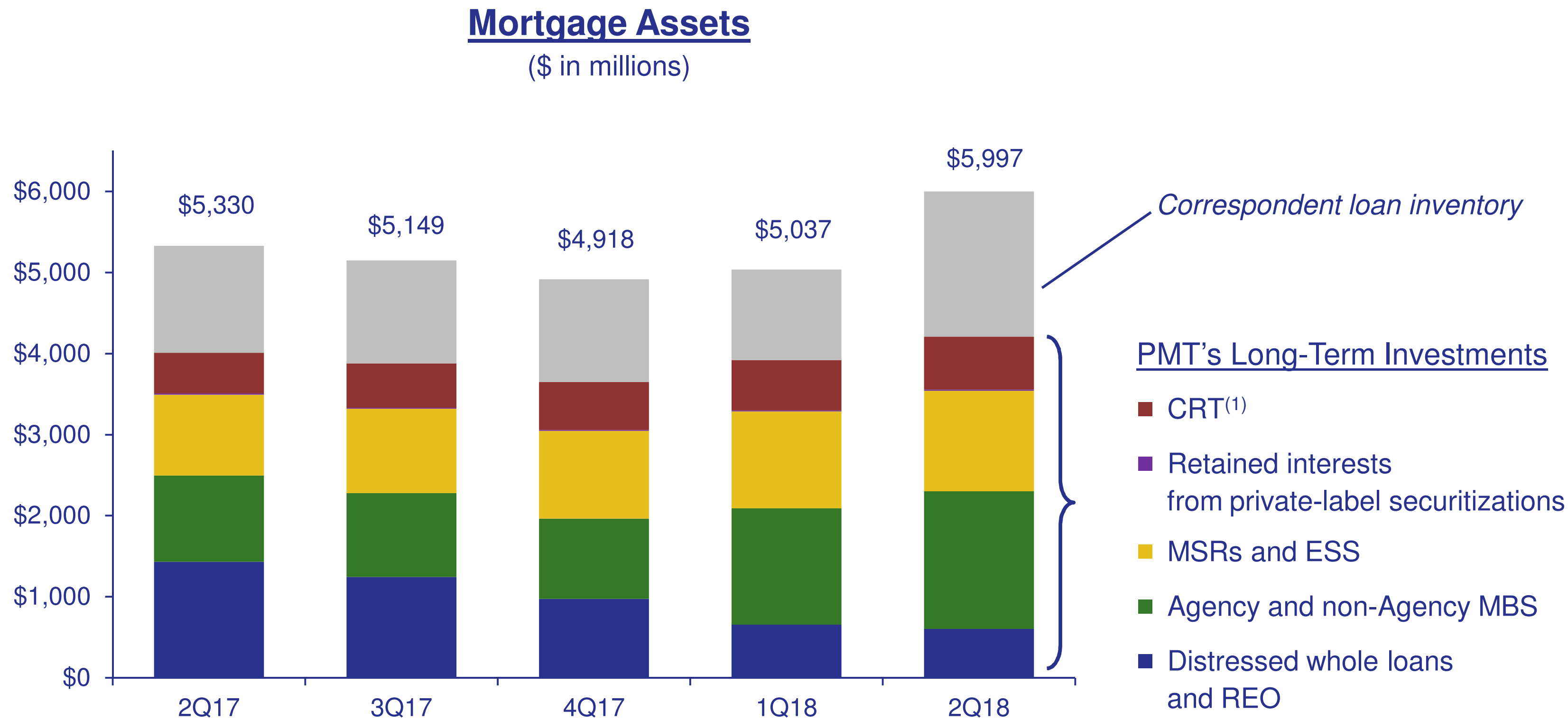


Return on Avg. Common Equity[2]	(1)%	10%	9%	9%	8%	4%	11%	7%	10%

[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

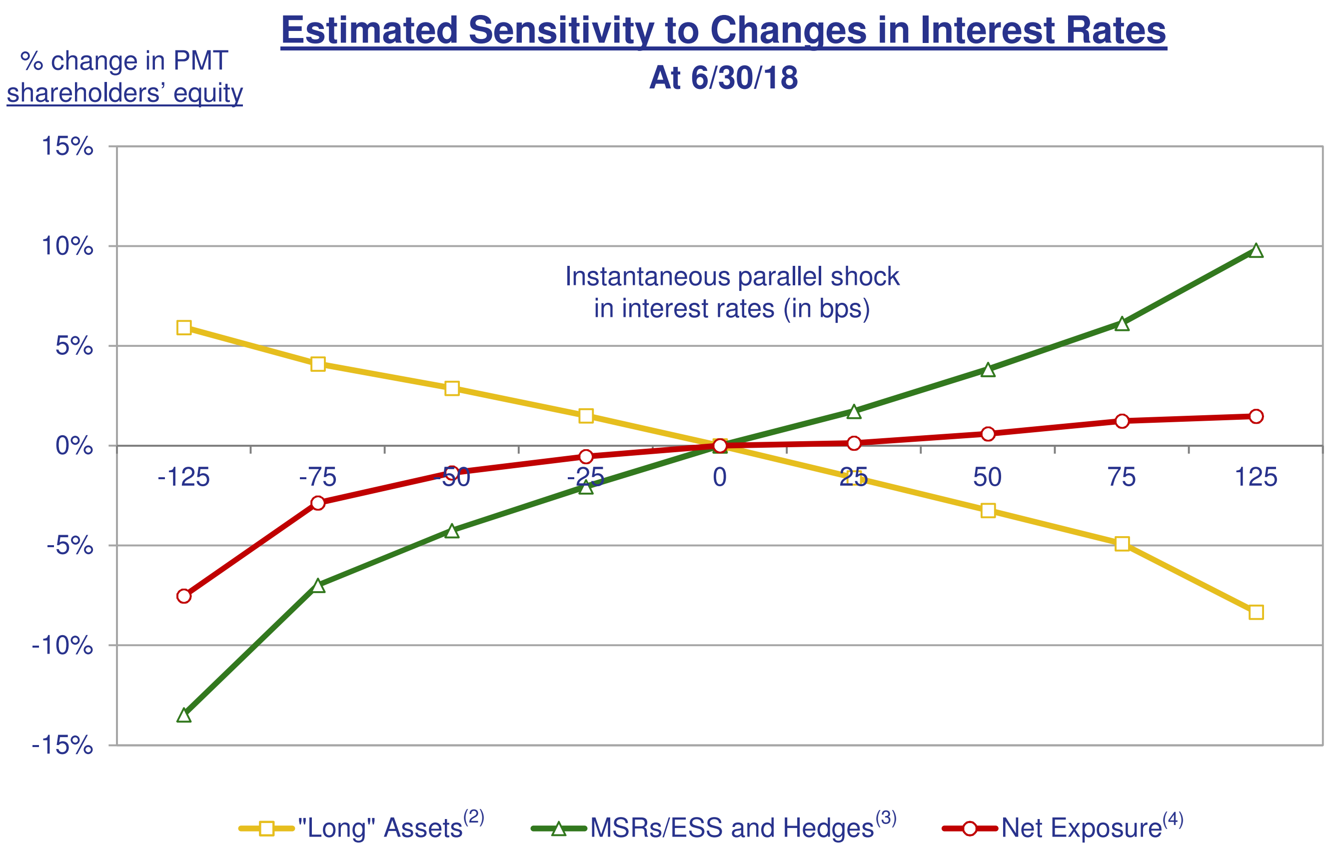
PMT's Mortgage Assets and Leverage Ratio Over Time



	2Q17	3Q17	4Q17	1Q18	2Q18
Leverage ratio[2]	3.0x	2.5x	2.5x	2.7x	3.2x

[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 June 30, 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

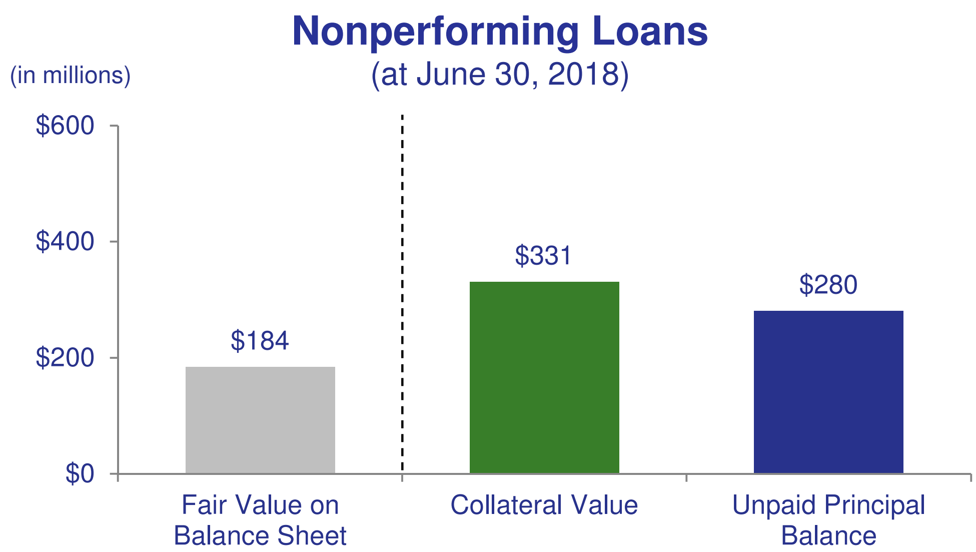
(4) Net exposure represents the net position of the "Long" Assets and the MSRs/ESS and Hedges

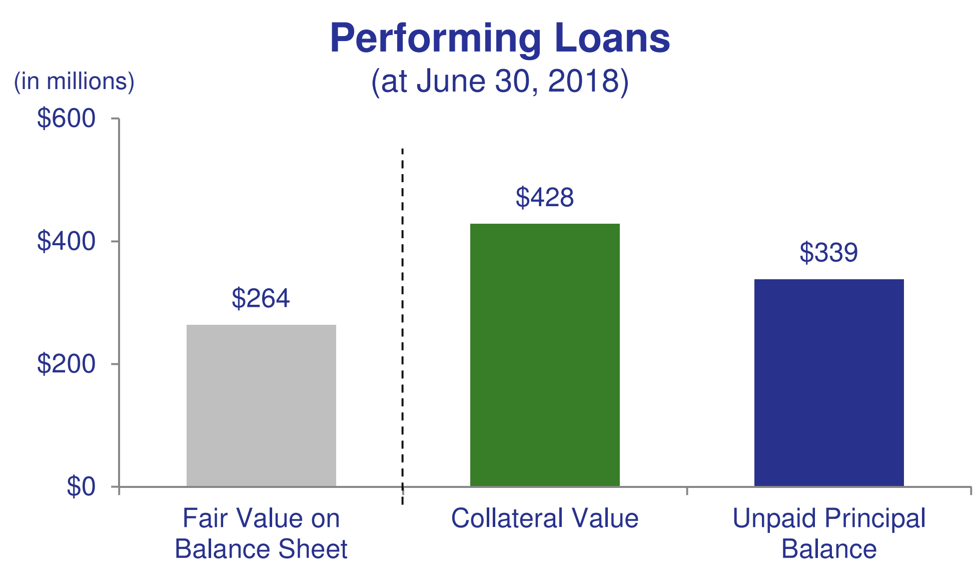
MSRs and ESS Asset Valuation

($ in millions)	Mortgage Servicing Rights	Excess Servicing Spread[1]
At 6/30/18		
Pool UPB	$78,340	$25,124
Pool weighted average coupon	4.05%	4.17%
Weighted-average pool prepayment speed assumption (CPR)	7.9%	9.5%
Weighted average servicing fee/spread	0.25%	0.19%
Fair value	$1,010.3	$229.5
As multiple of servicing fee	5.07	4.88

[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. The fair value assessment of the Excess Servicing Spread gives consideration to expected servicing fee collections on non-MSR collateral that has been bought out of the underlying MSR pools due to ongoing servicer activity. The balance of the non-MSR collateral is reflected in the unpaid principal balance above in the amount of $521 million.

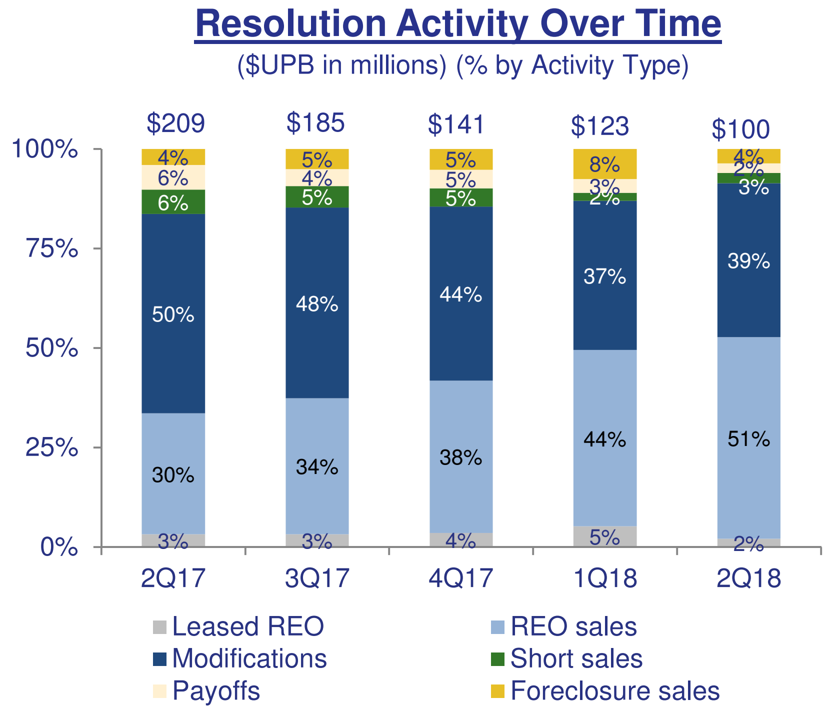
Carrying Values for PMT's Distressed Whole Loans

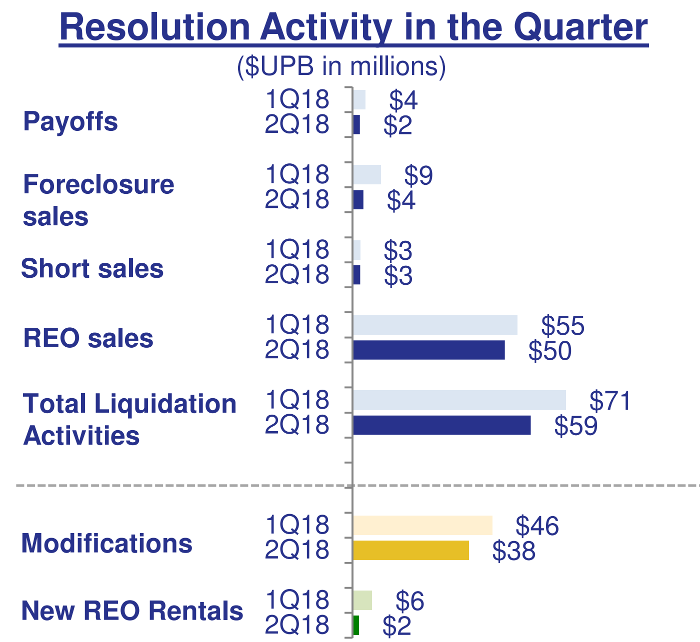




- Nonperforming loans are held on average at a 44% discount to current property value – fair value considers costs expected over the liquidation timeline, expected property appreciation and reperformance probability
- PMT advances funds for items such as property taxes and property preservation to protect 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

2Q18 Distressed Loan Portfolio Resolution Activity[1]





- Quarterly resolution activity as a percentage of nonperforming loans and REO was 22% in 2Q18, up from 18% in 1Q18 and 18% in 2Q17
- Modifications comprised 39% of total resolution activity, up from 37% of total resolution activity in 1Q18
- REO sales were 51% of total resolution activity, up from 44% in 1Q18
  - REO inventory decreased to $109 million at June 30, 2018 from $142 million at March 31, 2018
- New REO rentals were $2 million versus $6 million in 1Q18

[1] Does not include bulk sales

Distressed Portfolio by Acquisition Period

1Q10	Purchase	2Q18
Balance ($mm)	$ 182.7	8.6
Pool Factor[1]	1.00	0.05
Current	6.2%	24.0%
30	1.6%	14.1%
60	5.8%	6.7%
90+	37.8%	17.8%
FC	46.4%	9.9%
REO	2.3%	27.4%

2Q10	Purchase	2Q18
Balance ($mm)	$ 195.5	7.6
Pool Factor[1]	1.00	0.04
Current	5.1%	55.4%
30	2.0%	1.5%
60	4.1%	1.0%
90+	42.8%	20.5%
FC	45.9%	14.9%
REO	0.0%	6.7%

3Q10	Purchase	2Q18
Balance ($mm)	$ 146.2	3.9
Pool Factor[1]	1.00	0.03
Current	1.2%	40.3%
30	0.4%	8.9%
60	1.3%	13.4%
90+	38.2%	3.4%
FC	58.9%	22.1%
REO	0.0%	11.9%

4Q10	Purchase	2Q18
Balance ($mm)	$ 277.8	10.6
Pool Factor[1]	1.00	0.04
Current	5.0%	34.8%
30	4.0%	11.1%
60	5.1%	10.2%
90+	26.8%	20.8%
FC	59.1%	5.5%
REO	0.0%	17.5%

1Q11	Purchase	2Q18
Balance ($mm)	$ 515.1	26.4
Pool Factor[1]	1.00	0.05
Current	2.0%	25.0%
30	1.9%	10.2%
60	3.9%	5.5%
90+	25.9%	11.7%
FC	66.3%	22.4%
REO	0.0%	25.1%

2Q11	Purchase	2Q18
Balance ($mm)	$ 259.8	14.7
Pool Factor[1]	1.00	0.06
Current	11.5%	31.7%
30	6.5%	14.5%
60	5.2%	0.5%
90+	31.2%	28.6%
FC	43.9%	9.8%
REO	1.7%	14.9%

3Q11	Purchase	2Q18
Balance ($mm)	$ 542.6	22.4
Pool Factor[1]	1.00	0.04
Current	0.6%	40.7%
30	1.3%	9.9%
60	2.0%	2.0%
90+	22.6%	8.3%
FC	73.0%	14.4%
REO	0.4%	24.7%

4Q11	Purchase	2Q18
Balance ($mm)	$ 49.0	5.9
Pool Factor[1]	1.00	0.12
Current	0.2%	28.1%
30	0.1%	26.6%
60	0.2%	3.1%
90+	70.4%	9.1%
FC	29.0%	0.0%
REO	0.0%	33.1%

1Q12
No Pools Purchased in this Quarter.

2Q12	Purchase	2Q18
Balance ($mm)	$ 402.5	27.7
Pool Factor[1]	1.00	0.07
Current	45.0%	41.3%
30	4.0%	19.7%
60	4.3%	4.8%
90+	31.3%	13.9%
FC	15.3%	6.5%
REO	0.1%	13.9%

3Q12	Purchase	2Q18
Balance ($mm)	$ 357.2	21.8
Pool Factor[1]	1.00	0.06
Current	0.0%	25.3%
30	0.0%	5.1%
60	0.1%	3.4%
90+	49.1%	15.8%
FC	50.8%	21.0%
REO	0.0%	29.4%

4Q12	Purchase	2Q18
Balance ($mm)	$ 290.3	34.8
Pool Factor[1]	1.00	0.12
Current	3.1%	41.6%
30	1.3%	9.3%
60	5.4%	6.1%
90+	57.8%	17.0%
FC	32.4%	7.4%
REO	0.0%	18.6%

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

Distressed Portfolio by Acquisition Period (cont.)

1Q13	Purchase	2Q18
Balance ($mm)	$ 366.2	39.3
Pool Factor(1)	1.00	0.11
Current	1.6%	44.6%
30	1.5%	10.2%
60	3.5%	5.4%
90+	82.2%	18.0%
FC	11.2%	3.9%
REO	0.0%	17.9%

2Q13	Purchase	2Q18
Balance ($mm)	$ 397.3	65.6
Pool Factor(1)	1.00	0.17
Current	4.8%	37.4%
30	7.4%	12.3%
60	7.6%	3.4%
90+	45.3%	14.8%
FC	34.9%	10.6%
REO	0.0%	21.5%

3Q13	Purchase	2Q18
Balance ($mm)	$ 929.5	148.9
Pool Factor(1)	1.00	0.16
Current	0.8%	25.1%
30	0.3%	5.1%
60	0.7%	5.1%
90+	58.6%	17.3%
FC	39.6%	16.7%
REO	0.0%	30.7%

4Q13	Purchase	2Q18
Balance ($mm)	$ 507.3	118.2
Pool Factor(1)	1.00	0.23
Current	1.4%	17.9%
30	0.2%	9.3%
60	0.0%	1.9%
90+	38.3%	19.6%
FC	60.0%	22.0%
REO	0.0%	29.2%

1Q14	Purchase	2Q18
Balance ($mm)	$ 439.0	109.9
Pool Factor(1)	1.00	0.25
Current	6.2%	13.1%
30	0.7%	5.6%
60	0.7%	3.4%
90+	37.5%	21.7%
FC	53.8%	22.4%
REO	1.1%	33.9%

2Q14	Purchase	2Q18
Balance ($mm)	$ 37.9	9.5
Pool Factor(1)	1.00	0.25
Current	0.7%	32.8%
30	0.6%	7.4%
60	1.4%	5.2%
90+	59.0%	30.5%
FC	38.2%	14.2%
REO	0.0%	9.9%

3Q14
No Pools Purchased in this Quarter.

4Q14	Purchase	2Q18
Balance ($mm)	$ 330.8	72.5
Pool Factor(1)	1.00	0.22
Current	1.6%	30.4%
30	1.6%	9.0%
60	7.1%	6.7%
90+	52.7%	14.9%
FC	36.9%	16.1%
REO	0.0%	22.9%

1Q15	Purchase	2Q18
Balance ($mm)	$ 310.2	84.8
Pool Factor(1)	1.00	0.27
Current	1.8%	30.4%
30	0.3%	8.2%
60	0.1%	3.1%
90+	66.7%	18.2%
FC	31.1%	14.9%
REO	0.0%	25.1%

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)	2Q17	3Q17	4Q17	1Q18	2Q18
Fundings					
Conventional	$ 5,918	$ 6,530	$ 5,891	$ 4,226	$ 5,396
Government	10,392	10,873	9,505	8,830	9,546
Jumbo	-	-	-	-	8
Total(1)	**$ 16,310**	**$ 17,403**	**$ 15,396**	**$ 13,056**	**$ 14,951**
Locks					
Conventional	$ 7,022	$ 6,356	$ 6,293	$ 4,392	$ 6,091
Government	11,209	10,999	9,571	9,162	10,082
Jumbo	-	-	-	13	59
Total	**$ 18,231**	**$ 17,356**	**$ 15,864**	**$ 13,567**	**$ 16,232**

Note: Amounts may not sum exactly due to rounding

(1) Does not include loans purchased from PennyMac Financial Services, Inc. in 2Q18, 1Q18, 4Q17 and 3Q17.

Credit Risk Transfer – Income Statement and Balance Sheet Treatment

($ in thousands)	Since Inception[1]	
Total UPB of mortgage loans transferred under CRT agreements	$ 37,405,337	Total UPB of loans delivered to the CRT Special Purpose Vehicles (SPVs) and sold to Fannie Mae
UPB of mortgage loans transferred under CRT agreements	$ 35,869,965	
UPB of mortgage loans delivered subject to agreements to purchase REMIC CRT securities	$ 1,535,372	
Deposits of cash to secure guarantees	$ 684,482	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	$ 116,400	Cash income to PMT from the CRT SPVs
Valuation-related	113,523	Includes fair value recognition upon loan delivery under CRT Agreements and market value changes
	$ 229,923	
Included in net gain on mortgage loans acquired for sale	$ 4,426	Recognition upon loan delivery of fair value of firm commitment to purchase REMIC CRT securities
Payments made to settle losses	$ 2,495	Payments made to Fannie Mae, from pledged cash, for losses on loans underlying the CRT agreements

[1] Cumulative for the twelve quarters ending 6/30/2018

Credit Risk Transfer – Income Statement and Balance Sheet Treatment (cont'd)

($ in thousands)	At June 30, 2018		
UPB of mortgage loans subject to guarantee obligation	$	32,931,843	Current outstanding UPB of loans delivered to the CRT SPVs and sold to Fannie Mae or delivered subject to agreements to purchase REMIC CRT securities
Delinquency			
Current to 89 days delinquent	$	32,841,298	
90 or more days delinquent	$	63,803	
Foreclosure	$	6,804	
Bankruptcy	$	19,938	
Carrying value of CRT agreements			
Deposits securing CRT agreements	$	651,204	Current cash collateralizing guarantee included in "Deposits securing credit risk transfer agreements"
Derivative assets	$	119,169	Derivative represents value of expected future cash inflows related to assumption of credit risk net of expected future losses
Firm commitment to purchase CRT security	$	4,426	Fair value of firm commitments to purchase REMIC CRT securities based on loans delivered to date
Commitments to fund deposits securing CRT agreements	$	597,066	Adjustment to timing of cash flows in the fourth CRT commitment allows more efficient deployment of capital during the aggregation period
Firm commitments to purchase CRT securities	$	57,823	Face amount of firm commitments to purchase REMIC CRT securities related to mortgage loans delivered

PMT's Investments in GSE Credit Risk Transfer

(UPB in billions)

CRT 2015 -1 (May 2015 - July 2015)	At inception	6/30/2018
UPB	$ 1.3	$ 0.7
Loan Count	4,108	2,914
% Purchase	67.6%	69.7%
WA FICO(1)	742	743
WA LTV(1)	80.5%	76.6%
60+ Days Delinquent Loan Count		22
60+ Days Delinquent % o/s UPB		0.795%
180+ Days Delinquent Loan Count		10
Actual Losses ($k)		$ 283

CRT 2015 -2 (August 2015 - Feburary 2016)	At inception	6/30/2018
UPB	$ 4.2	$ 2.8
Loan Count	15,255	11,100
% Purchase	71.4%	73.1%
WA FICO(1)	743	743
WA LTV(1)	81.2%	77.9%
60+ Days Delinquent Loan Count		76
60+ Days Delinquent % o/s UPB		0.708%
180+ Days Delinquent Loan Count		42
Actual Losses ($k)		$ 1,127

CRT 2016 -1 (Feburary 2016 - August 2016)	At inception	6/30/2018
UPB	$ 6.4	$ 5.4
Loan Count	21,615	18,797
% Purchase	67.4%	69.9%
WA FICO(1)	748	749
WA LTV(1)	81.2%	78.0%
60+ Days Delinquent Loan Count		94
60+ Days Delinquent % o/s UPB		0.490%
180+ Days Delinquent Loan Count		24
Actual Losses ($k)		$ 698

CRT 2016 -2 (August 2016 - May 2018)	At inception	6/30/2018
UPB	$ 23.9	$ 22.4
Loan Count	86,057	82,560
% Purchase	73.2%	73.6%
WA FICO(1)	747	747
WA LTV(1)	82.5%	81.2%
60+ Days Delinquent Loan Count		155
60+ Days Delinquent % o/s UPB		0.191%
180+ Days Delinquent Loan Count		15
Actual Losses ($k)		$ 387

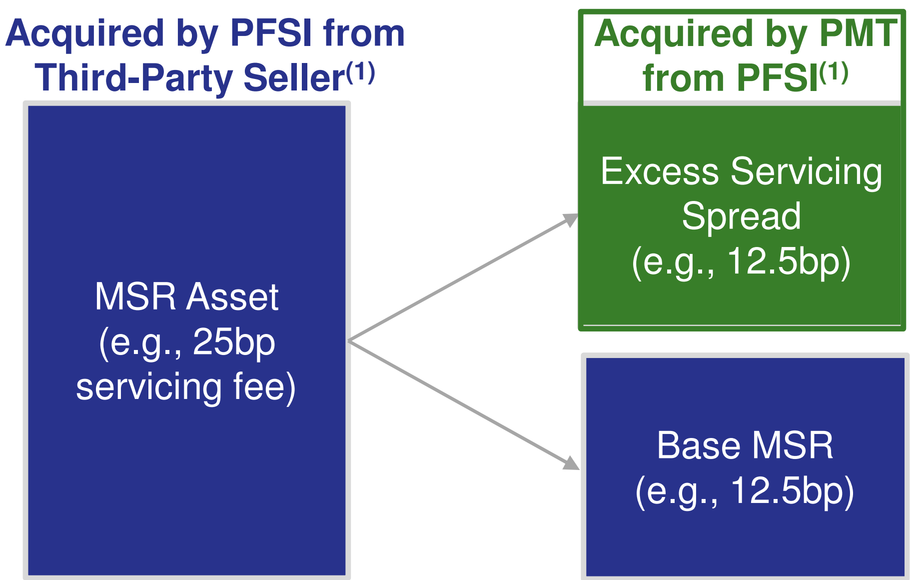
CRT 2018 -1 (June 2018 - Current)	At inception	6/30/2018
UPB	$ 1.5	$ 1.5
Loan Count	5,395	5,395
% Purchase	73.5%	73.5%
WA FICO(1)	744	744
WA LTV(1)	84.3%	84.3%
60+ Days Delinquent Loan Count		0
60+ Days Delinquent % o/s UPB		0.000%
180+ Days Delinquent Loan Count		-
Actual Losses ($k)		$ -

Total	At inception	6/30/2018
UPB	$ 37.4	$ 32.9
Loan Count	132,430	120,766
% Purchase	72.3%	72.8%
WA FICO(1)	747	747
WA LTV(1)	81.2%	80.4%
60+ Days Delinquent Loan Count		347
60+ Days Delinquent % o/s UPB		0.289%
180+ Days Delinquent Loan Count		91
Actual Losses ($k)		$ 2,495

(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.