Overview of the Company & Strategy

FBR's Fall Investor Conference

November 29, 2011



Forward-Looking Statements

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Investment Opportunity Overview

PennyMac Mortgage Investment Trust (NYSE: PMT)	• Unique externally-managed specialty finance firm that is dedicated to U.S. residential mortgage opportunities • Only public mortgage REIT with current focus on distressed residential whole loans • Long-term strategy is to participate in a wide range of residential mortgage investments as the new mortgage markets continue to emerge • Our Manager established Correspondent Lending Group to purchase and securitize newly originated GSE conventional, non-agency (jumbo) and government loans
Key Investment Highlights	• Enterprise with access to a unique operational platform able to participate in the substantial opportunities in the residential mortgage market • Attractive return investments with prudent use of leverage • Distinguished management team with deep expertise in all aspects of residential mortgages • Flexible strategy and full set of capabilities to capitalize on the convergence of the distressed and new mortgage markets

Industry Forces Are Creating the Need for New Mortgage Entities

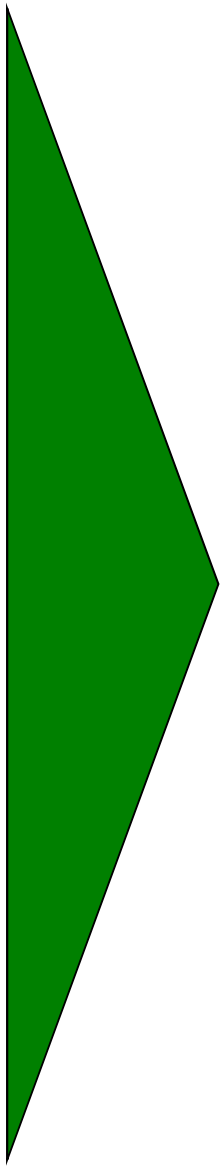
***Bank legacy issues*, including foreclosures, repurchases, and litigation, causing them to reduce their mortgage exposure**

***New capital requirements for banks* including Basel III making it unattractive for them to hold mortgage servicing rights (MSRs) and subordinate bonds**

***New risk retention requirements* for securitization sponsors and originators favor well-capitalized non-bank entities**

***GSE reform* – although the exact outcome remains uncertain, likely to create more opportunity for the non-agency market and private firms**

***Regulators and others seeking to reduce market concentration* in a handful of mega-banks**



Need for a new non-bank mortgage firm such as PMT

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There Are Substantial Opportunities in the U.S. Residential Mortgage Market

Distressed Mortgage Assets

- $3+ trillion in non-agency whole loans outstanding, of which an estimated $420 billion are delinquent or in foreclosure
    - Mostly held by large banks, which are reducing their exposure through sales of distressed loans
    - We see a steady pipeline of distressed loans for at least the next 2 years – but could be more
- Banks under pressure to sell mortgage servicing rights

New Mortgage Market

- $1 trillion in annual originations expected
    - Approximately $300 billion annually through the correspondent channel
    - Banks with the largest market share are retreating
- Non-agency prime should grow with the reduction in conforming loan limits and GSE reform
- Evolving potential for more attractive investment in mortgage servicing, e.g., with servicing fee reform

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PennyMac Has All the Capabilities to Capitalize on the Upcoming Opportunities

PNMAC Capital Management (PCM) – Investment Manager

Asset Acquisition

- **Sourcing investment opportunities** and **building institutional relationships** with banks, investment banks and government entities
- **Best-in-class valuation methodology and analytics**
- **Due Diligence** including reviews of credit, property valuations, and loan underwriting
- **Proven track record** in structuring transactions and executing appropriate financing arrangements

Portfolio Management

- **Proprietary portfolio strategy platform**, LENE, utilizes loan-level analytics to identify the optimal approach for each borrower / loan
- **Modification and restructuring programs** deliver long-term solutions for borrowers
- Interaction with servicer enables **proactive contact with borrowers** who, although current, may be at risk

Asset Management

- **Capital Markets**
- **Correspondent Lending Group** – established to manage the purchase of newly originated loans from direct mortgage lenders

PennyMac Loan Services (PLS) - Servicer

Primary Servicing

- **All activities of loan administration**, call center and web-based customer service, and payment processing
- **Sophisticated investor accounting and loan-level reporting** for whole loans and securitizations

Special Servicing

- **Workout / resolution for troubled borrowers**
- **Implementation of HAMP and PennyMac programs** as directed by proprietary Portfolio Strategy function
- **Dedicated Property Resolution resources** employ broad range of liquidation alternatives when necessary

Origination & Fulfillment

- **Originate new loans via multiple channels:**
  - Portfolio refinance
  - Consumer direct lending
- **Underwriting and closing of loan modifications**

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PMT's Strategy Will Continue to Evolve With the Mortgage Market

	Current Focus	*Longer-Term Strategy*
Mortgage Backed Securities	Opportunistically purchase front pay, cash flowing bonds	Continue to opportunistically purchase ABS and MBS
Distressed Mortgage Whole Loans	**Remains predominant activity today**	Opportunity declines as we converge back to a normalized market
Conventional Conforming Correspondent Fundings	Volume increases substantially from initial levels	**Activity increases** as PMT expands its customer base **providing investment opportunities in MSRs**
Jumbo Correspondent Fundings	Jumbo purchases begin with volume increasing as the jumbo market returns	**Activity increases** as PMT expands its customer base providing **investment opportunities in MSRs and subordinate bonds**
Mortgage Servicing Rights	Acquiring newly originated mortgage servicing rights at historically low rates	Activity increases as we expand our correspondent acquisitions
Warehouse Lending	Building out systems and infrastructure	Provide warehouse lending fundings for our valued correspondent lenders

As the mortgage market converges to a more normalized market, PMT will have the ability to quickly and efficiently scale its operations to capitalize on the growing need for a mortgage intermediary

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Example: Illustrative Returns Based on PMT's Assumptions*

	Targeted Unlevered Return[1]	Targeted Leverage	Target Cost of Funds	Illustrative Gross Return[2]
Mortgage Backed Securities	3% - 5%	4.0x - 6.0x	LIBOR + 75bps to 150bps	15% - 20%
Distressed Mortgage Whole Loans	12% - 17%	0.5x - 1.0x	LIBOR + 200bps to 400bps	20% - 26%
Conventional Conforming Correspondent Fundings[3]	13bps – 30bps on origination volume	6.0x - 9.0x	LIBOR + 150bps to 250bps	27% - 39% (avg. holding period 20 days)
Jumbo Correspondent Fundings[3]	10bps – 30bps on origination volume	6.0x - 9.0x	LIBOR + 150bps to 250bps	25% - 36% (avg. holding period 20 days)
Mortgage Servicing Rights Acquisitions	8% - 12%	2.0x - 3.0x	LIBOR + 200bps to 300bps	25% - 32%
Warehouse Lending	Libor + 325bps to 425bps	9.0x - 10.0x	LIBOR + 150bps to 200bps	22% - 24%

1. *Gross returns, net of estimated servicing and new loan fulfillment expenses (Calculated using mid-point of targeted unlevered return and mid-point of target cost of funds, at each targeted leverage point)*
2. *Illustrative gross returns before corporate operating and other administrative expenses*
3. *Subject to taxes associated with the taxable REIT subsidiary*

This is an example for illustrative purposes only. Actual results may differ materially. Please refer to the disclaimer on slide 1.

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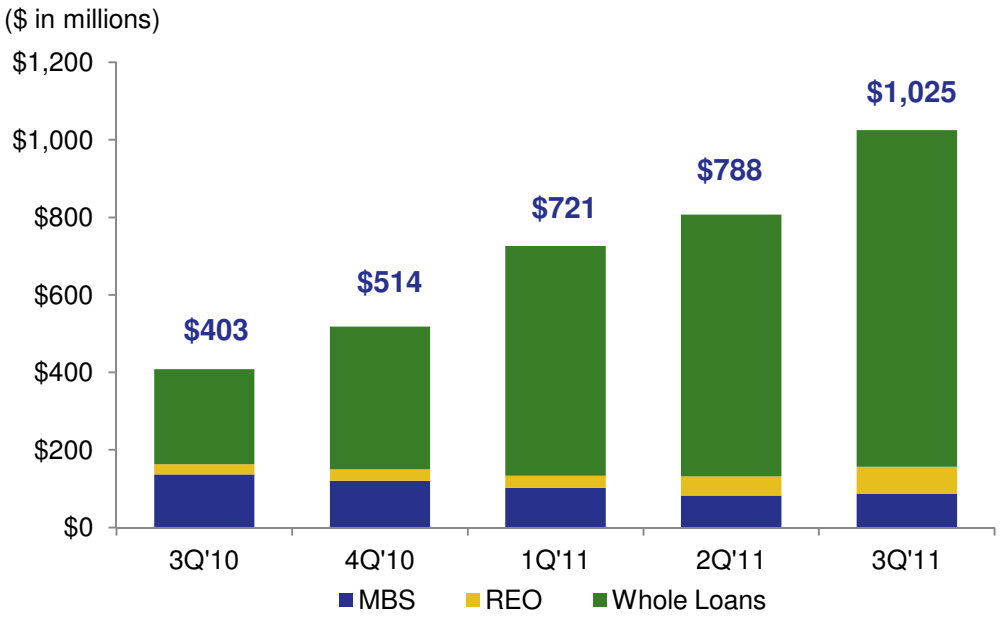
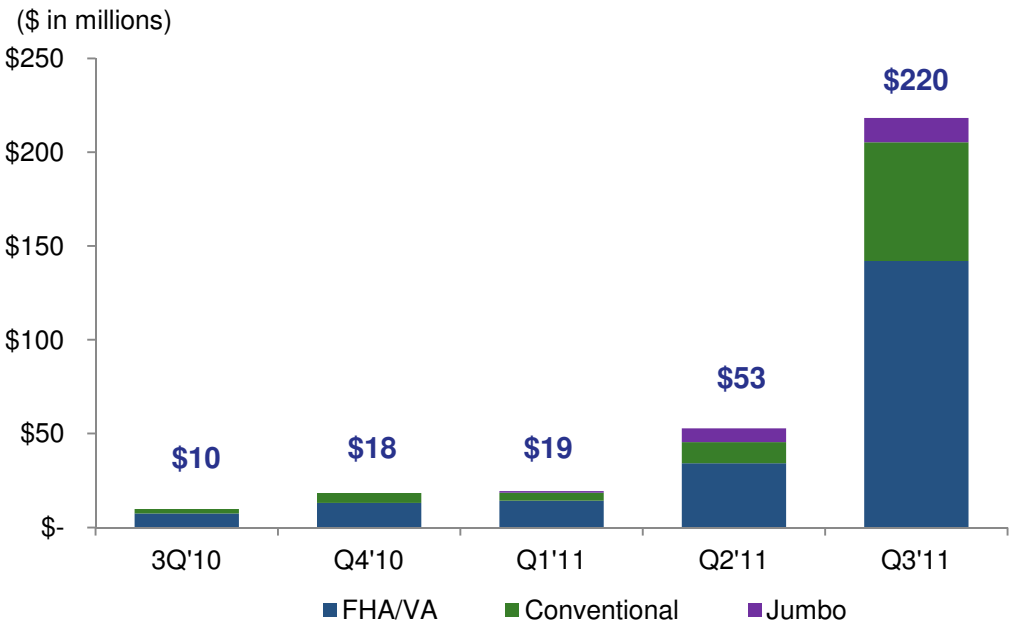
PMT Has Experienced Tremendous Growth Over the Past Year

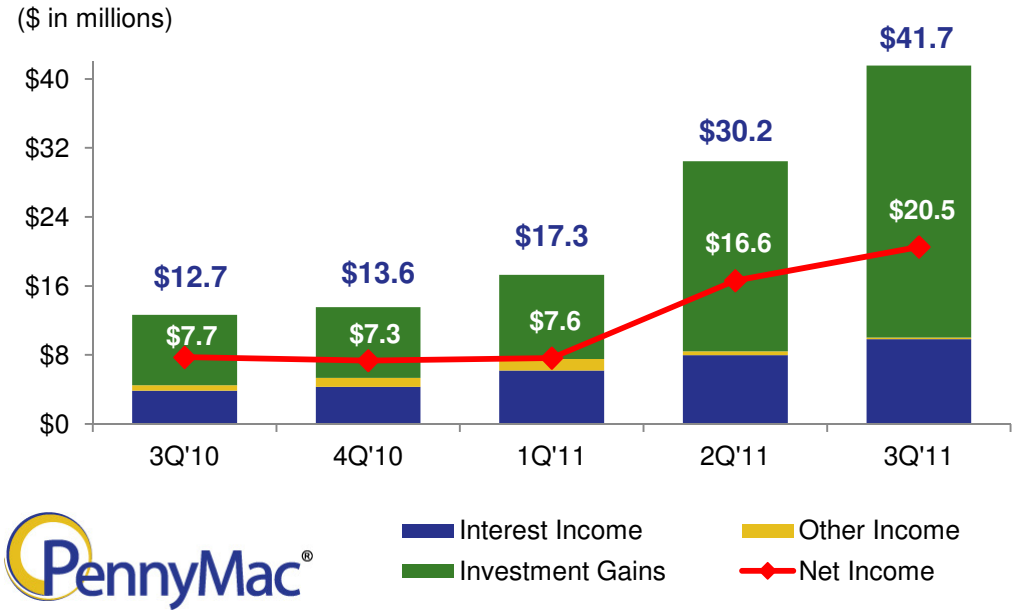
Fair Value of Distressed Mortgage Assets



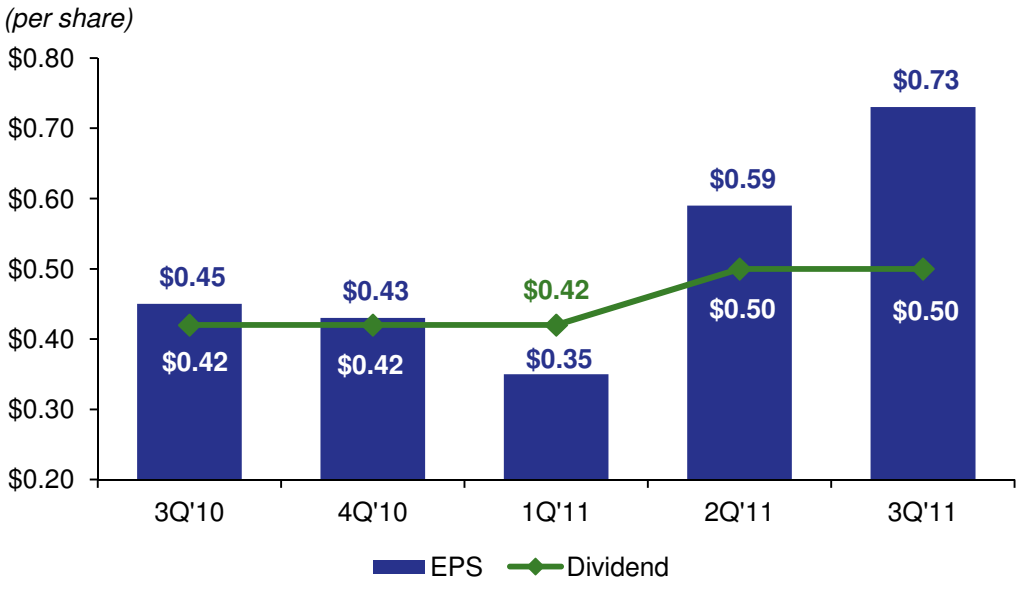
Correspondent Volume



Earnings



Earnings per Share & Dividends



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We Have Multiple Lending Facilities to Facilitate Our Future Growth

Non-performing Loan Repo Financing Facilities

Lender	Committed Amount	Utilization (9/30)	% Utilized
Citi	$250,000,000	$200,820,877	80%
Wells Fargo	$40,000,000	$33,385,986	83%
Wells Fargo	$100,000,000	$59,689,156	60%
Credit Suisse	$200,000,000	$28,694,953	14%
TOTAL	**$590,000,000**	**$322,590,972**	**55%**

Correspondent Lending Facilities

Lender	Committed Amount	Utilization (9/30)	% Utilized
Credit Suisse	$150,000,000	$45,069,826	60%
Bank of America	$200,000,000	NA	NA

MBS Repo Agreements

Lender	Committed Amount	Utilization (9/30)	% Utilized
Wells Fargo	$75,000,000	$62,843,000	84%
Credit Suisse	*Uncommitted*	$0	0%
BofA ML	*Uncommitted*	$0	0%

PMT's Manager and Servicer Have Capacity for Significant Growth

- Management, processes, and infrastructure in place to support growth to many times the current volumes of business
- Correspondent Lending can ramp up to $1 billion in monthly originations by the end of 2012
- PLS's high-touch servicing operations can grow to a total of ~500 employees and $40 billion in sub-performing loans in 12 months
- 142,000 square-foot flagship operations facility in Moorpark, Calif.
  - Can accommodate a total of 1,000+ staff
  - Optimal location to attract an ample number of experienced mortgage industry personnel

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Highlights of Investing in PMT

- ✓ Unique mortgage REIT able to capitalize on opportunities in residential whole loans
- ✓ Continued leadership in distressed whole loan investing, transitioning into correspondent lending
- ✓ Distinguished management team with deep expertise in all aspects of residential mortgages
- ✓ Access to legacy-free operational platform with full set of residential mortgage capabilities
- ✓ Attractive return investments with prudent use of leverage
- ✓ Flexibility to adapt with the evolution of the mortgage market

Best positioned to capitalize on current and long-term opportunities in residential mortgage finance with the capital, bank relationships, operations, and management across all the critical areas for success

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