PennyMac Mortgage Investment Trust



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; volatility in our industry, the debt or equity markets, the general economy or the residential finance and real estate markets; changes in general business, economic, market, employment and political conditions or in consumer confidence; declines in residential real estate or significant changes in U.S. housing prices or activity in the U.S. housing market; availability of, and level of competition for, attractive risk-adjusted investment opportunities in residential mortgage loans and mortgage-related assets that satisfy our investment objectives; 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 the performance of such entities; availability, terms and deployment of short-term and long-term capital; unanticipated increases or volatility in financing and other costs; the performance, financial condition and liquidity of borrowers; incomplete or inaccurate information or documentation provided by customers or counterparties, or adverse changes in the financial condition of our customers and counterparties; 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; increased prepayments of the mortgages and other loans underlying our mortgage-backed securities and other investments; the degree to which our hedging strategies may protect us from interest rate volatility; our failure to maintain appropriate internal controls over financial reporting; our ability to comply with various federal, state and local laws and regulations that govern our business; changes in legislation or regulations or the occurrence of other events that impact the business, operations or prospects of government agencies, mortgage lenders and/or publicly-traded companies; the creation of the Consumer Financial Protection Bureau, or CFPB, and enforcement of its rules; changes in government support of homeownership; changes in government or government-sponsored home affordability programs; changes in governmental regulations, accounting treatment, tax rates and similar matters (including changes to laws governing the taxation of real estate investment trusts, or REITs; limitations imposed on our business and our ability to satisfy complex rules for us 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 our subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes and our ability and the ability of our subsidiaries to operate effectively within the limitations imposed by these rules; and the effect of public opinion on our reputation. 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.

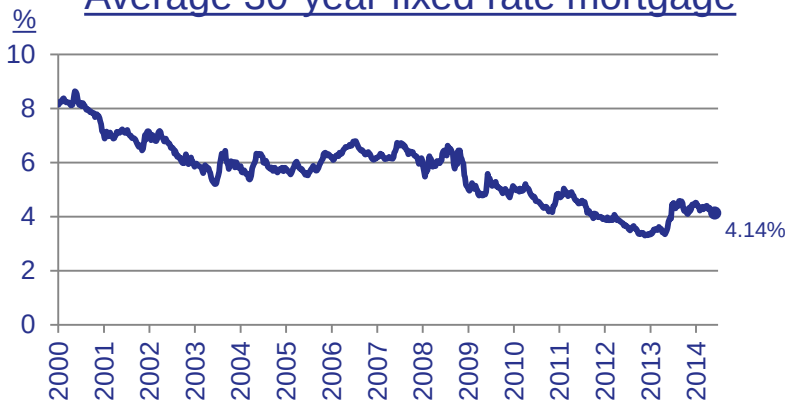
Second Quarter Highlights

- Net income of $75.2 million on net investment income of $120.6 million
  - Diluted earnings per share of $0.93
  - Dividend of $0.59 per share declared on June 27, 2014
  - Book value per share grew to $21.27 at June 30, 2014
- Segment pretax income: Investment Activities: $70.9 million; Correspondent Production: $2.4 million
- Significant gains in the investment portfolio from a combination of factors, supported by increased market prices for performing loans
- Generated $191 million of cash proceeds from the liquidation of mortgage loans and REO
  - Sold a pool of performing loans, which generated $70 million in cash proceeds
- Continued focus on multiple residential mortgage-related investment strategies:
  - Mortgage servicing rights (MSRs) and excess servicing spread (ESS) investments, related to $56 billion in UPB, grew to $506 million at June 30, 2014
    - Added $29 million in new MSR investments resulting from correspondent production activities
    - Invested $53 million in ESS on mini-bulk and flow acquisitions of Agency MSRs by PennyMac Financial Services, Inc. (PFSI) totaling $5.5 billion in UPB
  - Completed the previously announced acquisition of nonperforming whole loans totaling $38 million in UPB

Current Market Environment and Outlook

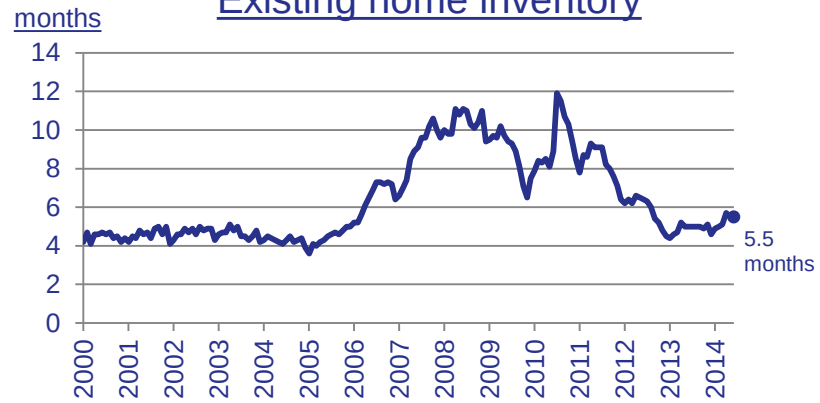
- Interest rates and mortgage rates remain low in a historical context
  - Lower rates in Q2 aided refinance activity
  - Higher rates anticipated long-term
- Continued improvement in home prices across the U.S., while not as strong as in 2013
  - Higher values going forward likely to be driven by the tight supply of available homes combined with improvements in macroeconomic conditions and consumer confidence
- Prices for distressed whole loans have increased, helping fuel a greater supply of assets coming to market
- New mortgage origination market remains dominated by GSE and Ginnie Mae securitizations
  - Private-label securitization market is emerging slowly
  - Do not envision major changes to the GSE system in the foreseeable future
- Increased scrutiny of nonbank mortgage companies, with concerns that they have adequate capital, capabilities, and governance systems

Average 30-year fixed rate mortgage



Source: Freddie Mac Primary Mortgage Market Survey

Existing home inventory



Source: National Association of Realtors

PMT Aims to Deliver Superior Long-Term Returns to Shareholders

Managed investment portfolio of multiple residential mortgage-related strategies:

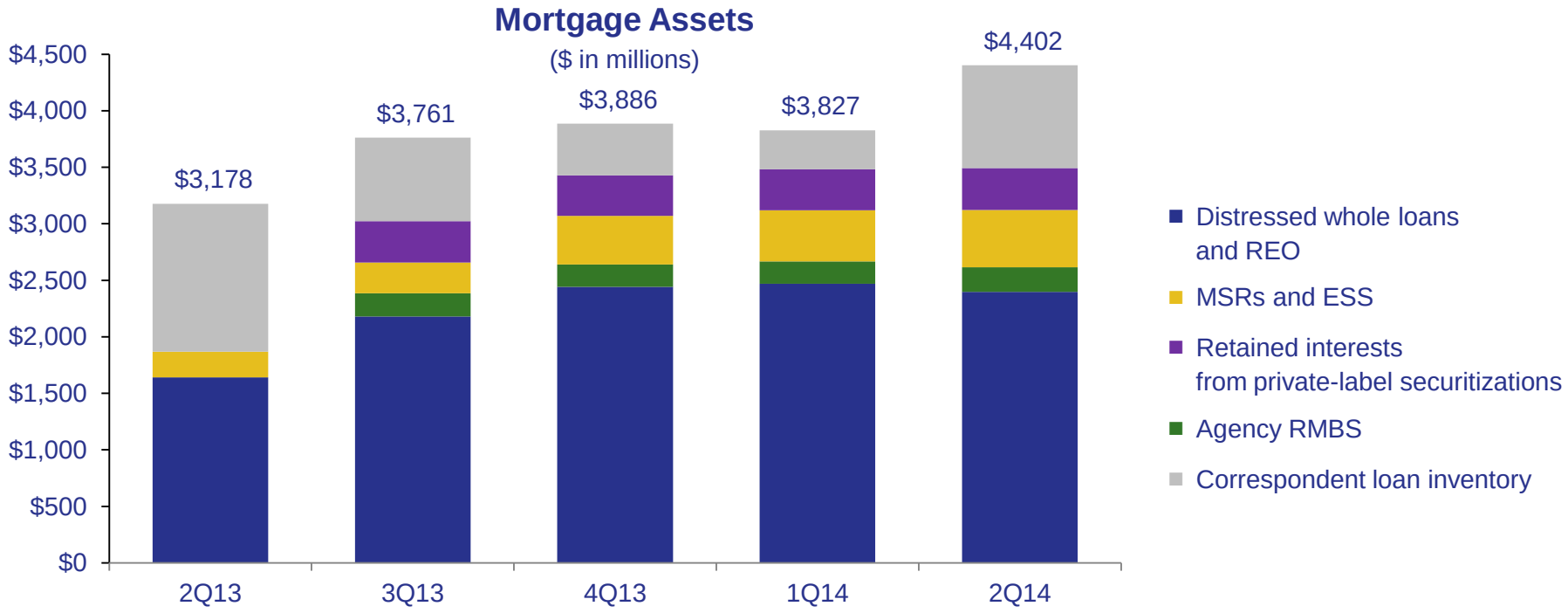
- **Distressed Whole Loans**
- **Correspondent Loan Aggregation**
- **MSRs and ESS**
- **Prime non-Agency Loans(1)**
- **Agency and non-Agency MBS**

- ✓ Multiple strategies together expected to deliver attractive long-term return on equity even with shifts in the market environment (e.g., rising interest rates)
- ✓ Opportunity to enhance returns to shareholders through continued prudent expansion of debt financing
- ✓ Quarterly dividend based on performance outlook and expected taxable income for the year
- ✓ Periodic results include the impact of changes in fair value of PMT's assets and liabilities(2)

(1) Includes retained interests from private-label securitizations
(2) Assets and liabilities accounted for at estimated fair value are described in the company's Form 10-Q

PMT's Investment Portfolio Continues to Diversify

- More than half of PMT's investments remain distressed whole loans and REO – expected to continue delivering attractive returns
- Interest rate risk-sensitive assets (correspondent loan inventory, RMBS, securitization retained interests and MSRs/ESS) include complementary sensitivities to changes in interest rates

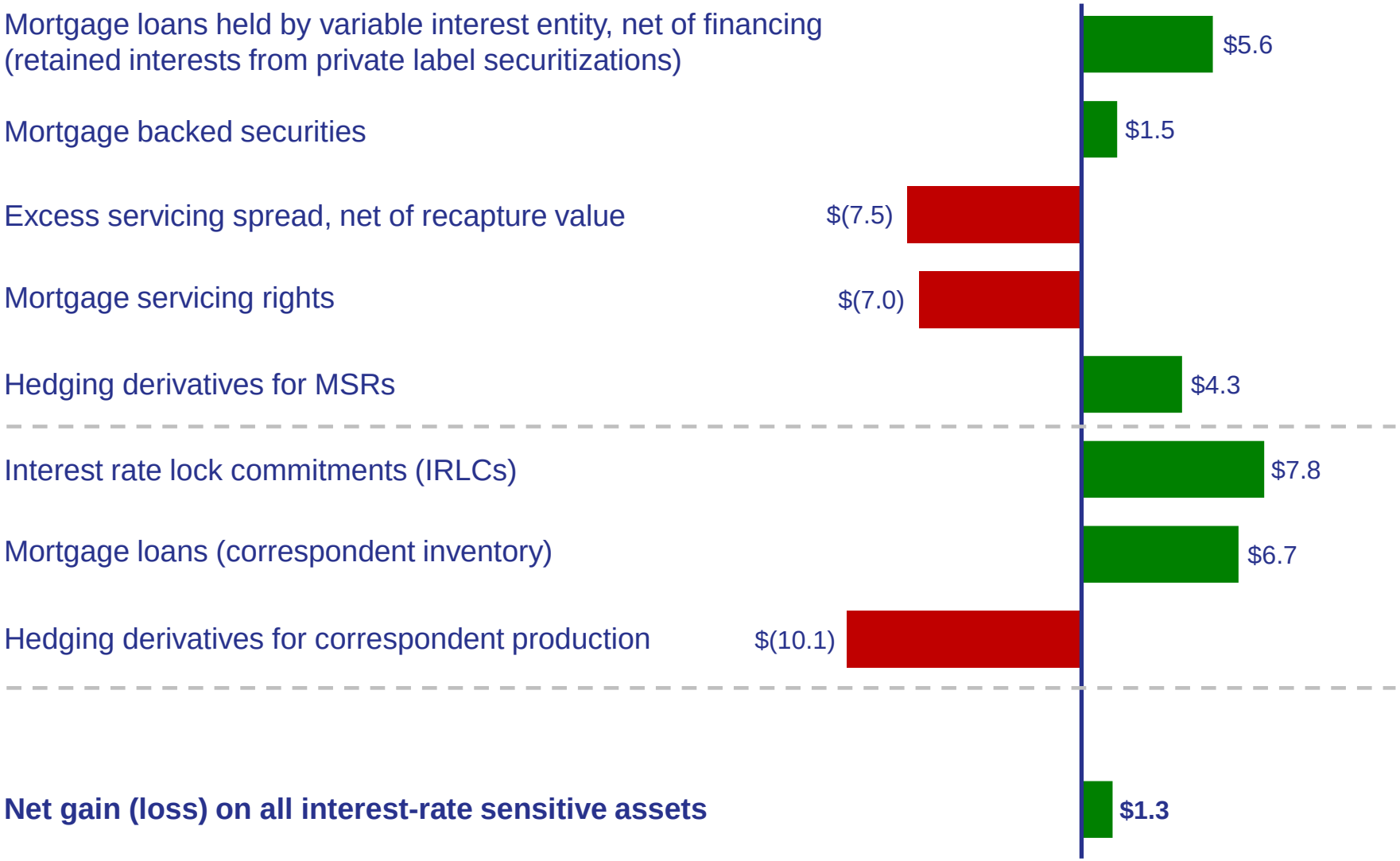


Leverage ratio[1]	1.7x	1.8x	1.8x	1.6x	2.0x

[1] All borrowings, including exchangeable senior notes and asset-backed secured financing of the variable interest entity, divided by shareholders' equity at period end.

PMT's Interest Rate Risk Management Approach Results in Offsets in Value

Net gain (loss) on interest-rate related assets



Current Areas of Strategic Focus for PMT

Continue to deploy capital in attractive residential mortgage-related investment strategies enabled by our relationship with PFSI and its specialized operations and expertise:

- Remain disciplined in pursuing new distressed whole loan acquisitions
- Invest in mortgage servicing-related assets
  - Investments in MSRs, resulting from the correspondent acquisition of newly originated loans
  - Investments in ESS related to MSR portfolios acquired by PFSI
- Expand participation in newly originated prime non-Agency loans over time
  - Continued work with industry participants to develop the standards for prime non-Agency loans, including clarifying the implementation of Appendix Q under the new Ability-to-Repay rule
  - Loans are acquired by PMT through its correspondent production business
  - PMT can finance these loans through private-label securitization or portfolio lending capability
  - Desirable returns on equity from holding investments in the retained interests from private-label securitizations or the whole loans net of financing

Mortgage Investment Activities

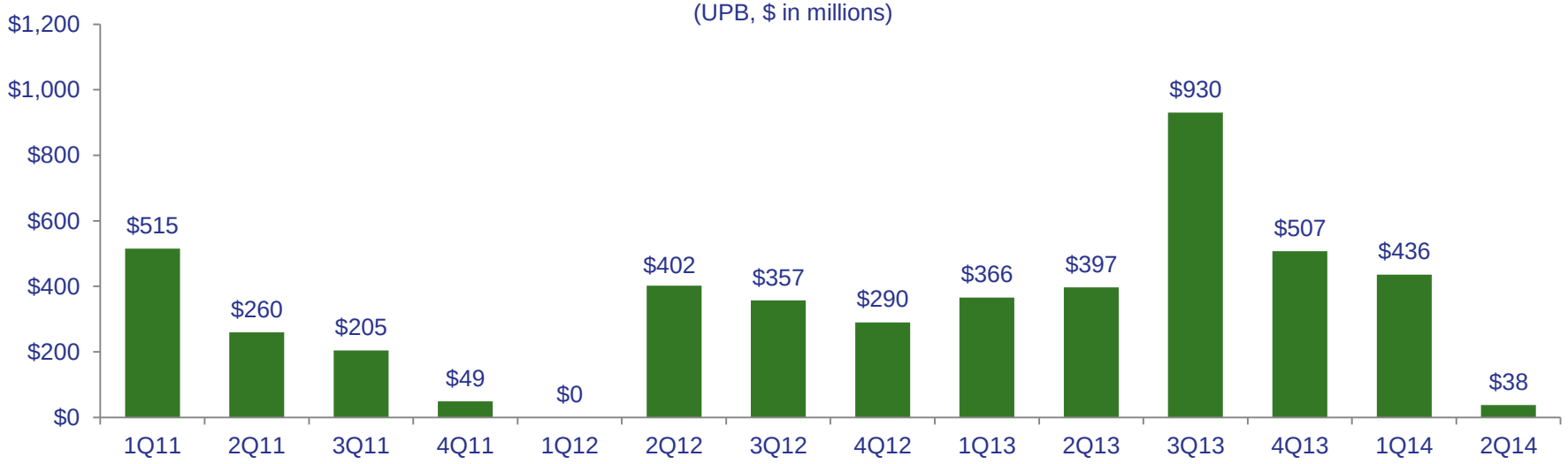


Focus on Maximizing Returns in Distressed Whole Loans

- Continue to make selective investments in distressed whole loans
  - Acquired $38 million in UPB of nonperforming loans (NPLs) in 2Q14
  - Supply of new distressed whole loans has expanded with higher market prices
  - We remain disciplined in pursuing new investments that meet our targeted returns
- Continuing to manage existing investments in distressed mortgage loans to their optimal resolution
  - Completed the sale of performing loans totaling $81 million in UPB during the quarter

Distressed Whole Loan Acquisitions

(UPB, $ in millions)



Significant Gains in Distressed Portfolio Driven by Performing Loans

- Net gains on mortgage loans in the distressed portfolio totaled $63.7 million during the quarter
- Key drivers of the net gains include:
  - A reduction in the discount rates for performing loans, driven by continued strong investor demand
  - An improvement in the forecast for home prices in most geographical areas across the U.S.
- Payoffs and sales, including the sale of $81 million in UPB of performing loans, contributed an additional $9.9 million of gains during the quarter

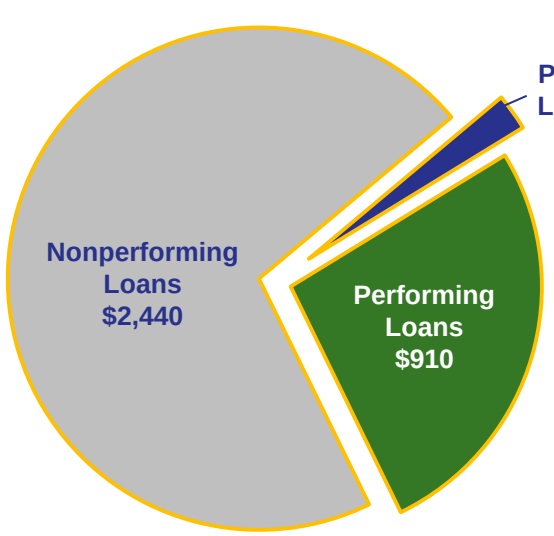
Key Inputs for Distressed Loan Valuations

	Quarter Ended	
	June 30, 2014	March 31, 2014
Weighted average discount rate	11.8%	12.4%
Weighted average twelve-month projected housing price index change	4.7%	3.5%

Distressed Loan Portfolio(1)

At 6/30/14

(UPB; $ in millions)



All of the loans sold had at least 12 consecutive months in "current" payment status.

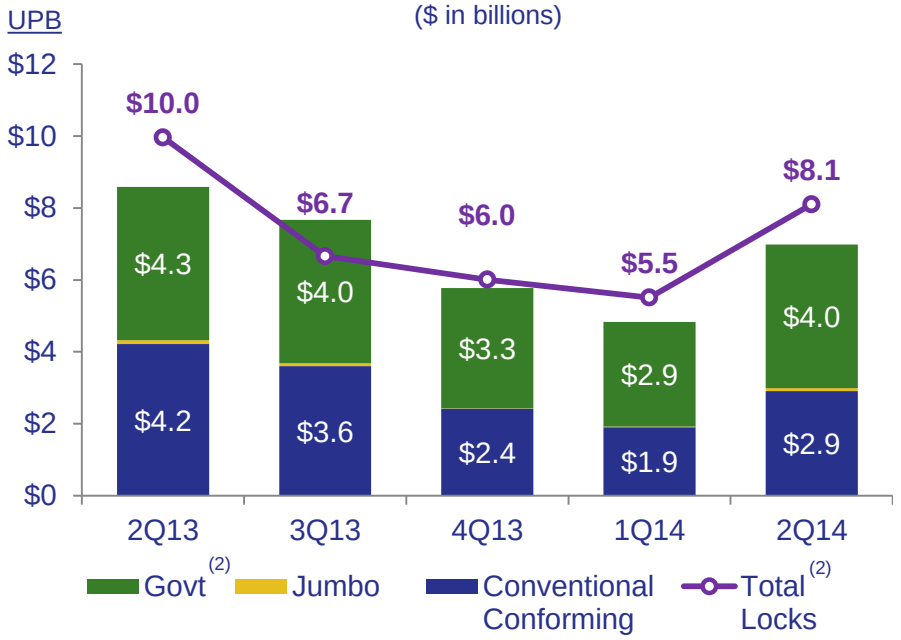
The Remaining portfolio of performing loans is in varying states of "reperformance", and includes loans that are current through 89 days delinquent.

(1) Nonperforming and performing loan portfolios UPBs shown are as of June 30, 2014. Performing loans sold reflects the UPB of the loans sold during the quarter and were not part of the distressed loan portfolio at June 30, 2014.

Correspondent Business Added Seller Relationships and Grew Volume

- Correspondent acquisitions totaled $7.0 billion, up 44% Q/Q
  - Conventional conforming and jumbo acquisitions were $3.0 billion; locks were $3.4 billion
  - Total lock volume of $8.1 billion, up 47% Q/Q
  - Lower mortgage rates in 2Q14 aided refinance activity
- 3rd largest correspondent aggregator by volume(1)
- July correspondent acquisitions totaled $3.0 billion; locks totaled $2.9 billion
- Delivering on initiatives to grow seller relationships
  - Seller relationships grew to 316
  - Targeting a total seller base of 350 relationships by year end

Correspondent Production Volume and Mix



Selected Operational Metrics	2Q14	1Q14
Correspondent production business partners	316	271
Purchase money loans, as % of total acquisitions	82%	80%

(1) Source: Inside Mortgage Finance and company estimates based on 1Q14 rankings and PMT's acquisition volumes relative to competitors.

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

Correspondent Production's Results Reflect Margin Declines

Correspondent Production Segment ($ in thousands)	Quarter Ended June 30, 2014	As % of Interest Rate Lock Commitments[1]
Revenues:		
Net gain on mortgage loans acquired for sale	$ 10,222	0.28%
Net interest income	704	0.02%
Other income	4,485	0.12%
	$ 15,411	0.42%
Expenses:		
Loan fulfillment, Servicing, and Management fees payable to PennyMac Financial Services, Inc.	$ 12,749	0.34%[2]
Other	265	0.01%
	$ 13,014	0.35%
Pretax income	**$ 2,397**	**0.06%**

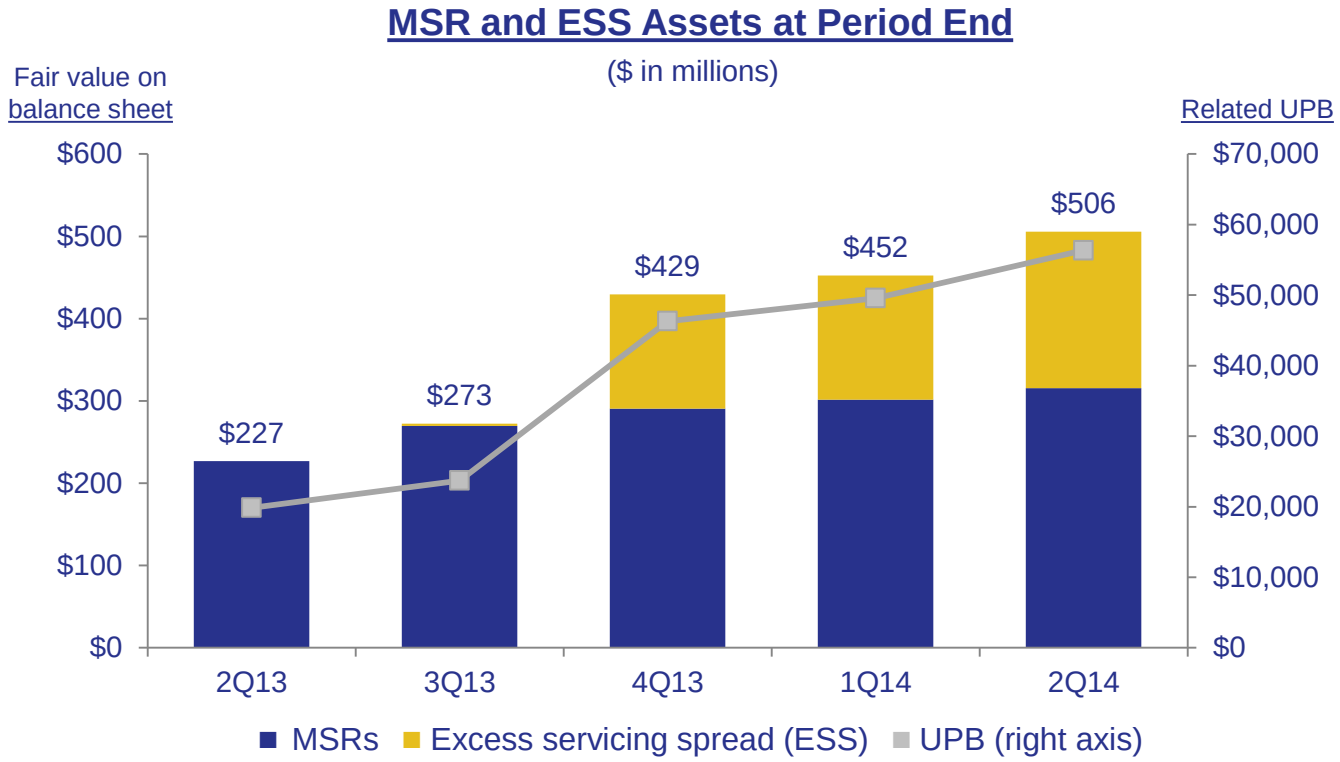
Note: Figures may not sum exactly due to rounding

- Reduced pretax income driven by continued strong competition for conventional conforming loans
  - Pretax income declined from 0.14% of interest rate lock commitments in 1Q14
  - Short inventory holding periods and low-cost debt financing produce solid returns on equity and an ongoing MSR investment for PMT
- Fulfillment fee expense rose $3.5 million Q/Q from a 56% increase in conventional funding volume; average fulfillment fee paid for the quarter declined to 42bp from 46bp in 1Q14[2]

[1] Conventional conforming and jumbo interest rate lock commitments.

[2] Fulfillment fees are based on funding volumes which were lower than lock volumes during the quarter. Contractual fulfillment fee is in general 0.50% of the funding of conventional and jumbo loans, subject to reductions at specified volumes and discretionary reductions by PFSI. The average fulfillment fee paid by PMT during the quarter was 0.42% of loans funded.

MSR and ESS Investments Continue to Grow



- Continued portfolio growth as investments in MSR and ESS reached $506 million, related to underlying loans with a UPB of $56 billion, at June 30, 2014
  - Organic growth in MSR investments resulting from correspondent production activity
  - New investments in ESS resulting from mini-bulk and flow MSR acquisitions by PFSI remain significant

Financial Results

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Pretax Income by Operating Segment

($ in millions)	Investment Activities	Correspondent Production	Total Pretax Income
2Q13	$ 39.8	$ 28.1	$ 67.9
3Q13	$ 36.4	$ (0.3)	$ 36.1
4Q13	$ 48.4	$ 6.3	$ 54.7
1Q14	$ 33.1	$ 3.1	$ 36.3
2Q14	$ 70.9	$ 2.4	$ 73.3

Note: Figures may not sum exactly due to rounding

2Q14 Investment Activities Segment Results

($ in thousands)	Quarter Ended June 30, 2014	March 31, 2014
Revenues:		
Net gain on investments	$ 73,134	$ 42,585
Net interest income		
Interest income	44,434	36,598
Interest expense	18,485	17,007
	25,949	19,591
Net loan servicing fees	8,758	7,421
Other	(2,696)	(5,309)
Total revenues	105,145	64,288
Expenses:		
Servicing and management fees payable to PennyMac Financial Services, Inc.[1]	22,776	22,496
Other	11,462	8,651
Total expenses	34,238	31,147
Pretax income	**$ 70,907**	**$ 33,141**

(1) Servicing fees include both special servicing for PMT's distressed portfolio and subservicing for PMT's mortgage servicing rights
(2) Capitalized interest from loan modifications increases interest income and reduces gains from loan valuations

- Segment revenue increased 64% Q/Q:
  - Net gain on investments increased 72% Q/Q, driven by:
    - Valuation gains on distressed loans totaling $63.7 million
    - Payoff and sales gains on distressed loans totaling $9.9 million
    - Valuation gains on MBS and Retained Interests offset by losses on ESS
  - Net interest income up 32% Q/Q, driven by $30.8 million on distressed mortgage loans
    - Capitalized interest from loan modifications totaled $18.1 million[2]
  - Net servicing fee revenue increased 18% Q/Q, due to servicing fee growth and effective interest rate risk management
- Expenses rose 10% Q/Q:
  - Increase in incentive fees paid to PFSI due to improved performance
  - Higher fees and costs related to the administration and sale of seasoned distressed loans

Investment Gains and Cash Flows from the Distressed Loan Portfolio

- Net gains on distressed loans totaled $73.6 million, an increase from $39.9 million in 1Q14, due to:
  - Strong investor demand for performing loans, which drove a reduction in the weighted average discount rate
  - Improvements in home price forecasts
  - Increased payoff and loan resolution activity
  - Tempered by an increase in the projected loss severity for long-held severely delinquent loans
- Cash proceeds from liquidation activity on loans and REO totaled $191.1 million
  - Excluding the sale of performing loans, cash proceeds were $120.8 million
  - Accumulated gains on assets liquidated during the quarter were $30.8 million, and gains on liquidation totaled $13.7 million

Net Gains on Mortgage Loans

	Quarter ended	
($ in thousands)	June 30, 2014	March 31, 2014
Valuation Changes:		
Performing loans	$ 39,123	$ (3,286)
Nonperfoming loans	24,587	36,459
	63,710	**33,173**
Payoffs	7,490	5,620
Sales	2,395	1,125
	$ 73,595	**$ 39,918**

Cash Proceeds and Gain on Liquidation

($ in thousands)	Quarter ended June 30, 2014		
	Proceeds	Accumulated gains[1]	Gain on liquidation[2]
Mortgage loans	$ 71,971	$ 8,950	$ 7,488
Performing loan sale	70,284	18,630	2,395
REO	48,874	3,229	3,811
	$ 191,129	$ 30,809	$ 13,694

[1] Represents valuation gains and losses recognized during the period we held the respective asset, 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

Valuation of MSRs and Excess Servicing Spread (ESS)

($ in millions)	Mortgage Servicing Rights		Excess Servicing Spread
At 6/30/14	Under lower of amortized cost or fair value	Under fair value	Fair value
UPB	$24,640	$4,758	$26,964
Weighted average coupon	3.72%	4.79%	4.23%
Prepayment speed assumption (CPR)	8.6%	10.2%	10.2%
Weighted average servicing fee/spread	0.26%	0.25%	0.16%
Fair value	$289.2	$46.8	$190.2
As multiple of servicing fee	4.56	3.88	4.37
Carrying (accounting) value	$268.7	$46.8	$190.2

- PMT carries most of its MSRs at the lower of amortized cost or fair value (LOCOM)
  - MSRs where the note rate on the underlying loan is less than or equal to 4.5%
- The fair value of MSRs carried at LOCOM was $20.5 million in excess of the carrying value at June 30, 2014, compared to $24.7 million at March 31, 2014
  - Fair value of the MSRs in excess of carrying value decreased due to a decline in interest rates and increasing expectations for prepayments

2Q14 Correspondent Production Segment Results

($ in thousands)	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014
Revenues:		
Net gain on mortgage loans acquired for sale	$ 10,222	$ 9,971
Net interest income (expense)		
Interest income	5,585	3,635
Interest expense	4,881	3,655
	704	(20)
Other income	4,485	2,356
Total revenues	15,411	12,307
Expenses:		
Loan fulfillment fees and management fees payable to PennyMac Financial Services, Inc	12,749	9,071
Other	265	88
Total expenses	13,014	9,159
Pretax income	**$ 2,397**	**$ 3,148**

- Segment revenue totaled $15.4 million, a 25% increase from 1Q14
  - Increase in net gain on mortgage loans reflects higher funding volumes partially offset by decreased margins
  - Other income up Q/Q due to an increase in loan origination fees
- Expenses increased 42% from 1Q14:
  - Fulfillment fee expense rose 40%, driven by a 56% increase in conventional conforming and jumbo fundings
    - Average fulfillment fee of 42bp versus 46bp in 1Q14

Appendix

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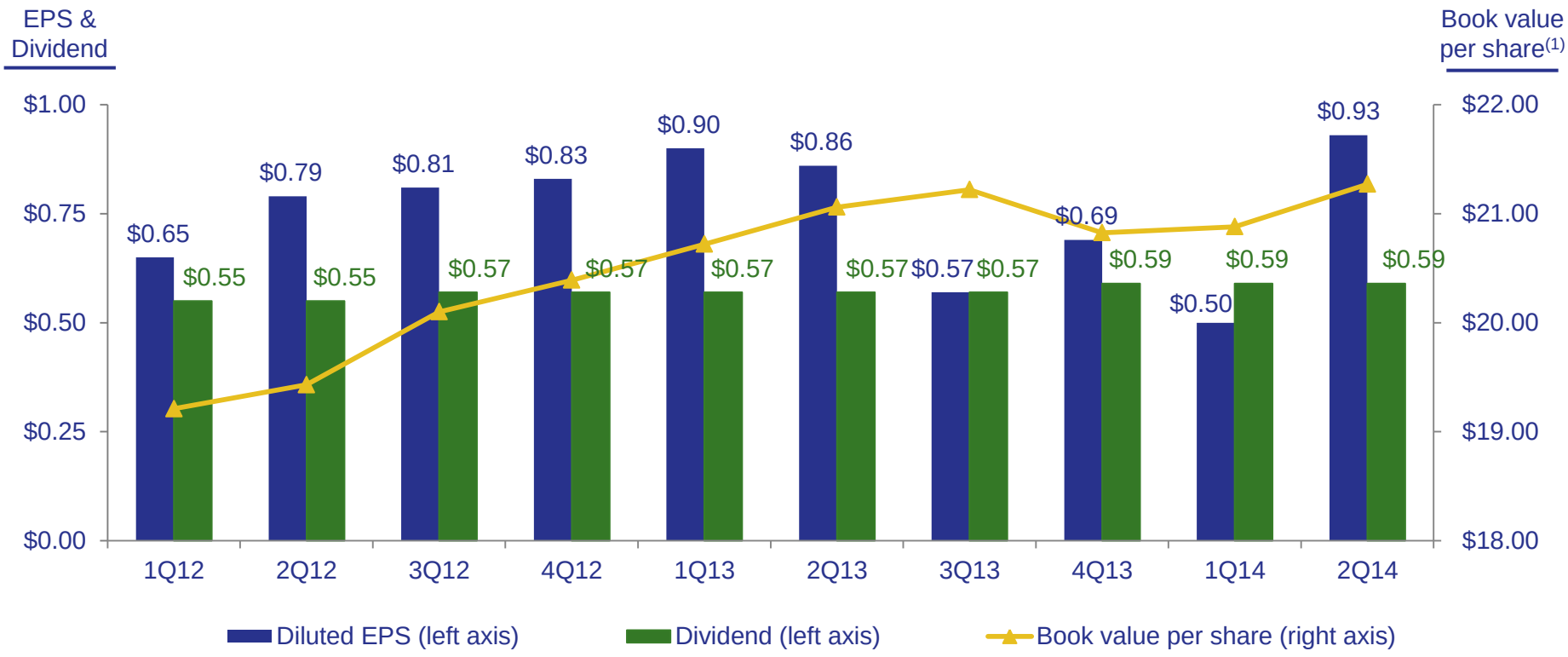
Demonstrated Track Record of Dividends and Growing Book Value



Return on Equity(2)	13%	17%	16%	17%	18%	18%	11%	14%	10%	19%

(1) At period end. Book value per share in 4Q13 was reduced by two dividends declared in that quarter.

(2) Return on average equity during the respective quarter; return on average equity is calculated based on annualized quarterly net income as a percentage of monthly average shareholders' equity during the period.

Opportunity for PFSI and PMT in MSR Acquisitions

Why Are MSR Sales Occurring?

- Large banks are selling MSRs due to continuing operational pressures, higher regulatory capital requirements (treatment under Basel III) and a re-focus on core customers/businesses
- Independent mortgage banks are selling MSRs due to the abrupt market contraction, operational losses, and a need for capital

How Do MSRs Come to Market?

- Intermittent large bulk portfolio sales ($10+ billion in UPB)
  - Require considerable coordination with selling institutions and Agencies
- Mini-bulk sales (typically $500 million to $5 billion in UPB)
  - Increased activity as originators sell MSRs retained in 2012 and 2013
- Flow/co-issue MSR transactions (monthly commitments, typically $20-100 million in UPB)
  - Alternative delivery method typically from larger independent originators

Which MSR Transactions Are Attractive?

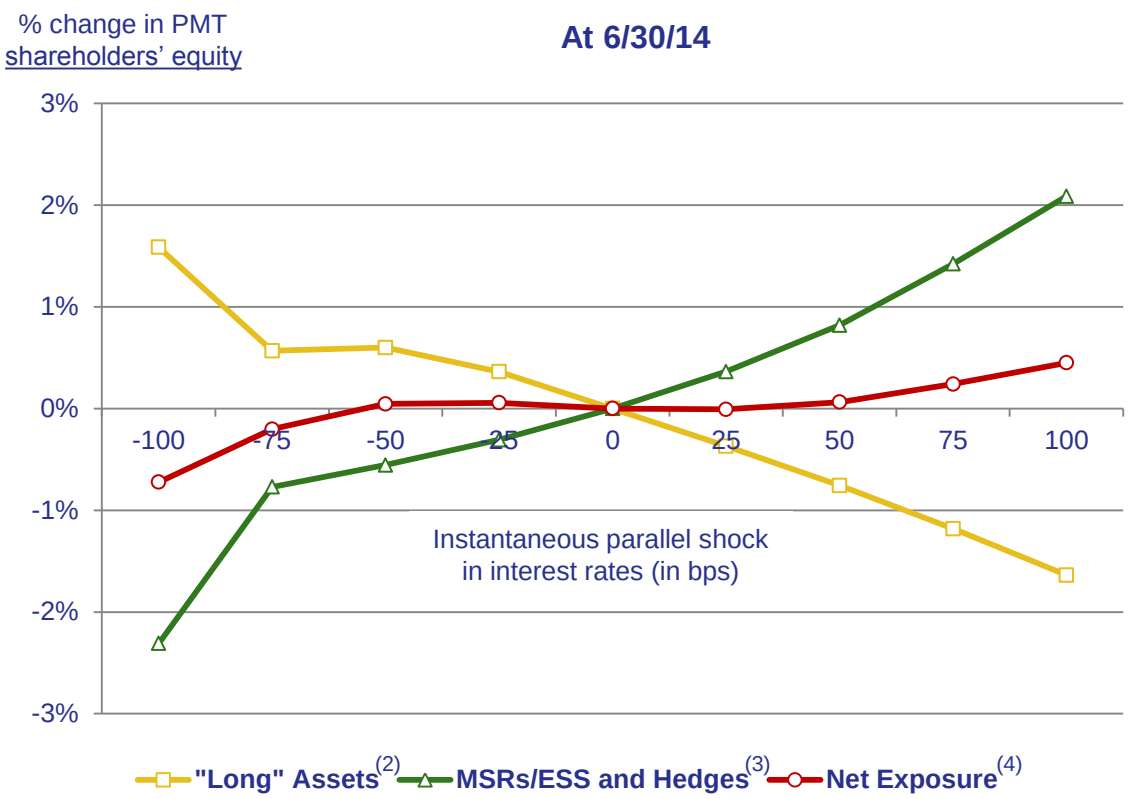
- GSE and Ginnie Mae servicing in which PFSI has distinctive expertise
- MSRs sold and operational servicing transferred to PFSI (not subserviced by a third party)
- Measurable rep and warranty liability for PFSI

PFSI is uniquely positioned be the successful acquirer of MSRs

- Proven track record of complex MSR and distressed loan transfers
- Operational platform that addresses the demands of the Agencies, regulators, and financing partners
- Physical capacity in place to service $200 billion in UPB
- Co-investment opportunity for PMT in the excess servicing spread

Management of PMT's Interest Rate Risk(1)

Estimated Sensitivity to Changes in Interest Rates



- PMT's interest rate risk exposure is managed on a "global" basis
  - Disciplined hedging
  - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
- In a hypothetical 100 bps drop in interest rates, the estimated fair value loss would be less than 1% of shareholders' equity(1)

(1) Analysis does not include PMT assets for which interest rates are not a key driver of values, i.e., distressed whole loans and REO. The sensitivity analyses on the slide and the associated commentary are limited in that they are estimates as of June 30, 2014; 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 an earnings forecast.

(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 and Treasury futures

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

Fundings and Locks by Product

($ in millions)	2Q13	3Q13	4Q13	1Q14	2Q14
Fundings					
Conventional conforming	$ 4,216	$ 3,608	$ 2,419	$ 1,907	$ 2,911
Government	4,262	3,992	3,340	2,913	3,991
Jumbo	107	74	14	13	81
Total	**$ 8,586**	**$ 7,674**	**$ 5,773**	**$ 4,833**	**$ 6,983**
Locks					
Conventional conforming	$ 5,069	$ 2,923	$ 2,532	$ 2,163	$ 3,393
Government	4,739	3,718	3,455	3,282	4,398
Jumbo	158	22	20	66	314
Total	**$ 9,966**	**$ 6,662**	**$ 6,008**	**$ 5,512**	**$ 8,105**

Note: Figures may not sum exactly due to rounding

Distressed Portfolio by Acquisition Period

1Q10	Purchase	2Q14
Balance ($mm)	$ 182.7	44.7
Pool Factor[1]	1.00	0.24
Current	6.2%	26.9%
30	1.6%	7.3%
60	5.8%	3.3%
90+	37.8%	18.7%
FC	46.4%	34.6%
REO	2.3%	9.1%

2Q10	Purchase	2Q14
Balance ($mm)	$ 195.5	39.9
Pool Factor[1]	1.00	0.20
Current	5.1%	21.6%
30	2.0%	9.9%
60	4.1%	3.5%
90+	42.8%	20.1%
FC	45.9%	31.5%
REO	0.0%	13.4%

3Q10	Purchase	2Q14
Balance ($mm)	$ 146.2	27.4
Pool Factor[1]	1.00	0.19
Current	1.2%	24.2%
30	0.4%	5.8%
60	1.3%	3.4%
90+	38.2%	22.4%
FC	58.9%	31.6%
REO	0.0%	12.7%

4Q10	Purchase	2Q14
Balance ($mm)	$ 277.8	74.8
Pool Factor[1]	1.00	0.27
Current	5.0%	26.6%
30	4.0%	7.9%
60	5.1%	4.0%
90+	26.8%	18.5%
FC	59.1%	29.1%
REO	0.0%	13.9%

1Q11	Purchase	2Q14
Balance ($mm)	$ 515.1	183.1
Pool Factor[1]	1.00	0.36
Current	2.0%	23.2%
30	1.9%	5.8%
60	3.9%	2.9%
90+	25.9%	18.8%
FC	66.3%	39.0%
REO	0.0%	10.3%

2Q11	Purchase	2Q14
Balance ($mm)	$ 259.8	105.8
Pool Factor[1]	1.00	0.41
Current	11.5%	26.2%
30	6.5%	8.6%
60	5.2%	3.9%
90+	31.2%	24.0%
FC	43.9%	26.9%
REO	1.7%	10.4%

3Q11	Purchase	2Q14
Balance ($mm)	$ 542.6	185.9
Pool Factor[1]	1.00	0.34
Current	0.6%	20.8%
30	1.3%	3.9%
60	2.0%	3.2%
90+	22.6%	27.0%
FC	73.0%	33.1%
REO	0.4%	12.0%

4Q11	Purchase	2Q14
Balance ($mm)	$ 49.0	29.3
Pool Factor[1]	1.00	0.60
Current	0.2%	31.5%
30	0.1%	3.4%
60	0.2%	5.2%
90+	70.4%	22.8%
FC	29.0%	28.1%
REO	0.0%	9.0%

1Q12
No Pools Purchased in this Quarter.

2Q12	Purchase	2Q14
Balance ($mm)	$ 402.5	176.0
Pool Factor[1]	1.00	0.44
Current	45.0%	35.5%
30	4.0%	10.5%
60	4.3%	4.8%
90+	31.3%	23.4%
FC	15.3%	17.2%
REO	0.1%	8.6%

3Q12	Purchase	2Q14
Balance ($mm)	$ 357.2	234.5
Pool Factor[1]	1.00	0.66
Current	0.0%	21.1%
30	0.0%	1.8%
60	0.1%	1.9%
90+	49.1%	17.5%
FC	50.8%	40.4%
REO	0.0%	17.2%

4Q12	Purchase	2Q14
Balance ($mm)	$ 290.3	211.9
Pool Factor[1]	1.00	0.73
Current	3.1%	25.6%
30	1.3%	7.2%
60	5.4%	4.4%
90+	57.8%	18.4%
FC	32.4%	27.5%
REO	0.0%	17.0%

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

Distressed Portfolio by Acquisition Period (cont.)

1Q13	Purchase	2Q14
Balance ($mm)	$ 366.2	272.6
Pool Factor[1]	1.00	0.74
Current	1.6%	36.7%
30	1.5%	7.9%
60	3.5%	4.1%
90+	82.2%	22.1%
FC	11.2%	19.4%
REO	0.0%	9.7%

2Q13	Purchase	2Q14
Balance ($mm)	$ 397.3	345.6
Pool Factor[1]	1.00	0.87
Current	4.8%	20.4%
30	7.4%	6.0%
60	7.6%	3.7%
90+	45.3%	25.3%
FC	34.9%	35.0%
REO	0.0%	9.6%

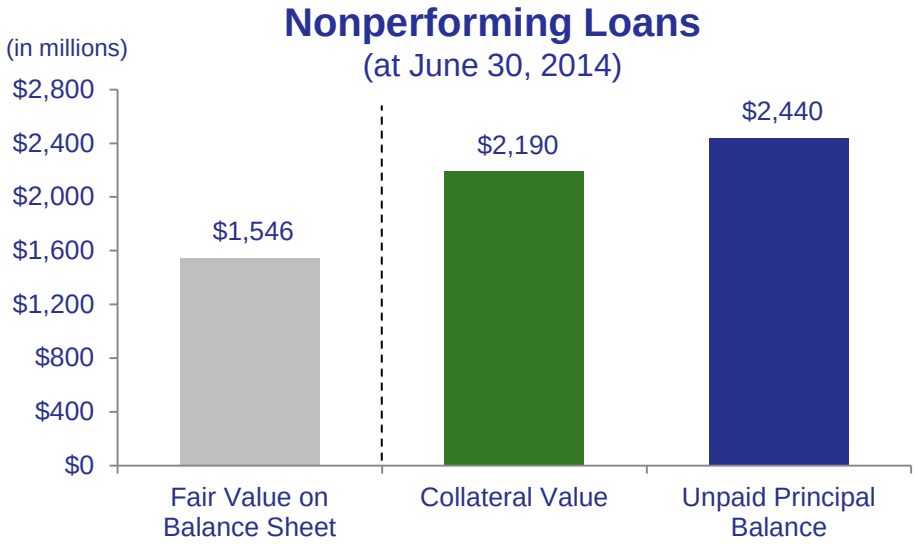
3Q13	Purchase	2Q14
Balance ($mm)	$ 929.5	828.4
Pool Factor[1]	1.00	0.89
Current	0.8%	11.1%
30	0.3%	1.4%
60	0.7%	0.8%
90+	58.6%	34.8%
FC	39.6%	42.8%
REO	0.0%	9.2%

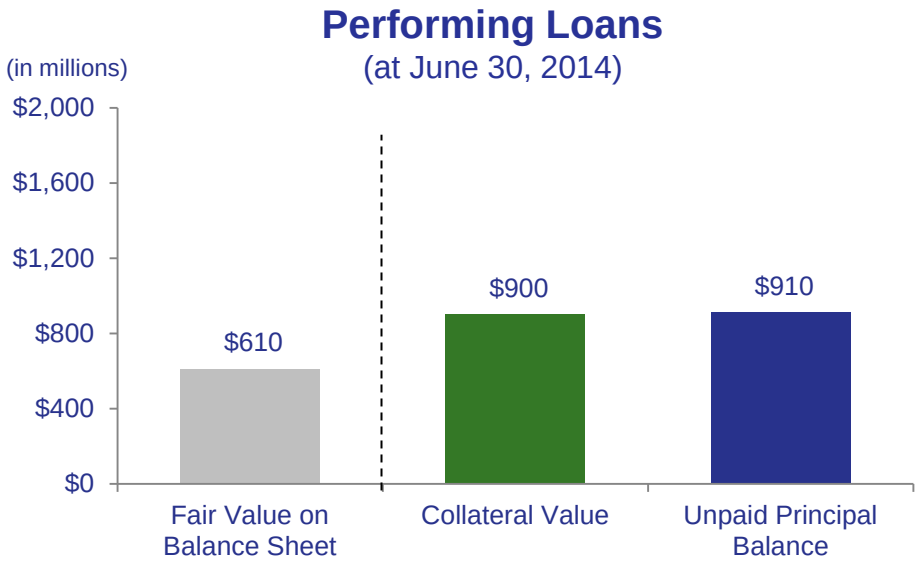
4Q13	Purchase	2Q14
Balance ($mm)	$ 507.3	486.1
Pool Factor[1]	1.00	0.96
Current	1.4%	6.9%
30	0.2%	0.9%
60	0.0%	0.2%
90+	38.3%	30.4%
FC	60.0%	54.1%
REO	0.0%	7.6%

1Q14	Purchase	2Q14
Balance ($mm)	$ 439.0	424.9
Pool Factor[1]	1.00	0.97
Current	6.2%	10.3%
30	0.7%	1.5%
60	0.7%	1.6%
90+	37.5%	28.6%
FC	53.8%	51.8%
REO	1.1%	6.3%

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

Carrying Values for PMT's Distressed Whole Loans





- Nonperforming loans are held on the balance sheet at a discount to the UPB and collateral value
  - Returns realized over time through property resolution strategies, including short sales and deeds-in-lieu of foreclosure
- Performing loans are held on the balance sheet at a discount to the UPB and collateral value
  - Returns realized over time through interest income, restructure / refinance disposition strategies, and bulk loan sales