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.

PennyMac Mortgage Investment Trust Is a Unique Mortgage REIT

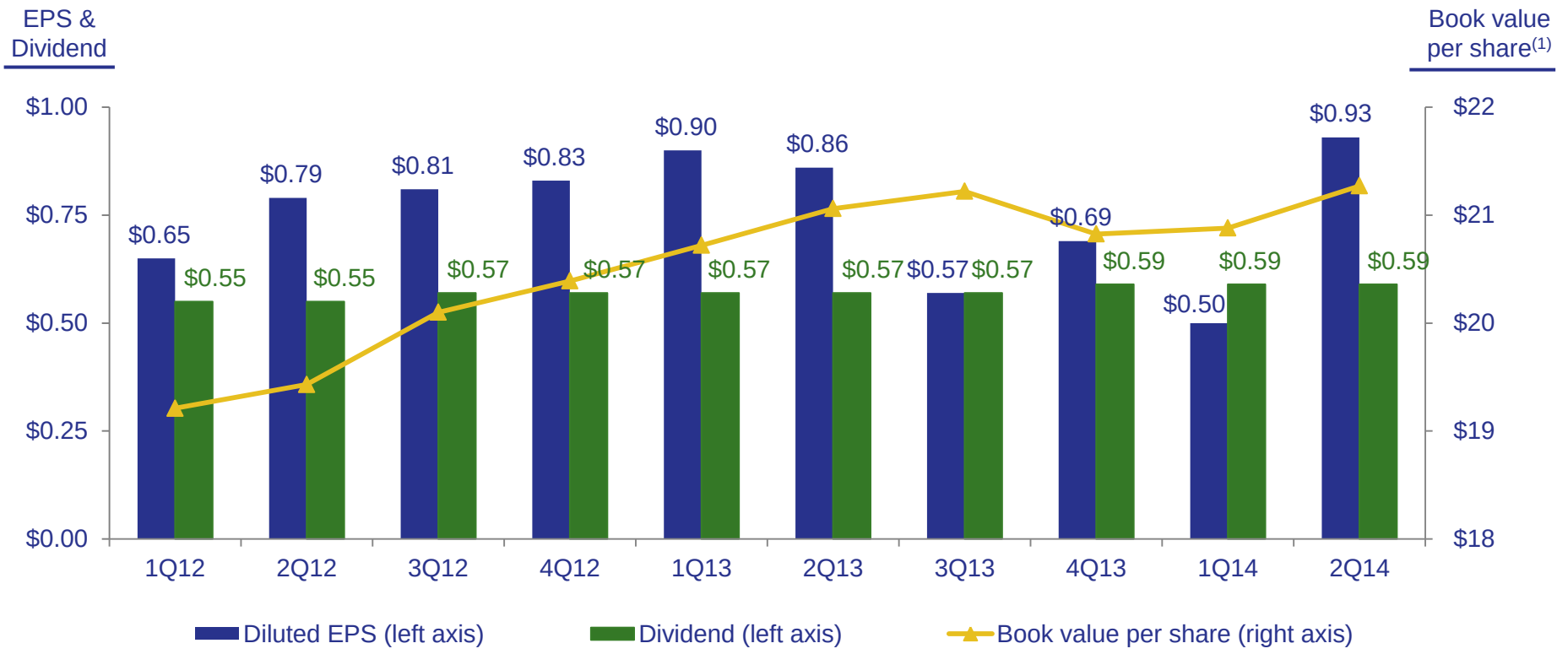
Managed investment portfolio of multiple residential mortgage-related strategies:

- **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)
- ✓ Strategies are enabled by our relationship with PennyMac Financial Services, Inc. and its specialized operations and expertise

(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

Demonstrated Track Record of Dividends and Growing Book Value



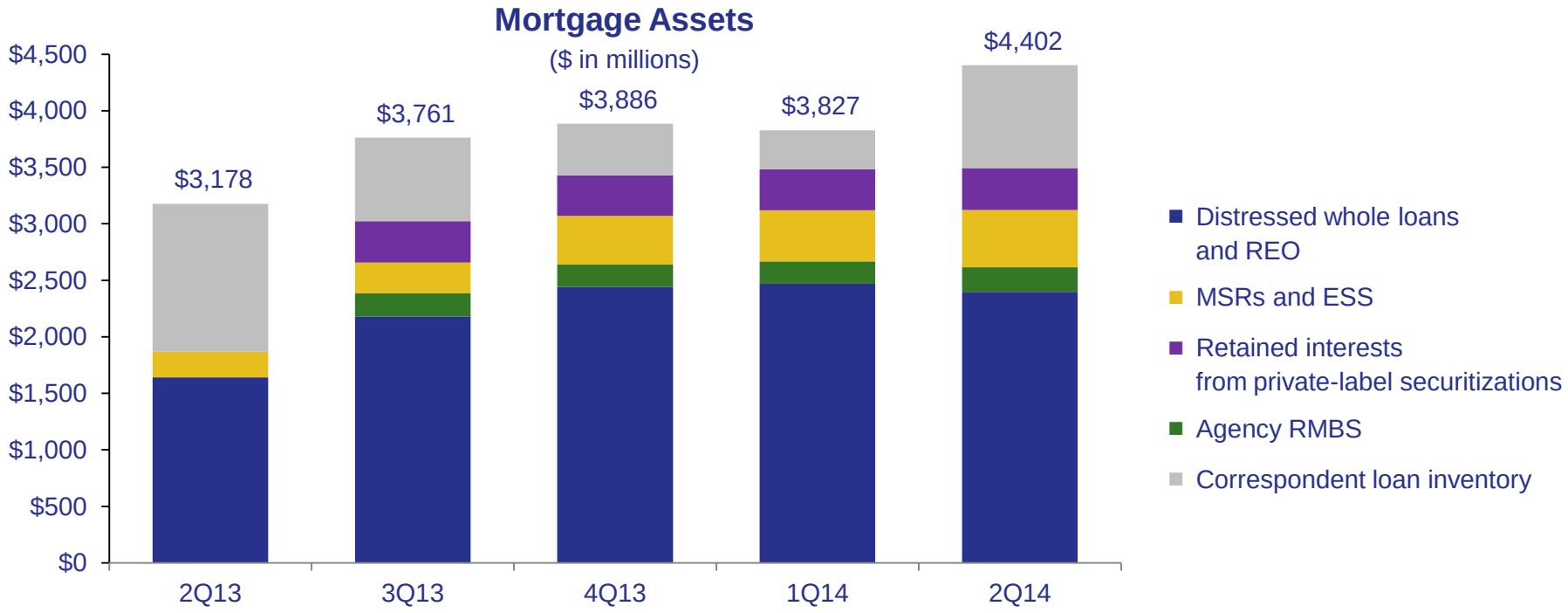
Return on Equity(2)	13%	17%	16%	17%	18%	18%	11%	14%	10%	19%

(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.

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

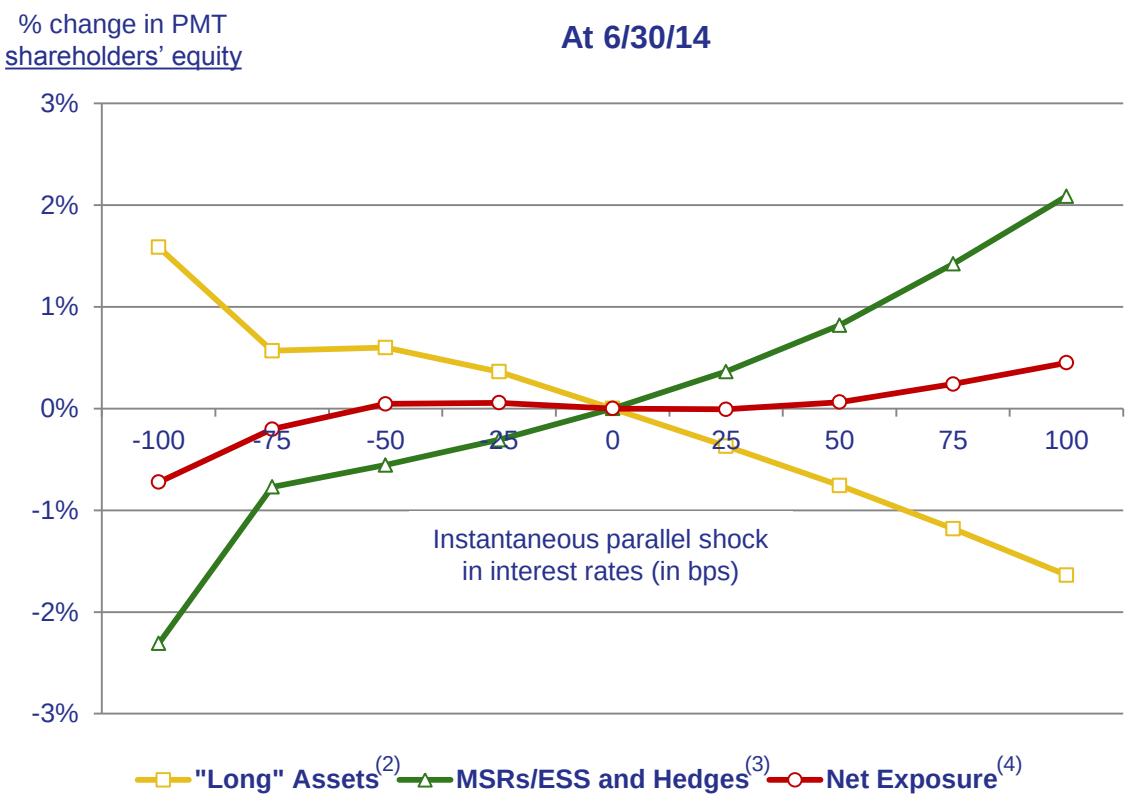


Leverage ratio[1]	1.7x	1.8x	1.8x	1.6x	2.0x

[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[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

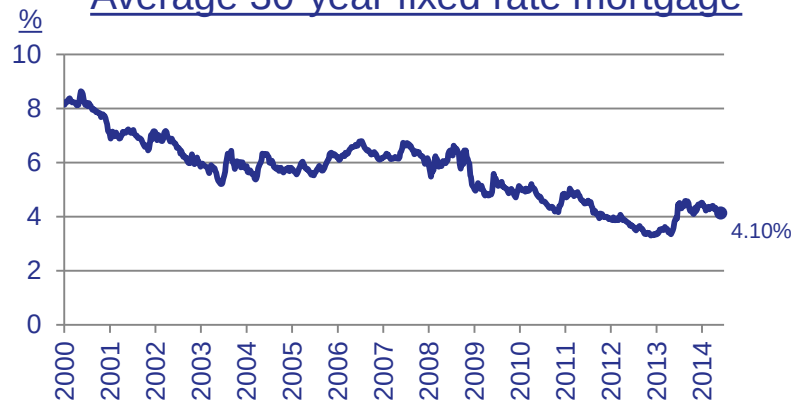
(3) Includes MSRs, ESS, and hedges which include put and call options on MBS, Eurodollar futures and Treasury futures

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

Current Market Environment and Outlook

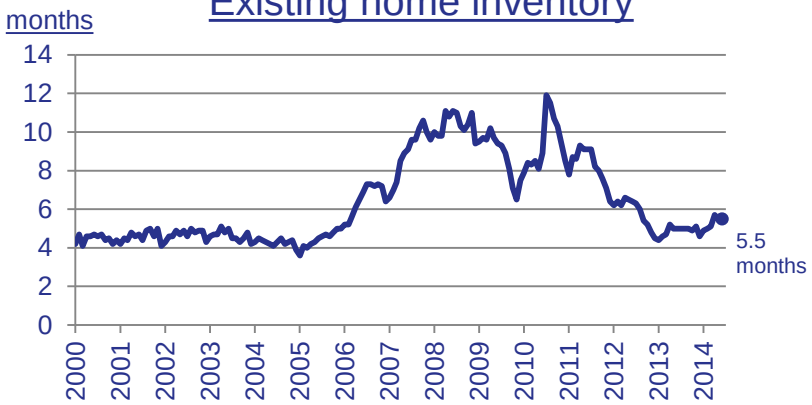
- Interest rates and mortgage rates remain low in a historical context
  - Lower rates in Q2 aided refinance activity
  - Higher rates anticipated long-term
- Continued improvement in home prices across the U.S., while not as strong as in 2013
  - Higher values going forward likely to be driven by the 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

Average 30-year fixed rate mortgage



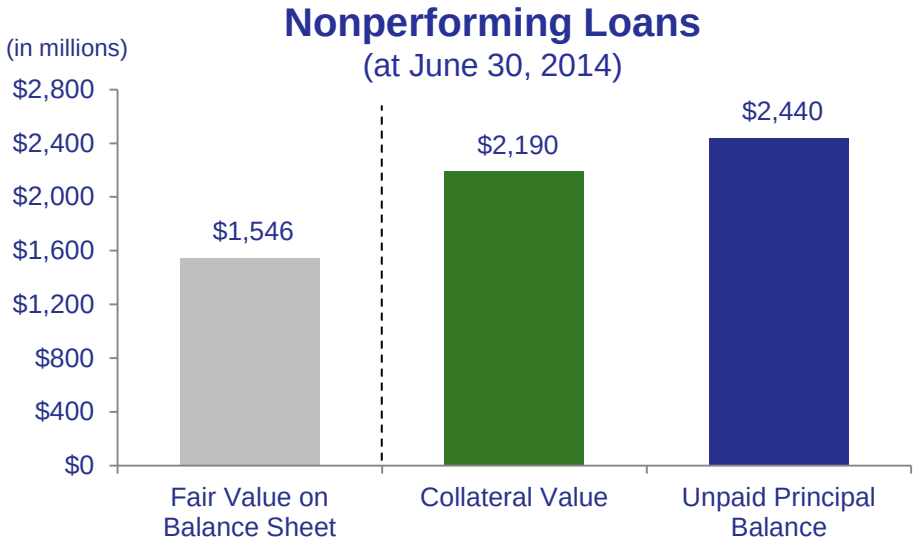
Source: Freddie Mac Primary Mortgage Market Survey

Existing home inventory

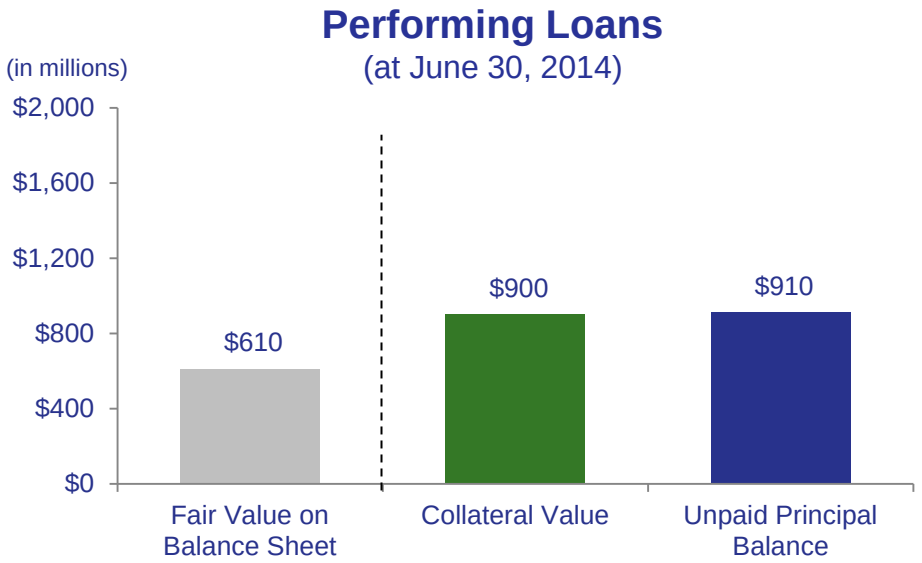


Source: National Association of Realtors

PMT's Distressed Loans Are Held at Discounts to UPB and Property Value

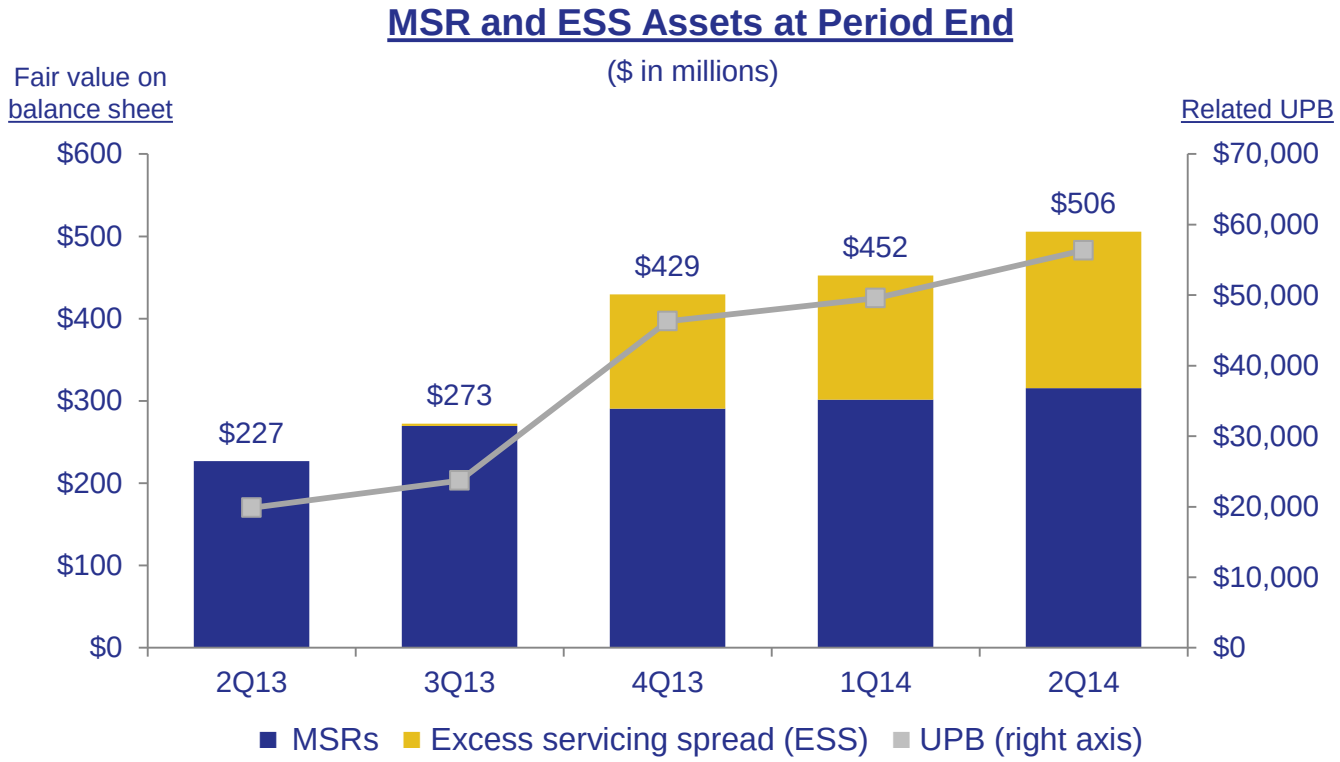


- Returns on nonperforming loans realized over time through property resolution strategies, including short sales and deeds-in-lieu of foreclosure



- Returns on performing loans realized over time through interest income, restructure / refinance disposition strategies, and bulk loan sales

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

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:

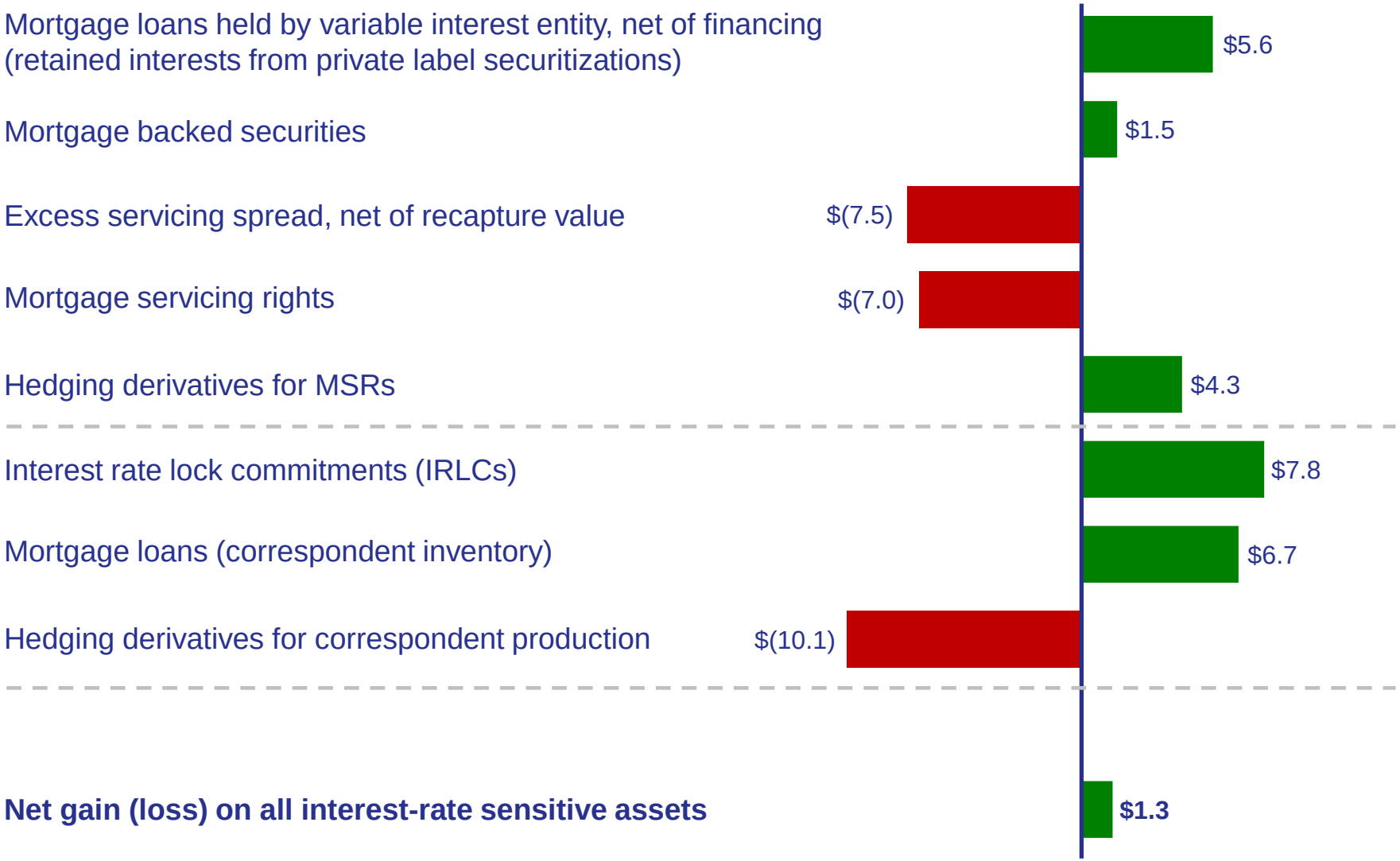
- Remain disciplined in pursuing new distressed whole loan acquisitions
- Invest in mortgage servicing-related assets
  - Investments in MSRs, resulting from the correspondent acquisition of newly originated loans
  - Investments in ESS related to MSR portfolios acquired by PFSI
- Expand participation in newly originated prime non-Agency loans over time
  - Loans are acquired by PMT through its correspondent production business
  - PMT can finance these loans through private-label securitization
  - Desirable returns on equity from holding investments in the retained interests from private-label securitizations or the whole loans net of financing

Appendix

PennyMac®
Mortgage Investment Trust

PMT's Interest Rate Risk Management Approach Results in Offsets in Value in 2Q14

Net gain (loss) on interest-rate related assets



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