

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, DC 20549

Form 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2026

Or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 001-34416

PennyMac Mortgage Investment Trust

(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction of
incorporation or organization)

27-0186273
(IRS Employer
Identification No.)

3043 Townsgate Road, Westlake Village, California
(Address of principal executive offices)

91361
(Zip Code)

(818) 224-7442

(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of Each Class | Trading Symbol (s) | Name of Each Exchange on Which Registered |
|---|--------------------|---|
| Common Shares of Beneficial Interest, \$0.01 Par Value | PMT | New York Stock Exchange |
| 8.125% Series A Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 Par Value | PMT/PRA | New York Stock Exchange |
| 8.00% Series B Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 Par Value | PMT/PRB | New York Stock Exchange |
| 6.75% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest, \$0.01 Par Value | PMT/PRC | New York Stock Exchange |
| 8.50% Senior Notes Due September 2028 | PMTU | New York Stock Exchange |
| 9.00% Senior Notes Due February 2030 | PMTV | New York Stock Exchange |
| 9.00% Senior Notes Due June 2030 | PMTW | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

| | | | |
|-------------------------|-------------------------------------|---------------------------|--------------------------|
| Large accelerated filer | <input checked="" type="checkbox"/> | Accelerated filer | <input type="checkbox"/> |
| Non-accelerated filer | <input type="checkbox"/> | Smaller reporting company | <input type="checkbox"/> |
| | | Emerging growth company | <input type="checkbox"/> |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act): Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Class
Common Shares of Beneficial Interest, \$0.01 par value

Outstanding at May 1, 2026
87,202,362

PENNYMAC MORTGAGE INVESTMENT TRUST
FORM 10-Q
March 31, 2026
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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (this “Report”) contains certain forward-looking statements that are subject to various risks and uncertainties. Forward-looking statements are generally identifiable by use of forward-looking terminology such as “may,” “will,” “should,” “potential,” “intend,” “expect,” “seek,” “anticipate,” “estimate,” “approximately,” “believe,” “could,” “project,” “predict,” “continue,” “plan” or other similar words or expressions.

Forward-looking statements are based on certain assumptions, discuss future expectations, describe future plans and strategies, contain financial and operating projections or state other forward-looking information. Examples of forward-looking statements include the following:

- projections of our revenues, results of operations, earnings per share, capital structure or other financial items;
- descriptions of our plans or objectives for future operations, products or services;
- forecasts of our future economic performance, interest rates, profit margins and our share of future markets; and
- descriptions of assumptions underlying or relating to any of the foregoing expectations regarding the timing of generating any revenues.

Our ability to predict results or the actual effect of future events, actions, plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, our actual results and performance could differ materially from those set forth in the forward-looking statements. There are a number of factors, many of which are beyond our control that could cause actual results to differ significantly from management’s expectations. Some of these factors are discussed below.

You should not place undue reliance on any forward-looking statement and should consider the following uncertainties and risks, as well as the risks and uncertainties discussed elsewhere in this Report and the section entitled “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the Securities and Exchange Commission (“SEC”) on February 18, 2026.

Factors that could cause actual results to differ materially from historical results or those anticipated include, but are not limited to:

- changes in interest rates;
- changes in macroeconomic, consumer and real estate market conditions;
- changes in real estate values, housing prices and housing sales;
- rising homeownership costs negatively impacting housing affordability;
- our ability to comply with various federal, state and local laws and regulations that govern our business;
- volatility in our industry, the debt or equity markets, the general economy or the real estate finance and real estate markets;
- events or circumstances which undermine confidence in the financial and housing markets or otherwise have a broad impact on financial and housing markets;
- the degree and nature of our competition;
- 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 concentration of credit risks to which we are exposed;
- 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;
- our ability to mitigate cybersecurity risks, cybersecurity incidents and technology disruptions;
- 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;
- our substantial amount of indebtedness;

- the performance, financial condition and liquidity of borrowers;
- our exposure to risks of loss and disruptions in operations resulting from severe weather events, man-made or other natural conditions, including climate change and pandemics;
- the ability of our servicer 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 may purchase, sell or securitize;
- the quality and enforceability of the collateral documentation evidencing our ownership rights in our investments;
- increased rates of delinquency, defaults and forbearances and/or decreased recovery rates on our investments;
- the performance of mortgage loans underlying mortgage-backed securities in which we retain credit risk;
- 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 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;
- our ability to maintain appropriate internal control over financial reporting;
- our ability to detect misconduct and fraud;
- developments in the secondary markets for our mortgage loan products;
- legislative and regulatory changes that impact the mortgage loan industry or housing market;
- regulatory or other changes that impact government agencies or government-sponsored entities, or such changes that increase the cost of doing business with such agencies or entities;
- the Consumer Financial Protection Bureau and its issued and future rules and the enforcement thereof;
- changes in government support of home ownership and home affordability programs;
- 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;
- limitations imposed on our business and our ability to satisfy complex rules for us to qualify as a real estate investment trust (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;
- changes in governmental regulations, accounting treatment, tax rates and similar matters;
- our ability to make distributions to our shareholders in the future;
- our failure to deal appropriately with issues that may give rise to reputational risk;
- and our organizational structure and certain requirements in our charter documents.

Other factors that could also cause results to differ from our expectations may not be described in this Report or any other document. Each of these factors could by itself, or together with one or more other factors, adversely affect our business, income and/or financial condition.

Forward-looking statements speak only as of the date they are made, and we undertake no obligation to update any forward-looking statement to reflect the impact of circumstances or events that arise after the date the forward-looking statement was made.

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

**PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)**

| | March 31, 2026 | December 31, 2025 |
|--|---|------------------------------|
| | (in thousands, except share information) | |
| ASSETS | | |
| Cash | \$ 213,958 | \$ 271,970 |
| Short-term investments at fair value | 187,689 | 190,518 |
| Mortgage-backed securities at fair value pledged to creditors | 3,765,539 | 4,452,859 |
| Loans held for sale at fair value (\$2,328,824 and \$2,676,700 pledged to creditors, respectively) | 2,349,895 | 2,699,398 |
| Loans held for investment at fair value (\$10,866,292 and \$8,530,939 pledged to creditors, respectively) | 10,867,942 | 8,532,644 |
| Derivative assets with nonaffiliates (\$30,174 and \$32,659 pledged to creditors, respectively) | 50,766 | 49,696 |
| Derivative assets with PennyMac Financial Services, Inc. | 3,823 | 6,247 |
| Deposits securing credit risk transfer arrangements pledged to creditors | 969,725 | 1,009,334 |
| Mortgage servicing rights at fair value (\$3,560,828 and \$3,582,211 pledged to creditors, respectively) | 3,623,979 | 3,644,702 |
| Servicing advances (\$67,604 and \$78,430 pledged to creditors, respectively) | 79,200 | 96,830 |
| Due from PennyMac Financial Services, Inc. | 16,152 | 19,100 |
| Other | 374,024 | 373,584 |
| Total assets | <u>\$ 22,502,692</u> | <u>\$ 21,346,882</u> |
| LIABILITIES | | |
| Assets sold under agreements to repurchase | \$ 7,300,692 | \$ 8,018,601 |
| Notes payable secured by credit risk transfer and mortgage servicing assets | 2,396,545 | 2,258,128 |
| Unsecured senior notes | 684,506 | 1,028,300 |
| Interest-only security payable at fair value | 34,232 | 37,650 |
| Asset-backed financings of variable interest entities at fair value | 9,903,515 | 7,789,303 |
| Derivative and credit risk transfer strip liabilities with nonaffiliates at fair value | 21,329 | 6,932 |
| Derivative liabilities with PennyMac Financial Services, Inc. | 5,886 | 2,257 |
| Accounts payable and accrued liabilities | 137,102 | 168,498 |
| Due to PennyMac Financial Services, Inc. | 17,500 | 17,122 |
| Income taxes payable | 129,677 | 127,476 |
| Liability for losses under representations and warranties | 5,152 | 5,284 |
| Total liabilities | <u>20,636,136</u> | <u>19,459,551</u> |
| Commitments and contingencies – Note 17 | | |
| SHAREHOLDERS' EQUITY | | |
| Preferred shares of beneficial interest, \$0.01 par value per share—authorized 100,000,000 shares, issued and outstanding 22,400,000, liquidation preference \$560,000,000 | 541,482 | 541,482 |
| Common shares of beneficial interest, \$0.01 par value—authorized, 500,000,000 issued and outstanding, 87,191,663 and 87,016,604 shares, respectively | 872 | 870 |
| Additional paid-in capital | 1,927,759 | 1,927,804 |
| Accumulated deficit | (603,557) | (582,825) |
| Total shareholders' equity | <u>1,866,556</u> | <u>1,887,331</u> |
| Total liabilities and shareholders' equity | <u>\$ 22,502,692</u> | <u>\$ 21,346,882</u> |

The accompanying notes are an integral part of these consolidated financial statements.

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

Assets and liabilities of consolidated variable interest entities (“VIEs”) included in total assets and liabilities (the assets of each VIE can only be used to settle liabilities of that VIE) are summarized below:

| | March 31, 2026 | December 31, 2025 |
|---|---------------------------|------------------------------|
| | (in thousands) | |
| ASSETS | | |
| Loans held for investment at fair value | \$ 10,866,292 | \$ 8,530,939 |
| Derivative assets | 30,174 | 32,659 |
| Deposits securing credit risk transfer arrangements | 969,725 | 1,009,334 |
| Other—interest receivable | 39,444 | 35,675 |
| | \$ 11,905,635 | \$ 9,608,607 |
| LIABILITIES | | |
| Asset-backed financings of the variable interest entities at fair value | \$ 9,903,515 | \$ 7,789,303 |
| Interest-only security payable at fair value | 34,232 | 37,650 |
| Derivative and credit risk transfer strip liabilities at fair value | 4,062 | 5,999 |
| Accounts payable and accrued liabilities—interest payable | 39,444 | 35,675 |
| | \$ 9,981,253 | \$ 7,868,627 |

The accompanying notes are an integral part of these consolidated financial statements.

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)

| | Quarter ended March 31, | |
|--|--|------------|
| | 2026 | 2025 |
| | (in thousands, except earnings per common share) | |
| Net investment income | | |
| Net loan servicing fees: | | |
| From nonaffiliates | | |
| Contractually specified | \$ 147,592 | \$ 152,199 |
| Other | 3,367 | 3,917 |
| | 150,959 | 156,116 |
| Change in fair value of mortgage servicing rights | (61,299) | (144,590) |
| Mortgage servicing rights hedging results | (11,881) | (39,944) |
| | 77,779 | (28,418) |
| From PennyMac Financial Services, Inc. | 5,807 | 1,208 |
| Net loan servicing fees | 83,586 | (27,210) |
| Net gains on loans held for sale at fair value: | | |
| From nonaffiliates | 22,910 | 10,329 |
| From PennyMac Financial Services, Inc. | — | 2,015 |
| Net gains on loans held for sale at fair value | 22,910 | 12,344 |
| Loan origination fees | 2,375 | 3,152 |
| Net (losses) gains on investments and financings | (23,063) | 62,313 |
| Net interest expense: | | |
| Interest income | 276,091 | 176,091 |
| Interest expense | 279,750 | 182,137 |
| Net interest expense | (3,659) | (6,046) |
| Results of real estate acquired in settlement of loans | (48) | (141) |
| Other | 33 | 53 |
| Net investment income | 82,134 | 44,465 |
| Expenses | | |
| Earned by PennyMac Financial Services, Inc.: | | |
| Loan servicing fees | 19,723 | 21,729 |
| Management fees | 6,762 | 7,012 |
| Loan fulfillment fees | 5,737 | 5,290 |
| Professional services | 13,501 | 6,982 |
| Compensation | 2,976 | 2,970 |
| Loan collection and liquidation | 2,124 | 1,969 |
| Safekeeping | 855 | 1,110 |
| Loan origination | 213 | 686 |
| Other | 3,348 | 3,016 |
| Total expenses | 55,239 | 50,764 |
| Income (loss) before provision for (benefit from) income taxes | 26,895 | (6,299) |
| Provision for (benefit from) income taxes | 2,279 | (15,979) |
| Net income | 24,616 | 9,680 |
| Dividends on preferred shares of beneficial interest | 10,455 | 10,455 |
| Net income (loss) attributable to common shareholders | \$ 14,161 | \$ (775) |
| Earnings (loss) per common share | | |
| Basic | \$ 0.16 | \$ (0.01) |
| Diluted | \$ 0.16 | \$ (0.01) |
| Weighted average common shares outstanding | | |
| Basic | 87,082 | 86,907 |
| Diluted | 87,082 | 86,907 |

The accompanying notes are an integral part of these consolidated financial statements.

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

| | Quarter ended March 31, 2026 | | | | | | |
|-------------------------------------|--|-------------------|------------------|---------------|----------------------------|---------------------|---------------------|
| | Preferred shares | | Common shares | | | Accumulated deficit | Total |
| | Number of shares | Amount | Number of shares | Par value | Additional paid-in capital | | |
| | (in thousands, except per share amounts) | | | | | | |
| Balance at December 31, 2025 | 22,400 | \$ 541,482 | 87,017 | \$ 870 | \$ 1,927,804 | \$ (582,825) | \$ 1,887,331 |
| Net income | — | — | — | — | — | 24,616 | 24,616 |
| Share-based compensation | — | — | 175 | 2 | (45) | — | (43) |
| Dividends: | | | | | | | |
| Preferred shares | — | — | — | — | — | (10,455) | (10,455) |
| Common shares (\$0.40 per share) | — | — | — | — | — | (34,893) | (34,893) |
| Balance at March 31, 2026 | <u>22,400</u> | <u>\$ 541,482</u> | <u>87,192</u> | <u>\$ 872</u> | <u>\$ 1,927,759</u> | <u>\$ (603,557)</u> | <u>\$ 1,866,556</u> |

| | Quarter ended March 31, 2025 | | | | | | |
|-------------------------------------|--|-------------------|------------------|---------------|----------------------------|---------------------|---------------------|
| | Preferred shares | | Common shares | | | Accumulated deficit | Total |
| | Number of shares | Amount | Number of shares | Par value | Additional paid-in capital | | |
| | (in thousands, except per share amounts) | | | | | | |
| Balance at December 31, 2024 | 22,400 | \$ 541,482 | 86,861 | \$ 869 | \$ 1,925,067 | \$ (528,918) | \$ 1,938,500 |
| Net income | — | — | — | — | — | 9,680 | 9,680 |
| Share-based compensation | — | — | 150 | 1 | (165) | — | (164) |
| Dividends: | | | | | | | |
| Preferred shares | — | — | — | — | — | (10,455) | (10,455) |
| Common shares (\$0.40 per share) | — | — | — | — | — | (34,843) | (34,843) |
| Balance at March 31, 2025 | <u>22,400</u> | <u>\$ 541,482</u> | <u>87,011</u> | <u>\$ 870</u> | <u>\$ 1,924,902</u> | <u>\$ (564,536)</u> | <u>\$ 1,902,718</u> |

The accompanying notes are an integral part of these consolidated financial statements.

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

| | Quarter ended March 31, | |
|--|-------------------------|--------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Cash flows from operating activities | | |
| Net income | \$ 24,616 | \$ 9,680 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Change in fair value of mortgage servicing rights | 61,299 | 144,590 |
| Mortgage servicing rights hedging results | 11,881 | 39,944 |
| Net gains on loans held for sale | (22,910) | (12,344) |
| Net losses (gains) on investments and financings | 23,063 | (62,313) |
| Accrual of unearned discounts and amortization of purchase premiums on mortgage-backed securities, loans held for investment, and asset-backed financings, net | (3,107) | (10,751) |
| Amortization of debt issuance costs | 4,832 | 3,919 |
| Results of real estate acquired in settlement of loans | 48 | 141 |
| Share-based compensation expense | 1,099 | 963 |
| Purchase of loans held for sale from nonaffiliates | (453,220) | (23,337,077) |
| Purchase of loans held for sale from PennyMac Financial Services, Inc. | (4,380,289) | (654,808) |
| Sale to nonaffiliates and repayment of loans held for sale | 2,217,203 | 2,613,958 |
| Sale of loans held for sale to PennyMac Financial Services, Inc. | — | 20,437,666 |
| Repurchase of loans subject to representations and warranties | (3,601) | (4,845) |
| Decrease in servicing advances | 17,604 | 20,236 |
| Decrease in due from PennyMac Financial Services, Inc. | 2,948 | 860 |
| (Increase) decrease in other assets | (1,965) | 266,688 |
| Decrease in accounts payable and accrued liabilities | (31,446) | (33,678) |
| Increase (decrease) in due to PennyMac Financial Services, Inc. | 378 | (1,008) |
| Increase (decrease) in income taxes payable | 2,201 | (16,088) |
| Net cash used in operating activities | (2,529,366) | (594,267) |
| Cash flows from investing activities | | |
| Net decrease (increase) in short-term investments | 2,829 | (100,960) |
| Purchase of mortgage-backed securities | (4,000) | — |
| Sale and repayment of mortgage-backed securities | 666,313 | 102,769 |
| Repayment of loans held for investment | 523,915 | 42,282 |
| Net settlement of derivative financial instruments | (1,010) | 2,806 |
| Distribution from credit risk transfer arrangements | 50,581 | 35,339 |
| Transfer of mortgage servicing rights relating to delinquent loans to Agency | (295) | (221) |
| Sale of real estate acquired in settlement of loans | 117 | 46 |
| Decrease (increase) in margin deposits | 27,082 | (41,833) |
| Net cash provided by investing activities | 1,265,532 | 40,228 |

Statements continued on the next page

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(Continued)

| | Quarter ended March 31, | |
|---|-------------------------|-------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Cash flows from financing activities | | |
| Sale of assets under agreements to repurchase | 13,713,269 | 34,797,503 |
| Repurchase of assets sold under agreements to repurchase | (14,432,214) | (35,096,910) |
| Issuance of mortgage loan participation purchase and sale agreements | — | 295,892 |
| Repayment of mortgage loan participation purchase and sale agreements | — | (302,940) |
| Issuance of notes payable secured by credit risk transfer and mortgage servicing assets | 251,693 | — |
| Repayment of notes payable secured by credit risk transfer and mortgage servicing assets | (111,939) | (247,977) |
| Issuance of unsecured senior notes | — | 172,500 |
| Repayment of unsecured senior notes | (345,000) | — |
| Issuance of asset-backed financings of variable interest entities | 2,691,462 | 940,457 |
| Repayment of asset-backed financings of variable interest entities | (511,082) | (41,256) |
| Payment of debt issuance costs | (3,927) | (6,563) |
| Payment of dividends to preferred shareholders | (10,455) | (10,455) |
| Payment of dividends to common shareholders | (34,843) | (34,838) |
| Payment of vested share-based compensation tax withholdings | (1,142) | (1,127) |
| Net cash provided by financing activities | 1,205,822 | 464,286 |
| Net decrease in cash | (58,012) | (89,753) |
| Cash at beginning of quarter | 271,970 | 337,694 |
| Cash at end of quarter | <u>\$ 213,958</u> | <u>\$ 247,941</u> |
| Supplemental cash flow information | | |
| Payments, net: | | |
| Income taxes | \$ 78 | \$ 109 |
| Interest | \$ 288,606 | \$ 220,334 |
| Non-cash investing activities: | | |
| Recognition of loans held for investment resulting from initial consolidation of variable interest entities | \$ 2,934,239 | \$ 1,049,704 |
| Receipt of mortgage servicing rights as proceeds from sales of loans | \$ 40,281 | \$ 47,009 |
| Non-cash financing activities: | | |
| Dividends declared, not paid | \$ 34,893 | \$ 34,843 |

The accompanying notes are an integral part of these consolidated financial statements.

PENNYMAC MORTGAGE INVESTMENT TRUST AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1—Organization

PennyMac Mortgage Investment Trust (“PMT” or the “Company”) is a specialty finance company, which invests in residential mortgage-related assets. The Company operates in three reportable segments: credit sensitive strategies, interest rate sensitive strategies and aggregation and securitization (formerly referred to as correspondent production). All other activities are included in corporate:

- The credit sensitive strategies segment represents the Company’s investments in credit risk transfer (“CRT”) arrangements referencing loans from its own aggregation and securitization (“CRT arrangements”) and subordinate, residential and credit-linked mortgage-backed securities (“MBS”).
- The interest rate sensitive strategies segment represents the Company’s investments in mortgage servicing rights (“MSRs”), Agency and senior non-Agency MBS, and collateralized mortgage obligations (“CMOs”) and the related interest rate hedging activities.
- The aggregation and securitization segment represents the Company’s operations purchasing, pooling and reselling or financing newly originated prime credit quality loans either directly or in the form of MBS, using the services of Pennymac Capital Management, LLC (“PCM”) and PennyMac Loan Services, LLC (“PLS”), both wholly-owned subsidiaries of PennyMac Financial Services, Inc. (“PFSI”), a publicly-traded mortgage banking and investment management company separately listed on the New York Stock Exchange.

The Company sells the loans it acquires through its aggregation and securitization activities primarily to government-sponsored enterprises (“GSEs”) such as the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Federal National Mortgage Association (“Fannie Mae”). Freddie Mac and Fannie Mae are each referred to as an “Agency” and, collectively, as the “Agencies.” The Company also finances certain of the loans it aggregates through its own securitizations and retains certain senior and subordinate MBS created in the securitizations.

- Corporate activities include management fees, corporate expense amounts and certain interest income and expense. None of the corporate activities qualify as reportable segments.

The Company conducts substantially all of its operations and makes substantially all of its investments through its subsidiary, PennyMac Operating Partnership, L.P. (the “Operating Partnership”), and the Operating Partnership’s subsidiaries. A wholly-owned subsidiary of the Company is the sole general partner, and the Company is the sole limited partner, of the Operating Partnership.

The Company believes that it qualifies, and has elected to be taxed, as a real estate investment trust (“REIT”) under the Internal Revenue Code of 1986, as amended (the “Internal Revenue Code”). To maintain its tax status as a REIT, the Company is required to distribute at least 90% of its taxable income in the form of qualifying distributions to shareholders.

Note 2—Basis of Presentation

Basis of Presentation

The Company’s consolidated financial statements have been prepared in compliance with accounting principles generally accepted in the United States (“GAAP”) as codified in the Financial Accounting Standards Board’s (“FASB”) *Accounting Standards Codification* for interim financial information and with the Securities and Exchange Commission’s instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, these financial statements and notes do not include all of the information required by GAAP for complete financial statements. This interim consolidated information should be read together with the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

These unaudited consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, results of operations, and cash flows for the interim periods presented, but are not necessarily indicative of the results of operations that may be anticipated for the full year. Intercompany accounts and transactions have been eliminated.

Preparation of financial statements in compliance with GAAP requires the Company to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Actual results will likely differ from those estimates.

The Company held no restricted cash during the periods presented. Therefore, the consolidated statements of cash flows do not include references to restricted cash.

Note 3—Concentration of Risks

As discussed in Note 1 – *Organization* above, PMT’s operating and investing activities are centered in residential mortgage-related assets, including CRT arrangements, subordinate MBS, Agency and senior Non-Agency MBS, CMOs, loans held for investment and MSR.

The Company is exposed to fair value risk and credit risk. As a result of prevailing market conditions, including changes in market interest rates, the Company may be required to recognize losses associated with adverse changes to the fair value of its investments in MSR, CRT arrangements, loans and MBS. The Company is exposed to credit losses arising from its investments in CRT arrangements and subordinate MBS.

Fair Value Risk

The Company carries its non-cash financial assets and MSR at fair value with changes in fair value included in its results of operations:

- The fair value of MSR is sensitive to changes in prepayment speed expectation and experience, the returns demanded by market participants and estimates of cost to service the underlying loans;
- The fair values of Agency and senior non-Agency MBS are sensitive to changes in market interest rates; and
- The fair values of CRT arrangements and subordinate MBS are sensitive to market perceptions of future credit performance of the underlying loans as well as the actual credit performance of such loans and the returns required by market participants to hold such investments.

Credit Risk

Note 6 – *Variable Interest Entities* details the Company’s investments in CRT arrangements whereby the Company sold pools of loans into Fannie Mae guaranteed loan securitizations which became reference pools underlying the CRT arrangements. Fannie Mae transferred interest-only (“IO”) ownership interests and recourse obligations based upon the securitized reference pools of loans subject to the CRT arrangements into trust entities, and the Company acquired the IO ownership interests and assumed the recourse obligations in the CRT arrangements through the acquisition of beneficial interests in the trust entities.

The Company also invests in subordinate MBS, which are among the first beneficial interests in the issuing trusts to absorb credit losses on the underlying loans.

The Company’s retention of credit risk through its investment in CRT arrangements and subordinate MBS subjects it to risks associated with delinquency and foreclosure similar to the risks of loss associated with owning the underlying loans, which is greater than the risk of loss associated with selling loans to the Agencies without the retention of credit risk in the case of CRT arrangements and investing in senior mortgage-backed securities in the case of subordinate MBS.

Certain of the Company’s investments in CRT arrangements are structured such that loans that reach a specific number of days delinquent trigger losses chargeable to the CRT arrangements based on the sizes of the delinquent loans and a contractual schedule of loss severity. Therefore, the risks associated with delinquency and foreclosure may in some instances be greater than the risks associated with owning the related loans because the structure of those CRT arrangements provides that the Company may be required to absorb losses in the event of delinquency or foreclosure even when there is ultimately no loss realized with respect to such loans (e.g., as a result of a borrower’s re-performance). In contrast, the structure of the Company’s other investments in CRT arrangements requires PMT to absorb losses only when the reference loans realize losses.

The Company maintains cash and short-term investment balances at financial institutions in excess of the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Should one or more of the financial institutions at which the Company’s deposits are maintained fail, there is no guarantee as to the extent that the Company would recover the funds deposited, whether through FDIC coverage or otherwise, or the timing of any recovery.

Note 4—Transactions with Related Parties

The Company enters into transactions with subsidiaries of PFSI in support of its operating, investing and financing activities as summarized below.

Operating Activities

Servicing Agreement

The Company has a loan servicing agreement with PLS (the "Servicing Agreement") pursuant to which PLS provides subservicing for the Company's portfolio of MSR's, loans held for sale, loans held in VIEs (prime servicing), and its portfolio of residential loans purchased with credit deterioration (special servicing or distressed loans).

Under the Servicing Agreement, as amended, servicing fees for all subserviced MSR's and loans are established at a per-loan monthly amount based on the delinquency, bankruptcy and/or foreclosure status of the serviced loan or *Real estate acquired in settlement of loans* ("REO") as shown below:

- Through September 30, 2025, the per-loan base servicing fees for loans subserviced by PLS on the Company's behalf were \$7.50 per month for fixed-rate loans and \$8.50 per month for adjustable-rate loans. Effective October 1, 2025, the per loan base servicing fees for mortgage loans are \$7.00 per month for fixed-rate loans and \$8.00 per month for adjustable-rate loans.
- To the extent that loans become delinquent, PLS is entitled to an additional servicing fee per loan ranging from \$18 to \$80 per month based on the delinquency, bankruptcy and foreclosure status of the loan or \$75 per month if the underlying mortgaged property becomes REO.
- PLS is also entitled to customary ancillary income and certain market-based fees and charges, including boarding and deboarding fees, liquidation and disposition fees, assumption, modification and origination fees, pass through of Agency incentive fees to PLS for loss mitigation activities and a fee for processing insurance and guarantee claims on defaulted loans.

The Servicing Agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

MSR Recapture Agreement

The Company has an MSR recapture agreement with PLS. Pursuant to the terms of the MSR recapture agreement, if PLS refinances (recaptures) mortgage loans for which the Company previously held the MSR's, PLS is generally required to transfer and convey to the Company cash in an amount equal to:

- 70% of the fair market value of the MSR's relating to the recaptured loans subject to the first 30% of the "recapture rate";
- 50% of the fair market value of the MSR's relating to the recaptured loans subject to the "recapture rate" in excess of 30% and up to 50%;
- 40% of the fair market value of the MSR's relating to the recaptured loans subject to the "recapture rate" in excess of 50%; and
- a recapture fee of \$900 per loan if PLS originates a mortgage loan for the purpose of purchasing a property where the customer has or had a mortgage loan for which PMT holds or held the MSR.

The "recapture rate" means, during each month, the ratio of (i) the aggregate unpaid principal balance ("UPB") of all refinance mortgage loans originated in such month, plus the aggregate UPB of all "preserved mortgage loans" relating to closed end second loans originated in such month, to (ii) the aggregate UPB of all mortgage loans from the portfolio that PLS has determined in good faith were refinanced in such month, plus the aggregate UPB of all "preserved mortgage loans" relating to closed end second lien loans originated in such month. For purposes of such calculation, "preserved mortgage loan" means a mortgage loan in PMT's portfolio as to which PLS or its affiliates originated a new closed end second lien loan in a subordinate position to such mortgage loan. PFSI has further agreed to allocate sufficient resources to target a recapture rate of at least 30%.

The MSR recapture agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

Following is a summary of loan servicing and recapture fees earned by PLS:

| | Quarter ended March 31, | |
|--|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Loan servicing fees: | | |
| Loans held for sale | \$ 155 | \$ 223 |
| Loans held for investment | 516 | 168 |
| Mortgage servicing rights | 19,052 | 21,338 |
| | <u>\$ 19,723</u> | <u>\$ 21,729</u> |
| Average investment in loans: | | |
| Held for sale | \$ 2,615,661 | \$ 1,997,488 |
| Held for investment | \$ 9,695,900 | \$ 2,626,335 |
| Average MSR portfolio unpaid principal balance | \$ 214,185,523 | \$ 225,515,018 |
| Mortgage servicing rights recapture fees | \$ 5,807 | \$ 1,208 |
| Unpaid principal balance of loans recaptured | \$ 550,998 | \$ 159,472 |

Aggregation and Securitization Activities

Mortgage Banking Services Agreement

The Company is provided fulfillment and other services for the operation of its aggregation and securitization activities under an amended and restated mortgage banking services agreement with PLS. These services include: provision of models and technology for the pricing of loans and MSRs; reviews of loan data; documentation and appraisals to assess loan quality and risk; hedging the fair value of the Company's mortgage loan inventory and commitments to purchase mortgage loans; correspondent seller performance and credit monitoring; and the sale of loans through secondary mortgage markets on behalf of the Company.

PLS assumed the role of initial correspondent loan purchaser instead of the Company effective July 1, 2025 and the Company has the right under a mortgage loan purchase agreement to purchase up to 100% of the non-government insured or guaranteed delegated correspondent loans purchased by PLS at its cost plus accrued interest, less any loan administrative fee paid to PLS by the correspondent seller, and subject to quarterly fulfillment fees as described below. PLS may hold or otherwise sell correspondent loans to other investors if the Company chooses not to purchase such loans. As a result of the revised agreement, the sourcing fee arrangement described below no longer has any effect for correspondent loan commitments entered into beginning on July 1, 2025.

Effective January 1, 2025, fulfillment fees in any quarter shall not exceed the following:

- the product of (i) the sum of \$585 for each pull-through adjusted loan commitment up to and including 16,500 per quarter and \$355 for each pull-through adjusted loan commitment in excess of 16,500 per quarter, and (ii) the number of loan commitments relating to loans intended to be purchased by PMT during the quarter and thereafter retained by PMT prior to sale or securitization, divided by the total number of non-Ginnie Mae loan commitments issued during the quarter (in each case as determined after applying the applicable pull-through factor) plus
- the product of (i) the sum of \$315 for each purchased loan up to and including 16,500 per quarter and \$195 for each purchased loan in excess of 16,500 per quarter, and (ii) the number of loans purchased by PMT during the quarter and thereafter retained by PMT prior to sale or securitization, divided by the total number of non-Ginnie Mae loans purchased during the quarter, plus
- \$500 multiplied by the number of all purchased loans that are securitized or sold to parties other than Fannie Mae or Freddie Mac.

The Company does not hold the Ginnie Mae approval required to issue Ginnie Mae MBS and/or to act as a servicer for loans in Ginnie Mae MBS. Accordingly, under the mortgage banking services agreement, through June 30, 2025, PLS purchased mortgage loans underwritten in accordance with the Ginnie Mae MBS Guide "as is" and without recourse of any kind from the Company at its cost less an administrative fee plus accrued interest and a sourcing fee ranging from one to two basis points of the UPB of the loan, generally based on the average number of calendar days the loans were held by the Company before purchase by PLS. PLS could also acquire conventional loans from the Company on the same terms upon mutual agreement between the Company and PLS.

While PLS purchased these mortgage loans "as is" and without recourse of any kind from the Company, where PLS has a claim for repurchase, indemnity or otherwise against a correspondent seller, it is entitled, at its sole expense, to pursue any such claim through or in the name of the Company.

The mortgage banking services agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

The Company may also purchase newly originated conforming balance non-government insured or guaranteed loans from PLS under the mortgage loan purchase agreement.

Following is a summary of our aggregation and securitization activities between the Company and PLS:

| | Quarter ended March 31, | |
|---|-------------------------|----------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Loan fulfillment fees earned by PLS | \$ 5,737 | \$ 5,290 |
| Unpaid principal balance of loans fulfilled by PLS | \$ 2,796,544 | \$ 2,781,722 |
| Sourcing fees received from PLS included in <i>Net gains on loans held for sale</i> | \$ — | \$ 2,015 |
| Unpaid principal balance of loans sold to PLS: | | |
| Government guaranteed or insured | \$ — | \$ 11,191,880 |
| Conventional conforming | — | 8,960,796 |
| | <u>\$ —</u> | <u>\$ 20,152,676</u> |
| Purchases of loans held for sale from PLS (1) | \$ 4,380,289 | \$ 654,808 |
| Tax service fees paid to PLS | \$ — | \$ 477 |

(1) Amount includes loans purchased from PLS subject to the fulfillment agreement as well as other loans purchased from PLS.

Management Agreement

PMT has a management agreement with PCM, pursuant to which PMT pays PCM management fees as follows:

- A base management fee that is calculated quarterly and is equal to the sum of (i) 1.5% per year of average shareholders' equity up to \$2 billion, (ii) 1.375% per year of average shareholders' equity in excess of \$2 billion and up to \$5 billion, and (iii) 1.25% per year of average shareholders' equity in excess of \$5 billion. "Shareholders' equity" is defined as the sum of net proceeds from issuances and repurchases of equity securities since inception, plus retained earnings or reduced by accumulated deficit.
- A performance incentive fee that is calculated annually at a defined annualized percentage of the amount by which "net income," for a fiscal year and before deducting the incentive fee, exceeds certain levels of return on "common shareholders' equity."

The performance incentive fee is equal to the sum of:

- 10% of the amount by which "net income" for the year exceeds (i) an 8% return on the average "common shareholders' equity" plus the "high watermark", up to (ii) a 12% return on "common shareholders' equity" during the fiscal year; plus
- 15% of the amount by which "net income" for the year exceeds (i) a 12% return on the average "common shareholders' equity" plus the "high watermark", up to (ii) a 16% return on "common shareholders' equity" during the fiscal year; plus
- 20% of the amount by which "net income" for the year exceeds a 16% return on the average "common shareholders' equity" during the fiscal year plus the "high watermark."

For the purpose of determining the amount of the performance incentive fee:

"Net income" is defined as net income or loss attributable to the Company's common shares of beneficial interest ("Common Shares") calculated in accordance with GAAP, and adjusted to exclude one-time events pursuant to changes in GAAP and certain other non-cash charges after discussion between PCM and the Company's independent trustees and after approval by a majority of the Company's independent trustees.

"Common shareholders' equity" is defined as the average shareholder's equity less the average GAAP carrying value of the Company's preferred equity.

"High watermark" is the annual adjustment that reflects the amount by which the "net income" (stated as a percentage of return on "common shareholders' equity") in that year exceeds or falls short of the lesser of 8% and the average Fannie Mae 30-year MBS Yield (the "Target Yield") for the year then ended. If the "net income" is lower than the Target Yield, the high watermark is increased by the difference. If the "net income" is higher than the Target Yield, the high watermark is reduced by the difference. Each time a

performance incentive fee is earned, the high watermark is reset to zero. As a result, the threshold amount required for the PCM to earn a performance incentive fee is adjusted cumulatively based on the performance of the Company's net income over (or under) the Target Yield, until the net income in excess of the Target Yield exceeds the then-current cumulative high watermark amount, and a performance incentive fee is earned. The high watermark is calculated based on the two years preceding the fiscal year for which the incentive fee is calculated, and will never be less than zero after including all high watermark increases and high watermark decreases over any such rolling two fiscal year period.

The base management fee is paid quarterly in arrears and the performance incentive fee is paid annually in arrears. The performance incentive fee may be paid in cash or a combination of cash and the Company's Common Shares (subject to a limit of no more than 50% paid in Common Shares), at the Company's option.

In the event of termination of the management agreement between the Company and PCM, PCM may be entitled to a termination fee in certain circumstances. The termination fee is equal to three times the sum of (a) the average annual base management fee, and (b) the average annual performance incentive fee earned by PCM, in each case during the 24-month period before termination of the management agreement.

Following is a summary of management fee expenses:

| | Quarter ended March 31, | |
|--|-------------------------|-----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Base management fee | \$ 6,762 | \$ 7,012 |
| Performance incentive fee | — | — |
| | <u>\$ 6,762</u> | <u>\$ 7,012</u> |
| Average shareholders' equity amounts used to calculate base management fee expense | \$ 1,828,237 | \$ 1,895,785 |

The management agreement expires on December 31, 2029, subject to automatic renewal for an additional 18-month period unless terminated in accordance with the terms of the agreement.

Expense Reimbursement

Under the management agreement, the Company reimburses PCM for its organizational and operating expenses, including third-party expenses, incurred on the Company's behalf, it being understood that PCM and its affiliates shall allocate a portion of their personnel's time to provide certain legal, tax, accounting, internal audit and investor relations services for the direct benefit of the Company. The Company is also required to pay a pro rata portion of the rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses (common overhead) of PCM and its affiliates required for the Company's and its subsidiaries' operations. These expenses are based on the resources PCM and its affiliates dedicate to investment management activities for the Company, as determined by PCM in its reasonable and good faith discretion.

Following is a summary of the Company's reimbursements to PCM and its affiliates for expenses:

| | Quarter ended March 31, | |
|--|-------------------------|-----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Reimbursement of: | | |
| Expenses incurred on the Company's behalf, net | \$ 6,141 | \$ 4,601 |
| Compensation | 1,599 | 1,629 |
| Common overhead | 949 | 981 |
| | <u>\$ 8,689</u> | <u>\$ 7,211</u> |
| Payments and settlements during the period (1) | \$ 18,330 | \$ 28,048 |

(2) Payments and settlements include payments and netting settlements made pursuant to master netting agreements between the Company and PFSI for the operating, investing and financing activities itemized in this Note.

Financing Activities

PFSI Investment in the Company

PFSI held 75,000 of the Company's Common Shares at both March 31, 2026 and December 31, 2025.

Amounts Receivable from and Payable to PFSI

Amounts receivable from and payable to PFSI are summarized below:

| | <u>March 31, 2026</u> | <u>December 31, 2025</u> |
|---|-----------------------|--------------------------|
| | (in thousands) | |
| Due from PFSI-Miscellaneous receivables | \$ 16,152 | \$ 19,100 |
| Due to PFSI: | | |
| Management fees | \$ 6,762 | \$ 6,856 |
| Loan servicing fees | 6,622 | 6,669 |
| Allocated expenses and costs | 3,931 | 3,161 |
| Aggregation and securitization costs | 185 | 436 |
| | <u>\$ 17,500</u> | <u>\$ 17,122</u> |

The Company has also transferred cash to PLS to fund loan servicing advances and REO property acquisition and preservation costs incurred on its behalf. Such amounts are included in various of the Company's balance sheet items as summarized below:

| <u>Balance sheet line including advance amount</u> | <u>March 31, 2026</u> | <u>December 31, 2025</u> |
|---|-----------------------|--------------------------|
| | (in thousands) | |
| <i>Servicing advances</i> | \$ 79,200 | \$ 96,830 |
| <i>Other assets-Real estate acquired in settlement of loans</i> | 681 | 655 |
| | <u>\$ 79,881</u> | <u>\$ 97,485</u> |

Note 5—Loan Sales

The following table summarizes cash flows between the Company and transferees in transfers of loans that are accounted for as sales where the Company maintains continuing involvement with the loans:

| | <u>Quarter ended March 31,</u> | |
|------------------------------|--------------------------------|--------------|
| | <u>2026</u> | <u>2025</u> |
| | (in thousands) | |
| Cash flows: | | |
| Proceeds from sales | \$ 2,217,203 | \$ 2,613,958 |
| Loan servicing fees received | \$ 139,903 | \$ 152,199 |

The following table summarizes for the dates presented collection status information for loans that are accounted for as sales where the Company maintains continuing involvement:

| | <u>March 31, 2026</u> | <u>December 31, 2025</u> |
|---|-----------------------|--------------------------|
| | (in thousands) | |
| Unpaid principal balance of loans outstanding | \$ 209,060,378 | \$ 212,581,934 |
| Collection status (Unpaid principal balance) | | |
| Delinquency: | | |
| 30-89 days delinquent | \$ 2,270,470 | \$ 2,583,158 |
| 90 or more days delinquent: | | |
| Not in foreclosure | \$ 1,002,603 | \$ 1,025,111 |
| In foreclosure | \$ 139,000 | \$ 118,503 |
| Bankruptcy | \$ 358,030 | \$ 351,890 |
| Custodial funds managed by the Company (1) | \$ 3,125,553 | \$ 2,758,142 |

- (1) Custodial funds represent borrower and investor custodial cash accounts relating to loans serviced under mortgage servicing agreements and are not included on the Company's consolidated balance sheets. The Company earns placement fees on certain of the custodial funds it manages on behalf of the loans' borrowers and investors, and these fees are included in *Interest income* in the Company's consolidated statements of operations.

Note 6—Variable Interest Entities

The Company is a variable interest holder in various VIEs that relate to its investing and financing activities as discussed below.

Credit Risk Transfer Arrangements

The Company has previously entered into certain loan sales arrangements pursuant to which it accepted credit risk relating to the loans sold in exchange for a portion of the interest earned on such loans. These arrangements absorb scheduled or realized credit losses on those loans and comprise the Company's investments in CRT arrangements.

The Company, through PennyMac Corp. ("PMC"), entered into CRT arrangements with Fannie Mae, pursuant to which the Company sold pools of loans into Fannie Mae-guaranteed securitizations while retaining recourse obligations as part of the retention of IO ownership interests in such loans. CRT arrangements include:

- securities that are structured such that loans that reach a specific number of days delinquent (including loans in forbearance) trigger losses chargeable to the CRT arrangement based on the sizes of the delinquent loans and a contractual schedule of loss severity; and
- securities that require the Company to absorb losses only when the reference loans realize credit losses.

The Company placed *Deposits securing credit risk transfer arrangements* into subsidiary trust entities to secure its recourse obligations. The *Deposits securing credit risk transfer arrangements* represent the Company's maximum contractual exposure to claims under its recourse obligations and are the sole source of settlement of losses under the CRT arrangements.

The Company's exposure to losses under its recourse obligations was initially established at rates ranging from 3.5% to 4.0% of the UPB of the loans sold under the CRT arrangements. As the UPB of the underlying loans subject to each CRT arrangement decreased through repayments, the percentage exposure to losses of each CRT arrangement increased to maximums ranging from 4.5% to 5.0% of outstanding UPB, although the total dollar amount of exposure to losses did not increase.

The Company has concluded that the subsidiary trust entities holding its CRT arrangements are VIEs and the Company is the primary beneficiary of the VIEs as it is the holder of the primary beneficial interests which absorb the variability of the trusts' income.

- For CRT arrangements where losses are triggered based on the loans' delinquency status, the Company recognizes its IO ownership interests and recourse obligations on the consolidated balance sheets as CRT derivatives in *Derivative assets* and *Derivative and credit risk transfer strip liabilities*.
- For CRT arrangements where losses are absorbed when the reference loans realize credit losses, the Company recognizes its IO ownership interests and recourse obligations as CRT strips which are included on the consolidated balance sheets in *Derivative and credit risk transfer strip liabilities*.

Gains and losses on the derivatives, strips and the IO ownership interest sold to a nonaffiliate included in the CRT arrangements are included in *Net (losses) gains on investments and financings* in the consolidated statements of operations.

Following is a summary of the CRT arrangements:

| | Quarter ended March 31, | |
|--|-------------------------|-------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Net investment income: | | |
| <i>Net (losses) gains on investments and financings</i> | | |
| Credit risk transfer derivatives and strips: | | |
| Credit risk transfer derivatives | | |
| Realized | \$ 2,548 | \$ 2,803 |
| Valuation changes | (2,416) | (823) |
| | 132 | 1,980 |
| Credit risk transfer strips | | |
| Realized | 8,555 | 9,777 |
| Valuation changes | 1,806 | (11,825) |
| | 10,361 | (2,048) |
| <i>Interest-only security payable at fair value — valuation changes</i> | 3,418 | (1,732) |
| | 13,911 | (1,800) |
| <i>Interest income — Deposits securing credit risk transfer arrangements</i> | 8,892 | 11,675 |
| | <u>\$ 22,803</u> | <u>\$ 9,875</u> |
| Net payments made to settle losses on credit risk transfer arrangements | \$ 1,368 | \$ 1,243 |
| | March 31, 2026 | December 31, 2025 |
| | (in thousands) | |
| Carrying value of credit risk transfer arrangements: | | |
| <i>Derivative assets - credit risk transfer derivatives</i> | \$ 30,174 | \$ 32,659 |
| <i>Derivative and credit risk transfer liabilities - credit risk transfer strips</i> | (4,062) | (5,999) |
| <i>Deposits securing credit risk transfer arrangements</i> | 969,725 | 1,009,334 |
| <i>Interest-only security payable at fair value</i> | (34,232) | (37,650) |
| | <u>\$ 961,605</u> | <u>\$ 998,344</u> |
| Credit risk transfer arrangement assets pledged to secure borrowings: | | |
| <i>Derivative assets</i> | \$ 30,174 | \$ 32,659 |
| <i>Deposits securing credit risk transfer arrangements (1)</i> | \$ 969,725 | \$ 1,009,334 |
| Unpaid principal balance of loans underlying credit risk transfer arrangements | \$ 18,715,937 | \$ 19,517,530 |
| Collection status (unpaid principal balance): | | |
| Delinquency | | |
| Current | \$ 18,166,705 | \$ 18,908,261 |
| 30-89 days delinquent | \$ 363,958 | \$ 413,295 |
| 90-179 days delinquent | \$ 96,209 | \$ 110,486 |
| 180 or more days delinquent | \$ 62,748 | \$ 57,798 |
| Foreclosure | \$ 26,317 | \$ 27,690 |
| Bankruptcy | \$ 60,687 | \$ 68,426 |

(1) *Deposits securing credit risk transfer arrangements* also secure \$4.1 million and \$6.0 million in CRT strip liabilities at March 31, 2026 and December 31, 2025, respectively.

Subordinate and Senior Non-Agency Mortgage-Backed Securities

The Company retains or purchases subordinate and senior non-agency MBS in transactions sponsored by PMC or a nonaffiliate. Cash inflows from the loans underlying these securities are distributed to investors and service providers in accordance with the respective securities' contractual priorities of payments and, as such, most of these inflows must be directed first to service and repay the senior securities.

The rights of holders of subordinate securities to receive distributions of principal and/or interest, as applicable, are subordinate to the rights of holders of senior securities. After the senior securities are repaid, substantially all cash inflows will be directed to the subordinate securities, including those held by the Company, until they are fully repaid.

The Company's retention or purchase of subordinate MBS exposes PMT to the credit risk in the underlying loans because the Company's subordinate MBS investments are among the first beneficial interests to absorb credit losses on those assets. The Company's exposure to losses from its investments in subordinate MBS is limited to its recorded investment in such securities.

The Company has concluded that the trusts holding the assets underlying these transactions are VIEs. The Company also has concluded that it is the primary beneficiary of certain of the VIEs as it has the power, through PLS, in its role as the servicer or sub-servicer of the underlying loans, to direct the activities of the trusts that most significantly impact the trusts' economic performance and, as a holder of subordinate securities, that PMT is exposed to losses that could potentially be significant to the VIEs. Therefore, PMT consolidates those VIEs.

The Company recognizes the interest earned on the loans owned by the VIEs as *Interest income* and the interest attributable to the asset-backed securities issued to nonaffiliates by the VIEs as *Interest expense* on its consolidated statements of operations.

Following is a summary of the Company's investment in senior and subordinate MBS backed by assets held in consolidated VIEs:

| | Quarter ended March 31, | |
|--|-------------------------|--------------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Net investment income: | | |
| <i>Net (losses) gains on investments and financings</i> | | |
| <i>Loans held for investment at fair value</i> | \$ (65,803) | \$ 28,712 |
| <i>Asset-backed financings of variable interest entities at fair value</i> | 62,236 | (29,423) |
| <i>Interest income</i> | 133,754 | 33,673 |
| <i>Interest expense</i> | 120,540 | 28,715 |
| | <u>\$ 9,647</u> | <u>\$ 4,247</u> |
| | <u>March 31, 2026</u> | <u>December 31, 2025</u> |
| | (in thousands) | |
| <i>Loans held for investment at fair value</i> | \$ 10,866,292 | \$ 8,530,939 |
| <i>Asset-backed financings of variable interest entities at fair value</i> | \$ 9,903,515 | \$ 7,789,303 |
| Retained interests at fair value pledged to secure | | |
| <i>Assets sold under agreements to repurchase</i> | \$ 937,680 | \$ 648,159 |

Financing of Mortgage Servicing Assets

The Company entered into financing transactions in which it pledged participation interests in its Fannie Mae MSR to VIEs which issued variable funding notes, term notes and term loans backed by the participation interests. The Company holds the variable funding notes and acts as guarantor of the variable funding notes, term notes and term loans. The Company determined that it is the primary beneficiary of the VIEs because, as the holder of the variable funding notes and issuer of performance guarantees, it holds the variable interests in the VIEs. Therefore, the Company consolidates the VIEs.

For financial reporting purposes, the MSRs financed by the consolidated VIEs are included in *Mortgage servicing rights at fair value*, the variable funding notes sold under agreements to repurchase are included in *Assets sold under agreements to repurchase* and the term notes and term loans are included in *Notes payable secured by credit risk transfer and mortgage servicing assets* on the Company's consolidated balance sheets. These financings are described in Note 15—*Long-Term Debt*.

Note 7— Fair Value

The Company's consolidated financial statements include assets and liabilities that are measured at or based on their fair values. Measurement at or based on fair value may be on a recurring or nonrecurring basis depending on the accounting principles applicable to the specific asset or liability and whether the Company has elected to carry the item at its fair value, as discussed in the following paragraphs.

The Company groups its assets and liabilities at fair value in three levels, based on the markets in which the assets and liabilities are traded and the observability of the inputs used to determine fair value. These levels are:

- Level 1—Quoted prices in active markets for identical assets or liabilities.

- Level 2—Prices determined or determinable using other significant observable inputs. Observable inputs are inputs that other market participants would use in pricing an asset or liability and are developed based on market data obtained from sources independent of the Company.
- Level 3—Prices determined using significant unobservable inputs. In situations where significant observable inputs are unavailable, unobservable inputs may be used. Unobservable inputs reflect the Company’s own judgments about the factors that market participants use in pricing an asset or liability, and are based on the best information available in the circumstances.

As a result of the difficulty in observing certain significant valuation inputs affecting “Level 3” fair value assets and liabilities, the Company is required to make judgments regarding these items’ fair values. Different persons in possession of the same facts may reasonably arrive at different conclusions as to the inputs to be applied in valuing these assets and liabilities and their fair values. Such differences may result in significantly different fair value measurements. Likewise, due to the general illiquidity of some of these assets and liabilities, subsequent transactions may be at values significantly different from those reported.

The Company reclassifies its assets and liabilities between levels of the fair value hierarchy when the significant inputs required to establish fair value at a level of the fair value hierarchy are no longer readily available, requiring the use of lower-level inputs, or when the significant inputs required to establish fair value at a higher level of the hierarchy become available.

Fair Value Accounting Elections

The Company identified all of PMT’s non-cash financial assets and MSRs to be accounted for at fair value. The Company has elected to account for these assets at fair value so such changes in fair value will be reflected in results of operations as they occur and more timely reflect the results of the Company’s performance.

The Company has also identified its *Asset-backed financings of variable interest entities at fair value* and *Interest-only security payable at fair value* to be accounted for at fair value to reflect the generally offsetting changes in fair value of these borrowings to changes in fair value of the assets at fair value collateralizing these financings. For other borrowings, the Company has determined that historical cost accounting is more appropriate because under that method debt issuance costs are amortized over the term of the debt facility, thereby matching the debt issuance cost to the periods benefiting from the availability of the debt.

Financial Statement Items Measured at Fair Value on a Recurring Basis

Following is a summary of financial statement items that are measured at fair value on a recurring basis:

| | March 31, 2026 | | | |
|---|-----------------------|----------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (in thousands) | | | |
| Assets: | | | | |
| Short-term investments | \$ 187,689 | \$ — | \$ — | \$ 187,689 |
| Mortgage-backed securities | — | 3,694,110 | 71,429 | 3,765,539 |
| Loans held for sale | — | 2,347,811 | 2,084 | 2,349,895 |
| Loans held for investment | — | 10,866,292 | 1,650 | 10,867,942 |
| Derivative assets with nonaffiliates: | | | | |
| Call options on interest rate futures purchase contracts | 2,141 | — | — | 2,141 |
| Put options on interest rate futures purchase contracts | 10,859 | — | — | 10,859 |
| Forward purchase contracts | — | 1,492 | — | 1,492 |
| Forward sale contracts | — | 31,957 | — | 31,957 |
| Credit risk transfer derivatives | — | — | 30,174 | 30,174 |
| Total derivative assets with nonaffiliates before netting | 13,000 | 33,449 | 30,174 | 76,623 |
| Netting | — | — | — | (25,857) |
| Total derivative assets with nonaffiliates after netting | 13,000 | 33,449 | 30,174 | 50,766 |
| Derivative assets with PennyMac Financial Services, Inc.: | | | | |
| Forward purchase contracts | — | 1,225 | — | 1,225 |
| Interest rate lock commitments | — | — | 2,613 | 2,613 |
| Total derivative assets with PennyMac Financial Services, Inc. before netting | — | 1,225 | 2,613 | 3,838 |
| Netting | — | — | — | (15) |
| Total derivative assets with PennyMac Financial Services, Inc. after netting | — | 1,225 | 2,613 | 3,823 |
| Mortgage servicing rights | — | — | 3,623,979 | 3,623,979 |
| | <u>\$ 200,689</u> | <u>\$ 16,942,887</u> | <u>\$ 3,731,929</u> | <u>\$ 20,849,633</u> |
| Liabilities: | | | | |
| Interest-only security payable | \$ — | \$ — | \$ 34,232 | \$ 34,232 |
| Asset-backed financings of variable interest entities | — | 9,903,515 | — | 9,903,515 |
| Derivative and credit risk transfer strip liabilities with nonaffiliates: | | | | |
| Forward purchase contracts | — | 8,491 | — | 8,491 |
| Forward sales contracts | — | 11,922 | — | 11,922 |
| Total derivative liabilities with nonaffiliates before netting | — | 20,413 | — | 20,413 |
| Netting | — | — | — | (3,146) |
| Total derivative liabilities with nonaffiliates after netting | — | 20,413 | — | 17,267 |
| Credit risk transfer strips | — | — | 4,062 | 4,062 |
| Total derivative and credit risk transfer strip liabilities with nonaffiliates | — | 20,413 | 4,062 | 21,329 |
| Derivative liabilities with PennyMac Financial Services, Inc.: | | | | |
| Forward purchase contracts | — | 15 | — | 15 |
| Interest rate lock commitments | — | — | 5,886 | 5,886 |
| Total derivative liabilities with PennyMac Financial Services, Inc before netting | — | 15 | 5,886 | 5,901 |
| Netting | — | — | — | (15) |
| Total derivative liabilities with PennyMac Financial Services, Inc after netting: | — | 15 | 5,886 | 5,886 |
| | <u>\$ —</u> | <u>\$ 9,923,943</u> | <u>\$ 44,180</u> | <u>\$ 9,964,962</u> |

| | December 31, 2025 | | | |
|---|--------------------------|----------------------|---------------------|----------------------|
| | Level 1 | Level 2 | Level 3 | Total |
| | (in thousands) | | | |
| Assets: | | | | |
| Short-term investments | \$ 190,518 | \$ — | \$ — | \$ 190,518 |
| Mortgage-backed securities | — | 4,380,357 | 72,502 | 4,452,859 |
| Loans held for sale | — | 2,695,817 | 3,581 | 2,699,398 |
| Loans held for investment | — | 8,530,939 | 1,705 | 8,532,644 |
| Derivative assets with nonaffiliates: | | | | |
| Call options on interest rate futures purchase contracts | 1,289 | — | — | 1,289 |
| Put options on interest rate futures purchase contracts | 4,109 | — | — | 4,109 |
| Forward purchase contracts | — | 4,113 | — | 4,113 |
| Forward sale contracts | — | 2,381 | — | 2,381 |
| Credit risk transfer derivatives | — | — | 32,659 | 32,659 |
| Total derivative assets with nonaffiliates before netting | 5,398 | 6,494 | 32,659 | 44,551 |
| Netting | — | — | — | 5,145 |
| Total derivative assets with nonaffiliates after netting | 5,398 | 6,494 | 32,659 | 49,696 |
| Derivative assets with PennyMac Financial Services, Inc.: | | | | |
| Interest rate lock commitments | — | — | 4,605 | 4,605 |
| Forward purchase contracts | — | 1,784 | — | 1,784 |
| Total derivative assets with PennyMac Financial Services, Inc. before netting | — | 1,784 | 4,605 | 6,389 |
| Netting | — | — | — | (142) |
| Total derivative assets with PennyMac Financial Services, Inc. after netting | — | 1,784 | 4,605 | 6,247 |
| Mortgage servicing rights | — | — | 3,644,702 | 3,644,702 |
| | <u>\$ 195,916</u> | <u>\$ 15,615,391</u> | <u>\$ 3,759,754</u> | <u>\$ 19,576,064</u> |
| Liabilities: | | | | |
| Interest-only security payable | \$ — | \$ — | \$ 37,650 | \$ 37,650 |
| Asset-backed financings of variable interest entities | — | 7,789,303 | — | 7,789,303 |
| Derivative and credit risk transfer strip liabilities with nonaffiliates: | | | | |
| Forward purchase contracts | — | 158 | — | 158 |
| Forward sales contracts | — | 17,340 | — | 17,340 |
| Total derivative liabilities with nonaffiliates before netting | — | 17,498 | — | 17,498 |
| Netting | — | — | — | (16,565) |
| Total derivative liabilities with nonaffiliates after netting | — | 17,498 | — | 933 |
| Credit risk transfer strips | — | — | 5,999 | 5,999 |
| Total derivative and credit risk transfer strip liabilities with nonaffiliates | — | 17,498 | 5,999 | 6,932 |
| Derivative liabilities with PennyMac Financial Services, Inc.: | | | | |
| Interest rate lock commitments | — | — | 2,257 | 2,257 |
| Forward purchase contracts | — | 142 | — | 142 |
| Total derivative liabilities with PennyMac Financial Services, Inc before netting | — | 142 | 2,257 | 2,399 |
| Netting | — | — | — | (142) |
| Total derivative liabilities with PennyMac Financial Services, Inc after netting: | — | 142 | 2,257 | 2,257 |
| | <u>\$ —</u> | <u>\$ 7,806,943</u> | <u>\$ 45,906</u> | <u>\$ 7,836,142</u> |

The following is a summary of changes in items measured at fair value on a recurring basis using Level 3 inputs that are significant to the estimation of the fair values of the assets and liabilities at either the beginning or end of the quarters presented:

| Assets (1) | Quarter ended March 31, 2026 | | | | | | | |
|---|---|---------------------|---------------------------|-------------------|--|-------------------|---------------------------|---------------------|
| | Interest-only stripped mortgage-backed securities | Loans held for sale | Loans held for investment | CRT derivatives | Interest rate lock commitments with PFSI | CRT strips | Mortgage servicing rights | Total |
| | (in thousands) | | | | | | | |
| Balance, December 31, 2025 | \$ 72,502 | \$ 3,581 | \$ 1,705 | \$ 32,659 | \$ 2,348 | \$ (5,999) | \$ 3,644,702 | \$ 3,751,498 |
| Purchases and issuances | — | 3,601 | — | — | 5,270 | — | — | 8,871 |
| Repayments and sales | (4,107) | (4,950) | (16) | (2,617) | — | (8,424) | — | (20,114) |
| Accrual of unearned discounts | 1,965 | — | — | — | — | — | — | 1,965 |
| Amounts received pursuant to sales of loans | — | — | — | — | — | — | 40,281 | 40,281 |
| Changes in fair value included in income arising from: | | | | | | | | |
| Changes in instrument - specific credit risk | — | — | — | — | — | — | — | — |
| Other factors | 1,069 | (148) | (39) | 132 | (3,936) | 10,361 | (61,299) | (53,860) |
| | <u>1,069</u> | <u>(148)</u> | <u>(39)</u> | <u>132</u> | <u>(3,936)</u> | <u>10,361</u> | <u>(61,299)</u> | <u>(53,860)</u> |
| Transfers of: | | | | | | | | |
| Interest rate lock commitments to loans held for sale (2) | — | — | — | — | (6,955) | — | — | (6,955) |
| Mortgage servicing rights relating to delinquent loans to Agency | — | — | — | — | — | — | 295 | 295 |
| Balance, March 31, 2026 | <u>\$ 71,429</u> | <u>\$ 2,084</u> | <u>\$ 1,650</u> | <u>\$ 30,174</u> | <u>\$ (3,273)</u> | <u>\$ (4,062)</u> | <u>\$ 3,623,979</u> | <u>\$ 3,721,981</u> |
| Changes in fair value recognized during the quarter relating to assets still held at March 31, 2026 | <u>\$ 1,069</u> | <u>\$ (219)</u> | <u>\$ (39)</u> | <u>\$ (2,416)</u> | <u>\$ (3,273)</u> | <u>\$ 1,806</u> | <u>\$ (61,299)</u> | <u>\$ (64,371)</u> |

- (1) For the purpose of this table, CRT derivative, interest rate lock commitment (“IRLC”), and CRT strip asset and liability positions are shown net.
(2) The Company had transfers among the fair value levels arising from transfers of IRLCs to *Loans held for sale at fair value* upon purchase of the respective loans.

| Liabilities | Quarter ended March 31, 2026 |
|--|------------------------------|
| | (in thousands) |
| Interest-only security payable: | |
| Balance, December 31, 2025 | \$ 37,650 |
| Change in fair value included in income arising from: | |
| Change in instrument - specific credit risk | — |
| Other factors | (3,418) |
| | <u>(3,418)</u> |
| Balance, March 31, 2026 | <u>\$ 34,232</u> |
| Change in fair value recognized during the quarter relating to liability outstanding at March 31, 2026 | <u>\$ (3,418)</u> |

Quarter ended March 31, 2025

| Assets (1) | Interest-only stripped mortgage- backed securities | Loans held for sale | Loans held for investment | CRT derivatives | Interest rate lock commitments | CRT strips | Mortgage servicing rights | Total |
|---|--|---------------------------|---------------------------------|--------------------|--------------------------------------|--------------------|---------------------------------|---------------------|
| | (in thousands) | | | | | | | |
| Balance, December 31, 2024 | \$ 86,260 | \$ 7,971 | \$ 1,866 | \$ 29,377 | \$ 444 | \$ (4,060) | \$ 3,867,394 | \$ 3,989,252 |
| Purchases and issuances | — | 28 | — | — | 4,599 | — | — | 4,627 |
| Repayments and sales | (4,636) | (2,678) | (20) | (2,883) | — | (9,777) | — | (19,994) |
| Accrual of unearned discount | 2,285 | — | — | — | — | — | — | 2,285 |
| Amounts received pursuant to sales of loans | — | — | — | — | — | — | 47,009 | 47,009 |
| Changes in fair value included in income arising from: | | | | | | | | |
| Changes in instrument - specific credit risk | — | — | — | — | — | — | — | — |
| Other factors | (2,866) | 130 | (31) | 1,980 | 7,391 | (2,048) | (144,590) | (140,034) |
| | (2,866) | 130 | (31) | 1,980 | 7,391 | (2,048) | (144,590) | (140,034) |
| Transfers of: | | | | | | | | |
| Interest rate lock commitments to loans held for sale (2) | — | — | — | — | (7,815) | — | — | (7,815) |
| Mortgage servicing rights relating to delinquent loans to Agency | — | — | — | — | — | — | 221 | 221 |
| Balance, March 31, 2025 | <u>\$ 81,043</u> | <u>\$ 5,451</u> | <u>\$ 1,815</u> | <u>\$ 28,474</u> | <u>\$ 4,619</u> | <u>\$ (15,885)</u> | <u>\$ 3,770,034</u> | <u>\$ 3,875,551</u> |
| Changes in fair value recognized during the quarter relating to assets still held at March 31, 2025 | <u>\$ (2,866)</u> | <u>\$ (14)</u> | <u>\$ (31)</u> | <u>\$ (823)</u> | <u>\$ 4,619</u> | <u>\$ (11,825)</u> | <u>\$ (144,590)</u> | <u>\$ (155,530)</u> |

- (1) For the purpose of this table, CRT derivative, IRLC, and CRT strip asset and liability positions are shown net.
- (2) The Company had transfers among the fair value levels arising from transfers of IRLCs to *Loans held for sale at fair value* upon purchase of the respective loans.

| Liabilities | Quarter ended March 31, 2025 (in thousands) |
|--|---|
| Interest-only security payable: | |
| Balance, December 31, 2024 | \$ 34,222 |
| Change in fair value included in income arising from: | |
| Change in instrument - specific credit risk | — |
| Other factors | 1,732 |
| | 1,732 |
| Balance, March 31, 2025 | <u>\$ 35,954</u> |
| Change in fair value recognized during the quarter relating to liability outstanding at March 31, 2025 | <u>\$ 1,732</u> |

Financial Statement Items Measured at Fair Value under the Fair Value Option

Following are the fair values and related principal amounts due upon maturity of loans accounted for under the fair value option:

| | March 31, 2026 | | | December 31, 2025 | | |
|------------------------------------|----------------------|------------------------------------|-------------------|---------------------|------------------------------------|-------------------|
| | Fair value | Principal amount due upon maturity | Difference | Fair value | Principal amount due upon maturity | Difference |
| | (in thousands) | | | | | |
| Loans held for sale: | | | | | | |
| Current through 89 days delinquent | \$ 2,347,431 | \$ 2,303,642 | \$ 43,789 | \$ 2,696,128 | \$ 2,627,441 | \$ 68,687 |
| 90 or more days delinquent: | | | | | | |
| Not in foreclosure | 1,177 | 1,234 | (57) | 1,273 | 1,271 | 2 |
| In foreclosure | 1,287 | 1,699 | (412) | 1,997 | 2,289 | (292) |
| | 2,464 | 2,933 | (469) | 3,270 | 3,560 | (290) |
| | <u>\$ 2,349,895</u> | <u>\$ 2,306,575</u> | <u>\$ 43,320</u> | <u>\$ 2,699,398</u> | <u>\$ 2,631,001</u> | <u>\$ 68,397</u> |
| Loans held for investment: | | | | | | |
| Held in consolidated VIEs: | | | | | | |
| Current through 89 days delinquent | \$ 10,863,057 | \$ 10,578,933 | \$ 284,124 | \$ 8,529,906 | \$ 8,353,814 | \$ 176,092 |
| 90 or more days delinquent: | | | | | | |
| Not in foreclosure | 3,087 | 3,499 | (412) | 700 | 844 | (144) |
| In foreclosure | 148 | 195 | (47) | 333 | 428 | (95) |
| | 3,235 | 3,694 | (459) | 1,033 | 1,272 | (239) |
| | <u>10,866,292</u> | <u>10,582,627</u> | <u>283,665</u> | <u>8,530,939</u> | <u>8,355,086</u> | <u>175,853</u> |
| Distressed: | | | | | | |
| Current through 89 days delinquent | 362 | 457 | (95) | 371 | 476 | (105) |
| 90 or more days delinquent: | | | | | | |
| Not in foreclosure | 901 | 2,413 | (1,512) | 942 | 2,553 | (1,611) |
| In foreclosure | 387 | 1,264 | (877) | 392 | 1,120 | (728) |
| | 1,288 | 3,677 | (2,389) | 1,334 | 3,673 | (2,339) |
| | 1,650 | 4,134 | (2,484) | 1,705 | 4,149 | (2,444) |
| | <u>\$ 10,867,942</u> | <u>\$ 10,586,761</u> | <u>\$ 281,181</u> | <u>\$ 8,532,644</u> | <u>\$ 8,359,235</u> | <u>\$ 173,409</u> |

Following are the changes in fair value included in current period results of operations by consolidated statements of operations line item, for financial statement items accounted for under the fair value option:

| | Quarter ended March 31, 2026 | | | | |
|---------------------------------|------------------------------|----------------------------------|--|----------------------|---------------------|
| | Net loan servicing fees | Net gains on loans held for sale | Net (losses) gains on investments and financings | Net interest expense | Total |
| | (in thousands) | | | | |
| Assets: | | | | | |
| Mortgage-backed securities | \$ — | \$ — | \$ (33,407) | \$ 8,400 | \$ (25,007) |
| Loans held for sale | — | (419) | — | — | (419) |
| Loans held for investment | — | — | (65,803) | (9,224) | (75,027) |
| Credit risk transfer strips | — | — | 10,361 | — | 10,361 |
| Mortgage servicing rights | (61,299) | — | — | — | (61,299) |
| | <u>\$ (61,299)</u> | <u>\$ (419)</u> | <u>\$ (88,849)</u> | <u>\$ (824)</u> | <u>\$ (151,391)</u> |
| Liabilities: | | | | | |
| Interest-only security payable | \$ — | \$ — | \$ 3,418 | \$ — | \$ 3,418 |
| Asset-backed financings of VIEs | — | — | 62,236 | 3,931 | 66,167 |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 65,654</u> | <u>\$ 3,931</u> | <u>\$ 69,585</u> |

| | Quarter ended March 31, 2025 | | | | |
|---------------------------------|------------------------------|----------------------------------|--|----------------------|--------------------|
| | Net loan servicing fees | Net gains on loans held for sale | Net (losses) gains on investments and financings (in thousands) | Net interest expense | Total |
| Assets: | | | | | |
| Mortgage-backed securities | \$ — | \$ — | \$ 64,855 | \$ 10,070 | \$ 74,925 |
| Loans held for sale | — | 46,511 | — | — | 46,511 |
| Loans held for investment | — | — | 28,681 | (687) | 27,994 |
| Credit risk transfer strips | — | — | (2,048) | — | (2,048) |
| Mortgage servicing rights | (144,590) | — | — | — | (144,590) |
| | <u>\$ (144,590)</u> | <u>\$ 46,511</u> | <u>\$ 91,488</u> | <u>\$ 9,383</u> | <u>\$ 2,792</u> |
| Liabilities: | | | | | |
| Interest-only security payable | \$ — | \$ — | \$ (1,732) | \$ — | \$ (1,732) |
| Asset-backed financings of VIEs | — | — | (29,423) | 1,368 | (28,055) |
| | <u>\$ —</u> | <u>\$ —</u> | <u>\$ (31,155)</u> | <u>\$ 1,368</u> | <u>\$ (29,787)</u> |

Financial Statement Item Measured at Fair Value on a Nonrecurring Basis

Following is a summary of the carrying value of assets that were remeasured during the quarter based on fair value on a nonrecurring basis:

| Real estate acquired in settlement of loans | Level 1 | Level 2 | Level 3 | Total |
|---|----------------|---------|---------|-------|
| | (in thousands) | | | |
| March 31, 2026 | \$ — | \$ — | \$ 25 | \$ 25 |
| December 31, 2025 | \$ — | \$ — | \$ 30 | \$ 30 |

The following table summarizes the fair value changes recognized during the quarter on assets held at quarter end that were remeasured at fair value on a nonrecurring basis:

| | Quarter ended March 31, | |
|---|-------------------------|----------|
| | 2026 | 2025 |
| | (in thousands) | |
| Real estate acquired in settlement of loans | \$ (5) | \$ (140) |

The Company remeasures its REO based on fair value when it evaluates the properties for impairment. The Company evaluates its REO for impairment with reference to the respective properties' fair values less costs to sell. REO may be revalued after acquisition due to the Company receiving greater access to the property, the property being held for an extended period or receiving indications that the property's fair value may not be supported by developing market conditions. Any subsequent change in fair value to a level that is less than or equal to the property's cost is recognized in *Results of real estate acquired in settlement of loans* in the Company's consolidated statements of operations.

Fair Value of Financial Instruments Carried at Amortized Cost

Most of the Company's borrowings are carried at amortized cost. The Company's *Assets sold under agreements to repurchase, Mortgage loan participation purchase and sale agreements, Notes payable secured by credit risk transfer and mortgage servicing assets* and the exchangeable senior notes included in *Unsecured senior notes* are classified as "Level 3" fair value liabilities due to the Company's reliance on unobservable inputs to estimate these instruments' fair values. The Company classifies its senior notes as "Level 2" fair value liabilities.

The Company has concluded that the fair values of these borrowings other than term notes and term loans included in *Notes payable secured by credit risk transfer and mortgage servicing assets* and the *Unsecured senior notes* approximate the agreements' carrying values due to the borrowing agreements' variable interest rates and short maturities.

The Company estimates the fair values of the term notes and term loans included in *Notes payable secured by credit risk transfer and mortgage servicing assets* using indications of fair value provided by nonaffiliate brokers for the term notes and internal estimates

of fair value for the term loans. The Company estimates the fair values of its *Unsecured senior notes* using pricing services. The fair values and carrying values of these liabilities are summarized below:

| Instrument | March 31, 2026 | | December 31, 2025 | |
|---|----------------|--------------|-------------------|--------------|
| | Carrying value | Fair value | Carrying value | Fair value |
| | (in thousands) | | | |
| Notes payable secured by credit risk transfer and mortgage servicing assets | \$ 2,396,545 | \$ 2,405,192 | \$ 2,258,128 | \$ 2,268,438 |
| Unsecured senior notes | \$ 684,506 | \$ 712,515 | \$ 1,028,300 | \$ 1,073,341 |

Valuation Governance

Most of the Company's assets, its *Asset-backed financings of variable interest entities at fair value*, *Interest-only security payable at fair value* and *Derivative and credit risk transfer strip liabilities at fair value* are carried at fair value with changes in fair value recognized in current period results of operations. A substantial portion of these items are "Level 3" fair value assets and liabilities which require the use of unobservable inputs that are significant to the estimation of the fair values of the assets and liabilities. Unobservable inputs reflect the Company's own judgments about the factors that market participants use in pricing an asset or liability and are based on the best information available under the circumstances.

Due to the difficulty in estimating the fair values of "Level 3" fair value assets and liabilities, the Company has delegated responsibility for estimating the fair values of these assets and liabilities to specialized staff within PFSI's capital markets group and subjects the valuation process to significant senior management oversight.

With respect to "Level 3" valuations other than IRLCs, the capital markets valuation staff reports to PFSI's senior management valuation subcommittee, which oversees the valuations. The capital markets valuation staff monitors the models used for valuation of the Company's "Level 3" fair value assets and liabilities other than IRLCs, including the models' performance versus actual results, and reports those results to PFSI's senior management valuation subcommittee. PFSI's senior management valuation subcommittee includes the Company's chief financial and investment officers as well as other senior members of PFSI's finance, risk management and capital markets staffs.

The capital markets valuation staff is responsible for reporting to PFSI's senior management valuation subcommittee on the changes in the valuation of the non-IRLC "Level 3" fair value assets and liabilities, including major factors affecting the valuation and any changes in model methods and inputs. To assess the reasonableness of its valuations, the capital markets valuation staff presents an analysis of the effect on the valuation of changes to the significant inputs to the models and, for MSRs, comparisons of its estimates of fair value and key inputs to those procured from nonaffiliate brokers and published surveys.

The fair values of the Company's IRLCs are developed by PFSI's capital markets risk management staff and are reviewed by its capital markets operations staff.

Valuation Techniques and Inputs

The following is a description of the techniques and inputs used in estimating the fair values of "Level 2" and "Level 3" fair value assets and liabilities:

Mortgage-Backed Securities

The Company's categorization of its current holdings of MBS is based on whether the respective security is an IO stripped MBS:

- The Company categorizes its current holdings of MBS other than IO stripped MBS as "Level 2" fair value assets. Fair value of these securities is established based on quoted market prices for the Company's MBS holdings or similar securities.
- The Company categorizes its current holdings of IO stripped MBS as "Level 3" fair value assets. The Company uses a discounted cash flow approach to estimate the fair values of its IO stripped MBS.

The key inputs used in the estimation of the fair value of IO stripped MBS include option-adjusted spread ("OAS") (OAS is a component of discount rate) and prepayment speed. Significant changes to those inputs in isolation may result in significant changes in the IO stripped MBS' fair value measurements. Changes in these key inputs are not directly related.

Following are the key inputs used in determining the fair value of IO stripped MBS:

| | March 31, 2026 | December 31, 2025 |
|-----------------------------------|----------------|-------------------|
| Fair value (in thousands) | \$ 71,429 | \$ 72,502 |
| Key inputs (1) | | |
| Option-adjusted spread (2) | | |
| Range | 3.8% – 4.2% | 4.7% – 4.7% |
| Weighted average | 3.8% | 4.7% |
| Annual total prepayment speed (3) | | |
| Range | 10.8% – 13.3% | 11.0% – 13.6% |
| Weighted average | 10.8% | 11.0% |
| Equivalent life (in years) | | |
| Range | 4.0 – 7.4 | 4.0 – 7.7 |
| Weighted average | 7.4 | 7.6 |

- (1) Weighted-average inputs are based on the UPB of the underlying loans.
- (2) The Company applies an OAS to multiple simulated paths of a derived United States Treasury securities (“Treasury”) yield curve for purposes of discounting cash flows relating to IO stripped MBS.
- (3) Prepayment speed is measured using life total Conditional Prepayment Rate (“CPR”). Equivalent life is provided as supplementary information.

Changes in the fair value of MBS are included in *Net (losses) gains on investments and financings* in the consolidated statements of operations.

Loans

Fair value of loans is estimated based on whether the loans are saleable into active markets:

- Loans that are saleable into active markets, comprised of most of the Company’s loans held for sale and all of the loans held for investment in VIEs, are categorized as “Level 2” fair value assets:
 - Fair values of loans held for sale are established using the loans’ contracted selling prices, quoted market prices or market price equivalents.
 - Fair values of loans held for investment in VIEs are developed using the quoted indications of fair value of all of the individual securities issued by the securitization trusts holding the loans. The Company obtains indications of fair value from nonaffiliate brokers based on comparable securities and/or pricing services and validates the brokers’ or pricing services’ indications of fair value using pricing models and inputs the Company believes are similar to the pricing models and inputs used by other market participants. The Company adjusts the fair values received from brokers and/or pricing services to include the fair value of MSRs attributable to the loans included in the VIEs.
- Loans that are not saleable into active markets, comprised of home equity lines of credit, previously sold loans that the Company repurchased pursuant to the representation and warranties it provided to the purchaser and distressed loans, are categorized as “Level 3” fair value assets:
 - Fair values of loans held for sale categorized as “Level 3” assets (home equity lines of credit and previously sold loans repurchased pursuant to representations and warranties) are estimated using a discounted cash flow approach or the loans’ contracted selling prices when applicable. Inputs to the discounted cash flow model include current interest rates, payment statuses, property types, discount rates and forecasts of future interest rates, home prices, prepayment speeds, default speeds and loss severities.
 - Fair values of distressed loans are estimated based on the fair values of the real estate collateralizing the loans.

Changes in fair values of loans held for sale are included in *Net gains on loans held for sale at fair value* in the consolidated statements of operations.

Changes in fair values of loans held for investment are included in *Net (losses) gains on investments and financings* in the consolidated statements of operations.

Derivative and Credit Risk Transfer Strip Assets and Liabilities

CRT Derivatives

The Company categorizes CRT derivatives as “Level 3” fair value assets. The fair values of CRT derivatives are based on indications of fair value provided to the Company by nonaffiliate brokers for the certificates representing the beneficial interests in the trusts holding the *Deposits securing credit risk transfer arrangements pledged to creditors*, the recourse obligations and the IO

ownership interests. Together, the recourse obligation and the IO ownership interest comprise the CRT derivative. Fair values of the CRT derivatives are derived by deducting the balances of the *Deposits securing credit risk transfer arrangements pledged to creditors* from the fair values of the certificates representing the beneficial interests in the trusts.

The Company establishes fair value of its investment in CRT Arrangements based on indications of fair value provided by nonaffiliate brokers for the securities representing the beneficial interests in the trusts holding the *Deposits securing credit risk transfer arrangements pledged to creditors* the IO ownership interest and the recourse obligations. The Company assesses the fair values it receives from nonaffiliate brokers using the discounted cash flow approach. The significant unobservable inputs used by the Company in its review and approval of the valuation of CRT derivatives are the discount rates, voluntary and involuntary prepayment speeds and the remaining loss expectations of the reference loans. Changes in fair value of CRT derivatives are included in *Net (losses) gains on investments and financings* in the consolidated statements of operations.

Following is a quantitative summary of key unobservable inputs used in the Company’s review and approval of broker-provided fair values for CRT derivatives:

| | March 31, 2026 | December 31, 2025 |
|----------------------------------|------------------------|-------------------|
| | (dollars in thousands) | |
| Fair value | \$ 30,174 | \$ 32,659 |
| UPB of loans in reference pools | \$ 4,046,852 | \$ 4,555,682 |
| Key inputs (1) | | |
| Discount rate | | |
| Range | 8.8% – 10.1% | 8.6% – 14.1% |
| Weighted average | 8.8% | 8.8% |
| Voluntary prepayment speed (2) | | |
| Range | 7.4% – 8.3% | 6.3% – 7.6% |
| Weighted average | 7.6% | 7.3% |
| Involuntary prepayment speed (3) | | |
| Range | 0.2% – 0.2% | 0.1% – 0.3% |
| Weighted average | 0.2% | 0.1% |
| Remaining loss expectation | | |
| Range | 0.0% – 0.1% | 0.0% – 0.1% |
| Weighted average | 0.1% | 0.1% |

- (1) Weighted average inputs are based on fair value amounts of the CRT arrangements, except for remaining loss expectation which is based on the UPB of the loans in the reference pools.
- (2) Voluntary prepayment speed is measured using life voluntary CPR.
- (3) Involuntary prepayment speed is measured using life involuntary CPR.

Interest Rate Lock Commitments

The Company categorizes IRLCs as “Level 3” fair value assets and liabilities. The Company estimates the fair values of IRLCs based on quoted Agency MBS prices, the probability that the loans will be purchased under the commitments (the “pull-through rate”) and the Company’s estimate of the fair values of the MSR it expects to receive upon sale of the loans.

The significant unobservable inputs used in the fair value measurement of the Company’s IRLCs are the pull-through rates and the estimated MSRs attributed to the mortgage loans subject to the commitments. Significant changes in the pull-through rates or the MSR components of the IRLCs, in isolation, may result in a significant change in the IRLCs’ fair values. The financial effects of changes in these inputs are generally inversely correlated as increasing interest rates have a positive effect on the fair value of the MSR component of an IRLC’s fair value, but also increase the pull-through rate for the loan principal and interest payment cash flow component that has decreased in fair value. Changes in fair value of IRLCs are included in *Net gains on loans held for sale at fair value* in the consolidated statements of operations.

Following is a quantitative summary of key unobservable inputs used in the valuation of IRLCs:

| | March 31, 2026 | December 31, 2025 |
|---|----------------|-------------------|
| Fair value of net (liabilities) assets (in thousands) (1) | \$ (3,273) | \$ 2,348 |
| Committed amount (in thousands) | \$ 1,338,161 | \$ 1,207,859 |
| Key inputs (2) | | |
| Pull-through rate | | |
| Range | 60.1% – 100% | 50.5% – 100% |
| Weighted average | 87.9% | 90.9% |
| MSR fair value expressed as | | |
| Servicing fee multiple | | |
| Range | 1.6 – 8.4 | 1.7 – 8.4 |
| Weighted average | 5.2 | 5.4 |
| Percentage of unpaid principal balance | | |
| Range | 0.4% – 2.9% | 0.4% – 3.2% |
| Weighted average | 1.5% | 1.9% |

(1) For purposes of this table, IRLC asset and liability positions are shown net.

(2) Weighted-average inputs are based on the committed amounts.

Hedging Derivatives

Fair values of derivative financial instruments actively traded on exchanges are categorized by the Company as “Level 1” fair value assets and liabilities. Fair values of derivative financial instruments based on observable interest rates, volatilities and prices in the MBS or other markets are categorized by the Company as “Level 2” fair value assets and liabilities. Changes in the fair value of hedging derivatives are included in *Net loan servicing fees – from nonaffiliates – Mortgage servicing rights hedging results, Net gains on loans held for sale at fair value, or Net (losses) gains on investments and financings*, as applicable, in the consolidated statements of operations.

Credit Risk Transfer Strips

The Company categorizes CRT strips as “Level 3” fair value liabilities. The fair values of CRT strips are based on indications of fair value provided to the Company by nonaffiliate brokers for the securities representing the beneficial interests in the trusts holding the *Deposits securing credit risk transfer arrangements pledged to creditors*, the IO ownership interests and the recourse obligations. Together, the IO ownership interest and the recourse obligation comprise the CRT strip.

Fair values of the CRT strips are derived by deducting the balance of the *Deposits securing credit risk transfer arrangements pledged to creditors* from the indications of fair value of the securities provided by the nonaffiliate brokers.

The Company assesses the indications of fair value it receives from nonaffiliate brokers using the discounted cash flow approach. The significant unobservable inputs used by the Company in its review and approval of the valuation of the CRT strips are the discount rates, voluntary and involuntary prepayment speeds and the remaining loss expectations of the reference loans. Changes in fair value of CRT strips are included in *Net (losses) gains on investments and financings* in the consolidated statements of operations.

Following is a quantitative summary of key unobservable inputs used in the Company's review and approval of the broker-provided fair values used to derive the fair value of the CRT strip liabilities:

| | March 31, 2026 | | December 31, 2025 | |
|--|------------------------|-------------|-------------------|-------------|
| | (dollars in thousands) | | | |
| Fair value | \$ | 4,062 | \$ | 5,999 |
| Unpaid principal balance of loans in the reference pools | \$ | 14,669,085 | \$ | 14,961,848 |
| Key inputs (1) | | | | |
| Discount rate | | | | |
| Range | | 4.9% – 8.7% | | 5.0% – 8.6% |
| Weighted average | | 8.2% | | 8.1% |
| Voluntary prepayment speed (2) | | | | |
| Range | | 7.1% – 7.5% | | 7.0% – 7.5% |
| Weighted average | | 7.2% | | 7.1% |
| Involuntary prepayment speed (3) | | | | |
| Range | | 0.1% – 0.3% | | 0.1% – 0.3% |
| Weighted average | | 0.2% | | 0.1% |
| Remaining loss expectation | | | | |
| Range | | 0.4% – 1.4% | | 0.4% – 1.4% |
| Weighted average | | 0.5% | | 0.5% |

- (1) Weighted average inputs are based on fair value amounts of the CRT arrangements, except for remaining loss expectation which is based on the UPB of the loans in the reference pools.
- (2) Voluntary prepayment speed is measured using life voluntary CPR.
- (3) Involuntary prepayment speed is measured using life involuntary CPR.

Mortgage Servicing Rights

The Company categorizes MSRAs as "Level 3" fair value assets. The Company receives a servicing fee based on the remaining UPB of the loans subject to the servicing agreements and generally has the right to receive other remuneration including various mortgagor-contracted fees such as late charges and collateral reconveyance charges, and is generally entitled to retain any placement fees earned on certain custodial funds held pending remittance of mortgagor principal, interest, tax and insurance payments. The fair values of MSRAs are derived from the net positive cash flows associated with the servicing agreements. The Company uses a discounted cash flow approach to estimate the fair values of its MSRAs.

Beginning in the third quarter of 2025, the Company enhanced its discounted cash flow approach to estimate the period-end fair value of its MSRAs with the adoption of an OAS model. The OAS model allows the Company to account for the likelihood of interest rates moving along different paths as economic conditions change in its assessment of the fair value of MSRAs as opposed to a single assumed rate path. Adoption of the OAS model did not have a significant effect on the fair value of MSRAs.

The key inputs used in the estimation of the fair value of MSRAs include the applicable prepayment rate (prepayment speed), OAS or pricing spread (the OAS and pricing spread are components of the discount rate), and annual per-loan cost to service the underlying loans, all of which are unobservable. Significant changes to any of those inputs in isolation could result in a significant change in the MSR fair value measurement. Changes in these key inputs are not directly related. Changes in the fair value of MSRAs are included in *Net loan servicing fees – From nonaffiliates – Change in fair value of mortgage servicing rights* in the consolidated statements of operations.

MSRAs are generally subject to loss in fair value when prepayment speed expectations and experience increase, when returns required by market participants (expressed as OAS or pricing spread) increase, or when the annual per-loan cost of servicing increases. Reductions in the fair value of MSRAs affect income primarily through recognition of the change in fair value.

Following are the key inputs used in determining the fair value of MSR's at the time of initial recognition:

| | Quarter ended March 31, | |
|--|-------------------------|--------------|
| | 2026 | 2025 |
| MSR's recognized (in thousands) | \$ 40,281 | \$ 47,009 |
| Unpaid principal balance of underlying loans (in thousands) | \$ 2,197,665 | \$ 2,594,638 |
| Weighted average annual servicing fee rate (in basis points) | 34 | 32 |
| Key inputs (1) | | |
| Prepayment speed (2) | | |
| Range | 8.6% – 14.9% | 9.4% - 15.3% |
| Weighted average | 9.4% | 9.9% |
| Equivalent average life (in years) | | |
| Range | 3.7 – 8.7 | 3.7– 8.2 |
| Weighted average | 8.2 | 7.9 |
| Pricing spread (3) | | |
| Range | 5.2% – 10.0% | 5.2% - 7.3% |
| Weighted average | 6.2% | 5.5% |
| Annual per-loan cost of servicing | | |
| Range | \$69 – \$113 | \$68 – \$87 |
| Weighted average | \$72 | \$69 |

- (1) Weighted-average inputs are based on the UPB of the underlying loans.
- (2) Annual total prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayments. Equivalent average life is provided as supplementary information.
- (3) Pricing spread represents a margin that is applied to a reference interest rate's forward rate curve to develop periodic discount rates. The Company applies a pricing spread to a derived Treasury yield curve for purposes of discounting cash flows in its initial recognition of MSR's.

Following is a quantitative summary of key inputs used in the valuation of MSR's as of the dates presented, and the effect on the fair value from adverse changes in those inputs:

| | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| | | |
| Fair value (in thousands) | \$ 3,623,979 | \$ 3,644,702 |
| Unpaid principal balance of underlying loans (in thousands) | \$ 212,198,589 | \$ 215,781,639 |
| Weighted average annual servicing fee rate (in basis points) | 28 | 28 |
| Weighted average note interest rate | 3.9% | 3.9% |
| Key inputs (1) | | |
| Prepayment speed (2) | | |
| Range | 7.0% – 25.6% | 7.0% – 21.5% |
| Weighted average | 7.2% | 8.4% |
| Equivalent average life (in years) | | |
| Range | 2.0 – 8.9 | 2.1 – 7.9 |
| Weighted average | 8.5 | 7.7 |
| Effect on fair value (in thousands) of (3): | | |
| 5% adverse change | \$(49,635) | \$(61,563) |
| 10% adverse change | \$(97,738) | \$(120,960) |
| 20% adverse change | \$(189,634) | \$(233,683) |
| Option-adjusted spread (4) | | |
| Range | 3.2% – 6.4% | 3.6% – 6.2% |
| Weighted average | 4.6% | 3.6% |
| Effect on fair value (in thousands) of (3): | | |
| 5% adverse change | \$(39,505) | \$(30,295) |
| 10% adverse change | \$(78,085) | \$(60,089) |
| 20% adverse change | \$(152,590) | \$(118,218) |
| Annual per-loan cost of servicing | | |
| Range | \$69 – \$94 | \$68 – \$90 |
| Weighted average | \$69 | \$68 |
| Effect on fair value (in thousands) of (3): | | |
| 5% adverse change | \$(15,791) | \$(15,979) |
| 10% adverse change | \$(31,582) | \$(31,959) |
| 20% adverse change | \$(63,164) | \$(63,918) |

- (1) Weighted-average inputs are based on the UPB of the underlying loans.
- (2) Prepayment speed is measured using life total CPR, which includes both voluntary and involuntary prepayments. Equivalent average life is provided as supplementary information.
- (3) These sensitivity analyses are limited in that they were performed as of a particular date; only contemplate the movements in the indicated inputs; do not incorporate changes to other inputs; are subject to the accuracy of the models and inputs used; and do not incorporate other factors that would affect the Company's overall financial performance in such events, including operational adjustments made to account for changing circumstances. For these reasons, these analyses should not be viewed as projections of the effect of shock events or as earnings forecasts.
- (4) The OAS is a margin that is applied to a reference interest rate's projected curve to develop periodic discount rates. The Company applies an OAS to multiple simulated paths of a derived Treasury yield curve for purposes of discounting cash flows relating to period-end MSRs.

Real Estate Acquired in Settlement of Loans

REO is measured based on its fair value on a nonrecurring basis and is categorized as a "Level 3" fair value asset. Fair value of REO is established by using a current estimate of fair value from either the price given in a pending contract of sale, a full appraisal, or a broker's price opinion.

REO fair values are reviewed by PLS staff appraisers when the Company obtains multiple indications of fair value and there is a significant difference between the indications of fair value. PLS staff appraisers will attempt to resolve the difference between the indications of fair value. In circumstances where the staff appraisers are not able to generate adequate data to support a fair value conclusion, the staff appraisers obtain an additional appraisal to establish fair value. Recognized changes in the fair value of REO are included in *Results of real estate acquired in settlement of loans* in the consolidated statements of operations.

Note 8— Mortgage-Backed Securities

Following is a summary of activity in the Company's holdings of MBS:

| | Quarter ended March 31, | |
|--|-------------------------|-------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Balance at beginning of quarter | \$ 4,452,859 | \$ 4,063,706 |
| Purchases | 4,000 | — |
| Sales | (477,360) | — |
| Repayments | (188,953) | (102,769) |
| Changes in fair value included in income arising from: | | |
| Amortization and accrual of net purchase premiums and discounts, net | 8,400 | 10,070 |
| Valuation adjustments, net | (33,407) | 64,855 |
| | (25,007) | 74,925 |
| Balance at end of quarter | \$ 3,765,539 | \$ 4,035,862 |
| | March 31, 2026 | December 31, 2025 |
| | (in thousands) | |
| Fair value of mortgage-backed securities pledged to secure | | |
| <i>Assets sold under agreements to repurchase</i> | \$ 3,765,539 | \$ 4,452,859 |

Following is a summary of the Company's investments in MBS:

| Security type (1) | March 31, 2026 | | | |
|---|--------------------------------------|------------------------------------|------------------------------|---------------------|
| | Principal balance or notional amount | Purchase premiums (discounts), net | Cumulative valuation changes | Fair value |
| | (in thousands) | | | |
| Agency fixed-rate pass-through | \$ 2,246,463 | \$ 771 | \$ 18,919 | \$ 2,266,153 |
| Floating rate collateralized mortgage obligations | 822,780 | (994) | 7,806 | 829,592 |
| Principal-only stripped | 549,048 | (108,778) | 15,639 | 455,909 |
| Senior non-Agency | 142,612 | (2,982) | (1,174) | 138,456 |
| Subordinate residential transition | 4,000 | — | — | 4,000 |
| | <u>\$ 3,764,903</u> | <u>\$ (111,983)</u> | <u>\$ 41,190</u> | <u>3,694,110</u> |
| Interest-only stripped | \$ 333,848 | | | 71,429 |
| | | | | <u>\$ 3,765,539</u> |

(1) All MBS have maturities of more than ten years except the subordinate residential transition bond which matures between one year through five years. All MBS are pledged to secure *Assets sold under agreements to repurchase*.

| Security type (1) | December 31, 2025 | | | |
|---|--------------------------------------|------------------------------------|------------------------------|---------------------|
| | Principal balance or notional amount | Purchase premiums (discounts), net | Cumulative valuation changes | Fair value |
| | (in thousands) | | | |
| Agency fixed-rate pass-through | \$ 2,805,895 | \$ (2,125) | \$ 46,677 | \$ 2,850,447 |
| Floating rate collateralized mortgage obligations | 850,172 | (1,249) | 7,074 | 855,997 |
| Principal-only stripped | 610,256 | (115,385) | 26,258 | 521,129 |
| Senior non-Agency | 155,369 | (3,039) | 454 | 152,784 |
| | <u>\$ 4,421,692</u> | <u>\$ (121,798)</u> | <u>\$ 80,463</u> | <u>4,380,357</u> |
| Interest-only stripped | \$ 344,592 | | | 72,502 |
| | | | | <u>\$ 4,452,859</u> |

(1) All MBS have maturities of more than ten years and are pledged to secure *Assets sold under agreements to repurchase*.

Note 9—Loans Held for Sale at Fair Value

Following is a summary of the distribution of the Company's loans held for sale at fair value:

| Loan type | March 31, 2026 | | December 31, 2025 | |
|--|----------------|------------------|-------------------|------------------|
| | (in thousands) | | | |
| Held for sale to nonaffiliates—GSE eligible (1) | \$ | 1,804,198 | \$ | 2,232,706 |
| Jumbo | | 461,054 | | 433,027 |
| Non-qualified | | 82,559 | | 30,084 |
| Home equity lines of credit | | 778 | | 942 |
| Repurchased pursuant to representations and warranties | | 1,306 | | 2,639 |
| | <u>\$</u> | <u>2,349,895</u> | <u>\$</u> | <u>2,699,398</u> |
| Loans pledged to secure | | | | |
| <i>Assets sold under agreements to repurchase</i> | \$ | 2,328,824 | \$ | 2,676,700 |

(1) GSE eligibility refers to the eligibility of loans for sale to Fannie Mae or Freddie Mac. The Company sells or finances a portion of its GSE eligible loan production to other investors.

Note 10—Loans Held for Investment at Fair Value

Loans held for investment at fair value are comprised primarily of loans held in VIEs securing asset-backed financings as described in Note 6 – *Variable Interest Entities – Subordinate and Senior Non-Agency Mortgage-Backed Securities*.

Following is a summary of the distribution of the Company’s loans held for investment at fair value:

| Loan type | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| | (in thousands) | |
| Loans in variable interest entities: | | |
| Agency-conforming loans secured by: | | |
| Non-owner occupied properties | \$ 7,232,212 | \$ 6,332,497 |
| Owner occupied properties | 1,496,337 | 588,788 |
| Fixed interest rate jumbo loans | 2,137,743 | 1,609,654 |
| | 10,866,292 | 8,530,939 |
| Distressed loans | 1,650 | 1,705 |
| | \$ 10,867,942 | \$ 8,532,644 |
| Loans held for investment pledged to secure <i>Asset-backed financings at fair value (1)</i> | \$ 10,866,292 | \$ 8,530,939 |

(1) As discussed in Note 6 – *Variable Interest Entities – Subordinate and Senior Non-Agency Mortgage-Backed Securities*, the Company holds a portion of the interests in VIEs. At March 31, 2026 and December 31, 2025, \$937.7 million and \$648.2 million, respectively, of such retained interests were pledged to secure *Assets sold under agreements to repurchase*.

Note 11—Derivative and Credit Risk Transfer Strip Assets and Liabilities

Derivative and credit risk transfer strip assets and liabilities are summarized below:

| | March 31, 2026 | December 31, 2025 |
|---|----------------|-------------------|
| | (in thousands) | |
| Derivative assets with nonaffiliates | \$ 50,766 | \$ 49,696 |
| Derivative assets with PennyMac Financial Services, Inc. | \$ 3,823 | \$ 6,247 |
| Derivative liabilities with nonaffiliates | \$ 17,267 | \$ 933 |
| Credit risk transfer strip liabilities | 4,062 | 5,999 |
| | \$ 21,329 | \$ 6,932 |
| Derivative liabilities with PennyMac Financial Services, Inc. | \$ 5,886 | \$ 2,257 |

The Company records all derivative and CRT strip assets and liabilities at fair value and records changes in fair value in current period results of operations.

Derivative Activities

The Company holds and issues derivative financial instruments in connection with its operating, investing and financing activities. Derivative financial instruments are created as a result of certain of the Company’s operations and the Company also enters into derivative transactions as part of its interest rate risk management activities.

Derivative financial instruments created as a result of the Company’s operations are IRLCs that are created when the Company commits to purchase loans held for sale.

The Company engages in interest rate risk management activities in an effort to reduce the variability of earnings caused by the effects of changes in interest rates on the fair values of certain of its assets and liabilities. The Company bears price risk related to its mortgage production, servicing assets and MBS financing activities due to changes in market interest rates as discussed below:

- The Company is exposed to losses if market mortgage interest rates increase, because market interest rate increases generally cause the fair values of MBS, IRLCs and loans held for sale to decrease.
- The Company is exposed to losses if market mortgage interest rates decrease, because market interest rate decreases generally encourage increased mortgage refinancing activities, which causes the fair values of MSRs to decrease.

To manage the price risk resulting from these interest rate risks, the Company uses derivative financial instruments with the intention of moderating the risk that changes in market interest rates will result in unfavorable changes in the fair values of the Company’s MBS, inventory of loans held for sale, IRLCs and MSRs. The Company does not designate and qualify any of its derivative financial instruments for hedge accounting.

Cash flows from derivative financial instruments relating to hedging of IRLCs and loans held for sale are included in *Cash flows from operating activities* in *Sale to nonaffiliates and repayment of loans held for sale at fair value*. Cash flows from derivative financial instruments relating to hedging of MSRs are included in *Cash flows from investing activities*.

Derivative Notional Amounts and Fair Value of Derivatives

The Company had the following derivative assets and liabilities recorded within *Derivative assets* and *Derivative and credit risk transfer strip liabilities at fair value* and related margin deposits on the consolidated balance sheets:

| Instrument | March 31, 2026 | | | December 31, 2025 | | |
|---|---------------------|------------------------|-------------------|---------------------|------------------------|-----------------|
| | Notional amount (1) | Fair value | | Notional amount (1) | Fair value | |
| Derivative assets | | Derivative liabilities | Derivative assets | | Derivative liabilities | |
| (in thousands) | | | | | | |
| Nonaffiliates: | | | | | | |
| Hedging derivatives subject to master netting arrangements (2): | | | | | | |
| Call options on interest rate futures purchase contracts | 1,712,500 | \$ 2,141 | \$ — | 3,250,000 | \$ 1,289 | \$ — |
| Put options on interest rate futures purchase contracts | 2,375,000 | 10,859 | — | 2,500,000 | 4,109 | — |
| Forward purchase contracts | 6,632,514 | 1,492 | 8,491 | 3,703,628 | 4,113 | 158 |
| Forward sale contracts | 9,957,359 | 31,957 | 11,922 | 7,933,760 | 2,381 | 17,340 |
| Bond futures | 1,571,100 | — | — | 1,896,100 | — | — |
| Swap futures | 790,200 | — | — | 751,200 | — | — |
| Other derivatives not subject to master netting arrangements: | | | | | | |
| CRT derivatives | 4,046,852 | 30,174 | — | 455,682 | 32,659 | — |
| Total derivative instruments before netting | | 76,623 | 20,413 | | 44,551 | 17,498 |
| Netting | | (25,857) | (3,146) | | 5,145 | (16,565) |
| | | <u>\$ 50,766</u> | <u>\$ 17,267</u> | | <u>\$ 49,696</u> | <u>\$ 933</u> |
| PennyMac Financial Services, Inc.: | | | | | | |
| Interest rate lock commitments not subject to master netting arrangements | 1,338,161 | 2,613 | 5,886 | 1,207,859 | 4,605 | 2,257 |
| Forward purchase contract subject to master netting arrangement | 92,618 | 1,225 | 15 | 250,638 | 1,784 | 142 |
| Total derivatives before netting | | 3,838 | 5,901 | | 6,389 | 2,399 |
| Netting | | (15) | (15) | | (142) | (142) |
| | | <u>\$ 3,823</u> | <u>\$ 5,886</u> | | <u>\$ 6,247</u> | <u>\$ 2,257</u> |
| Margin deposits (received from) placed with derivative counterparties included in derivative balances above, net | | \$ (22,711) | | | \$ 21,710 | |
| Derivative assets pledged to secure: | | | | | | |
| <i>Assets Sold Under Agreements to Repurchase and Notes payable secured by credit risk transfer and mortgage servicing assets</i> | | \$ 30,174 | | | \$ 32,659 | |

(1) Notional amounts provide an indication of the volume of the Company's derivative activity.

(2) All hedging derivatives are interest rate derivatives that are used as economic hedges.

Netting of Financial Instruments

The Company has elected to net derivative asset and liability positions, and cash collateral placed with or received from its counterparties when such positions are subject to legally enforceable master netting arrangements and the Company intends to set off. The derivative financial instruments that are not subject to master netting arrangements are CRT derivatives and IRLCs. As of March 31, 2026 and December 31, 2025, the Company was not a party to any reverse repurchase agreements or securities lending transactions that are required to be disclosed in the following tables.

Derivative Assets, Financial Instruments and Collateral Held by Counterparty

The following table summarizes by significant counterparty the amounts of derivative asset positions after considering master netting arrangements and financial instruments or cash pledged that do not meet the accounting guidance qualifying for setoff accounting.

| Counterparty | March 31, 2026 | | | | December 31, 2025 | | | |
|-----------------------------------|--|--|--------------------------|------------------|--|--|--------------------------|------------------|
| | Net amount of assets presented in the consolidated balance sheet | Gross amounts not offset in the consolidated balance sheet | | Net amount | Net amount of assets presented in the consolidated balance sheet | Gross amounts not offset in the consolidated balance sheet | | Net amount |
| | | Financial instruments | Cash collateral received | | | Financial instruments | Cash collateral received | |
| | | | | | | | | |
| | | | | (in thousands) | | | | |
| Non-affiliates: | | | | | | | | |
| CRT derivatives | \$ 30,174 | \$ — | \$ — | \$ 30,174 | \$ 32,659 | \$ — | \$ — | \$ 32,659 |
| RJ O'Brien & Associates, LLC | 13,000 | — | — | 13,000 | 5,398 | — | — | 5,398 |
| Bank of America, N.A. | 2,261 | — | — | 2,261 | 4,745 | — | — | 4,745 |
| AB Carval | 2,072 | — | — | 2,072 | — | — | — | — |
| J.P. Morgan Securities LLC | 1,348 | — | — | 1,348 | 102 | — | — | 102 |
| National Life Group | 579 | — | — | 579 | — | — | — | — |
| Fannie Cap Markets | 417 | — | — | 417 | — | — | — | — |
| Morgan Stanley & Co. LLC | 338 | — | — | 338 | 3,500 | — | — | 3,500 |
| Wells Fargo Securities, LLC | 111 | — | — | 111 | 603 | — | — | 603 |
| Nomura | 59 | — | — | 59 | 137 | — | — | 137 |
| Goldman Sachs & Co. LLC | — | — | — | — | 950 | — | — | 950 |
| Mizuho Financial Group | — | — | — | — | 442 | — | — | 442 |
| BNP Paribas | — | — | — | — | 236 | — | — | 236 |
| Citigroup Global Markets Inc. | — | — | — | — | 217 | — | — | 217 |
| Ellington Management | — | — | — | — | 198 | — | — | 198 |
| Metro Life Ins Co | — | — | — | — | 151 | — | — | 151 |
| Barclays Capital Inc. | — | — | — | — | 103 | — | — | 103 |
| Other | 407 | — | — | 407 | 255 | — | — | 255 |
| | <u>\$ 50,766</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 50,766</u> | <u>\$ 49,696</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 49,696</u> |
| PennyMac Financial Services, Inc. | <u>\$ 3,823</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 3,823</u> | <u>\$ 6,247</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 6,247</u> |

Derivative Liabilities, Financial Liabilities and Collateral Pledged by Counterparty

The following table summarizes by significant counterparty the amounts of derivative liabilities and assets sold under agreements to repurchase after considering master netting arrangements and financial instruments or cash pledged that do not meet the accounting guidance to qualify for setoff accounting. All assets sold under agreements to repurchase were backed by sufficient collateral with fair values that exceeded the liability amounts recorded on the consolidated balance sheets.

| Counterparty | March 31, 2026 | | | | December 31, 2025 | | | |
|-----------------------------------|---|--|-------------------------|------------------|---|--|-------------------------|-----------------|
| | Net amount of liabilities presented in the consolidated balance sheet | Gross amounts not offset in the consolidated balance sheet | | Net amount | Net amount of liabilities presented in the consolidated balance sheet | Gross amounts not offset in the consolidated balance sheet | | Net amount |
| | | Financial instruments (1) | Cash collateral pledged | | | Financial instruments (1) | Cash collateral pledged | |
| | (in thousands) | | | | | | | |
| Non-affiliates: | | | | | | | | |
| J.P. Morgan Securities LLC | \$ 1,090,645 | \$ (1,090,645) | \$ — | \$ — | \$ 1,536,038 | \$ (1,536,038) | \$ — | \$ — |
| Bank of America, N.A. | 1,012,219 | (1,012,219) | — | — | 1,074,334 | (1,074,334) | — | — |
| Atlas Securitized Products, L.P. | 984,628 | (984,628) | — | — | 1,216,779 | (1,216,779) | — | — |
| Santander US Capital | 973,270 | (973,270) | — | — | 952,951 | (952,933) | — | 18 |
| Wells Fargo Securities, LLC | 721,550 | (721,550) | — | — | 782,547 | (782,547) | — | — |
| Goldman Sachs & Co. LLC | 466,672 | (458,388) | — | 8,284 | 151,274 | (151,274) | — | — |
| RBC Capital Markets, L.P. | 381,942 | (381,942) | — | — | 438,781 | (438,781) | — | — |
| Barclays Capital Inc. | 332,396 | (331,360) | — | 1,036 | 431,016 | (431,016) | — | — |
| Morgan Stanley & Co. LLC | 300,073 | (295,956) | — | 4,117 | 319,500 | (319,500) | — | — |
| Nomura Holdings America, Inc | 272,553 | (272,553) | — | — | 231,308 | (231,308) | — | — |
| Citigroup Global Markets Inc. | 273,174 | (272,324) | — | 850 | 397,162 | (397,162) | — | — |
| Daiwa Capital Markets | 189,890 | (189,699) | — | 191 | 195,268 | (195,268) | — | — |
| Bank of Montreal | 145,344 | (144,928) | — | 416 | 160,388 | (160,324) | — | 64 |
| BNP Paribas | 99,518 | (98,923) | — | 595 | 54,191 | (54,191) | — | — |
| Mizuho Financial Group | 76,637 | (75,826) | — | 811 | 81,701 | (81,701) | — | — |
| Other | 967 | — | — | 967 | 851 | — | — | 851 |
| | <u>\$ 7,321,478</u> | <u>\$ (7,304,211)</u> | <u>\$ —</u> | <u>\$ 17,267</u> | <u>\$ 8,024,089</u> | <u>\$ (8,023,156)</u> | <u>\$ —</u> | <u>\$ 933</u> |
| PennyMac Financial Services, Inc. | <u>\$ 5,886</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 5,886</u> | <u>\$ 2,257</u> | <u>\$ —</u> | <u>\$ —</u> | <u>\$ 2,257</u> |

(1) Amounts represent the UPB of *Assets sold under agreements to repurchase*.

Following are the net gains (losses) recognized by the Company on derivative financial instruments and the consolidated statements of operations line items where such gains and losses are included:

| Derivative activity | Consolidated statements of operations line | Quarter ended March 31, | |
|--|--|-------------------------|-------------|
| | | 2026 | 2025 |
| | | (in thousands) | |
| Interest rate lock commitments | Net gains on loans held for sale (1) | \$ (5,621) | \$ 4,174 |
| CRT derivatives | Net (losses) gains on investments and financings | \$ 132 | \$ 1,980 |
| Hedged item: | | | |
| Interest rate lock commitments and loans held for sale | Net gains on loans held for sale | \$ 15,071 | \$ (26,359) |
| Mortgage servicing rights | Net loan servicing fees | \$ (11,881) | \$ (39,944) |

(1) Represents net change in fair value of IRLCs from the beginning to the end of the quarter. Amounts recognized at the date of commitment and fair value changes recognized during the quarter until purchase of the underlying loan or cancellation of the commitment are shown in the rollforwards of IRLCs for the quarter in Note 7 – *Fair Value – Financial Statement Items Measured at Fair Value on a Recurring Basis*.

Note 12—Mortgage Servicing Rights

Following is a summary of MSRs:

| | Quarter ended March 31, | |
|---|-------------------------|--------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Balance at beginning of quarter | \$ 3,644,702 | \$ 3,867,394 |
| MSRs resulting from loan sales | 40,281 | 47,009 |
| Transfers to Agency of mortgage servicing rights relating to delinquent loans | 295 | 221 |
| Changes in fair value: | | |
| Due to changes in inputs used in valuation model (1) | 45,587 | (55,831) |
| Other changes in fair value (2) | (106,886) | (88,759) |
| | (61,299) | (144,590) |
| Balance at end of quarter | \$ 3,623,979 | \$ 3,770,034 |

(1) Primarily reflects changes in prepayment speed, pricing spread or OAS, servicing cost, and UPB of underlying loan inputs.

(2) Represents changes due to realization of expected cash flows.

| | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| | (in thousands) | |
| Fair value of mortgage servicing rights pledged to secure <i>Assets sold under agreements to repurchase and Notes payable secured by credit risk transfer and mortgage servicing assets</i> | \$ 3,560,828 | \$ 3,582,211 |

Servicing fees relating to MSRs are recorded in *Net loan servicing fees – from nonaffiliates* on the Company's consolidated statements of operations and are summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Contractually specified servicing fees | \$ 147,592 | \$ 152,199 |
| Ancillary and other fees: | | |
| Late charges | 1,071 | 1,027 |
| Other | 2,296 | 2,890 |
| | 3,367 | 3,917 |
| | \$ 150,959 | \$ 156,116 |
| Average UPB of underlying loans | \$ 214,185,523 | \$ 225,515,018 |

Note 13—Other Assets

Other assets are summarized below:

| | March 31, 2026 | December 31, 2025 |
|---|------------------------|-------------------|
| | (dollars in thousands) | |
| Margin deposits | \$ 232,767 | \$ 221,310 |
| Interest receivable | 75,238 | 72,684 |
| Correspondent lending receivables | 10,895 | 7,083 |
| Servicing fees receivable | 10,327 | 9,586 |
| Other receivables | 27,228 | 25,458 |
| Real estate acquired in settlement of loans | 1,365 | 1,421 |
| Other | 16,204 | 36,042 |
| | \$ 374,024 | \$ 373,584 |

Note 14—Short-Term Debt

The borrowing facilities described throughout these Notes 14 and 15 contain various covenants, including financial covenants relating to the Company and its subsidiaries' net worth, debt-to-equity ratio, and liquidity. The Company believes that it was in compliance with these covenants as of March 31, 2026.

Assets sold under agreements to repurchase

Following is a summary of financial information relating to assets sold under agreements to repurchase:

| | Quarter ended March 31, | |
|------------------------------------|-------------------------|--------------|
| | 2026 | 2025 |
| | (dollars in thousands) | |
| Weighted average interest rate (1) | 4.64% | |
| Average balance | \$ 7,812,433 | \$ 6,180,911 |
| Total interest expense | \$ 91,392 | \$ 81,148 |
| Maximum daily amount outstanding | \$ 8,673,233 | \$ 7,068,600 |

- (1) Excludes the effect of amortization of debt issuance costs of \$1.9 million and \$1.8 million for the quarters ended March 31, 2026 and 2025, respectively.

| | March 31, 2026 | December 31, 2025 |
|---|------------------------|---------------------|
| | (dollars in thousands) | |
| Carrying value: | | |
| Unpaid principal balance | \$ 7,304,211 | \$ 8,023,156 |
| Unamortized debt issuance costs | (3,519) | (4,555) |
| | <u>\$ 7,300,692</u> | <u>\$ 8,018,601</u> |
| Weighted average interest rate | 4.54% | |
| Available borrowing capacity (1): | | |
| Committed | \$ 553,463 | \$ 595,085 |
| Uncommitted | 5,174,734 | 5,032,598 |
| | <u>\$ 5,728,197</u> | <u>\$ 5,627,683</u> |
| Margin deposits placed with counterparties included in <i>Other</i> assets, net | \$ 170,948 | \$ 174,598 |
| Assets securing agreements to repurchase: | | |
| <i>Mortgage-backed securities at fair value</i> | \$ 3,765,539 | \$ 4,452,859 |
| <i>Loans held for sale at fair value</i> | \$ 2,328,824 | \$ 2,676,700 |
| <i>Loans held for investment at fair value</i> | \$ 937,680 | \$ 648,159 |
| Credit risk transfer arrangements: | | |
| <i>Derivative assets</i> | \$ 9,169 | \$ 12,622 |
| <i>Deposits securing credit risk transfer arrangements</i> | \$ 153,742 | \$ 176,694 |
| <i>Mortgage servicing rights at fair value (2)</i> | \$ 1,745,231 | \$ 1,765,572 |
| <i>Servicing advances (3)</i> | \$ 38,930 | \$ 44,653 |

- (1) The amount the Company is able to borrow under asset repurchase agreements is tied to the fair value of unencumbered assets eligible to secure those agreements and the Company's ability to fund the agreements' margin requirements relating to the assets financed.
- (2) Beneficial interests in Fannie Mae MSRs are pledged to secure both *Assets sold under agreements to repurchase* and *Notes payable secured by credit risk transfer and mortgage servicing assets*.
- (3) Beneficial interests in Fannie Mae servicing advances are pledged to secure *Assets sold under agreements to repurchase*.

Maturities

Following is a summary of maturities of outstanding advances under repurchase agreements by maturity date:

| Remaining maturity at March 31, 2026 (1) | Unpaid principal balance (in thousands) |
|--|--|
| Within 30 days | \$ 4,209,428 |
| Over 30 to 90 days | 2,387,866 |
| Over 90 days to 180 days | 153,151 |
| Over 180 days to 1 year | 55,000 |
| Over 1 year to 2 years | 498,766 |
| | <u>\$ 7,304,211</u> |
| Weighted average maturity (in months) | 2.3 |

- (1) The Company is subject to margin calls during the period the repurchase agreements are outstanding and therefore may be required to repay a portion of the borrowings before the respective repurchase agreements mature if the fair values (as determined by the applicable lender) of the assets securing those repurchase agreements decrease.

Amounts at Risk

The amount at risk (the fair value of the assets pledged plus the related margin deposit, less the amount advanced by the counterparty and interest payable) and maturity information relating to the Company's assets sold under agreements to repurchase is summarized by pledged asset and counterparty below as of March 31, 2026:

*Loans and MSR*s

| Counterparty | Amounts at risk (in thousands) | Weighted-average maturity | |
|----------------------------------|--|----------------------------------|-------------------|
| | | Advances | Facility |
| Atlas Securitized Products, L.P. | \$ 488,626 | April 29, 2026 | December 10, 2027 |
| Santander US Capital | \$ 69,951 | June 25, 2026 | June 25, 2026 |
| Bank of America, N.A. | \$ 66,920 | April 7, 2026 | March 3, 2027 |
| Goldman Sachs & Co. LLC | \$ 63,918 | April 12, 2026 | March 13, 2028 |
| Nomura Holdings America, Inc. | \$ 73,914 | April 29, 2026 | April 29, 2026 |
| Citibank, N.A. | \$ 53,729 | July 12, 2026 | July 27, 2026 |
| RBC Capital Markets, L.P. | \$ 21,268 | June 13, 2026 | January 19, 2027 |
| JPMorgan Chase & Co. | \$ 2,948 | May 23, 2026 | June 28, 2026 |
| Morgan Stanley & Co. LLC | \$ 23,971 | June 2, 2026 | August 18, 2027 |
| Wells Fargo Securities, LLC | \$ 5,949 | May 20, 2026 | March 18, 2027 |
| BNP Paribas | \$ 11,212 | May 27, 2026 | February 22, 2027 |

Securities

| Counterparty | Amounts at risk (in thousands) | Weighted-average maturity |
|------------------------------------|--|----------------------------------|
| Santander US Capital | \$ 36,286 | May 1, 2026 |
| Bank of America, N.A. | \$ 22,623 | May 2, 2026 |
| Goldman Sachs & Co. LLC | \$ 15,649 | April 15, 2026 |
| Nomura Holdings America, Inc. | \$ 1,200 | June 30, 2026 |
| Citibank, N.A. | \$ 7,181 | May 12, 2026 |
| JPMorgan Chase & Co. | \$ 39,757 | April 28, 2026 |
| Wells Fargo Securities, LLC | \$ 22,788 | April 30, 2026 |
| Barclays Capital Inc. | \$ 12,066 | April 22, 2026 |
| Bank of Montreal | \$ 8,485 | May 7, 2026 |
| Daiwa Capital Markets America Inc. | \$ 4,891 | May 5, 2026 |
| Mizuho Financial Group | \$ 2,079 | April 23, 2026 |

CRT arrangements

| Counterparty | Amounts at risk (in thousands) | Weighted-average maturity |
|---------------------------|--|----------------------------------|
| RBC Capital Markets, L.P. | \$ 22,080 | April 24, 2026 |
| Morgan Stanley & Co. LLC | \$ 17,349 | April 30, 2026 |

Mortgage Loan Participation Purchase and Sale Agreement

One of the borrowing facilities secured by loans held for sale is in the form of a mortgage loan participation purchase and sale agreement. Participation certificates, each of which represents an undivided beneficial ownership interest in loans that have been pooled into a pending securitization with Freddie Mac or Fannie Mae, are sold to the lender pending the securitization of such loans and the sale of the resulting security. The commitment between the Company and a nonaffiliate to sell such security is also assigned to the lender at the time a participation certificate is sold.

The purchase price paid by the lender for each participation certificate is based on the trade price of the security, plus an amount of interest expected to accrue on the security to its anticipated delivery date, minus a present value adjustment, any related hedging costs and a holdback amount. The holdback amount is based on a percentage of the purchase price and is not required to be paid to the Company until the settlement of the security and its delivery to the lender.

The mortgage loan participation purchase and sale agreement is summarized below:

| | Quarter ended March 31, | |
|------------------------------------|-------------------------|-----------|
| | 2026 | 2025 |
| | (dollars in thousands) | |
| Average balance | \$ — | \$ 8,653 |
| Weighted average interest rate (1) | — | 5.68% |
| Total interest expense | \$ 31 | \$ 152 |
| Maximum daily amount outstanding | \$ — | \$ 49,266 |

(1) Excludes the effect of amortization of debt issuance costs of \$31,000 for the quarters ended March 31, 2026 and 2025.

Note 15— Long-Term Debt

Notes Payable Secured By Credit Risk Transfer and Mortgage Servicing Assets

CRT Arrangement Financing

The Company, through various wholly-owned subsidiaries, issued secured term notes (the “CRT Term Notes”) to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”). All of the CRT Term Notes rank pari passu with each other.

Following is a summary of the CRT Term Notes outstanding:

| CRT Term Notes | Issuance date | Issuance amount | Unpaid principal balance | Annual interest rate spread (1) | Maturity date |
|----------------|-----------------|-----------------|--------------------------|---------------------------------|--------------------|
| | | (in thousands) | | | |
| 2024 3R | August 28, 2024 | \$ 158,500 | \$ 133,723 | 3.10% | September 27, 2028 |
| 2024 2R | April 4, 2024 | \$ 247,000 | 207,556 | 3.35% | March 29, 2027 |
| 2024 1R | March 6, 2024 | \$ 306,000 | 255,686 | 3.50% | March 1, 2027 |
| | | | \$ 596,965 | | |

(1) Interest rates are charged at a spread to the Secured Overnight Financing Rate ("SOFR").

Fannie Mae MSR Financing

The Company, through two subsidiaries, PMT ISSUER TRUST-FMSR and PMT CO-ISSUER TRUST-FMSR (together, the "Issuer Trusts"), finances MSRs relating to loans serviced for Fannie Mae guaranteed securities comprised of the base MSRs owned by PMC and the related excess servicing spread ("ESS") owned by PennyMac Holdings, LLC ("PMH"), another subsidiary of PMT, through a combination of repurchase agreements and term financing.

The repurchase agreement financings for Fannie Mae MSRs and ESS are effected through the issuance of variable funding notes (a Series 2017-VF1 Note, a Series 2024-VF1 Note, a Series 2024-VF2 Note, and a Series 2025-VF1 Note, together the "FMSR VFNs") by the Issuer Trusts to PMC and PMH in exchange for participation certificates for MSRs and ESS. The FMSR VFNs are then sold by PMC and PMH to qualified institutional buyers under agreements to repurchase. The amounts outstanding under the FMSR VFNs are included in *Assets sold under agreements to repurchase* in the Company’s consolidated balance sheets. The FMSR VFNs have a combined committed borrowing capacity of \$1.1 billion under two-year repurchase agreement facilities.

The term financing for Fannie Mae MSRs is effected through the issuance of term notes (the “FT-1 Term Notes”) by the Issuer Trusts to qualified institutional buyers under Rule 144A of the Securities Act and a series of syndicated term loans with various lenders (the “FTL-1 Term Loans”).

The FT-1 Term Notes, FTL-1 Term Loans and the FMSR VFNs are secured by participation certificates relating to Fannie Mae MSRs and ESS. Creditors to the assets sold under agreements to repurchase, the FT-1 Term Notes and the FTL-1 Term Loans have equal priority in claims to the collateral held by the Issuer Trusts.

Following is a summary of the term financing of the Company's Fannie Mae MSRs:

| Issuance | Issuance date | Unpaid principal balance (in thousands) | Annual interest rate spread (1) | Maturity date | |
|-------------------|---------------|--|---------------------------------|-------------------|------------------------|
| | | | | Stated | Optional extension (2) |
| Term Loans | | | | | |
| 2023 | May 25, 2023 | \$ 370,000 | 3.00% | May 25, 2028 | May 25, 2029 |
| Term Notes | | | | | |
| 2024 | June 27, 2024 | 355,000 | 2.75% | December 27, 2027 | June 26, 2028 |
| | | <u>\$ 725,000</u> | | | |

(1) Interest rates are charged at a spread to SOFR.

(2) The indentures relating to these issuances provide the Company with the option of extending the maturity dates of the FTL-1 Term Loans and FT-1 Term Notes under conditions specified in the respective agreements.

Freddie Mac MSR and Servicing Advance Receivables Financing

The Company, through PMC and PMH, finances certain MSRs (including any related ESS) relating to loans pooled into Freddie Mac securities through various credit agreements. The total loan amount available under the agreements is approximately \$2.0 billion, bearing interest at an annual rate equal to SOFR plus a spread as defined in each agreement. The agreements have maturities on various dates through August 2026. The total loan amount available under the agreements may be reduced by other debt outstanding with the counterparties. Advances under the credit agreements are secured by MSRs relating to loans serviced for Freddie Mac guaranteed securities.

The Company, through its indirect, wholly owned subsidiaries, PMT ISSUER TRUST - FHLMC SAF, PMT SAF Funding, LLC, and PMC, entered into a structured finance transaction that PMC may use to finance Freddie Mac servicing advance receivables (the "Series 2023-VF1"). The maturity date of the related Series 2023-VF1, Class A-VF1 Variable Funding Note is March 5, 2027 and has a maximum principal amount of \$175 million.

Following is a summary of financial information relating to notes payable secured by credit risk transfer and mortgage servicing assets:

| | Quarter ended March 31, | |
|------------------------------------|-------------------------|--------------|
| | 2026 | 2025 |
| | (dollars in thousands) | |
| Average balance | \$ 2,316,141 | \$ 2,830,048 |
| Weighted average interest rate (1) | 6.92% | 7.59% |
| Total interest expense | \$ 41,260 | \$ 55,255 |

(1) Excludes the effect of amortization of debt issuance costs of \$1.8 million and \$2.3 million for the quarters ended March 31, 2026 and 2025, respectively.

| | March 31, 2026 | December 31, 2025 |
|--|------------------------|---------------------|
| | (dollars in thousands) | |
| Carrying value: | | |
| Unpaid principal balance: | | |
| Credit risk transfer arrangement financing | \$ 596,965 | \$ 608,903 |
| Fannie Mae mortgage servicing rights financing | 725,000 | 725,000 |
| Freddie Mac mortgage servicing rights and servicing advance receivable financing | 1,079,635 | 927,943 |
| | 2,401,600 | 2,261,846 |
| Unamortized debt issuance costs | (5,055) | (3,718) |
| | <u>\$ 2,396,545</u> | <u>\$ 2,258,128</u> |
| Weighted average interest rate | 6.85% | 6.91% |
| Assets securing notes payable: | | |
| Mortgage servicing rights at fair value (1) | \$ 3,560,828 | \$ 3,582,211 |
| Servicing advances (1) | \$ 28,675 | \$ 33,777 |
| Credit risk transfer arrangements: | | |
| Deposits securing credit risk transfer arrangements | \$ 815,983 | \$ 832,640 |
| Derivative assets | \$ 21,005 | \$ 20,037 |

- (1) Beneficial interests in Freddie Mac MSR and related servicing advances are pledged as collateral for the *Notes payable secured by credit risk transfer and mortgage servicing assets*. Beneficial interests in Fannie Mae MSR are pledged for both *Assets sold under agreements to repurchase* and *Notes payable secured by credit risk transfer and mortgage servicing assets*.

Unsecured Senior Notes

Exchangeable Senior Note

The exchangeable senior note is summarized below:

| <u>Initial issuance date</u> | <u>Unpaid principal balance</u> (in thousands) | <u>Annual interest rate</u> | <u>Exchange rates (1)</u> | <u>Maturity date (2)</u> |
|------------------------------|---|-----------------------------|---------------------------|--------------------------|
| May 24, 2024 (3) | \$ 366,500 | 8.50% | 63.3332 | June 1, 2029 |

- (1) Common Shares per \$1,000 principal amount.

- (2) Unless repurchased or exchanged in accordance with their terms before such date.

- (3) Balance includes \$16.5 million issued on June 4, 2024, \$75 million issued on December 15, 2025 and \$75 million issued on December 22, 2025.

The exchangeable senior notes are exchangeable for: (1) cash for the principal amount of the notes to be exchanged; and (2) cash, Common Shares or a combination of cash and Common Shares, at the Company's election, for the remainder, if any, of the exchange obligation in excess of the principal amount of the notes being exchanged, at any time until the close of business on the second scheduled trading day immediately preceding the maturity date.

The exchangeable senior notes are fully and unconditionally guaranteed by the Company.

Senior Notes

The senior notes are summarized below:

| <u>Issuance date</u> | <u>Unpaid principal balance</u> (in thousands) | <u>Annual interest rate spread</u> | <u>Maturity date</u> | <u>Redemption date (1)</u> |
|----------------------|---|------------------------------------|----------------------|----------------------------|
| June 2025 | \$ 105,000 | 9.00% | June 15, 2030 | June 15, 2027 |
| February 2025 | 172,500 | 9.00% | February 15, 2030 | February 15, 2027 |
| September 2023 | 53,500 | 8.50% | September 30, 2028 | September 30, 2025 |
| | <u>\$ 331,000</u> | | | |

- (1) Redemptions may be made on or after the dates indicated.

Interest on the senior notes is payable quarterly. PMT may redeem for cash all or any portion of the senior notes, at its option, at a redemption price equal to 100% of the principal amount of the notes to be redeemed, plus accrued and unpaid interest to, but excluding, the applicable redemption date.

The senior notes are fully and unconditionally guaranteed on a senior unsecured basis by PMC, including the due and punctual payment of principal and interest, whether at stated maturity, upon acceleration, call for redemption or otherwise.

Following is financial information relating to the unsecured senior notes:

| | Quarter ended March 31, | |
|------------------------------------|-------------------------|--------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Average balance | \$ 977,333 | \$ 708,917 |
| Weighted average interest rate (1) | 7.91% | |
| Interest expense | \$ 20,274 | \$ 13,613 |
| | (in thousands) | |
| Carrying value: | | |
| Unpaid principal balance | | |
| Exchangeable senior notes | \$ 366,500 | \$ 711,500 |
| Senior notes | 331,000 | 331,000 |
| | 697,500 | 1,042,500 |
| Unamortized debt issuance costs | (12,994) | (14,200) |
| | \$ 684,506 | \$ 1,028,300 |

(1) Excludes the effect of amortization of debt issuance costs of \$1.2 million and \$976,000 for the quarters ended March 31, 2026 and 2025, respectively.

Asset-Backed Financing of Variable Interest Entities at Fair Value

Following is a summary of financial information relating to the asset-backed financings of VIEs at fair value described in Note 6 – *Variable Interest Entities – Subordinate Mortgage-Backed Securities*:

| | Quarter ended March 31, | |
|------------------------------------|-------------------------|--------------|
| | 2026 | 2025 |
| | (dollars in thousands) | |
| Average balance | \$ 8,827,189 | \$ 2,633,042 |
| Weighted average interest rate (1) | 5.72% | |
| Total interest expense | \$ 120,540 | \$ 28,715 |

(1) Excludes the effect of amortization of premiums of \$3.9 million and \$1.4 million for the quarters ended March 31, 2026 and 2025, respectively.

| | March 31, 2026 | December 31, 2025 |
|--------------------------------|------------------------|-------------------|
| | (dollars in thousands) | |
| Fair value | \$ 9,903,515 | \$ 7,789,303 |
| Unpaid principal balance | \$ 9,882,623 | \$ 7,763,364 |
| Weighted average interest rate | 6.03% | |

The asset-backed financings are non-recourse liabilities and are secured solely by the assets of consolidated VIEs and not by any other assets of the Company. The assets of the VIEs are the only source of funds for repayment of the securities.

Maturities of Long-Term Debt

Contractual maturities of long-term debt obligations (based on final maturity dates) are as follows:

| | Total | Twelve months ending March 31, | | | | | Thereafter |
|---|---------------|--------------------------------|------------|------------|------------|------------|--------------|
| | | 2027 | 2028 | 2029 | 2030 | 2031 | |
| | | (in thousands) | | | | | |
| Notes payable secured by credit risk transfer and mortgage servicing assets (1) | \$ 2,401,600 | \$ 1,542,877 | \$ 355,000 | \$ 503,723 | \$ — | \$ — | \$ — |
| Unsecured senior notes | 697,500 | — | — | 53,500 | 539,000 | 105,000 | — |
| Interest-only security payable at fair value (2) | 34,232 | — | — | — | — | — | 34,232 |
| Asset-backed financings at fair value (2) | 9,882,623 | — | — | — | — | — | 9,882,623 |
| Total | \$ 13,015,955 | \$ 1,542,877 | \$ 355,000 | \$ 557,223 | \$ 539,000 | \$ 105,000 | \$ 9,916,855 |

(1) Based on stated maturity. As discussed above, certain of the *Notes payable secured by credit risk transfer and mortgage servicing assets* allow the Company to exercise optional extensions.

(2) Contractual maturity does not reflect expected repayment as borrowers of the underlying loans generally have the right to repay their loans at any time.

Note 16—Liability for Losses Under Representations and Warranties

Following is a summary of the Company's liability for losses under representations and warranties:

| | Quarter ended March 31, | |
|--|-------------------------|----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Balance, beginning of quarter | \$ 5,284 | \$ 6,886 |
| Provision for losses: | | |
| Pursuant to loan sales | 310 | 304 |
| Reduction in liability due to change in estimate | (442) | (1,168) |
| Losses incurred | — | (67) |
| Balance, end of quarter | \$ 5,152 | \$ 5,955 |
| UPB of loans subject to representations and warranties at end of quarter | \$ 211,156,467 | \$ 220,977,898 |

Note 17—Commitments and Contingencies

Commitments

The following table summarizes the Company's outstanding contractual commitments:

| | March 31, 2026 |
|--|----------------|
| | (in thousands) |
| Commitments to purchase loans held for sale from PLS | \$ 1,338,161 |

Legal Proceedings

From time to time, the Company may be involved in various legal and regulatory proceedings, lawsuits and claims arising in the ordinary course of business. The amount, if any, of ultimate liability with respect to such matters cannot be determined, but despite the inherent uncertainties of litigation, management believes that the ultimate disposition of any such proceedings and exposure will not have, individually or taken together, a material adverse effect on the financial condition, income, or cash flows of the Company.

Litigation

On June 14, 2024, a purported shareholder of the Company's Series A Preferred Shares and Series B Preferred Shares (each, as defined hereafter) filed a complaint in a putative class action in the United States District Court for the Central District of California (the "District Court"), captioned Roberto Verthelyi v. PennyMac Mortgage Investment Trust and PNMAC Capital Management, LLC, Case No. 2:24-cv-05028 (the "Verthelyi Action"). The Verthelyi Action alleges, among other things, that the Company (and its external investment advisor, PCM), committed unlawful and unfair acts in violation of California's Unfair Competition Law by replacing its floating three-month London Inter-bank Offered Rate ("LIBOR") dividend rate for the Series A and Series B Preferred Shares with a fixed rate, in violation of the LIBOR Act, 12 U.S.C. § 5801 et seq., and the LIBOR Rule, 12 C.F.R. § 253 et seq.

The Verthelyi Action seeks injunctive relief requiring the Company to implement SOFR as a replacement to the three-month LIBOR rate and damages for the putative class in the form of restitution, interest, disgorgement and other relief. The Company believes it has interpreted the Articles Supplementary to its Series A and Series B Preferred Shares consistent with their terms and, more specifically, the interest rate fallback provisions contained therein, as applied under the LIBOR Act and the LIBOR rules, and that the Verthelyi Action is without merit.

On August 20, 2024, the Company filed a Motion to Dismiss that was denied by the District Court in an order dated February 26, 2025. The Company responded by filing a motion to certify the order denying the motion for interlocutory appeal, and on May 5, 2025, the District Court issued an Order Granting Certification for Interlocutory Appeal and Staying Action. The Company subsequently petitioned the United States Court of Appeals for the Ninth Circuit (the "Ninth Circuit") for permission to appeal, and that petition was granted by the Ninth Circuit in an order dated July 17, 2025. The appeal is fully briefed, arguments were heard and it remains pending.

At this time, the Company does not believe that a loss related to this matter is probable or reasonably estimable. The specific factors that limit the Company's ability to reasonably estimate a loss or range of losses are the novelty of the legal theories under California's Unfair Competition Law, the various claims for relief, including injunctive relief, and the early stage of the proceedings and uncertainty of the outcome. Accordingly, no accrual has been recorded in the Company's consolidated financial statements for this matter. While no assurance can be provided as to the ultimate outcome of this claim, the Company and PCM plan to vigorously defend the matter.

Pursuant to the terms of the Third Amended and Restated Management Agreement, dated as of June 30, 2020, by and between the Company and PCM, the Company has assumed the defense of PCM in the Verthelyi Action.

Note 18—Shareholders' Equity

Preferred Shares of Beneficial Interest

Preferred shares of beneficial interest are summarized below:

| Series | Description (1) | Number of shares | Liquidation preference | Issuance discount | Carrying value | Dividends per share, Quarter ended March 31, | |
|--|--------------------------|------------------|------------------------|-------------------|-------------------|--|---------|
| | | | | | | 2026 | 2025 |
| (in thousands, except dividends per share) | | | | | | | |
| A | 8.125% Issued March 2017 | 4,600 | \$ 115,000 | \$ 3,828 | \$ 111,172 | \$ 0.51 | \$ 0.51 |
| B | 8.00% Issued July 2017 | 7,800 | 195,000 | 6,465 | 188,535 | \$ 0.50 | \$ 0.50 |
| C | 6.75% Issued August 2021 | 10,000 | 250,000 | 8,225 | 241,775 | \$ 0.42 | \$ 0.42 |
| | | <u>22,400</u> | <u>\$ 560,000</u> | <u>\$ 18,518</u> | <u>\$ 541,482</u> | | |

(1) Par value is \$0.01 per share.

In accordance with the Articles Supplementary for each of the Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest (the "Series A Preferred Shares") and the Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest (the "Series B Preferred Shares"), and disregarding the polling provisions contained in the Articles Supplementary for the Series A Preferred Shares and the Series B Preferred Shares that is deemed null and void in accordance with Federal Reserve rules, the applicable dividend rate for dividend periods from and after March 15, 2024, in the case of the Series A Preferred Shares, or June 15, 2024, in the case of the Series B Preferred Shares, are and will continue being calculated at the dividend rate in effect for the immediately preceding dividend period and will not transition to floating reference rates.

The Series A Preferred Shares became redeemable on March 15, 2024 and the Series B Preferred Shares became redeemable on June 15, 2024. The Series C Cumulative Redeemable Preferred Shares will not be redeemable before August 24, 2026, except in connection with the Company's qualification as a REIT for U.S. federal income tax purposes or upon the occurrence of a change of control. On or after the date the preferred shares become redeemable, or 120 days after the first date on which such change of control occurs, the Company may, at its option, redeem any or all of the preferred shares at \$25.00 per share plus any accumulated and unpaid dividends to, but not including, the redemption date. No preferred shares were redeemed during the quarter ended March 31, 2026.

The preferred shares have no stated maturity, are not subject to any sinking fund or mandatory redemption and will remain outstanding indefinitely unless redeemed or repurchased by the Company or converted into Common Shares in connection with a change of control by the holders of the preferred shares.

Common Shares of Beneficial Interest

"At-The-Market" ("ATM") Equity Offering Program

On June 14, 2024, the Company filed a shelf registration statement and a prospectus supplement, and entered into separate equity distribution agreements to sell from time to time, through an ATM equity offering program under which the counterparties will act as sales agents and/or principals, the Company's Common Shares having an aggregate offering price of up to \$200 million. As of March 31, 2026, the Company had not sold any Common Shares under the ATM equity offering program.

Common Share Repurchase Program

The Company has a Common Share repurchase program with a repurchase authorization of \$500 million before transaction fees and \$73.4 million available for further share repurchases.

The Company made no share repurchases during the quarter ended March 31, 2026 and has made cumulative repurchases under the Common Share repurchase program totaling \$427.2 million, which includes \$582,000 of transaction fees.

Note 19— Net Gains on Loans Held for Sale

Net gains on loans held for sale are summarized below:

| | Quarter ended March 31, | |
|---|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| From nonaffiliates: | | |
| Cash losses: | | |
| Sales of loans | \$ (40,257) | \$ (1,915) |
| Hedging activities | 39,071 | (58,062) |
| | <u>(1,186)</u> | <u>(59,977)</u> |
| Non-cash gains: | | |
| Receipt of MSRs in mortgage loan sale transactions | 40,281 | 47,009 |
| Provision for losses relating to representations and warranties provided in loan sales: | | |
| Pursuant to loan sales | (310) | (304) |
| Reduction of liability due to change in estimate | 442 | 1,168 |
| | <u>132</u> | <u>864</u> |
| Changes in fair value of loans and derivatives | | |
| Interest rate lock commitments | (5,621) | 4,174 |
| Loans | 13,304 | (13,444) |
| Hedging derivatives | (24,000) | 31,703 |
| Total changes in fair value of loans and derivatives | <u>(16,317)</u> | <u>22,433</u> |
| Total non-cash gains | <u>24,096</u> | <u>70,306</u> |
| Total from nonaffiliates | 22,910 | 10,329 |
| From PFSI – cash gains | — | 2,015 |
| | <u>\$ 22,910</u> | <u>\$ 12,344</u> |

Note 20— Net (Losses) Gains on Investments and Financings

Net (losses) gains on investments and financings are summarized below:

| | Quarter ended March 31, | |
|----------------------------|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Mortgage-backed securities | \$ (33,407) | \$ 64,855 |
| Loans held for investment | (65,803) | 28,681 |
| CRT arrangements | 13,911 | (1,800) |
| Asset-backed financings | 62,236 | (29,423) |
| | <u>\$ (23,063)</u> | <u>\$ 62,313</u> |

Note 21—Net Interest Expense

Net interest expense is summarized below:

| | Quarter ended March 31, | |
|---|--------------------------------|-------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Interest income: | | |
| Cash and short-term investments | \$ 4,976 | \$ 5,686 |
| Mortgage-backed securities | 56,249 | 58,234 |
| Loans held for sale | 39,563 | 33,235 |
| Loans held for investment | 133,759 | 33,679 |
| Deposits securing CRT arrangements | 8,892 | 11,675 |
| Placement fees relating to custodial funds | 31,448 | 32,029 |
| Other | 1,204 | 1,553 |
| | <u>276,091</u> | <u>176,091</u> |
| Interest expense: | | |
| Assets sold under agreements to repurchase | 91,392 | 81,148 |
| Mortgage loan participation purchase and sale agreements | 31 | 152 |
| Notes payable secured by credit risk transfer and mortgage servicing assets | 41,260 | 55,255 |
| Unsecured senior notes | 20,274 | 13,613 |
| Asset-backed financings | 120,540 | 28,715 |
| Interest shortfall on repayments of loans serviced for Agency securitizations | 4,430 | 1,429 |
| Interest on loan impound deposits | 1,696 | 1,454 |
| Other | 127 | 371 |
| | <u>279,750</u> | <u>182,137</u> |
| | <u>\$ (3,659)</u> | <u>\$ (6,046)</u> |

Note 22—Share-Based Compensation

The Company's equity incentive plan provides for the issuance of equity awards to the Company's officers and trustees, as well as to employees and officers of PFSI and its affiliates and other entities or persons that provide services to the Company.

The equity incentive plan is administered by the Company's compensation committee, pursuant to authority delegated by PMT's board of trustees, which has the authority to make equity awards to the eligible participants referenced above, and to determine what form the equity awards will take, and the terms and conditions of the equity awards.

The Company's equity incentive plan allows for the grant of time-based and performance-based restricted share unit equity awards.

The shares underlying equity award grants will again be available for award under the equity incentive plan if:

- any shares subject to an equity award granted under the equity incentive plan are forfeited, canceled, exchanged or surrendered;
- an equity award terminates or expires without a distribution of shares to the participant; or
- shares are surrendered or withheld by PMT as payment of withholding taxes for an equity award.

Restricted share units and performance-based unit equity awards have been awarded to officers and trustees of the Company and to other employees and officers of PFSI and its affiliates at no cost to the grantees. Such awards generally vest over a one- to three-year period.

The following table summarizes the Company's share-based compensation activity:

| | Quarter ended March 31, | |
|--|-------------------------|-----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Grants: | | |
| Restricted share units | 321 | 199 |
| Performance share units | 287 | 168 |
| | <u>608</u> | <u>367</u> |
| Grant date fair value: | | |
| Restricted share units | \$ 3,897 | \$ 2,815 |
| Performance share units | 3,492 | 2,365 |
| | <u>\$ 7,389</u> | <u>\$ 5,180</u> |
| Vestings: | | |
| Restricted share units | 178 | 138 |
| Performance share units (1) | 101 | 91 |
| | <u>279</u> | <u>229</u> |
| Forfeitures: | | |
| Restricted share units | 1 | — |
| Performance share units | 1 | — |
| | <u>2</u> | <u>—</u> |
| Compensation expense relating to share-based grants | \$ 1,099 | \$ 963 |

(1) The actual number of performance-based restricted share units ("RSUs") that vested during the quarter ended March 31, 2026 was approximately 79% of the 128,212 originally granted performance-based RSUs.

| | March 31, 2026 | |
|--|------------------------|-------------------------|
| | Restricted share units | Performance share units |
| Shares expected to vest: | | |
| Number of restricted shares units (in thousands) | 432 | 437 |
| Grant date average fair value per unit | \$ 12.72 | \$ 12.84 |

Note 23—Income Taxes

The Company's effective tax rate was 8.5% and 253.7% with consolidated pretax income of \$26.9 million and pretax loss of \$6.3 million for the quarters ended March 31, 2026 and March 31, 2025, respectively. The Company's taxable REIT subsidiary ("TRS") recognized a tax expense of \$2.9 million on pretax income of \$964,000 for the quarter ended March 31, 2026. For the same period in 2025, the TRS recognized a tax benefit of \$17.2 million on a pretax loss of \$75.3 million. The primary difference between the Company's effective tax rate and the statutory tax rate is generally attributable to nontaxable REIT income resulting from the dividends paid deduction.

The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. On the basis of this evaluation, as of March 31, 2026, the valuation allowance remains zero. The TRS has a significant net deferred tax liability position, which indicates the TRS will utilize all of its deferred tax assets. The amount of deferred tax assets considered realizable could be adjusted in future periods based on future income.

In general, cash dividends declared by the Company will be considered ordinary income to the shareholders for income tax purposes. Some portion of the dividends may be characterized as capital gain distributions or a return of capital. The 2017 Tax Cuts and Jobs Act (subject to certain limitations) provides a 20% deduction from taxable income for ordinary REIT dividends which was made permanent under the One Big Beautiful Bill Act of 2025.

Note 24—Earnings (Loss) Per Common Share

The Company determines earnings per Common Share using the two-class method. Under the two-class method, all earnings (distributed and undistributed) are allocated to Common Shares and participating securities based on their respective rights to receive dividends. The Company's participating securities are certain grants of restricted share units that provide the recipients the nonforfeitable right to receive dividend equivalents during the vesting period on a basis equivalent to the dividends paid to holders of Common Shares.

Basic earnings per share is determined by dividing net income available to common shareholders (net income reduced by preferred dividends and income attributable to the participating securities) by the weighted average Common Shares outstanding during the period.

Diluted earnings per share is determined by dividing net income by the weighted average number of Common Shares and dilutive securities. The Company's potentially dilutive securities are share-based compensation awards and the exchangeable senior notes described in Note 15— *Long-Term Debt*. The number of dilutive securities included in diluted earnings per share is calculated using either the treasury stock or if-converted method (whichever is most dilutive) for share-based compensation awards and the if-converted method for the exchangeable senior notes. The number of potentially dilutive securities relating to the exchangeable senior notes is calculated based on the exchange obligation in excess of the principal amount of the exchangeable senior notes as described in Note 15— *Long-Term Debt*.

The following table summarizes the basic and diluted earnings per share calculations:

| | Quarter ended March 31, | |
|--|---|-----------|
| | 2026 | 2025 |
| | (in thousands except per share amounts) | |
| Net income | \$ 24,616 | \$ 9,680 |
| Dividends on preferred shares | (10,455) | (10,455) |
| Effect of participating securities—share-based compensation awards | (13) | (39) |
| Net income attributable to common shareholders | \$ 14,148 | \$ (814) |
| Weighted average basic and diluted shares outstanding | 87,082 | 86,907 |
| Basic earnings (losses) per share | \$ 0.16 | \$ (0.01) |
| Diluted earnings (losses) per share | \$ 0.16 | \$ (0.01) |

Calculation of diluted earnings per share requires certain potentially dilutive shares to be excluded when the inclusion of such shares would be anti-dilutive. The following table summarizes the potentially dilutive shares excluded from the diluted earnings per share calculation:

| | Quarter ended March 31, | |
|---|-------------------------|------|
| | 2026 | 2025 |
| | (in thousands) | |
| Shares issuable under share-based compensation plan | 461 | 312 |

Note 25—Segments

The Company operates in three segments as described in Note 1 – *Organization*.

The Company's reportable segments are identified based on PMT's investment strategies. The following disclosures about the Company's business segments are presented consistent with the way the Company's chief operating decision maker organizes and evaluates financial information for making operating decisions and assessing performance. The reportable segments are evaluated based on income or loss before benefit from income taxes. The chief operating decision maker uses pre-tax segments results to assess segment performance and allocate operating and capital resources among the segments. The Company's chief operating decision maker is its chief executive officer.

Financial highlights by segment are summarized below:

| Quarter ended March 31, 2026 | Credit sensitive strategies | Interest rate sensitive strategies | Aggregation and securitization | Reportable segment total | Corporate | Consolidated total |
|--|-----------------------------|------------------------------------|--------------------------------|--------------------------|-------------|--------------------|
| | (in thousands) | | | | | |
| Net investment income (1): | | | | | | |
| Net loan servicing fees | \$ — | \$ 83,586 | \$ — | \$ 83,586 | \$ — | \$ 83,586 |
| Net gains on loans held for sale | — | — | 22,910 | 22,910 | — | 22,910 |
| Net (losses) gains on investments and financings | | | | | | |
| Mortgage-backed securities | — | (33,407) | — | (33,407) | — | (33,407) |
| Loans held for investment | 2,191 | (5,758) | — | (3,567) | — | (3,567) |
| Credit risk transfer arrangements | 13,911 | — | — | 13,911 | — | 13,911 |
| | 16,102 | (39,165) | — | (23,063) | — | (23,063) |
| Net interest expense: | | | | | | |
| Interest income | 19,229 | 214,630 | 39,531 | 273,390 | 2,701 | 276,091 |
| Interest expense | 18,727 | 227,557 | 31,554 | 277,838 | 1,912 | 279,750 |
| | 502 | (12,927) | 7,977 | (4,448) | 789 | (3,659) |
| Other | (48) | — | 2,408 | 2,360 | — | 2,360 |
| | 16,556 | 31,494 | 33,295 | 81,345 | 789 | 82,134 |
| Expenses: | | | | | | |
| Earned by PennyMac Financial Services, Inc.: | | | | | | |
| Loan servicing fees | 2 | 19,721 | — | 19,723 | — | 19,723 |
| Management fees | — | — | — | — | 6,762 | 6,762 |
| Loan fulfillment fees | — | — | 5,737 | 5,737 | — | 5,737 |
| Professional services | — | — | 10,844 | 10,844 | 2,657 | 13,501 |
| Compensation | — | — | — | — | 2,976 | 2,976 |
| Loan collection and liquidation | 17 | 2,107 | — | 2,124 | — | 2,124 |
| Safekeeping | — | 802 | 53 | 855 | — | 855 |
| Loan origination | — | — | 213 | 213 | — | 213 |
| Other (2) | 77 | 873 | 31 | 981 | 2,367 | 3,348 |
| | 96 | 23,503 | 16,878 | 40,477 | 14,762 | 55,239 |
| Pretax income (loss) | \$ 16,460 | \$ 7,991 | \$ 16,417 | \$ 40,868 | \$ (13,973) | \$ 26,895 |
| Total assets at end of quarter | \$ 1,756,200 | \$ 17,934,880 | \$ 2,408,670 | \$ 22,099,750 | \$ 402,942 | \$ 22,502,692 |

(1) All investment income is from external customers. The segments do not recognize intersegment income.

(2) Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as insurance and technology.

| Quarter ended March 31, 2025 | Credit sensitive strategies | Interest rate sensitive strategies | Aggregation and securitization | Reportable segment total | Corporate | Consolidated total |
|--|-----------------------------|------------------------------------|--------------------------------|--------------------------|-------------|--------------------|
| | (in thousands) | | | | | |
| Net investment income (1): | | | | | | |
| Net loan servicing fees | \$ — | \$ (27,210) | \$ — | \$ (27,210) | \$ — | \$ (27,210) |
| Net gains on loans held for sale | — | — | 12,344 | 12,344 | — | 12,344 |
| Net (losses) gains on investments and financings | | | | | | |
| Mortgage-backed securities | (1,010) | 65,865 | — | 64,855 | — | 64,855 |
| Loans held for investment | 2,767 | (3,509) | — | (742) | — | (742) |
| Credit risk transfer arrangements | (1,800) | — | — | (1,800) | — | (1,800) |
| | (43) | 62,356 | — | 62,313 | — | 62,313 |
| Net interest expense: | | | | | | |
| Interest income | 19,549 | 119,896 | 33,198 | 172,643 | 3,448 | 176,091 |
| Interest expense | 18,117 | 135,332 | 27,522 | 180,971 | 1,166 | 182,137 |
| | 1,432 | (15,436) | 5,676 | (8,328) | 2,282 | (6,046) |
| Other | (141) | — | 3,205 | 3,064 | — | 3,064 |
| | 1,248 | 19,710 | 21,225 | 42,183 | 2,282 | 44,465 |
| Expenses: | | | | | | |
| Earned by PennyMac Financial Services, Inc.: | | | | | | |
| Loan servicing fees | 2 | 21,727 | — | 21,729 | — | 21,729 |
| Management fees | — | — | — | — | 7,012 | 7,012 |
| Loan fulfillment fees | — | — | 5,290 | 5,290 | — | 5,290 |
| Professional services | — | — | 4,880 | 4,880 | 2,102 | 6,982 |
| Compensation | — | — | — | — | 2,970 | 2,970 |
| Loan collection and liquidation | 42 | 1,927 | — | 1,969 | — | 1,969 |
| Safekeeping | — | 1,034 | 76 | 1,110 | — | 1,110 |
| Loan origination | — | — | 686 | 686 | — | 686 |
| Other (2) | 94 | 496 | 166 | 756 | 2,260 | 3,016 |
| | 138 | 25,184 | 11,098 | 36,420 | 14,344 | 50,764 |
| Pretax income (loss) | \$ 1,110 | \$ (5,474) | \$ 10,127 | \$ 5,763 | \$ (12,062) | \$ (6,299) |
| Total assets at end of quarter | \$ 1,517,529 | \$ 10,860,903 | \$ 2,045,113 | \$ 14,423,545 | \$ 452,681 | \$ 14,876,226 |

- (1) All investment income is from external customers. The segments do not recognize intersegment income.
- (2) Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as insurance and technology.

Note 26—Regulatory Capital and Liquidity Requirements

The Company, through PMC, is subject to financial eligibility requirements established by the Federal Housing Finance Agency for sellers/servicers eligible to sell or service mortgage loans with Fannie Mae and Freddie Mac.

The Agencies' capital and liquidity amounts and requirements are summarized below:

| | Net worth (1) | | Tangible net worth / total assets ratio (1) | | Liquidity (1) | |
|-------------------|---------------|------------|---|----------|---------------|------------|
| | Actual | Required | Actual | Required | Actual | Required |
| March 31, 2026 | \$ 736,807 | \$ 565,233 | 11% | 6% | \$ 456,161 | \$ 207,798 |
| December 31, 2025 | \$ 682,481 | \$ 569,435 | 9% | 6% | \$ 514,626 | \$ 211,818 |

- (1) Calculated in accordance with the Agencies' requirements.

Noncompliance with the Agencies' capital and liquidity requirements can result in the Agencies taking various remedial actions up to and including removing the Company's ability to sell loans to and service loans on behalf of the Agencies.

Note 27—Subsequent Events

Management has evaluated all events and transactions through the date the Company issued these consolidated financial statements. During this period, all agreements to repurchase assets that matured before the date of this Report were extended or renewed.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of financial condition and results of operations should be read with the consolidated financial statements and the related notes of PennyMac Mortgage Investment Trust (“PMT”) included within this Quarterly Report on Form 10-Q (this “Report”).

Statements contained in this Report may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors, which may cause actual results to be materially different from those expressed or implied in such statements. You can identify these forward-looking statements by words such as “may,” “will,” “should,” “expect,” “anticipate,” “believe,” “estimate,” “intend,” “plan” and other similar expressions. You should consider our forward-looking statements in light of the risks discussed under the heading “Risk Factors,” as well as our consolidated financial statements, related notes, and the other financial information appearing elsewhere in this Report and our other filings with the United States Securities and Exchange Commission (“SEC”). The forward-looking statements contained in this Report are made as of the date hereof and we assume no obligation to update or supplement any forward-looking statements.

The following discussion and analysis provides information that we believe is relevant to an assessment and understanding of our consolidated results of operations and financial condition. Unless the context indicates otherwise, references in this Report to the words “we,” “us,” “our” and the “Company” refer to PMT and its consolidated subsidiaries.

Our Company

We are a specialty finance company that invests in mortgage-related assets. Our objective is to provide attractive risk-adjusted returns to our investors over the long-term, primarily through dividends and secondarily through capital appreciation. A significant portion of our investment portfolio is comprised of mortgage-related assets that we have created through our aggregation and securitization activities, including mortgage servicing rights (“MSRs”), senior and subordinate mortgage-backed securities (“MBS”), and credit risk transfer (“CRT”) arrangements, which absorb credit losses on certain of the loans we have sold. We also invest in Agency and senior non-Agency MBS, subordinate and credit-linked MBS, interest-only (“IO”) and principal-only (“PO”) stripped MBS, and Agency floating rate collateralized mortgage obligations (“CMOs”).

We are externally managed by Pennymac Capital Management, LLC (“PCM”), an investment adviser that specializes in and focuses on U.S. mortgage assets. Our loan acquisitions related to our acquisitions of correspondent loans for our aggregation and securitization activities are facilitated by PennyMac Loan Services, LLC (“PLS”) which also performs servicing activities for our loans and MSRs. PCM and PLS are both indirect controlled subsidiaries of PennyMac Financial Services, Inc. (“PFSI”), a publicly-traded mortgage banking and investment management company separately listed on the New York Stock Exchange.

A significant portion of our operations involves Government-Sponsored Enterprises (“GSEs”), specifically the Federal Home Loan Mortgage Corporation (“Freddie Mac”) and the Federal National Mortgage Association (“Fannie Mae”). Freddie Mac and Fannie Mae are each referred to as an “Agency” and, collectively as the “Agencies”.

We operate our business in three segments: credit sensitive strategies, interest rate sensitive strategies and aggregation and securitization (formerly referred to as correspondent production). Non-segment activities are included in our corporate operations.

Our segment and corporate activities are described below.

- The credit sensitive strategies segment represents our investments in CRT arrangements referencing loans from our aggregation and securitization activities, subordinate and credit-linked MBS.
- The interest rate sensitive strategies segment represents our investments in MSRs, Agency pass through MBS and structured products (including IO and PO MBS and floating rate CMOs), senior non-Agency MBS and the related interest rate hedging activities.
- The aggregation and securitization segment represents our operations in purchasing, pooling and reselling newly originated prime credit quality loans either directly or in the form of MBS, using the services of PCM and PLS.

We sell the loans we acquire through our aggregation and securitization activities primarily to the Agencies and also sell loans to other non-affiliate entities. We also securitize certain of our loans directly and retain interests, such as senior and subordinate MBS, from these securitizations.

- Our corporate operations include management fees, compensation, professional services, and other amounts attributable to the Company’s corporate operations and certain interest income and expense.

Our Investment Activities

Credit Sensitive Investments

CRT Arrangements

We have previously entered into loan sales arrangements with Fannie Mae pursuant to which we accepted credit risk relating to the loans sold in exchange for a portion of the interest earned on such loans. These arrangements absorb scheduled or realized credit losses on those loans and comprise the Company's investments in CRT arrangements.

We held net CRT-related investments (comprised of deposits securing CRT arrangements, CRT derivatives, CRT strips and an IO security payable) totaling approximately \$1.0 billion at March 31, 2026.

Subordinate Mortgage-Backed Securities

Subordinate MBS provide us with a higher yield than senior MBS. However, we incur credit risk since subordinate MBS are the first securities to absorb credit losses relating to the underlying loans. We purchased \$4.0 million of MBS backed by residential transition loans during the quarter ended March 31, 2026. We sold our holdings of the credit-linked securities that we account for as MBS that we purchased from nonaffiliates during the year ended 2025.

As the result of the Company's consolidation of the variable interest entities ("VIEs") that issued certain of our holdings of subordinate MBS as described in Note 6 – *Variable Interest Entities – Subordinate and Senior Non-Agency Mortgage-Backed Securities* to the consolidated financial statements included in this Report, we reflect our investments in those securities as loans held for investment and reflect the related securities that we sell to nonaffiliates as asset-backed financings. We invested approximately \$189.2 million in such non-Agency subordinate MBS during the quarter ended March 31, 2026 and we held approximately \$844.1 million of such securities at March 31, 2026.

Interest Rate Sensitive Investments

Mortgage servicing rights

During the quarter ended March 31, 2026, we received approximately \$40.3 million of MSR as proceeds from sales of loans held for sale. At March 31, 2026, we held MSRs at fair value of approximately \$3.6 billion.

Agency, non-Agency and structured MBS

Our investment portfolio includes REIT-eligible Agency MBS and structured products (IO and PO stripped MBS and floating rate CMOs) and senior non-Agency MBS. During the quarter ended March 31, 2026, we sold approximately \$477.4 million of our fixed-rate pass-through Agency MBS. At March 31, 2026, the total fair value of these investments was approximately \$3.8 billion.

During the quarter ended March 31, 2026, we invested approximately \$12.1 million in senior non-Agency MBS from our securitizations of loans secured by investment properties. We account for these investments as loans and reflect the securities we sold to nonaffiliates as asset-backed financings as described above. At March 31, 2026, we held senior non-Agency securities totaling approximately \$93.6 million from our securitizations of loans secured by investment properties.

Aggregation and Securitization

Our aggregation and securitization activities involve the acquisition and sale of newly originated prime credit quality residential loans. We acquire loans on a flow basis from correspondent loan sellers facilitated by PLS, as well as through direct bulk purchases of loans from PLS or other nonaffiliate parties. Mortgage aggregation and securitization serves as the source of our investments in MSRs, non-Agency securitizations and, previously, CRT arrangements. Our sales of loans from our aggregation and securitization and investment activities are summarized below:

| | Quarter ended March 31, | |
|---|-------------------------|---------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Sales of loans held for sale: | | |
| To nonaffiliates | \$ 2,217,203 | \$ 2,613,958 |
| To PennyMac Financial Services, Inc. | — | 20,437,666 |
| | \$ 2,217,203 | \$ 23,051,624 |
| Net gains on loans held for sale | \$ 22,910 | \$ 12,344 |
| Investments resulting from aggregation and securitization: | | |
| Retention of interests in securitizations of loans, net of associated asset-backed financings (1) | \$ 201,301 | \$ 94,021 |
| Receipt of MSRs as proceeds from sales of loans | 40,281 | 47,009 |
| Total investments resulting from aggregation and securitization activities | \$ 241,582 | \$ 141,030 |

- (1) The trusts issuing these securities are consolidated on our consolidated balance sheets. Therefore, our investments in these securities are shown as their underlying assets, *Loans held for investment at fair value*, with the securities held by nonaffiliates being shown as *Asset-backed financings of variable interest entities at fair value*.

Beginning in July 2025, PLS became the initial purchaser of loans from correspondent sellers and began transferring agreed-upon volumes of such loans to us. Accordingly, we no longer purchase government loans, and we have the right to purchase up to 100% of PLS's non-government delegated correspondent production. During the quarter ended March 31, 2026, we purchased newly originated prime credit quality residential loans with fair values totaling \$4.8 billion as compared to \$24.0 billion for the quarter ended March 31, 2025, from our aggregation and securitization business.

Taxation

We believe that we qualify to be taxed as a REIT and as such will not be subject to federal income tax on that portion of our income that is distributed to shareholders as long as we meet applicable REIT asset, income and share ownership tests. If we fail to qualify as a REIT, and do not qualify for certain statutory relief provisions, our profits will be subject to income taxes and we may be precluded from qualifying as a REIT for the four tax years following the year we lose our REIT qualification.

A portion of our activities, including our aggregation and securitization business, is conducted in our taxable REIT subsidiary ("TRS"), which is subject to corporate federal and state income taxes. Accordingly, we make a provision for income taxes with respect to the operations of our TRS. We expect that the effective rate for the provision for income taxes may be volatile in future periods. Our goal is to manage the business to take full advantage of the tax benefits afforded to us as a REIT.

We evaluate our deferred tax assets quarterly to determine if valuation allowances are required based on the consideration of all available positive and negative evidence using a "more-likely-than-not" standard with respect to whether deferred tax assets will be realized. Our evaluation considers, among other factors, taxable loss carryback availability, expectations of sufficient future taxable income, trends in earnings, existence of taxable income in recent years, the future reversal of temporary differences, and available tax planning strategies that could be implemented, if required. The ultimate realization of our deferred tax assets depends primarily on our ability to generate future taxable income during the periods in which the related deferred tax assets become deductible.

Non-Cash Investment Income

A substantial portion of our net investment income is comprised of non-cash items, including fair value adjustments and recognition of the fair value of assets created and liabilities incurred in loan sales transactions. Because we have elected, or are required by accounting principles generally accepted in the United States ("GAAP"), to record certain of our financial assets (comprised of MBS, loans held for sale and loans held for investment), our derivatives and CRT strips, our MSR, and our asset-backed financings and IO security payable at fair value, a substantial portion of the income or loss we record with respect to such assets and liabilities results from non-cash changes in fair value.

The amounts of net non-cash investment income items included in net investment income are as follows:

| | Quarter ended March 31, | |
|---|-------------------------|-----------|
| | 2026 | 2025 |
| | (dollars in thousands) | |
| Net (losses) gains on investments and financings | | |
| Mortgage-backed securities | \$ (33,407) | \$ 64,855 |
| Loans held for investment | (65,803) | 28,681 |
| CRT arrangements | (610) | (12,648) |
| Interest-only security payable | 3,418 | (1,732) |
| Asset-backed financings | 62,236 | (29,423) |
| | (34,166) | 49,733 |
| Net gains on loans held for sale (1) | 24,096 | 70,306 |
| Net loan servicing fees—MSR valuation adjustments (2) | 55,343 | (81,079) |
| | \$ 45,273 | \$ 38,960 |
| Net investment income | \$ 82,134 | \$ 44,465 |
| Non-cash items as a percentage of net investment income | 55% | 88% |

(1) Amount represents MSRs received, liability for representations and warranties incurred in loan sales transactions and changes in fair value of loans, interest rate lock commitments ("IRLCs") and hedging derivatives held at the end of the quarter.

(2) Includes fair value changes due to changes in fair value inputs and fair value changes related to MSR derivative hedging instruments held at the end of the quarter.

We receive or pay cash relating to:

- MBS through monthly principal and interest payments from the issuer of such securities or from the sale of the investments;
- Loan investments when the loans are paid down, paid off or sold, when payments of principal and interest occur on such loans or when the properties acquired in settlement of loans are sold;
- CRT arrangements through a portion of the interest payments collected on loans in the CRT arrangements' reference pools, interest payments from the investment of the deposits securing the arrangement in short-term investments and the release to us of the deposits securing the arrangements as principal on such loans is repaid;
- MSRs in the form of loan servicing fees (including both base servicing and excess servicing spread), ancillary fees and placement fees on the deposits we manage on behalf of the borrowers and investors in the loans we service;
- Hedging instruments when we receive or make margin deposits as the fair value of respective instruments change, when the instruments mature or when we effectively cancel the transactions through offsetting trades; and
- Our liability for representations and warranties when we repurchase loans or settle loss claims from investors.

Business Trends

Recent macroeconomic and federal government actions related to trade, tariffs, government cost reduction initiatives, military action, inflation, and interest rates have contributed to volatility in financial markets and uncertainty regarding the economic outlook. Elevated interest rates in recent years have constrained growth in the mortgage origination market, which mortgage industry economists currently project will increase from \$1.9 trillion in 2025 to \$2.3 trillion in 2026.

The opportunity for refinancing has increased, driven by interest rate volatility and a greater proportion of outstanding mortgages with note rates near current market rates. If such volatility continues, it may lead to higher mortgage production activity and increased prepayment speeds compared to recent years.

The ongoing economic uncertainty and market volatility could result in reduced economic activity and slowing home price growth or depreciation, which may increase mortgage delinquencies or defaults and negatively affect the performance of our credit-sensitive assets, including CRT arrangements and subordinate MBS, as well as increase losses from our representations and warranties. However, many of the loans underlying our assets have favorable credit characteristics including low loan-to-value ratios, which are likely to moderate the negative effects of credit performance in an economic downturn.

We expect to purchase a portion of PLS's conventional conforming correspondent loans and all non-Agency correspondent loans in the second quarter of 2026. We also expect to continue investing in subordinate MBS generated from non-Agency securitizations, which is expected to increase our asset-back financing of VIEs.

Results of Operations

The following is a summary of our key performance measures:

| | Quarter ended March 31, | |
|--|--|-------------------|
| | 2026 | 2025 |
| | (dollar amounts in thousands, except per common share amounts) | |
| Net loan servicing fees | \$ 83,586 | \$ (27,210) |
| Loan production income (1) | 25,285 | 15,496 |
| Net (losses) gains on investments and financings | (23,063) | 62,313 |
| Net interest expense | (3,659) | (6,046) |
| Other | (15) | (88) |
| Net investment income | 82,134 | 44,465 |
| Expenses | 55,239 | 50,764 |
| Pretax income (loss) | 26,895 | (6,299) |
| Provision for (benefit from) income taxes | 2,279 | (15,979) |
| Net income | 24,616 | 9,680 |
| Dividends on preferred shares | 10,455 | 10,455 |
| Net income (loss) attributable to common shareholders | \$ 14,161 | \$ (775) |
| Pretax income by segment and corporate: | | |
| Credit sensitive strategies | \$ 16,460 | \$ 1,110 |
| Interest rate sensitive strategies | 7,991 | (5,474) |
| Aggregation and securitization | 16,417 | 10,127 |
| Corporate operations | (13,973) | (12,062) |
| | \$ 26,895 | \$ (6,299) |
| Annualized return on average common shareholders' equity | 4.2% | (0.2)% |
| Earnings (losses) per common share | | |
| Basic | \$ 0.16 | \$ (0.01) |
| Diluted | \$ 0.16 | \$ (0.01) |
| Dividends per common share | \$ 0.40 | \$ 0.40 |
| | | |
| | March 31, 2026 | December 31, 2025 |
| Total assets | \$ 22,502,692 | \$ 21,346,882 |
| Book value per common share | \$ 14.98 | \$ 15.25 |
| Closing price per common share | \$ 11.66 | \$ 12.55 |

(1) Includes net gains on sales of loans and loan origination fees.

Our results of operations increased by \$14.9 million during the quarter ended March 31, 2026, as compared to the quarter ended March 31, 2025, reflecting the effect of increased gains on our CRT-related investments and MSRs partially offset by increased losses on MBS.

The increase in pretax results is summarized below:

- Our credit sensitive strategies segment recognized a \$15.7 million increase in net gains on our CRT arrangements as market credit spreads (which represent the interest rate premium demanded by investors for instruments over those that are considered "risk free") tightened, which resulted in higher fair values during the quarter ended March 31, 2026 compared to the quarter ended March 31, 2025.
- Our interest rate sensitive strategies segment recognized a \$110.8 million increase in net servicing fees primarily driven by a reduction in MSR valuation losses due to increases in interest rates during the quarter ended March 31, 2026 compared to the quarter ended March 31, 2025. Net interest expense also decreased by \$2.5 million, which further contributed to the overall increase in net results. These benefits were partially offset by a \$99.3 million increase in valuation losses on MBS.
- Our aggregation and securitization segment recognized a \$10.6 million increase in gain on sale during the quarter ended March 31, 2026, primarily driven by higher correspondent lock volumes and margins, including higher volumes of jumbo loans, as well as favorable non-Agency execution.

Net Investment Income

Our net investment income is summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Net loan servicing fees | \$ 83,586 | \$ (27,210) |
| Net gains on loans held for sale | 22,910 | 12,344 |
| Loan origination fees | 2,375 | 3,152 |
| Net (losses) gains on investments and financings | (23,063) | 62,313 |
| Net interest expense | (3,659) | (6,046) |
| Other | (15) | (88) |
| | <u>\$ 82,134</u> | <u>\$ 44,465</u> |

Net Loan Servicing Fees

Our net loan servicing fees have two primary components: fees earned for servicing loans and the effects of MSR valuation changes, net of hedging results, as summarized below:

| | Quarter ended March 31, | |
|---|-------------------------|--------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Loan servicing fees | \$ 150,959 | \$ 156,116 |
| Effect of mortgage servicing rights and hedging results | (67,373) | (183,326) |
| Net loan servicing fees | <u>\$ 83,586</u> | <u>\$ (27,210)</u> |

Loan Servicing Fees

Following is a summary of our loan servicing fees:

| | Quarter ended March 31, | |
|--|-------------------------|-----------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Contractually specified servicing fees | \$ 147,592 | \$ 152,199 |
| Ancillary and other fees: | | |
| Late charges | 1,071 | 1,027 |
| Other | 2,296 | 2,890 |
| | <u>3,367</u> | <u>3,917</u> |
| | <u>\$ 150,959</u> | <u>\$ 156,116</u> |
| Average UPB of underlying loans | <u>\$ 214,185,523</u> | <u>\$ 225,515,018</u> |

Loan servicing fees are primarily related to servicing we provide for loans included in Agency securitizations. These fees are contractually established at an annualized percentage of the unpaid principal balance (“UPB”) of the loans serviced and we collect these fees from borrower payments. Other loan servicing fees are comprised primarily of borrower-contracted fees, such as late charges and reconveyance fees, as well as incentive fees we receive from the Agencies for loss mitigation activities and fees charged to correspondent lenders for loans repaid by the borrower shortly after purchase.

The change in contractually-specified fees during the quarter ended March 31, 2026 is due primarily to the slight reduction in our MSR servicing portfolio, reflecting a reduction in the volume of loans we acquire for sale, as well as a decline in the weighted average servicing fee of the MSRs.

Mortgage Servicing Rights and Hedging

We have elected to carry our MSRs at fair value. Changes in fair value have two components: changes due to realization of the expected servicing cash flows and changes due to changes in the inputs used to estimate fair value. We endeavor to moderate the effects of changes in fair value attributable to changes in fair value inputs (market conditions) primarily by entering into derivative transactions.

Changes in fair value of MSR and hedging results are summarized below:

| | Quarter ended March 31, | |
|---|-------------------------|--------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Change in fair value of MSR | | |
| Changes in valuation inputs used in valuation model | \$ 45,587 | \$ (55,831) |
| Recapture income from PFSI | 5,807 | 1,208 |
| Hedging results | (11,881) | (39,944) |
| | 39,513 | (94,567) |
| Realization of expected cash flows | (106,886) | (88,759) |
| | \$ (67,373) | \$ (183,326) |
| Average balance of mortgage servicing rights | \$ 3,609,820 | \$ 3,816,665 |

Changes in fair value due to changes in valuation inputs used in our valuation model are affected by the magnitude of the interest rate changes and the interest rate and prepayment sensitivities of the MSRs, which are based on the relationship of the interest rates of the underlying mortgages to the level of market interest rates. Changes in fair value due to changes in valuation inputs used in our valuation model during the quarter ended March 31, 2026 reflect the effects of expectations for slower future prepayments of the underlying loans due to increases in interest rates which extended the expected life of the servicing cash flows during the quarter ended March 31, 2026 compared to the same period in 2025.

We have an agreement with PFSI that requires that when PFSI refinances a loan for which we held the MSRs, we receive a recapture fee. The MSR recapture agreement is summarized in Note 4 – *Transactions with Related Parties – Operating Activities* to the consolidated financial statements included in this Report. The increase in loan recapture income from PFSI reflects elevated refinancing activity within our MSR portfolio due to declines and volatility in interest rates before the end of the quarter ended March 31, 2026, when interest rates were lower.

Hedging results during the quarter ended March 31, 2026 were primarily attributable to the impact of increasing interest rates as well as the embedded costs of maintaining the hedge positions. Our hedging activities are intended to manage our net exposure across all interest rate sensitive strategies, which include MSRs, MBS and related tax effects.

Changes in realization of cash flows are influenced by changes in the level of servicing assets and liabilities and changes in estimates of remaining cash flows to be realized as well as realized prepayment performance.

Following is a summary of our loan servicing portfolio:

| | March 31, 2026 | December 31, 2025 |
|--|----------------|-------------------|
| | (in thousands) | |
| UPB of loans outstanding | \$ 212,198,589 | \$ 215,781,639 |
| Collection status (unpaid principal balance) | | |
| Delinquency: | | |
| 30-89 days delinquent | \$ 2,295,456 | \$ 2,605,536 |
| 90 or more days delinquent: | | |
| Not in foreclosure | \$ 1,009,465 | \$ 1,032,221 |
| In foreclosure | \$ 139,801 | \$ 118,768 |
| Bankruptcy | \$ 362,786 | \$ 355,808 |

Following is a summary of characteristics of our MSR servicing portfolio as of March 31, 2026:

| Loan type | Unpaid principal balance | Loan count | Note rate | Seasoning (months) | Remaining maturity (months) | Average | | FICO credit score at origination | Original LTV (1) | Current LTV (1) | 60+ Delinquency (by UPB) |
|-------------|--------------------------|------------|-----------|--------------------|-----------------------------|-----------|---------------------------------------|----------------------------------|------------------|-----------------|--------------------------|
| | | | | | | Loan size | (Dollars and loan count in thousands) | | | | |
| Agency: | | | | | | | | | | | |
| Freddie Mac | \$ 104,697,213 | 380 | 3.9% | 52 | 296 | \$ 276 | 762 | 75% | 55% | 0.6% | |
| Fannie Mae | 102,946,525 | 407 | 3.8% | 62 | 288 | \$ 253 | 757 | 76% | 51% | 1.0% | |
| Other (2) | 4,554,851 | 15 | 5.2% | 43 | 315 | \$ 301 | 763 | 72% | 58% | 0.8% | |
| | <u>\$ 212,198,589</u> | <u>802</u> | 3.9% | 57 | 293 | \$ 265 | 760 | 75% | 53% | 0.8% | |

- (1) Loan-to-value.
(2) Represents MSRs on conventional loans sold to private investors.

Net Gains on Loans Held for Sale

Our net gains on loans held for sale are summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|---------------|
| | 2026 | 2025 |
| | (in thousands) | |
| From nonaffiliates: | | |
| Cash losses: | | |
| Sales of loans | \$ (40,257) | \$ (1,915) |
| Hedging activities | 39,071 | (58,062) |
| | (1,186) | (59,977) |
| Non-cash gains: | | |
| Receipt of MSRs in loan sale transactions | 40,281 | 47,009 |
| Provision for losses relating to representations and warranties provided in loan sales: | | |
| Pursuant to loan sales | (310) | (304) |
| Reduction in liability due to change in estimate | 442 | 1,168 |
| | 132 | 864 |
| Changes in fair value of financial instruments held at end of quarter: | | |
| Interest rate lock commitments | (5,621) | 4,174 |
| Loans | 13,304 | (13,444) |
| Hedging derivatives | (24,000) | 31,703 |
| | (16,317) | 22,433 |
| | 24,096 | 70,306 |
| Total from nonaffiliates | 22,910 | 10,329 |
| From PFSI—cash | — | 2,015 |
| | \$ 22,910 | \$ 12,344 |
| Interest rate lock commitments issued on loans held for sale (unpaid principal balance): | | |
| To nonaffiliates | \$ 3,706,378 | \$ 2,735,356 |
| To PFSI | — | 22,095,355 |
| | \$ 3,706,378 | \$ 24,830,711 |
| Acquisition of loans for sale (unpaid principal balance): | | |
| To nonaffiliates | \$ 445,426 | \$ 2,781,722 |
| To PFSI | 4,296,778 | 20,223,633 |
| | \$ 4,742,204 | \$ 23,005,355 |

The changes in *Net gains on loans held for sale at fair value* during the quarter ended March 31, 2026, as compared to the same period in 2025, were primarily driven by higher correspondent lock volumes and margins, including higher volumes of jumbo loans, as well as favorable non-Agency execution.

Non-cash elements of gain on sale of loans:

Interest Rate Lock Commitments

Our *Net gains on loans held for sale* include our estimates of gains or losses we expect to realize upon the sale of mortgage loans we have committed to purchase but have not yet purchased or sold. Therefore, we recognize a substantial portion of our net gains before we purchase the loans. These gains are reflected on our balance sheet as IRLC derivative assets and liabilities. We adjust the fair values of our IRLCs as the loan acquisition process progresses until we complete the acquisitions or the commitments are canceled. Such adjustments are included in our *Net gains on loans held for sale at fair value*. The fair values of our IRLCs become part of the carrying values of our loans when we complete the purchases of the loans. The methods and key inputs we use to measure the fair values of IRLCs are summarized in Note 7 – *Fair value – Valuation Techniques and Inputs* to the consolidated financial statements included in this Report.

The MSR and liabilities for representations and warranties we recognize represent our estimate of the fair value of future benefits and costs we will realize for years in the future. These estimates change as circumstances change, and changes in these estimates are recognized in our consolidated statements of operations in subsequent periods. Subsequent changes in the fair value of our MSRs significantly affect our income.

Mortgage Servicing Rights

The methods we use to measure and update the measurements of our MSRs as well as the effect of changes in valuation inputs on MSR fair value are detailed in Note 7 – *Fair Value – Valuation Techniques and Inputs* to the consolidated financial statements included in this Report.

Liability for Losses Under Representations and Warranties

We recognize liabilities for losses we expect to incur relating to the representations and warranties we provide to purchasers in our loan sales transactions. The representations and warranties we provide require adherence to purchaser and insurer origination and underwriting guidelines, including but not limited to the validity of the lien securing the loan, property eligibility, borrower credit, income and asset requirements, and compliance with applicable federal, state and local laws.

In the event of a breach of our representations and warranties, we may be required to either repurchase the loans with the identified defects, reimburse the investor for its loss or indemnify the investor or insurer against credit losses attributable to the loans with indemnified defects. In such cases, we bear any subsequent credit losses on the loans. Our credit losses may be reduced by any recourse we have to correspondent sellers that, in turn, had sold such loans to us and breached similar or other representations and warranties. In such event, we have the right to seek a recovery of those repurchase losses from that correspondent seller.

We recorded a provision for losses relating to representations and warranties relating to current period loan sales of \$310,000 and \$304,000 for the quarters ended March 31, 2026 and 2025, respectively.

Following is a summary of the indemnification, repurchase and loss activity and loans subject to representations and warranties:

| | Quarter ended March 31, | |
|---|-------------------------|----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Indemnification activity (unpaid principal balance): | | |
| Loans indemnified at beginning of quarter | \$ 16,207 | \$ 15,289 |
| New indemnifications | 675 | 493 |
| Less: indemnified loans sold, repaid or refinanced | — | — |
| Loans indemnified at end of period | \$ 16,882 | \$ 15,782 |
| Indemnified loans indemnified by correspondent lenders at end of quarter | \$ 6,045 | \$ 6,045 |
| UPB of loans with deposits received from correspondent sellers collateralizing prospective indemnification losses at end of quarter | \$ 6,108 | \$ 5,488 |
| Repurchase activity (unpaid principal balance): | | |
| Loans repurchased | \$ 3,601 | \$ 4,846 |
| Less: | | |
| Loans repurchased by correspondent sellers | 3,611 | 4,783 |
| Loans resold or repaid by borrowers | 1,286 | 2,703 |
| Net loans (resolved) repurchased with losses chargeable to liability to representations and warranties | \$ (1,296) | \$ (2,640) |
| Losses charged to liability for representations and warranties | \$ — | \$ 67 |
| At end of quarter: | | |
| Loans subject to representations and warranties | \$ 211,156,467 | \$ 220,977,898 |
| Liability for representations and warranties | \$ 5,152 | \$ 5,955 |

The losses on representations and warranties we have recorded to date have been moderated by our ability to recover most of the losses inherent in the repurchased loans from the correspondent sellers. As the outstanding balance of loans we purchase and sell subject to representations and warranties increases, as the loans outstanding season, as our investors' and guarantors' loss mitigation strategies change and as our correspondent sellers' ability and willingness to repurchase loans change, we expect that the level of repurchase activity and associated losses may increase.

The method we use to estimate the liability for representations and warranties is a function of our estimates of future defaults, loan repurchase rates, severities of loss in the event of default and the probabilities of reimbursement by the correspondent loan sellers. We establish a liability at our estimate of its fair value at the time loans are sold and review the adequacy of our recorded liability on a periodic basis.

The amount of the liability for representations and warranties is difficult to estimate and requires considerable judgment. The level of loan repurchase losses is dependent on economic factors, investor and guarantor loss mitigation strategies, our ability to recover any losses inherent in the repurchased loan from the correspondent seller and other external conditions that change over the lives of the underlying loans. We may be required to incur losses related to such representations and warranties for several periods after the loans are sold or liquidated.

We record adjustments to our liability for losses on representations and warranties as economic fundamentals change, as investor and Agency evaluations of their loss mitigation strategies (including claims under representations and warranties) change and as economic conditions affect our correspondent sellers' ability or willingness to fulfill their recourse obligations to us. Such adjustments may be material to our financial position and results of operations in future periods.

Adjustments to our liability for representations and warranties are included as a component of our *Net gains on loans held for sale at fair value*. We recorded a \$0.4 million and \$1.2 million reduction in liability for representations and warranties during the quarters ended March 31, 2026 and 2025, respectively, due to the effects of certain loans reaching specified performance histories identified by the Agencies as sufficient to limit repurchase claims relating to such loans.

Loan Origination Fees

Loan origination fees represent fees we charge correspondent sellers relating to our purchase of loans from those sellers. Loan origination fees decreased during the quarter ended March 31, 2026, reflecting an overall decrease in our purchase volume of loans for sale. The reduction is related to activity-based expenses, including tax service fees and boarding fees associated with loans held for sale.

Net (losses) gains on investments and financings

Net (losses) gains on investments and financings are summarized below:

| | Quarter ended March 31, | |
|----------------------------|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Mortgage-backed securities | \$ (33,407) | \$ 64,855 |
| Loans held for investment | (65,803) | 28,681 |
| CRT arrangements | 13,911 | (1,800) |
| Asset-backed financings | 62,236 | (29,423) |
| | <u>\$ (23,063)</u> | <u>\$ 62,313</u> |

The decrease in net gains on investments for the quarter ended March 31, 2026, as compared to the same period in 2025, was primarily due to losses from our investments in MBS as interest rates increased, partially offset by increased gains in our CRT arrangements as credit spreads tightened during the quarter ended March 31, 2026, as compared to the quarter ended March 31, 2025.

Mortgage-Backed Securities

During the quarter ended March 31, 2026, we recognized net valuation losses of \$33.4 million, as compared to valuation gains of \$64.9 million for the same period in 2025. The loss recognized reflects increasing interest rates during the quarter ended March 31, 2026, as compared to decreasing interest rates during the quarter ended March 31, 2025.

Loans Held for Investment at Fair Value – Held in VIEs and Asset-backed Financings at Fair Value

Loans held for investment held in VIEs and *Asset-backed financings of variable interest entities at fair value* recorded combined net valuation losses of \$3.6 million during the quarter ended March 31, 2026, as compared to a net loss of \$0.7 million during the quarter ended March 31, 2025. The net loss during the quarter ended March 31, 2026 reflects the losses on the underlying assets exceeding the gains on the asset-backed financing as the result of increasing interest rates, which unfavorably affected the fair value of our net investments.

CRT Arrangements

The activity in and balances relating to our CRT arrangements are summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|-----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Net investment income: | | |
| <i>Net (losses) gains on investments and financings</i> | | |
| Credit risk transfer derivatives and strips: | | |
| Credit risk transfer derivatives | | |
| Realized | \$ 2,548 | \$ 2,803 |
| Valuation changes | (2,416) | (823) |
| | 132 | 1,980 |
| Credit risk transfer strips | | |
| Realized | 8,555 | 9,777 |
| Valuation changes | 1,806 | (11,825) |
| | 10,361 | (2,048) |
| <i>Interest-only security payable at fair value — valuation changes</i> | 3,418 | (1,732) |
| | 13,911 | (1,800) |
| <i>Interest income — Deposits securing credit risk transfer arrangements</i> | 8,892 | 11,675 |
| | <u>\$ 22,803</u> | <u>\$ 9,875</u> |
| Net payments made to settle losses on credit risk transfer arrangements | \$ 1,368 | \$ 1,243 |

| | March 31, 2026 | December 31, 2025 |
|--|-------------------|-------------------|
| | (in thousands) | |
| Carrying value of credit risk transfer arrangements: | | |
| <i>Derivative assets</i> - credit risk transfer derivatives | \$ 30,174 | \$ 32,659 |
| <i>Derivative and credit risk transfer liabilities</i> - credit risk transfer strips | (4,062) | (5,999) |
| <i>Deposits securing credit risk transfer arrangements</i> | 969,725 | 1,009,334 |
| <i>Interest-only security payable at fair value</i> | (34,232) | (37,650) |
| | <u>\$ 961,605</u> | <u>\$ 998,344</u> |
| Credit risk transfer arrangement assets pledged to secure borrowings: | | |
| <i>Derivative assets</i> | \$ 30,174 | \$ 32,659 |
| <i>Deposits securing credit risk transfer arrangements</i> (1) | \$ 969,725 | \$ 1,009,334 |
| Unpaid principal balance of loans underlying credit risk transfer arrangements | \$ 18,715,937 | \$ 19,517,530 |
| Collection status (unpaid principal balance): | | |
| Delinquency | | |
| Current | \$ 18,166,705 | \$ 18,908,261 |
| 30-89 days delinquent | \$ 363,958 | \$ 413,295 |
| 90-179 days delinquent | \$ 96,209 | \$ 110,486 |
| 180 or more days delinquent | \$ 62,748 | \$ 57,798 |
| Foreclosure | \$ 26,317 | \$ 27,690 |
| Bankruptcy | \$ 60,687 | \$ 68,426 |

(1) *Deposits securing credit risk transfer strip liabilities arrangements* also secure \$4.1 million and \$6.0 million in CRT strip and CRT derivative liabilities at March 31, 2026 and December 31, 2025, respectively.

The performance of our investments in CRT arrangements during the quarter ended March 31, 2026 reflects credit spread tightening during the quarter ended March 31, 2026 as compared to credit spreads widening during the quarter ended March 31, 2025.

Net Interest Expense

Net interest expense: is summarized below:

| | Quarter ended March 31, 2026 | | | Quarter ended March 31, 2025 | | |
|---|--------------------------------|----------------------|------------------------------|--------------------------------|----------------------|------------------------------|
| | Interest income/ expense | Average balance | Interest yield/ cost % | Interest income/ expense | Average balance | Interest yield/ cost % |
| | (dollars in thousands) | | | | | |
| Assets: | | | | | | |
| Cash and short-term investments | \$ 4,976 | \$ 572,549 | 3.52% | \$ 5,686 | \$ 517,590 | 4.47% |
| Mortgage-backed securities | 56,249 | 4,268,685 | 5.34% | 58,234 | 4,059,457 | 5.83% |
| Loans held for sale | 39,563 | 2,615,661 | 6.13% | 33,235 | 1,997,488 | 6.77% |
| Loans held for investment | 133,759 | 9,695,900 | 5.59% | 33,679 | 2,626,335 | 5.21% |
| Deposits securing CRT arrangements | 8,892 | 999,630 | 3.61% | 11,675 | 1,101,503 | 4.31% |
| | 243,439 | 18,152,425 | 5.44% | 142,509 | 10,302,373 | 5.63% |
| Placement fees relating to custodial funds | 31,448 | | | 32,029 | | |
| Other | 1,204 | | | 1,553 | | |
| | <u>\$ 276,091</u> | <u>\$ 18,152,425</u> | 6.17% | <u>\$ 176,091</u> | <u>\$ 10,302,373</u> | 6.95% |
| Liabilities: | | | | | | |
| Assets sold under agreements to repurchase | \$ 91,392 | \$ 7,812,433 | 4.74% | \$ 81,148 | \$ 6,180,911 | 5.34% |
| Mortgage loan participation purchase and sale agreements | 31 | — | — | 152 | 8,653 | 7.14% |
| Notes payable secured by credit risk transfer and mortgage servicing assets | 41,260 | 2,316,141 | 7.22% | 55,255 | 2,830,048 | 7.94% |
| Unsecured senior notes | 20,274 | 977,333 | 8.41% | 13,613 | 708,917 | 7.81% |
| Asset-backed financings | 120,540 | 8,827,189 | 5.54% | 28,715 | 2,633,042 | 4.43% |
| | 273,497 | 19,933,096 | 5.56% | 178,883 | 12,361,571 | 5.88% |
| Interest shortfall on repayments of loans serviced for Agency securitizations | 4,430 | | | 1,429 | | |
| Interest on loan impound deposits | 1,696 | | | 1,454 | | |
| Other | 127 | | | 371 | | |
| | <u>279,750</u> | <u>\$ 19,933,096</u> | 5.69% | <u>182,137</u> | <u>\$ 12,361,571</u> | 5.99% |
| | <u>\$ (3,659)</u> | | | <u>\$ (6,046)</u> | | |

The effects of changes in the yields and costs and composition of our investments on our net interest expense are summarized below:

| | Quarter ended March 31, 2026 vs. Quarter ended March 31, 2025 | | |
|--|---|--------------------------|------------|
| | Increase (decrease) due to changes in | | |
| | Rate | Volume (in thousands) | Total |
| Assets: | | | |
| Cash and short-term investments | \$ (1,276) | \$ 566 | \$ (710) |
| Mortgage-backed securities | (4,949) | 2,964 | (1,985) |
| Loans held for sale | (3,302) | 9,630 | 6,328 |
| Loans held for investment | 2,637 | 97,443 | 100,080 |
| Deposits securing CRT arrangements | (1,776) | (1,007) | (2,783) |
| | (8,666) | 109,596 | 100,930 |
| Placement fees relating to custodial funds | | | (581) |
| Other | | | (349) |
| | \$ (8,666) | \$ 109,596 | \$ 100,000 |
| Liabilities: | | | |
| Assets sold under agreements to repurchase | \$ (9,674) | \$ 19,918 | \$ 10,244 |
| Mortgage loan participation purchase and sale agreements | (61) | (60) | (121) |
| Notes payable secured by credit risk transfer and mortgage servicing assets | (4,641) | (9,354) | (13,995) |
| Unsecured senior notes | 1,130 | 5,531 | 6,661 |
| Asset-backed financings | 8,781 | 83,044 | 91,825 |
| | (4,465) | 99,079 | 94,614 |
| Interest shortfall on repayments of loans serviced for Agency securitizations | | | 3,001 |
| Interest on loan impound deposits | | | 242 |
| Other | | | (244) |
| | (4,465) | 99,079 | 97,613 |
| | \$ (4,201) | \$ 10,517 | \$ 2,387 |

The decrease in net interest expense during the quarter ended March 31, 2026, as compared to the same period in 2025, is due to an increased volume of interest earning assets held for investment and decreased costs of repurchase agreement financing in relation to the long-lived assets they finance, along with reduced note payable financing of MSRs and CRT arrangements.

Expenses

Our expenses are summarized below:

| | Quarter ended March 31, | |
|---|-------------------------|-----------|
| | 2026 | 2025 |
| (in thousands) | | |
| Earned by PennyMac Financial Services, Inc.: | | |
| Loan servicing fees | \$ 19,723 | \$ 21,729 |
| Management fees | 6,762 | 7,012 |
| Loan fulfillment fees | 5,737 | 5,290 |
| Professional services | 13,501 | 6,982 |
| Compensation | 2,976 | 2,970 |
| Loan collection and liquidation | 2,124 | 1,969 |
| Safekeeping | 855 | 1,110 |
| Loan origination | 213 | 686 |
| Other | 3,348 | 3,016 |
| | \$ 55,239 | \$ 50,764 |

Expenses increased \$4.5 million, or 9%, during the quarter ended March 31, 2026, as compared to the same period in 2025, as discussed below.

Loan Servicing Fees

Loan servicing fees payable to PLS are summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Loan servicing fees: | | |
| Loans held for sale | \$ 155 | \$ 223 |
| Loans held for investment | 516 | 168 |
| Mortgage servicing rights | 19,052 | 21,338 |
| | <u>\$ 19,723</u> | <u>\$ 21,729</u> |
| Average investment in loans: | | |
| Held for sale | \$ 2,615,661 | \$ 1,997,488 |
| Held for investment | \$ 9,695,900 | \$ 2,626,335 |
| Average MSR portfolio unpaid principal balance | \$ 214,185,523 | \$ 225,515,018 |
| Mortgage servicing rights recapture fees | \$ 5,807 | \$ 1,208 |
| Unpaid principal balance of loans recaptured | \$ 550,998 | \$ 159,472 |

Loan servicing fees decreased by \$2.0 million during the quarter ended March 31, 2026, as compared to the same period in 2025, reflecting a decrease in the MSR portfolio as well as reduction in the subservicing fee rate implemented in October 2025, as described in *Note 4—Transactions with Related Parties* to the consolidated financial statements included in this Report.

Management Fees

Management fees payable to PCM are summarized below:

| | Quarter ended March 31, | |
|--|-------------------------|--------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Base fee | \$ 6,762 | \$ 7,012 |
| Average shareholders' equity amounts used to calculate base management fee expense | \$ 1,828,237 | \$ 1,895,785 |

Management fees decreased by \$250,000 during the quarter ended March 31, 2026, as compared to the same period in 2025. This decrease reflects the effect of the decrease in our average shareholders' equity on our base management fee.

Loan Fulfillment Fees

Loan fulfillment fees represent fees we pay to PLS for the services it performs on our behalf in connection with our acquisition, packaging and sale of loans. Fulfillment fees increased by \$0.4 million during the quarter ended March 31, 2026, as compared to the same period in 2025. The increase was due to the increase in the volume of loans purchased for sale to nonaffiliates and an increase in our non-Agency sales and securitizations. Our loan fulfillment fee structure is described in *Note 4 – Transactions with Related Parties* to the consolidated financial statements included in this Report.

Professional services

Professional services expense increased by \$6.5 million during the quarter ended March 31, 2026, as compared to the same period in 2025, due to increased legal and consulting fees in support of the increase in our securitization activities.

Loan collection and liquidation

Loan collection and liquidation expenses increased by \$155,000 during the quarter ended March 31, 2026, as compared to the same period in 2025, due to increased servicing costs related to delinquent loans serviced for the Agencies' foreclosure avoidance programs.

Other Expenses

Other expenses are summarized below:

| | Quarter ended March 31, | |
|--------------------------------------|-------------------------|-----------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Bank service charges | \$ 1,015 | \$ 697 |
| Common overhead allocation from PFSI | 949 | 982 |
| Technology | 489 | 415 |
| Insurance | 486 | 450 |
| Other | 409 | 472 |
| | <u>\$ 3,348</u> | <u>\$ 3,016</u> |

Income Taxes

We have elected to treat PennyMac Corp. (“PMC”) as a taxable REIT subsidiary (“TRS”). Income from a TRS is only included as a component of REIT taxable income to the extent that the TRS makes dividend distributions of income to us. A TRS is subject to corporate federal and state income tax. Accordingly, a provision for income taxes for PMC is included in the accompanying consolidated statements of operations.

The Company’s effective tax rate was 8.5% and 253.7% with consolidated pretax income of \$26.9 million and pretax loss of \$6.3 million for the quarters ended March 31, 2026 and March 31, 2025, respectively. The Company’s TRS recognized a tax expense of \$2.9 million on pretax income of \$964,000 for the quarter ended March 31, 2026. For the same period in 2025, the TRS recognized a tax benefit of \$17.2 million on a pretax loss of \$75.3 million. The primary difference between the Company’s effective tax rate and the statutory tax rate is generally attributable to nontaxable REIT income resulting from the dividends paid deduction.

The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. On the basis of this evaluation, as of March 31, 2026, the valuation allowance remains zero. The TRS has a significant net deferred tax liability position, which indicates the TRS will utilize all of its deferred tax assets. The amount of deferred tax assets considered realizable could be adjusted in future periods based on future income.

In general, cash dividends declared by the Company will be considered ordinary income to the shareholders for income tax purposes. Some portion of the dividends may be characterized as capital gain distributions or a return of capital. The 2017 Tax Cuts and Jobs Act (subject to certain limitations) provides a 20% deduction from taxable income for ordinary REIT dividends which was made permanent under the One Big Beautiful Bill Act of 2025.

Balance Sheet Analysis

Following is a summary of key balance sheet items as of the dates presented:

| | March 31, 2026 | December 31, 2025 |
|---|----------------------|----------------------|
| | (in thousands) | |
| Assets | | |
| Cash and short-term investments | \$ 401,647 | \$ 462,488 |
| Mortgage-backed securities at fair value | 3,765,539 | 4,452,859 |
| Loans held for sale | 2,349,895 | 2,699,398 |
| Loans held for investment | 10,867,942 | 8,532,644 |
| Derivative assets | 54,589 | 55,943 |
| Deposits securing credit risk transfer arrangements | 969,725 | 1,009,334 |
| Mortgage servicing rights and servicing advances | 3,703,179 | 3,741,532 |
| | <u>22,112,516</u> | <u>20,954,198</u> |
| Other | 390,176 | 392,684 |
| Total assets | <u>\$ 22,502,692</u> | <u>\$ 21,346,882</u> |
| Liabilities | | |
| Debt: | | |
| Short-term | \$ 7,300,692 | \$ 8,018,601 |
| Long-term: | | |
| Recourse | 3,081,051 | 3,286,428 |
| Non-recourse | 9,937,747 | 7,826,953 |
| | <u>13,018,798</u> | <u>11,113,381</u> |
| | 20,319,490 | 19,131,982 |
| Other | 316,646 | 327,569 |
| Total liabilities | <u>20,636,136</u> | <u>19,459,551</u> |
| Shareholders' equity | 1,866,556 | 1,887,331 |
| Total liabilities and shareholders' equity | <u>\$ 22,502,692</u> | <u>\$ 21,346,882</u> |

Total assets increased by approximately \$1.2 billion, or 5%, from December 31, 2025 to March 31, 2026, primarily due to an increase of \$2.3 billion in *Loans held for investment at fair value*, offset by a reduction of \$687.3 million in *Mortgage-backed securities at fair value* and a decrease of \$349.5 million in *Loans held for sale at fair value*. The increase in *Loans held for investments at fair value* reflect the Company's ongoing securitizations of loans in non-Agency securitizations. As described in Note 6 – *Variable Interest Entities* to the consolidated financial statements included in this Report, such transactions are accounted for as on-balance sheet financings, with the loans included in *Loans held for investment at fair value* and the securities sold treated as *Asset-backed financings of variable interest entities at fair value*.

Asset Acquisitions

Our asset acquisitions are summarized below:

Aggregation and Securitization

Following is a summary of our acquisitions of mortgage loans for our aggregation and securitization activities at fair value:

| | Quarter ended March 31, | |
|---|-------------------------|----------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Aggregation and securitization loan purchases: | | |
| GSE-eligible loans (1) | \$ 3,656,582 | \$ 12,194,110 |
| Jumbo | 1,087,312 | 348,740 |
| Non-qualified | 89,615 | — |
| Government insured or guaranteed (2) | — | 11,449,035 |
| | <u>\$ 4,833,509</u> | <u>\$ 23,991,885</u> |

(1) GSE eligibility refers to the eligibility of loans for sale to Fannie Mae or Freddie Mac. The Company sells or finances a portion of its GSE eligible loan production to or with other investors, including PLS.

(2) Through June 30, 2025, the Company sold all of its loans eligible for inclusion in Ginnie Mae securities to PLS. The Company is not approved by Ginnie Mae as an issuer of Ginnie Mae-guaranteed securities which are backed by government-insured or guaranteed loans.

The Company earned a sourcing fee for all loans that it purchased from correspondent sellers and subsequently sold to PLS as described in Note 4 – *Transactions with Related Parties – Operating Activities – Aggregation and Securitization Activities*.

During the quarter ended March 31, 2026, we purchased for sale \$4.8 billion in fair value of loans related to our aggregation and securitization activities as compared to \$24.0 billion during the quarter ended March 31, 2025. The decrease in loan purchases relates to PFSI's assumption of the role of initial purchaser of correspondent loans starting July 1, 2025 as described in Note 4—*Transactions with Related Parties* to the consolidated financial statements included in this Report.

Other Investment Activities

Following is a summary of our net acquisitions (sales) of mortgage-related investments held in our credit sensitive strategies and interest rate sensitive strategies segments:

| | Quarter ended March 31, | |
|--|-------------------------|-------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Credit sensitive assets: | | |
| Loans secured by owner-occupied properties and jumbo loans, net of associated asset-backed financing (subordinate MBS) | \$ 189,240 | \$ 65,535 |
| Subordinate bond secured by residential transition loans | 4,000 | — |
| | <u>193,240</u> | <u>65,535</u> |
| Interest rate sensitive assets: | | |
| Mortgage servicing rights received in loan sales | 40,281 | 47,009 |
| Loans secured by owner occupied properties, net of associated asset-backed financing (senior MBS) | 12,061 | 28,486 |
| Agency fixed-rate pass-through securities | (477,360) | — |
| | <u>(425,018)</u> | <u>75,495</u> |
| | <u>\$ (231,778)</u> | <u>\$ 141,030</u> |

Our acquisitions during the quarters ended March 31, 2026 and 2025 were financed through the use of a combination of proceeds from borrowings and liquidations of existing investments. We continue to identify additional means of increasing our investment portfolio through cash flow from our business activities, existing investments, borrowings, and transactions that minimize current cash outlays. However, we expect that, over time, our ability to continue our investment portfolio growth will depend on our ability to raise additional equity capital.

Investment Portfolio Composition

Mortgage-Backed Securities

Following is a summary of our MBS holdings:

| | March 31, 2026 | | | | December 31, 2025 | | | |
|---|------------------------|------------------------|---------|--------------------|---------------------|------------------------|---------|------|
| | Fair value | Principal/ notional | Average | | Fair value | Principal/ notional | Average | |
| Life (in years) | | | Coupon | Life (in years) | | | Coupon | |
| | (dollars in thousands) | | | | | | | |
| Agency pass-through | \$ 2,266,153 | \$ 2,246,463 | 7.4 | 5.4% | \$ 2,850,447 | \$ 2,805,895 | 7.6 | 5.3% |
| Floating rate collateralized mortgage obligations | 829,592 | 822,780 | 7.1 | 4.8% | 855,997 | 850,172 | 6.8 | 5.0% |
| Principal-only stripped | 455,909 | 549,048 | 4.4 | 0.1% | 521,129 | 610,256 | 4.1 | 0.1% |
| Senior non-Agency | 138,456 | 142,612 | 6.0 | 5.3% | 152,784 | 155,369 | 5.4 | 5.4% |
| Subordinate residential transition | 4,000 | 4,000 | 3.9 | 9.1% | — | — | — | — |
| | 3,694,110 | <u>\$ 3,764,903</u> | | | 4,380,357 | <u>\$ 4,421,692</u> | | |
| Interest-only stripped securities | 71,429 | \$ 333,848 | 7.5 | 4.8% | <u>72,502</u> | \$ 344,592 | 7.7 | 4.8% |
| | <u>\$ 3,765,539</u> | | | | <u>\$ 4,452,859</u> | | | |

Our *Mortgage-backed securities at fair value* does not include any mortgage-backed securities held from variable interest entities that we consolidate.

Credit Risk Transfer Arrangements

Following is a summary of our investment in CRT arrangements:

| | March 31, 2026 | December 31, 2025 |
|--|----------------------|----------------------|
| | (in thousands) | |
| Carrying value of CRT arrangements: | | |
| <i>Derivative assets - CRT derivatives</i> | \$ 30,174 | \$ 32,659 |
| <i>Derivative and credit risk transfer strip liabilities- CRT strips</i> | (4,062) | (5,999) |
| <i>Deposits securing CRT arrangements</i> | 969,725 | 1,009,334 |
| <i>Interest-only security payable at fair value</i> | (34,232) | (37,650) |
| | <u>\$ 961,605</u> | <u>\$ 998,344</u> |
| UPB of loans subject to credit guarantee obligations | \$ 18,715,937 | \$ 19,517,530 |

Following is a summary of the composition of the loans underlying our investment in CRT arrangements as of March 31, 2026:

| | Year of origination | | | | | | | |
|---------------------------------|---------------------|----------|----------|----------|----------|---------|-----------|--|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | Total | |
| | (in millions) | | | | | | | |
| UPB: | | | | | | | | |
| Outstanding | \$ 3,949 | \$ 8,896 | \$ 2,303 | \$ 2,011 | \$ 1,555 | \$ 2 | \$ 18,716 | |
| Liquidations: | | | | | | | | |
| Balances | \$ 2.3 | \$ 13.7 | \$ 67.5 | \$ 177.4 | \$ 129.1 | \$ 63.2 | \$ 453.2 | |
| Losses | \$ 0.2 | \$ 1.9 | \$ 7.1 | \$ 22.7 | \$ 14.0 | \$ 7.9 | \$ 53.8 | |
| Modifications (1): | | | | | | | | |
| Balances | \$ 74.1 | \$ 590.5 | \$ 319.3 | \$ — | \$ — | \$ — | \$ 983.9 | |
| Losses | \$ 2.7 | \$ 29.6 | \$ 22.4 | \$ — | \$ — | \$ — | \$ 54.7 | |
| Weighted average: | | | | | | | | |
| Original debt-to income ratio | 33.5% | 35.9% | 39.2% | 36.8% | 35.1% | 36.7% | 35.8% | |
| Origination: | | | | | | | | |
| FICO credit score | 765 | 754 | 735 | 743 | 750 | 749 | 753 | |
| Loan-to value ratio | 80.6% | 83.3% | 83.5% | 82.6% | 80.6% | 76.9% | 82.4% | |
| Current loan-to value ratio (2) | 48.3% | 48.2% | 46.4% | 41.5% | 37.1% | 36.1% | 46.4% | |

(1) Includes only modifications that generate losses according to the terms of the CRT arrangements.

(2) Based on current UPB compared to estimated fair value of the property securing the loan.

| | Year of origination | | | | | | | |
|-----------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-------------|------------------|--|
| Distribution by state | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | Total | |
| | (in millions) | | | | | | | |
| California | \$ 425 | \$ 902 | \$ 299 | \$ 223 | \$ 314 | \$ 1 | \$ 2,164 | |
| Florida | 430 | 844 | 291 | 208 | 160 | — | 1,933 | |
| Texas | 454 | 760 | 182 | 171 | 186 | — | 1,753 | |
| Virginia | 214 | 398 | 85 | 90 | 107 | — | 894 | |
| Maryland | 157 | 386 | 107 | 117 | 103 | — | 870 | |
| Other | 2,269 | 5,606 | 1,339 | 1,202 | 685 | 1 | 11,102 | |
| | <u>\$ 3,949</u> | <u>\$ 8,896</u> | <u>\$ 2,303</u> | <u>\$ 2,011</u> | <u>\$ 1,555</u> | <u>\$ 2</u> | <u>\$ 18,716</u> | |

| | Year of origination | | | | | | | |
|--------------------------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-------------|------------------|--|
| Regional geographic distribution (1) | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | Total | |
| | (in millions) | | | | | | | |
| Southeast | \$ 1,339 | \$ 3,022 | \$ 816 | \$ 683 | \$ 479 | \$ — | \$ 6,339 | |
| West | 859 | 1,876 | 588 | 451 | 455 | 1 | 4,230 | |
| Southwest | 1,009 | 1,939 | 430 | 395 | 280 | — | 4,053 | |
| Northeast | 375 | 1,129 | 273 | 294 | 200 | 1 | 2,272 | |
| Midwest | 367 | 930 | 196 | 188 | 141 | — | 1,822 | |
| | <u>\$ 3,949</u> | <u>\$ 8,896</u> | <u>\$ 2,303</u> | <u>\$ 2,011</u> | <u>\$ 1,555</u> | <u>\$ 2</u> | <u>\$ 18,716</u> | |

- (1) Southeast consists of AL, DC, FL, GA, KY, MD, MS, NC, SC, TN, VA, WV; West consists of AK, CA, GU, HI, ID, MT, NV, OR, WA and WY; Southwest consists of AZ, AR, CO, KS, LA, MO, NM, OK, TX, UT; Northeast consists of CT, DE, ME, MA, NH, NJ, NY, PA, PR, RI, VT, VI and Midwest consists of IL, IN, IA, MI, MN, NE, ND, OH, SD, WI.

| Collection status | Year of origination | | | | | | Total |
|-------------------|---------------------|-----------------|-----------------|-----------------|-----------------|-------------|------------------|
| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | |
| | (in millions) | | | | | | |
| Delinquency | | | | | | | |
| Current - 89 Days | \$ 3,931 | \$ 8,816 | \$ 2,250 | \$ 1,985 | \$ 1,547 | \$ 2 | \$ 18,531 |
| 90 - 179 Days | 8 | 44 | 26 | 12 | 6 | — | 96 |
| 180+ Days | 6 | 27 | 19 | 9 | 2 | — | 63 |
| Foreclosure | 4 | 9 | 8 | 5 | — | — | 26 |
| | <u>\$ 3,949</u> | <u>\$ 8,896</u> | <u>\$ 2,303</u> | <u>\$ 2,011</u> | <u>\$ 1,555</u> | <u>\$ 2</u> | <u>\$ 18,716</u> |
| Bankruptcy | \$ 3 | \$ 32 | \$ 13 | \$ 9 | \$ 4 | \$ — | \$ 61 |

Cash Flows

Our cash flows for the quarters ended March 31, 2026 and 2025 are summarized below:

| | Quarter ended March 31, | |
|----------------------|-------------------------|--------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Operating activities | \$ (2,529,366) | \$ (594,267) |
| Investing activities | 1,265,532 | 40,228 |
| Financing activities | 1,205,822 | 464,286 |
| Net cash flows | <u>\$ (58,012)</u> | <u>\$ (89,753)</u> |

Our cash flows resulted in a net decrease in cash of \$58.0 million during the quarter ended March 31, 2026, as discussed below.

Operating activities

Cash used in operating activities totaled \$2.5 billion during the quarter ended March 31, 2026, as compared to cash used in our operating activities of \$594.3 million during the quarter ended March 31, 2025. Cash flows from operating activities are influenced by cash flows from loans held for sale as shown below:

| | Quarter ended March 31, | |
|----------------------------|-------------------------|---------------------|
| | 2026 | 2025 |
| | (in thousands) | |
| Operating cash flows from: | | |
| Loans held for sale | \$ (2,619,907) | \$ (945,106) |
| Other | 90,541 | 350,839 |
| | <u>\$ (2,529,366)</u> | <u>\$ (594,267)</u> |

The primary source of negative operating cash flow from loans held for sale relates to the transfer of loans to held for investment pursuant to our securitization activities. The securitization of portions of our aggregation and securitization activities and cash received from such securitizations is accounted for as a financing activity. We may sell these loans based on market conditions before committing to securitize the loans.

Investing activities

Net cash provided by our investing activities was \$1.3 billion for the quarter ended March 31, 2026, driven by significant sales of MBS, as compared to net cash provided by our investing activities of \$40.2 million for the quarter ended March 31, 2025.

Financing activities

Net cash provided by our financing activities was \$1.2 billion for the quarter ended March 31, 2026, as compared to net cash provided by our financing activities of \$464.3 million for the quarter ended March 31, 2025. This change primarily reflects the increase in borrowings required to finance newly created investments from our ongoing securitization efforts during the quarter ended March 31, 2026.

As discussed below in *Liquidity and Capital Resources*, we continually evaluate and pursue additional sources of financing to provide us with future investing capacity. We do not raise equity or enter into borrowings for the purpose of financing the payment of dividends. We believe that our cash earnings are adequate to fund our operating expenses and dividend payment requirements. However, we manage our liquidity in the aggregate and are reinvesting our cash flows in new investments as well as using such cash to fund our dividend requirements.

Liquidity and Capital Resources

Our liquidity reflects our ability to meet our current obligations (including the purchase of loans from PLS, our operating expenses and, when applicable, retirement of, and margin calls relating to, our debt and derivatives positions), make investments as our Manager identifies them, pursue our share repurchase program and make distributions to our shareholders. We generally need to distribute at least 90% of our taxable income each year (subject to certain adjustments) to our shareholders to qualify as a REIT under the Internal Revenue Code. This distribution requirement limits our ability to retain earnings and thereby replenish or increase capital to support our activities.

We expect our primary sources of liquidity to be cash flows from our investment portfolio, including cash earnings on our investments, cash flows from business activities, liquidation of existing investments and proceeds from borrowings and/or additional equity offerings. When we finance a particular asset, the amount borrowed is less than the asset's fair value and we must provide the cash in the amount of such difference. Our ability to continue making investments is dependent on our ability to invest the cash representing such difference.

We expect to continue investing in subordinate MBS generated from non-Agency securitizations which are also expected to increase our VIEs' asset-backed financings.

Debt Financing

Our current debt financing strategy is to finance our assets where we believe such borrowing is prudent, appropriate and available. We make collateralized borrowings in the form of sales of assets under agreements to repurchase, loan participation purchase and sale agreements and notes payable, including secured term financing for our MSRs and our CRT arrangements that have allowed us to match the term of our borrowings more closely to the expected lives of the assets securing those borrowings. We have also borrowed money by issuing unsecured senior notes.

A substantial portion of our balance sheet includes assets that are shown as their underlying assets as opposed to the securitized form in which they are held. These assets and the reason for their accounting treatment are discussed in Note 6—*Variable Interest Entities* to the consolidated financial statements included in this Report. The following table adjusts the presentation of our balance sheet to a more creditor-aligned view of the relationship of our debt to the assets in the securitized form those assets are financed. The adjusted balance sheet information should not be considered in isolation or as a substitute for an analysis of our results as presented in compliance with GAAP.

| | March 31, 2026 | | | | | |
|---|--|---|----------------------------|---|--|----------------------|
| | Assets (1) | | | Financing | | |
| | Consolidated | Adjustments for VIE Financing (2) | Excluding VIE Financing | Assets sold under agreements to repurchase | Notes payable secured by CRT arrangements and MSRs | Total |
| | (in thousands except for debt-to equity amounts) | | | | | |
| Assets | | | | | | |
| Cash and short-term investments | \$ 401,647 | \$ — | \$ 401,647 | \$ — | \$ — | \$ — |
| Mortgage-backed securities at fair value | | | | | | |
| Agency-backed securities | 3,623,083 | — | 3,623,083 | 3,589,576 | — | 3,589,576 |
| Senior non-agency securities | 138,456 | — | 138,456 | 134,415 | — | 134,415 |
| Subordinate residential transition | 4,000 | — | 4,000 | 2,800 | — | 2,800 |
| Credit risk transfer securities relating to consolidated variable interest entities | — | 961,605 | 961,605 | 115,606 | 595,633 | 711,239 |
| Non-agency securities relating to consolidated variable interest entities | — | 837,462 | 837,462 | 746,063 | — | 746,063 |
| | 3,765,539 | 1,799,067 | 5,564,606 | 4,588,460 | 595,633 | 5,184,093 |
| Loans held for sale at fair value | 2,349,895 | — | 2,349,895 | 2,179,518 | — | 2,179,518 |
| Loans held for investment at fair value | 10,867,942 | (10,866,292) | 1,650 | — | — | — |
| Derivative assets | 54,589 | (30,174) | 24,415 | — | — | — |
| Deposits securing credit risk transfer arrangements | 969,725 | (969,725) | — | — | — | — |
| Mortgage servicing rights and servicing advances | 3,703,179 | 125,315 | 3,828,494 | 532,714 | 1,800,912 | 2,333,626 |
| | 22,112,516 | (9,941,809) | 12,170,707 | 7,300,692 | 2,396,545 | 9,697,237 |
| Other | 390,176 | — | 390,176 | — | — | — |
| Total assets and secured financing | \$ 22,502,692 | \$ (9,941,809) | \$ 12,560,883 | \$ 7,300,692 | \$ 2,396,545 | 9,697,237 |
| Unsecured debt | | | | | | 684,506 |
| Debt excluding non-recourse | | | | | | 10,381,743 |
| Debt in consolidated variable interest entities (2) | | | | | | 9,937,747 |
| Total debt (3) | | | | | | \$ 20,319,490 |
| Equity | | | | | | \$ 1,866,556 |
| Debt-to equity ratio: | | | | | | |
| Excluding non-recourse debt (4) | | | | | | 5.6:1 |
| Total (5) | | | | | | 10.9:1 |

(1) The balance sheet information depicted under the column captioned “Consolidated” represents information prepared in compliance with GAAP. The subsequent columns reflect non-GAAP adjustments to deconsolidate the assets held in the trusts issuing beneficial interests in those assets and to provide investors with a more creditor-aligned view of how our debt relates to the assets we finance. After adjustment, the assets are shown in the securitized form in which they are financed which excludes non-recourse debt which we refer to as *Asset-backed financings of variable interest entities at fair value* on our consolidated balance sheet. The adjusted balance sheet information should not be considered in isolation or as a substitute for an analysis of our results as presented in compliance with GAAP.

(2) Does not include adjustments for credit risk transfer strip liabilities of \$4.1 million.

(3) Excludes non-debt liabilities of \$316.6 million included in total liabilities on our consolidated balance sheet.

(4) Total debt reduced by asset-backed financings and interest-only security payable, divided by shareholders’ equity.

(5) Total debt divided by shareholders’ equity.

Sales of Assets Under Agreements to Repurchase

Our repurchase agreements represent the sales of assets together with agreements for us to buy back the assets at a later date. Following is a summary of the activities in our repurchase agreements financing:

| <u>Assets sold under agreements to repurchase</u> | <u>Quarter ended March 31,</u> | |
|---|--------------------------------|--------------|
| | <u>2026</u> | <u>2025</u> |
| | (in thousands) | |
| Average balance outstanding | \$ 7,812,433 | \$ 6,180,911 |
| Maximum daily balance outstanding | \$ 8,673,233 | \$ 7,068,600 |
| Ending balance (UPB) | \$ 7,304,211 | \$ 6,210,008 |

The difference between the maximum and average daily amounts outstanding is primarily due to timing of loan purchases and sales related to our aggregation and securitization activities. The total facility size of our *Assets sold under agreements to repurchase* was approximately \$13.0 billion at March 31, 2026.

Because a significant portion of our current debt facilities consists of short-term borrowings, we expect to either renew these facilities in advance of maturity in order to ensure our ongoing liquidity and access to capital or otherwise allow ourselves sufficient time to replace any necessary financing.

As discussed above, all of our repurchase agreements, and mortgage loan participation purchase and sale agreements have short-term maturities:

- The transactions relating to loans and real estate acquired in settlement of loans under agreements to repurchase generally provide for terms of approximately one to two years;
- The transactions relating to loans under mortgage loan participation purchase and sale agreements provide for terms of approximately one year;
- The transactions relating to assets under notes payable provide for terms ranging from two to five years; and

All repurchase agreements that matured between March 31, 2026 and the date of this Report have been renewed, extended or replaced.

The amount at risk (the fair value of the assets pledged plus the related margin deposit, less the amount advanced by the counterparty and accrued interest) relating to our *Assets sold under agreements to repurchase* is summarized by counterparty below as of March 31, 2026:

| <u>Counterparty</u> | <u>Amount at risk</u> | |
|------------------------------------|-----------------------|------------------|
| | (in thousands) | |
| Atlas Securitized Products, L.P. | \$ | 488,626 |
| Santander US Capital | | 106,237 |
| Bank of America, N.A. | | 89,543 |
| Goldman Sachs & Co. LLC | | 79,567 |
| Nomura Holdings America, Inc. | | 75,114 |
| Citibank, N.A. | | 60,910 |
| RBC Capital Markets, L.P. | | 43,348 |
| JPMorgan Chase & Co. | | 42,705 |
| Morgan Stanley & Co. LLC | | 41,320 |
| Wells Fargo Securities, LLC | | 28,737 |
| Barclays Capital Inc. | | 12,066 |
| BNP Paribas | | 11,212 |
| Bank of Montreal | | 8,485 |
| Daiwa Capital Markets America Inc. | | 4,891 |
| Mizuho Financial Group | | 2,079 |
| | <u>\$</u> | <u>1,094,840</u> |

Unsecured Senior Notes

Exchangeable Senior Notes

In May and June 2024, PMC issued \$216.5 million aggregate principal amount of 8.5% Exchangeable Senior Notes due 2029 that mature on June 1, 2029 (the “exchangeable senior notes”). On December 15, 2025 and December 22, 2025, PMC separately issued \$75 million principal amount (for a total of \$150 million principal amount) of exchangeable senior notes. The exchangeable senior notes issued in the December 2025 offerings were issued as further reopenings of, and are part of the same series with, the exchangeable senior notes that PMC previously issued in May and June 2024. Upon completion of the December 2025 offerings, the aggregate principal amount of outstanding exchangeable senior notes was \$366.5 million.

Senior Notes

In September 2023, the Company issued \$53.5 million principal amount of unsecured 8.50% senior notes due September 30, 2028 (the “2028 Senior Notes”). In February 2025, the Company issued \$172.5 million principal amount of unsecured 9.00% senior notes due February 15, 2030 and in June 2025, the Company issued \$105 million principal amount of unsecured 9.00% senior notes due June 15, 2030 (collectively, the “2030 Senior Notes”). The 2028 Senior Notes may be redeemed on or after September 30, 2025, the 2030 Senior Notes issued in February 2025 may be redeemed on or after February 15, 2027 and the 2030 Senior Notes issued in June 2025 may be redeemed on or after June 15, 2027, in each case at 100% of the principal amount plus accrued and unpaid interest up to, but excluding, the redemption date. The 2028 Senior Notes and the 2030 Senior Notes are referred to collectively as the “Senior Notes”. No “sinking fund” will be provided for the Senior Notes.

The Senior Notes are fully and unconditionally guaranteed on a senior unsecured basis by PMC, including the due and punctual payment of principal of and interest on the Senior Notes, whether at stated maturity, upon acceleration, call for redemption or otherwise (the “PMC Guarantee”). PMC’s operations and investing activities are centered in residential mortgage-related assets, including the creation of and investment in MSRs.

Under the terms of the PMC Guarantee, holders of the Senior Notes will not be required to exercise their remedies against us before they proceed directly against PMC. PMC’s obligations under the guarantee are limited to the maximum amount that will not, after giving effect to all other contingent and fixed liabilities of PMC, result in the guarantee constituting a fraudulent transfer or conveyance. The PMC Guarantee will:

- rank equal in right of payment to any of PMC’s existing and future unsecured and unsubordinated indebtedness and guarantees of PMC;
- be effectively subordinated in right of payment to any of PMC’s existing and future secured indebtedness and secured guarantees to the extent of the value of the assets securing such indebtedness or guarantees; and
- be structurally subordinated to all existing and future indebtedness and other liabilities (including trade payables) and (to the extent not held by PMC) preferred stock, if any, of PMC’s subsidiaries and of any entity PMC accounts for using the equity method of accounting.

The following summarized financial information for PMT and PMC is presented on a combined basis. Intercompany balances and transactions between PMT and PMC have been eliminated:

| | <u>March 31, 2026</u> |
|---|-----------------------|
| | <u>(in thousands)</u> |
| Loans held for sale at fair value | \$ 2,349,895 |
| Mortgage servicing rights at fair value | 3,748,984 |
| Other assets | |
| From nonaffiliates | 626,525 |
| From PFSI | 18,763 |
| From non-issuer or non-guarantor subsidiaries (1) | 445,350 |
| Total assets | <u>\$ 7,189,517</u> |
| Total liabilities | |
| Payable to nonaffiliates | \$ 2,043,537 |
| Payable to PFSI | 5,079,387 |
| Payable to non-issuer or non-guarantor subsidiaries | 14,858 |
| | <u>\$ 7,137,782</u> |

| | Quarter ended March 31, 2026 |
|---|---|
| | (in thousands) |
| Net investment income | |
| From nonaffiliates | \$ 130,330 |
| From PFSI | 5,807 |
| From non-issuer or non-guarantor subsidiaries (1) | (106,541) |
| | <u>29,596</u> |
| Expenses | |
| From nonaffiliates | 16,862 |
| From PFSI | 28,700 |
| | <u>45,562</u> |
| Pre-tax income | (15,966) |
| Provision for income taxes | (4,127) |
| Net income | <u>\$ (11,839)</u> |

(1) Excludes equity in earnings of non-guarantor subsidiaries.

Debt Covenants

Our debt financing agreements require us and certain of our subsidiaries to comply with various financial covenants. As of the filing of this Report, these financial covenants include the following:

- a minimum of \$75 million in unrestricted cash and cash equivalents among the Company and/or our subsidiaries; a minimum of \$75 million in unrestricted cash and cash equivalents among our Operating Partnership and its consolidated subsidiaries; a minimum of \$25 million in unrestricted cash and cash equivalents between PMC and PMH; a minimum of \$25 million in unrestricted cash and cash equivalents at PMC; and a minimum of \$10 million in unrestricted cash and cash equivalents at PMH;
- a minimum tangible net worth for the Company of \$1.25 billion; a minimum tangible net worth for our Operating Partnership of \$1.25 billion; a minimum tangible net worth for PMH of \$250 million; and a minimum tangible net worth for PMC of \$300 million;
- a maximum ratio of total indebtedness to tangible net worth of less than 10:1 for PMC and PMH and 10:1 for the Company and our Operating Partnership; and
- at least two warehouse or repurchase facilities that finance amounts and assets similar to those being financed under our existing debt financing agreements.

Although these financial covenants limit the amount of indebtedness we may incur and impact our liquidity through minimum cash reserve requirements, we believe that these covenants currently provide us with sufficient flexibility to successfully operate our business and obtain the financing necessary to achieve that purpose.

PLS is also subject to various financial covenants, both as a borrower under its own financing arrangements and as our servicer under certain of our debt financing agreements. The most significant of these financial covenants currently include the following:

- a minimum in unrestricted cash and cash equivalents of \$100 million;
- a minimum tangible net worth of \$1.25 billion;
- a maximum ratio of total indebtedness to tangible net worth of 10:1; and
- at least one other warehouse or repurchase facility that finances amounts and assets that are similar to those being financed under certain of our existing secured financing agreements.

Many of our debt financing agreements contain a condition precedent to obtaining additional funding that requires us to maintain positive net income for at least one (1) of the previous two consecutive quarters, or other similar measures. For the most recent fiscal quarter, the Company is compliant with all such conditions. However, we may be required to obtain waivers from certain lenders in the future if this condition precedent is not met.

Our debt financing agreements also contain margin call provisions that, upon notice from the applicable lender at its option, require us to transfer cash or, in some instances, additional assets in an amount sufficient to eliminate any margin deficit. A margin deficit will generally result from any decline in the market value (as determined by the applicable lender) of the assets subject to the related financing agreement, although in some instances we may agree with the lender upon certain thresholds (in dollar amounts or percentages based on the market value of the assets) that must be exceeded before a margin deficit will arise. Upon notice from the applicable lender, we will generally be required to satisfy the margin call on the day of such notice or within one business day thereafter, depending on the timing of the notice.

Regulatory Capital and Liquidity Requirements

In addition to the financial covenants imposed upon us and PLS as our servicer under our debt financing agreements, we, through PMC and/or PLS, as applicable, are also subject to liquidity and net worth requirements established by the Federal Housing Finance Agency (“FHFA”) for Agency seller/servicers and Ginnie Mae for single-family issuers. FHFA and Ginnie Mae have established minimum liquidity and net worth requirements for their approved non-depository single-family sellers/servicers in the case of Fannie Mae, Freddie Mac, and Ginnie Mae for their approved single-family issuers, and Ginnie Mae has also issued risk-based capital requirements. We believe that we and our servicer, PLS, are in compliance with the applicable FHFA and Ginnie Mae requirements as of March 31, 2026.

We continue to explore a variety of additional means of financing our business, including debt financing through bank warehouse lines of credit, repurchase agreements, term financing, securitization transactions and unsecured debt and equity offerings. However, there can be no assurance as to how much additional financing capacity such efforts will produce, what form the financing will take or that such efforts will be successful.

Off-Balance Sheet Arrangements and Aggregate Contractual Obligations

Off-Balance Sheet Arrangements

As of March 31, 2026, we have not entered into any off-balance sheet arrangements.

Our management, servicing, and loan fulfillment fee agreements are described in Note 4 – *Transactions with Related Parties* to the consolidated financial statements included in this Report.

Critical Accounting Estimates

Preparation of financial statements in compliance with GAAP requires us to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Certain of these estimates significantly influence the portrayal of our financial condition and results, and they require us to make difficult, subjective or complex judgments. Our critical accounting policies primarily relate to our fair value estimates.

Our Annual Report on Form 10-K for the year ended December 31, 2025 contains a discussion of our critical accounting policies, which utilize relevant critical accounting estimates.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market risk is the exposure to loss resulting from changes in interest rates, foreign currency exchange rates, commodity prices, equity prices, real estate values and other market-based risks. The primary market risks that we are exposed to are real estate risk, credit risk, interest rate risk, prepayment risk, inflation risk and market value risk. Our primary trading asset is our inventory of loans held for sale. We believe that such assets’ fair values respond primarily to changes in the market interest rates for comparable recently-originated loans. Our other market-risk assets are a substantial portion of our investments and are primarily comprised of MSRs, CRT arrangements and MBS, including those consolidated on our balance sheet as loans held for investment and asset-backed financing. We believe that the fair values of MSRs and MBS also respond primarily to changes in the market interest rates for comparable loans or yields on MBS. Changes in interest rates are reflected in the prepayment speeds underlying these investments and in the pricing spread (an element of the discount rate) used in their valuation. We believe that the primary market risks to the fair values of our investment in CRT arrangements are changes in market credit spreads and the fair value of the real estate securing the loans underlying such arrangements.

The following sensitivity analyses are limited in that they were performed at a particular point in time; only contemplate the movements in the indicated variables; do not incorporate changes to other variables; are subject to the accuracy of various models and assumptions used; and do not incorporate other factors that would affect our overall financial performance in such scenarios, including operational adjustments made by management to account for changing circumstances. For these reasons, the following estimates should not be viewed as earnings forecasts.

Mortgage-backed securities at fair value

The following table summarizes the estimated change in fair value of our mortgage-backed securities as of March 31, 2026, given several hypothetical (instantaneous) changes in interest rates and parallel shifts in the yield curve:

| Interest rate shift in basis points | -200 | -75 | -50 | 50 | 75 | 200 |
|-------------------------------------|------------|------------|-----------|--------------|--------------|--------------|
| Change in fair value | \$ 179,162 | \$ 128,047 | \$ 91,559 | \$ (107,215) | \$ (164,335) | \$ (471,301) |

Mortgage Servicing Rights

The following tables summarize the estimated change in fair value of MSR as of March 31, 2026, given several shifts in pricing spread, prepayment speeds and annual per-loan cost of servicing:

| Change in fair value attributable to shift in: | -20% | -10% | -5% | +5% | +10% | +20% |
|--|------------|------------|-----------|-------------|-------------|--------------|
| Option-adjusted spread | \$ 167,914 | \$ 81,911 | \$ 40,461 | \$ (39,505) | \$ (78,085) | \$ (152,590) |
| Prepayment speed | \$ 215,518 | \$ 104,187 | \$ 51,246 | \$ (49,635) | \$ (97,738) | \$ (189,634) |
| Annual per-loan cost of servicing | \$ 63,164 | \$ 31,582 | \$ 15,791 | \$ (15,791) | \$ (31,582) | \$ (63,164) |

CRT Arrangements

Following is a summary of the effect on fair value of various changes to the pricing spread input used to estimate the fair value of our CRT arrangements given several shifts in pricing spread:

| Pricing spread shift in basis points | -100 | -50 | -25 | 25 | 50 | 100 |
|--------------------------------------|-----------|-----------|----------|------------|-------------|-------------|
| Change in fair value | \$ 31,788 | \$ 15,680 | \$ 7,788 | \$ (7,689) | \$ (15,274) | \$ (30,154) |

Following is a summary of the effect on fair value of various instantaneous changes in home values from those used to estimate the fair value of our CRT arrangements given several shifts:

| Property value shift in % | -15% | -10% | -5% | 5% | 10% | 15% |
|---------------------------|------------|------------|------------|----------|----------|----------|
| Change in fair value | \$ (8,843) | \$ (5,340) | \$ (2,448) | \$ 2,083 | \$ 3,832 | \$ 5,300 |

Item 4. Controls and Procedures

Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934 (the "Exchange Act") is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. However, no matter how well a control system is designed and operated, it can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in our periodic reports.

Our management has conducted an evaluation, with the participation of our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Report as required by paragraph (b) of Rules 13a-15 and 15d-15 under the Exchange Act. Based on our evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Report, to provide reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the applicable rules and forms, and that it is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended March 31, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we may be involved in various legal actions, claims and proceedings arising in the ordinary course of business. See Note 17 — *Commitments and Contingencies*, to the consolidated financial statements included in this Report for a discussion of legal actions, claims and proceedings that are incorporated by reference into this Item 1.

Item 1A. Risk Factors

There are no material changes from the risk factors set forth under Item 1A. of our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 18, 2026.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There were no sales of unregistered equity securities during the quarter ended March 31, 2026.

The following table provides information about our repurchases of common shares of beneficial interest (“Common Shares”) during the quarter ended March 31, 2026:

| Period | Total number of shares purchased | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs (1) | Amount available for future share repurchases under the plans or programs (1) |
|--------------------------------------|---|------------------------------|--|---|
| | (in thousands, except average price paid per share) | | | |
| January 1, 2026 – January 31, 2026 | — | \$ — | — | \$ 73,353 |
| February 1, 2026 – February 28, 2026 | — | \$ — | — | \$ 73,353 |
| March 1, 2026 – March 31, 2026 | — | \$ — | — | \$ 73,353 |

- (1) On October 24, 2022, the Company’s board of trustees approved an increase to the Company’s Common Share repurchase authorization from \$400 million to \$500 million (the “share repurchase program”). The share repurchase program does not require the Company to purchase a specific number of Common Shares, and the timing and amount of any Common Shares repurchased are based on market conditions and other factors, including price, regulatory requirements and capital availability. Common Share repurchases may be effected through privately negotiated transactions or open market purchases, including pursuant to a trading plan implemented pursuant to Rule 10b5-1 of the Exchange Act. The share repurchase program does not have an expiration date but may be suspended, modified or discontinued at any time without prior notice.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

Not applicable

Item 5. Other Information

(c) Trading Plans

As of March 31, 2026, the following trustees or Section 16 officers adopted, modified or terminated the following Rule 10b5-1 trading arrangements or non-Rule 10b5-1 trading arrangements (in each case, as defined in Item 408(a) of Regulation S-K):

On March 19, 2026, Greg Hendry, the Company’s Chief Accounting Officer, adopted a trading plan to sell up to 12,218 shares of the Company’s Common Shares. The trading plan will expire on December 31, 2026. Mr. Hendry’s trading plan was entered into during an open insider trading window and is intended to satisfy Rule 10b5-1(c) under the Exchange Act and the Company’s policies regarding insider transactions.

During the quarter ended March 31, 2026, none of our trustees or officers (as defined in Rule 16a-1(f)), informed us of the adoption, modification, or termination of any Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (in each case, as defined in Item 408(a) of Regulation S-K).

Item 6. Exhibits

| Exhibit No. | Exhibit Description | Incorporated by Reference from the Below-Listed Form (Each Filed under SEC File Number 001-34416) | |
|-------------|--|---|------------------|
| | | Form | Filing Date |
| 3.1 | Declaration of Trust of PennyMac Mortgage Investment Trust, as amended and restated. | 10-Q | November 6, 2009 |
| 3.2 | Second Amended and Restated Bylaws of PennyMac Mortgage Investment Trust | 8-K | March 16, 2018 |
| 3.3 | Articles Supplementary classifying and designating the 8.125% Series A Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest. | 8-A | March 7, 2017 |
| 3.4 | Articles Supplementary classifying and designating the 8.00% Series B Fixed-to-Floating Rate Cumulative Redeemable Preferred Shares of Beneficial Interest. | 8-A | June 30, 2017 |
| 3.5 | Articles Supplementary classifying and designating the 6.75% Series C Cumulative Redeemable Preferred Shares of Beneficial Interest. | 8-A | August 20, 2021 |
| 10.1† | Form of Restricted Share Unit Award Agreement under the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (2026). | * | |
| 10.2† | Form of Restricted Share Unit Award Agreement under the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (Non-Employee Trustee) (2026). | * | |
| 10.3† | Form of Performance Share Unit Award Agreement under the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (2026). | * | |
| 31.1 | Certification of David A. Spector pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | * | |
| 31.2 | Certification of Daniel S. Perotti pursuant to Rule 13a-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. | * | |
| 32.1** | Certification of David A. Spector pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | ** | |
| 32.2** | Certification of Daniel S. Perotti pursuant to Rule 13a-14(b) and 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. | ** | |
| 101 | Interactive data files pursuant to Rule 405 of Regulation S-T: (i) the Consolidated Balance Sheets as of March 31, 2026 and December 31, 2025 (ii) the Consolidated Statements of Operations for the quarter ended March 31, 2026 and March 31, 2025, (iii) the Consolidated Statements of Changes in Shareholders' Equity for the quarter ended March 31, 2026 and March 31, 2025, (iv) the Consolidated Statements of Cash Flows for the quarter ended March 31, 2026 and March 31, 2025 and (v) the Notes to the Consolidated Financial Statements. | * | |
| 101.INS | Inline XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. | | |
| 101.SCH | Inline XBRL Taxonomy Extension Schema Document | | |
| 104 | Cover Page Interactive Data File (embedded within the Inline XBRL document) | | |

* Filed herewith.

† Indicates management contract or compensatory plan or arrangement.

** The certifications attached hereto as Exhibits 32.1 and 32.2 are furnished to the SEC pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PENNYMAC MORTGAGE INVESTMENT TRUST
(Registrant)

Dated: May 5, 2026

By: /s/ David A. Spector

David A. Spector
Chairman and Chief Executive Officer
(Principal Executive Officer)

Dated: May 5, 2026

By: /s/ Daniel S. Perotti

Daniel S. Perotti
Senior Managing Director and Chief Financial Officer
(Principal Financial Officer)

**PENNYMAC MORTGAGE INVESTMENT TRUST
2019 EQUITY INCENTIVE PLAN**

**RESTRICTED SHARE UNIT
AWARD AGREEMENT**

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (the “Agreement”), effective as of _____, 2026 (the “Grant Date”), is made by and between PennyMac Mortgage Investment Trust, a Maryland real estate investment trust (the “Trust”), and _____ (the “Grantee”).

WHEREAS, the Trust has adopted the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (the “Plan”), pursuant to which the Trust may grant awards representing the right to receive Shares or cash after the lapse of such forfeiture restrictions as may be determined by the Board (such rights hereinafter referred to as “Restricted Share Units”);

WHEREAS, the Grantee is providing bona fide services to the Trust on the date of this Agreement;

WHEREAS, the Trust desires to grant to the Grantee the number of Restricted Share Units provided for herein;

NOW, THEREFORE, in consideration of the recitals and the mutual agreements herein contained, the parties hereto agree as follows:

Section 1. Grant of Restricted Share Unit Award

(a) Grant of Restricted Share Units. The Trust hereby grants to the Grantee _____ Restricted Share Units on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Trust shall establish a book account in the Grantee’s name with respect to the Restricted Share Units granted hereby.

(b) Incorporation of Plan. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decisions shall be binding and conclusive upon the Grantee and the Grantee’s legal representative in respect of any questions arising under the Plan or this Agreement.

Section 2. Terms and Conditions of Award

The grant of Restricted Share Units provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

(a) Restrictions. The Restricted Share Units (including, without limitation, the corresponding Distribution Equivalents) may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution prior to the lapse of restrictions set forth in this Agreement applicable thereto, as set forth in Section

2(b). The Board may in its discretion, cancel all or any portion of any outstanding restrictions prior to the expiration of the periods provided under Section 2(b). The period from the date of grant of a Restricted Share Unit to the date it becomes vested and payable shall be referred to herein as the “Restricted Period.”

(b) Lapse of Restrictions. Except as may otherwise be provided herein, the restrictions on transfer set forth in Section 2(a) shall lapse with respect to thirty-three and one-third percent (33-1/3%) of the Restricted Share Units granted hereunder on each of the first three anniversaries of the Grant Date, so long as the Grantee is providing services to the Trust as of the applicable vesting date, with any fractional Shares vested following the annual lapse of restrictions rounded down, except on the final annual lapse restriction, such fractional Shares vested shall be rounded up. No fractional Shares shall be issuable hereunder.

(c) Form of Payment. Each Restricted Share Unit granted hereunder shall represent the right to receive one Share upon the date on which the restrictions applicable to such Restricted Share Unit lapse. Subject to Section 3(h), the Trust shall issue the Shares to the Grantee within 70 days after the applicable vesting date or vesting event of the underlying Restricted Share Units.

(d) Distribution Equivalents. If cash distributions and/or special distributions are declared by the Board on the Share on or after the Grant Date and prior to the settlement of the Restricted Share Unit, cash distribution equivalents (the “Distribution Equivalents”) shall accrue on the Shares underlying the Restricted Share Units. The Distribution Equivalents shall be subject to vesting and forfeiture on the same terms and conditions as the underlying Restricted Share Units. The Distribution Equivalents will be in an amount of cash per the Restricted Share Unit equal to the cash distribution paid with respect to a Share and shall accrue to the Grantee on the record date of the applicable distribution. The Distribution Equivalents accrued prior to the settlement date of each vested Restricted Share Unit will be paid to the Grantee as soon as administratively feasible after the expiration of the Restricted Period associated with the underlying Restricted Share Units (but in no event later than 70 days following the applicable vesting date or vesting event). The Distribution Equivalents accrued on the Shares underlying the Restricted Share Unit that do not vest and are forfeited shall be automatically forfeited without notice for no consideration on the date such Restricted Share Unit is forfeited.

(e) Delivery of Shares. Unvested Restricted Share Units shall be reflected in a bookkeeping entry form maintained by the Trust. In the event that the Shares are to be issued upon any lapse of restrictions relating to the Restricted Share Units, the Trust shall cause to be issued and distributed in book-entry form, Shares in payment of such Restricted Share Units.

(f) Termination of Service. In the event that the Grantee’s service with the Trust and its Affiliates is terminated prior to the lapsing of restrictions with respect to any portion of the Restricted Share Unit granted hereunder, such portion of the Award held by the Grantee shall become free of such restrictions or be forfeited as follows:

(i) If such termination of service is (1) because of the Grantee’s Retirement (as defined below) and Grantee’s service to the Trust and/or its Affiliates may not be terminated due to a Removal for Cause, and (2) provided the Grantee has executed and continues to comply with the terms of the Retirement and Equity Award Vesting Agreement in the form provided to the Grantee by the Trust, then the Grantee’s Restricted Share Unit Award shall continue to vest and be payable after the retirement date in accordance with the original terms of such Restricted Share

Units. “Retirement” shall mean voluntary termination of services after the age of sixty (60) with at least ten (10) years of combined services to the Trust and/or any of its Affiliates; *provided, however*, that if the Grantee elects to terminate services in connection with a Retirement, the Grantee must provide the Trust with a minimum of (x) six (6) months prior written notice of such Retirement if such Grantee’s title is at the senior vice president level and above, or (y) three (3) months prior written notice of such Retirement if such Grantee’s title is at the first vice president level and below.

(ii) If such termination of service is (1) because of the Grantee’s death or Disability (as defined below) and Grantee’s service with the Trust and/or its Affiliates could not have been terminated due to a Removal for Cause or (2) due to a termination of the Management Agreement pursuant to Section 8(c) of the Plan by the Trust or one of its Affiliates (other than due to Cause as defined in the Management Agreement), then any Restricted Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service become fully vested and free of such transfer restrictions; *provided, however*, if the Award is considered “nonqualified deferred compensation” within the meaning of Section 409A, and the Grantee would satisfy the age and service requirements for Retirement as of such termination of service, the Restricted Share Units shall vest in accordance with this section, but shall be settled in accordance with the normal vesting schedule applicable to a termination due to Retirement, to the extent necessary to comply with Section 409A. “Disability” shall mean the inability to engage in any substantial gainful occupation to which the relevant individual is suited by education, training or experience, by reason of any medically determinable physical or mental impairment, which condition can be expected to result in death or otherwise continue for a period of not less than twelve (12) consecutive months.

(iii) If such termination of service is for any reason (including without limitation a voluntary termination of service by the Grantee) other than as provided in clauses (i) and (ii) above, any Restricted Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service be immediately forfeited.

Restricted Share Units and any corresponding Distribution Equivalents forfeited pursuant to this Agreement shall be transferred to, and reacquired by, the Trust without payment of any consideration by the Trust, and neither the Grantee nor any of the Grantee’s successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such Restricted Share Units or any corresponding Distribution Equivalents.

(g) Change in Control. Notwithstanding Section 8(b) of the Plan, the Restricted Share Unit granted hereunder shall not become free of restrictions solely upon the occurrence of a Change in Control; however, if the Grantee’s service is terminated during the two year period commencing on the date of such Change in Control (such period, the “Change in Control Protection Period”) (i) by the Trust and its Affiliates for any reason (other than for Removal for Cause) or (ii) by the Grantee due to a voluntary termination of services after the age of sixty (60) with at least ten (10) years of combined services to the Trust and/or any of its Affiliates, with or without notice, then any Restricted Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service become fully vested and free of such transfer restrictions and shall be settled upon such termination of service; *provided, however*, if (i) the Award constitutes “nonqualified deferred compensation” within the meaning of Section 409A, (ii) the Grantee would satisfy the age and service requirements upon such termination of service, and (iii) the Change in Control is not a “change in control event” within

the meaning of Section 409A, then the Restricted Share Units shall vest in accordance with this section, but shall be settled in accordance with the normal vesting schedule applicable to a termination due to Retirement, to the extent necessary to comply with Section 409A. In addition, if the Shares cease to be readily tradable on an established securities market or exchange as a result of or in connection with such Change in Control, then any Restricted Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such Change in Control become fully vested and free of such transfer restrictions; *provided* that if Restricted Share Units are “nonqualified deferred compensation” within the meaning of Section 409A of the Code and such Change in Control is not a “change in control event” within the meaning of Section 409A of the Code or if settlement at the time of such Change in Control would otherwise be prohibited under Section 409A, then the Restricted Share Units shall vest on the Change in Control, but shall be settled in accordance with the normal vesting dates or earlier termination of service, to the extent required to comply with Section 409A.

(h) Income Taxes.

(i) At the time Grantee becomes entitled to receive a distribution of Shares upon vesting of Restricted Share Units, Grantee authorizes the Trust, at Trust’s sole discretion, to withhold from fully vested Shares otherwise issuable to Grantee pursuant to such Restricted Share Units a number of Shares having a Fair Market Value, as determined by the Trust as of the first business day immediately preceding the date on which the tax obligation arises, equal to the statutory minimum withholding tax obligation in respect of the Shares otherwise issuable to Grantee.

(ii) Unless the withholding tax obligations of the Trust and/or any Affiliate thereof are satisfied, the Trust shall have no obligation to deliver any Shares on the Grantee’s behalf upon vesting of Restricted Share Units or make any cash payments for settlement of Distribution Equivalents.

Section 3. Miscellaneous

(a) Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed in the case of the Trust to the Secretary of the Trust at the principal office of the Trust and, in the case of the Grantee, to the Grantee’s address appearing on the books of the Trust or to the Grantee’s residence or to such other address as may be designated in writing by the Grantee.

(b) No Right to Continued Service. Nothing in the Plan or in this Agreement shall confer upon the Grantee any right to continue in the service of the Trust or any subsidiary or Affiliate of the Trust or shall interfere with or restrict in any way the right of the Trust, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, with or without cause.

(c) Bound by Plan. By signing this Agreement, the Grantee acknowledges receipt of a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Trust, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

(e) Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(f) Modifications. No change, modification or waiver of any provision of this Agreement that is materially adverse to the Grantee shall be valid unless the same be in writing and signed by the parties hereto.

(g) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

(h) Section 409A. This Award is intended to be exempt from or comply with Section 409A of the Code (“Section 409A”), and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder’s termination of service, the applicable Shares (or any underlying cash payment) shall be transferred to the Grantee or his or her beneficiary upon the Grantee’s “separation from service,” within the meaning of Section 409A; *provided* that if the Grantee is a “specified employee,” within the meaning of Section 409A, then to the extent the Award constitutes nonqualified deferred compensation, within the meaning of Section 409A, and the Award is payable upon a “separation from service,” then such Shares (or any underlying cash payment) shall be transferred to the Grantee or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Grantee’s death.

(i) Tax Consequences. The Trust makes no representation or warranty as to the tax treatment to the Grantee of receipt of these Restricted Share Units or the corresponding Distribution Equivalents or any payments received by the Grantee in settlement of the Restricted Share Units or corresponding Distribution Equivalents, and does not warrant to the Grantee that all compensation paid or delivered to him or her for his or her services will be exempt from, or paid in compliance with, Section 409A or any other adverse tax treatment under U.S. or foreign law. The Grantee should rely on his or her own tax advisors for all such advice.

(j) Adjustments. If any change is made to the outstanding Shares, if required, the Restricted Share Units shall be adjusted in any manner as contemplated by Section 5 of the Plan

(k) Governing Law. This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Maryland without giving effect to the conflict of laws principles thereof.

(l) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part of this Agreement.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Grantee and the Trust have entered into this Agreement as of the Grant Date.

PENNYMAC MORTGAGE INVESTMENT TRUST

**PENNYMAC MORTGAGE INVESTMENT TRUST
2019 EQUITY INCENTIVE PLAN**

**RESTRICTED SHARE UNIT
AWARD AGREEMENT**

THIS RESTRICTED SHARE UNIT AWARD AGREEMENT (the “Agreement”), effective as of February 23, 2026 (the “Grant Date”), is made by and between PennyMac Mortgage Investment Trust, a Maryland real estate investment trust (the “Trust”), and _____ (the “Grantee”).

WHEREAS, the Trust has adopted the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (the “Plan”), pursuant to which the Trust may grant awards representing the right to receive Shares or cash after the lapse of such forfeiture restrictions as may be determined by the Board (such rights hereinafter referred to as “Restricted Share Units”);

WHEREAS, the Grantee is providing bona fide services to the Trust on the date of this Agreement;

WHEREAS, the Trust desires to grant to the Grantee the number of Restricted Share Units provided for herein;

NOW, THEREFORE, in consideration of the recitals and the mutual agreements herein contained, the parties hereto agree as follows:

Section 1. Grant of Restricted Share Unit Award

(a) Grant of Restricted Share Units. The Trust hereby grants to the Grantee _____ Restricted Share Units on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Trust shall establish a book account in the Grantee’s name with respect to the Restricted Share Units granted hereby.

(b) Incorporation of Plan. The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decisions shall be binding and conclusive upon the Grantee and the Grantee’s legal representative in respect of any questions arising under the Plan or this Agreement.

Section 2. Terms and Conditions of Award

The grant of Restricted Share Units provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

(a) Restrictions. The Restricted Share Units (including, without limitation, the corresponding Distribution Equivalents) may not be sold, assigned, transferred, pledged,

hypothecated or otherwise disposed of, except by will or the laws of descent and distribution prior to the lapse of restrictions set forth in this Agreement applicable thereto, as set forth in Section 2(b). The Board may in its discretion, cancel all or any portion of any outstanding restrictions prior to the expiration of the periods provided under Section 2(b). The period from the date of grant of a Restricted Share Unit to the date it becomes vested and payable shall be referred to herein as the “Restricted Period.”

(b) Lapse of Restrictions. Except as may otherwise be provided herein, the restrictions on transfer set forth in Section 2(a) shall lapse with respect to one hundred percent (100%) of the Restricted Share Units granted hereunder on the first anniversary of the Grant Date, so long as the Grantee is providing services to the Trust as of such date.

(c) Form of Payment. Each Restricted Share Unit granted hereunder shall represent the right to receive one Share upon the date on which the restrictions applicable to such Restricted Share Unit lapse. The Trust shall issue the Shares to the Grantee within 70 days after the applicable vesting date or vesting event of the underlying Restricted Share Units.

(d) Distribution Equivalents. If cash distributions and/or special distributions are declared by the Board on the Shares on or after the Grant Date and prior to the settlement of the Restricted Share Unit, cash distribution equivalents (the “Distribution Equivalents”) shall accrue on the Shares underlying the Restricted Share Units. The Distribution Equivalents shall be subject to vesting and forfeiture on the same terms and conditions as the underlying Restricted Share Units. The Distribution Equivalents will be in an amount of cash per the Restricted Share Unit equal to the cash distribution paid with respect to a Share and shall accrue to the Grantee on the record date of the applicable distribution. The Distribution Equivalents accrued prior to the settlement date of each vested Restricted Share Unit will be paid to the Grantee as soon as administratively feasible after the expiration of the Restricted Period (but in no event later than 70 days following the applicable vesting date or vesting event). The Distribution Equivalents accrued on the Shares underlying the Restricted Share Unit that do not vest and are forfeited shall be automatically forfeited without notice for no consideration on the date such Restricted Share Unit is forfeited.

(e) Delivery of Shares. Unvested Restricted Share Units shall be reflected in a bookkeeping entry form maintained by the Trust. In the event that the Shares are to be issued upon lapse of any restrictions relating to the Restricted Share Units, the Trust shall cause to be issued and distributed in book-entry form, Shares in payment of such Restricted Share Units.

(f) Termination of Service. In the event that the Grantee’s service to the Trust is terminated pursuant to a Removal for Cause, all Restricted Share Units subject to this Award Agreement shall be immediately forfeited as of the effective date of such termination of service. Upon termination of the Grantee’s service to the Trust for any reason other than pursuant to a Removal for Cause, any Restricted Share Units granted hereunder which have not become free of transfer restrictions shall as of the effective date of such termination of service become fully vested and free of such restrictions (including all Distribution Equivalents with respect thereto) and shall be settled within 70 days following such Termination of Service. Restricted Share Units (including all Distribution Equivalents with respect thereto) forfeited pursuant to this Agreement shall be transferred to, and reacquired by, the Trust without payment of any consideration by the Trust, and neither the Grantee nor any of the Grantee’s successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such Restricted Share Units or any corresponding Distribution Equivalents.

Section 3. Miscellaneous

(a) Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed in the case of the Trust to the Secretary of the Trust at the principal office of the Trust and, in the case of the Grantee, to the Grantee's address appearing on the books of the Trust or to the Grantee's residence or to such other address as may be designated in writing by the Grantee.

(b) No Right to Continued Service. Nothing in the Plan or in this Agreement shall confer upon the Grantee any right to continue in the service of the Trust or any subsidiary or Affiliate of the Trust or shall interfere with or restrict in any way the right of the Trust, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, whether or not a Removal for Cause.

(c) Bound by Plan. By signing this Agreement, the Grantee acknowledges receipt of a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Trust, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

(e) Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(f) Modifications. No change, modification or waiver of any provision of this Agreement that is materially adverse to the Grantee shall be valid unless the same be in writing and signed by the parties hereto.

(g) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

(h) Adjustments. If any change is made to the outstanding Shares, if required, the Restricted Share Units shall be adjusted in any manner as contemplated by Section 5 of the Plan.

(i) Governing Law. This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Maryland without giving effect to the conflict of laws principles thereof.

(j) Section 409A. The provisions of this Agreement shall be construed and interpreted in a manner consistent with the requirements for avoiding taxes or penalties under Section 409A of the Code ("Section 409A"). If the Trust determines that any amounts payable hereunder may be taxable to the Grantee under Section 409A, the Trust may (i) adopt such amendments to this Agreement and appropriate policies and procedures, including amendments and policies with retroactive effect, that the Trust determines necessary or appropriate to preserve the intended tax

treatment of the benefits provided by this Agreement and/or (ii) take such other actions as the Trust determines necessary or appropriate to avoid or limit the imposition of an additional tax under Section 409A; *provided, that* neither the Trust nor any of its Affiliates nor any other person or entity shall have any liability to the Grantee with respect to the tax imposed by Section 409A of the Code.

(k) Tax Consequences. The Trust makes no representation or warranty as to the tax treatment to the Grantee of receipt of these Restricted Share Units or the corresponding Distribution Equivalents or any payments received by the Grantee in settlement of the Restricted Share Units or corresponding Distribution Equivalents, and does not warrant to the Grantee that all compensation paid or delivered to him or her for his or her services will be exempt from, or paid in compliance with, Section 409A or any other adverse tax treatment under U.S. or foreign law. The Grantee should rely on his or her own tax advisors for all such advice.

(l) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part of this Agreement.

(m) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Recipient and the Trust have entered into this Agreement as of the Grant Date.

PENNYMAC MORTGAGE INVESTMENT TRUST

**PENNYMAC MORTGAGE INVESTMENT TRUST
2019 EQUITY INCENTIVE PLAN**

**PERFORMANCE SHARE UNIT
AWARD AGREEMENT**

THIS PERFORMANCE SHARE UNIT AWARD AGREEMENT (the “Agreement”), effective as of _____, 2026 (the “Grant Date”), is made by and between PennyMac Mortgage Investment Trust, a Maryland real estate investment trust (the “Trust”), and _____ (the “Grantee”).

WHEREAS, the Trust has adopted the PennyMac Mortgage Investment Trust 2019 Equity Incentive Plan (the “Plan”), pursuant to which the Trust may grant awards representing the right to receive Shares or cash after the lapse of such forfeiture restrictions and the satisfaction of such performance goals as may be determined by the Board (such rights hereinafter referred to as “Performance Share Units”);

WHEREAS, the Grantee is providing bona fide services to the Trust on the date of this Agreement;

WHEREAS, the Trust desires to grant to the Grantee the number of Performance Share Units provided for herein;

NOW, THEREFORE, in consideration of the recitals and the mutual agreements herein contained, the parties hereto agree as follows:

Section 1. Grant of Performance Share Unit Award

(a) **Grant of Performance Share Units.** The Trust hereby grants to the Grantee _____ Performance Share Units (or such greater or lesser amount as may result based on the application of the performance vesting provisions in Appendix A) on the terms and conditions set forth in this Agreement and as otherwise provided in the Plan. The Trust shall establish a book account in the Grantee’s name with respect to the Performance Share Units granted hereby.

(b) **Incorporation of Plan.** The provisions of the Plan are hereby incorporated herein by reference. Except as otherwise expressly set forth herein, this Agreement shall be construed in accordance with the provisions of the Plan and any capitalized terms not otherwise defined in this Agreement shall have the definitions set forth in the Plan. The Board shall have final authority to interpret and construe the Plan and this Agreement and to make any and all determinations under them, and its decisions shall be binding and conclusive upon the Grantee and the Grantee’s legal representative in respect of any questions arising under the Plan or this Agreement.

Section 2. Terms and Conditions of Award.

The grant of Performance Share Units provided in Section 1(a) shall be subject to the following terms, conditions and restrictions:

(a) Restrictions. The Performance Share Units (including, without limitation, the corresponding Distribution Equivalents) may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution prior to the lapse of restrictions set forth in this Agreement applicable thereto, as set forth in Section 2(b). The Board may in its discretion, cancel all or any portion of any outstanding restrictions prior to the expiration of the periods provided under Section 2(b). The period from the date of grant of a Performance Share Unit to the date it becomes vested and payable shall be referred to herein as the “Restricted Period.”

(b) Lapse of Restrictions. Except as may otherwise be provided herein, the restrictions on transfer set forth in Section 2(a) shall lapse with respect to up to thirty-three and one-third percent (33-1/3%) of the Performance Share Units granted hereunder (as set forth on Appendix A attached hereto) on each of the first three anniversaries of the Grant Date, to the extent that the Trust has satisfied the relevant performance goals for the annual performance periods concluding prior to such anniversary of the Grant Date as set forth on Appendix A (each, a “Performance Period”), and provided that the Grantee is providing services to the Trust or an Affiliate as of the applicable vesting date. No fractional Shares shall be issuable hereunder. In the event that the Grantee is vested in a fractional Share, such fractional Share shall be rounded down and paid, in lieu thereof, in an amount of cash equal to the Fair Market Value of the fractional Share.

(i) Prior to the applicable Grant Date, the Trust will objectively define the manner of determining the satisfaction of the relevant performance goals during the Performance Period for such Grantee, including whether or to what extent, there shall not be taken into account any of the following events that occurs during a Performance Period: (i) asset write-downs, (ii) litigation, claims, judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any unusual or infrequently occurring items (A) as described in Accounting Standard Codification Section 225-20, (B) as described in management’s discussion and analysis of financial condition and results of operations appearing in the Trust’s Annual Report to shareholders for the applicable year, or (C) publicly announced by the Trust in a press release or conference call relating to the Trust’s results of operations or financial condition for a completed quarterly or annual fiscal period. Notwithstanding this Section 2(b)(i), the Board may determine that the performance goals may also be adjusted for any other extraordinary, infrequent or non-recurring items not contemplated in the original target setting process, as determined by the Board in its sole discretion.

(c) Form of Payment. Each Performance Share Unit granted hereunder shall represent the right to receive one Share upon the date on which the restrictions applicable to such Performance Share Unit lapse. Subject to Section 3(i), the Company shall issue the Shares to the Grantee within 70 days after the applicable vesting date or vesting event of the underlying Performance Share Units as provided in Sections 2(b), (f) and (g).

(d) Distribution Equivalents. If cash distributions and/or special distributions are declared by the Board on the Shares on or after the Grant Date and prior to the settlement of the Performance Share Unit, cash distribution equivalents (the “Distribution Equivalents”) shall accrue on the Shares underlying the Performance Share Units. The Distribution Equivalents shall be subject to vesting and forfeiture on the same terms and conditions as the underlying Performance Share Units. The Distribution Equivalents will be in an amount of cash per the

Performance Share Unit equal to the cash distribution paid with respect to a Share and shall accrue to the Grantee on the record date of the applicable distribution. The Distribution Equivalents will be payable as soon as administratively feasible after the applicable vesting date or vesting event of the underlying Performance Share Units as provided in Sections 2(b), (f) and (g) (but in no event, later than 70 days following the applicable vesting date or vesting event, subject to Section 3(i)). The Distribution Equivalents accrued on the Shares underlying the Performance Share Unit that do not vest and are forfeited shall be automatically forfeited without notice for no consideration on the date such Performance Share Unit is forfeited.

(e) Delivery of Shares. Unvested Performance Share Units shall be reflected in a bookkeeping entry form maintained by the Trust. In the event that the Shares are to be issued upon any lapse of restrictions relating to the Performance Share Units, the Trust shall cause to be issued and distributed in book-entry form, Shares in payment of such Performance Share Units to the Grantee.

(f) Termination of Service. In the event that the Grantee's service with the Trust and its Affiliates is terminated prior to the lapsing of restrictions with respect to any portion of the Performance Share Unit Award granted hereunder, such portion of the Award held by the Grantee shall become free of such restrictions or be forfeited as follows:

(i) If such termination of service is (1) because of the Grantee's Retirement (as defined below) and the Grantee's service with the Trust and/or its Affiliates may not be terminated due to a Removal for Cause, and (2) provided the Grantee has executed and continues to comply with the terms of the Retirement and Equity Award Vesting Agreement in the form provided to the Grantee by the Trust, then the Grantee's Performance Share Unit Award shall continue to vest and be payable after the Retirement Date in accordance with the original terms of such Performance Share Units. "Retirement" shall mean voluntary termination of service after the age of sixty (60) with at least ten (10) years of combined services to the Trust and/or any of its Affiliates; *provided, however*, that if the Grantee elects to terminate Grantee's service in connection with a Retirement, the Grantee must provide the Trust with a minimum of (x) six (6) months prior written notice of such Retirement if such Grantee's title is at the senior vice president level and above, or (y) three (3) months prior written notice of such Retirement if such Grantee's title is at the first vice president level and below.

(ii) If such termination of service is because of the Grantee's death or Disability (as defined below) and Grantee's service with the Trust and/or its Affiliates could not have been terminated due to a Removal for Cause, then (A) the Grantee's unsettled Performance Share Units for any annual Performance Period that concluded prior to the Grantee's termination of service shall be settled in accordance with Section 2(c) based on actual performance during such annual Performance Period, (B) the Grantee's Performance Share Units associated with the annual Performance Period in process as of the date of such termination of service shall vest and be payable in a number of Shares based on the Trust's cumulative performance achievement during such annual Performance Period through the most recent fiscal quarter end (not to exceed 100% payout), and (C) the Grantee's remaining Performance Share Units with respect to the annual Performance Period(s) commencing after such termination of service shall vest, with the performance goals deemed fully achieved at 100% payout; "Disability" shall mean the inability to engage in any substantial gainful occupation to which the relevant individual is suited by education, training or experience, by reason of any medically determinable physical or mental

impairment, which condition can be expected to result in death or otherwise continue for a period of not less than twelve (12) consecutive months.

(iii) If such termination of Grantee's service is due to a termination of the Management Agreement pursuant to Section 8(c) of the Plan by the Trust or one of its Affiliates (other than due to Cause as defined in the Management Agreement), then any Performance Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service become fully vested and any performance goals shall be deemed fully achieved at 100% payout and free of such transfer restrictions; *provided, however*, if an annual performance period has concluded on or prior to such termination of service, then the performance goals shall be determined based on actual performance for such annual Performance Period; *provided, further*, if the Award is considered "nonqualified deferred compensation" within the meaning of Section 409A of the Code ("Section 409A") and the Grantee would satisfy the age and service requirements for Retirement as of such termination of service, the Performance Share Units shall vest in accordance with this section but shall be settled in accordance with the normal vesting schedule applicable to a termination due to Retirement, to the extent necessary to comply with Section 409A.

(iv) If such termination of service is for any reason (including without limitation a voluntary termination of service by the Grantee) other than as provided in clauses (i) through (iii) above, and Performance Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service be immediately forfeited.

Performance Share Units and any corresponding Distribution Equivalents forfeited pursuant to this Agreement shall be transferred to, and reacquired by, the Trust without payment of any consideration by the Trust, and neither the Grantee nor any of the Grantee's successors, heirs, assigns or personal representatives shall thereafter have any further rights or interests in such Performance Share Units or any corresponding Distribution Equivalents.

(g) Change in Control. Notwithstanding Section 8(b) of the Plan, the Performance Share Unit Award granted hereunder shall not become free of restrictions solely upon the occurrence of a Change in Control; however, if the Grantee's service is terminated during the two year period commencing on the date of such Change in Control (such period, the "Change in Control Protection Period") (i) by the Trust and its Affiliates for any reason (other than for Removal for Cause) or (ii) by the Grantee due to a voluntary termination of services after the age of sixty (60) with at least ten (10) years of combined services to the Trust and/or any of its Affiliates, with or without notice, then any Performance Share Units granted hereunder which have not become free of transfer restrictions shall as of the date of such termination of service become fully vested at 100% payout and free of such transfer restrictions and shall be settled upon such termination of service; *provided, however*, if an annual Performance Period has concluded on or prior to such termination of service, then the performance goals shall be determined based on actual performance for such annual Performance Period; *provided, further*, if (i) the Award constitutes "nonqualified deferred compensation" within the meaning of Section 409A, (ii) the Grantee would satisfy the age and service requirements for Retirement as of such termination of service, and (iii) the Change in Control is not a "change in control event" within the meaning of Section 409A, then the Performance Share Units shall vest in accordance with this section, but shall be settled in accordance with the normal vesting schedule applicable to a termination due to Retirement, to the extent necessary to comply with Section 409A. In addition, if the Shares cease

to be readily tradable on an established securities market or exchange as a result of such Change in Control, then any Performance Share Units and any corresponding Distribution Equivalents granted hereunder which have not become free of transfer restrictions shall as of the date of such Change in Control become fully vested at 100% payout and free of such transfer restrictions; *provided, however*, if an annual Performance Period has concluded on or prior to such Change in Control, then the performance goals shall be determined based on actual performance for such annual Performance Period; *provided, further*, if the Performance Share Units are “nonqualified deferred compensation” within the meaning of Section 409A and such Change in Control is not a “change in control event” within the meaning of Section 409A or if settlement at the time of such Change in Control would otherwise be prohibited under Section 409A, then the Performance Share Units shall vest on the Change in Control but shall be settled in accordance with the normal vesting dates or earlier termination of service to the extent required to comply with Section 409A. If the Shares will continue to be readily tradable on an established securities market or exchange following a Change in Control, and if a pro rata portion of any of the performance goals set forth on Appendix A have been satisfied with respect to any of the outstanding Performance Share Units granted hereunder as of the effective date of such Change in Control, as determined by the Board in its sole discretion, then a corresponding pro rata portion of such Performance Share Units any corresponding Distribution Equivalents shall become free of restrictions as of such Change in Control; *provided* that if Performance Share Units are “nonqualified deferred compensation” within the meaning of Section 409A and such Change in Control is not a “change in control event” within the meaning of Section 409A or if settlement at the time of such Change in Control would otherwise be prohibited under Section 409A, then such pro-rata portion of the Performance Share Units shall vest on the Change in Control but shall be settled in accordance with the normal vesting dates or earlier termination of service to the extent required to comply with Section 409A. With respect to all other Performance Share Units outstanding following such Change in Control, (i) if the Board, in its sole discretion, can determine comparable new performance goals based upon the business of the acquiring or surviving entity, then Appendix A shall thereupon be revised to incorporate such new performance goals, and (ii) if the Board, in its sole discretion, cannot determine comparable new performance goals, then Appendix A shall thereupon no longer be applicable, and the restrictions on transfer set forth in Section 2(a) shall thereafter lapse with respect to such Performance Share Units any corresponding Distribution Equivalents, which shall become fully vested at 100% payout and free of such transfer restrictions based solely upon the Grantee continuing to provide services to the Trust or an Affiliate.

(h) Income Taxes.

(i) At the time Grantee becomes entitled to receive a distribution of Shares upon vesting of Performance Share Units, Grantee authorizes the Trust, at Trust’s sole discretion, to withhold from fully vested Shares otherwise issuable to Grantee pursuant to such Performance Share Units a number of Shares having a Fair Market Value, as determined by the Trust as of the first business day immediately preceding the date on which the tax obligation arises, equal to the statutory minimum withholding tax obligation in respect of the Shares otherwise issuable to Grantee.

(ii) Unless the withholding tax obligations of the Trust and/or any Affiliate thereof are satisfied, the Trust shall have no obligation to deliver any Shares on the Grantee’s behalf upon vesting of Performance Share Units or make any cash payments for settlement of Distribution Equivalents.

Section 3. Miscellaneous

(a) Notices. Any and all notices, designations, consents, offers, acceptances and any other communications provided for herein shall be given in writing and shall be delivered either personally or by registered or certified mail, postage prepaid, which shall be addressed in the case of the Trust to the Secretary of the Trust at the principal office of the Trust and, in the case of the Grantee, to the Grantee's address appearing on the books of the Trust or to the Grantee's residence or to such other address as may be designated in writing by the Grantee.

(b) No Right to Continued Service. Nothing in the Plan or in this Agreement shall confer upon the Grantee any right to continue in the service of the Trust or any subsidiary or Affiliate of the Trust or shall interfere with or restrict in any way the right of the Trust, which is hereby expressly reserved, to remove, terminate or discharge the Grantee at any time for any reason whatsoever, with or without cause.

(c) Bound by Plan. By signing this Agreement, the Grantee acknowledges receipt of a copy of the Plan and has had an opportunity to review the Plan and agrees to be bound by all the terms and provisions of the Plan.

(d) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of the Trust, its successors and assigns, and of the Grantee and the beneficiaries, executors, administrators, heirs and successors of the Grantee.

(e) Invalid Provision. The invalidity or unenforceability of any particular provision hereof shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision had been omitted.

(f) Modifications. No change, modification or waiver of any provision of this Agreement that is materially adverse to the Grantee shall be valid unless the same be in writing and signed by the parties hereto.

(g) Entire Agreement. This Agreement and the Plan contain the entire agreement and understanding of the parties hereto with respect to the subject matter contained herein and therein and supersede all prior communications, representations and negotiations in respect thereto.

(h) Governing Law. This Agreement and the rights of the Grantee hereunder shall be construed and determined in accordance with the laws of the State of Maryland without giving effect to the conflict of laws principles thereof.

(i) Section 409A. This Award is intended to be exempt from or comply with Section 409A, and shall be interpreted and construed accordingly, and each payment hereunder shall be considered a separate payment. To the extent this Agreement provides for the Award to become vested and be settled upon the Holder's termination of service, the applicable Shares (or any underlying cash payment) shall be transferred to the Grantee or his or her beneficiary upon the Grantee's "separation from service," within the meaning of Section 409A; *provided* that if the Grantee is a "specified employee," within the meaning of Section 409A, then to the extent the

Award constitutes nonqualified deferred compensation, within the meaning of Section 409A, and the Award is payable upon a “separation from service,” then such Shares (or any underlying cash payment) shall be transferred to the Grantee or his or her beneficiary upon the earlier to occur of (i) the six-month anniversary of such separation from service and (ii) the date of the Grantee’s death.

(j) Tax Consequences. The Trust makes no representation or warranty as to the tax treatment to the Grantee of receipt of these Performance Share Units or the corresponding Distribution Equivalents or any payments received by the Grantee in settlement of the Restricted Share Units or corresponding Distribution Equivalents, and does not warrant to the Grantee that all compensation paid or delivered to him or her for his or her services will be exempt from, or paid in compliance with, Section 409A or any other adverse tax treatment under U.S. or foreign law. The Grantee should rely on his or her own tax advisors for all such advice.

(k) Cancellation/Clawback. The Grantee hereby acknowledges and agrees that, consistent with the terms and condition of Section 9(m) of the Plan, the Grantee and the Award are subject to the Recoupment of Incentive Compensation Policy for Executive Officers or any other clawback policy adopted by the Trust and in effect as of the Grant Date or adopted thereafter to comply with applicable law (as applicable, the “Clawback Policy”). In consideration of the grant of the Award under this Agreement, the Grantee agrees that, to the extent that the Grantee is or becomes covered by the Clawback Policy, the Award granted to the Grantee pursuant to this Agreement and any Shares issued upon settlement thereof shall be subject to the Clawback Policy.

(l) Adjustments. If any change is made to the outstanding Shares, if required, the Performance Share Units (including the applicable performance vesting provisions set forth on Appendix A) shall be adjusted in any manner as contemplated by Section 5 of the Plan.

(m) Headings. The headings of the Sections hereof are provided for convenience only and are not to serve as a basis for interpretation or construction, and shall not constitute a part of this Agreement.

(n) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the Grantee and the Trust have entered into this Agreement as of the Grant Date.

PENNYMAC MORTGAGE INVESTMENT TRUST

Appendix A
Performance Goals

| | Component | Comments | Target | % of Total |
|-------------------------|---------------------|---|--------|------------|
| Award Components | 1. Return on Equity | Return on equity (ROE) is the amount of net income attributable to common shareholders expressed as a percentage of average monthly common shareholders' equity. $ROE = \text{net income attributable to common shareholders for a fiscal year} \div \text{average monthly common shareholders' equity}$. The performance measurement periods are [2026, 2027 and 2028]. ROE payout opportunity exists annually and cumulatively with respect to thirty-three and one-third percent (33-1/3%) of the Performance Share Units grant. A 6% ROE generates a 50% payout and a 12% ROE generates a 200% payout with a linear progression between those two endpoints. If ROE in year 1 or year 2 is less than 8% and cumulative ROE in years 1 and 2 is greater than 12%, or in years 1-3 is greater than 18%, cumulative ROE over the applicable 2 or 3 year period may be utilized to determine the award. The annual award is the greater of the amount determined under the annual approach or the cumulative approach. The cumulative approach may only be applied once during the three years. There is no lookback to a year that generated a payout greater than or equal to 100%. | | |
| | 2. Relative TSR | <p>Relative Total Shareholder Return (TSR) will be determined based on the Trust's performance against the approved peer group for each calendar year. Relative TSR will be measured based on the 30-day average closing market price, adjusted for dividends, of the Trust and each member of that peer group at the beginning and the end of each performance period. Peers that are bankrupt, liquidated or operating in bankruptcy will be treated as having -100% TSR; acquired companies will be removed from the peer group. Payouts for PSUs linked to relative TSR are not adjusted or impacted if PMT TSR is negative for an annual performance period.</p> <p>[12/31/2025-12/31/2026] performance will be compared to current peers; [12/31/2026-12/31/2027] and [12/31/2027-12/31/2028] performance will be compared to the most recently approved peer group approved as of February or March of each respective year.</p> <p>[The Trust's current peers are: AGNC Investment Corp., Annaly Capital Management, Apollo Commercial Real Estate, Arbor Realty Trust, ARMOUR Residential REIT, Blackstone Mortgage Trust, Chimera Investment, Dynex Capital Inc., Ellington Financial Inc., Invesco Mortgage, KKR Real Estate Finance Trust, Ladder Capital, MFA Financial, Rithm Capital, New York Mortgage Trust, Redwood Trust, Starwood Property Trust, and Two Harbors Investment.]</p> | | |

| Component 1 ROE Pay-Out Scale | Achievement | Factor |
|-------------------------------------|-------------|--------|
| | | |
| | | |
| | | |
| | | |
| | | |

| Component 2 Relative TSR Pay-Out Scale | Percent Rank Against Peers | Factor |
|--|----------------------------|--------|
| | | |
| | | |
| | | |
| | | |
| | | |

CERTIFICATION

I, David A. Spector, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PennyMac Mortgage Investment Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2026

/s/ David A. Spector

David A. Spector

Chairman and Chief Executive Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

CERTIFICATION

I, Daniel S. Perotti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PennyMac Mortgage Investment Trust;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b. Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's Board of Trustees (or persons performing the equivalent functions):
 - a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2026

/s/ Daniel S. Perotti

Daniel S. Perotti

Senior Managing Director and Chief Financial Officer

A signed original of this written statement required by Section 302 of the Sarbanes-Oxley Act of 2002 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PennyMac Mortgage Investment Trust (the “Company”) for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David A. Spector, Chairman and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David A. Spector

David A. Spector

Chairman and Chief Executive Officer

May 5, 2026

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PennyMac Mortgage Investment Trust and will be retained by PennyMac Mortgage Investment Trust and furnished to the Securities and Exchange Commission or its staff upon request.

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of PennyMac Mortgage Investment Trust (the “Company”) for the quarter ended March 31, 2026 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Daniel S. Perotti, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel S. Perotti

Daniel S. Perotti

Senior Managing Director and Chief Financial Officer

May 5, 2026

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to PennyMac Mortgage Investment Trust and will be retained by PennyMac Mortgage Investment Trust and furnished to the Securities and Exchange Commission or its staff upon request.
