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: 001-38727

PennyMac Financial Services, Inc.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**83-1098934** (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 Stock, $0.0001 par value	PFSI	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, a 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 ☒	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company ☐
	Emerging growth company ☐

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	Outstanding at May 4, 2026
Common Stock, $0.0001 par value	**51,924,875**

PENNYMAC FINANCIAL SERVICES, INC.

FORM 10-Q
March 31, 2026

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SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q (“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, plans and strategies, contain financial and operating projections or state other forward-looking information. Examples of forward-looking statements include, but are not limited to, the following:

- projections of our revenues, income, 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 prepayment rates;
- discussions of our expectations regarding various macroeconomic factors, including variability in the economy or the impact of current and future regulations and legislation on our business; 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 several 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 Quarterly Report on Form 10-Q (this “Report”), 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 20, 2026 and in our other SEC filings.

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

- interest rate changes;
- changes in macroeconomic, consumer and real estate market conditions;
- rising homeownership costs negatively impacting housing affordability;
- the continually changing federal, state and local laws and regulations applicable to the highly regulated industry in which we operate;
- lawsuits or governmental actions that may result from any noncompliance with the laws and regulations applicable to our business;
- the mortgage lending and servicing-related regulations promulgated by the Consumer Financial Protection Bureau and its enforcement of these regulations;

- the licensing and operational requirements of states and other jurisdictions applicable to our business, to which our bank competitors are not subject;
- changes to government modification programs;
- foreclosure delays and changes in foreclosure practices;
- difficulties inherent in adjusting the size of our operations to reflect changes in business levels;
- purchase opportunities for mortgage servicing rights;
- our substantial amount of indebtedness;
- increases in loan delinquencies, defaults and forbearances;
- our dependence on U.S. government-sponsored entities and changes in their current roles or their guarantees or guidelines;
- our ability to manage third party vendors and mortgage investor requirements;
- our exposure to counterparties that do not fulfill contractual obligations, including their obligation to indemnify us or repurchase defective mortgage loans;
- our reliance on PennyMac Mortgage Investment Trust (NYSE: PMT) as a significant contributor to our mortgage banking business;
- maintaining sufficient capital and liquidity and compliance with financial covenants;
- our obligation to indemnify third-party purchasers or repurchase loans if loans that we originate, acquire, service or assist in the fulfillment of fail to meet certain criteria;
- our obligation to indemnify PMT if our services fail to meet certain criteria or characteristics or under other circumstances;
- changes in investment management and incentive fees;
- conflicts of interest in allocating our services and investment opportunities among us and our advised entity;
- our ability to mitigate cybersecurity risks, cyber incidents and technology disruptions;
- the effect of public opinion on our reputation;
- 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;

- our ability to effectively identify, manage and hedge our credit, interest rate, prepayment, liquidity and climate risks;
- our initiation or expansion of new business activities or strategies;
- our ability to detect misconduct and fraud;
- our ability to pay dividends to our stockholders; 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, results of operations 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 FINANCIAL SERVICES, INC.
CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	March 31, 2026	December 31, 2025
	(in thousands, except share amounts)	
ASSETS		
Cash	$ 219,513	$ 301,680
Short-term investments at fair value	434,220	410,037
Principal-only stripped mortgage-backed securities at fair value pledged to creditors	659,235	722,528
Loans held for sale at fair value (includes $9,799,780 and $8,983,503 pledged to creditors)	9,954,495	9,123,410
Derivative assets from non-affiliates	276,709	185,518
Derivative assets from PennyMac Mortgage Investment Trust	5,886	2,257
Servicing advances, net (includes valuation allowance of $116,052 and $103,574; $394,107 and $406,825 pledged to creditors)	622,890	589,542
Mortgage servicing rights at fair value (includes $9,901,292 and $9,367,851 pledged to creditors)	10,149,036	9,598,941
Investment in PennyMac Mortgage Investment Trust at fair value	875	941
Receivable from PennyMac Mortgage Investment Trust	17,500	17,122
Loans eligible for repurchase	8,594,471	7,409,800
Other (includes $15,241 and $10,393 pledged to creditors)	1,009,168	1,026,913
Total assets	$ 31,943,998	$ 29,388,689
LIABILITIES		
Assets sold under agreements to repurchase	$ 10,177,643	$ 8,794,002
Mortgage loan participation purchase and sale agreements	691,081	696,618
Notes payable secured by mortgage servicing assets	1,426,325	1,326,021
Unsecured senior notes	4,834,396	4,831,742
Derivative liabilities to non-affiliates	66,829	9,559
Derivative liabilities to PennyMac Mortgage Investment Trust	3,823	6,247
Mortgage servicing liabilities at fair value	1,568	1,572
Accounts payable and accrued expenses	459,016	643,896
Payable to PennyMac Mortgage Investment Trust	96,033	116,585
Payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement	24,757	24,757
Income taxes payable	1,206,492	1,184,020
Liability for loans eligible for repurchase	8,594,471	7,409,800
Liability for losses under representations and warranties	35,805	34,894
Total liabilities	27,618,239	25,079,713
Commitments and contingencies – Note 18		
STOCKHOLDERS' EQUITY		
Common stock—authorized 200,000,000 shares of $0.0001 par value; issued and outstanding, 51,923,059 and 52,061,346 shares, respectively	5	5
Additional paid-in capital	46,926	96,870
Retained earnings	4,278,828	4,212,101
Total stockholders' equity	4,325,759	4,308,976
Total liabilities and stockholders' equity	$ 31,943,998	$ 29,388,689

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

PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands, except earnings per share)	
Revenues		
Net gains on loans held for sale at fair value:		
From non-affiliates	$ 337,236	$ 216,199
From PennyMac Mortgage Investment Trust	7,749	4,838
	344,985	221,037
Loan origination fees:		
From non-affiliates	72,446	46,134
From PennyMac Mortgage Investment Trust	—	477
	72,446	46,611
Fulfillment fees from PennyMac Mortgage Investment Trust	5,737	5,290
Net loan servicing fees:		
Owned servicing:		
Loan servicing fees	469,366	417,687
Other fees	41,794	49,052
	511,160	466,739
Change in fair value of mortgage servicing rights and mortgage servicing liabilities	(171,993)	(430,956)
Mortgage servicing rights hedging results	(207,287)	106,774
	(379,280)	(324,182)
Net loan servicing fees - owned servicing	131,880	142,557
Subservicing:		
From PennyMac Mortgage Investment Trust	19,723	21,729
From non-affiliates	1,227	—
Total subservicing fees	20,950	21,729
Net loan servicing fees	152,830	164,286
Net interest expense:		
Interest income	208,179	189,871
Interest expense	249,722	208,082
Net interest expense	(41,543)	(18,211)
Management fees from PennyMac Mortgage Investment Trust	6,762	7,012
Results of real estate acquired in settlement of loans	(2,316)	(225)
Change in fair value of investment in and dividends received from PennyMac Mortgage Investment Trust	(37)	185
Other	6,120	4,918
Total net revenues	544,984	430,903
Expenses		
Compensation	216,393	181,988
Loan origination	79,696	44,096
Technology	46,132	40,197
Servicing	38,233	21,875
Marketing and advertising	21,094	9,432
Professional services	14,399	9,037
Occupancy and equipment	9,991	8,382
Other	14,355	11,700
Total expenses	440,293	326,707
Income before provision for income taxes	104,691	104,196
Provision for income taxes	22,369	27,916
Net income	$ 82,322	$ 76,280
Earnings per share		
Basic	$ 1.58	$ 1.48
Diluted	$ 1.53	$ 1.42
Weighted average shares outstanding		
Basic	52,132	51,506
Diluted	53,859	53,624

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

PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (UNAUDITED)

	Quarter ended March 31, 2026				
	Number of shares	Par value	Additional paid-in capital	Retained earnings	Total stockholders' equity
	(in thousands)				
Balance, December 31, 2025	52,061	$ 5	$ 96,870	$ 4,212,101	$ 4,308,976
Net income	—	—	—	82,322	82,322
Stock-based compensation	421	—	(29)	—	(29)
Issuance of common stock in settlement of directors' fees	1	—	96	—	96
Common stock dividend ($0.30 per share)	—	—	—	(15,595)	(15,595)
Repurchase of common stock	(560)	—	(50,011)	—	(50,011)
Balance, March 31, 2026	51,923	$ 5	$ 46,926	$ 4,278,828	$ 4,325,759

	Quarter ended March 31, 2025				
	Number of shares	Par value	Additional paid-in capital	Retained earnings	Total stockholders' equity
	(in thousands)				
Balance, December 31, 2024	51,377	$ 5	$ 56,072	$ 3,773,574	$ 3,829,651
Net income	—	—	—	76,280	76,280
Stock-based compensation	281	—	12,773	—	12,773
Issuance of common stock in settlement of directors' fees	1	—	57	—	57
Common stock dividend ($0.30 per share)	—	—	—	(15,005)	(15,005)
Balance, March 31, 2025	51,659	$ 5	$ 68,902	$ 3,834,849	$ 3,903,756

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

PENNYMAC FINANCIAL SERVICES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Cash flow from operating activities		
Net income	$ 82,322	$ 76,280
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Net gains on loans held for sale at fair value	(344,985)	(221,037)
Change in fair value of mortgage servicing rights and mortgage servicing liabilities	171,993	430,956
Mortgage servicing rights hedging results	207,287	(106,774)
Accrual of unearned discounts on principal-only stripped mortgage-backed securities	5,185	(11,335)
Capitalization of interest on loans held for sale	(3,632)	(210)
Amortization of debt issuance costs	8,650	7,072
Results of real estate acquired in settlement in loans	2,316	225
Change in fair value of investment in common shares of PennyMac Mortgage Investment Trust	66	(155)
Stock-based compensation expense	2,447	11,084
Provision for servicing advance losses	19,962	4,184
Depreciation and amortization	13,510	13,896
Impairment of capitalized software	317	—
Amortization of operating lease right-of-use assets	4,227	3,405
Purchase of loans held for sale from non-affiliates	(27,031,441)	(815,720)
Origination of loans held for sale	(10,510,064)	(5,084,079)
Purchase of loans held for sale from PennyMac Mortgage Investment Trust	—	(20,437,666)
Purchase of loans from Ginnie Mae securities and early buyout investors	(661,341)	(1,079,557)
Sale to non-affiliates and principal payment of loans held for sale	32,611,319	27,587,429
Sale of loans held for sale to PennyMac Mortgage Investment Trust	4,380,289	654,808
Repurchase of loans subject to representations and warranties	(24,922)	(19,942)
(Increase) decrease in servicing advances	(97,071)	25,134
Increase in receivable from PennyMac Mortgage Investment Trust	(4,096)	(229)
Sale of real estate acquired in settlement of loans	25,695	19,992
Increase in other assets	(15,605)	(9,458)
(Decrease) increase in accounts payable and accrued expenses	(182,123)	14,769
Decrease in operating lease liabilities	(3,935)	(4,630)
Decrease in payable to PennyMac Mortgage Investment Trust	(20,814)	(20,126)
Increase in income taxes payable	22,471	27,641
Net cash (used in) provided by operating activities	(1,341,973)	1,065,957

Statements continue on the next page

PENNYMAC FINANCIAL SERVICES, INC.

(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Cash flow from investing activities		
Increase in short-term investment	(24,183)	(22,840)
Repayment of principal-only stripped mortgage-backed securities	58,069	37,738
Net settlement of derivative financial instruments used for hedging of mortgage servicing rights	(171,613)	74,572
Adjustment to sales of mortgage servicing rights to non-affiliates	(6,429)	—
Sale of mortgage servicing rights to PennyMac Mortgage Investment Trust	3,922	—
Acquisition of capitalized software	(15,925)	(7,137)
Purchase of furniture, fixtures, equipment and leasehold improvements	(2,250)	(371)
Increase in margin deposits	13,884	(51,578)
Net cash (used in) provided by investing activities	(144,525)	30,384
Cash flow from financing activities		
Sale of assets under agreements to repurchase	38,971,144	27,533,478
Repurchase of assets sold under agreements to repurchase	(37,588,456)	(29,161,286)
Issuance of mortgage loan participation purchase and sale certificates	6,985,112	5,807,294
Repayment of mortgage loan participation purchase and sale certificates	(6,990,883)	(5,793,836)
Issuance of notes payable secured by mortgage servicing assets	100,000	—
Repayment of notes payable secured by mortgage servicing assets	—	(325,000)
Issuance of unsecured senior notes	—	850,000
Payment of debt issuance costs	(4,504)	(21,064)
Issuance of common stock by exercise of stock options	3,710	5,452
Payment of withholding taxes relating to stock-based compensation	(6,186)	(3,763)
Payment of dividends to holders of common stock	(15,595)	(15,005)
Repurchase of common stock	(50,011)	—
Net cash provided by (used in) financing activities	1,404,331	(1,123,730)
Net decrease in cash	(82,167)	(27,389)
Cash at beginning of quarter	301,680	238,482
Cash at end of quarter	$ 219,513	$ 211,093
Supplemental cash flow information:		
Cash paid for interest	$ 249,269	$ 205,446
(Refunds received) cash paid for income taxes, net	$ (103)	$ 274
Non-cash investing activities:		
Mortgage servicing rights received from loan sales	$ 719,586	$ 650,349
Operating right-of-use assets recognized	$ 1,169	$ 561
Non-cash financing activities:		
Issuance of common stock in settlement of directors' fees	$ 96	$ 57

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

PENNYMAC FINANCIAL SERVICES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note 1—Organization

PennyMac Financial Services, Inc. (together, with its consolidated subsidiaries, unless the context indicates otherwise, "PFSI" or the "Company") is a holding corporation and its primary assets are equity interests in Private National Mortgage Acceptance Company, LLC ("PNMAC"). The Company is the managing member of PNMAC, and it operates and controls all of the businesses and consolidates the financial results of PNMAC and its subsidiaries.

PNMAC is a Delaware limited liability company which, through its subsidiaries, engages in mortgage banking and investment management activities. PNMAC's mortgage banking activities consist of residential mortgage loan production and servicing. PNMAC's investment management activities and a portion of its mortgage banking activities are conducted on behalf of PennyMac Mortgage Investment Trust, a real estate investment trust that invests in residential mortgage-related assets that is separately listed on the New York Stock Exchange under the ticker symbol "PMT". PNMAC's primary wholly owned subsidiaries are:

- PennyMac Loan Services, LLC ("PLS") — a Delaware limited liability company that services portfolios of residential mortgage loans on behalf of non-affiliates and PMT, purchases, originates and sells new prime credit quality residential mortgage loans and engages in other mortgage banking activities for its own account and the account of PMT. PLS has mortgage banking services, loan servicing, mortgage loan purchase and mortgage servicing rights ("MSRs") recapture agreements with PMT.

  PLS is approved as an issuer of securities guaranteed by the Government National Mortgage Association ("Ginnie Mae") and as a seller/servicer of mortgage loans by the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"). PLS is a licensed Federal Housing Administration Nonsupervised Title II Lender with the U.S. Department of Housing and Urban Development ("HUD") and a lender/servicer with the U.S. Department of Veterans Affairs and U.S. Department of Agriculture (each of the above an "Agency" and collectively the "Agencies").

- Pennymac Capital Management, LLC ("PCM") — a Delaware limited liability company registered with the Securities and Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940, as amended. PCM has a management agreement with PMT.

Pending Acquisition

On February 11, 2026, the Company entered into an agreement to acquire the subservicing business of Cenlar Capital Corporation ("Cenlar") in an all-cash transaction for an upfront purchase price of $172.5 million plus or minus the difference between Cenlar's shareholders' equity and $25 million and up to $85 million of contingent consideration payable over three years. Cenlar's subservicing business consists primarily of subservicing contracts for approximately 100 institutional clients. The transaction is expected to close in the second half of 2026, subject to customary closing conditions, including required regulatory approvals. There can be no assurance that the transaction will close as expected or at all.

Note 2—Basis of Presentation and Recently Issued Accounting Pronouncements

Basis of Presentation

The accompanying 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 *Accounting Standards Codification* for interim financial information and with the SEC's instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, these consolidated 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 year ended December 31, 2025.

The accompanying consolidated financial statements reflect all normal recurring adjustments necessary to present fairly the financial position, income, and cash flows for the interim periods presented, but are not necessarily indicative of income that may be expected for the full year ending December 31, 2026. Intercompany accounts and transactions have been eliminated.

Preparation of financial statements in compliance with GAAP requires the Company to make judgments and 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. Actual results will likely differ from those estimates.

Note 3—Concentration of Risk

A portion of the Company's activities relate to PMT. Revenues generated from PMT (generally comprised of gains on loans held for sale, loan origination and fulfillment fees, loan servicing fees, management fees, change in fair value of investment in and dividends received from PMT, and expense allocations charged to PMT) totaled 8% and 10% of total net revenues for the quarters ended March 31, 2026 and 2025, respectively.

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—Variable Interest Entities

The Company entered into securitization transactions in which PLS transfers participation certificates in its Ginnie Mae and Fannie Mae MSRs to variable interest entities ("VIEs") that issue variable funding notes ("VFNs") to PLS and term debt backed by the participation certificates. PLS finances the VFNs by selling them under agreements to repurchase. The Company acts as guarantor of the VFNs and term debt. The Company determined that it is the primary beneficiary of the VIEs because as the holder of the VFNs and guarantor of the VFNs and term debt, it holds the variable interests in the VIEs. Therefore, PFSI consolidates the VIEs.

For financial reporting purposes, the MSRs financed by the consolidated VIEs are included in *Mortgage servicing rights at fair value,* the financing of VFNs is included in *Assets sold under agreements to repurchase* and the term debt is included in *Notes payable secured by mortgage servicing assets* on the Company's consolidated balance sheets. This financing is described in Note 14 – *Short-Term Debt* and Note 15 – *Long-Term Debt*.

Note 5—Related Party Transactions

PennyMac Mortgage Investment Trust

Operating Activities

Mortgage Loan Production Activities and MSR Recapture

Mortgage Loan Purchase Agreement

The Company may sell newly originated loans to PMT under a mortgage loan purchase agreement. The Company has typically utilized the mortgage loan purchase agreement for the purpose of selling to PMT conforming balance non-government insured or guaranteed loans, as well as prime jumbo residential mortgage loans.

Under the mortgage loan purchase agreement, PMT has the right to purchase up to 100% of the non-government insured or guaranteed loans purchased by the Company through its correspondent channel at the Company's cost plus accrued interest, less any loan administrative fees paid to the Company by the correspondent sellers and subject to quarterly fulfillment fee charges as described below. The Company may hold or otherwise sell correspondent loans to other investors, or to PMT at a later date, if PMT chooses not to initially purchase such loans through the correspondent channel.

MSR Recapture Agreement

Pursuant to the terms of an MSR recapture agreement by and between the Company and PMT, if the Company refinances (recaptures) mortgage loans for which PMT holds the MSRs, the Company is generally required to transfer and convey to PMT cash in an amount equal to:

- 70% of the fair market value of the MSRs relating to the recaptured loans subject to the first 30% of the "recapture rate";
- 50% of the fair market value of the MSRs 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 MSRs 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 lien 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" 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. The Company has further agreed to allocate resources sufficient 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.

Mortgage Banking Services Agreement

The Company has a mortgage banking services agreement with PMT. Under the mortgage banking services agreement, the Company provides PMT with certain mortgage banking services, including fulfillment and disposition-related services, for which it receives a monthly fulfillment fee. The mortgage banking services agreement was renewed and amended to provide for the Company to assume the role of initial correspondent loan purchaser, in place of PMT, effective July 1, 2025. As a result of the new structure, the sourcing fee arrangement described below no longer has any effect for commitments to purchase correspondent loans made on or after July 1, 2025.

Fulfillment Services

Pursuant to the terms of a mortgage banking services agreement, the fulfillment fees 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.

Sourcing Fees

PMT does not hold the Ginnie Mae approval required to issue Ginnie Mae mortgage-backed securities ("MBS") and act as a servicer. Accordingly, through June 30, 2025, under the agreement, the Company purchased mortgage loans underwritten in accordance with the Ginnie Mae MBS Guide "as is" and without recourse of any kind from PMT at PMT's cost less an administrative fee plus accrued interest and 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 loan was held by PMT before purchase by the Company.

While the Company purchased these mortgage loans "as is" and without recourse of any kind from PMT, where the Company 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 PMT. Beginning July 1, 2025, when the Company became the initial purchaser of correspondent loans, the sourcing fee was discontinued.

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.

Following is a summary of loan production and MSR recapture activities, between the Company and PMT:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Net gains on loans held for sale at fair value:		
Net gains on loans sold to PMT (primarily cash)	$ 13,556	$ 6,046
Mortgage servicing rights recapture incurred	(5,807)	(1,208)
	$ 7,749	$ 4,838
Sale of loans held for sale to PMT	$ 4,380,289	$ 654,808
UPB of loans recaptured	$ 550,998	$ 159,472
Tax service fees earned from PMT included in *Loan origination fees*	$ —	$ 477
Fulfillment fee revenue	$ 5,737	$ 5,290
UPB of loans sold to and fulfilled for PMT subject to fulfillment fees	$ 2,796,544	$ 2,781,722
Sourcing fees included in cost of loans purchased from PMT	$ —	$ 2,015
Unpaid principal balance of loans purchased from PMT:		
Government guaranteed or insured	$ —	$ 11,191,880
Conventional conforming	—	8,960,796
	$ —	$ 20,152,676

Servicing Agreement

The Company and PMT have entered into a loan servicing agreement (the "Servicing Agreement"), pursuant to which the Company provides subservicing for PMT's MSRs and its portfolio of residential mortgage loans in exchange for servicing fees as described below:

- The base servicing fee rates for mortgage loans are established at a monthly per-loan dollar amount. As of October 1, 2025, the base servicing fee rates for mortgage loans are $7.00 per month for fixed-rate loans and $8.00 per month for adjustable-rate loans. Prior to October 1, 2025, the base servicing fee rates were $7.50 per month for fixed-rate loans and $8.50 per month for adjustable-rate loans.
- To the extent that mortgage loans become delinquent, the Company 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 is acquired in settlement of the loan. The Company 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 and a percentage of late charges.

Following is a summary of loan servicing fees earned from PMT:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Base fees	$ 17,624	$ 19,202
Other fees	2,099	2,527
	$ 19,723	$ 21,729

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.

Management Agreement

The Company has a management agreement with PMT ("Management Agreement"), pursuant to which the Company oversees PMT's business affairs and for which PFSI collects a base management fee and may collect a performance incentive fee. The Management Agreement provides that:

- The base management fee is calculated and collected quarterly in arrears and is equal to the sum of (i) 1.5% per year of PMT's average "shareholders' equity" up to $2 billion, (ii) 1.375% per year of PMT's average "shareholders' equity" in excess of $2 billion and up to $5 billion, and (iii) 1.25% per year of PMT's average "shareholders' equity" in excess of $5 billion. "Shareholders' equity" is defined in the Management Agreement as the sum of net proceeds from issuance and repurchases of equity securities since inception, plus retained earnings or reduced by accumulated deficit.
- The performance incentive fee is calculated and collected annually in arrears and is a specified percentage of the amount by which PMT's "net income," over the 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 PMT's "net income" for the year exceeds (i) an 8% return on the average "common shareholders' equity" during the period plus the "high watermark," up to (ii) a 12% return on PMT's "common shareholders' equity"; plus
  - 15% of the amount by which PMT's "net income" for the year exceeds (i) a 12% return on the average "common shareholders' equity" during the period plus the "high watermark," up to (ii) a 16% return on PMT's "common shareholders' equity"; plus
  - 20% of the amount by which PMT's "net income" for the year exceeds a 16% return on the average "common shareholders' equity" during the period 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 PMT's common shares of beneficial interest computed in accordance with GAAP adjusted for certain non-cash charges determined after discussions between the Company and PMT's independent trustees and approval by a majority of PMT's independent trustees.

"Common shareholders' equity" is defined as "shareholders' equity" less the average value of the Company's preferred equity determined in accordance with GAAP.

"High watermark" is the annual adjustment that reflects the amount by which the "net income" (stated as a percentage of return on "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 returns to zero. As a result, the threshold amount required for the Company to earn a performance incentive fee is adjusted cumulatively based on the performance of PMT'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 performance incentive fee may be paid in cash or a combination of cash and PMT's common shares of beneficial interest (subject to a limit of no more than 50% paid in common shares of beneficial interest), at PMT's option.

In the event of termination of the Management Agreement between PMT and the Company, the Company 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 the Company, in each case during the 24-month period immediately preceding the date of termination.

Following is a summary of the base management and performance incentive fees earned from PMT:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Base management fees	$ 6,762	$ 7,012
Performance incentive fees	—	—
	$ 6,762	$ 7,012
Average PMT's shareholders' equity used to calculate base management fees	$ 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, PMT reimburses the Company for its organizational and operating expenses, including third-party expenses, incurred on PMT's behalf, it being understood that the Company 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 PMT. PMT is also required to pay its pro rata portion of the rent, telephone, utilities, office furniture, equipment, machinery and other office, internal and overhead expenses of the Company and its affiliates required for PMT's and its subsidiaries' operations. These expenses are based on the resources the Company dedicates to investment management activities for PMT, as determined by the Company in its reasonable and good faith discretion.

The Company received reimbursements from PMT for expenses as follows:

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

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

Investing Activities

Following is a summary of investing activities between the Company and PMT:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Change in fair value of investment in and dividends received from PennyMac Mortgage Investment Trust shares	$ (37)	$ 185
Sale of Mortgage servicing rights to PMT	$ 3,922	$ —

	March 31, 2026	December 31, 2025
	(in thousands)	
Common shares of beneficial interest of PennyMac Mortgage Investment Trust:		
Fair value	$ 875	$ 941
Number of shares	75	75

Receivable from and Payable to PMT

Amounts receivable from and payable to PMT are summarized below:

	March 31, 2026	December 31, 2025
	(in thousands)	
Receivable from PMT:		
Management fees	$ 6,762	$ 6,856
Servicing fees	6,622	6,669
Allocated expenses and expenses incurred on PMT's behalf	3,931	3,161
Correspondent production activities	185	436
	$ 17,500	$ 17,122
Payable to PMT:		
Amounts advanced by PMT to fund its servicing advances	$ 79,881	$ 97,485
Other	16,152	19,100
	$ 96,033	$ 116,585

Exchanged Private National Mortgage Acceptance Company, LLC Unitholders

The Company entered into a tax receivable agreement with certain former owners of PNMAC that provides for the payment from time to time by the Company to PNMAC's exchanged unitholders of an amount equal to 85% of the amount of the net tax benefits, if any, that the Company is deemed to realize as a result of (i) increases in tax basis of PNMAC's assets resulting from exchanges of ownership interests in PNMAC and (ii) certain other tax benefits related to entering into the tax receivable agreement, including tax benefits attributable to payments under the tax receivable agreement.

The Company has recorded a $24.8 million *Payable to exchanged Private National Mortgage Acceptance Company, LLC unitholders under tax receivable agreement* as of March 31, 2026 and December 31, 2025. The Company did not make payments under the tax receivable agreement during the quarters ended March 31, 2026 and 2025.

Note 6—Loan Sales and Servicing Activities

Loan Sales

The Company originates, purchases and sells loans in the secondary mortgage market without recourse for credit losses. However, the Company maintains continuing involvement with the loans in the form of servicing arrangements and the liability under representations and warranties it makes to purchasers and insurers of the loans.

The following table summarizes cash flows between the Company and transferees as a result of the sale of loans in transactions where the Company maintains continuing involvement with the loans:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Cash flows:		
Sales proceeds	$ 32,611,319	$ 27,587,429
Servicing fees received	$ 428,237	$ 396,232

The following table summarizes the UPB of the loans sold by the Company in transactions where it maintains continuing involvement:

	March 31, 2026	December 31, 2025
	(in thousands)	
Unpaid principal balance of loans outstanding	$ 460,361,759	$ 448,035,447
Delinquent loans:		
30-89 days	$ 14,850,730	$ 18,000,680
90 days or more:		
Not in foreclosure	$ 11,561,042	$ 9,759,483
In foreclosure	$ 1,616,694	$ 1,372,545
Foreclosed	$ 4,583	$ 4,076
Loans in bankruptcy	$ 2,082,955	$ 1,968,188

Loan Servicing

The following tables summarize the Company's loan servicing portfolio as measured by UPB:

	March 31, 2026		
	Servicing rights owned	Subservicing	Total loans serviced
		(in thousands)	
Investor:			
Non-affiliated entities:			
Originated	$ 460,361,759	$ —	$ 460,361,759
Purchased	13,633,606	—	13,633,606
Subserviced	—	11,413,998	11,413,998
	473,995,365	11,413,998	485,409,363
PennyMac Mortgage Investment Trust	—	225,093,530	225,093,530
Loans held for sale	9,821,486	—	9,821,486
	$ 483,816,851	$ 236,507,528	$ 720,324,379
Delinquent loans:			
30 days	$ 11,197,038	$ 1,898,851	$ 13,095,889
60 days	4,131,164	540,380	4,671,544
90 days or more:			
Not in foreclosure	11,755,298	1,045,822	12,801,120
In foreclosure	1,669,223	144,107	1,813,330
Foreclosed	6,229	2,583	8,812
	$ 28,758,952	$ 3,631,743	$ 32,390,695
Loans in bankruptcy	$ 2,152,337	$ 377,461	$ 2,529,798
Custodial funds managed by the Company (1)	$ 10,117,440	$ 3,125,558	$ 13,242,998

(1) Custodial funds include cash accounts holding funds on behalf of borrowers and investors relating to loans serviced under servicing agreements and are not recorded on the Company's consolidated balance sheets. The Company earns placement fees on certain of these custodial funds where it owns the MSRs and these fees are included in *Interest income* in the Company's consolidated statements of income.

	December 31, 2025		
	Servicing rights owned	Subservicing	Total loans serviced
		(in thousands)	
Investor:			
Non-affiliated entities:			
Originated	$ 448,035,447	$ —	$ 448,035,447
Purchased	13,999,998	—	13,999,998
Subserviced (1)	—	35,873,833	35,873,833
	462,035,445	35,873,833	497,909,278
PennyMac Mortgage Investment Trust	—	226,774,067	226,774,067
Loans held for sale	8,930,477	—	8,930,477
	$ 470,965,922	$ 262,647,900	$ 733,613,822
Delinquent loans:			
30 days	$ 13,205,704	$ 3,056,477	$ 16,262,181
60 days	5,357,188	962,007	6,319,195
90 days or more:			
Not in foreclosure	9,944,189	1,734,551	11,678,740
In foreclosure	1,414,544	184,343	1,598,887
Foreclosed	6,229	3,121	9,350
	$ 29,927,854	$ 5,940,499	$ 35,868,353
Loans in bankruptcy	$ 2,039,686	$ 566,890	$ 2,606,576
Custodial funds managed by the Company (2)	$ 8,429,523	$ 2,758,179	$ 11,187,702

(1) Includes $24.3 billion in UPB of loans where MSRs have been sold, but the servicing has not yet transferred to the purchaser's servicing platform.

(2) Custodial funds include cash accounts holding funds on behalf of borrowers and investors relating to loans serviced under servicing agreements and are not recorded on the Company's consolidated balance sheets. The Company earns placement fees on certain of these custodial funds where it owns the MSRs and these fees are included in *Interest income* in the Company's consolidated statements of income.

Following is a summary of the geographical distribution of loans included in the Company's loan servicing portfolio for the top five and all other states as measured by UPB:

State	March 31, 2026	December 31, 2025
	(in thousands)	
California	$ 81,899,842	$ 83,261,751
Texas	72,914,367	73,599,588
Florida	68,453,274	69,872,447
Virginia	36,433,902	38,282,502
Georgia	29,727,189	30,528,228
All other states	430,895,805	438,069,306
	$ 720,324,379	$ 733,613,822

The Company is contractually responsible for making the payments required to protect the loans' beneficial interest holders' interests in the properties collateralizing their loans and may be required to advance amounts in excess of insurer or guarantor reimbursement limits. Therefore, the Company provides a valuation allowance on the servicing advances for these amounts to adjust their carrying values to amounts that are expected to ultimately be recovered from the loans' insurers, guarantors, or beneficial interest holders.

The servicing advance valuation allowance is estimated based on relevant qualitative and quantitative information about past events, including historical collection and loss experience, current conditions, and reasonable and supportable forecasts that affect collectable amounts. The provision for losses on servicing advances is included in *Servicing* expense in the consolidated statements of income. Servicing advances are written off when they are deemed unrecoverable.

The following is a summary of the allowance for losses on servicing advances:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Balance at beginning of quarter	$ 103,574	$ 85,788
Provision for losses	19,962	4,184
Charge-offs, net	(7,484)	(7,817)
Balance at end of quarter	$ 116,052	$ 82,155

Note 7—Fair Value

Most of the Company's assets and certain of its liabilities are measured at or based on their fair values. 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 significant inputs used to determine the fair values. The fair value level assigned to an asset or liability is based on the lowest level of input that is significant to its fair value measurement. These levels are:

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

- Level 2—Prices determined 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 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 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 inputs required to establish fair value at a higher level of the hierarchy become available.

Fair Value Accounting Elections

The Company identified its MSRs, its mortgage servicing liabilities ("MSLs") and all of its non-cash financial assets to be accounted for at fair value so changes in fair value will be reflected in income as they occur and more timely reflect the results of the Company's performance.

Assets and Liabilities Measured at Fair Value on a Recurring Basis

Following is a summary of assets and liabilities 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 investment	$ 434,220	$ —	$ —	$ 434,220
Principal-only stripped mortgage-backed securities	—	659,235	—	659,235
Loans held for sale	—	9,525,538	428,957	9,954,495
Derivative assets from non-affiliates:				
Interest rate lock commitments	—	—	138,031	138,031
Forward purchase contracts	—	24,588	—	24,588
Forward sales contracts	—	165,645	—	165,645
MBS put options	—	4,840	—	4,840
Total return swap	—	119	—	119
Put options on interest rate futures purchase contracts	41,688	—	—	41,688
Call options on interest rate futures purchase contracts	9,414	—	—	9,414
Total derivative assets before netting	51,102	195,192	138,031	384,325
Netting	—	—	—	(107,616)
Total derivative assets from non-affiliates	51,102	195,192	138,031	276,709
Derivative assets from PennyMac Mortgage Investment Trust:				
Interest rate lock commitments	—	—	5,886	5,886
Forward sales contracts	—	15	—	15
Total before netting	—	15	5,886	5,901
Netting	—	—	—	(15)
Total derivative assets from PennyMac Mortgage Investment Trust	—	15	5,886	5,886
Mortgage servicing rights	—	—	10,149,036	10,149,036
Investment in PennyMac Mortgage Investment Trust	875	—	—	875
	$ 486,197	$ 10,379,980	$ 10,721,910	$ 21,480,456
Liabilities:				
Derivative liabilities to non-affiliates:				
Interest rate lock commitments	$ —	$ —	$ 35,368	$ 35,368
Forward purchase contracts	—	67,863	—	67,863
Forward sales contracts	—	42,663	—	42,663
Total derivative liabilities before netting	—	110,526	35,368	145,894
Netting	—	—	—	(79,065)
Total derivative liabilities to non-affiliates	—	110,526	35,368	66,829
Derivative liabilities to PennyMac Mortgage Investment Trust:				
Interest rate lock commitments	—	—	2,613	2,613
Forward sales contracts	—	1,225	—	1,225
Total derivative liabilities to PennyMac Mortgage Investment Trust before netting	—	1,225	2,613	3,838
Netting	—	—	—	(15)
Total derivative liabilities to PennyMac Mortgage Investment Trust	—	1,225	2,613	3,823
Mortgage servicing liabilities	—	—	1,568	1,568
	$ —	$ 111,751	$ 39,549	$ 72,220

	December 31, 2025			
	Level 1	Level 2	Level 3	Total
	(in thousands)			
Assets:				
Short-term investment	$ 410,037	$ —	$ —	$ 410,037
Principal-only stripped mortgage-backed securities	—	722,528	—	722,528
Loans held for sale	—	8,815,699	307,711	9,123,410
Derivative assets from non-affiliates:				
Interest rate lock commitments	—	—	131,536	131,536
Forward purchase contracts	—	49,499	—	49,499
Forward sales contracts	—	16,399	—	16,399
Total return swap	—	8	—	8
Put options on interest rate futures purchase contracts	22,769	—	—	22,769
Call options on interest rate futures purchase contracts	2,086	—	—	2,086
Total derivative assets before netting	24,855	65,906	131,536	222,297
Netting	—	—	—	(36,779)
Total derivative assets from non-affiliates	24,855	65,906	131,536	185,518
Derivative assets from PennyMac Mortgage Investment Trust:				
Interest rate lock commitments	—	—	2,257	2,257
Forward sales contracts	—	142	—	142
Total before netting	—	142	2,257	2,399
Netting	—	—	—	(142)
Total derivative assets from PennyMac Mortgage Investment Trust	—	142	2,257	2,257
Mortgage servicing rights	—	—	9,598,941	9,598,941
Investment in PennyMac Mortgage Investment Trust	941	—	—	941
	$ 435,833	$ 9,604,275	$ 10,040,445	$ 20,043,632
Liabilities:				
Derivative liabilities to non-affiliates:				
Interest rate lock commitments	$ —	$ —	$ 4,260	$ 4,260
Forward purchase contracts	—	2,845	—	2,845
Forward sales contracts	—	47,692	—	47,692
Total derivative liabilities before netting	—	50,537	4,260	54,797
Netting	—	—	—	(45,238)
Total derivative liabilities to non-affiliates	—	50,537	4,260	9,559
Derivative liabilities to PennyMac Mortgage Investment Trust:				
Interest rate lock commitments	—	—	4,605	4,605
Forward sales contracts	—	1,784	—	1,784
Total derivative liabilities to PennyMac Mortgage Investment Trust before netting	—	1,784	4,605	6,389
Netting	—	—	—	(142)
Total derivative liabilities to PennyMac Mortgage Investment Trust	—	1,784	4,605	6,247
Mortgage servicing liabilities	—	—	1,572	1,572
	$ —	$ 52,321	$ 10,437	$ 17,378

As shown above, certain of the Company's loans held for sale, interest rate lock commitments ("IRLCs"), MSRs and MSLs are measured using Level 3 fair value inputs. Following are roll forwards of assets and liabilities measured at fair value using "Level 3" inputs at either the beginning or the end of the period presented:

	Quarter ended March 31, 2026				
Assets	**Loans held for sale**	**Interest rate lock commitments to non-affiliates, net (1)**	**Interest rate lock commitments to PMT, net (1)**	**Mortgage servicing rights**	**Total**
			(in thousands)		
Balance, December 31, 2025	$ 307,711	$ 127,276	$ (2,348)	$ 9,598,941	$ 10,031,580
Purchases and issuances, net	947,556	254,337	(5,270)	—	1,196,623
Capitalization of interest and servicing advances	17,502	—	—	—	17,502
Sales, sales adjustments and repayments	(342,604)	—	—	2,506	(340,098)
Mortgage servicing rights resulting from loan sales	—	—	—	719,586	719,586
Changes in fair value included in income arising from:					
Changes in instrument-specific credit risk	22,201	—	—	—	22,201
Other factors	2,580	19,347	3,936	(171,997)	(146,134)
	24,781	19,347	3,936	(171,997)	(123,933)
Transfers:					
From Level 3 to Level 2	(525,141)	—	—	—	(525,141)
To real estate acquired in settlement of loans	(848)	—	—	—	(848)
To loans held for sale	—	(298,297)	6,955	—	(291,342)
Balance, March 31, 2026	$ 428,957	$ 102,663	$ 3,273	$ 10,149,036	$ 10,683,929
Changes in fair value recognized during the quarter relating to assets still held at March 31, 2026	$ 12,402	$ 102,663	$ 3,273	$ (171,997)	$ (53,659)

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

Liabilities	**Quarter ended March 31, 2026**
	(in thousands)
Mortgage servicing liabilities:	
Balance, December 31, 2025	$ 1,572
Changes in fair value included in income	(4)
Balance, March 31, 2026	$ 1,568
Changes in fair value recognized during the quarter relating to liabilities still outstanding at March 31, 2026	$ (4)

Assets	Quarter ended March 31, 2025 Loans held for sale	Interest rate lock commitments, net (1)	Mortgage servicing rights	Total
		(in thousands)		
Balance, December 31, 2024	$ 434,053	$ 33,565	$ 8,744,528	$ 9,212,146
Purchases and issuances, net	1,383,885	182,543	—	1,566,428
Capitalization of interest and servicing advances	10,632	—	—	10,632
Sales and repayments	(514,646)	—	—	(514,646)
Mortgage servicing rights resulting from loan sales	—	—	650,349	650,349
Changes in fair value included in income arising from:				
Changes in instrument-specific credit risk	1,986	—	—	1,986
Other factors	36,948	116,113	(430,988)	(277,927)
	38,934	116,113	(430,988)	(275,941)
Transfers:				—
From Level 3 to Level 2	(911,237)	—	—	(911,237)
To loans held for sale	—	(222,279)	—	(222,279)
Balance, March 31, 2025	$ 441,621	$ 109,942	$ 8,963,889	$ 9,515,452
Changes in fair value recognized during the quarter relating to assets still held at March 31, 2025	$ 23,715	$ 109,942	$ (430,988)	$ (297,331)

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

Liabilities	Quarter ended March 31, 2025
	(in thousands)
Mortgage servicing liabilities:	
Balance, December 31, 2024	$ 1,683
Changes in fair value included in income	(32)
Balance, March 31, 2025	$ 1,651
Changes in fair value recognized during the quarter relating to liabilities still outstanding at March 31, 2025	$ (32)

Assets and Liabilities Measured at Fair Value under the Fair Value Option

Net changes in fair values included in income for assets and liabilities carried at fair value, as a result of management's election of the fair value option, by income statement line item, are summarized below:

	Quarter ended March 31, 2026				2025		
	Net gains on loans held for sale at fair value	Net loan servicing fees	Net interest expense	Total	Net gains on loans held for sale at fair value	Net loan servicing fees	Total
				(in thousands)			
Assets:							
Principal-only stripped mortgage-backed securities	$ —	$ (39)	$ (5,185)	$ (5,224)	$ —	$ 18,134	$ 18,134
Loans held for sale	252,324	—	—	252,324	292,143	—	292,143
Mortgage servicing rights	—	(171,997)	—	(171,997)	—	(430,988)	(430,988)
	$ 252,324	$ (172,036)	$ (5,185)	$ 75,103	$ 292,143	$ (412,854)	$ (120,711)
Liabilities:							
Mortgage servicing liabilities	$ —	$ 4	$ —	$ 4	$ —	$ 32	$ 32

Following are the fair value and related principal amounts due upon maturity of loans held for sale:

Loans held for sale	March 31, 2026 Fair value	Principal amount due upon maturity	Difference	December 31, 2025 Fair value	Principal amount due upon maturity	Difference
			(in thousands)			
Current through 89 days delinquent	$ 9,904,215	$ 9,755,026	$ 149,189	$ 9,080,781	$ 8,874,884	$ 205,897
90 days or more delinquent:						
Not in foreclosure	35,749	38,436	(2,687)	32,364	35,669	(3,305)
In foreclosure	14,531	28,024	(13,493)	10,265	19,924	(9,659)
	$ 9,954,495	$ 9,821,486	$ 133,009	$ 9,123,410	$ 8,930,477	$ 192,933

Assets Measured at Fair Value on a Nonrecurring Basis

Following is a summary of assets that were remeasured 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	$ —	$ —	$ 26,736	$ 26,736
December 31, 2025	$ —	$ —	$ 8,731	$ 8,731

The following table summarizes the losses recognized on assets when they were remeasured based on fair value on a nonrecurring basis:

	Quarter ended March 31, 2026	2025
	(in thousands)	
Real estate acquired in settlement of loans	$ (3,609)	$ (562)

Fair Value of Financial Instruments Carried at Amortized Cost

The Company's *Assets sold under agreements to repurchase*, *Mortgage loan participation purchase and sale agreements, Notes payable secured by mortgage servicing assets* and *Unsecured senior notes* are carried at amortized cost.

These liabilities are classified as "Level 3" fair value items due to the Company's reliance on unobservable inputs to estimate their fair values. The Company has concluded that the fair values of these liabilities other than the *Notes payable secured by mortgage servicing assets* and the *Unsecured senior notes* approximate their carrying values due to their short terms and/or variable interest rates.

The Company estimates the fair value of the term notes and term loans included in *Notes payable secured by mortgage servicing assets* and the *Unsecured senior notes* using indications of fair value provided by non-affiliate brokers, pricing services and internal estimates of fair value. The fair value and carrying value of these liabilities are summarized below:

	March 31, 2026 Fair value	Carrying value	December 31, 2025 Fair value	Carrying value
		(in thousands)		
Term notes and term loans	$ 1,334,166	$ 1,326,325	$ 1,334,248	$ 1,326,021
Unsecured senior notes	$ 4,748,252	$ 4,834,396	$ 5,075,675	$ 4,831,742

Valuation Governance

Most of the Company's financial assets, and all of its derivatives, MSRs, and MSLs are carried at fair value with changes in fair value recognized in current period income. Certain of the Company's financial assets and derivatives and all of its MSRs and MSLs are "Level 3" fair value assets and liabilities which require use of unobservable inputs that are significant to the estimation of the items' fair values. 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 assigned responsibility for estimating the fair values of these assets and liabilities to specialized staff within its 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 the Company'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, including the models' performance versus actual results, and reports those results as well as changes in the valuation of the non-IRLC "Level 3" fair value assets and liabilities, including major factors affecting the valuations and any changes in model methods and inputs, to the Company's senior management valuation subcommittee. The Company's senior management valuation subcommittee includes the Company's chief financial, credit, investment and capital markets officers as well as other senior members of the Company's finance, risk management and capital markets staffs.

To assess the reasonableness of its valuations, the capital markets valuation staff presents an analysis of the effect on the valuations 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 non-affiliate brokers and published surveys.

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

Valuation Techniques and Inputs

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:

Principal-Only Stripped Mortgage-Backed Securities

The Company categorizes principal-only stripped MBS as "Level 2" fair value financial instruments. Fair values of these securities are established based on quoted market prices for these or similar securities.

Loans Held for Sale

Most of the Company's loans held for sale at fair value are saleable into active markets and are therefore categorized as "Level 2" fair value assets. The fair values of "Level 2" fair value loans are determined using their contracted selling prices or quoted market prices or market price equivalents.

Certain of the Company's loans held for sale are not saleable into active markets and are therefore categorized as "Level 3" fair value assets. Loans held for sale categorized as "Level 3" fair value assets include:

- Closed-end second lien mortgage loans. At present, there is no active market with significant observable inputs to the estimation of fair value of the closed-end second lien mortgage loans the Company produces.

- Early buy out loans. Early buy out loans are government guaranteed or insured loans purchased by the Company from Ginnie Mae guaranteed securities in its loan servicing portfolio. The Company's right to purchase a government guaranteed or insured loan from a Ginnie Mae security arises as the result of the loan being at least three months delinquent on the date of purchase by the Company and provides an alternative to the Company's obligation to continue advancing principal and interest at the coupon rate of the related Ginnie Mae security. Such a loan may be resold to an investor and thereafter may be repurchased to the extent it becomes eligible for resale into a new Ginnie Mae guaranteed security.

  A loan becomes eligible for resale into a new Ginnie Mae guaranteed security when the loan becomes current either through completion of a modification of the loan's terms or after three months of timely payments following either the completion of a payment deferral program or borrower reperformance and when the issuance date of the new security is at least 120 days after the date the loan was last delinquent.

- Loans with identified defects. Loans that are not saleable into active markets due to identification of a defect by the Company or to the repurchase by the Company of a loan with an identified defect.

The Company uses a discounted cash flow model to estimate the fair value of its "Level 3" fair value loans held for sale. The significant unobservable inputs used in the fair value measurement of the Company's "Level 3" fair value loans held for sale are discount rates, home price projections, voluntary prepayment/resale and total prepayment/resale speeds. Significant changes in any of those inputs in isolation could result in a significant change to the loans' fair value measurement. Increases in home price projections are generally accompanied by an increase in voluntary prepayment speeds.

Following is a quantitative summary of key "Level 3" fair value inputs used in the valuation of loans held for sale:

	March 31, 2026	December 31, 2025
Fair value (in thousands)	$ 428,957	$ 307,711
Key inputs (1):		
Discount rate:		
Range	5.7% – 9.3%	5.6% – 9.3%
Weighted average	6.5%	6.3%
Twelve-month projected housing price index change:		
Range	1.1% – 1.6%	0.8% – 1.3%
Weighted average	1.3%	1.0%
Voluntary prepayment/resale speed (2):		
Range	6.8% – 22.2%	6.9% – 22.7%
Weighted average	16.8%	18.9%
Total prepayment/resale speed (3):		
Range	6.9% – 40.5%	7.0% – 37.5%
Weighted average	22.2%	24.1%

(1) Weighted average inputs are based on the fair values of the "Level 3" fair value loans.

(2) Voluntary prepayment/resale speed is measured using life voluntary Conditional Prepayment Rate ("CPR").

(3) Total prepayment/resale speed is measured using life total CPR, which includes both voluntary and involuntary prepayment/resale speeds.

Changes in fair value of loans held for sale attributable to changes in a loan's instrument-specific credit risk are measured with reference to the change in the respective loan's delinquency status and performance history at period end from the later of the beginning of the period or acquisition date. Changes in fair value of loans held for sale are included in *Net gains on loans held for sale at fair value* in the Company's consolidated statements of income.

Derivative Financial Instruments

Interest Rate Lock Commitments

The Company categorizes IRLCs as "Level 3" fair value assets or liabilities. The Company estimates the fair values of IRLCs based on quoted Agency MBS prices, the probability that the loans will be funded or purchased (the "pull-through rate") and its estimate of the fair value of the MSRs it expects to receive in the sale of the loans.

The significant unobservable inputs used in the fair value measurement of the Company's IRLCs are the pull-through rate and the estimated fair values of MSRs attributable to the mortgage loans it has committed to originate or purchase. Significant changes in the pull-through rate or the MSR components of the IRLCs, in isolation, could result in significant changes in the IRLCs' fair value measurements. 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 IRLC fair value, but increase the pull-through rate for the loan principal and interest payment cash flow component, which 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 Company's consolidated statements of income.

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

	March 31, 2026	December 31, 2025
Fair value (in thousands) (1)	$ 105,936	$ 127,276
Committed amount (in thousands)	$ 16,241,426	$ 13,474,638
Key inputs (2):		
Pull-through rate:		
Range	16.0% – 100%	14.1% – 100%
Weighted average	81.6%	81.0%
Mortgage servicing rights fair value expressed as:		
Servicing fee multiple:		
Range	1.0 – 8.7	1.0 – 8.7
Weighted average	5.5	5.4
Percentage of loan commitment amount:		
Range	0.3% – 4.4%	0.3% – 4.6%
Weighted average	1.9%	2.2%

(1) Amounts include IRLCs with non-affiliates and with PMT. For purpose 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 values of hedging derivatives are included in *Net gains on loans held for sale at fair value,* or *Net loan servicing fees – Mortgage servicing rights hedging results*, as applicable, in the Company's consolidated statements of income.

Mortgage Servicing Rights

MSRs are categorized as "Level 3" fair value assets. The Company uses a discounted cash flow approach to estimate the fair value of MSRs. Beginning in the third quarter of 2025, the Company enhanced its discounted cash flow approach to estimate the period-end fair value of its MSRs with the adoption of an Option-Adjusted Spread ("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 MSRs as opposed to a single assumed rate path.

The key inputs used in the estimation of the fair value of MSRs 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 MSRs are included in *Net loan servicing fees—Change in fair value of mortgage servicing rights and mortgage servicing liabilities* in the Company's consolidated statements of income.

Following are the key inputs used in determining the fair value of MSRs received by the Company when it retains the obligation to service the mortgage loans it sells:

	Quarter ended March 31,	
	2026	2025
	(Amount recognized and unpaid principal balance of underlying loans in thousands)	
MSR and underlying loan characteristics:		
Amount recognized	$ 719,586	$ 650,349
Unpaid principal balance	$ 32,477,245	$ 27,664,977
Weighted average servicing fee rate (in basis points)	41	43
Key inputs (1):		
Annual total prepayment speed (2):		
Range	6.4% – 16.0%	6.6% – 15.0%
Weighted average	8.2%	8.8%
Equivalent average life (in years):		
Range	3.7 – 10.3	3.8 – 10.2
Weighted average	8.9	8.7
Pricing spread (3):		
Range	4.9% – 12.6%	4.9% – 12.6%
Weighted average	5.7%	5.5%
Per-loan annual cost of servicing:		
Range	$70 – $128	$70 – $127
Weighted average	$99	$101

(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 United State Treasury Securities ("Treasury") yield curve for purposes of discounting cash flows relating to its initial recognition of MSRs.

Following is a quantitative summary of key inputs used in the valuation of the Company's MSRs at period end and the effect on the fair value from adverse changes in those inputs:

	March 31, 2026	December 31, 2025
	(Fair value, unpaid principal balance of underlying loans and effect on fair value amounts in thousands)	
Fair value	$ 10,149,036	$ 9,598,941
Underlying loan characteristics:		
Unpaid principal balance	$ 473,980,146	$ 462,020,147
Weighted average note interest rate	5.1%	4.7%
Weighted average servicing fee rate (in basis points)	39	39
Key inputs (1):		
Annual total prepayment speed (2):		
Range	5.0% – 25.7%	6.0% – 22.7%
Weighted average	8.3%	9.0%
Equivalent average life (in years):		
Range	2.5 – 9.7	2.5 – 9.0
Weighted average	8.7	8.0
Effect on fair value of (3):		
5% adverse change	($137,759)	($168,856)
10% adverse change	($271,449)	($331,359)
20% adverse change	($527,347)	($638,689)
Option-adjusted spread (4):		
Range	2.0% – 13.2%	2.6% – 13.2%
Weighted average	4.6%	4.7%
Effect on fair value of (3):		
5% adverse change	($101,516)	($95,530)
10% adverse change	($200,579)	($189,008)
20% adverse change	($391,692)	($370,059)
Per-loan annual cost of servicing:		
Range	$70 – $128	$70 – $127
Weighted average	$108	$106
Effect on fair value of (3):		
5% adverse change	($54,079)	($50,531)
10% adverse change	($108,157)	($101,061)
20% adverse change	($216,314)	($202,122)

(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) 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.

Mortgage Servicing Liabilities

MSLs are categorized as "Level 3" fair value liabilities. The Company uses a discounted cash flow approach to estimate the fair value of MSLs. The key inputs used in the estimation of the fair value of MSLs include the applicable annual total prepayment speed, OAS, and the per-loan annual cost of servicing the underlying loans. Beginning in the third quarter of 2025, the Company enhanced its period-end discounted cash flow valuation of MSLs by utilizing an OAS model, which utilizes an OAS rather than a pricing spread. Changes in the fair value of MSLs are included in *Net servicing fees—Change in fair value of mortgage servicing rights and mortgage servicing liabilities* in the consolidated statements of income.

Following are the key inputs used in estimating the fair value of MSLs:

	March 31, 2026	December 31, 2025
Fair value (in thousands)	$ 1,568	$ 1,572
Underlying loan characteristics:		
Unpaid principal balance of underlying loans (in thousands)	$ 15,219	$ 15,298
Servicing fee rate (in basis points)	25	25
Key inputs (1):		
Annual total prepayment speed (2)	14.3%	14.2%
Equivalent average life (in years)	5.5	5.5
Option-adjusted spread (3)	9.1%	9.1%
Per-loan annual cost of servicing	$ 861	$ 853

(1) Weighted average inputs are based on UPB of the underlying mortgage 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) 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 MSLs.

Note 8— Principal-Only Stripped Mortgage-Backed Securities

Following is a summary of activity in the Company's investment in principal-only stripped MBS:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Balance at beginning of quarter	$ 722,528	$ 825,865
Repayments	(58,069)	(37,738)
Changes in fair value included in income arising from:		
Accrual of purchase discounts	(5,185)	11,335
Valuation adjustments	(39)	18,134
	(5,224)	29,469
Balance at end of quarter	$ 659,235	$ 817,596

Following is a summary of the Company's investment in principal-only stripped MBS:

	March 31, 2026	December 31, 2025
	(in thousands)	
Principal balance	$ 810,281	$ 868,350
Unearned discount	(156,567)	(151,382)
Cumulative valuation change	5,521	5,560
Fair value	$ 659,235	$ 722,528
Fair value of principal-only stripped mortgage-backed securities pledged to secure *Assets sold under agreements to repurchase*	$ 659,235	$ 722,528

All of the Company's principal-only stripped MBS have remaining contractual maturities of over ten years.

Note 9—Loans Held for Sale at Fair Value

Following is a summary of loans held for sale at fair value:

Mortgage type	March 31, 2026	December 31, 2025
	(in thousands)	
Government-insured or guaranteed	$ 5,021,627	$ 5,140,921
Conventional conforming	3,338,746	2,972,372
Jumbo	1,094,445	699,309
Non-qualified	70,720	3,097
Closed-end second lien	169,643	156,003
Purchased from Ginnie Mae securities serviced by the Company	231,064	127,920
Repurchased pursuant to representations and warranties	28,250	23,788
	$ 9,954,495	$ 9,123,410
Fair value of loans pledged to secure:		
Assets sold under agreements to repurchase	$ 9,067,257	$ 8,245,256
Mortgage loan participation purchase and sale agreements	732,523	738,247
	$ 9,799,780	$ 8,983,503

Note 10—Derivative Financial Instruments

The Company holds and issues derivative financial instruments in connection with its operating and investing activities. Derivative financial instruments are created in the Company's loan production activities and when the Company enters into derivative transactions as part of its interest rate risk management activities. Derivative financial instruments created in the Company's loan production activities are IRLCs that are created when the Company commits to purchase or originate a loan for sale.

The Company engages in interest rate risk management activities in an effort to moderate the effect of changes in market interest rates on the fair value of certain of its assets. To manage this fair value risk resulting from interest rate risk, the Company uses derivative financial instruments acquired with the intention of reducing the risk that changes in market interest rates will result in unfavorable changes in the fair value of the Company's IRLCs, inventory of loans held for sale and its MSRs.

The Company does not designate and qualify any of its derivatives for hedge accounting. The Company records all derivative financial instruments at fair value and records changes in fair value in current period income.

The Company has elected to present net derivative asset and liability positions, and cash collateral obtained from or posted to its counterparties when subject to a master netting arrangement that is legally enforceable on all counterparties in the event of default. The derivatives that are not subject to a master netting arrangement are IRLCs.

Derivative Notional Amounts and Fair Value of Derivatives

The Company had the following derivative financial instruments recorded on its consolidated balance sheets:

	March 31, 2026			December 31, 2025		
		Fair value			Fair value	
Derivative instrument	**Notional amount (1)**	**Derivative assets**	**Derivative liabilities**	**Notional amount (1)**	**Derivative assets**	**Derivative liabilities**
			(in thousands)			
Non-affiliates:						
Not subject to master netting arrangements:						
Interest rate lock commitments	16,241,426	$ 138,031	$ 35,368	13,474,638	$ 131,536	$ 4,260
Subject to master netting arrangements (2):						
Forward purchase contracts	20,029,168	24,588	67,863	14,311,234	49,499	2,845
Forward sales contracts	31,244,365	165,645	42,663	22,291,811	16,399	47,692
MBS put options	500,000	4,840	—	—	—	—
Put options on interest rate futures purchase contracts	8,975,000	41,688	—	12,625,000	22,769	—
Call options on interest rate futures purchase contracts	9,600,000	9,414	—	7,750,000	2,086	—
Total return swap	39,998	119	—	39,998	8	—
Treasury futures purchase contracts	24,242,000	—	—	11,841,400	—	—
Treasury futures sale contracts	20,027,000	—	—	8,607,100	—	—
Total derivatives before netting		384,325	145,894		222,297	54,797
Netting		(107,616)	(79,065)		(36,779)	(45,238)
		$ 276,709	$ 66,829		$ 185,518	$ 9,559
PennyMac Mortgage Investment Trust:						
Interest rate lock commitments not subject to master netting arrangements	1,338,161	5,886	2,613	1,207,859	2,257	4,605
Forward sales contracts subject to master netting arrangements (2)	92,618	15	1,225	250,638	142	1,784
Total derivatives before netting		5,901	3,838		2,399	6,389
Netting		(15)	(15)		(142)	(142)
		$ 5,886	$ 3,823		$ 2,257	$ 6,247
Deposits (received from) placed with derivative counterparties included in the derivative balances above, net		$ (28,551)			$ 8,459	

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

(2) All derivatives subject to master netting agreements are interest rate derivatives that are used as economic hedges.

Derivative Assets, Financial Instruments, and Cash Collateral Held by Counterparty

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

	March 31, 2026				December 31, 2025			
		Gross amount not offset in the consolidated balance sheet				Gross amount not offset in the consolidated balance sheet		
Counterparty	Net amount of assets in the consolidated balance sheet	Financial instruments	Cash collateral received	Net amount	Net amount of assets in the consolidated balance sheet	Financial instruments	Cash collateral received	Net amount
	(in thousands)							
Non-affiliates:								
Interest rate lock commitments	$ 138,031	$ —	$ —	$ 138,031	$ 131,536	$ —	$ —	$ 131,536
RJ O' Brien	51,102	—	—	51,102	24,855	—	—	24,855
Morgan Stanley Bank, N.A.	44,316	—	—	44,316	10,673	—	—	10,673
Goldman Sachs	15,291	—	—	15,291	1,769	—	—	1,769
Santander US Capital Markets LLC	7,371	—	—	7,371	1,723	—	—	1,723
Bank of America, N.A.	5,039	—	—	5,039	—	—	—	—
Ellington Management	4,665	—	—	4,665	—	—	—	—
Federal National Mortgage Association	2,261	—	—	2,261	—	—	—	—
Barclays Capital	—	—	—	—	3,919	—	—	3,919
Bank of Montreal	—	—	—	—	2,676	—	—	2,676
Others	8,633	—	—	8,633	8,367	—	—	8,367
	$ 276,709	$ —	$ —	$ 276,709	$ 185,518	$ —	$ —	$ 185,518
PennyMac Mortgage Investment Trust	$ 5,886	$ —	$ —	$ 5,886	$ 2,257	$ —	$ —	$ 2,257

Derivative Liabilities, Financial Instruments and Collateral Held by Counterparty

The following table summarizes by significant counterparty the amount 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 are secured by sufficient collateral with fair values that exceed the liability amounts recorded on the consolidated balance sheets.

	March 31, 2026				December 31, 2025			
		Gross amounts not offset in the consolidated balance sheet				Gross amounts not offset in the consolidated balance sheet		
Counterparty	Net amount of liabilities in the consolidated balance sheet	Financial instruments (1)	Cash collateral pledged	Net amount	Net amount of liabilities in the consolidated balance sheet	Financial instruments (1)	Cash collateral pledged	Net amount
	(in thousands)							
Non-affiliates:								
Interest rate lock commitments	$ 35,368	$ —	$ —	$ 35,368	$ 4,260	$ —	$ —	$ 4,260
Atlas Securitized Products, L.P.	2,454,287	(2,454,287)	—	—	3,151,222	(3,151,222)	—	—
Bank of America, N.A.	2,066,088	(2,066,088)	—	—	1,121,585	(1,120,457)	—	1,128
Royal Bank of Canada	860,139	(860,139)	—	—	534,163	(534,163)	—	—
JPMorgan Chase Bank, N.A.	806,606	(806,048)	—	558	767,903	(767,903)	—	—
Morgan Stanley Bank, N.A.	556,464	(556,464)	—	—	407,678	(407,678)	—	—
Nomura Corporate Funding Americas	556,423	(555,870)	—	553	596,608	(596,608)	—	—
Wells Fargo Bank, N.A.	553,223	(551,651)	—	1,572	650,094	(650,094)	—	—
BNP Paribas	544,439	(543,094)	—	1,345	342,500	(342,500)	—	—
Goldman Sachs	499,713	(499,713)	—	—	168,428	(168,428)	—	—
Barclays Capital	446,599	(437,561)	—	9,038	229,055	(229,055)	—	—
Mizuho Bank, Ltd.	405,972	(397,464)	—	8,508	149,588	(149,588)	—	—
Citibank, N.A.	233,606	(233,606)	—	—	444,851	(444,851)	—	—
Santander US Capital Markets LLC	221,919	(221,919)	—	—	238,668	(238,668)	—	—
Others	9,887	—	—	9,887	4,171	—	—	4,171
	$ 10,250,733	$ (10,183,904)	$ —	$ 66,829	$ 8,810,774	$ (8,801,215)	$ —	$ 9,559
PennyMac Mortgage Investment Trust	$ 3,823	$ —	$ —	$ 3,823	$ 6,247	$ —	$ —	$ 6,247

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

Following are the gains (losses) recognized by the Company on derivative financial instruments and the consolidated statement of income lines where such gains and losses are included:

Derivative activity	Consolidated statement of income line	Quarter ended March 31, 2026	2025
		(in thousands)	
Interest rate lock commitments	Net gains on loans held for sale at fair value (1)	$ (18,991)	$ 76,377
Hedged item:			
Interest rate lock commitments and loans held for sale	Net gains on loans held for sale at fair value	$ 101,470	$ (145,046)
Mortgage servicing rights	Net loan servicing fees–Mortgage servicing rights hedging results	$ (207,247)	$ 88,640

(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 loans or the cancellation of the commitment are shown in the rollforward of IRLCs for the quarter in Note 7 – *Fair Value – Assets and Liabilities Measured at Fair Value on a Recurring Basis.*

Note 11—Mortgage Servicing Rights and Mortgage Servicing Liabilities

Mortgage Servicing Rights at Fair Value

The activity in MSRs is as follows:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Balance at beginning of quarter	$ 9,598,941	$ 8,744,528
Additions (deductions):		
MSRs resulting from loan sales	719,586	650,349
Sales adjustments (sales) to:		
Non-affiliates	6,428	—
PennyMac Mortgage Investment Trust	(3,922)	—
	722,092	650,349
Change in fair value due to:		
Changes in inputs used in valuation model (1)	183,047	(205,489)
Other changes in fair value (2)	(355,044)	(225,499)
Total change in fair value	(171,997)	(430,988)
Balance at end of quarter	$ 10,149,036	$ 8,963,889
Unpaid principal balance of underlying loans at end of quarter	$ 473,980,146	$ 442,208,097

	March 31, 2026	December 31, 2025
	(in thousands)	
Fair value of mortgage servicing rights pledged to secure *Assets sold under agreements to repurchase* and *Notes payable secured by mortgage servicing assets*	$ 9,901,292	$ 9,367,851

(1) Principally reflects changes in annual total prepayment speed, OAS or pricing spread and per loan annual cost of servicing inputs.

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

Mortgage Servicing Liabilities at Fair Value

The activity in MSLs is summarized below:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Balance at beginning of quarter	$ 1,572	$ 1,683
Changes in fair value due to:		
Changes in inputs used in valuation model (1)	18	5
Other changes in fair value (2)	(22)	(37)
Total change in fair value	(4)	(32)
Balance at end of quarter	$ 1,568	$ 1,651
Unpaid principal balance of underlying loans at end of quarter	$ 15,219	$ 19,070

(1) Principally reflects changes in annual total prepayment speed, OAS or pricing spread and per loan annual cost of servicing.

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

Contractual servicing fees relating to MSRs and MSLs are recorded in *Net loan servicing fees—Loan servicing fees—From non-affiliates* on the Company's consolidated statements of income; other fees relating to MSRs and MSLs are recorded in *Net loan servicing fees—Loan servicing fees—Other* on the Company's consolidated statements of income. Such amounts are summarized below:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands)	
Contractual servicing fees	$ 469,366	$ 417,687
Other fees:		
Late charges	20,793	20,051
Other	4,206	3,479
	$ 494,365	$ 441,217

Note 12—Other Assets

Other assets are summarized below:

	March 31, 2026	December 31, 2025
	(in thousands)	
Margin deposits	$ 441,384	$ 407,978
Capitalized software, net	112,052	108,145
Operating lease right-of-use assets	58,698	61,757
Servicing fees receivable, net	51,196	48,279
Other servicing receivables	49,822	36,296
Interest receivable	44,369	40,173
Prepaid expenses	49,454	50,062
Real estate acquired in settlement of loans	40,404	37,675
Furniture, fixtures, equipment and building improvements, net	18,231	17,789
Margin deposits securing *Assets sold under agreements to repurchase* and *Notes payable secured by mortgage servicing assets*	15,241	10,393
Other	128,317	208,366
	$ 1,009,168	$ 1,026,913
Margin deposits securing *Assets sold under agreements to repurchase* or *Notes payable secured by mortgage servicing assets*	$ 15,241	$ 10,393

Note 13—Leases

The Company has operating lease agreements relating to its facilities. The Company's operating lease agreements have remaining terms ranging from less than one year to eight years. Some of the operating lease agreements include options to extend the term for up to five years. None of the Company's operating lease agreements require the Company to make variable lease payments.

The Company's lease agreements are summarized below:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(dollars in thousands)	
Lease expense:		
Operating leases	$ 5,207	$ 4,002
Short-term leases	100	66
Sublease income	(377)	(377)
Net lease expense included in *Occupancy and equipment* expense	$ 4,930	$ 3,691
Other information:		
Payments for operating leases	$ 4,914	$ 5,077
Operating lease right-of-use assets recognized	$ 1,169	$ 561
Year end weighted averages:		
Remaining lease term (in years)	5.2	3.4
Discount rate	5.6%	3.9%

Lease payment obligations attributable to the Company's operating lease liabilities are summarized below:

Twelve months ended March 31,	Operating leases
	(in thousands)
2027	$ 12,695
2028	12,219
2029	13,050
2030	14,434
2031	16,269
Thereafter	17,456
Total lease payments	86,123
Less imputed interest	(13,678)
Operating lease liability included in *Accounts payable and accrued expenses*	$ 72,445

Note 14—Short-Term Debt

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

Assets Sold Under Agreements to Repurchase

The Company has multiple borrowing facilities in the form of asset sales under agreements to repurchase. These borrowing facilities are secured by principal-only stripped MBS, loans held for sale, participation certificates backed by mortgage servicing assets and margin deposits. Eligible assets are sold at advance rates based on the fair value (as determined by the lender) of the assets sold. Interest is charged at a rate based on the Secured Overnight Financing Rate ("SOFR"). Principal-only stripped MBS, loans, mortgage servicing assets and participation certificates backed by mortgage servicing assets financed under these agreements may be re-pledged by the lenders.

Assets sold under agreements to repurchase are summarized below:

	Quarter ended March 31, 2026	2025
	(dollars in thousands)	
Average balance of assets sold under agreements to repurchase	$ 7,971,975	$ 6,109,683
Weighted average interest rate (1)	5.28%	5.94%
Total interest expense	$ 110,018	$ 94,229
Maximum daily amount outstanding	$ 10,183,904	$ 8,589,915

(1) Excludes the effect of amortization of debt issuance costs and non-utilization fees of $6.2 million and $4.8 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	$ 10,183,904	$ 8,801,215
Unamortized debt issuance costs	(6,261)	(7,213)
	$ 10,177,643	$ 8,794,002
Weighted average interest rate	5.18%	5.18%
Available borrowing capacity (1):		
Committed	$ 1,193,285	$ 1,486,344
Uncommitted	3,480,243	3,367,758
	$ 4,673,528	$ 4,854,102
Assets securing repurchase agreements:		
Principal-only stripped mortgage-backed securities	$ 659,235	$ 722,528
Loans held for sale	$ 9,067,257	$ 8,245,256
Servicing advances (2)	$ 394,107	$ 406,825
Mortgage servicing rights (2)	$ 9,425,085	$ 7,968,105
Margin deposits (2)	$ 15,241	$ 10,393

(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 the Ginnie Mae MSRs, Fannie Mae MSRs, servicing advances and margin deposit assets collectively serve as the collateral securing the servicing asset financing facilities that are included in *Assets sold under agreements to repurchase* and the term notes and term loans included in *Notes payable secured by mortgage servicing assets*. The term notes and term loans are described in Note 15–*Long-Term Debt - Notes payable secured by mortgage servicing assets.*

Maturities

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

Remaining maturity at March 31, 2026 (1)	Unpaid principal balance (dollars in thousands)
Within 30 days	$ 1,966,744
Over 30 to 90 days	6,411,274
Over 90 to 180 days	659,525
Over 180 days to one year	360,082
Over one year to two years	786,279
Total assets sold under agreements to repurchase	$ 10,183,904
Weighted average maturity (in months)	3.5

(1) The Company is subject to margin calls during the periods the agreements are outstanding and therefore may be required to repay a portion of the borrowings before the respective agreements mature if the fair values (as determined by the applicable lender) of the assets securing those 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) relating to the Company's assets sold under agreements to repurchase is summarized by asset type and counterparty below as of March 31, 2026:

Loans held for sale and MSRs

Counterparty	Amount at risk (in thousands)	Weighted average maturity of advances	Facility maturity
Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas and Mizuho Bank, Ltd. (1)	$ 6,569,205	May 3, 2027	May 3, 2027
Barclays Bank PLC (2)	$ 960,319	April 14, 2026	July 13, 2026
Atlas Securitized Products, L.P.	$ 170,279	August 18, 2026	December 10, 2027
Bank of America, N.A.	$ 117,545	May 20, 2026	June 9, 2027
Royal Bank of Canada	$ 49,645	May 1, 2026	February 8, 2027
JP Morgan Chase Bank, N.A. (2)	$ 32,551	June 30, 2026	July 6, 2026
Morgan Stanley Bank, N.A.	$ 31,571	June 16, 2026	October 22, 2027
BNP Paribas	$ 24,686	June 17, 2026	September 30, 2027
Nomura Corporate Funding Americas	$ 19,266	June 9, 2026	August 4, 2026
Mizuho Bank, Ltd.	$ 18,886	August 23, 2026	October 14, 2026
Goldman Sachs Bank USA	$ 12,781	June 19, 2026	March 15, 2028
Wells Fargo Bank, N.A.	$ 12,304	June 9, 2026	June 11, 2027
Citibank, N.A.	$ 11,402	June 13, 2026	August 21, 2026

(1) The amount at risk includes the beneficial interests in Ginnie Mae MSRs, Fannie Mae MSRs, servicing advances and margin deposit assets pledged to serve as the collateral securing servicing asset facilities that issue *Assets sold under agreements to repurchase* and the term notes and term loans included in *Notes payable secured by mortgage servicing assets*. The facilities mature on various dates through December 10, 2027. The facility maturity date shown in this table represents a weighted average of those dates.

(2) The facility maturity dates are shown as weighted averages.

Principal-only stripped MBS

Counterparty		Amount at risk (in thousands)	Maturity
Bank of America, N.A.	$	3,017	April 28, 2026
JP Morgan Chase Bank, N.A.	$	20,267	April 6, 2026
Wells Fargo Bank, N.A.	$	16,078	April 23, 2026
Santander US Capital Markets LLC	$	15,202	April 15, 2026

Mortgage Loan Participation Purchase and Sale Agreements

Two of the borrowing facilities secured by loans held for sale are in the form of mortgage loan participation purchase and sale agreements. Participation certificates, each of which represents an undivided beneficial ownership interest in mortgage loans that have been pooled with Ginnie Mae, Freddie Mac, or Fannie Mae, are sold to a lender pending securitization of the mortgage loans and sale of the resulting securities. A commitment to sell the securities resulting from the pending securitization between the Company and a non-affiliate is also assigned to the lender at the time a participation certificate is issued.

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, that is based on a percentage of the purchase price. The holdback amount 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 agreements are summarized below:

	Quarter ended March 31,			
	2026		2025	
	(dollars in thousands)			
Average balance	$	321,732	$	261,045
Weighted average interest rate (1)		4.99%		5.64%
Total interest expense	$	4,194	$	3,804
Maximum daily amount outstanding	$	699,793	$	511,846

(1) Excludes the effect of amortization of debt issuance costs totaling $234,000 and $172,000 for the quarters ended March 31, 2026 and 2025, respectively.

	March 31, 2026		December 31, 2025	
	(dollars in thousands)			
Carrying value:				
Unpaid principal balance	$	691,316	$	697,087
Unamortized debt issuance costs		(235)		(469)
	$	691,081	$	696,618
Weighted average interest rate		4.91%		4.94%
Fair value of loans pledged to secure mortgage loan participation purchase and sale agreements	$	732,523	$	738,247

Note 15—Long-Term Debt

Notes Payable Secured by Mortgage Servicing Assets

Term Notes and Term Loans

The Company, through its wholly-owned subsidiaries PNMAC, PLS and the PNMAC GMSR ISSUER TRUST (“Issuer Trust”) has entered into a structured finance transaction, in which PLS pledges and/or sells to the Issuer Trust participation certificates representing beneficial interests in Ginnie Mae mortgage servicing assets pursuant to a repurchase agreement. The Issuer Trust has issued VFNs to PLS (which PLS, in turn, sells under agreements to repurchase), has issued secured term notes (the “Term Notes”) to qualified institutional buyers under Rule 144A of the Securities Act of 1933, as amended (the “Securities Act”), and has entered into a series of syndicated term loans with various lenders (the “Term Loans”).

Beneficial interests in the Agency MSRs, servicing advances and margin deposit assets collectively serve as the collateral securing servicing asset facilities that issue *Assets sold under agreements to repurchase* and the Term Notes and Term Loans included in *Notes payable secured by mortgage servicing assets*. Creditors to the *Assets sold under agreements to repurchase* and the Term Notes and Term Loans have equal priority in claims to the collateral held by the Issuer Trust.

Following is a summary of the issued and outstanding Term Notes and Term Loans:

				Maturity date	
Issuance date		**Principal balance (in thousands)**	**Annual interest rate spread (1)**	**Stated**	**Optional extension (2)**
Term Notes:					
February 29, 2024	$	425,000	3.20%	March 26, 2029	March 25, 2031
August 14, 2025		300,000	2.45%	August 26, 2030	August 25, 2032
Term Loans:					
February 28, 2023		480,000	3.00%	February 25, 2028	February 25, 2029
October 25, 2023		125,000	3.00%	October 25, 2028	
	$	1,330,000			

(1) Interest is charged at a rate of SOFR plus a spread.

(2) The Term Notes and Term Loans’ indentures provide the Company with the option to extend the maturity of certain of the Term Notes or Term Loans as specified in the respective agreements.

Freddie Mac MSR Note Payable

The Company has a note payable facility with one lender that is secured by Freddie Mac MSRs. Interest is charged at a rate of SOFR plus a spread as defined in the agreement. The facility expires on August 21, 2026. The maximum amount that the Company may borrow under the notes payable is $650 million, all of which is committed, and may be reduced by other debt outstanding with the lender.

Notes payable secured by mortgage servicing assets are summarized below:

	Quarter ended March 31,	
	2026	2025
	(dollars in thousands)	
Average balance	$ 1,332,222	$ 1,863,611
Weighted average interest rate (1)	6.72%	7.85%
Total interest expense	$ 22,389	$ 36,578

(1) Excludes the effect of amortization of debt issuance costs totaling $305,000 and $513,000 for the quarters ended March 31, 2026 and 2025, respectively.

	March 31, 2026	December 31, 2025
	(dollars in thousands)	
Carrying value:		
Unpaid principal balance:		
Term Notes and Term Loans	$ 1,330,000	$ 1,330,000
Freddie Mac MSR notes payable	100,000	—
	1,430,000	1,330,000
Unamortized debt issuance costs	(3,675)	(3,979)
	$ 1,426,325	$ 1,326,021
Weighted average interest rate	6.64%	6.69%
Assets pledged to secure notes payable (1):		
Servicing advances	$ 394,107	$ 406,825
Mortgage servicing rights	$ 8,831,375	$ 9,367,851
Margin deposits	$ 12,630	$ 10,393

(1) Beneficial interests in the Ginnie Mae MSRs, Fannie Mae MSRs, servicing advances and margin deposit assets collectively serve as the collateral securing servicing asset facilities that issue *Assets sold under agreements to repurchase* and the Term Notes and Term Loans included in *Notes payable secured by mortgage servicing assets.*

Unsecured Senior Notes

The Company has issued unsecured senior notes (the "Unsecured Notes") to qualified institutional buyers under Rule 144A of the Securities Act. The Unsecured Notes are senior unsecured obligations of the Company and will rank senior in right of payment to any future subordinate indebtedness of the Company, equally in right of payment with all existing and future senior indebtedness of the Company and effectively subordinate to any existing and future secured indebtedness of the Company to the extent of the fair value of collateral securing such indebtedness.

The Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company's existing and future wholly-owned domestic subsidiaries (other than certain excluded subsidiaries defined in the indenture under which the Unsecured Notes were issued). The guarantees are senior unsecured obligations of the guarantors and will rank senior in right of payment to any future subordinate indebtedness of the guarantors, equally in right of payment with all existing and future senior indebtedness of the guarantors and effectively subordinate to any existing and future secured indebtedness of the guarantors to the extent of the fair value of collateral securing such indebtedness. The Unsecured Notes and the guarantees are structurally subordinate to the indebtedness and liabilities of the Company's subsidiaries that do not guarantee the Unsecured Notes.

Following is a summary of the Company's outstanding Unsecured Notes:

Issuance date	Principal balance (in thousands)	Note interest rate (annual)	Maturity date	Optional redemption date (1)
February 11, 2021	$ 650,000	4.25%	February 15, 2029	February 15, 2024
September 16, 2021	500,000	5.75%	September 15, 2031	September 15, 2026
December 11, 2023	750,000	7.875%	December 15, 2029	December 15, 2026
May 23, 2024	650,000	7.125%	November 15, 2030	November 15, 2026
February 6, 2025	850,000	6.875%	February 15, 2033	February 15, 2028
May 1, 2025	850,000	6.875%	May 15, 2032	May 15, 2028
August 7, 2025	650,000	6.750%	February 15, 2034	August 15, 2028
	$ 4,900,000			

(1) Before the optional redemption date, the Company may redeem some or all of the Unsecured Notes for that issuance at a price equal to 100% of the principal amount, plus accrued and unpaid interest and a make-whole premium or the Company may redeem up to 40% of the Unsecured Notes for that issuance with an amount equal to or less than the net proceeds from certain equity offerings at the redemption price set forth in the indenture, plus accrued and unpaid interest. On or after the optional redemption date, the Company may redeem some or all of the Unsecured Notes for that issuance at the redemption prices set forth in the indenture, plus accrued interest.

	Quarter ended March 31, 2026	2025
	(dollars in thousands)	
Average balance	$ 4,900,000	$ 3,710,000
Weighted average interest rate (1)	6.58%	6.26%
Total interest expense	$ 83,279	$ 60,137

(1) Excludes the effect of amortization of debt issuance costs of $2.7 million and $2.0 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	$ 4,900,000	$ 4,900,000
Unamortized debt issuance costs and premiums, net	(65,604)	(68,258)
	$ 4,834,396	$ 4,831,742
Weighted average interest rate	6.58%	6.58%

Maturities of Long-Term Debt

Maturities of long-term debt (based on stated maturity dates) are as follows:

	Twelve months ended March 31, 2027	2028	2029	2030	2031	Thereafter	Total
				(in thousands)			
Notes payable secured by mortgage servicing assets (1)	$ —	$ 480,000	$ 550,000	$ —	$ 300,000	$ —	$ 1,330,000
Unsecured senior notes	—	—	650,000	750,000	650,000	2,850,000	4,900,000
Total	$ —	$ 480,000	$ 1,200,000	$ 750,000	$ 950,000	$ 2,850,000	$ 6,230,000

(1) The Term Notes and Term Loans' indentures provide the Company with the option to extend the maturity of the Term Notes and Term Loans as specified in the respective agreements.

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 at beginning of quarter	$ 34,894	$ 29,129
Provision for losses:		
Resulting from sales of loans	4,468	3,547
Resulting from change in estimate	(2,990)	(1,415)
Losses incurred	(567)	(487)
Balance at end of quarter	$ 35,805	$ 30,774
Unpaid principal balance of loans subject to representations and warranties at end of quarter	$ 504,749,991	$ 430,898,425

Note 17—Income Taxes

The Company's effective income tax rates were 21.4% and 26.8% for the quarters ended March 31, 2026 and 2025, respectively. The decrease in the effective income tax rate for the quarter ended March 31, 2026 compared to the same quarter in 2025 is due to the effect of an increase in deductible compensation, as well as a favorable change in California apportionment rules enacted into law in June 2025 allowing the Company to apportion income to California using a single sales factor instead of a factor equally weighted among property, payroll and sales.

Note 18—Commitments and Contingencies

Commitments to Purchase and Fund Mortgage Loans

The Company's commitments to purchase and fund loans totaled $16.2 billion as of March 31, 2026.

Legal and Regulatory Proceedings

From time to time, the Company may be a party to legal and regulatory proceedings, lawsuits and other claims arising in the ordinary course of its 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.

Note 19—Stockholders' Equity

The Company's stock repurchase program provides for the repurchase of up to $2 billion of its common stock, before transaction costs and excise tax.

Following is a summary of activity under the stock repurchase program:

	Quarter ended March 31,		Cumulative total (1)
	2026	2025	
	(in thousands)		
Shares of common stock repurchased	560	—	34,674
Cost of shares of common stock repurchased	$ 50,011	$ —	$ 1,842,948

(1) Amounts represent the total shares of common stock repurchased under the stock repurchase program from inception through March 31, 2026. Cumulative total cost of shares of common stock repurchased includes $549,000 of transaction costs as of March 31, 2026.

Note 20—Net Gains on Loans Held for Sale

Net gains on loans held for sale at fair value are summarized below:

	Quarter ended March 31, 2026	2025
	(in thousands)	
From non-affiliates:		
Cash losses:		
Loans	$ (528,351)	$ (276,310)
Hedging activities	324,039	(310,699)
	(204,312)	(587,009)
Non-cash gains:		
Mortgage servicing rights resulting from loan sales	719,586	650,349
Provisions for losses relating to representations and warranties:		
Pursuant to loan sales	(4,468)	(3,547)
Reductions in liability due to changes in estimate	2,990	1,415
Changes in fair values of loans and derivatives held at end of quarter:		
Interest rate lock commitments	(18,991)	76,377
Loans	65,000	(87,039)
Hedging derivatives	(222,569)	165,653
	337,236	216,199
From PennyMac Mortgage Investment Trust (1)	7,749	4,838
	$ 344,985	$ 221,037

(1) The terms of loan sales to PMT are described in Note 5–*Related Party Transactions–PennyMac Mortgage Investment Trust–Operating Activities.*

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	$ 9,569	$ 10,007
Principal-only stripped mortgage-backed securities	(4,976)	11,595
Loans held for sale	113,182	87,394
Placement fees relating to custodial funds	89,939	79,795
Other	465	1,080
	208,179	189,871
Interest expense:		
Assets sold under agreements to repurchase	110,018	94,229
Mortgage loan participation purchase and sale agreements	4,194	3,804
Notes payable secured by mortgage servicing assets	22,389	36,578
Unsecured senior notes	83,279	60,137
Interest shortfall on repayments of mortgage loans serviced for Agency securitizations	26,131	9,774
Interest on mortgage loan impound deposits	2,737	2,581
Other	974	979
	249,722	208,082
	$ (41,543)	$ (18,211)

Note 22—Stock-based Compensation

Following is a summary of the stock-based compensation activity:

	Quarter ended March 31, 2026	2025
	(in thousands)	
Grants:		
Units:		
Performance-based restricted share units ("RSUs")	260	185
Time-based RSUs	241	260
Stock options	270	187
Grant date fair value:		
Performance-based RSUs	$ 23,641	$ 18,788
Time-based RSUs	21,996	26,484
Stock options	10,591	8,138
Total	$ 56,228	$ 53,410
Vesting and exercise:		
Performance-based RSUs vested	98	—
Time-based RSUs vested	176	185
Stock options exercised	217	126
Stock-based compensation expense	$ 2,447	$ 11,084

Note 23—Disaggregation of Certain Expense Captions

Following are the disaggregation of certain expense captions:

Expense line	Quarter ended March 31, 2026	2025
	(in thousands)	
Technology		
Amortization of capitalized software	$ 11,701	$ 11,981
Impairment of capitalized software	317	—
Other (1)	34,114	28,216
Total technology expense	$ 46,132	$ 40,197
Occupancy and equipment		
Depreciation	$ 1,809	$ 1,915
Operating lease cost	4,830	3,625
Short-term lease cost	100	66
Other (2)	3,252	2,776
Total occupancy and equipment expense	$ 9,991	$ 8,382

(1) Other technology expenses primarily consist of software licensing and maintenance and data center expenses.

(2) Other occupancy and equipment expenses primarily consist of common area maintenance charges, repair and security expenses.

Note 24—Earnings Per Share

Basic earnings per share is determined by dividing net income by the weighted average number of shares of common stock outstanding during the quarter. Diluted earnings per share is determined by dividing net income by the weighted average number of shares of common stock outstanding, assuming all dilutive securities were issued.

The Company's potentially dilutive securities are stock-based compensation awards. The Company applies the treasury stock method to determine the diluted weighted average number of shares of common stock outstanding based on the outstanding stock-based compensation awards.

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

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands, except per share amounts)	
Net income	$ 82,322	$ 76,280
Weighted average shares of common stock outstanding	52,132	51,506
Effect of dilutive securities - shares issuable under stock-based compensation plan	1,727	2,118
Weighted average diluted shares of common stock outstanding	53,859	53,624
Basic earnings per share	$ 1.58	$ 1.48
Diluted earnings per share	$ 1.53	$ 1.42

Calculations of diluted earnings per share require certain potentially dilutive shares to be excluded when their inclusion in the diluted earnings per share calculation would be anti-dilutive. The following table summarizes the weighted-average number of anti-dilutive outstanding RSUs and stock options excluded from the calculation of diluted earnings per share:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands except for weighted average exercise price)	
Time-based RSUs	124	132
Performance-based RSUs (1)	327	597
Stock options (2)	271	147
Total anti-dilutive RSUs and stock options	722	876
Weighted average exercise price of anti-dilutive stock options (2)	$ 97.92	$ 95.84

(1) Certain performance-based RSUs were outstanding but not included in the computation of earnings per share because the performance thresholds included in such RSUs have not been achieved.

(2) Certain stock options were outstanding but not included in the computation of diluted earnings per share because the combination of the weighted-average exercise prices and average unamortized stock compensation cost exceeded the average market price of the Company's common stock for the quarter.

Note 25—Regulatory Capital and Liquidity Requirements

The Company, through PLS, is required to maintain specified levels of capital and liquidity to remain a seller/servicer in good standing with the Agencies. Such capital and liquidity requirements generally are tied to the size of the PLS's loan servicing portfolio and loan origination volume.

The Agencies' capital and liquidity levels and requirements, the calculations of which are specified by each Agency, are summarized below:

Requirement/Agency	March 31, 2026 Actual (1)	March 31, 2026 Requirement (1)	December 31, 2025 Actual (1)	December 31, 2025 Requirement (1)
	(dollars in thousands)			
Capital				
Fannie Mae & Freddie Mac	$ 8,238,618	$ 1,514,741	$ 8,212,718	$ 1,475,719
Ginnie Mae	$ 8,108,958	$ 1,650,844	$ 8,002,181	$ 1,616,380
HUD	$ 8,108,958	$ 2,500	$ 8,002,181	$ 2,500
Risk-based capital				
Ginnie Mae	40 %	6 %	41 %	6 %
Liquidity				
Fannie Mae & Freddie Mac	$ 876,093	$ 720,760	$ 1,095,507	$ 689,782
Ginnie Mae	$ 1,266,483	$ 539,319	$ 1,285,660	$ 512,613
Adjusted net worth / Total assets ratio				
Ginnie Mae	35 %	6 %	37 %	6 %
Tangible net worth / Total assets ratio				
Fannie Mae & Freddie Mac	26 %	6 %	28 %	6 %

(1) Calculated in accordance with the respective Agency's requirements.

Noncompliance with an Agency's requirements can result in such Agency taking various remedial actions up to and including terminating the Company's ability to sell loans to and service loans on behalf of the respective Agency.

Note 26—Segments

The Company's reportable segments are identified based on their unique business activities. 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 Company's chief operating decision maker is its chief executive officer. The reportable segments are evaluated based on income or loss before provision for income taxes. The chief operating decision maker uses pre-tax segment results to assess segment performance and allocate operating and capital resources among the two reportable segments described below. The segments are separately evaluated because they represent different services.

The Company conducts its business in two operating and reportable segments, production and servicing:

- The production segment performs loan origination, acquisition and sale activities, including the fulfillment of correspondent production activities for PMT.
- The servicing segment performs servicing and subservicing of loans on behalf of non-affiliate investors, executes, manages early buyout transactions and services loans for PMT.
- Non-segment activities are included under the heading "Corporate and other" and include amounts attributable to corporate activities that are not directly attributable to the production and servicing segments as well as investment management fees earned from PMT. None of the other items meet the quantitative threshold to be classified as a reportable segment.

Financial performance and results by segment are as follows:

	Quarter ended March 31, 2026				
	Production	Servicing	Reportable segment total	Corporate and other	Consolidated total
			(in thousands)		
Revenues: (1)					
Net gains on loans held for sale at fair value	$ 311,201	$ 33,784	$ 344,985	$ —	$ 344,985
Loan origination fees	72,446	—	72,446	—	72,446
Fulfillment fees from PennyMac Mortgage Investment Trust	5,737	—	5,737	—	5,737
Net loan servicing fees	—	152,830	152,830	—	152,830
Net interest (expense) income :					
Interest income	112,999	94,922	207,921	258	208,179
Interest expense	95,588	154,134	249,722	—	249,722
	17,411	(59,212)	(41,801)	258	(41,543)
Management fees	—	—	—	6,762	6,762
Other	125	(2,316)	(2,191)	5,958	3,767
Total net revenues	406,920	125,086	532,006	12,978	544,984
Expenses:					
Compensation	136,264	52,537	188,801	27,592	216,393
Loan origination	79,696	—	79,696	—	79,696
Technology	30,054	11,117	41,171	4,961	46,132
Servicing	—	38,233	38,233	—	38,233
Marketing and advertising	11,951	514	12,465	8,629	21,094
Professional services	5,649	2,080	7,729	6,670	14,399
Occupancy and equipment	5,332	2,502	7,834	2,157	9,991
Other (2)	4,399	5,452	9,851	4,504	14,355
Total expenses	273,345	112,435	385,780	54,513	440,293
Income (loss) before provision for income taxes	$ 133,575	$ 12,651	$ 146,226	$ (41,535)	$ 104,691
Segment assets at end of quarter	$ 10,435,743	$ 21,416,481	$ 31,852,224	$ 91,774	$ 31,943,998
Acquisition of:					
Capitalized software	$ 6,737	$ 284	$ 7,021	$ 8,904	$ 15,925
Furniture, fixtures, equipment and building improvements	$ 1,458	$ 506	$ 1,964	$ 286	$ 2,250
Amortization of capitalized software	$ 9,766	$ 1,530	$ 11,296	$ 405	$ 11,701
Impairment of capitalized software	$ 317	$ —	$ 317	$ —	$ 317
Depreciation and amortization of furniture, fixtures, equipment and building improvements	$ 993	$ 434	$ 1,427	$ 382	$ 1,809

(1) All revenues are from external customers. The segments do not recognize intersegment revenues.

(2) Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as safekeeping, travel, postage and corporate insurance.

	Quarter ended March 31, 2025				
	Production	Servicing	Reportable segment total	Corporate and other	Consolidated total
			(in thousands)		
Revenues: (1)					
Net gains on loans held for sale at fair value	$ 187,145	$ 33,892	$ 221,037	$ —	$ 221,037
Loan origination fees	46,611	—	46,611	—	46,611
Fulfillment fees from PennyMac Mortgage Investment Trust	5,290	—	5,290	—	5,290
Net loan servicing fees	—	164,286	164,286	—	164,286
Net interest income (expense):					
Interest income	85,288	104,134	189,422	449	189,871
Interest expense	76,526	131,556	208,082	—	208,082
	8,762	(27,422)	(18,660)	449	(18,211)
Management fees	—	—	—	7,012	7,012
Other	131	(173)	(42)	4,920	4,878
Total net revenues	247,939	170,583	418,522	12,381	430,903
Expenses:					
Compensation	98,869	52,970	151,839	30,149	181,988
Loan origination	44,096	—	44,096	—	44,096
Technology	25,100	10,385	35,485	4,712	40,197
Servicing	—	21,875	21,875	—	21,875
Professional services	3,134	1,681	4,815	4,222	9,037
Occupancy and equipment	4,128	2,729	6,857	1,525	8,382
Marketing and advertising	8,023	373	8,396	1,036	9,432
Other (2)	2,646	4,569	7,215	4,485	11,700
Total expenses	185,996	94,582	280,578	46,129	326,707
Income (loss) before provision for income taxes	$ 61,943	$ 76,001	$ 137,944	$ (33,748)	$ 104,196
Segment assets at end of quarter	$ 7,346,079	$ 16,461,624	$ 23,807,703	$ 65,173	$ 23,872,876
Acquisition of:					
Capitalized software	$ 5,409	$ 1,728	$ 7,137	$ —	$ 7,137
Furniture, fixtures, equipment and building improvements	$ 187	$ 29	$ 216	$ 155	$ 371
Amortization of capitalized software	$ 10,221	$ 1,666	$ 11,887	$ 94	$ 11,981
Depreciation and amortization of furniture, fixtures, equipment and building improvements	$ 968	$ 645	$ 1,613	$ 302	$ 1,915

(1) All revenues are from external customers. The segments do not recognize intersegment revenues.

(2) Other expense includes smaller balance expense categories not separately provided to the chief operating decision maker such as safekeeping, travel, postage and corporate insurance.

Note 27—Subsequent Events

Management has evaluated all events and transactions through the date the Company issued these consolidated financial statements. During this period:

- On May 5, 2026, the Company announced a cash dividend of $0.30 per common share. The dividend will be paid on May 28, 2026 to common stockholders of record as of May 18, 2026.

- All agreements to sell assets under 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*

Overview

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 Quarterly Report on Form 10-Q to the words "we," "us," "our" and the "Company" refer to PFSI and its subsidiaries.

Our Company

We are a specialty financial services firm primarily focused on the production and servicing of U.S. residential mortgage loans (activities which we refer to as mortgage banking) and the management of investments related to the U.S. mortgage market. We believe that our operating capabilities, specialized expertise, access to long-term investment capital, and the experience of our management team across all aspects of the mortgage business allow us to profitably engage in mortgage banking and investing activities and capitalize on other related opportunities as they arise in the future.

Our primary assets are equity interests in Private National Mortgage Acceptance Company, LLC ("PNMAC"). We are the managing member of PNMAC, and we operate and control all of the businesses and affairs of PNMAC, and consolidate the financial results of PNMAC and its subsidiaries. We conduct our business in two segments: production and servicing:

- The production segment performs loan origination, acquisition and sale activities.
- The servicing segment performs loan servicing for both newly originated loans we are holding for sale and loans we service for others, including for PennyMac Mortgage Investment Trust, a mortgage real estate investment trust separately listed on the New York Stock Exchange under the ticker symbol "PMT".

Our principal mortgage banking subsidiary, PennyMac Loan Services, LLC ("PLS"), is a non-bank producer and servicer of mortgage loans in the United States. PLS is a seller/servicer for the Federal National Mortgage Association ("Fannie Mae") and the Federal Home Loan Mortgage Corporation ("Freddie Mac"), each of which is a government sponsored entity. PLS is also an approved issuer of securities guaranteed by the Government National Mortgage Association ("Ginnie Mae"), a lender of the Federal Housing Administration ("FHA"), and a lender/servicer of the U.S. Department of Veterans Affairs ("VA") and the U.S. Department of Agriculture ("USDA"). We refer to each of Fannie Mae, Freddie Mac, Ginnie Mae, FHA, VA and USDA as an "Agency" and collectively as the "Agencies." PLS is able to service loans in all 50 states, the District of Columbia, Puerto Rico, Guam and the U.S. Virgin Islands, and originate loans in all 50 states and the District of Columbia, either because PLS is properly licensed in a particular jurisdiction or exempt or otherwise not required to be licensed in that jurisdiction.

Our investment management subsidiary is Pennymac Capital Management, LLC ("PCM"), a Delaware limited liability company registered with the Securities Exchange Commission ("SEC") as an investment adviser under the Investment Advisers Act of 1940, as amended. PCM has an investment management contract with PMT.

Business Trends

Recent macroeconomic trend and U.S. federal government administration actions with respect to trade, tariffs, government cost reduction efforts and foreign military action have led to significant volatility in financial markets and uncertainty regarding the economic outlook, including inflation and interest rates. Elevated interest rates in recent years have also constrained the mortgage origination market, which is currently projected to increase from $1.9 trillion in 2025 to $2.3 trillion in 2026 according to mortgage industry economists.

The opportunity for refinancing has increased in recent periods, driven by interest rate volatility and a greater proportion of outstanding mortgages with note rates near current market rates. If such interest rate volatility continues, it may drive greater mortgage production activity and higher prepayment speeds than we have experienced in recent years. Additionally, reductions in the Federal Reserve’s federal funds rate have reduced the costs of floating rate borrowings and placement fees we receive in relation to custodial funds that we manage as compared to the same periods in the prior year. The current period of economic uncertainty and market volatility may also lead to a reduction in economic activity and slowing home price growth or depreciation, which could lead to increasing mortgage delinquencies or defaults and increase losses from the representations and warranties we provide in our loan sales transactions.

We expect to sell a portion of our conventional conforming correspondent loan production and all of our nonagency correspondent loan production to PMT in the second quarter of 2026.

Results of Operations

Our results of operations are summarized below:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(dollars in thousands, except per share amounts)	
Revenues:		
Loan production revenues (1)	$ 423,168	$ 272,938
Net loan servicing fees	152,830	164,286
Net interest expense	(41,543)	(18,211)
Other	10,529	11,890
Total net revenues	544,984	430,903
Expenses:		
Compensation	216,393	181,988
Loan origination	79,696	44,096
Technology	46,132	40,197
Servicing	38,233	21,875
Marketing and advertising	21,094	9,432
Other	38,745	29,119
Total expenses	440,293	326,707
Income before provision for income taxes	104,691	104,196
Provision for income taxes	22,369	27,916
Net income	$ 82,322	$ 76,280
Earnings per share		
Basic	$ 1.58	$ 1.48
Diluted	$ 1.53	$ 1.42
Annualized return on average stockholders' equity	7.6%	7.9%
Dividends declared per share	$ 0.30	$ 0.30
Income before provision for income taxes by reportable segment and corporate and other:		
Production	$ 133,575	$ 61,943
Servicing	12,651	76,001
Corporate and other	(41,535)	(33,748)
	$ 104,691	$ 104,196
Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") (3)	$ 251,202	$ 281,380
During the quarter:		
Interest rate lock commitments issued (2)	$ 41,111,111	$ 31,456,820
Unpaid principal balance of loans originated and purchased by PFSI and fulfilled for PMT	$ 37,038,744	$ 28,852,746
At end of quarter:		
Interest rate lock commitments outstanding	$ 16,241,426	$ 9,890,968
Unpaid principal balance of loan servicing portfolio:		
Owned:		
Mortgage servicing rights and liabilities	$ 473,995,365	$ 442,227,167
Loans held for sale	9,821,486	6,911,473
	483,816,851	449,138,640
Subserviced for:		
PMT	225,093,530	229,907,855
Other non-affiliates	11,413,998	75,310
Interim servicing	—	1,072,760
	236,507,528	231,055,925
	$ 720,324,379	$ 680,194,565
Book value per share	$ 83.31	$ 75.57

(1) Includes *Net gains on loans held for sale at fair value*, *Loan origination fees* and *Fulfillment fees from PennyMac Mortgage Investment Trust*.

(2) Amounts exclude interest rate locks for loans to be fulfilled for PMT.

(3) To provide investors with information in addition to our results as determined by accounting principles generally accepted in the United States ("GAAP"), we disclose Adjusted EBITDA as a non-GAAP measure. Adjusted EBITDA is a measure that is frequently used in our industry to measure performance and we believe that this measure provides supplemental information that is useful to investors. Adjusted EBITDA is not a financial measure calculated in accordance with GAAP and should not be considered as a substitute for net income, or any other performance measure calculated in accordance with GAAP.

We define “Adjusted EBITDA” as net income plus provision for income taxes, depreciation and amortization, excluding decrease (increase) in fair value of mortgage servicing rights (“MSRs”) net of mortgage servicing liabilities (“MSLs”), due to changes in the valuation inputs we use in our valuation models, hedging (gains) losses associated with MSRs, principal-only stripped MBS valuation-related accretion changes, provision for (reversal of) losses on active loans, stock-based compensation, interest expense on corporate debt or corporate revolving credit facilities and capital lease and certain unusual or non-recurring items.

We believe that the presentation of Adjusted EBITDA provides useful information to investors regarding our results of operations because each measure assists both investors and management in analyzing and benchmarking the performance and value of our business. However, other companies may define Adjusted EBITDA differently, and as a result, our measures of Adjusted EBITDA may not be directly comparable to those of other companies.

Adjusted EBITDA measures have limitations as analytical tools, and should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

a) they do not reflect every cash expenditure, future requirements for capital expenditures or contractual commitments;
b) they do not reflect the significant interest expense or the cash requirements necessary to service interest or principal payment on our debt; and
c) they are not adjusted for all non-cash income or expense items that are reflected in our consolidated statements of cash flows.

Because of these limitations, Adjusted EBITDA measures are not intended as alternatives to net income as an indicator of our operating performance and should not be considered as measures of discretionary cash available to us to invest in the growth of our business or as measures of cash that will be available to us to meet our obligations.

The following table presents a reconciliation of Adjusted EBITDA to our net income, the most directly comparable financial measure calculated and presented in accordance with GAAP, for the periods indicated:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Net income	$ 82,322	$ 76,280
Provision for income taxes	22,369	27,916
Income before provision for income taxes	104,691	104,196
Depreciation and amortization	13,510	13,896
Principal-only stripped MBS valuation-related accretion changes	13,814	(3,442)
(Increase) decrease in fair value of MSRs net of MSLs due to changes in valuation inputs used in valuation models	(183,029)	205,494
Hedging losses (gains) associated with MSRs	207,287	(106,774)
Provision for (reversal of) losses on active loans	5,991	(3,211)
Stock-based compensation	2,447	11,084
Interest expense on corporate debt	83,279	60,137
Cenlar acquisition related expenses	3,212	—
Adjusted EBITDA	$ 251,202	$ 281,380

Income Before Provisions for Income Taxes

For the quarter ended March 31, 2026, income before income taxes increased $495,000 compared to the same quarter in 2025. The increase was primarily due to a $150.2 million increase in loan production revenue due to higher volume across all production channels, partially offset by a $11.5 million decrease in *Net loan servicing fees* resulting from increases in net MSR valuation losses in excess of growth in servicing fees, a $23.3 million increase in *Net interest expense* and a $113.6 million increase in total expenses.

Net Gains on Loans Held for Sale at Fair Value

In our production segment, revenues reflect the effects of larger mortgage market volumes and increased share in our broker and consumer direct lending channels during the quarter ended March 31, 2026 compared to the same quarter in 2025. During the quarter ended March 31, 2026, we recognized *Net gains on loans held for sale at fair value* totaling $345.0 million representing an increase of $123.9 million compared to the same quarter in 2025.

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

	Quarter ended March 31, 2026	2025
	(in thousands)	
From non-affiliates:		
Cash losses:		
Loans	$ (528,351)	$ (276,310)
Hedging activities	324,039	(310,699)
Total cash losses	(204,312)	(587,009)
Non-cash gains:		
Changes in fair values of loans and derivative financial instruments outstanding at end of quarter:		
Interest rate lock commitments	(18,991)	76,377
Loans	65,000	(87,039)
Hedging derivatives	(222,569)	165,653
	(176,560)	154,991
Mortgage servicing rights resulting from loan sales	719,586	650,349
Provisions for losses relating to representations and warranties:		
Pursuant to loan sales	(4,468)	(3,547)
Reductions in liability due to changes in estimate	2,990	1,415
Total non-cash gains	541,548	803,208
Total gains on sale from non-affiliates	337,236	216,199
From PennyMac Mortgage Investment Trust	7,749	4,838
	$ 344,985	$ 221,037
During the quarter:		
Interest rate lock commitments issued (1):		
By loan type:		
Government-insured or guaranteed	$ 20,213,427	$ 16,115,573
Conventional conforming	18,081,327	13,573,765
Jumbo	2,196,736	1,219,104
Non-qualified	150,929	—
Closed-end second lien mortgage	468,692	548,378
	$ 41,111,111	$ 31,456,820
By production channel:		
Correspondent	$ 22,367,327	$ 22,095,354
Broker direct	9,539,182	5,478,369
Consumer direct	9,204,602	3,883,097
	$ 41,111,111	$ 31,456,820
At end of quarter:		
Loans held for sale at fair value	$ 9,954,495	$ 7,095,270
Commitments to fund and purchase loans	$ 16,241,426	$ 9,890,968

(1) Amounts exclude interest rate locks for loans to be fulfilled for PMT.

Non-Cash Elements of Gain on Sale of Loans Held for Sale

Our gains on loans held for sale include both cash and non-cash elements. We recognize a significant portion of our gains on loans held for sale when we make commitments to purchase or fund mortgage loans. Therefore, we recognize a substantial portion of our net gains before we fund or purchase the loans. We recognize this gain in the form of interest rate lock commitment ("IRLC") derivatives. We adjust our initial gain amount as the loan purchase or origination process progresses until the loan is either funded or cancelled.

We also receive non-cash proceeds on sale that include our estimate of the fair value of MSRs and we incur MSLs (which represent the fair value of the costs we expect to incur in excess of the fees we receive for delinquent loans we have bought out of Ginnie Mae guaranteed securities and have resold to and service for investors) and we recognize the fair value of our estimate of the losses we expect to incur relating to the representations and warranties we provide in our loan sale transactions.

The MSRs, MSLs, 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 represented approximately 208% of our gains on sales of loans held for sale at fair value for the quarter ended March 31, 2026, as compared to 293% for the same quarter in 2025. These estimates change as circumstances change and changes in these estimates are recognized in income in subsequent periods. Subsequent changes in the fair value of our MSRs may significantly affect our income.

Interest Rate Lock Commitments, Mortgage Servicing Rights and Mortgage Servicing Liabilities

The methods and key inputs we use to measure and update our measurements of IRLCs, MSRs and MSLs are detailed in Note 7 – *Fair Value – Valuation Techniques and Inputs* to the consolidated financial statements included in this Quarterly Report.

Representations and Warranties

Our agreements with purchasers and insurers include representations and warranties related to the loans we sell. The representations and warranties 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 law.

In the event of a breach of our representations and warranties, we may be required to either repurchase the loans with the identified defects or indemnify the purchaser or insurer. In such cases, we bear any subsequent credit loss on the loans. Our credit loss may be reduced by any recourse we have to correspondent originators that 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 related repurchase losses from that correspondent seller.

Our representations and warranties are generally not subject to stated limits of exposure. However, we believe that the current unpaid principal balance ("UPB") of loans sold by us and subject to representation and warranty liability to date represents the maximum exposure to repurchases related to representations and warranties.

The level of the liability for losses under representations and warranties is difficult to estimate and requires considerable judgment. The level of loan repurchase losses is dependent on economic factors, purchaser or insurer loss mitigation strategies, and other external conditions that may change over the lives of the underlying loans. Our estimate of the liability for representations and warranties is developed by our credit risk administration staff and reviewed by our Management Risk Committee that includes our senior executives and senior management in our loan production, loan servicing, and credit risk management areas.

The method used to estimate our losses on representations and warranties is a function of our estimate of future defaults, loan repurchase rates, the severity of loss in the event of default, if applicable, and the probability of reimbursement by the correspondent loan seller. We establish a liability at the time loans are sold and periodically assess the adequacy of our recorded liability.

We recorded provisions for losses under representations and warranties relating to current loan sales as a component of *Net gains on loans held for sale at fair value* totaling $4.5 million for the quarter ended March 31, 2026 compared to $3.5 million for the same quarter in 2025. The increases in the provision relating to current loan sales was primarily attributable to an increase in production volume for the quarter ended March 31, 2026 compared to the same quarter in 2025.

We also recorded reductions in the liability of $3.0 million for the quarter ended March 31, 2026 compared to $1.4 million for the same quarter in 2025. The reductions in the liability resulted from previously sold loans meeting performance criteria established by the Agencies which significantly limit the likelihood of certain repurchase or indemnification claims.

Following is a summary of loan repurchase and loss activity:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
During the quarter:		
Indemnification activity:		
Loans indemnified at beginning of quarter	$ 120,130	$ 101,867
New indemnifications	4,581	12,036
Less indemnified loans sold, repaid or refinanced	2,005	1,356
Loans indemnified at end of quarter	$ 122,706	$ 112,547
Repurchase activity:		
Total loans repurchased	$ 24,922	$ 19,942
Less:		
Loans repurchased by correspondent lenders	13,575	15,492
Loans repaid by borrowers or resold	7,015	7,701
Net loans repurchased (resolved) with losses chargeable to liability for representations and warranties	$ 4,332	$ (3,251)
Losses charged to liability for representations and warranties	$ 567	$ 487
At end of quarter:		
Unpaid principal balance of loans subject to representations and warranties	$ 504,749,991	$ 430,898,425
Liability for representations and warranties	$ 35,805	$ 30,774

During the quarter ended March 31, 2026, we repurchased loans totaling $24.9 million. We charged losses of $567,000 against the liability during the quarter ended March 31, 2026. Our losses arising from representations and warranties have historically been minimized by our ability to either recover most of the losses from our correspondent sellers or from our ability to profitably refinance and resell repurchased loans.

Elevated interest rate levels may affect certain of our correspondent sellers’ ability to honor their obligations to repurchase defective loans, may increase the level of borrower defaults and may increase the level of repurchases we are required to make. We expect these developments may increase the losses we incur in relation to our recorded liability for representations and warranties compared to our historical experience. However, we believe our recorded liability is presently adequate to absorb such losses.

Loan Origination Fees

Loan origination fees increased $25.8 million during the quarter ended March 31, 2026, compared to the same quarter in 2025 primarily due to an increase in production volume.

Fulfillment Fees from PennyMac Mortgage Investment Trust

Fulfillment fees from PMT represent fees we collect for services we perform on behalf of PMT in connection with the acquisition, packaging and sale of loans. The fulfillment fees are calculated based on the number of loans we fulfill for PMT and an increase in the number of loans included in PMT's non-Agency securitization and loan sales.

Fulfillment fees increased $447,000 during the quarter ended March 31, 2026, compared to the same quarter in 2025; the increase was primarily due to an increase in correspondent loan production volumes for PMT's account and an increase in non-Agency securitization and loan sales.

Net Loan Servicing Fees

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

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Loan servicing fees	$ 511,160	$ 466,739
Subservicing fees	20,950	21,729
Effects of MSRs and MSLs net of hedging results	(379,280)	(324,182)
Net loan servicing fees	$ 152,830	$ 164,286

Loan Servicing Fees

Following is a summary of our loan servicing fees:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Owned servicing:		
Loan servicing fees	$ 469,366	$ 417,687
Other:		
Late charges	24,883	23,067
Other	16,911	25,985
	511,160	466,739
Subservicing:		
From PennyMac Mortgage Investment Trust	19,723	21,729
From non-affiliates	1,227	—
	20,950	21,729
	$ 532,110	$ 488,468
Average UPB of loans serviced:		
MSRs and MSLs	$ 469,130,501	$ 435,069,264
Subservicing	$ 243,737,011	$ 231,251,849

Loan servicing fees from non-affiliates generally relate to our MSRs which are primarily related to servicing we provide for loans included in Agency securitizations. These fees are contractually established at an annualized percentage of the UPB of the loan serviced and we collect these fees from borrower payments. Loan servicing fees from PMT are primarily related to PMT's MSRs and are established at monthly per-loan amounts based on whether the loan is a fixed-rate or adjustable-rate loan and the loan's delinquency or foreclosure status as detailed in Note 5–*Transactions with Related Parties* to the consolidated financial statements included in this Quarterly Report. Subservicing fees from non-affiliates are based upon rates negotiated between the Company and the owner of the servicing rights at the time a subservicing agreement is entered into. Other loan servicing fees are comprised primarily of borrower-contracted fees such as late charges and reconveyance fees.

Loan servicing fees from non-affiliates and other fees increased during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increases were primarily due to growth of our loan servicing portfolio. Other servicing fees decreased primarily due to decreased incentives received for loss mitigation activities.

Effects of Mortgage Servicing Rights and Mortgage Servicing Liabilities

We have elected to carry our servicing assets and liabilities at fair value. Changes in fair value have two components: changes due to realization of cash flows of the MSRs and MSLs and changes due to changes in market inputs used to estimate the fair value of MSRs and MSLs. We endeavor to moderate the effects of changes in fair value arising from changes in market inputs by entering into derivatives transactions and holding principal-only stripped mortgage-backed securities ("MBS").

Change in fair value of MSRs and MSLs and the related hedging results are summarized below:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
MSR and MSL valuation changes and hedging results:		
Changes in fair value attributable to changes in fair value inputs	$ 183,029	$ (205,494)
Hedging results	(207,287)	106,774
	(24,258)	(98,720)
Changes in fair value attributable to realization of cash flows	(355,022)	(225,462)
Total change in fair value of mortgage servicing rights and mortgage servicing liabilities net of hedging results	$ (379,280)	$ (324,182)
Average balances:		
Mortgage servicing rights	$ 9,775,647	$ 8,859,846
Mortgage servicing liabilities	$ 1,575	$ 1,668
At end of quarter:		
Mortgage servicing rights	$ 10,149,036	$ 8,963,889
Mortgage servicing liabilities	$ 1,568	$ 1,651

Changes in fair value of MSRs attributable to changes in fair value inputs increased during the quarter ended March 31, 2026 compared to the same quarter in 2025 due to increases in interest rates during the quarter ended March 31, 2026 compared to decreasing interest rates during the same quarter in 2025. Increasing interest rates reduce the rate of prepayments of the underlying loans, which increases the cash flows expected from the servicing rights, while decreasing interest rates have the opposite effect.

Hedging results reflect valuation losses offsetting the valuation gains from increasing interest rates in the quarters ended March 31, 2026 compared to the opposite circumstances and effects in the same quarter in 2025.

Changes in fair value attributable to realization of cash flows are influenced by changes in the level of servicing assets and liabilities and changes in estimates of the remaining cash flows to be realized. During the quarter ended March 31, 2026, realization of cash flows increased compared to the same quarter in 2025, primarily due to expectations for faster loan prepayments in the first quarter of 2026 as opposed to the same period in 2025.

Following is a summary of our loan servicing portfolio:

	March 31, 2026	December 31, 2025
	(in thousands)	
Owned:		
Mortgage servicing rights and liabilities		
Originated	$ 460,361,759	$ 448,035,447
Purchased and assumed	13,633,606	13,999,998
	473,995,365	462,035,445
Loans held for sale	9,821,486	8,930,477
	483,816,851	470,965,922
Subserviced for:		
PennyMac Mortgage Investment Trust	225,093,530	226,774,067
Other non-affiliates	11,413,998	11,616,738
Interim servicing	—	24,257,095
	236,507,528	262,647,900
Total loans serviced	$ 720,324,379	$ 733,613,822
Delinquencies:		
Owned servicing:		
30-89 days	$ 15,328,202	$ 18,562,892
90 days or more	13,430,750	11,364,962
	$ 28,758,952	$ 29,927,854
Subservicing:		
30-89 days	$ 2,439,231	$ 4,018,484
90 days or more	1,192,512	1,922,015
	$ 3,631,743	$ 5,940,499

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

			Average							
Loan type	Unpaid principal balance	Loan count	Note rate	Age (months)	Remaining maturity (months)	Loan size	FICO credit score at origination	Original LTV (1)	Current LTV (1)	60+ Delinquency (by UPB)
	(Dollars and loan count in thousands)									
Government insured or guaranteed (2):										
FHA	$ 165,064,942	753	4.9%	46	316	$ 219	686	92%	73%	8.0%
VA	120,213,981	424	4.3%	42	317	$ 284	733	91%	73%	1.7%
USDA	20,428,841	137	4.3%	64	299	$ 149	702	98%	67%	5.2%
Government-sponsored entities:										
Freddie Mac	84,820,560	235	6.0%	20	331	$ 361	762	77%	72%	0.7%
Fannie Mae	65,638,463	199	5.3%	31	317	$ 330	763	76%	66%	0.6%
Closed-end second lien mortgage loans	2,981,934	38	9.1%	14	248	$ 78	745	20%	19%	0.3%
Other (3)	14,846,644	35	6.7%	14	345	$ 422	775	75%	71%	0.3%
	$ 473,995,365	1,821	5.1%	38	319	$ 260	726	86%	71%	3.7%

(1) Loan-to-Value.

(2) Government loans include loans securitized in Ginnie Mae pools as well as loans sold to private investors.

(3) Represents conventional loans sold to private investors.

Net Interest Expense

Following is a summary of net interest expense:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands)	
Interest income:		
Cash and short-term investment	$ 9,569	$ 10,007
Principal-only stripped mortgage-backed securities	(4,976)	11,595
Loans held for sale	113,182	87,394
Placement fees relating to custodial funds	89,939	79,795
Other	465	1,080
	208,179	189,871
Interest expense:		
Short-term debt	114,212	98,033
Long-term debt	105,668	96,715
Interest shortfall on repayments of mortgage loans serviced for Agency securitizations	26,131	9,774
Interest on mortgage loan impound deposits	2,737	2,581
Other	974	979
	249,722	208,082
	$ (41,543)	$ (18,211)

Net interest expense increased $23.3 million during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increases were primarily due to an increase in interest expense on borrowings attributable to reductions in yield on principal-only stripped MBS, reflecting slower prepayment expectations combined with the Company financing a larger investment in MSRs and increased interest shortfalls on repayments of loans serviced for Agency securitizations during 2026, partially offset by an increase in interest income from loans held for sale and placement fees.

Management Fees from PennyMac Mortgage Investment Trust

Management fees decreased $250,000 during the quarter ended March 31, 2026 compared to the same quarter in 2025, due to decreases in PMT's average shareholders' equity which is the basis for the base management fees.

Expenses

Compensation

Compensation expenses are summarized below:

	Quarter ended March 31, 2026	Quarter ended March 31, 2025
	(in thousands)	
Salaries and wages	$ 135,916	$ 108,973
Incentive compensation	48,471	38,071
Taxes and benefits	29,559	23,860
Stock and unit-based compensation	2,447	11,084
	$ 216,393	$ 181,988
Head count:		
Average	5,436	4,442
Quarter end	5,650	4,457

Compensation expenses increased $34.4 million during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increase was primarily due to an increase in head count and increased incentive compensation reflecting higher loan production volume.

Loan Origination

Loan origination expenses increased $35.6 million for the quarter ended March 31, 2026 compared to the same quarter in 2025. The increases were primarily due to higher origination volumes.

Technology

Technology expenses increased $5.9 million during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increases were primarily due to an increase in software license expenses and a $371,000 impairment of capitalized software recorded during the quarter ended March 31, 2026.

Servicing

Servicing expenses increased $16.4 million during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increase was primarily due to increases in provision for losses on servicing advances resulting from higher delinquent loan balances resulting from a larger servicing portfolio and a larger proportion of delinquencies of 90 days of greater.

Marketing and advertising

Marketing and advertising expenses increased $11.7 million during the quarter ended March 31, 2026 compared to the same quarter in 2025. The increase was primarily due to additional marketing expenses incurred as an Official Supporter of Team USA, including marketing during the 2026 winter Olympics and increased marketing expenses for consumer direct lending.

Provision for Income Taxes

Our effective income tax rates were 21.4% and 26.8% for the quarters ended March 31, 2026 and 2025, respectively. The decrease in the effective income tax rate for the quarter ended March 31, 2026 compared to the same quarter in 2025 is due to the effet of an increase in deductible compensation, as well as a favorable change in California apportionment rules enacted into law in June 2025 allowing us to apportion income to California using a single sales factor instead of a factor equally weighed with property, payroll and sales.

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 investment	$ 653,733	$ 711,717
Principal-only stripped mortgage-backed securities	659,235	722,528
Loans held for sale at fair value	9,954,495	9,123,410
Derivative assets	282,595	187,775
Servicing advances, net	622,890	589,542
Mortgage servicing rights at fair value	10,149,036	9,598,941
Investments in and advances to affiliates	18,375	18,063
Loans eligible for repurchase	8,594,471	7,409,800
Other	1,009,168	1,026,913
Total assets	$ 31,943,998	$ 29,388,689
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	$ 10,868,724	$ 9,490,620
Long-term debt	6,260,721	6,157,763
	17,129,445	15,648,383
Liability for loans eligible for repurchase	8,594,471	7,409,800
Income taxes payable	1,206,492	1,184,020
Other	687,831	837,510
Total liabilities	27,618,239	25,079,713
Stockholders' equity	4,325,759	4,308,976
Total liabilities and stockholders' equity	$ 31,943,998	$ 29,388,689
Leverage ratios:		
Total debt / Stockholders' equity	4.0	3.6
Total debt / Tangible stockholders' equity (1)	4.1	3.7

(1) Tangible stockholders’ equity represents total stockholders’ equity reduced by intangible assets, comprised of capitalized software, for the dates presented.

Total assets increased $2.5 billion from $29.4 billion at December 31, 2025 to $31.9 billion at March 31, 2026. The increase was primarily due to an increase of $1.2 billion of loans eligible for repurchase, an increase of $831.1 million in loans held for sale at fair value and an increase of $550.1 million of mortgage servicing rights.

Total liabilities increased $2.5 billion from $25.1 billion at December 31, 2025 to $27.6 billion at March 31, 2026. The increase was primarily due to an increase of $1.2 billion in liability for loans eligible for repurchase and an increase of $1.5 billion in borrowings to finance increases in loans held for sale and MSRs. As a result of our increased inventory financing requirements, our leverage ratios increased during the quarter ended March 31, 2026 from December 31, 2025.

Cash Flows

Our cash flows are summarized below:

	Quarter ended March 31, 2026	2025	Change
	(in thousands)		
Operating	$ (1,341,973)	$ 1,065,957	$ (2,407,930)
Investing	(144,525)	30,384	(174,909)
Financing	1,404,331	(1,123,730)	2,528,061
Net decrease in cash	$ (82,167)	$ (27,389)	$ (54,778)

The net decrease in cash of $82.2 million during the quarter ended March 31, 2026 is discussed below.

Operating activities

Net cash used in operating activities totaled $1.3 billion during the quarter ended March 31, 2026 compared with net cash provided by operating activities of $1.1 billion during the same quarter in 2025. Our cash flows from operating activities are primarily influenced by changes in the levels of our inventory of mortgage loans held for sale as shown below:

	Quarter ended March 31, 2026	2025
	(in thousands)	
Cash flows from:		
Loans held for sale	$ (1,236,160)	$ 805,273
Other operating sources	(105,813)	260,684
	$ (1,341,973)	$ 1,065,957

The decrease in cashflows from other operating sources relates to the payments of several large accrued liabilities during the quarter ended March 31, 2026, as compared to the same quarter in 2025.

Investing activities

Net cash used in investing activities during the quarter ended March 31, 2026 totaled $144.5 million, primarily due to $171.6 million in net settlement of derivative financial instruments used to hedge our investment in MSRs and an increase of $24.2 million in short-term investment, partially offset by $58.1 million in proceeds from the repayment of principal-only stripped mortgage-backed securities. Net cash provided by investing activities during the quarter ended March 31, 2025 totaled $30.4 million, primarily due to $74.6 million in net settlement of derivative financial instruments used to hedge our investment in MSRs and $37.8 million in repayment of principal-only stripped mortgage-backed securities, partially offset by increases of $22.8 million in short-term investment and $51.6 million in margin deposits.

Financing activities

Net cash provided by financing activities totaled $1.4 billion during the quarter ended March 31, 2026, primarily due to an increase of $1.5 billion in borrowings. The increase in borrowings primarily reflects the increase in inventory of loans held for sale. Net cash used in financing activities totaled $1.1 billion during the quarter ended March 31, 2025, primarily due to a decrease of $1.1 billion in borrowings. The decrease in borrowings primarily reflects the decrease in inventory of loans held for sale.

Liquidity and Capital Resources

Our liquidity reflects our ability to meet our current obligations (including our operating expenses and, when applicable, the retirement of, and margin calls relating to, our debt, and margin calls relating to hedges on our commitments to purchase or originate mortgage loans and on our MSR investments), fund new originations and purchases, and make investments as we identify them. We expect our primary sources of liquidity to be through cash flows from business activities, proceeds from bank borrowings and proceeds from and issuance of equity or debt offerings. We believe that our capital resources are sufficient to meet our current liquidity requirements.

Our current borrowing strategy is to finance our assets where we believe such borrowing is prudent, appropriate and available. Our primary borrowing activities are in the form of sales of assets under agreements to repurchase, sales of mortgage loan participation purchase and sale certificates, notes payable secured by mortgage servicing rights and unsecured senior notes. A significant amount of our borrowings have short-term maturities and provide for advances with terms ranging from 30 days to 364 days. Because a significant portion of our current debt facilities consist of short-term debt, we expect to 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.

Secured debt facilities for MSRs and servicing advances take various forms. Fannie Mae MSRs, Ginnie Mae MSRs and servicing advances may be pledged to special purpose entities, each of which may issue variable funding notes ("VFNs") and term notes and term loans that are secured by such Ginnie Mae or Fannie Mae assets. Term notes are issued to qualified institutional buyers under Rule 144A of the Securities Act and term loans are syndicated to banking entities, while the VFNs are sold to bank partners under agreements to repurchase. Freddie Mac MSRs are pledged to lenders under a bi-lateral loan and security agreement.

Our repurchase agreements represent the sales of assets together with agreements for us to buy back the respective assets at a later date. The table below presents the average, maximum daily and ending balances:

	Quarter ended March 31,	
	2026	2025
	(in thousands)	
Average balance	$ 7,971,975	$ 6,109,683
Maximum daily balance	$ 10,183,904	$ 8,589,915
Balance at quarter end	$ 10,183,904	$ 7,064,948

The differences between the average and maximum daily balances on our repurchase agreements reflect both the effect of increasing loan inventory levels during the quarter ended March 31, 2026 and the fluctuations throughout the periods of our inventory as we fund and pool mortgage loans for sale in guaranteed mortgage securitizations.

Our repurchase 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 decrease in the market value (as determined by the applicable lender) of the assets subject to the related financing agreement. 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.

Our secured financing agreements at PLS require us to comply with various financial and other restrictive covenants. The most significant 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.

With respect to servicing performed for PMT, PLS is also subject to certain covenants under PMT's debt agreements. Covenants in PMT's debt agreements are equally, or sometimes less, restrictive than the covenants described above.

PFSI has issued unsecured senior notes (the "Unsecured Notes") to qualified institutional buyers under Rule 144A of the Securities Act. The Unsecured Notes are fully and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by the Company's existing and future wholly-owned domestic subsidiaries (other than certain excluded subsidiaries defined in the indentures under which the Unsecured Notes were issued).

Our Unsecured Notes' indentures contain financial and other restrictive covenants that limit the Company and our restricted subsidiaries' ability to engage in specified types of transactions, including, but not limited to the following:

- pay dividends or distributions, redeem or repurchase equity, prepay subordinated debt and make certain loans or investments;
- incur, assume or guarantee additional debt or issue preferred stock;
- incur liens on assets;
- merge or consolidate with another person or sell all or substantially all of our assets to another person;
- transfer, sell or otherwise dispose of certain assets including capital stock of subsidiaries;
- enter into transactions with affiliates; and
- allow to exist certain restrictions on the ability of our non-guarantor restricted subsidiaries to pay dividends or make other payments to us.

Although financial and other covenants limit the amount of indebtedness that we may incur and affect 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.

We 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 its approved single-family issuers, and Ginnie Mae has issued risk-based capital requirements. We believe that we are in compliance with each Agency's requirements as of March 31, 2026.

We have a common stock repurchase program which allows us to repurchase common shares of up to $2 billion. Share repurchases may be effected through open market purchases or privately negotiated transactions in accordance with applicable rules and regulations. The stock repurchase program does not have an expiration date and the authorization does not obligate us to acquire any particular amount of common stock. From inception through March 31, 2026, we have repurchased approximately $1.8 billion of common shares under our stock repurchase program.

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

Debt Obligations

As described further above in “Liquidity and Capital Resources,” we currently finance certain of our assets through short-term borrowings with major financial institutions in the form of sales of assets under agreements to repurchase and mortgage loan participation purchase and sale agreements. We access the capital market for long-term debt through the issuance of secured term notes, term loans and Unsecured Notes. The issuer under our secured term note facilities is PLS or a wholly-owned issuer trust guaranteed by PNMAC. In addition, PFSI has issued Unsecured Notes guaranteed by certain of its restricted wholly-owned domestic subsidiaries.

PLS is required to comply with financial and other restrictive covenants in certain financing agreements, as described further above in “Liquidity and Capital Resources”. As of March 31, 2026, we believe PLS was in compliance in all material respects with these covenants.

Many of our debt financing agreements contain a condition precedent to obtaining additional funding that requires PLS to maintain positive net income for at least one of the previous two consecutive quarters, or other similar measures. PLS is compliant with all such conditions.

The financing agreements also contain margin call provisions that, upon notice from the applicable lender, require us to transfer cash or, in some instances, additional assets in an amount sufficient to eliminate any margin deficit. 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.

In addition, the financing agreements contain events of default (subject to certain materiality thresholds and grace periods), including payment defaults, breaches of covenants and/or certain representations and warranties, cross-defaults, guarantor defaults, servicer termination events and defaults, material adverse changes, bankruptcy or insolvency proceedings and other events of default customary for these types of transactions. The remedies for such events of default are also customary for these types of transactions and include the acceleration of the principal amount outstanding under the agreements and the liquidation by our lenders of the mortgage loans or other collateral then subject to the agreements.

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Our debt obligations have the following sizes and maturities:

Lender	Outstanding indebtedness (1)	Total facility size (2)	Committed facility (2)	Facility Maturity date (2)
	(dollar amounts in thousands)			
Loans sold under agreements to repurchase				
Atlas Securitized Products, L.P.	$ 2,149,287	$ 2,149,287	$ 300,000	December 10, 2027
Bank of America, N.A.	$ 2,035,727	$ 2,500,000	$ 1,500,000	June 9, 2027
Royal Bank of Canada	$ 860,139	$ 1,000,000	$ 500,000	February 8, 2027
JP Morgan Chase Bank, N.A.	$ 565,436	$ 565,436	$ —	June 28, 2026
Morgan Stanley Bank, N.A.	$ 556,464	$ 700,000	$ 350,000	October 22, 2027
BNP Paribas	$ 543,094	$ 600,000	$ 250,000	September 30, 2027
Wells Fargo Bank, N.A.	$ 374,002	$ 600,000	$ 300,000	June 11, 2027
Goldman Sachs Bank USA	$ 349,713	$ 500,000	$ 100,000	March 15, 2028
Nomura Corporate Funding Americas	$ 325,870	$ 700,000	$ —	August 4, 2026
Barclays Bank PLC	$ 302,561	$ 302,561	$ 250,000	April 15, 2026
Citibank, N.A.	$ 233,606	$ 1,050,000	$ 700,000	August 21, 2026
Mizuho Bank, Ltd.	$ 222,464	$ 250,000	$ 125,000	October 14, 2026
JP Morgan Chase Bank, N.A. (Early buy out facility)	$ 13,109	$ 434,564	$ 150,000	June 25, 2027
Servicing assets sold under agreements to repurchase				
Atlas Securitized Products, L.P.	$ 305,000	$ 1,100,713	$ 350,000	December 10, 2027
Nomura Corporate Funding Americas	$ 230,000	$ 550,000	$ 550,000	November 20, 2026
Mizuho Bank, Ltd.	$ 175,000	$ 350,000	$ 350,000	October 14, 2027
Goldman Sachs Bank USA	$ 150,000	$ 650,000	$ 200,000	October 28, 2026
Barclays Bank PLC	$ 135,000	$ 197,439	$ 100,000	January 29, 2027
Mortgage-backed securities sold under agreements to repurchase				
JP Morgan Chase Bank, N.A.	$ 227,503			
Santander US Capital Markets LLC	$ 221,919			
Wells Fargo Bank, N.A.	$ 177,649			
Bank of America, N.A.	$ 30,361			
Mortgage loan participation purchase and sale agreements				
Bank of America, N.A.	$ 691,316	$ 750,000	$ —	June 10, 2026
Notes payable				
GMSR 2023-GTL1 Loans	$ 480,000	$ 480,000		February 25, 2028
GMSR 2023-GTL2 Loans	$ 125,000	$ 125,000		October 25, 2028
GMSR 2024-GT1 Notes	$ 425,000	$ 425,000		March 26, 2029
GMSR 2025-GT1 Notes	$ 300,000	$ 300,000		August 26, 2030
Citibank, N.A. FHLMC MSR Facility	$ 100,000	$ 100,000	$ —	August 21, 2026
Unsecured senior notes				
Unsecured Notes - 4.25%	$ 650,000			February 15, 2029
Unsecured Notes - 5.75%	$ 500,000			September 15, 2031
Unsecured Notes - 7.875%	$ 750,000			December 15, 2029
Unsecured Notes - 7.125%	$ 650,000			November 15, 2030
Unsecured Notes - 6.875%	$ 850,000			February 15, 2033
Unsecured Notes - 6.875%	$ 850,000			May 15, 2032
Unsecured Notes - 6.75%	$ 650,000			February 15, 2034

(1) Outstanding indebtedness as of March 31, 2026.

(2) Total facility size, committed facility and maturity date include contractual changes through the date of this Report.

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:

Loans held for sale and MSRs

Counterparty	Amount at risk (in thousands)	Weighted average maturity of advances	Facility maturity
Atlas Securitized Products, L.P., Goldman Sachs Bank USA, Nomura Corporate Funding Americas and Mizuho Bank, Ltd. (1)	$ 6,569,205	May 3, 2027	May 3, 2027
Barclays Bank PLC (2)	$ 960,319	April 14, 2026	July 13, 2026
Atlas Securitized Products, L.P.	$ 170,279	August 18, 2026	December 10, 2027
Bank of America, N.A.	$ 117,545	May 20, 2026	June 9, 2027
Royal Bank of Canada	$ 49,645	May 1, 2026	February 8, 2027
JP Morgan Chase Bank, N.A. (2)	$ 32,551	June 30, 2026	July 6, 2026
Morgan Stanley Bank, N.A.	$ 31,571	June 16, 2026	October 22, 2027
BNP Paribas	$ 24,686	June 17, 2026	September 30, 2027
Nomura Corporate Funding Americas	$ 19,266	June 9, 2026	August 4, 2026
Mizuho Bank, Ltd.	$ 18,886	August 23, 2026	October 14, 2026
Goldman Sachs Bank USA	$ 12,781	June 19, 2026	March 15, 2028
Wells Fargo Bank, N.A.	$ 12,304	June 9, 2026	June 11, 2027
Citibank, N.A.	$ 11,402	June 13, 2026	August 21, 2026

(1) The borrowing facilities are in the form of a sale of a variable funding note under an agreement to repurchase. The facility maturity date represents a weighted average with maturity dates ranging from August 4, 2026 through December 10, 2027.

(2) The facility maturity dates are shown as weighted averages.

Principal-only stripped MBS

Counterparty	Amount at risk (in thousands)	Maturity
Bank of America, N.A.	$ 3,017	April 28, 2026
JP Morgan Chase Bank, N.A.	$ 20,267	April 6, 2026
Wells Fargo Bank, N.A.	$ 16,078	April 23, 2026
Santander US Capital Markets LLC	$ 15,202	April 15, 2026

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. There have been no significant changes in our critical accounting policies and estimates during the quarter ended March 31, 2026 as compared to the critical accounting policies and estimates disclosed in our Annual Report on Form 10-K for the year ended December 31, 2025.

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 fair value risk, interest rate risk and prepayment risk.

Fair Value Risk

Our IRLCs, mortgage loans held for sale, principal-only stripped MBS, MSRs and MSLs are reported at their fair values. The fair value of these assets fluctuates primarily due to changes in interest rates. The fair value risk we face is primarily attributable to interest rate risk and prepayment risk.

Interest Rate Risk

Interest rate risk is highly sensitive to many factors, including governmental monetary and tax policies, domestic and international economic and political considerations, and other factors beyond our control. Changes in interest rates affect both the fair value of, and interest income we earn from, our mortgage-related investments and our derivative financial instruments. This effect is most pronounced with fixed-rate mortgage assets.

In general, rising interest rates negatively affect the fair value of our IRLCs, inventory of mortgage loans held for sale, and principal-only stripped MBS and positively affect the fair value of our MSRs. Changes in interest rates significantly influence the prepayment speeds of the loans underlying our investments in MSRs, which can have a significant effect on their fair values. Changes in interest rate are most prominently reflected in the prepayment speeds of the loans underlying our investments in MSRs and the discount rate used in their valuation.

Our operating results will depend, in part, on differences between the income from our investments and our financing costs. Presently most of our secured debt financing is based on a floating rate of interest calculated on a fixed spread over the relevant index, as determined by the particular financing arrangement.

Prepayment Risk

To the extent that the actual prepayment rate on the mortgage loans underlying our MSRs differs from what we projected when we initially recognized these assets and liabilities when we measure fair value as of the end of each reporting period, the carrying value of these assets and liabilities will be affected. In general, a decrease in the principal balances of the mortgage loans underlying our MSRs or an increase in prepayment expectations will decrease our estimates of the fair value of the MSRs, thereby reducing net servicing income, partially offset by the beneficial effect on net servicing income of a corresponding reduction in the fair value of our MSLs and an increase in the fair value of our principal-only stripped MBS.

Risk Management Activities

We engage in risk management activities primarily in an effort to mitigate the effect of changes in interest rates on the fair value of our assets. To manage this price risk, we use derivative financial instruments acquired with the intention of moderating the risk that changes in market interest rates will result in unfavorable changes in the fair value of our assets, primarily prepayment exposure on our MSR investments as well as IRLCs and our inventory of loans held for sale. Our objective is to minimize our hedging expense and maximize our loss coverage based on a given hedge expense target. We do not use derivative financial instruments other than IRLCs for purposes other than in support of our risk management activities.

Our strategies are reviewed daily within a disciplined risk management framework. We use a variety of interest rate and spread shifts and scenarios and define target limits for market value and liquidity loss in those scenarios. With respect to our IRLCs and inventory of loans held for sale, we use MBS forward sale contracts to lock in the price at which we will sell the mortgage loans or resulting MBS, and further use MBS put options to mitigate the risk of our IRLCs not closing at the rate we expect. With respect to our MSRs, we seek to mitigate mortgage-based loss exposure utilizing MBS forward purchase and sale contracts and principal-only stripped MBS, address exposures to smaller interest rate shifts with Treasury and interest rate swap futures, and use options and swaptions to achieve target coverage levels for larger interest rate shocks.

Fair Value Sensitivities

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 inputs 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 Servicing Rights

The following tables summarize the estimated change in fair value of MSRs as of March 31, 2026, given several shifts in prepayment speeds, option adjusted spreads and annual per loan cost of servicing:

Change in fair value attributable to shift in:	-20%	-10%	-5%	+5%	+10%	+20%
			(in thousands)			
Prepayment speed	$ 595,840	$ 288,517	$ 142,022	$ (137,759)	$ (271,449)	$ (527,347)
Option adjusted spread	$ 432,462	$ 210,754	$ 104,058	$ (101,516)	$ (200,579)	$ (391,692)
Annual per-loan cost of servicing	$ 216,314	$ 108,157	$ 54,079	$ (54,079)	$ (108,157)	$ (216,314)

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, as amended (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 Rule 13a-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, the Company may be involved in various legal and regulatory proceedings, lawsuits and other claims arising in the ordinary course of its 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, results of operations, or cash flows of the Company.

Item 1A. Risk Factors

There have been no material changes from the risk factors set forth under Item 1A. For a discussion of our risk factors refer to our Annual Report on Form 10-K for the year ended December 31, 2025, filed with the SEC on February 20, 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.

Stock Repurchase Program

	Total number of shares purchased		Average price paid per share	Total number of shares purchased as part of publicly announced plans or program (1)		Approximate dollar value of shares that may yet be purchased under the plans or program (1)
January 1, 2026 – January 31, 2026	30,000	$	97.37	30,000	$	204,679,905
February 1, 2026 – February 28, 2026	166,409	$	92.59	166,409	$	189,272,321
March 1, 2026 – March 31, 2026	363,600	$	87.10	363,600	$	157,600,979
Total	560,009	$	89.28	560,009	$	157,600,979

(1) In August 2021, the Company's board of directors approved an increase to the Company's common stock repurchase program from $1 billion to $2 billion. The stock repurchase program does not require the Company to purchase a specific number of shares, and the timing and amount of any shares repurchased are based on market conditions and other factors, including price, regulatory requirements and capital availability. Stock repurchases may be affected 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 stock 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 directors 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: (1) 11,650 shares of the Company's common stock, (2) 5,120 shares of the Company's common stock underlying unexercised stock options, (3) Company common stock shares received upon the vesting of 448 time-based restricted stock units, and (4) Company common stock shares received upon the vesting of 1,764 performance-based restricted stock units assuming maximum level performance achievement. The trading plan will expire on June 30, 2027. 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 other directors or executive 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 001-35916 or 001-38727) Form	Filing Date
2.1	Contribution Agreement and Plan of Merger, dated as of August 2, 2018, by and among PennyMac Financial Services, Inc., New PennyMac Financial Services, Inc., New PennyMac Merger Sub, LLC, Private National Mortgage Acceptance Company, LLC, and the Contributors.	8-K12B	November 1, 2018
3.1	Amended and Restated Certificate of Incorporation of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
3.1.1	Certificate of Amendment to Amended and Restated Certificate of Incorporation of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
3.2	Amended and Restated Bylaws of New PennyMac Financial Services, Inc.	8-K12B	November 1, 2018
10.1†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Stock Option Award Agreement (2026).	*	
10.2†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Restricted Stock Unit Award Agreement (2026).	*	
10.3†	PennyMac Financial Services, Inc. 2022 Equity Incentive Plan Form of Performance Based Restricted Stock Unit Award Agreement (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 Income for the quarter ended March 31, 2026 and March 31, 2025, (iii) the Consolidated Statements of Changes in Stockholders' 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	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
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (embedded within the Inline XBRL document and contained in Exhibit 101).

*Filed herewith
**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, except as shall be expressly set forth by specific reference in such filing.

SIGNATURES

Pursuant to the requirements 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 FINANCIAL SERVICES, INC.

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 FINANCIAL SERVICES, INC.
2022 EQUITY INCENTIVE PLAN

STOCK OPTION AWARD AGREEMENT

THIS STOCK OPTION AWARD AGREEMENT (THE "AGREEMENT") is dated as of the Grant Date, between PennyMac Financial Services, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified in Section 1 below (the "Recipient").

1. Grant of Option. Pursuant and subject to the Company's 2022 Equity Incentive Plan (as the same may be amended from time to time, the "Plan"), the Company grants to the Recipient an option (this "Option") to purchase from the Company all or any part of a total of the number of shares identified in the table below (the "Optioned Shares") of Common Stock, par value $0.0001 per share, in the Company (the "Stock"), at the exercise price per share set out in the table below, subject to the terms and conditions of this Agreement.

Recipient	-
Number of Optioned Shares	-
Exercise Price Per Share	-
Grant Date	-
Vesting Commencement Date	-
Expiration Date	-

2. Character of Option. This Option is not intended to be treated as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

3. Expiration of Option. This Option shall expire at 5:00 p.m. PDT on the Expiration Date or, if earlier, the earliest of the dates specified in whichever of the following applies:

(a) If the termination of your employment or service with the Company and/or its Affiliates is due to any reason other than death, Disability, Retirement (as defined below in Section 4) or termination for Cause (as defined below), three (3) months after your employment or service with the Company and/or its Affiliates ends. "Cause" shall mean (i) your dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) your commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) your failure to perform your assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to you by the Company; (iv) your gross negligence, willful misconduct or insubordination with respect to the Company or any

Affiliate of the Company; or (v) your material violation of any provision of any agreement(s) between the grantee and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions.

(b) If the termination of your employment or service with the Company and/or its Affiliates is due to death or Disability, this Option shall expire on the Expiration Date.

(c) If the termination of your employment or service with the Company and/or its Affiliates is due to Retirement, this Option shall expire on the earlier of (i) the Expiration Date or (ii) if you do not sign the Retirement and Equity Award Vesting Agreement (as referenced below) within thirty (30) days of your Retirement or if the Company determines you have breached the Retirement and Equity Award Vesting Agreement you enter in connection with such Retirement, three (3) months after the date of the Company's written determination of such event.

(d) If the Company terminates your employment or service with the Company and/or its Affiliates for Cause, or at the termination of your employment or service the Company had grounds to terminate your employment or service for Cause (whether then or thereafter determined), this Option shall expire immediately upon such termination of your employment or service.

4. Vesting of Option; Retirement.

(a) Until this Option expires, you may exercise it as to the number of Optioned Shares which have vested ("Vested Shares"), in full or in part, at any time on or after the applicable exercise date or dates identified in the remainder of this Section. However, during any period that this Option remains outstanding after your employment or service with the Company and/or its Affiliates ends for any reason other than by reason of Retirement, you may exercise it only as to Optioned Shares which are Vested Shares immediately prior to the termination of your employment or service with the Company and/or its Affiliates. The procedure for exercising this Option is described in Section 7.1(e) of the Plan.

(b) One-third (1/3) of the Optioned Shares shall vest in a lump sum on each of the first, second, and third anniversaries of the Vesting Commencement Date specified above (each date, a "Vesting Date"), with any fractions rounded down except on the final installment (each such installment, a "Tranche"). Notwithstanding the foregoing, if your employment or service with the Company and/or its Affiliates ends due to your death or Disability prior to the final Vesting Date, then all unvested Optioned Shares will immediately vest and become exercisable as of the date of such cessation of services or employment, as applicable.

(c) If your employment or service with the Company and/or its Affiliates is terminated due to Retirement and the Company does not have grounds to terminate your employment or service for Cause, and provided you have executed and continue to comply with the terms of the Retirement and Equity Award Vesting Agreement in the form provided to you by the Company, then the Optioned Shares shall continue to be eligible to vest and become Vested Shares after the Retirement Date in accordance with the original terms and vesting schedule of this Option. "Retirement" shall mean voluntary termination of employment after the age of sixty (60) with at least ten (10) years of combined service to the Company and/or any of its subsidiaries; *provided, however*, that if you elect to terminate your employment in connection with a Retirement, you must provide the Company with a minimum of (x) six (6) months prior written notice of such Retirement if your title is at the senior vice president level and above, or (y) three (3) months prior written notice of such Retirement if your title is at the first vice president level and below.

(d) Notwithstanding anything to the contrary, if your employment or service with the Company and/or its Affiliates is terminated due to any other reason, then this Option shall be forfeited as to any unvested Optioned Shares as of the date of such termination.

5. Leaves of Absence. Military or sick leave shall be deemed a termination of your employment or service with the Company and/or its Affiliates only if it exceeds the longer of 90 days or the period during which your reemployment rights, if any, are guaranteed by statute or by contract.

6. Transfer of Option. You may not transfer this Option except by will or the laws of descent and distribution or pursuant to Section 7.6, and, during your lifetime, only you may exercise this Option.

7. Miscellaneous.

7.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of you.

7.2 No Special Service Rights. Nothing contained in this Agreement shall confer upon you any right with respect to the continuation of your employment or service with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of your employment or service with the Company and/or its Affiliates.

7.3 Entire Agreement; Counterparts. This Agreement, including the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument. In making proof of this Agreement it shall not be necessary to produce or account for more than one such counterpart.

7.4 Tax Consequences. The Company makes no representation or warranty as to the tax treatment to you of your receipt or exercise of this Option or upon your sale or other disposition of the Optioned Shares, and does not warrant to you that all compensation paid or delivered to you for your services will be exempt from, or paid in compliance with, Section

409A of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. You should rely on your own tax advisors for all such advice.

7.5 Community Property. To the extent you reside in a jurisdiction in which community property rules apply, without prejudice to the actual rights of the spouses as between each other, for all purposes of this Agreement, you shall be treated as agent and attorney-in-fact for that interest held or claimed by your spouse with respect to this Option and any Optioned Shares and the parties hereto shall act in all matters as if you were the sole owner of this Option and (following exercise) any such Optioned Shares. This appointment is coupled with an interest and is irrevocable.

7.6 Designation of Beneficiary. You may designate one or more beneficiaries with respect to any Options under this Agreement, provided that such designation is made on a form provided by the Company (attached as Exhibit A) and such beneficiaries are family members of yours or a trust established by you for estate planning purposes.

8. Receipt of Plan. This Option is granted subject to all of the applicable terms and provisions of the Plan, including but not limited to the limitations on the Company's obligation to deliver Optioned Shares upon exercise set forth in Section 10 (Settlement of Awards). All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed thereto in the Plan. You have reviewed and understand the Plan and this Agreement in their entirety, and have had an opportunity to obtain the advice of counsel prior to executing this Agreement. You hereby agree to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as a sealed instrument as of the date first above written.

PENNYMAC FINANCIAL SERVICES, INC.

By: _

Name: _

Title: _

Address: _

The Recipient:

By: _

Name: _

Title: _

Address: _

EXHIBIT A

PENNYMAC FINANCIAL SERVICES, INC. 2022 EQUITY INCENTIVE PLAN

BENEFICIARY DESIGNATION

In accordance with the terms and conditions of the PennyMac Financial Services, Inc. 2022 Equity Incentive Plan (the "Plan"), I hereby designate the following as my primary beneficiary(ies) to receive any payments or distributions under the Plan:

Name and Address (If Trust - Name of Trust and Trustee)	Social Sec. # (If Trust – Tax ID #)	Relationship	Date of Birth	Percentage

In the event the above-named primary beneficiary(ies) predecease(s) me, I designate the following as contingent beneficiary(ies):

Name and Address (If Trust - Name of Trust and Trustee)	Social Sec. # (If Trust – Tax ID #)	Relationship	Date of Birth	Percentage

I expressly revoke all prior designations of beneficiary(ies), reserve the right to change my beneficiary(ies) and agree the rights of beneficiary(ies) shall be subject to the terms of the Plan. In the event there is no beneficiary living at the time of my death, I understand the amounts payable under the Plan will be paid to my estate.

Date: __________________ ________________________
(Signature)

____
(Print or type name)

PENNYMAC FINANCIAL SERVICES, INC.
2022 EQUITY INCENTIVE PLAN

RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT (THE "AGREEMENT") is dated as of the Grant Date, between PennyMac Financial Services, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified in the table below (the "Recipient").

Recipient	_
Grant Date	____
Vesting Commencement Date	__________
Number of RSUs	_

1. Grant of Restricted Stock Units. Subject to the terms and conditions of this Agreement and the Company's 2022 Equity Incentive Plan, as the same may be amended, modified, supplemented or interpreted from time to time (the "Plan"), including without limitation the vesting provisions set forth in Section 2, the Company hereby grants to the Recipient, with effect as of the Grant Date specified above, the above indicated number of restricted stock units (the "RSUs") to obtain for each RSU that is subject to vesting based on continued service, one fully paid and nonassessable share of Common Stock, par value $0.0001 per share, in the Company (the "Stock").

2. Vesting and Settlement.

2.1 One-third (1/3) of the RSUs shall vest on each of the first, second, and third anniversaries of the Vesting Commencement Date specified above, subject to the Recipient's continued employment or service with the Company and/or its Affiliates through each such vesting date, except as provided below, with any fractions rounded down except on the final installment. The shares of Stock earned as such RSUs vest will be transferred or issued to the Recipient promptly after the applicable vesting date, but in any event not later than the 15th day of the third month following the end of the calendar year in which such RSUs become vested.

2.2 Until the RSUs vest and are issued pursuant to the terms of this Agreement, the Recipient shall have no voting or other ownership rights in the Company arising from the award of RSUs under this Agreement prior to the delivery of the shares of Stock upon the vesting of the RSUs underlying the award and delivery of the shares of Stock in settlement thereof.

2.3 If cash dividends are declared by the Company's Board of Directors on the Stock on or after the Grant Date and prior to the settlement of the RSU, cash dividend equivalents (the "Dividend Equivalents") shall accrue on the shares of Stock underlying RSUs, which Dividend Equivalents shall be subject to vesting and forfeiture on the same terms and conditions as the underlying RSUs. Such Dividend Equivalents will be in an amount of cash per RSU equal to the cash dividend paid with respect to a share of outstanding Stock and shall accrue to the Recipient on the record date of the applicable dividend. The Dividend Equivalents accrued prior to the settlement date of each vested RSU will be paid to the Recipient with respect to all vested RSUs as soon as administratively feasible after each settlement date (but in no event later than 45 days following each respective settlement date). The Dividend Equivalents accrued on shares of Stock underlying RSUs that do not vest and are forfeited shall be automatically forfeited without notice for no consideration on the date such RSU is forfeited.

2.4 The Recipient's name shall be entered as the stockholder of record on the books and records of the transfer agent for the Company with respect to the Stock issuable pursuant to Section 2.1 only upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements of this Agreement and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Recipient. Notwithstanding anything to the contrary in this Agreement, no Stock shall be issued in settlement of vested RSUs if the issuance of such shares would constitute a violation of any applicable federal or state securities law or other law or regulation. As a condition to the issuance of Stock to the Recipient pursuant to Section 2.1, the Company may require the Recipient to make any representation or warranty to the Company at the time vested Stock becomes issuable to the Recipient as in the opinion of legal counsel for the Company may be required by any applicable law or regulation, including the execution and delivery of an appropriate representation statement. Accordingly, the stock certificates for the Stock issued pursuant to this Award may bear appropriate legends restricting the transfer of the Stock.

3. Effect of Termination. Unless otherwise expressly provided herein, no RSUs shall vest following the date of the voluntary or involuntary termination of the Recipient's employment or service with the Company and/or its Affiliates, for any or no reason whatsoever (the Recipient's "Termination Date"); moreover*,* military or sick leave shall be deemed a termination of employment or service only if it exceeds the longer of 90 days or the period during which the Recipient's reemployment rights, if any, are guaranteed by statute or by contract. As of the Recipient's Termination Date, unless otherwise expressly provided herein, all of the then unvested RSUs and the corresponding Dividend Equivalents shall be forfeited by the Recipient or any transferee.

3.1 Termination of Employment Due to Retirement. Prior to the full vesting of the RSUs, (i) if the Recipient's employment or service with the Company and/or its Affiliates is terminated due to Retirement (as defined below) and the Company does not have grounds to terminate Recipient's employment or service for Cause (as defined below), and (ii) provided the Recipient has executed and continues to comply with the terms of the Retirement and Equity Award Vesting Agreement in a form provided to the Recipient by the Company, then the Recipient's RSUs shall continue to be eligible to vest after the Retirement Date in accordance with the original terms and vesting schedule of such RSUs. "Retirement" shall mean voluntary termination of employment after the age of sixty (60) with at least ten (10) years of combined service to the Company and/or any of its subsidiaries; *provided, however*, that if the Recipient elects to terminate employment in connection with a Retirement, the Recipient must provide the Company with a minimum of (x) six (6) months prior written notice of such

Retirement if such Recipient's title is at the senior vice president level and above, or (y) three (3) months prior written notice of such Retirement if such Recipient's title is at the first vice president level and below. "Cause" shall mean (i) Recipient's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) Recipient's commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) Recipient's failure to perform Recipient's assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to Recipient by the Company; (iv) Recipient's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; or (v) Recipient's material violation of any provision of any agreement(s) between Recipient and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions.

3.2 Termination of Employment Due to Death. If, prior to full vesting of the RSUs, the Recipient's employment or service with the Company and/or its Affiliates is terminated due to his/her death and the Company did not have grounds to terminate Recipient's employment or service for Cause at the time of death, then all of the Recipient's unvested RSUs shall vest immediately upon such termination.

3.3 Termination of Employment Due to Disability. If, prior to full vesting of the RSUs, the Recipient's employment or service with the Company and/or its Affiliates is terminated due to his/her Disability and the Company does not have grounds to terminate Recipient's employment or service for Cause, then all of the Recipient's unvested RSUs shall vest immediately upon such termination.

4. Restrictions on Transfer. The RSUs (including, without limitation, the corresponding Dividend Equivalents) may not be assigned or transferred (by operation of law or otherwise) except by will or the laws of descent and distribution.

5. Withholding Obligations.

5.1 At the time Recipient becomes entitled to receive a distribution of shares of Stock upon vesting of RSUs, Recipient authorizes the Company, at Company's sole discretion, to withhold from fully vested shares of Stock otherwise issuable to Recipient pursuant to such RSUs a number of shares of Stock having a Market Value, as determined by the Company as of the first business day immediately preceding the vesting date, equal to the withholding tax obligation in respect of the shares of Stock otherwise issuable to Recipient (the "Share Withholding Method").

5.2 Should Recipient become entitled to receive a distribution of shares of Stock upon vesting of RSUs at a time when the Share Withholding Method is not being utilized by the Company, Recipient authorizes the delivery of the shares of Stock to the Company's designated broker with instructions to (i) sell shares of Stock sufficient to satisfy the applicable withholding taxes which arise in connection with such distribution, and (ii) remit the proceeds of such sale to the Company ("Sale to Cover"). In the event the sale proceeds are insufficient to fully satisfy the applicable withholding taxes, Recipient authorizes withholding from payroll and any other amounts payable to Recipient, in the same calendar year, and otherwise agrees to make adequate provision through the submission of cash, a check or its equivalent for any sums required to satisfy the applicable withholding taxes.

Recipient is not aware of any material nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the designated broker from conducting sales as provided herein, does not have, and will not attempt to exercise, authority, influence or control over any sales of shares of Stock effected pursuant to this Section 5.2, and is entering into this Section 5.2 of the Agreement in good faith and not as part of a plan or scheme to evade compliance with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (regarding trading of the Company's securities on the basis of material nonpublic information). It is the intent of the parties that the Sale to Cover transactions pursuant to this Section 5.2 comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act, and the Agreement will be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

5.3 Unless the withholding tax obligations of the Company and/or any Affiliate thereof are satisfied, the Company shall have no obligation to deliver any shares of Stock on the Recipient's behalf upon vesting of RSUs or make any cash payments for settlement of Dividend Equivalents.

6. Miscellaneous.

6.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative the Recipient.

6.2 No Special Service Rights. Nothing contained in this Agreement shall confer upon the Recipient any right with respect to the continuation of his or her employment or service with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the Recipient's employment or service with the Company and/or its Affiliates.

6.3 Entire Agreement; Counterparts. This Agreement, including the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument. In making proof of this Agreement it shall not be necessary to produce or account for more than one such counterpart.

6.4 Tax Consequences. The Company makes no representation or warranty as to the tax treatment to the Recipient of receipt of these RSUs or the corresponding Dividend Equivalents, and does not warrant to the Recipient 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 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The Recipient should rely on his or her own tax advisors for all such advice.

6.5 Community Property. To the extent the Recipient resides in a jurisdiction in which community property rules apply, without prejudice to the actual rights of the spouses as between each other, for all purposes of this Agreement, the Recipient shall be treated as agent and attorney-in-fact for that interest held or claimed by the Recipient's spouse with respect to these RSUs and the parties hereto shall act in all matters as if the Recipient was the sole owner of these RSUs. This appointment is coupled with an interest and is irrevocable.

7. Receipt of Plan. The RSUs and the corresponding Dividend Equivalents were awarded under the Plan, to which this Agreement is subject in all respects, including without limitation the adjustment and tax withholding provisions therein. All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed thereto in the Plan. The Recipient has reviewed and understands the Plan and this Agreement in their entirety, and has had an opportunity to obtain the advice of counsel prior to executing this Agreement. The Recipient hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement.

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

PENNYMAC FINANCIAL SERVICES, INC.

By: _

Name: _

Title: _

Address: _

The Recipient:

By: _

Name: _

Title: _

Address: _

EXHIBIT 10.3

PENNYMAC FINANCIAL SERVICES, INC.
2022 EQUITY INCENTIVE PLAN

PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS PERFORMANCE BASED RESTRICTED STOCK UNIT AWARD AGREEMENT (THE "AGREEMENT") is dated as of the Grant Date, between PennyMac Financial Services, Inc., a corporation organized under the laws of the State of Delaware (the "Company"), and the individual identified in the table below (the "Recipient").

Recipient	_
Grant Date	_
Number of RSUs	_
Performance Period	_

1. Grant of Restricted Stock Units. Subject to the terms and conditions of this Agreement and the Company's 2022 Equity Incentive Plan, as the same may be amended, modified, supplemented or interpreted from time to time (the "Plan"), including without limitation the vesting provisions set forth in Section 2, the Company hereby grants to the Recipient, with effect as of the Grant Date specified above, the above indicated number of restricted stock units (the "RSUs") to obtain for each RSU that is subject to vesting based on the satisfaction of performance components, one fully paid and nonassessable share of Common Stock, par value $0.0001 per share, in the Company (the "Stock") if (a) the Variance to Target is 0% for performance components 1 and 2, and (b) the Rating is 4 for performance component 3, all as set forth on Exhibit A attached hereto, or such greater number (up to a maximum of 3.0 shares of Stock) or lesser number as is obtained by applying the sliding scale percentage factors that are to be applied to the various performance components as set forth on such Exhibit A.

2. Vesting and Settlement.

2.1 The RSUs are subject to cumulative achievement of goals based on the following performance components: (1) the Company's Return on Equity, (2) the Company's Leverage Ratio, and (3) the Recipient's Individual Effectiveness, in the amounts and each as further described in Exhibit A attached hereto. The RSUs shall vest in a lump sum on the date the Committee determines that the goals based on the performance components have been satisfied, subject to the Recipient's continued employment or service with the Company and/or its Affiliates through such determination date. The Recipient's satisfaction of goals based on performance components shall be determined by the Committee in its sole discretion. The shares of Stock earned as such RSUs vest will be transferred or issued to the Recipient (or his or her estate, in the event of his or her death) promptly after the vesting date, but in any event not later than the 15th day of the third month following the end of the calendar year in which such RSUs become vested. Notwithstanding anything to the contrary in this Agreement, if any settlement of RSUs would otherwise result in the issuance of a fractional share to the Recipient after aggregating all shares and fractional shares to be issued to the Recipient in connection with such settlement, then any such final fractional share shall be eliminated and the Company shall pay to the Recipient, in lieu thereof, cash in an amount equal to (i) the average closing price of a share of Stock during the 10 most recent trading days prior to the date of issuance of the other shares issued in settlement of such RSU, multiplied by (ii) such fractional amount.

2.2 Until the RSUs vest and are issued pursuant to the terms of this Agreement, the Recipient shall have no voting or other ownership rights in the Company arising from the award of RSUs under this Agreement prior to the delivery of the shares of Stock upon the vesting of the RSUs underlying the award and delivery of the shares of Stock in settlement thereof.

2.3 If cash dividends are declared by the Company's Board of Directors on the Stock on or after the Grant Date and prior to the settlement of the RSU, cash dividend equivalents (the "Dividend Equivalents") shall accrue on the shares of Stock underlying RSUs, which Dividend Equivalents shall be subject to vesting and forfeiture on the same terms and conditions as the underlying RSUs. Such Dividend Equivalents will be in an amount of cash per RSU equal to the cash dividend paid with respect to a share of outstanding Stock and shall accrue to the Recipient on the record date of the applicable dividend. The Dividend Equivalents accrued prior to the settlement date of each RSU will be paid to the Recipient with respect to all vested RSUs as soon as administratively feasible after each settlement date (but in no event later than 45 days following each respective settlement date). The Dividend Equivalents accrued on shares of Stock underlying RSUs that do not vest and are forfeited shall be automatically forfeited without notice for no consideration on the date such RSU is forfeited.

2.4 The Recipient's name shall be entered as the stockholder of record on the books and records of the transfer agent for the Company with respect to the Stock issuable pursuant to Section 2.1 only upon compliance to the satisfaction of the Committee with all requirements under applicable laws or regulations in connection with such issuance and with the requirements of this Agreement and of the Plan. The determination of the Committee as to such compliance shall be final and binding on the Recipient. Notwithstanding anything to the contrary in this Agreement, no Stock shall be issued in settlement of vested RSUs if the issuance of such shares would constitute a violation of any applicable federal or state securities law or other law or regulation. As a condition to the issuance of Stock to the Recipient pursuant to Section 2.1, the Company may require the Recipient to make any representation or warranty to the Company at the time vested Stock becomes issuable to the Recipient as in the opinion of legal counsel for the Company may be required by any applicable law or regulation, including the execution and delivery of an appropriate representation statement. Accordingly, the stock certificates for the Stock issued pursuant to this Award may bear appropriate legends restricting the transfer of the Stock.

3. Effect of Termination. Unless otherwise expressly provided herein, no RSUs shall vest following the date of the voluntary or involuntary termination of the Recipient's employment or service with the Company and/or its Affiliates, for any or no reason whatsoever (the Recipient's "Termination Date"); moreover, military or sick leave shall be deemed a termination of employment or service only if it exceeds the longer of 90 days or the period during which the Recipient's reemployment rights, if any, are guaranteed by statute or by contract. As of the Recipient's Termination Date, unless otherwise expressly provided herein, all of the then unvested RSUs and the corresponding Dividend Equivalents shall be forfeited by the Recipient or any transferee.

3.1 Termination of Employment Due to Retirement. Prior to the vesting and settlement of the RSUs, (i) if the Recipient's employment or service with the Company and/or its Affiliates is terminated due to Retirement (as defined below) and the Company does not have grounds to terminate Recipient's employment or service for Cause (as defined below), and (ii) provided the Recipient has executed and continues to comply with the terms of the Retirement and Equity Award Vesting Agreement in a form provided to the Recipient by the Company, then the Recipient's RSUs shall be eligible to continue to vest after the Retirement Date in accordance with the original terms of such RSUs. "Retirement" shall mean voluntary termination of employment after the age of sixty (60) with at least ten (10) years of combined service to the Company and/or any of its subsidiaries; *provided, however*, that if the Recipient elects to terminate employment in connection with a Retirement, the Recipient must provide the Company with a minimum of (x) six (6) months prior written notice of such Retirement if such Recipient's title is at the senior vice president level and above, or (y) three (3) months prior written notice of such Retirement if such Recipient's title is at the first vice president level and below. "Cause" shall mean (i) Recipient's dishonest statements or acts with respect to the Company or any Affiliate of the Company, or any current or prospective customers, suppliers vendors or other third parties with which such entity does business; (ii) Recipient's commission of (A) a felony or (B) any misdemeanor involving moral turpitude, deceit, dishonesty or fraud; (iii) Recipient's failure to perform Recipient's assigned duties and responsibilities to the reasonable satisfaction of the Company which failure continues, in the reasonable judgment of the Company, after written notice given to Recipient by the Company; (iv) Recipient's gross negligence, willful misconduct or insubordination with respect to the Company or any Affiliate of the Company; or (v) Recipient's material violation of any provision of any agreement(s) between Recipient and the Company relating to noncompetition, nonsolicitation, nondisclosure and/or assignment of inventions

3.2 Termination of Employment Due to Death. If, prior to vesting and settlement of the RSUs, the Recipient's employment or service with the Company and/or its Affiliates is terminated due to his/her death and the Company did not have grounds to terminate Recipient's employment or service for Cause at the time of death, then all of the Recipient's unvested RSUs shall vest and be settled in a number of shares of Stock based on the Company's cumulative performance achievement during the performance period and through the most recent fiscal quarter end and not to exceed 100% payout if such termination due to death occurs prior to the end of the performance period;.

3.3 Termination of Employment Due to Disability. If, prior to vesting and settlement of the RSUs, the Recipient's employment or service with the Company and/or its Affiliates is terminated due to his/her Disability and the Company does not have grounds to terminate Recipient's employment or service for Cause, then all of the Recipient's unvested RSUs shall vest and be settled in a number of shares of Stock based on the Company's cumulative performance achievement during the performance period and through the most recent fiscal quarter end and not to exceed 100% payout if such termination due to Disability occurs prior to the end of the performance period;.

4. Restrictions on Transfer. The RSUs (including, without limitation, the corresponding Dividend Equivalents) may not be assigned or transferred (by operation of law or otherwise) except by will or the laws of descent and distribution.

5. Withholding Obligations.

5.1 At the time Recipient becomes entitled to receive a distribution of shares of Stock upon vesting of RSUs, Recipient authorizes the Company, at Company's sole discretion, to withhold from fully vested shares of Stock otherwise issuable to Recipient pursuant to such RSUs a number of shares of Stock having a Market Value, as determined by the Company as of the first business day immediately preceding the vesting date, equal to the withholding tax obligation in respect of the shares of Stock otherwise issuable to Recipient (the "Share Withholding Method").

5.2 Should Recipient become entitled to receive a distribution of shares of Stock upon vesting of RSUs at a time when the Share Withholding Method is not being utilized by the Company, Recipient authorizes the delivery of the shares of Stock to the Company's designated broker with instructions to (i) sell shares of Stock sufficient to satisfy the applicable withholding taxes which arise in connection with such distribution, and (ii) remit the proceeds of such sale to the Company ("Sale to Cover"). In the event the sale proceeds are insufficient to fully satisfy the applicable withholding taxes, Recipient authorizes withholding from payroll and any other amounts payable to Recipient, in the same calendar year, and otherwise agrees to make adequate provision through the submission of cash, a check or its equivalent for any sums required to satisfy the applicable withholding taxes.

Recipient is not aware of any material nonpublic information with respect to the Company or any securities of the Company, is not subject to any legal, regulatory or contractual restriction that would prevent the designated broker from conducting sales as provided herein, does not have, and will not attempt to exercise, authority, influence or control over any sales of shares of Stock effected pursuant to this Section 5.2, and is entering into this Section 5.2 of the Agreement in good faith and not as part of a plan or scheme to evade compliance with the requirements of Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (regarding trading of the Company's securities on the basis of material nonpublic information). It is the intent of the parties that the Sale to Cover transactions pursuant to this Section 5.2 comply with the requirements of Rule 10b5-1(c)(1)(i)(B) under the Exchange Act, and the Agreement will be interpreted to comply with the requirements of Rule 10b5-1(c) under the Exchange Act.

5.3 Unless the withholding tax obligations of the Company and/or any Affiliate thereof are satisfied, the Company shall have no obligation to deliver any shares of Stock on the Recipient's behalf upon vesting of RSUs or make any cash payments for settlement of Dividend Equivalents.

6. Miscellaneous.

6.1 Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Delaware, without regard to the conflict of laws principles thereof and shall be binding upon and inure to the benefit of any successor or assign of the Company and any executor, administrator, trustee, guardian, or other legal representative of the Recipient.

6.2 No Special Service Rights. Nothing contained in this Agreement shall confer upon the Recipient any right with respect to the continuation of his or her employment or service with the Company (or any Affiliate), or interfere in any way with the right of the Company (or any Affiliate), subject to the terms of any separate employment or consulting agreement or provision of law or corporate articles or by-laws to the contrary, at any time to terminate such employment or consulting agreement or to increase or decrease, or otherwise adjust, the other terms and conditions of the Recipient's employment or service with the Company and/or its Affiliates.

6.3 Entire Agreement; Counterparts. This Agreement, including the Plan, constitute the entire agreement of the parties with respect to the subject matter hereof. This Agreement may be executed in any number of counterparts, each of which shall be an original and all of which, taken together, shall constitute one and the same instrument. In making proof of this Agreement it shall not be necessary to produce or account for more than one such counterpart.

6.4 Tax Consequences. The Company makes no representation or warranty as to the tax treatment to the Recipient of receipt of these RSUs or the corresponding Dividend Equivalents, and does not warrant to the Recipient 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 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder. The Recipient should rely on his or her own tax advisors for all such advice.

6.5 Community Property. To the extent the Recipient resides in a jurisdiction in which community property rules apply, without prejudice to the actual rights of the spouses as between each other, for all purposes of this Agreement, the Recipient shall be treated as agent and attorney-in-fact for that interest held or claimed by the Recipient's spouse with respect to these RSUs and the parties hereto shall act in all matters as if the Recipient was the sole owner of these RSUs. This appointment is coupled with an interest and is irrevocable.

7. Receipt of Plan. The RSUs and the corresponding Dividend Equivalents were awarded under the Plan, to which this Agreement is subject in all respects, including without limitation the adjustment and tax withholding provisions therein. All capitalized terms used in this Agreement and not otherwise defined shall have the meanings ascribed thereto in the Plan. The Recipient has reviewed and understands the Plan and this Agreement in their entirety, and has had an opportunity to obtain the advice of counsel prior to executing this Agreement. The Recipient hereby agrees to accept as binding, conclusive and final all decisions or interpretations of the Administrator upon any questions arising under the Plan or this Agreement.

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

PENNYMAC FINANCIAL SERVICES, INC.

By: _

Name: _

Title: _

Address: _

The Recipient:

By: _

Name: _

Title: _

Address: _

EXHIBIT A

PFSI 2022 Equity Incentive Plan Performance Objectives

	Component	Comments	Target	% of Total
Award Components	1. PFSI Return on Equity (ROE)	ROE is the amount of net income returned as an annualized percentage of average month-end equity. ROE measures a company's profitability by revealing how much profit a company generates with the money equity holders have invested, including profits retained by the company. ROE = Net Income ÷ Average Month- End Equity ÷ Years in Measurement Period. The performance measurement period will be 1/1/2026 through 12/31/2028.		
	2. PFSI Non-Funding Leverage Ratio	Non-Funding Leverage Ratio is the average of the ratio at the end of each quarter of the performance measurement period of the amount of (a) total debt less revolving or repurchase debt funding our held-for-sale loan inventory or securities holdings to (b) total equity.		
	3. Individual Effectiveness	Award "modifier" based on individual overall achievement of goals for the three grant period years.		

	Achievement	Factor	
Pay-Out Scale for Component 1			

	Achievement	Factor	
Multiplier Scale for Component 2			

	Rating	Factor	Description
Multiplier Scale for Component 3			On Track
			Needs Improvement
			Falling Short
			Unsatisfactory

Exhibit 31.1

CERTIFICATION

I, David A. Spector, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PennyMac Financial Services, Inc.;

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 13(a)-15(e) and 15(d)-15(e)) 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 Directors (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

By: /s/ David A. Spector
David A. Spector
Chairman and Chief Executive Officer
(Principal Executive Officer)

Exhibit 31.2

CERTIFICATION

I, Daniel S. Perotti, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of PennyMac Financial Services, Inc.;

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 13(a)-15(e) and 15(d)-15(e)) 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 Directors (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

By: /s/ Daniel S. Perotti
Daniel S. Perotti
Senior Managing Director and Chief Financial Officer
(Principal Financial Officer)

Exhibit 32.1

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 Financial Services, Inc. (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, 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, to the best of my knowledge, 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.

Date: May 5, 2026

By:/s/ David A. Spector
David A. Spector
Chairman and Chief Executive Officer
(Principal Executive Officer)

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 Financial Services, Inc. and will be retained by PennyMac Financial Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

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 Financial Services, Inc. (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, to the best of my knowledge, 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.

Date: May 5, 2026

By:/s/ Daniel S. Perotti
Daniel S. Perotti
Senior Managing Director and Chief Financial Officer
(Principal Financial Officer)

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 Financial Services, Inc. and will be retained by PennyMac Financial Services, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.