PENNYMAC
MORTGAGE INVESTMENT TRUST

# 1Q25 EARNINGS REPORT

PennyMac Mortgage Investment Trust

April 2025

# FORWARD LOOKING STATEMENTS

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding management's beliefs, estimates, projections and assumptions with respect to, among other things, the Company's financial results, future operations, business plans and investment strategies, as well as industry and market conditions, all of which are subject to change. Words like "believe," "expect," "anticipate," "promise," "plan," and other expressions or words of similar meanings, as well as future or conditional verbs such as "will," "would," "should," "could," or "may" are generally intended to identify forward-looking statements. Actual results and operations for any future period may vary materially from those projected herein and from past results discussed herein. These forward-looking statements include, but are not limited to, statements regarding future changes in interest rates, housing, and prepayment rates; future loan originations and production; future loan delinquencies, defaults and forbearances; future investment and hedge expenses; future investment strategies, future earnings and return on equity as well as other business and financial expectations. Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: changes in interest rates; the Company's ability to comply with various federal, state and local laws and regulations that govern its business; the general economy or the real estate finance and real estate markets; events or circumstances which undermine confidence in the financial and housing markets or otherwise have a broad impact on financial and housing markets; changes in real estate values, housing prices and housing sales; changes in macroeconomic, consumer and real estate market conditions; the degree and nature of the Company's competition; the availability of, and level of competition for, attractive risk adjusted investment opportunities in mortgage loans and mortgage related assets that satisfy the Company's investment objectives; the inherent difficulty in winning bids to acquire mortgage loans, and the Company's success in doing so; the concentration of credit risks to which the Company is exposed; the Company's dependence on and potential conflicts with its manager, servicer and their affiliates; the Company's ability to mitigate cybersecurity risks, cybersecurity incidents and technology disruptions; the development of artificial intelligence; the availability, terms and deployment of short term and long term capital; the adequacy of the Company's cash reserves and working capital; the Company's ability to maintain the desired relationship between its financing and the interest rates and maturities of its assets; the timing and amount of cash flows, if any, from the Company' s investments; the Company's substantial amount of indebtedness; the performance, financial condition and liquidity of borrowers; the Company's exposure to risks of loss and disruptions in operations resulting from severe weather events, man-made or other natural conditions, including climate change and pandemics; the ability of the Company's servicer, which also provides the Company with fulfillment services, to approve and monitor correspondent sellers and underwrite loans to investor standards; incomplete or inaccurate information or documentation provided by customers or counterparties, or adverse changes in the financial condition of the Company's customers and counterparties; the Company's indemnification and repurchase obligations in connection with mortgage loans it purchases and later sells or securitizes; the quality and enforceability of the collateral documentation evidencing the Company' s ownership and rights in the assets in which it invests; increased rates of delinquency, defaults and forbearances and/or decreased recovery rates on the Company's investments; the performance of mortgage loans underlying mortgage backed securities in which the Company retains credit risk; the Company's ability to foreclose on its investments in a timely manner or at all; increased prepayments of the mortgages and other loans underlying the Company's mortgage backed securities or relating to the Company's mortgage servicing rights and other investments; risks associated with the discontinuation of LIBOR; the degree to which the Company's hedging strategies may or may not protect it from interest rate volatility; the effect of the accuracy of or changes in the estimates the Company makes about uncertainties, contingencies and asset and liability valuations when measuring and reporting upon the Company's financial condition and results of operations; the Company's ability to maintain appropriate internal control over financial reporting; the Company's ability to detect misconduct and fraud; developments in the secondary markets for the Company's mortgage loan products; legislative and regulatory changes that impact the mortgage loan industry or housing market regulatory or other changes that impact government agencies or government sponsored entities, or such changes that increase the cost of doing business with such agencies or entities; federal and state mortgage regulations and enforcement; changes in government support of homeownership; changes in government or government sponsored home affordability programs; changes in the Company's investment objectives or investment or operational strategies, including any new lines of business or new products and services that may subject it to additional risks volatility in the Company's industry, the debt or equity markets; limitations imposed on the Company's business and its ability to satisfy complex rules for it to qualify as a REIT for U.S. federal income tax purposes and qualify for an exclusion from the Investment Company Act of 1940 and the ability of certain of the Company's subsidiaries to qualify as REITs or as taxable REIT subsidiaries for U.S. federal income tax purposes; changes in governmental regulations, accounting treatment, tax rates and similar matters; the Company's ability to make distributions to its shareholders in the future; the Company's failure to deal appropriately with issues that may give rise to reputational risk; and the Company's organizational structure and certain requirements in its charter documents. You should not place undue reliance on any forward-looking statement and should consider all of the uncertainties and risks described above, as well as those more fully discussed in reports and other documents filed by the Company with the Securities and Exchange Commission from time to time. The Company undertakes no obligation to publicly update or revise any forward-looking statements or any other information contained herein, and the statements made in this presentation are current as of the date of this presentation only.

This presentation contains financial information calculated other than in accordance with U.S. generally accepted accounting principles ("GAAP"), such as income excluding market driven value changes that provide a meaningful perspective on the Company's business results since the Company utilizes this information to evaluate and manage the business. Non-GAAP disclosures have limitations as an analytical tool and should not be viewed as a substitute for financial information determined in accordance with GAAP.

# FIRST QUARTER HIGHLIGHTS

## Strong levels of income excluding market driven value changes offset by fair value declines

### 1Q25 Results

Net loss attributable to common shareholders[1]
**$(1)mm**

Diluted EPS[3]
**$(0.01)**

Return on average common equity[2]
**0%**

Book value per share
**$15.43**

Dividend per common share
**$0.40**

### CREDIT SENSITIVE STRATEGIES

| Pretax income | Pretax income excluding market driven value changes[4] | Net new investments in credit sub-bonds from PMT securitizations | Fair value of organically-created CRT[3] investments |
|---|---|---|---|
| **$1mm** | **$14mm** | **$66mm** | **$1.1bn** |

### INTEREST RATE SENSITIVE STRATEGIES

| Pretax loss | Pretax income excluding market driven value changes[4] | New investments in MSR[3] | Net new investments in senior bonds from PMT securitizations | Fair value of MSR investments |
|---|---|---|---|---|
| **$(5)mm** | **$27mm** | **$47mm** | **$29mm** | **$3.8bn** |

### CORRESPONDENT PRODUCTION

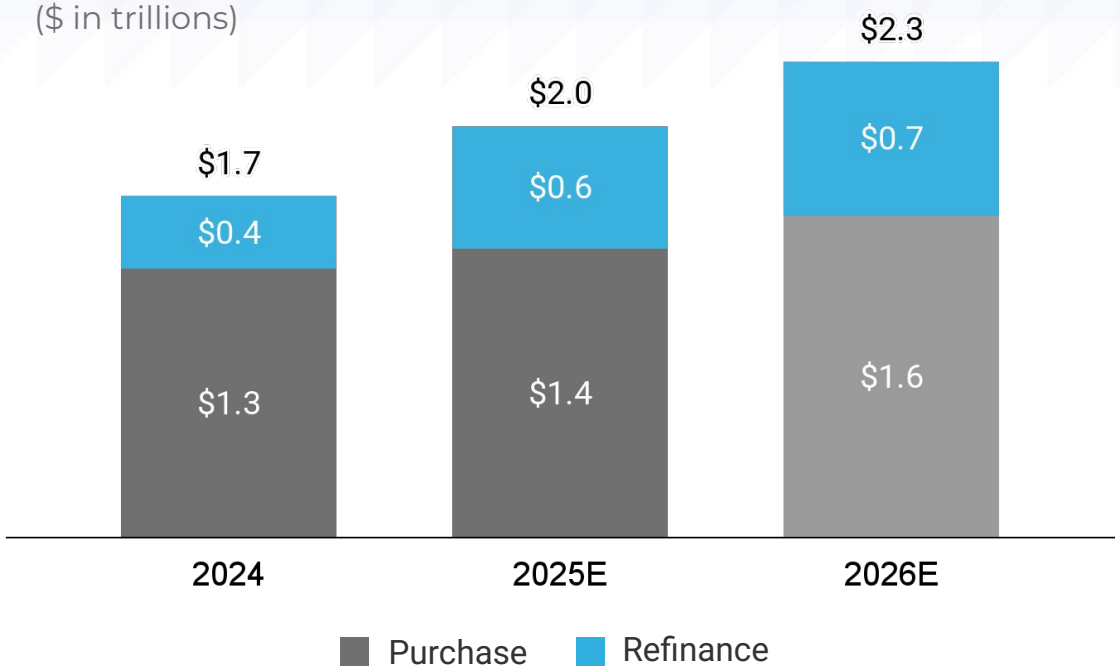
| Pretax income | PMT correspondent production volume (UPB)[3][5] |
|---|---|
| **$10mm** | **$2.8bn** |

Note: All figures are for 1Q25 or are as of 3/31/25
(1) Net loss attributable to common shareholders includes a tax benefit of $16 million
(2) Return on average common equity is calculated based on net income attributable to common shareholders as a percentage of monthly average common equity during the quarter
(3) EPS = earnings per share; CRT = credit risk transfer; MSR = mortgage servicing rights; UPB = unpaid principal balance
(4) Excludes $13 million of market-driven value losses in the credit sensitive strategies and $33 million of market-driven value losses in the interest rate sensitive strategies - see slide 12
(5) Excludes $9 billion in UPB of conventional loan production which was for PFSI's account; also excludes $637 million in UPB of loans acquired or originated by PFSI

# ORIGINATION MARKET EXPECTATIONS REFLECT GROWTH

## U.S. Mortgage Origination Market[1]

($ in trillions)




## Mortgage Rates Remain Elevated



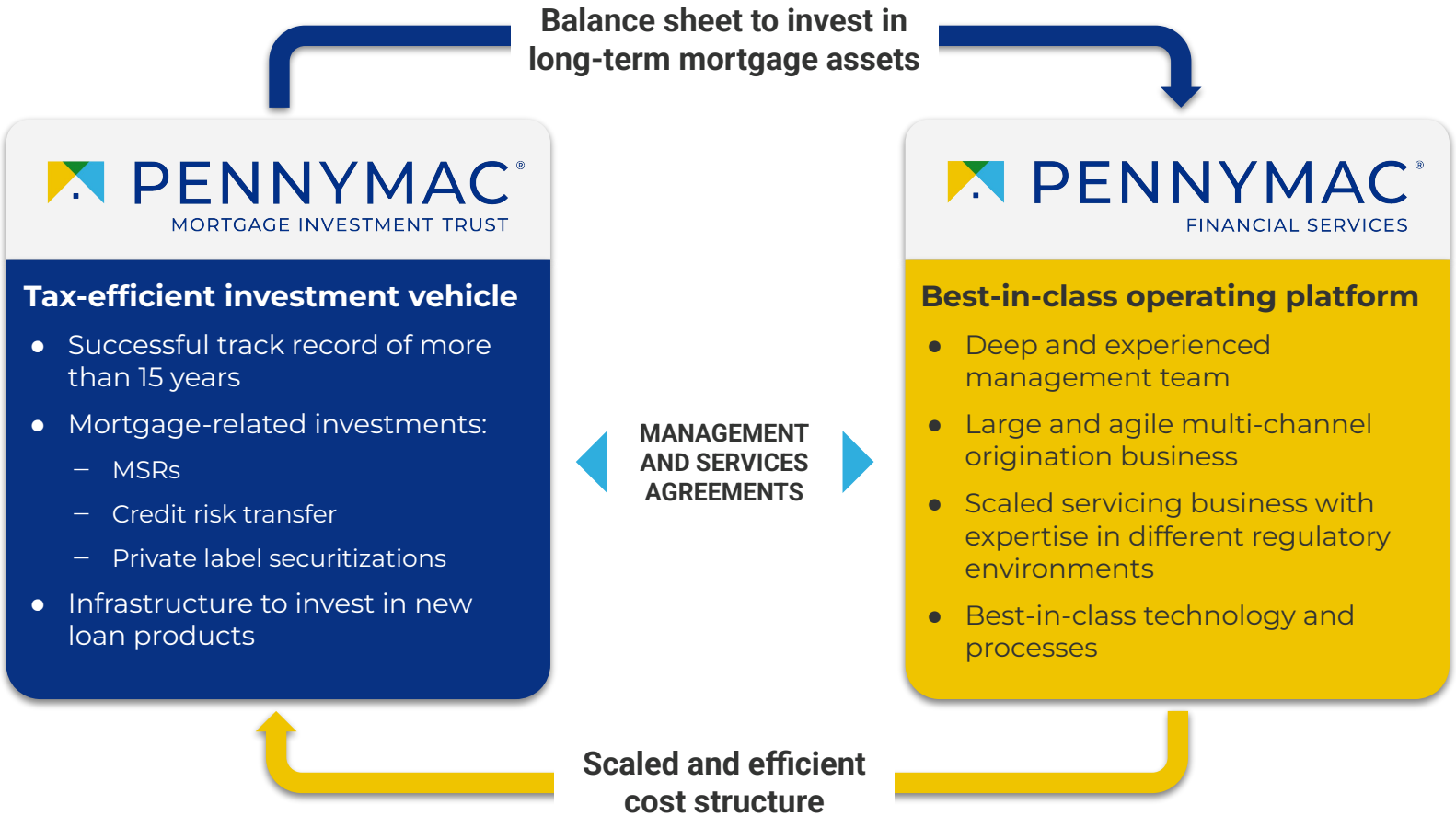

- Current third-party estimates for industry originations average $2.0 trillion in 2025, reflecting projections for growth in overall volumes
- Mortgage REITs with diversified investment portfolios, efficient cost structures and strong risk management practices such as PMT are best-positioned to manage through volatility presented by the current market environment

Note: Figures may not sum due to rounding

(1) Actual originations: Inside Mortgage Finance. Forecast originations: Average of Mortgage Bankers Association (4/11/25) and Fannie Mae (3/12/25) forecasts.

(2) Freddie Mac Primary Mortgage Market Survey. 6.83% as of 4/17/25

# SYNERGISTIC RELATIONSHIP WITH PFSI IS A UNIQUE AND PROVEN COMPETITIVE ADVANTAGE



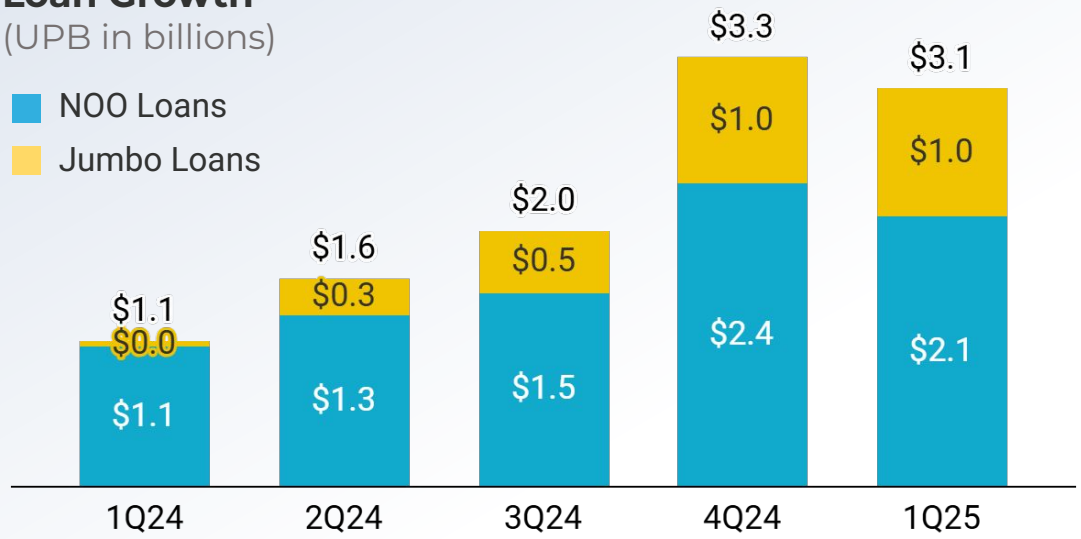

**Strategically well-positioned in a market characterized by consolidation and changes in the regulatory environment**

- Leverages PFSI's expertise in mortgage production, servicing, and investment management, thereby reducing operational risk
- Provides PMT with unique access to a consistent pipeline of loans for investments at attractive returns
- If the GSEs reduce their footprint, both entities can capitalize on the evolving landscape for secondary market execution, including private label securitizations

# ORGANIC INVESTMENT CREATION DRIVEN BY PRIVATE LABEL SECURITIZATION ACTIVITY

## Aggregate Non-Owner Occupied (NOO) and Jumbo Loan Growth[(1)]

(UPB in billions)




## Increased Private Label Securitization Activity

- Synergistic relationship with PFSI provides PMT with unique access to a consistent pipeline of loans for inclusion in private label securitizations
- Growth in volumes of NOO loans due to strong investor demand
- Growth in volumes of jumbo loans as banks shift their strategic focus

- PMT has been and expects to continue closing approximately one securitization of NOO loans per month; in addition, we currently expect to close approximately one jumbo securitization per quarter beginning in 2Q25
- PMT has been among the largest issuers of private label securitizations in recent periods
  - In 1Q25 PMT closed three securitizations of NOO loans totaling $1.0 billion in UPB with $94 million of retained investments
  - After quarter end, PMT closed an additional securitization of NOO loans totaling $354 million in UPB with $23 million of retained investments
- Targeted returns on equity for these investments in the low-to-mid teens, with the ability to influence the credit outcome for borrowers given our position as servicer of the underlying loans

Note: Figures may not sum due to rounding
(1) Includes loans originated or acquired for both PFSI and PMT

# SEASONED INVESTMENT PORTFOLIO EXPECTED TO PERFORM WELL OVER LONG-TERM

**Nearly two-thirds of PMT's shareholders' equity is deployed to seasoned investments in MSRs and PMT's unique GSE credit risk transfer investments with strong underlying fundamentals**

## Mortgage Servicing Rights
(46% of shareholders' equity)

- Stable cash flows over extended expected life
  - WAC(1) of 3.8%; majority of loans significantly out of the money
- Decreased sensitivity of fair values at higher market interest rates
- Elevated placement fee income from higher short-term rates

## PMT GSE Credit Risk Transfer
(16% of shareholders' equity)

- Seasoned loans originated from 2015 – 2020 at low WACs
- Realized lifetime losses expected to be limited

## Strong long-term expected risk-adjusted returns supported by:

- Underlying, high-quality conventional loan borrowers
- Low delinquencies and LTV(1) ratios, driven by mortgages with low rates and substantial accumulation of home equity
- Higher interest rates, implying slower runoff and extended asset life
- PFSI's industry-leading servicing capabilities

(1) WAC = Weighted average coupon; LTV = Loan-to-value

# RUN-RATE RETURN POTENTIAL FROM PMT'S INVESTMENT STRATEGIES

| | Annualized Return on Equity (ROE) | WA Equity Allocated (%)[1] |
|---|---|---|
| **Credit sensitive strategies:** | | |
| PMT GSE credit risk transfer | 13.7% | 15% |
| Other GSE Credit Risk Transfer (CAS & STACR) | 15.5% | 5% |
| Non-Agency Subordinate MBS | 12.7% | 4% |
| Other credit sensitive strategies | 1.0% | 0% |
| **Net credit sensitive strategies** | **13.8%** | **24%** |
| **Interest rate sensitive strategies:** | | |
| MSRs (inc. recapture) | 11.3% | 46% |
| Agency MBS (inc. Agency PO & IO securitization) | 35.8% | 7% |
| Non-Agency Senior & IO MBS | 14.2% | 5% |
| Interest rate hedges[2] | -2.5% | 0% |
| **Net interest rate sensitive strategies** | **12.0%** | **58%** |
| **Correspondent production** | **15.6%** | **7%** |
| Cash, short term investments, and other | 2.8% | 11% |
| Management fees & corporate expenses[3] | -3.0% | 0% |
| **Net Corporate[3]** | **-2.7%** | **11%** |
| Provision for income tax expense | -0.1% | |
| **Net income** | **8.5%** | **100%** |
| **Dividends on preferred stock** | **7.7%** | **28%** |
| **Net income attributable to common shareholders** | **8.9%** | **72%** |
| **Average Diluted EPS Per Quarter** | **$ 0.35** | |

- Represents the average annualized return and quarterly earnings potential expected from its strategies over the next four quarters
- Reflects performance expectations in the current mortgage market
  - Return potential for the credit sensitive strategies increased slightly due to higher expected yields as credit spreads widened
  - Return potential for the interest rate sensitive strategies declined due to compression between longer-dated asset yields and short-term financing rates since the beginning of the year
  - Expected returns on interest rate sensitive assets have potential to improve if the yield curve steepens, which would drive an increase in the overall run rate

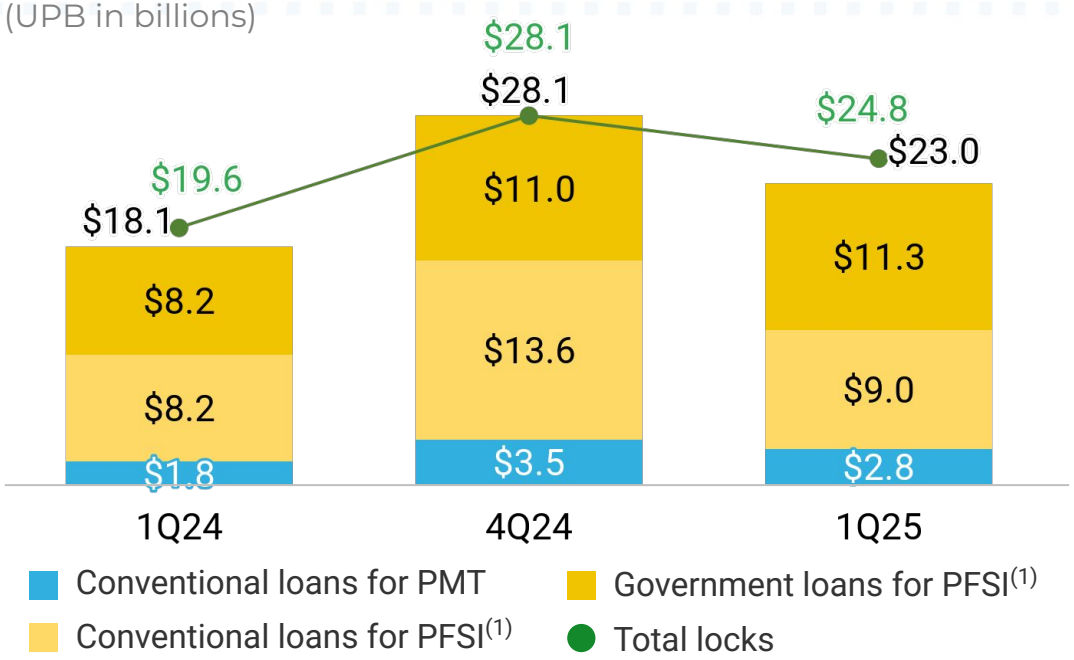
Note: This slide presents estimates for illustrative purposes only, using PMT's base case assumptions (e.g., for credit performance, prepayment speeds, financing economics, and loss treatment for CRT transactions), and does not contemplate market-driven value changes other than realization of cash flows and hedge costs, or significant changes or shocks to current market conditions; actual results may differ materially

(1) Equity allocated represents management's internal allocation; certain financing balances and associated interest expenses are allocated between investments based on management's assessment of target leverage ratios and required capital or liquidity to support the investment
(2) ROE calculated as a percentage of segment equity
(3) ROE calculated as a percentage of total equity

# CORRESPONDENT PRODUCTION HIGHLIGHTS

## Correspondent Acquisition Volume and Mix

(UPB in billions)




| Key Financial Metrics | 4Q24 | 1Q25 |
|---|---|---|
| Segment pretax income as a percentage of interest rate lock commitments(2) | 0.70% | 0.37% |
| Fulfillment fee as a percentage of acquisitions funded(3) | 0.18% | 0.19% |

| Selected Operational Metrics | 4Q24 | 1Q25 |
|---|---|---|
| Correspondent seller relationships | 789 | 787 |
| Purchase money loans as a percentage of total acquisitions | 87% | 89% |

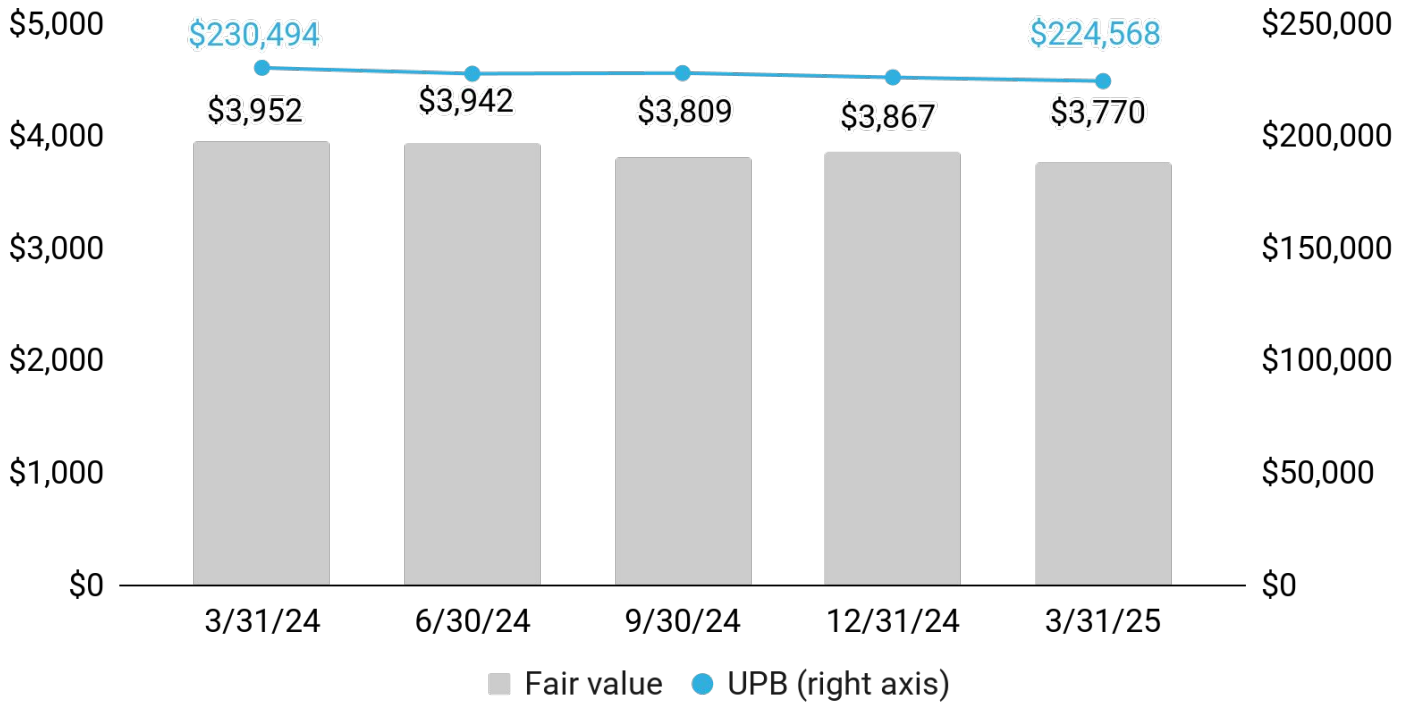
- Under a renewed mortgage banking services agreement with PFSI, effective July 1, 2025, correspondent loans will initially be acquired by PFSI; PMT will retain the right to purchase up to 100% of non-government loan production
- PMT expects to retain all jumbo production and 15 - 25% of total conventional conforming correspondent production in 2Q25, compared to 21% in 1Q25

Note: May not sum due to rounding
(1) For all government loans and conventional loans sourced for PFSI, PMT earns a sourcing fee and interest income for its holding period and does not pay a fulfillment fee to PFSI
(2) Conventional conforming and jumbo interest rate lock commitments for PMT's own account
(3) Based on funded loans subject to fulfillment fees

# TRENDS IN MSR INVESTMENTS

## MSR Investments[1]

($ in millions)




- MSR assets were $3.8 billion as of March 31, 2025 down slightly from December 31, 2024
  - Fair value declines and runoff from prepayments partially offset by new MSR investments
  - UPB underlying PMT's MSR investments decreased slightly

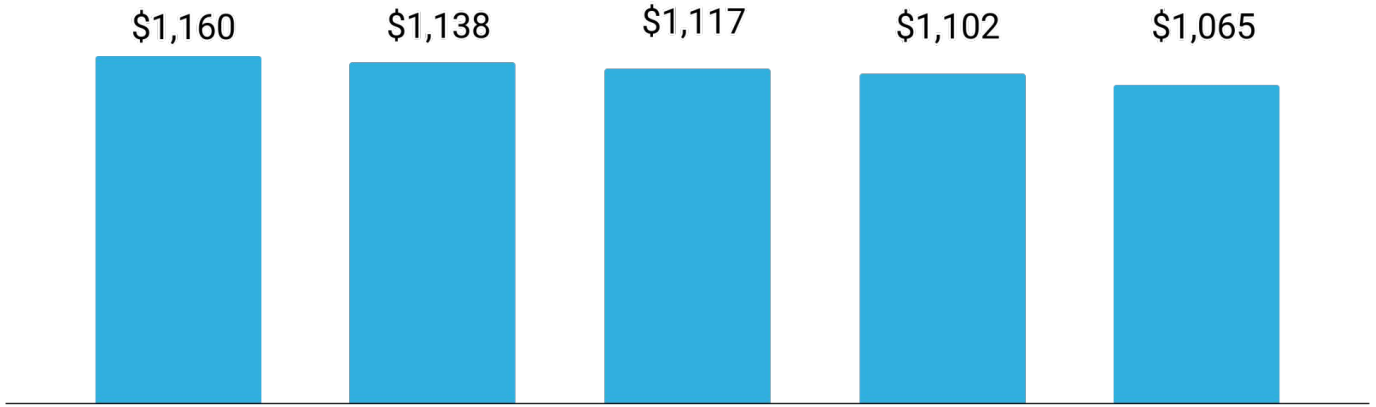
(1) Owned MSR portfolio and excludes loans acquired for sale at fair value

# TRENDS IN PMT'S UNIQUE INVESTMENTS IN GSE CREDIT RISK TRANSFER

- Fair value of PMT's organically-created CRT investments was down from December 31, 2024 due to fair value declines and prepayments
- The 60+ day delinquency rate decreased from December 31, 2024
- Consistent with previously reported results, cumulative lifetime losses increased slightly; we expect realized losses over the life of these investments to be limited, given the substantial build-up of equity for underlying borrowers due to home price appreciation in recent years

**Organically-Created GSE CRT Investments[1]**

($ in millions)




Selected metrics for quarter ended[2]:

| | 3/31/24 | 6/30/24 | 9/30/24 | 12/31/24 | 3/31/25 |
|---|---|---|---|---|---|
| Underlying UPB of loans ($ in billions) | $ 22.7 | $ 22.2 | $ 21.7 | $ 21.2 | $ 20.8 |
| WA FICO at origination | 753 | 753 | 753 | 753 | 753 |
| WA LTV at origination | 82.4% | 82.4% | 82.4% | 82.4% | 82.4% |
| WA current LTV | 50.1% | 48.5% | 47.5% | 47.4% | 47.3% |
| 60+ days delinquent as a % of outstanding UPB | 1.11% | 1.11% | 1.23% | 1.48% | 1.35% |
| Net realized principal losses ($ in millions) | $ 0.2 | $ 0.1 | $ 0.8 | $ 0.5 | $ 1.2 |
| Cumulative lifetime principal losses ($ in millions) | $ 46.6 | $ 46.7 | $ 47.5 | $ 48.0 | $ 49.3 |
| Interest reduction ($ in millions) | $ 3.2 | $ 3.2 | $ 3.2 | $ 3.1 | $ 3.1 |
| Cumulative interest reduction ($ in millions) | $ 29.7 | $ 32.9 | $ 36.1 | $ 39.2 | $ 42.4 |

Note: Figures may not sum due to rounding

(1) The fair value of PMT's organically created GSE CRT investments is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip assets or liabilities, net of the interest-only security payable

(2) Weighted average FICO and LTV metrics at origination for the population of loans remaining as of the date presented; current LTVs were refreshed using the latest home price information available as of the reporting period

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# FIRST QUARTER RESULTS AND RETURN CONTRIBUTIONS BY STRATEGY

| ($ in millions, except EPS) | Total Income Contribution[1] | Market-Driven Value Changes[2] | Income Excluding Market-Driven Value Changes[1][2] | WA Equity Allocated[3] | Annualized Return on Equity (ROE)[1] |
|---|---|---|---|---|---|
| **Credit sensitive strategies:** | | | | | |
| PMT GSE credit risk transfer | $ (5.0) | $ (14.5) | $ 9.6 | $ 309 | -6% |
| Other GSE Credit Risk Transfer (CAS & STACR) | 2.3 | (1.4) | 3.7 | 99 | 9% |
| PMT Non-Agency Subordinate MBS | 3.9 | 2.9 | 1.0 | 35 | 45% |
| Other credit sensitive strategies[4] | (0.2) | 0.0 | (0.2) | 5 | -13% |
| **Net credit sensitive strategies** | **$ 1.1** | **$ (13.0)** | **$ 14.1** | **$ 448** | **1%** |
| **Interest rate sensitive strategies:** | | | | | |
| MSRs (incl. recapture) | $ (40.2) | $ (55.8) | $ 15.6 | | |
| Agency MBS (incl. Agency PO's and IO Securitization) | 75.1 | 64.7 | 10.3 | | |
| Non-Agency Senior MBS | (0.4) | (1.8) | 1.4 | | |
| Interest rate hedges | (39.9) | (39.9) | | | |
| **Net interest rate sensitive strategies** | **$ (5.5)** | **$ (32.8)** | **$ 27.4** | **$ 1,081** | **-2%** |
| **Correspondent production** | **$ 10.1** | **$ 0.0** | **$ 10.1** | **$ 152** | **27%** |
| Cash, short term investments, and other | $ 2.3 | | $ 2.3 | $ 258 | 4% |
| Management fees & corporate expenses[5] | (14.3) | n/a | (14.3) | | -3% |
| **Corporate[5]** | **$ (12.1)** | **n/a** | **$ (12.1)** | **$ 258** | **-2%** |
| Benefit / (Provision) for income tax expense | $ 16.0 | $ 14.8 | $ 1.1 | | |
| **Net income (loss)** | **$ 9.7** | **$ (31.0)** | **$ 40.7** | **$ 1,940** | **2%** |
| **Dividends on preferred stock** | **$ 10.5** | | | **$ 541** | **8%** |
| **Net loss attributable to common shareholders** | **$ (0.8)** | | | **$ 1,398** | **0%** |
| **Diluted EPS** | **$ (0.01)** | | | | |

Note: Figures may not sum due to rounding

(1) Income contribution and the annualized return on equity calculated net of any direct expenses associated with investments (e.g., loan fulfillment fees and loan servicing fees), but before tax expenses; some of the income associated with the investment strategies may be subject to taxation

(2) Categorization of income as market-driven value changes based on management assessment; income excluding market-driven value changes does not represent REIT taxable income and is a non-GAAP figure

(3) Equity allocated represents management's internal allocation; certain financing balances and associated interest expenses are allocated between investments based on management's assessment of target leverage ratios and required capital or liquidity to support the investment

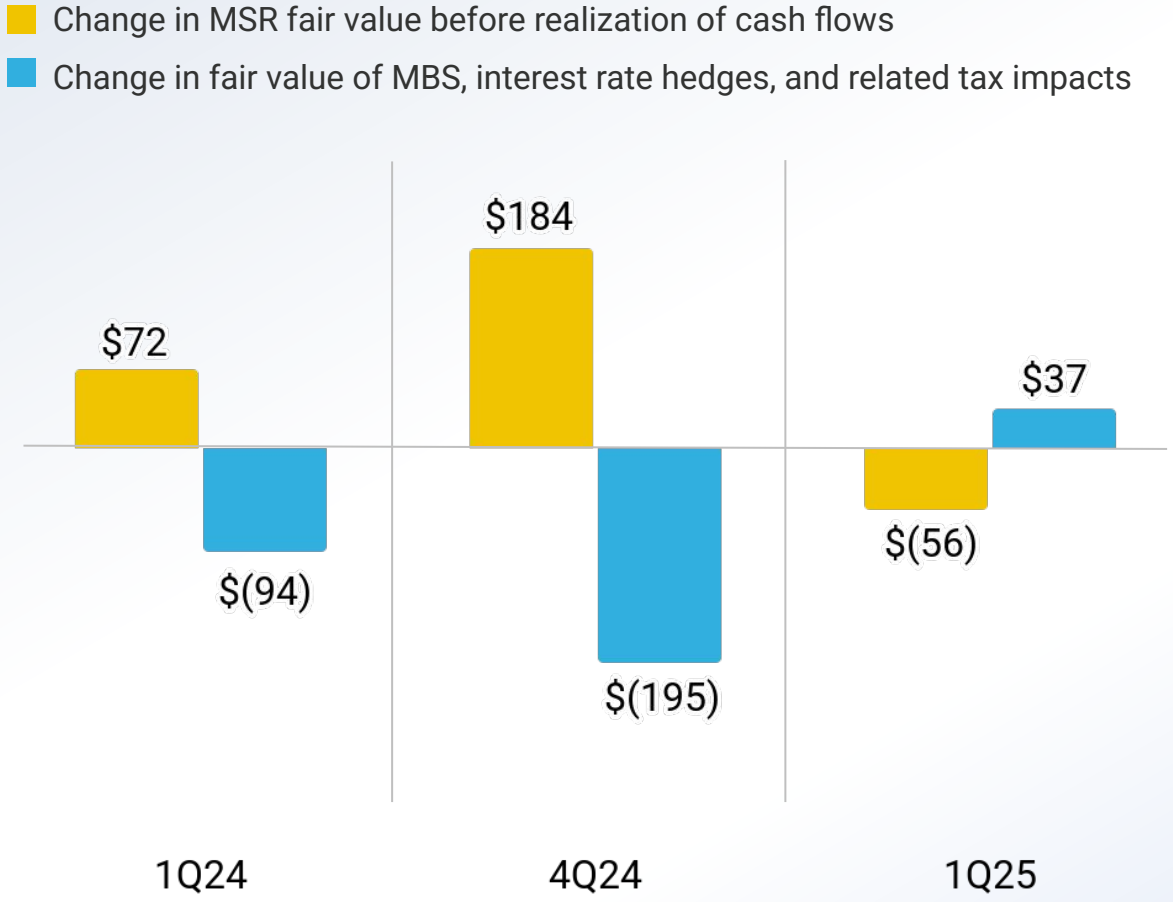
(4) Primarily consists of legacy distressed loan portfolio; net new investments also reflect sales in performing and non-performing loans as a part of PMT's strategy to exit the investments; includes $2.3 million in carrying value of real estate acquired in settlement of loans at 03/31/25

(5) ROE calculated as a percentage of total equity

# HEDGING APPROACH CENTRAL TO PMT'S INTEREST RATE SENSITIVE INVESTMENTS

## MSR Valuation Changes and Offsets

($ in millions)

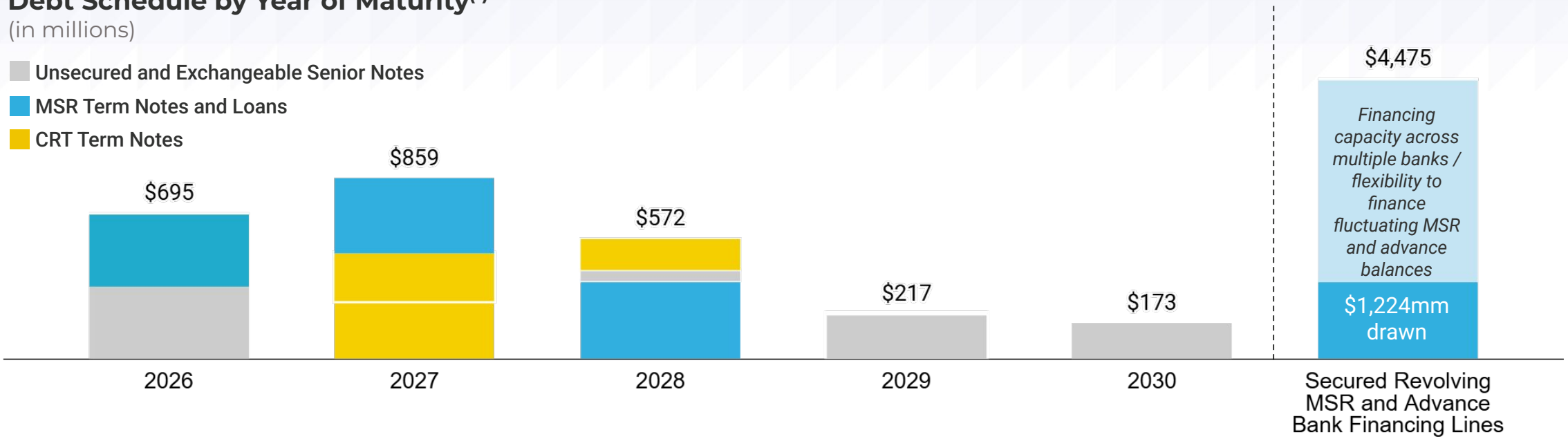



- PMT seeks to manage interest rate risk exposure on a "global" basis, recognizing interest rate sensitivities across its investment strategies
- In 1Q25, MSR fair value decreased
  - Lower interest rates increased future prepayment projections
- Net fair value gains on MBS, interest rate hedges, and related tax impacts partially offset MSR fair value losses

# FLEXIBLE AND SOPHISTICATED FINANCING STRUCTURES

## Debt Schedule by Year of Maturity[1]

(in millions)




### Unsecured and Exchangeable Senior Notes

- Provides flexibility and complements asset-backed structures
- Issued $173 million of unsecured senior notes due March 2030

### MSR Financing

- Maturity of MSR term notes and loans aligns more closely with the expected life of the MSR asset than short-term borrowings

### CRT Financing

- Vast majority of our CRT financing is in the form of term notes, which do not contain margin call provisions
- $45 million in CRT term notes due in February were refinanced with securities repurchase agreements
  - $129 million of securities repurchase agreements outstanding for CRT investments

Note: All figures are as of March 31, 2025

(1) By principal amount. CRT term notes amortize with principal paydowns. Excludes securities repurchase agreements financing our investments in MBS and a small portion of our investments in CRT.

# APPENDIX

# PMT IS FOCUSED ON UNIQUE INVESTMENT STRATEGIES IN THREE SEGMENTS

**Correspondent Production**

- Leading acquirer and producer of conventional conforming mortgage loans
- Significant growth in market share over PMT's more than 15-year history driven by PFSI's operational excellence and high service levels
- Provides unique ability to produce investment assets organically

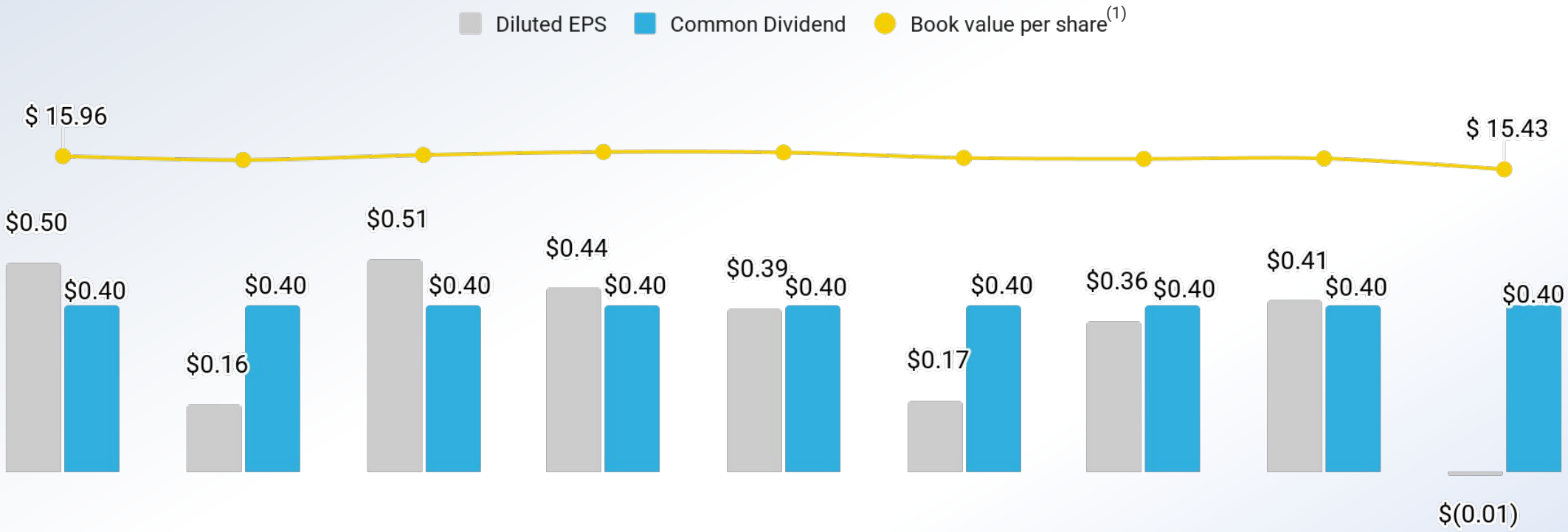
**Interest Rate Sensitive Strategies**

- MSR investments created through the securitization of conventional correspondent loan production
- Hedged with Agency MBS and interest rate derivatives
- Strong track record and discipline in hedging interest rate risk

**Credit Sensitive Strategies**

- Investments in credit risk on PMT's high-quality loan production with ability to influence performance through active servicing
- Expanding opportunity for investments in subordinate bonds from private label securitizations, supported by increasing investor demand
- Approximately $20.8 billion in UPB of loans underlying PMT's front-end GSE CRT investments at March 31, 2025

# HISTORICAL EARNINGS, DIVIDENDS AND BOOK VALUE PER SHARE



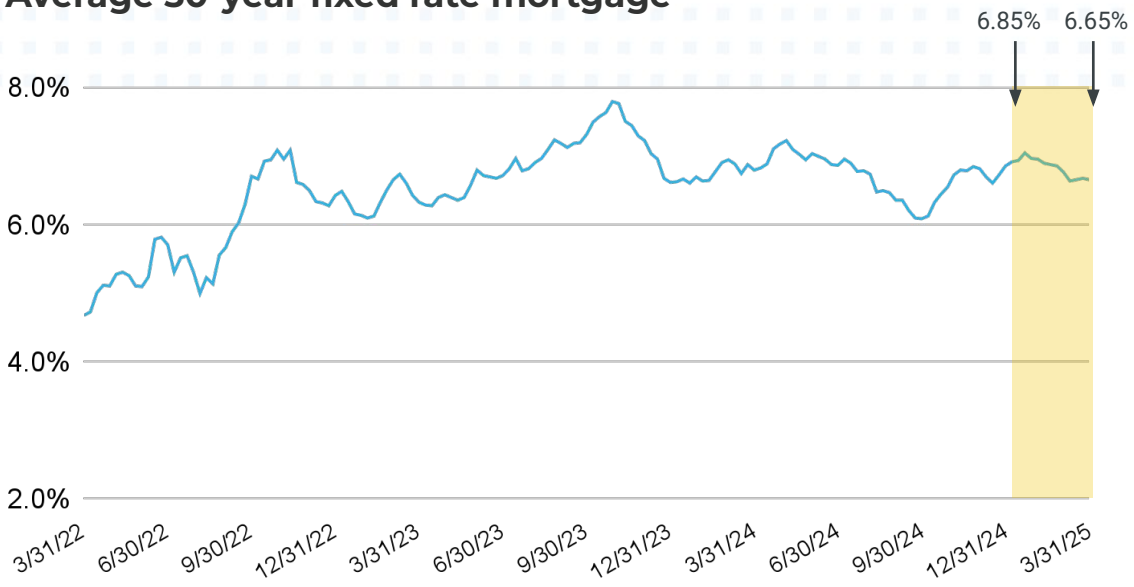

| | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 |
|---|---|---|---|---|---|---|---|---|---|
| ROE(2) | 14% | 4% | 15% | 12% | 10% | 4% | 9% | 10% | 0% |

- Repurchased 29.1 million common shares from 3Q15 through 2Q24

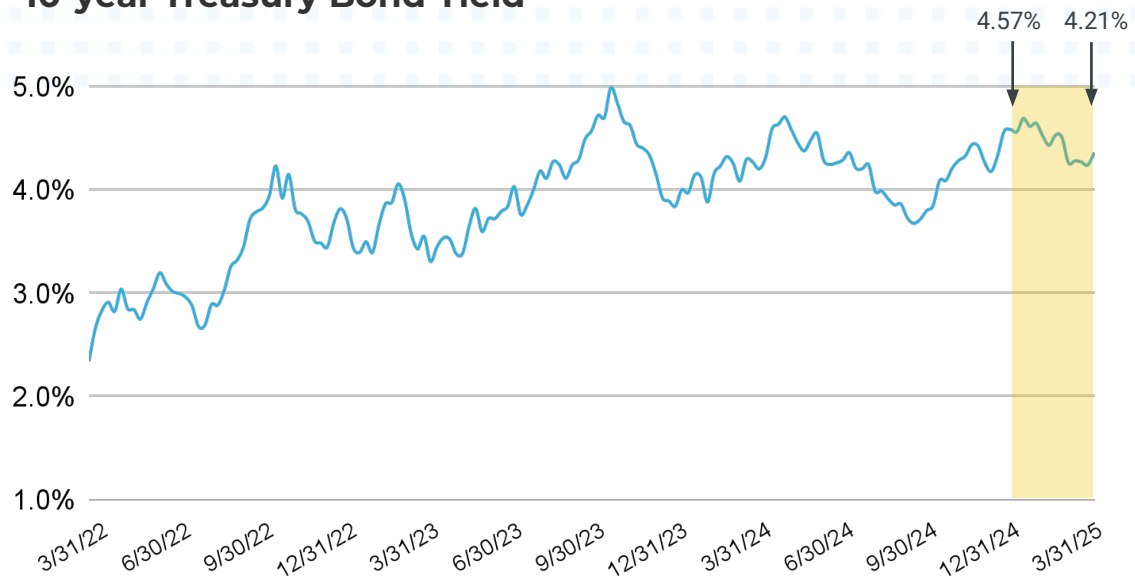
(1) At period end
(2) Return on average common equity is calculated based on annualized quarterly net income attributable to common shareholders as a percentage of monthly average common equity during the period

# CURRENT MARKET ENVIRONMENT AND MACROECONOMIC TRENDS

## Average 30-year fixed rate mortgage[1]




## 10-year Treasury Bond Yield[2]




## Macroeconomic Metrics[3]

| | 3/31/24 | 6/30/24 | 9/30/24 | 12/31/24 | 3/31/25 |
|---|---|---|---|---|---|
| 10-year Treasury bond yield | 4.2% | 4.4% | 3.8% | 4.6% | 4.2% |
| 2/10 year Treasury yield spread | -0.4% | -0.4% | 0.1% | 0.3% | 0.3% |
| 30-year fixed rate mortgage | 6.8% | 6.9% | 6.1% | 6.9% | 6.7% |
| Secondary mortgage rate | 5.6% | 5.8% | 4.9% | 5.9% | 5.5% |
| U.S. home price appreciation (Y/Y% change) | 6.5% | 5.5% | 3.9% | 3.9% | 4.1% |
| Residential mortgage originations (in billions) | $320 | $430 | $455 | $460 | $355 |

## Footnotes

(1) Freddie Mac Primary Mortgage Market Survey. 6.83% as of 4/17/25

(2) U.S. Department of the Treasury. 4.32% as of 4/18/25

(3) 10-year Treasury bond yield and 2/10 year Treasury yield spread: Bloomberg

Average 30-year fixed rate mortgage: Freddie Mac Primary Mortgage Market Survey

Average secondary mortgage rate: 30-Year FNCL Par Coupon Index (MTGEFNCL), Bloomberg

U.S. home price appreciation: S&P CoreLogic Case-Shiller U.S. National Home Price NSA Index (SPCSUSA); data is as of 1/31/25

Residential mortgage originations are for the quarterly period ended; source: Inside Mortgage Finance

# PMT'S INVESTMENT ACTIVITY BY STRATEGY DURING THE QUARTER

($ in millions)

| | Long-term mortgage asset | Assets carrying value at 12/31/24 | Change in Investments[5] | Fair value changes | Assets carrying value at 3/31/25 |
|---|---|---|---|---|---|
| Credit Sensitive Strategies | PMT GSE credit risk transfer[1] | $ 1,102 | **$ (23)** | $ (15) | $ 1,065 |
| | Other GSE Credit Risk Transfer (CAS & STACR) | $ 196 | **$ (0)** | $ (1) | $ 195 |
| | Non-Agency Subordinate MBS[2] | $ 131 | **$ 65** | $ 3 | $ 199 |
| | Other Credit Sensitive Strategies[3] | $ 6 | **$ (0)** | $ (0) | $ 5 |
| Interest Rate Sensitive Strategies | MSR | $ 3,867 | **$ (42)** | $ (56) | $ 3,770 |
| | Non-Agency Senior MBS[4] | $ 125 | **$ 40** | $ (2) | $ 163 |
| | Agency MBS[4] | $ 3,762 | **$ (88)** | $ 65 | $ 3,738 |
| | **Total** | **$ 9,190** | **$ (49)** | **$ (6)** | **$ 9,135** |

Note: Figures may not sum due to rounding

(1) The fair value of PMT's organically-created GSE CRT investments is reflected on PMT's balance sheet as deposits securing CRT arrangements, and derivative and credit risk transfer strip assets or liabilities, net of the interest-only security payable

(2) As discussed in Note 6 – Variable Interest Entities to our Annual Report on Form 10-K for the year ended 12/31/24, we consolidate the assets and liabilities in the trust that issued the subordinate bonds; accordingly, this investment is shown as Loans at fair value and Asset-backed financing of variable interest entities on our consolidated balance sheet

(3) Primarily consists of legacy distressed loan portfolio; net new investments also reflect sales in performing and non-performing loans as a part of PMT's strategy to exit the investments; includes $2.3 million in carrying value of real estate acquired in settlement of loans at 3/31/25

(4) MBS = Mortgage-backed securities; net new investments in Agency MBS represents rebalancing of the MBS portfolio (considered along with to be announced hedges in managing PMT's interest rate risk) and runoff

(5) Change in investments represents new investments net of sales, liquidations, and runoff

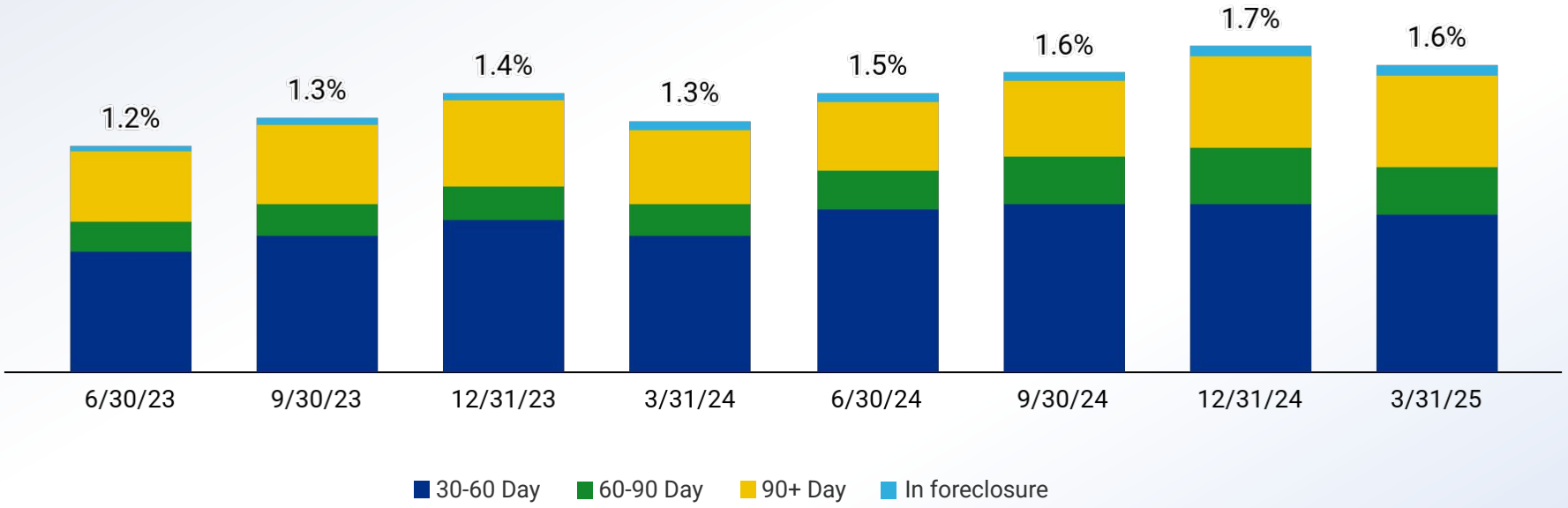
# MSR ASSET VALUATION

| March 31, 2025<br>*Unaudited ($ in millions)* | Mortgage Servicing Rights |
|---|---|
| Pool UPB[1] | $224,568 |
| Weighted average coupon | 3.8% |
| Weighted average servicing fee | 0.27% |
| Weighted average prepayment speed assumption (CPR) | 7.3% |
| | |
| Fair value | $3,770 |
| As a multiple of servicing fee | 6.1 |

(1) Owned MSR portfolio and excludes loans acquired for sale at fair value

# DELINQUENCY TRENDS AND SERVICING ADVANCES OUTSTANDING

## Historical Trends in Delinquency and Foreclosure Rates[1]




- Overall mortgage delinquency rates decreased slightly from the prior quarter
- Servicing advances outstanding for PMT's MSR portfolio decreased to approximately $84 million at March 31, 2025 from $105 million at December 31, 2024
  - No principal and interest advances are outstanding

(1) Owned MSR portfolio and includes loans acquired for sale at fair value; delinquency and foreclosure rates based on UPB; as of 3/31/25, the UPB of mortgage servicing rights owned by PMT and loans held for sale totaled $230 billion

# PMT'S OWNED MSR PORTFOLIO CHARACTERISTICS

## As of March 31, 2025

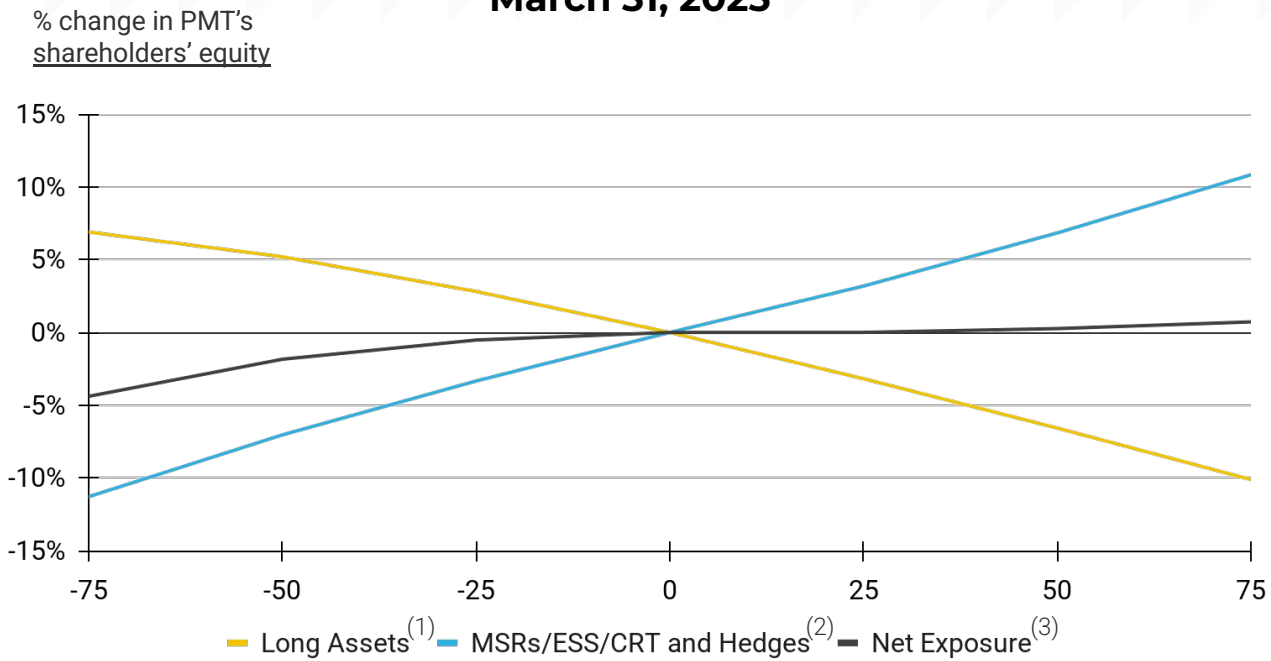
| Segment | UPB ($ in billions)[2] | % of Total UPB | Loan count (in thousands) | Note rate | Seasoning (months) | Remaining maturity (months) | Loan size ($ in thousands) | FICO credit score at origination | Original LTV | Current LTV[3] | 60+ Delinquency (by UPB) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **GSE** | | | | | | | | | | | |
| FNMA | $110.3 | 49.1% | 427 | 3.8% | 52 | 297 | $258 | 757 | 75% | 52% | 1.0% |
| FHLMC | $109.8 | 48.9% | 392 | 3.8% | 42 | 304 | $280 | 761 | 75% | 56% | 0.6% |
| **Other[1]** | | | | | | | | | | | |
| Other | $4.5 | 2.0% | 16 | 5.1% | 36 | 321 | $283 | 762 | 72% | 58% | 0.7% |
| **Grand Total** | **$224.6** | **100.0%** | **835** | **3.8%** | **47** | **301** | **$269** | **759** | **75%** | **54%** | **0.8%** |

Note: Figures may not sum due to rounding
(1) Other represents MSRs collateralized by conventional loans sold to private investors
(2) Excludes loans held for sale at fair value
(3) Excludes any additional second lien on property

# INTEREST RATE SENSITIVE STRATEGIES DESIGNED TO MITIGATE INTEREST RATE VOLATILITY

| Gain in value with increasing rates | Gain in value with decreasing rates |
|---|---|
| MSRs | Agency MBS |
| Interest Rate Hedges | |

## Estimated Sensitivity to Changes in Interest Rates at March 31, 2025




- PMT's interest rate risk exposure is managed on a "global" basis
  - Multiple mortgage-related investment strategies with complementary interest rate sensitivities
  - Utilization of financial hedge instruments
  - Contributes to stability of book value

(1) Includes loans acquired for sale and interest rate lock commitments (net of associated hedges), Agency and Non-Agency MBS assets
(2) Includes MSRs and hedges which includes or may include put and call options on MBS, Eurodollar futures, treasury futures, and exchange-traded swaps
(3) Net exposure represents the net position of the "Long" assets and the MSRs and hedges

# PERFORMANCE OF ORGANICALLY-CREATED INVESTMENTS IN GSE CREDIT RISK TRANSFER INVESTMENTS IN 1Q25

| ($ in millions) | Income (Loss) Contribution | Comments |
|---|---|---|
| **Market-driven value changes:** | | |
| Valuation-related changes included in Net gain (loss) on investment | $ (14.5) | • Reflects impact of credit spread widening |
| **Income excluding market-driven value changes:** | | |
| Realized gains and carry included in Net gain (loss) on investment | 14.0 | • Spread income earned on CRT investments |
| Losses recognized during period | (1.2) | |
| Interest income | 11.7 | • Interest income on cash deposits securing CRT investments |
| Interest expense | (14.7) | • Financing expense related to CRT investments |
| Other expense | (0.1) | |
| **Subtotal** | **9.6** | |
| **Total income contribution:** | **$ (5.0)** | |

Note: Figures may not sum due to rounding

# BALANCE SHEET TREATMENT OF PMT'S ORGANICALLY-CREATED CREDIT RISK TRANSFER INVESTMENTS

| ($ in thousands) | | March 31, 2025 | |
|---|---|---|---|
| **UPB of loans subject to guarantee obligation** | $ | 20,849,101 | Current outstanding UPB of loans delivered to the CRT SPVs and sold to Fannie Mae or delivered subject to agreements to purchase REMIC CRT securities |
| Carrying value of CRT arrangements: | | | |
| Deposits securing CRT arrangements | $ | 1,087,949 | Current cash collateralizing guarantee included in "Deposits securing credit risk transfer arrangements" |
| Derivative assets and credit risk transfer strip liabilities, net | $ | 12,589 | Represents the fair value of expected future cash inflows related to assumption of credit risk net of expected future losses |
| Interest-only stripped security payable at fair value | $ | (35,954) | Fair value of non-recourse liability issued by CRT trusts; represents value of interest-only payment after the maturity of PMT's investments |
| **Fair value of CRT investments** | **$** | **1,064,584** | |

Note: Figures may not sum due to rounding

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# PMT'S ORGANICALLY-CREATED INVESTMENTS IN CREDIT RISK TRANSFER

| | PMTT1 (May 2015 - Jul 2015) | | PMTT2 (Aug 2015 - Feb 2016) | | PMTT3 (Feb 2016 - Aug 2016) | | L Street Securities 2017-PM1 (Aug 2016 - May 2018) | | L Street Securities 2019-PMT1 (Jun 2018 - Mar 2019) | | L Street Securities 2020-PMT1 (Apr 2019 - Sep 2020) | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At Inception | 3/31/25 | At Inception | 3/31/25 | At Inception | 3/31/25 | At Inception | 3/31/25 | At Inception | 3/31/25 | At Inception | 3/31/25 | **At Inception** | **3/31/25** |
| **UPB in billions** | $1.2 | $0.1 | $4.2 | $0.5 | $6.5 | $0.9 | $22.8 | $3.4 | $23.6 | $2.5 | $58.3 | $13.5 | **$116.5** | $20.8 |
| **Loan Count** | 4,113 | 686 | 15,146 | 2,509 | 21,467 | 4,320 | 82,086 | 16,602 | 84,521 | 11,748 | 193,310 | 57,048 | **400,643** | 92,913 |
| **% Purchase** | 67.6% | 68.1% | 71.4% | 71.8% | 68.6% | 70.3% | 73.6% | 73.1% | 81.7% | 79.9% | 61.6% | 61.1% | **69.1%** | 65.9% |
| **WA FICO[1]** | 742 | 744 | 742 | 743 | 749 | 750 | 746 | 745 | 746 | 736 | 758 | 758 | **752** | 753 |
| **WA LTV[1]** | 81.3% | 80.7% | 81.8% | 80.9% | 81.4% | 80.8% | 82.5% | 81.9% | 83.8% | 84.1% | 82.5% | 82.4% | **82.7%** | 82.4% |
| **60+ Days Delinquent by Loan Count** | | 6 | | 14 | | 24 | | 116 | | 311 | | 559 | | 1,030 |
| **60+ Days Delinquent by UPB** | | 0.906% | | 0.585% | | 0.636% | | 0.842% | | 3.436% | | 1.176% | | 1.355% |
| **180+ Days Delinquent Loan Count** | | 0 | | 0 | | 2 | | 11 | | 107 | | 164 | | 284 |
| **Actual and Principal Losses ($k)[2]** | | $2,109 | | $6,295 | | $9,179 | | $29,887 | | $818 | | $966 | | $49,255 |
| **Interest Reduction ($k)[3]** | | | | | | | | | | $21,327 | | $21,023 | | $42,350 |

Note: Figures may not sum due to rounding
(1) FICO and LTV metrics at origination
(2) Losses due to liquidation of reference pool collateral
(3) Interest reduction due to modification of reference pool collateral

# ACQUISITIONS AND LOCKS BY PRODUCT

| Unaudited ($ in millions) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 |
|---|---|---|---|---|---|
| **Correspondent Acquisitions** | | | | | |
| Conventional Conforming - for PMT | $ 1,769 | $ 2,195 | $ 5,851 | $ 3,241 | $ 2,437 |
| Conventional Conforming - for PFSI[1] | 8,190 | 10,007 | 8,092 | 13,567 | 8,961 |
| Government - for PFSI[1] | 8,167 | 10,301 | 11,788 | 11,018 | 11,263 |
| Jumbo - for PMT | 3 | 34 | 97 | 256 | 344 |
| **Total** | **$ 18,128** | **$ 22,537** | **$ 25,829** | **$ 28,082** | **$ 23,005** |
| **Correspondent Locks** | | | | | |
| Conventional Conforming - for PMT | $ 2,472 | $ 2,602 | $ 7,373 | $ 2,741 | $ 2,210 |
| Conventional Conforming - for PFSI[1] | 8,614 | 9,914 | 8,229 | 13,810 | 9,988 |
| Government - for PFSI[1] | 8,467 | 11,100 | 12,448 | 11,088 | 12,107 |
| Jumbo - for PMT | 10 | 90 | 253 | 454 | 526 |
| **Total** | **$ 19,563** | **$ 23,706** | **$ 28,304** | **$ 28,093** | **$ 24,831** |
| PFSI Loans Acquired by PMT | $ 0 | $ 0 | $ 187 | $ 463 | $ 637 |

Note: Figures may not sum due to rounding

(1) PMT sells government-insured and guaranteed loans, and certain conventional loans that it purchases from correspondent sellers to PennyMac Loan Services, LLC, and earns a sourcing fee and interest income for its holding period; PMT does not pay a fulfillment fee for government-insured or guaranteed loans or conventional loans subsequently sold to PFSI


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