PennyMac Financial Services, Inc.

Fourth Quarter 2014
Earnings Report

Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, regarding management's beliefs, estimates, projections and assumptions with respect to, among other things, the Company's financial results, future operations, business plans and investment strategies, as well as industry and market conditions, all of which are subject to change. Words like "believe," "expect," "anticipate," "promise," "plan," and other expressions or words of similar meanings, as well as future or conditional verbs such as "will," "would," "should," "could," or "may" are generally intended to identify forward-looking statements. Actual results and operations for any future period may vary materially from those projected herein, from past results discussed herein, or from illustrative examples provided herein.

Factors which could cause actual results to differ materially from historical results or those anticipated include, but are not limited to: changes in federal, state and local laws and regulations applicable to the highly regulated industry in which we operate; lawsuits or governmental actions if we do not comply with the laws and regulations applicable to our businesses; the creation of the Consumer Financial Protection Bureau, or CFPB, and enforcement of its rules; changes in existing U.S. government-sponsored entities, their current roles or their guarantees or guidelines; changes to government mortgage modification programs; the licensing and operational requirements of states and other jurisdictions applicable to our businesses, to which our bank competitors are not subject; foreclosure delays and changes in foreclosure practices; certain banking regulations that may limit our business activities; changes in macroeconomic and U.S. residential real estate market conditions; difficulties in growing loan production volume; changes in prevailing interest rates; increases in loan delinquencies and defaults; our reliance on PennyMac Mortgage Investment Trust as a significant source of financing for, and revenue related to, our correspondent lending business and purchased mortgage servicing rights; availability of required additional capital and liquidity to support business growth; our obligation to indemnify third-party purchasers or repurchase loans that we originate, acquire or assist in with fulfillment; our obligation to indemnify advised entities or investment funds to meet certain criteria or characteristics or under other circumstances; decreases in the historical returns on the assets that we select and manage for our clients, and our resulting management and incentive fees; regulation applicable to our investment management segment; conflicts of interest in allocating our services and investment opportunities among ourselves and our advised entities; the potential damage to our reputation and adverse impact to our business resulting from ongoing negative publicity; and our rapid growth.

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.

Fourth Quarter Highlights

- Pretax income of $53.2 million; diluted earnings per common share of $0.41
  - Pretax earnings contributions from each of PFSI's segments:

    Production: $37.8 million; Servicing: $11.4 million; Investment Management: $2.6 million
- Loan production totaled $8.0 billion in UPB, down 7% from 3Q14
  - Correspondent production was $7.3 billion, down 10% from 3Q14; consumer direct originations were $682 million, up 30% from 3Q14
  - Production revenue of $72.4 million, up 1% from 3Q14; strong contribution from consumer direct
- Servicing portfolio grew to $106.0 billion in UPB, up 6% from September 30, 2014
  - Continued organic growth resulting from loan production, supplemented by mini-bulk and flow acquisitions of MSRs totaling $1.7 billion in UPB
  - Servicing revenue of $57.6 million, up 3% from 3Q14
- Net assets under management remained $2.0 billion
  - Revenue of $10.4 million, down 22% from 3Q14 as a result of lower incentive fees and carried interest

Recent Activity After Quarter End

- Entered into letters of intent to acquire approximately $21 billion in UPB of Agency MSRs and expect to sell the excess servicing spread associated with these portfolios to PMT(1)

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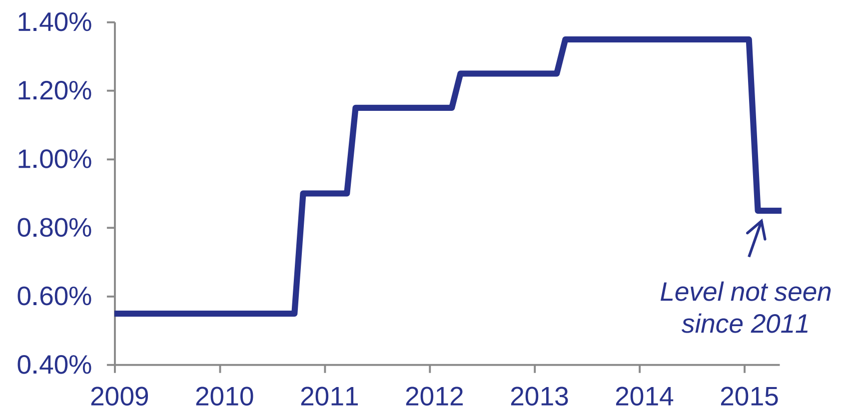
(1) The MSR acquisitions by the Company and PMT's purchases of excess servicing spread are subject to the negotiation and execution of definitive documentation, continuing due diligence and customary closing conditions, including required regulatory approvals. There can be no assurance that the committed amounts will ultimately be acquired or that the transactions will be completed at all.

Current Market Environment and Outlook

- Interest rates have continued to fall, to the lowest levels in 18 months, driven by global economic weakness
- Policymakers continue to promote housing stimulus, as demonstrated by the reduction in FHA annual premiums (from 1.35% to 0.85%) announced in January
- Rate environment and policy moves create a significant market opportunity in mortgage originations
  - Industry forecasts for 2015 volumes have been raised by as much as 10%
- Home price appreciation (HPA) has moderated
  - Housing values expected to continue increasing, driven by U.S. macroeconomic improvement
  - 2015 HPA forecast of 4.9% closer to 30-year average of 4.1%[3]
- Regulatory scrutiny of mortgage companies continues, highlighting the importance of operational excellence and governance and compliance systems

Average 30-year fixed rate mortgage[1]

FHA annual mortgage insurance premium[2]



(1) Freddie Mac Primary Mortgage Market Survey. 3.66% as of 01/29/15
(2) Mortgage Bankers Association analysis of FHA data
(3) 2015 HPA forecast by Moody's; 30-year average change of Case-Shiller national home price index

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PennyMac Financial's Business Model Is Well Positioned for Growth

Loan Production

- Correspondent aggregation of newly originated loans from third-party sellers
  – PFSI earns gains on government-insured loans
  – Fulfillment fees for PMT's conventional and jumbo loans
- Consumer-direct origination of conventional, government-insured and jumbo loans
- Newly launched commercial mortgage origination business

Loan Servicing

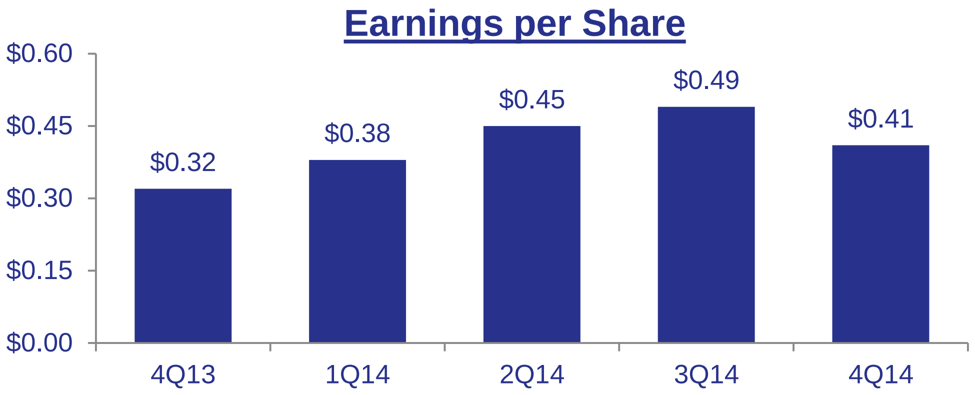
- Servicing for owned MSRs and subservicing for Advised Entities
- Major loan servicer for Fannie Mae, Freddie Mac and Ginnie Mae
- Industry-leading capabilities in special servicing
- Organic growth results from loan production, supplemented by MSR acquisitions and PMT investment activity

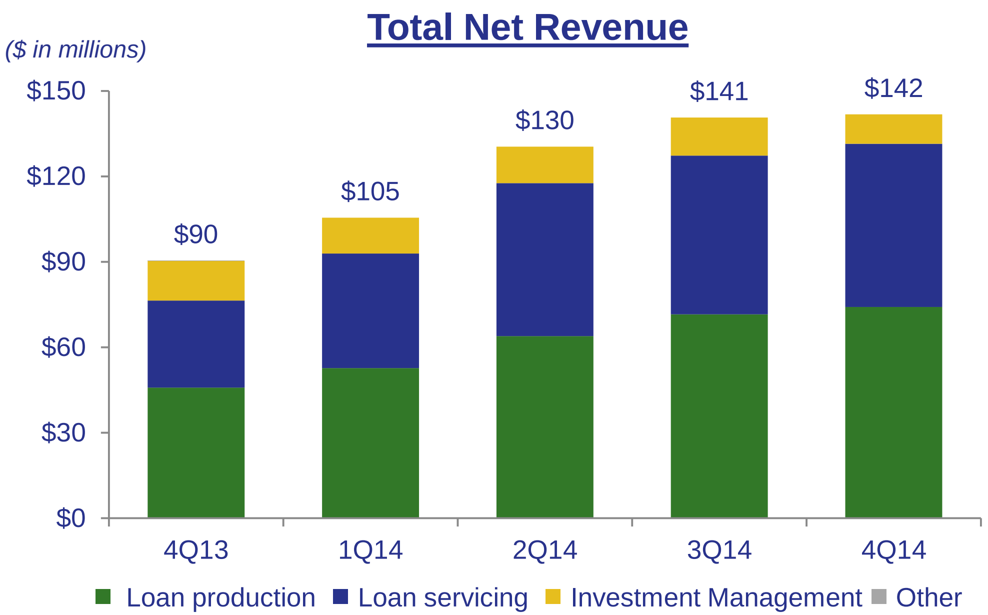
Investment Management

- Serve as external manager for investment vehicles focused on investing in mortgage-related assets:
  – Distressed whole loans
  – Mortgage servicing rights
  – Private-label securitization interests
  – MBS and ABS
  – Commercial real estate loans and securitization interests
- Synergistic partnership with PMT

- Complex and highly regulated mortgage industry requires expertise and operational excellence
- PFSI's platform has been developed organically and is highly scalable
- Commitment to strong corporate governance, compliance, and risk management since inception
- PFSI is well positioned for continued growth in this market and regulatory environment

Trends in PFSI Earnings and Revenue Composition





- Total net revenue increased 1% Q/Q as growth in mortgage banking offset decline in investment management
- EPS declined to $0.41 per share due to:
  - Investment management revenue declined 22% Q/Q due to lower incentive fees from PMT and lower carried interest from the Investment Funds
  - Fulfillment fees declined 23% Q/Q from decline in PMT's conventional loan volume
  - Lower gain on sale revenue from Ginnie Mae early buyouts (EBOs) in 4Q14
  - Compensation expense increased 8% Q/Q, primarily due to headcount growth to support increased volumes
  - Servicing expense increased 21% Q/Q, primarily due to increased losses and loss provisions on claims to the government agencies on defaulted loans, including loans purchased out of government agencies' pools

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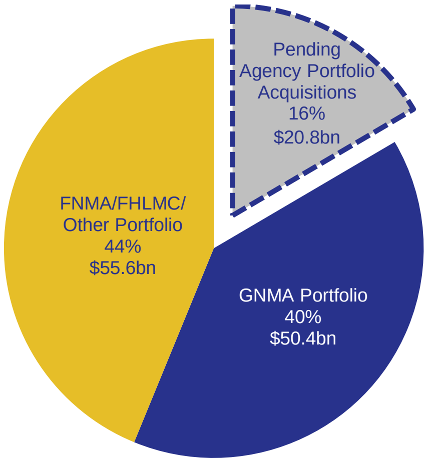
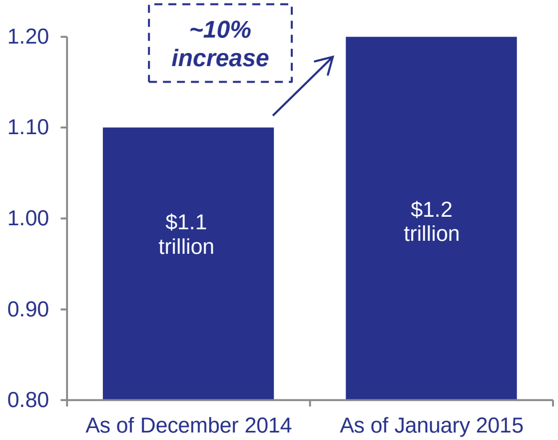
Building PFSI's Businesses to Address Opportunity

- PennyMac is well positioned to capitalize on the opportunities presented by the low interest rate environment and FHA MIP reduction
  - Servicing portfolio provides sizeable recapture opportunity
  - Consumer direct efforts to attract non-portfolio volume are underway
  - Correspondent sellers should also see volume increases
- Strategically developing infrastructure for future opportunities
  - Consumer-direct fulfillment and call center staffing
  - Correspondent relationship management team growth
  - Servicing infrastructure development in Texas
  - Developing commercial real estate lending capabilities

Servicing Portfolio UPB



Origination Market Forecast[1]



[1] Source: Average of Mortgage Bankers Association, Fannie Mae and Freddie Mac mortgage market forecasts

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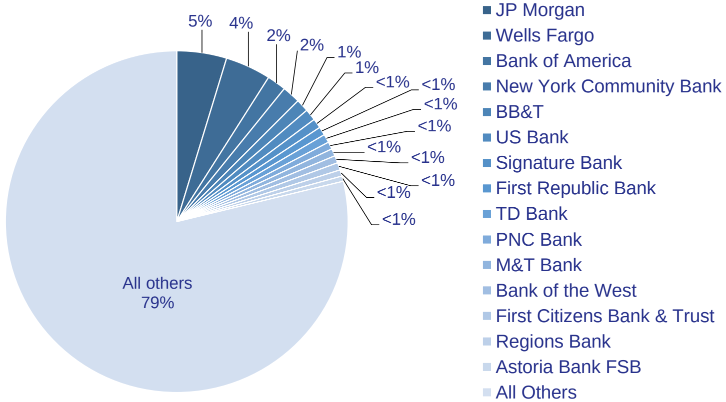
Expansion Into Commercial Real Estate Finance

- Recently launched new division focused on loans with balances of $1mm - $10mm that finance multifamily and smaller office, retail and mixed-use properties
- Complements PFSI and PMT's existing businesses in residential mortgages and has the potential for attractive returns
  - Targeting profitability by 4Q15
- PMT is expected to aggregate newly originated loans for eventual securitization and invest in legacy whole loans, leveraging PFSI's operating platform (e.g., for special servicing)[2]
- Current focus of highly experienced management team is building the platform at PFSI

New Commercial Loan Originations

- Market opportunity for a non-bank specialist focused on lending within the nation's 50 largest MSAs

Highly Fragmented Market[1]
100% = $160bn



Legacy Commercial Whole Loan Acquisitions

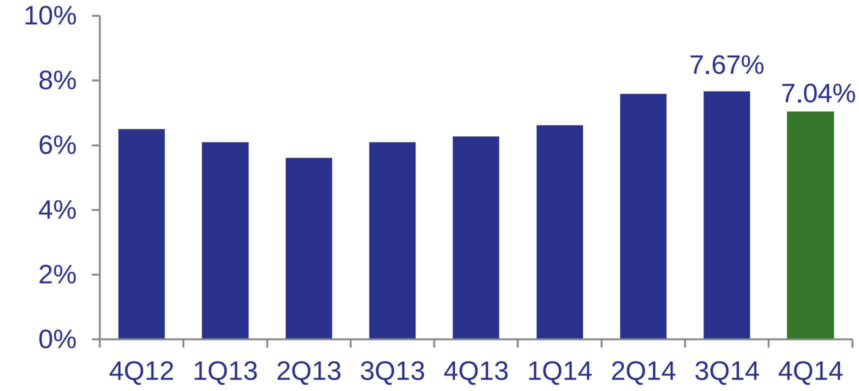
- Nonperforming and sub-performing loans – include classified assets from banks and smaller pools sold by financial institutions and other investors
- Maximize returns by actively managing and restructuring loans (e.g., borrowers facing imminent maturity)

(1) Source: SmallBalance.com National Overview – 3rd Quarter, 2013
(2) Agreements between PFSI and PMT remain subject to negotiation

Trends in PennyMac Financial's Businesses

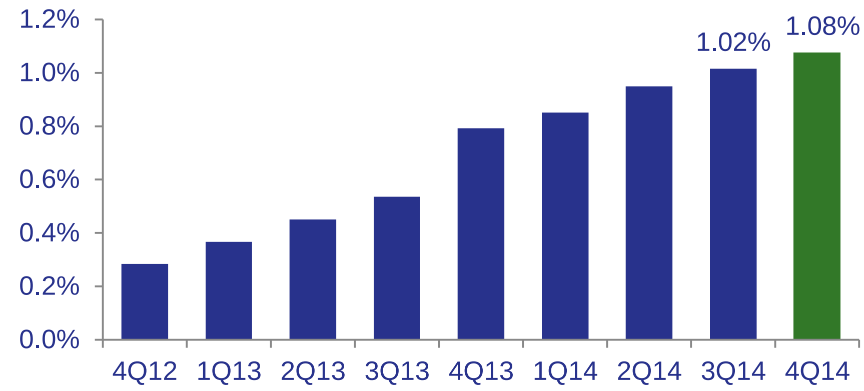
Correspondent Production[1]

Market Share



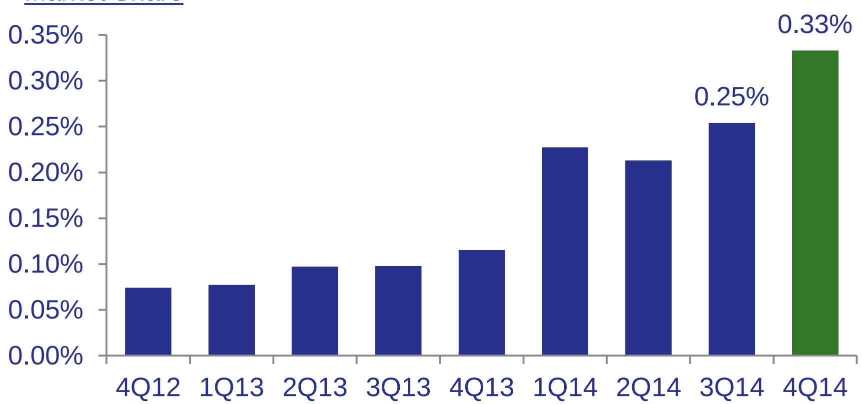
Loan Servicing[1]

Market Share



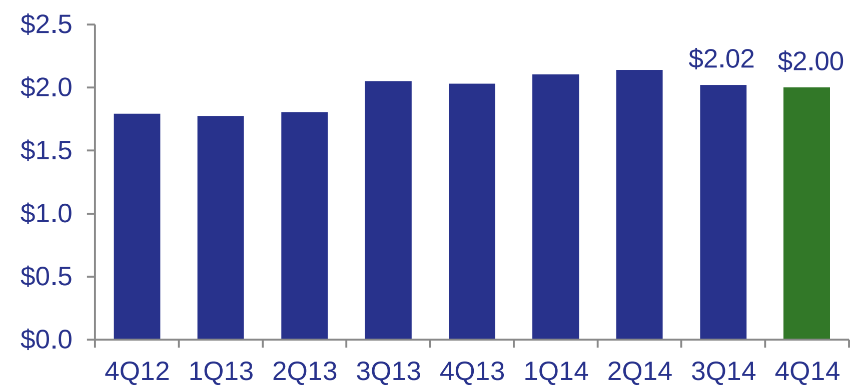
Consumer Direct Production[1]

Market Share



Investment Management

AUM (billions)



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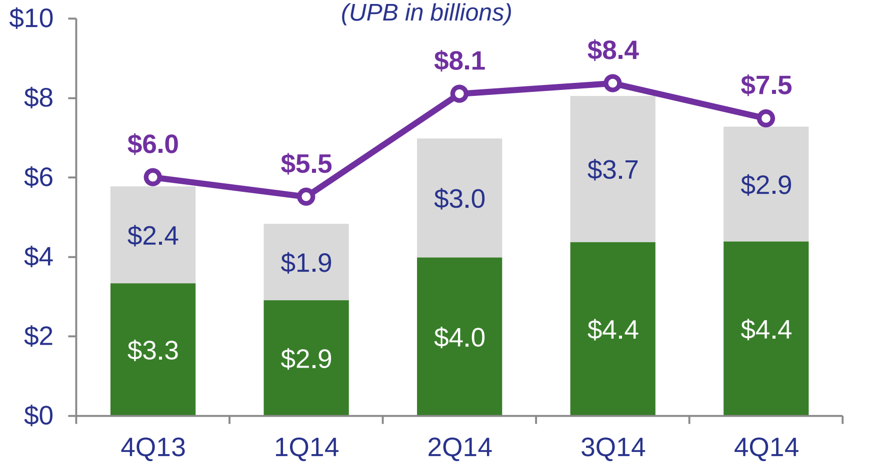
(1) Source: Inside Mortgage Finance and company estimates. Inside Mortgage Finance estimates total 4Q14 origination market of $340 billion. Correspondent production share estimate is based on PFSI and PMT acquisition volume of $7.3 billion divided by $103 billion for the correspondent market (estimated to be 30% of total origination market). Consumer direct production share is based on PFSI originations of $682 million divided by $205 billion for the retail market (estimated to be 60% of total origination market). Loan servicing market share is based on PFSI's servicing UPB of $106.0 billion divided by $9.84 trillion in mortgage debt outstanding as of September 30, 2014.

Quarterly Highlights – Correspondent Production

Operational Highlights

- Correspondent acquisitions by PMT in 4Q14 totaled $7.3 billion
  - 60% government-insured loans – PFSI earns gain on mortgage loans
  - 40% conventional loans – PFSI earns fulfillment fee from PMT
- January correspondent acquisitions totaled $2.3 billion; locks totaled $2.4 billion
- Correspondent sellers grew by 115 during 2014

Correspondent Volume and Mix



Strategic Initiatives

- Continue to add seller relationships
  - Target 480 by year end
- Grow market share from newer sellers and under-represented states
- Significant opportunity to grow prime non-Agency (jumbo) product share

Selected Operational Metrics

	4Q14	3Q14
Correspondent seller relationships	344	342
Purchase money loans, as a % of total acquisitions	76%	79%

Selected Credit Metrics for 4Q14

	WA FICO	WA DTI[2]
Government-insured	700	41%
Conventional	742	36%

(1) Includes locks related to PMT loan acquisitions, for which PFSI earns a fulfillment fee upon loan funding
(2) Debt-to-income ratio; excludes streamlined refinance loans

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Quarterly Highlights – Consumer Direct Production

Operational Highlights

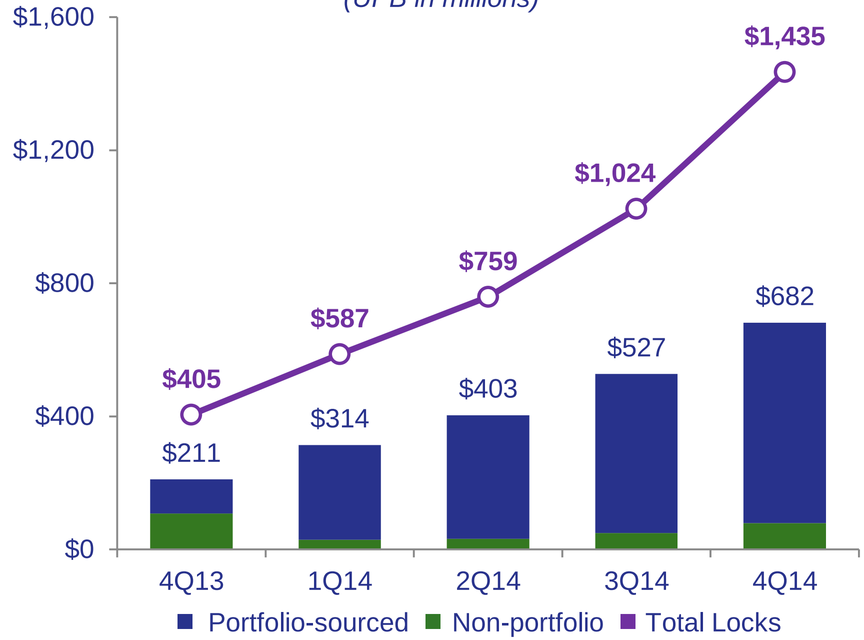
- Consumer direct production totaled $682 million in 4Q14, up 30% from 3Q14
  - Significant growth in conventional and government-insured loan products
- Strong portfolio-sourced recapture volume
  - Amount of recapture paid to PMT was $1.3 million

Strategic Initiatives

- Continue to maximize recapture opportunities
- Further develop the consumer direct platform
  - Grow affinity relationships
  - Continue building the Business Development Officer (BDO) program
  - Expand direct marketing and brand development
- Invest in technology to enhance the customer experience and maximize lead conversion

Consumer Direct Production Volume

(UPB in millions)



Selected Credit Metrics for 4Q14	WA FICO	WA DTI[2]
Government-insured	695	39%
Conventional[1]	738	35%

[1] Includes conforming and jumbo loan originations
[2] Debt to income ratio; excludes streamlined refinance loans

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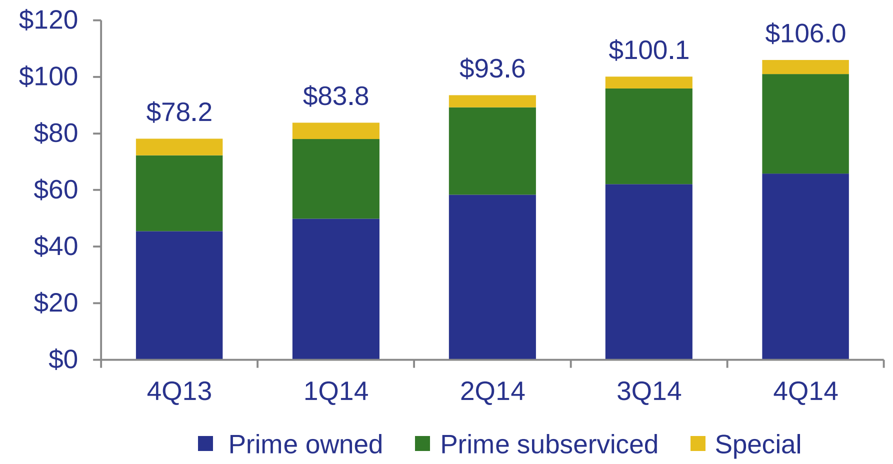
Quarterly Highlights – Loan Servicing

Operational Highlights

- Servicing portfolio totaled $106.0 billion in UPB at quarter end, up 6% from 3Q14
- Mini-bulk and flow MSR acquisitions totaled $1.7 billion in UPB during 4Q14
  - Reviewed 36 new mini-bulk and flow opportunities, bid on 5, and won 1 during the quarter
- Pending bulk MSR acquisitions should add to servicing platform's scale(1)
- Excess servicing spread (ESS) co-investment by PMT in 4Q14 totaled $17.1 million

Loan Servicing Portfolio Composition

(UPB in billions)

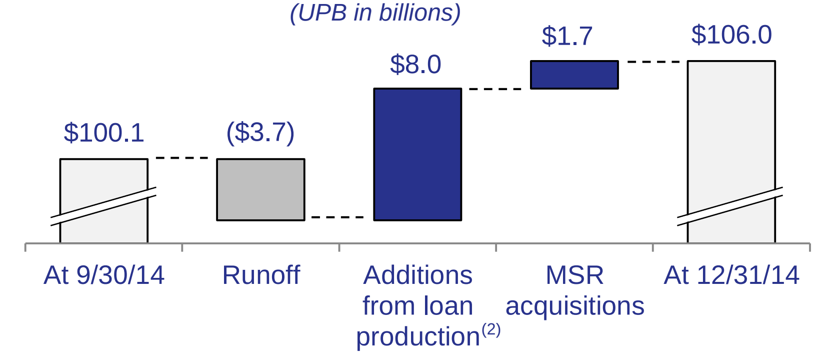


Strategic Initiatives

- Ongoing organic servicing portfolio growth
- Grow volume of mini-bulk and flow MSR acquisitions to supplement organic growth; selective larger bulk MSR transactions
- Additional operational efficiency with increasing economies of scale

Net Portfolio Growth

(UPB in billions)



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(2) Includes consumer direct originations, government correspondent acquisitions, and conventional conforming and jumbo loan acquisitions subserviced for PMT

Pending Acquisitions of Bulk MSRs with Refinance Opportunities

- Seasoned, high-quality Agency loans
- Low mortgage rate environment results in refinance recapture opportunities
- Co-investment by PMT in Agency MSRs through the acquisition of the excess servicing spread cash flows
- Pending acquisitions from multiple sellers reflect PFSI's track record in successfully transferring bulk MSR portfolios and best-in-class operational platform that is well positioned for further growth opportunities

Summary of Pending Acquisitions[1]	
Unpaid Principal Balance	$20.8 billion
Weighted Avg. Note Rate	3.86%
Delinquent Loans	4.25%
Weighted Avg. Time Since Origination	20 months
Total Servicing Fee	33.4 bp
Base Servicing Fee	15.9 bp
Investment in Base MSR	$75 million

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Hedging Strategy Protects MSR Despite Significant Decline in Rates

- PFSI seeks to protect the economic value of its MSR assets through a comprehensive hedge strategy
- We employ a variety of instruments to execute our strategy of moderating the impact of interest rate movements:
  - Forward sales of loan production pipeline
  - Mortgage options, swaptions and other derivatives
- Strategy considers company-wide impact of rate movements on revenue opportunities
  - Increased refinance volumes / loan recapture realized in future periods
- Managed through robust operational processes and governance structure
  - Intra-day monitoring with executive management oversight; reviewed by management and Board governance

Quarterly Highlights – Investment Management

Operational Highlights

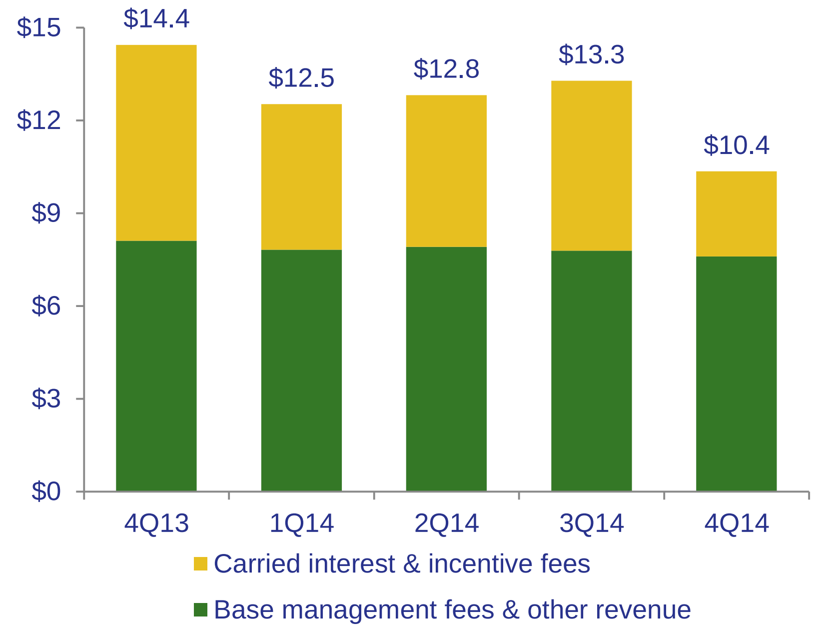
- Investment management revenues were $10.4 million, down 22% from 3Q14
  - Carried interest from the Investment Funds declined 86% Q/Q, due to a smaller portfolio and reduced financial performance
  - Incentive fees declined 31% Q/Q, due to PMT's reduced financial performance in 4Q14
- Net assets under management remained $2.0 billion at December 31, 2014

Strategic Initiatives

- Opportunities to manage additional capital for mortgage-related investments:
  - Distressed whole loans
  - MSRs resulting from correspondent acquisitions
  - Excess servicing spread on MSRs
  - Investments in prime non-Agency loans
  - Agency and non-Agency MBS
  - GSE risk transfers on PMT's production
  - CRE loans and securitization interests

Investment Management Revenues

($ in millions)



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Fourth Quarter Financial Review

- Diluted earnings per common share of $0.41
- Pretax income of $53.2 million, down 15% from 3Q14
- Total net revenue of $141.7 million, up 1% from 3Q14
- Total expenses of $88.5 million, up 14% from 3Q14

Business Segment Results

- Total pretax income from mortgage banking activities of $49.2 million, down 13% from 3Q14
- Production segment pretax income totaled $37.8 million, down 3% from 3Q14
  - Government-insured correspondent locks declined 3% Q/Q; consumer direct locks increased 40% Q/Q
  - Production segment revenues increased 1% Q/Q with strong contributions from both correspondent and consumer direct
- Servicing segment pretax income totaled $11.4 million, down 34% from 3Q14
  - Higher segment expenses primarily due to increased losses and loss provisions on claims to the government Agencies on defaulted loans, including loans purchased out of Ginnie Mae pools
- Investment Management segment pretax income of $2.6 million, down 58% from 3Q14
  - Incentive fees and carried interest declined due to reduced financial performance by PMT and lower gain on distressed loans in the Investment Funds

Mortgage Banking – Production Segment Results

Production Segment *Unaudited ($ in thousands)*	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Revenue		
Net gains on mortgage loans held for sale at fair value	$ 44,811	$ 41,308
Loan origination fees	12,528	11,823
Fulfillment fees from PennyMac Mortgage Investment Trust	11,887	15,497
Net interest income	2,820	2,508
Other	386	478
	72,432	71,614
Expenses	34,607	32,535
Pretax income	$ 37,825	$ 39,079

Production Segment Metrics *Unaudited ($ in thousands)*	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Net gains on mortgage loans	$ 44,811	$ 41,308
As % of IRLCs	0.76%	0.73%
Loan origination fees	$ 12,528	$ 11,823
As % of PFSI fundings	0.25%	0.24%
Fulfillment fees from PMT	$ 11,887	$ 15,497
Average fulfillment fee [(1)]	41 bps	42 bps

- Gains on mortgage loans increased 8% Q/Q due to a strong contribution from consumer direct; no significant change in basis point gain related to consumer direct locks from 3Q14
- Fulfillment fees decreased 23% Q/Q due to lower PMT conventional volume
- Expenses increased 6% Q/Q primarily due to headcount growth to support increased production capacity

(1) Fulfillment fees paid by PMT divided by unpaid principal balance of loans fulfilled for PMT during the quarter

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Mortgage Banking – Servicing Segment Results

Servicing Segment *Unaudited ($ in thousands)*	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Revenue		
Net gains on mortgage loans held for sale at fair value	$ (162)	$ 6,825
Net servicing fees	62,278	53,908
Net interest expense	(4,812)	(5,246)
Other	261	230
	57,565	55,717
Expenses	46,143	38,286
Pretax income	$ 11,422	$ 17,431

Net Loan Servicing Fees *Unaudited ($ in thousands)*	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Servicing fees [1]	$ 69,901	$ 64,708
Effect of MSRs:		
Amortization and realization of cash flows	(21,690)	(19,703)
Change in fair value and (provision for) reversal of impairment of MSRs carried at lower of amortized cost or fair value	(8,755)	261
Change in fair value of excess servicing spread financing	4,271	9,538
Hedging gains (losses)	18,551	(896)
Total amortization, impairment and change in fair value of MSRs	(7,623)	(10,800)
Net loan servicing fees	$ 62,278	$ 53,908

- Net servicing fee revenue increased 16% Q/Q driven primarily by higher servicing fees and hedging gains
- Change in net gains on mortgage loans held for sale due to reduction in economics related to EBO sales in 4Q14
- Expenses increased 21% Q/Q primarily due to a rise in losses and loss provisions on claims to the government agencies on defaulted loans

[1] Includes contractually-specified servicing fees

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Mortgage Servicing Rights (MSR) Asset Valuation

December 31, 2014 Unaudited ($ in millions)	Lower of amortized cost or fair value	Fair value not subject to excess servicing spread	Fair value subject to excess servicing spread
UPB	$33,746	$2,718	$28,227
Weighted average coupon	3.82%	4.74%	4.19%
Prepayment speed assumption (CPR)	8.5%	11.7%	11.1%
Weighted average servicing fee rate	0.30%	0.31%	0.31%
Fair value of MSR	$416.8	$31.9	$293.4
As a multiple of servicing fee	4.17	3.84	3.40
Carrying value of MSR	$405.4	$31.9	$293.4
Related excess servicing spread liability	-	-	$191.2

- PFSI carries most of its originated MSRs at the lower of amortized cost or fair value (LOCOM)
  - MSRs where the note rate on the underlying loan is equal to or less than 4.5%
- Purchased MSRs subject to ESS are carried at fair value and the ESS is also carried at fair value
- The fair value of MSRs carried at LOCOM was $11.4 million in excess of the carrying value at December 31, 2014

Note: Figures may not sum exactly due to rounding

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Investment Management Segment Results

Unaudited – (in thousands)	Quarter ended December 31, 2014	Quarter ended September 30, 2014
Revenue		
Management fees:		
From PennyMac Mortgage Investment Trust	$ 8,426	$ 9,623
From Investment Funds	1,596	1,756
	10,022	11,379
Carried Interest from Investment Funds	263	1,902
Other	65	13
	10,350	13,294
Expenses	7,742	7,112
Pretax income	$ 2,608	$ 6,182

- Carried interest from the Investment Funds declined 86% Q/Q, due to a smaller portfolio and reduced financial performance
- Incentive fees declined 31% Q/Q, from PMT's reduced financial performance

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Appendix

PFSI Has Developed in a Sustainable Manner for Long-Term Growth

- Disciplined growth to address the demands of the GSEs, Agencies, regulators and our financing partners
  - Since inception, PennyMac has focused on building and testing processes and systems before adding significant transaction volumes
- Highly experienced management team has created a robust corporate governance system centered on compliance, risk management and quality control

2014
- Continued organic growth
- Servicing UPB reaches $100 bn

2013
- PFSI completed initial public offering
- Expanded infrastructure in Fort Worth, TX

2012
- Expanded infrastructure in Tampa, FL
- Became largest non-bank correspondent aggregator

2011
- Expanded infrastructure with flagship operations facility in Moorpark, CA
- Correspondent leadership team expands

2010
- Added servicing leadership for prime portfolio and to drive scalable growth
- Correspondent system launches

2009
- Correspondent group established with a focus on operations development and process design

2008
- Operations launched
- De novo build of legacy-free mortgage servicer

	2008	2009	2010	2011	2012	2013	2014
Employees at year end	72	128	230	435	1,008	1,373	1,816

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PennyMac Financial Is in a Unique Position Among Mortgage Specialists

Industry-leading platform built organically – not through acquisitions

- Not distracted by legacy/regulatory issues
- Disciplined, sustainable growth for more than 7 years
- Focused on building and testing processes and systems before large transaction volumes

Strong governance and compliance culture

- Led by distinguished board which includes seven independent Directors
- Robust management governance structure with 10 committees that oversee key risks and controls
- External oversight by regulators, business partners and other third parties

Desired structure in place to compete effectively as a non-bank

- Synergistic partnership with PMT, a leading residential mortgage REIT and long-term investment vehicle
- Provides access to efficient capital and reduces balance sheet constraints on growth

Distinctive expertise and full range of capabilities across mortgage banking and investment management

✓ **Loan production**, e.g., loan fulfillment systems and operations, correspondent counterparty review and management

✓ **Credit**, e.g., loan program development, underwriting and quality control

✓ **Capital markets**, e.g., pooling and securitization, hedging/interest rate risk management

✓ **Servicing**, e.g., customer service, default management, investor accounting

✓ **Corporate functions**, e.g., enterprise risk management, internal audit, treasury, finance and accounting, legal, IT infrastructure and development

- Over 1,800 employees
- Highly experienced management team – 60 senior-most executives have on average 23 years of relevant industry experience

Opportunity for PFSI and PMT in MSR Acquisitions

Why Are MSR Sales Occurring?

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

How Do MSRs Come to Market?

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

Which MSR Transactions Are Attractive?

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

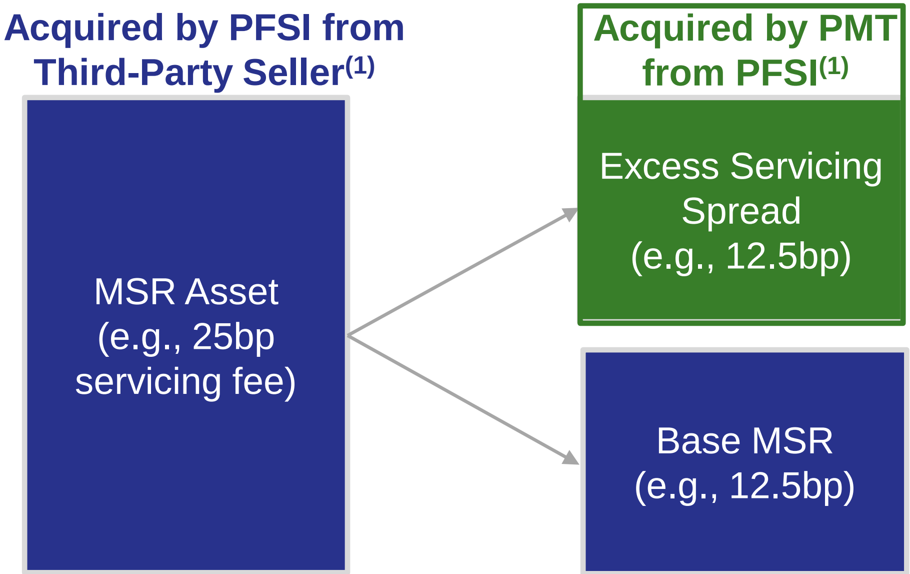
PFSI is uniquely positioned to be a successful acquirer of MSRs

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

PennyMac® Financial Services, Inc.

PFSI's Mortgage Servicing Rights Investments in Partnership with PMT

- PMT co-invests in Agency MSR acquired from third-party sellers by PFSI
- PMT acquires the right to receive the excess servicing spread cash flows over the life of the underlying loans
- PFSI owns the MSR and services the loans



Example transaction: actual transaction details may vary materially

Excess Servicing Spread[2]

- Interest income from a portion of the contractual servicing fee
  - Realized yield dependent on prepayment speeds and recapture

Base MSR

- Income from a portion of the contractual servicing fee
- Also entitled to ancillary income
- Bears expenses of performing loan servicing activities
- Required to advance certain payments largely for delinquent loans

[1] The contractual servicer and MSR owner is PennyMac Loan Services, LLC, an indirect subsidiary of PennyMac Financial Services, Inc.
[2] Subject and subordinate to Agency rights (under the related servicer or issuer guide) and, as applicable, to PFSI's pledge of MSRs under a note payable; does not change the contractual servicing fee paid by the Agency to the servicer.

PennyMac Financial Services, Inc.

Acquisitions, Originations, and Locks by Product

Unaudited ($ in millions)	4Q13	1Q14	2Q14	3Q14	4Q14
Correspondent Acquisitions					
Conventional	$ 2,419	$ 1,907	$ 2,911	$ 3,509	$ 2,772
Government	3,340	2,913	3,991	4,378	4,389
Jumbo	14	13	81	169	116
Total	**$ 5,773**	**$ 4,833**	**$ 6,983**	**$ 8,056**	**$ 7,276**
Correspondent Locks					
Conventional	$ 2,532	$ 2,163	$ 3,393	$ 3,554	$ 2,844
Government	3,455	3,282	4,398	4,621	4,473
Jumbo	20	66	314	199	172
Total	**$ 6,008**	**$ 5,512**	**$ 8,105**	**$ 8,373**	**$ 7,489**
Consumer Direct Originations					
Conventional	$ 169	$ 56	$ 87	$ 180	$ 232
Government	41	258	315	342	444
Jumbo	-	-	2	5	7
Total	**$ 211**	**$ 314**	**$ 403**	**$ 527**	**$ 682**
Consumer Direct Locks					
Conventional	$ 273	$ 122	$ 247	$ 446	$ 621
Government	130	464	503	567	800
Jumbo	2	1	9	11	14
Total	**$ 405**	**$ 587**	**$ 759**	**$ 1,024**	**$ 1,435**
Total acquisitions/originations	**$ 5,984**	**$ 5,147**	**$ 7,386**	**$ 8,582**	**$ 7,958**
Total locks	**$ 6,413**	**$ 6,099**	**$ 8,864**	**$ 9,397**	**$ 8,924**

Note: Figures may not sum exactly due to rounding