PennyMac Financial Services, Inc.

Third 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; 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.

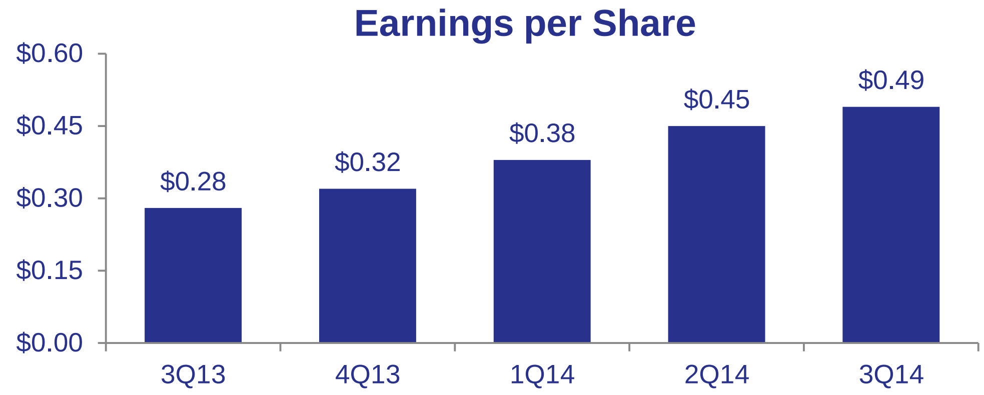
You should not place undue reliance on any forward-looking statement and should consider all of the uncertainties and risks described above, as well as those more fully discussed in reports and other documents filed by the Company with the Securities and Exchange Commission from time to time. The Company 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.

Third Quarter Highlights

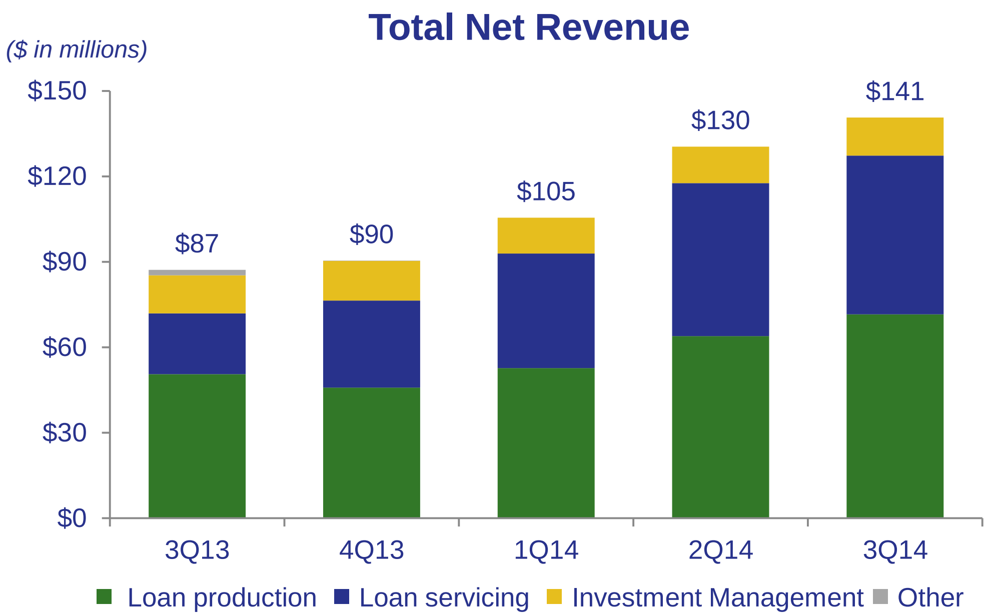
Record earnings driven by continued revenue growth, enabled by PFSI's operational foundation

- Pretax income of $62.7 million; diluted earnings per common share of $0.49
  - Strong pretax earnings contributions from each of PFSI's segments:
    Production: $39.1 million; Servicing: $17.4 million; Investment Management: $6.2 million
- Loan production totaled $8.6 billion in UPB, driven by an improved origination market and share gains in consumer direct originations
  - Revenue of $71.6 million, up 12% from 2Q14, with a strong and growing contribution from consumer direct
  - Correspondent production was $8.1 billion, up 15% from 2Q14; consumer direct originations were $527 million, up 31% from 2Q14
- Servicing portfolio grew to $100.1 billion in UPB, up 7% from June 30, 2014
  - Revenue of $55.7 million, up 4% from 2Q14
  - Continued organic growth resulting from loan production, supplemented by mini-bulk and flow acquisitions of MSRs totaling $1.6 billion in UPB
  - Expect further economies of scale with the core management and infrastructure in place to grow in today's market and regulatory environment
- Net assets under management declined modestly to $2.02 billion from $2.14 billion at June 30, 2014
  - Revenue of $13.3 million, up 4% from 2Q14, driven by higher performance incentive fees and carried interest

Top-Line Growth Drives Continued Increase in PFSI Earnings



- These trends reflect organic growth that is enabled by PFSI's solid operational platform and is not dependent on large bulk acquisitions that are opportunistic



- Diversified sources of revenue include Loan Servicing and Investment Management, which are mostly recurring fees and growing components of PFSI's business model
- Significant and increasing contribution from consumer direct production

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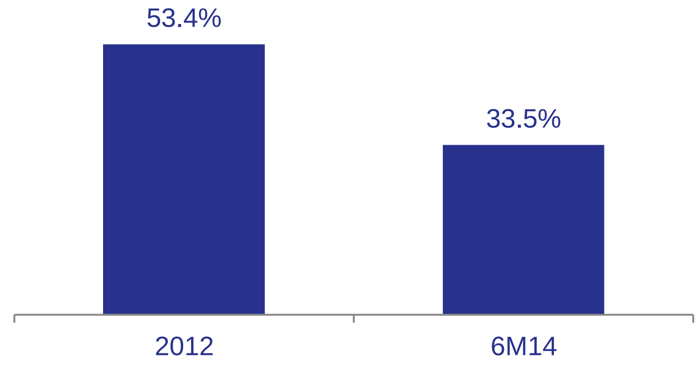
Significant Opportunity and Role for a Non-Bank Mortgage Leader

- The heightened requirements for a mortgage business in the current environment demand focus, expert management, and dedicated resources in order to operate successfully
- A well-managed specialist firm can meet the needs of the mortgage market and provide more effective services that are better for consumers
- As a correspondent aggregator, PennyMac Financial also serves local mortgage banks, providing them access to capital and liquidity
- Non-bank specialists such as PennyMac Financial are subject to high levels of external oversight:
  - Regulation by the CFPB and state agencies
  - Additional oversight from the GSEs, Agencies, and bank financing partners
- Banks have retreated from the mortgage market for many reasons, including the regulatory scrutiny, higher capital requirements, and a greater focus on core customers and businesses

Share of Total U.S. Mortgage Production Market

Top 5 Banks[1]



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[1] Wells Fargo, JP Morgan Chase, Bank of America, U.S. Bank, Citi
[2] Includes correspondent acquisitions by PMT
Source: Inside Mortgage Finance; PennyMac analysis

Consumer Direct Production Is Becoming a Major Growth Driver

Consumer direct lending has significant advantages over the branch-based model:

- Direct model has taken over other consumer financial services markets, e.g., banking, brokerage, credit cards, insurance
- Refinance market is already shifting in favor of the consumer direct model – purchase-money market is next
- Business development driven by corporate-directed leads
- Call centers result in an efficient concentration of personnel and expertise
- Centralized environment creates a controlled process (e.g., for regulatory compliance) and better ability to deploy technology improvements

PennyMac's Approach to Lead Generation

- Disciplined direct marketing to consumers
- Affinity relationships through corporate partnerships and business development officers (BDOs) in local markets
- Brand development through targeted broadcast advertising
- Maximizing portfolio recapture and retention

Additional Success Drivers

- Operational proficiency in processing higher volumes of loans
- Continued investment in IT, e.g., telephony and lead management to maximize lead conversion
- Innovative programs that provide value to real estate agents and consumers, e.g., Approved Buyer Certificate (ABC)

Value of a Correspondent Aggregator in the U.S. Mortgage Market

Originators: small and mid-sized mortgage lenders across the U.S.

Aggregator

- Well-capitalized firm with many sources of financing
- Sophisticated capital markets expertise to manage pipeline and interest rate risk
- Capabilities and scale to service loans and retain MSRs
- Approvals and established performance for Agencies and other investors
- Pooling and securitization capabilities

Agencies and other Investors

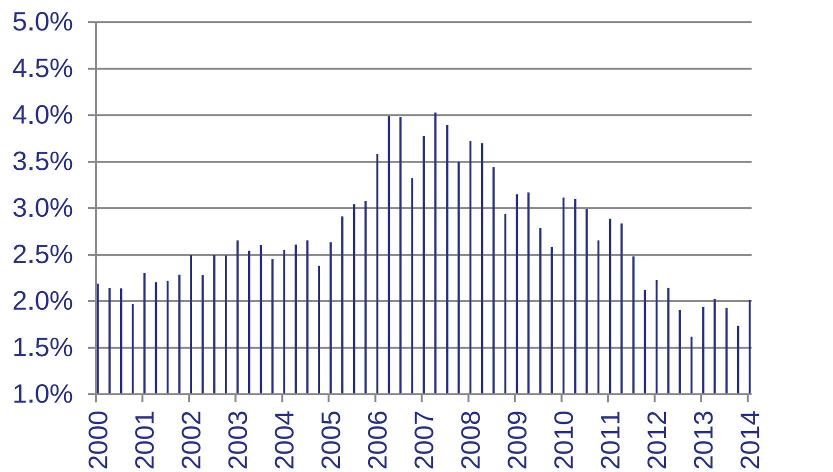
- Provides the Agencies with operational leverage to source volume from smaller originators by:
  - Conducting loan-level due diligence in addition to the originators' quality control process
  - Dedicating resources to counterparty review and monitoring
- PMT and PFSI as aggregators serve as the ongoing mortgage servicers with significant capital and operational capabilities

Current Market Environment and Outlook

- Interest rates have remained low, driven by global economic weakness and geopolitical concerns
  - Mortgage rates remain very low in a historical context
  - Continue to aid refinance activity
- While home price appreciation has moderated, improving values across the U.S. are expected to continue
  - Supply of available homes remains historically low; new construction has not kept pace with household formation
  - Improving U.S. economic conditions (employment, wages in key demographic cohorts) will be a positive contributor
- The prime jumbo market has begun to improve relative to the first half of 2014
- Increasing emphasis by FHFA (as regulator of Fannie Mae and Freddie Mac) and the FHA on expanding the availability of mortgage credit
- Continued scrutiny of nonbank mortgage companies, with concerns that they have adequate capital, capabilities, and governance systems

Average 30-year fixed rate mortgage[1]

Home Inventory[2] as a Percentage of Households



(1) Source: Freddie Mac Primary Mortgage Market Survey. 3.98% as of 10/30/14.
(2) Inventory of new and existing homes; Source: Census Bureau, National Association of Realtors, PennyMac analysis

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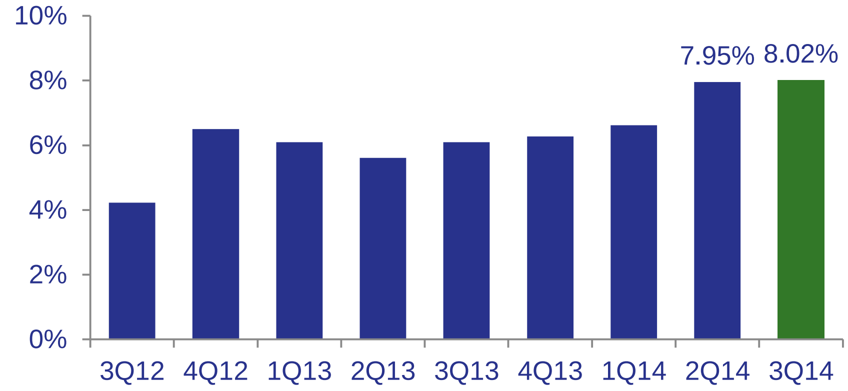
Growth Trends in PennyMac Financial's Businesses

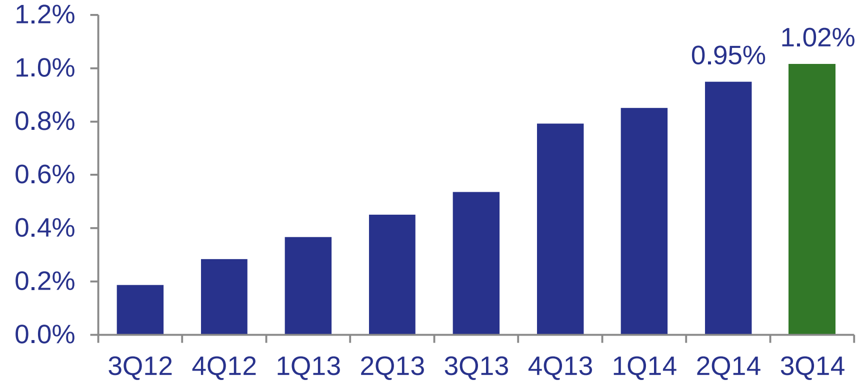
Correspondent Production(1)

Market Share



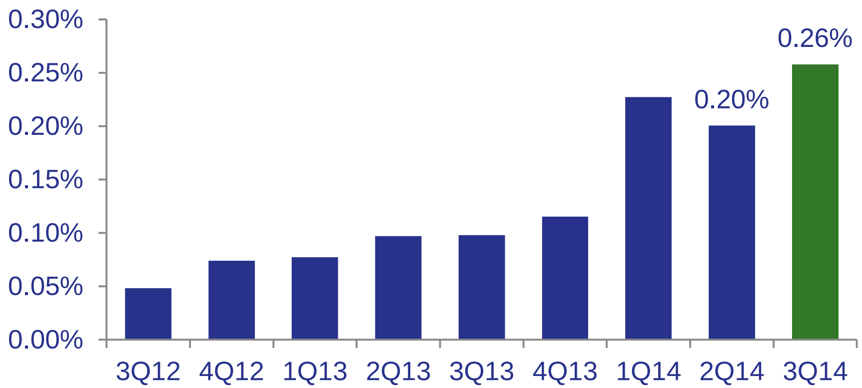
Loan Servicing(1)

Market Share



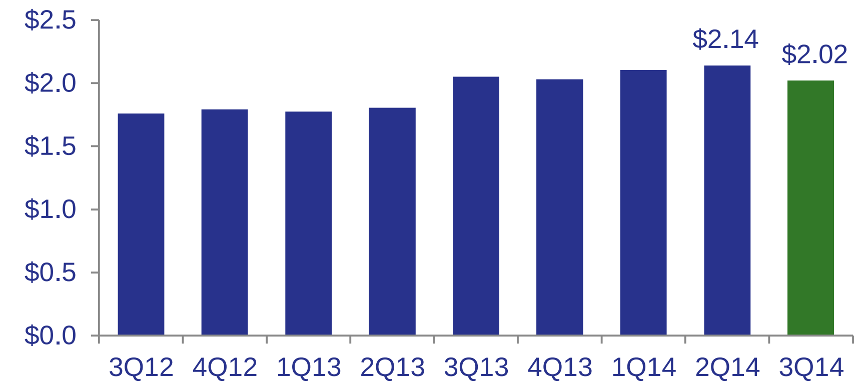
Consumer Direct Production(1)

Market Share



Investment Management

AUM (billions)



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(1) Source: Inside Mortgage Finance and company estimates. Inside Mortgage Finance estimates total 3Q14 origination market of $335 billion. Correspondent production share estimate is based on PFSI and PMT acquisition volume of $8.1 billion divided by $101 billion for the correspondent market (estimated to be 30% of total origination market). Consumer direct production share is based on PFSI originations of $527 million divided by $204 billion for the retail market (estimated to be 61% of total origination market). Loan servicing market share is based on PFSI's servicing UPB of $100.1 billion divided by $9.86 trillion in mortgage debt outstanding as of June 30, 2014.

Quarterly Highlights – Correspondent Production

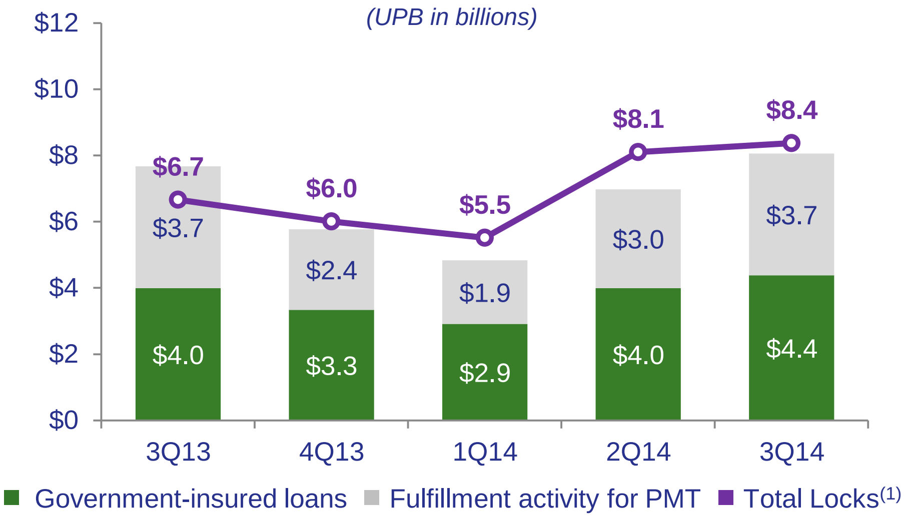
Operational Highlights

- Correspondent acquisitions by PMT in 3Q14 totaled $8.1 billion
  - 54% government-insured loans – PFSI earns gain on mortgage loans
  - 46% conventional loans – fulfillment activity for PMT
- October correspondent acquisitions totaled $2.8 billion; locks totaled $2.8 billion

Strategic Initiatives

- Continue to add seller relationships
- Expand on strong position in government-insured loans – specialist market with fewer competitors
- Growth in prime non-Agency loans

Correspondent Volume and Mix



Selected Operational Metrics

	3Q14	2Q14
Correspondent production business partners	342	316
Purchase money loans, as % of total acquisitions	79%	82%

Selected Credit Metrics for 3Q14

	WA FICO	WA DTI[2]
Government-insured	706	40%
Conventional[2]	744	35%

(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

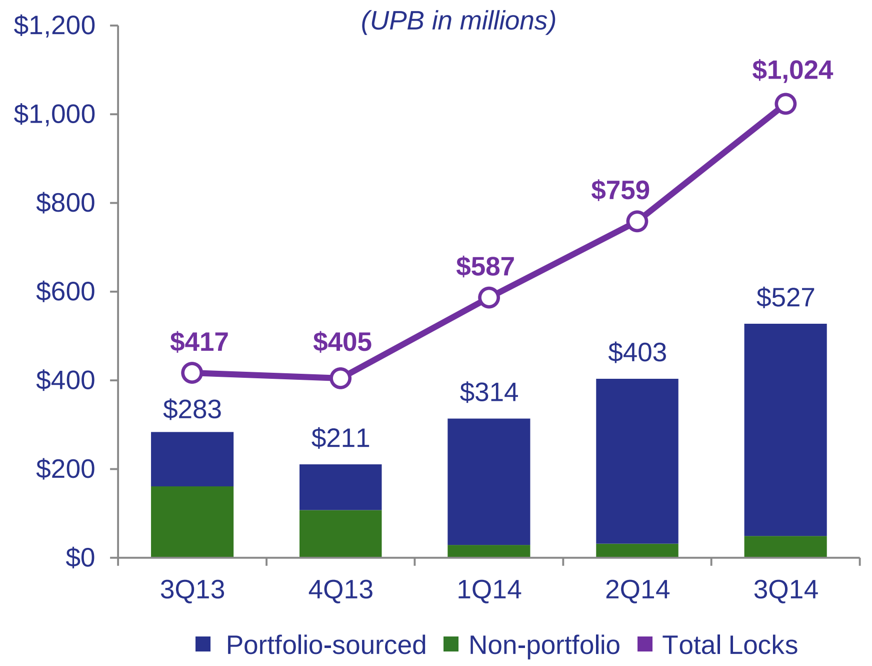
Operational Highlights

- Consumer direct production totaled $527 million in 3Q14, up 31% from 2Q14
- Strong portfolio-sourced recapture volume
  - Growing servicing portfolio drives increasing recapture opportunities
  - Value of recapture paid to PMT was $2.1 million

Strategic Initiatives

- Continue to maximize recapture opportunities
- Further development of the consumer direct platform
  - Additional Business Development Officers (BDOs) to drive purchase money business
  - Broadcast advertising
- Technology development including web and mobile applications, process automation

Consumer Direct Production Volume



Selected Credit Metrics for 3Q14	WA FICO	WA DTI[1]
Government-insured	671	40%
Conventional[2]	734	37%

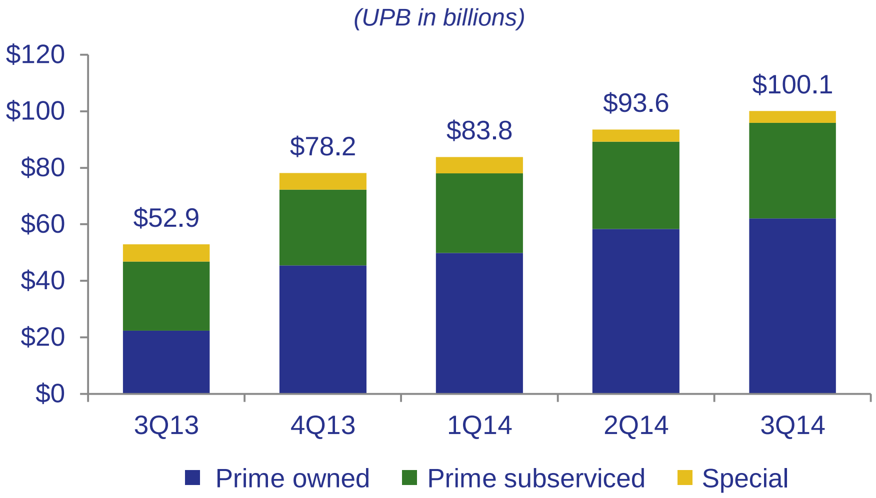
(1) Debt to income ratio; excludes streamlined refinance loans
(2) Includes conforming and jumbo loan originations

Quarterly Highlights – Loan Servicing

Operational Highlights

- Servicing portfolio totaled $100.1 billion in UPB at quarter-end, up 7% from 2Q14
- Mini-bulk and flow MSR acquisitions totaled $1.6 billion in UPB during 3Q14
  - Excess servicing spread (ESS) co-investment by PMT totaled $9.3 million
  - Reviewed 38 new mini-bulk and flow opportunities, bid on 7, and won 3 during the quarter
- Continued early buyouts (EBOs) of defaulted loans from Ginnie Mae pools, with economic benefit through sale to third parties

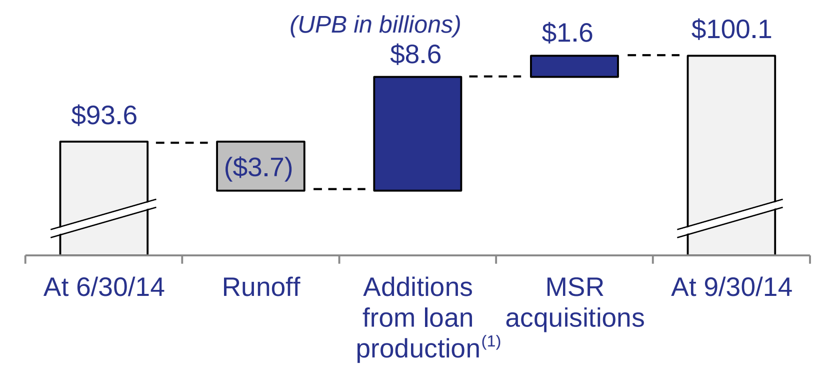
Loan Servicing Portfolio Composition



Strategic Initiatives

- Ongoing organic servicing portfolio growth
- Mini-bulk and flow MSR acquisitions to supplement organic growth; expect intermittent larger bulk MSR transactions
- Drive operational efficiency with increasing economies of scale

Net Portfolio Growth



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

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Quarterly Highlights – Investment Management

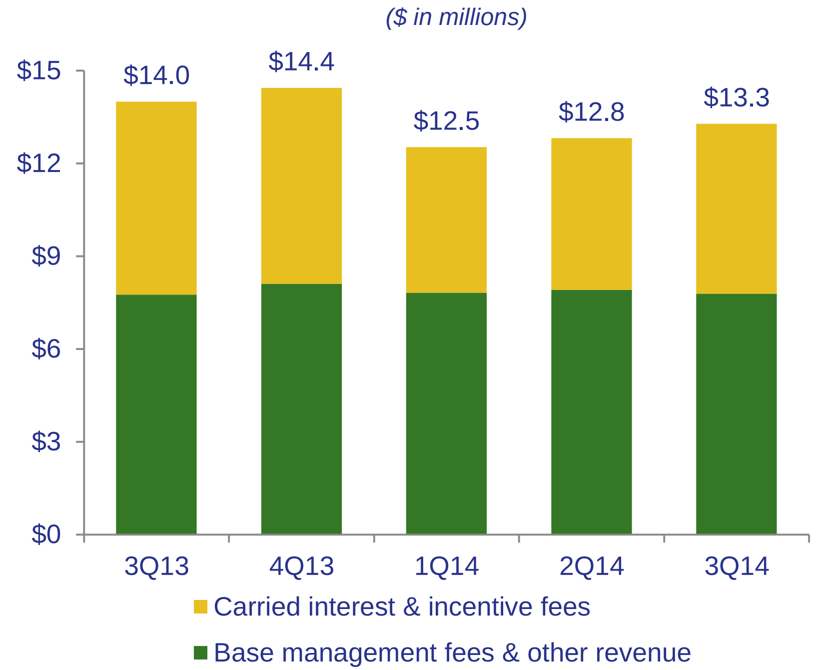
Operational Highlights

- Investment management revenues were $13.3 million, up 4% from 2Q14
  - Incentive fees from PMT increased 17% Q/Q, from PMT's continued strong performance
  - Carried interest from the Investment Funds increased 4% Q/Q
- Net assets under management declined to $2.02 billion at September 30, 2014, as the Investment Funds continue planned return of capital

Strategic Initiatives

- Opportunities to manage additional capital for mortgage-related investments:
  - Distressed whole loans
  - MSRs resulting from correspondent aggregation
  - Excess servicing spread on MSRs
  - Investments in prime non-Agency loans
  - Agency and non-Agency MBS
  - Evaluating small balance commercial mortgages

Investment Management Revenues



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Third Quarter Financial Review

- Diluted earnings per common share of $0.49
- Pretax income of $62.7 million, up 8% from 2Q14
- Total net revenue of $140.6 million, up 8% from 2Q14
- Total expenses of $77.9 million, up 8% from 2Q14

Business Segment Results

- Total pretax income from mortgage banking activities of $56.5 million, up 7% from 2Q14
- Production segment pretax income totaled $39.1 million, up 19% from 2Q14
  - Government-insured correspondent locks increased 5% Q/Q; consumer direct locks increased 35% Q/Q
  - Production segment revenues increased 12% Q/Q with strong contributions from both correspondent and consumer direct
- Servicing segment pretax income totaled $17.4 million, down 13% from 2Q14
  - Higher servicing expense resulting from portfolio growth and increase in loss reserves associated with servicing advances on Ginnie Mae loans
- Investment Management segment pretax income of $6.2 million, up 16% from 2Q14
  - Incentive fees increased due to PMT's improved performance in recent periods

Mortgage Banking – Production Segment Results

Production Segment *Unaudited ($ in thousands)*	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Revenue		
Net gains on mortgage loans held for sale at fair value	$ 41,308	$ 38,101
Loan origination fees	11,823	10,345
Fulfillment fees from PennyMac Mortgage Investment Trust	15,497	12,433
Net interest income	2,508	2,625
Other	478	383
	71,614	63,887
Expenses	32,535	31,126
Pretax income	$ 39,079	$ 32,761

Production Segment Metrics *Unaudited ($ in thousands)*	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Net gains on mortgage loans	$ 41,308	$ 38,101
As % of IRLCs	0.73%	0.74%
Loan origination fees	$ 11,823	$ 10,345
As % of PFSI fundings	0.24%	0.24%
Fulfillment fees from PMT	$ 15,497	$ 12,433
Average fulfillment fee [1]	42 bps	42 bps

- Gain related to consumer direct locks was approximately 305 bps in 3Q14[2]

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[1] Fulfillment fees paid by PMT divided by unpaid principal balance of loans fulfilled for PMT during the quarter
[2] Adjusted for expected fallout, which is 35% for consumer direct lock commitments

Mortgage Banking – Servicing Segment Results

Servicing Segment

Unaudited ($ in thousands)

	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Revenue		
Net gains on mortgage loans held for sale at fair value	$ 6,825	$ 1,603
Net servicing fees	53,908	56,969
Net interest expense	(5,246)	(5,106)
Other	230	265
	55,717	53,731
Expenses	38,286	33,772
Pretax income	$ 17,431	$ 19,959

Net Loan Servicing Fees

Unaudited ($ in thousands)

	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Servicing fees [1]	$ 64,708	$ 66,493
Effect of MSRs:		
Amortization and realization of cash flows	(19,703)	(16,729)
Change in fair value and reversal of (provision for) impairment of MSRs carried at lower of amortized cost or fair value	261	(12,474)
Change in fair value of excess servicing spread financing	9,538	10,062
Hedging gains (losses)	(896)	9,617
Total amortization, impairment and change in fair value of MSRs	(10,800)	(9,524)
Net loan servicing fees	$ 53,908	$ 56,969

[1] Includes contractually-specified servicing fees.

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Mortgage Servicing Rights (MSR) Asset Valuation

September 30, 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	$30,665	$3,012	$27,189
Weighted average coupon	3.80%	4.71%	4.22%
Prepayment speed assumption (CPR)	8.4%	11.1%	10.7%
Weighted average servicing fee rate	0.29%	0.30%	0.31%
Fair value of MSR	$368.3	$31.7	$286.0
As a multiple of servicing fee	4.10	3.47	3.41
Carrying value of MSR	$358.3	$31.7	$286.0
Related excess servicing spread liability	-	-	$187.4

- 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%
- The fair value of MSRs carried at LOCOM was $10.0 million in excess of the carrying value at September 30, 2014
  - Fair value of the MSRs in excess of their carrying value increased due to higher mortgage rates at September 30, 2014, compared to the prior quarter end

Note: Figures may not sum exactly due to rounding

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Investment Management Segment Results

Unaudited – ($ in thousands)	Quarter ended September 30, 2014	Quarter ended June 30, 2014
Revenue		
Management fees:		
From PennyMac Mortgage Investment Trust	$ 9,623	$ 8,912
From Investment Funds	1,756	2,086
	11,379	10,998
Carried Interest from Investment Funds	1,902	1,834
Net interest income	-	1
Other	13	(16)
	13,294	12,817
Expenses	7,112	7,490
Pretax income	$ 6,182	$ 5,327

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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

Employees at year end	72	128	230	435	1,008	1,373	1,693 (1)

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(1) As of 9/30/14

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 6 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 1,600 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 banks are selling MSRs due to continuing operational pressures, higher regulatory capital requirements (treatment under Basel III) and a re-focus on core customers/businesses
- Independent mortgage banks are selling MSRs due to 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 the successful acquirer of MSRs

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

Acquisitions, Originations, and Locks by Product

Unaudited ($ in millions)	3Q13	4Q13	1Q14	2Q14	3Q14
Correspondent Acquisitions					
Conventional	$ 3,608	$ 2,419	$ 1,907	$ 2,911	$ 3,509
Government	3,992	3,340	2,913	3,991	4,378
Jumbo	74	14	13	81	169
Total	**$ 7,674**	**$ 5,773**	**$ 4,833**	**$ 6,983**	**$ 8,056**
Correspondent Locks					
Conventional	$ 2,923	$ 2,532	$ 2,163	$ 3,393	$ 3,554
Government	3,718	3,455	3,282	4,398	4,621
Jumbo	22	20	66	314	199
Total	**$ 6,662**	**$ 6,008**	**$ 5,512**	**$ 8,105**	**$ 8,373**
Consumer Direct Originations					
Conventional	$ 235	$ 169	$ 56	$ 87	$ 180
Government	44	41	258	315	342
Jumbo	4	-	-	2	5
Total	**$ 283**	**$ 211**	**$ 314**	**$ 403**	**$ 527**
Consumer Direct Locks					
Conventional	$ 354	$ 273	$ 122	$ 247	$ 446
Government	59	130	464	503	567
Jumbo	4	2	1	9	11
Total	**$ 417**	**$ 405**	**$ 587**	**$ 759**	**$ 1,024**
Total acquisitions/originations	**$ 7,957**	**$ 5,984**	**$ 5,147**	**$ 7,386**	**$ 8,582**
Total locks	**$ 7,079**	**$ 6,413**	**$ 6,099**	**$ 8,864**	**$ 9,397**

Note: Figures may not sum exactly due to rounding

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