

**Report of Organizational Actions  
 Affecting Basis of Securities**

▶ See separate instructions.

**Part I Reporting Issuer**

1 Issuer's name <b>PennyMac Financial Securities, Inc.</b>		2 Issuer's employer identification number (EIN) <b>80-0882793</b>	
3 Name of contact for additional information <b>Christopher Oltmann</b>	4 Telephone No. of contact <b>818 264-4907</b>	5 Email address of contact <b>InvestorRelations@pnmac.com</b>	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact <b>3043 Townsgate Rd.</b>		7 City, town, or post office, state, and ZIP code of contact <b>Westlake Village, CA 91361</b>	
8 Date of action <b>See Below</b>	9 Classification and description <b>Non-taxable return of capital distribution</b>		
10 CUSIP number <b>70932B 101</b>	11 Serial number(s)	12 Ticker symbol <b>PFSI</b>	13 Account number(s)

**Part II Organizational Action** Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **PennyMac Financial Services, Inc. ("PFSI") paid a non-taxable return of capital distribution on August 30, 2018 to Class A common stockholders of record as of August 13, 2018. The estimated percent of the non-taxable return of capital distribution paid to stockholders is 100% of the total distribution based on PFSI's current expectation regarding its projected taxable earnings and profits for the year 2018.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶ **The total non-taxable return of capital distribution paid to stockholders of record on August 13, 2018 reduces the basis of each Class A common share of PFSI by \$.40.**

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶ **The tax basis of the Class A common stockholders of record for the distribution is lowered by the per share return of capital amount noted above. The rate was determined in accordance with IRC §301 and §316.**

**Part II** Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶ IRC §301, §316

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18 Can any resulting loss be recognized? ▶ No loss can be recognized by the Class A common stockholders of records for the non-taxable return of capital distribution received.

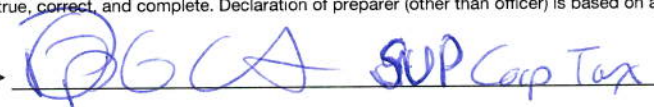
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19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶ Tax year 2018.

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Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here**

Signature ▶  Date ▶ 9-4-2018

Print your name ▶ Philip Cusack Title ▶ SVP, Federal Tax

**Paid Preparer Use Only**

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶			Firm's EIN ▶	
Firm's address ▶			Phone no.	

Send Form 8937 (including accompanying statements) to: Department of the Treasury, Internal Revenue Service, Ogden, UT 84201-0054