

PENNYMAC FINANCIAL SERVICES, INC.  
Form 424B3  
March 24, 2014

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Registration No. 333-191522

**The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and accompanying prospectus are not an offer to sell these securities and we and the selling stockholder are not soliciting offers to buy these securities in any jurisdiction where the offer or sale is not permitted.**

**SUBJECT TO COMPLETION, DATED MARCH 24, 2014**

**P R O S P E C T U S S U P P L E M E N T**  
**(To Prospectus dated March 24, 2014)**

**5,554,545 Shares**

**PennyMac Financial Services, Inc.**

**Class A Common Stock**

All of the 5,554,545 shares of our Class A common stock to be sold in this public offering will be sold by the selling stockholder identified in this prospectus supplement. In addition, the selling stockholder has granted the underwriter a 30-day option to purchase from the selling stockholder, at the same public offering price less the same underwriting discount, up to 555,455 additional shares of our common stock. We will not receive any of the proceeds from this offering or the exercise by the underwriter of its option. This prospectus is a supplement to, and should be read together with, the accompanying prospectus, dated March 24, 2014.

Our Class A common stock is listed on the New York Stock Exchange, or NYSE, under the symbol "PFSI." The last reported sale price of our Class A common stock on the NYSE on March 21, 2014 was \$18.58 per share.

**We are an "emerging growth company" as defined in the Jumpstart Our Business Startups Act of 2012, and therefore have elected to comply with certain reduced public company reporting requirements.**

We are not a government-sponsored entity.

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**Investing in our common stock involves risks. See "Risk Factors" beginning on page S-8 of this prospectus supplement before buying shares of our Class A common stock.**

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Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

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	Per share	Total
Public Offering Price	\$	\$
Underwriting Discounts and Commissions	\$	\$
Proceeds to the Selling Stockholder (before expenses)	\$	\$

The underwriter will receive reimbursement for certain expenses in connection with this offering. See "Underwriting" beginning on page S-11 of this prospectus supplement.

The underwriter expects to deliver the shares to purchasers on \_\_\_\_\_, 2014.

**Citigroup**

The date of this prospectus supplement is \_\_\_\_\_, 2014

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock and also adds to and updates information contained in, or incorporated by reference into, the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering. As described in "Information Incorporated By Reference", this prospectus supplement incorporates by reference information contained in other documents that we have previously filed with the SEC, including without limitation, our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, which was filed with the SEC on March 14, 2014.

To the extent there is a conflict between the information contained in this prospectus supplement, on the one hand, and the information contained in the accompanying prospectus or in the previously filed documents incorporated by reference, on the other hand, you should rely on the information in this prospectus supplement.

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus relating to this offering that we provide to you. We and the selling stockholder have not, and the underwriter has not, authorized anyone to provide you with additional or different information and, if given, you should not rely on it. We and the selling stockholder are not, and the underwriter is not, making an offer to sell these securities or seeking offers to buy these securities in any jurisdiction where the offer or sale is not permitted. You should not assume that the information in this prospectus supplement, the accompanying prospectus or the documents incorporated by reference is accurate as of any date other than the date on the front of those documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless the context requires otherwise, the words "we," "us," "our" and "Company" refer to PennyMac Financial Services, Inc. and its subsidiaries taken as a whole. For purposes of this prospectus supplement, the term "stockholders" shall refer to the holders of our common stock.

In this prospectus supplement, we refer to BlackRock Mortgage Ventures, LLC, together with its affiliates, as "BlackRock," and HC Partners LLC, formerly known as Highfields Capital Investments LLC, together with its affiliates, as "Highfields."

Unless the context requires otherwise, references in this prospectus supplement to "PMT" collectively refer to PennyMac Mortgage Investment Trust, a mortgage "real estate investment trust" externally managed by PCM, and its operating subsidiaries.

For investors outside the United States: We and the selling stockholder have not done anything that would permit this offering or possession or distribution of this prospectus supplement in any jurisdiction where action for that purpose is required, other than in the United States. You are required to inform yourselves about and to observe any restrictions relating to this offering and the distribution of this prospectus supplement outside of the United States.

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**PROSPECTUS SUPPLEMENT SUMMARY**

*The following information supplements, and should be read together with, the information contained or incorporated by reference in other parts of this prospectus supplement and the accompanying prospectus. This summary highlights selected information from the prospectus supplement and the accompanying prospectus. As a result, it does not contain all of the information you should consider before buying our common stock. You should carefully read this prospectus supplement and the accompanying prospectus, including the discussion under "Risk Factors" contained in our publicly available filings with the SEC, including our annual report on Form 10-K for the year ended December 31, 2013 and other reports we file under the Exchange Act and the documents incorporated by reference, which are described under "Information Incorporated By Reference" in this prospectus supplement.*

**The Company**

We are a specialty financial services firm with a comprehensive mortgage platform and integrated business focused on the production and servicing of U.S. residential mortgage loans and the management of investments related to the U.S. residential mortgage market. We were founded in 2008 by members of our executive leadership team and two strategic partners, BlackRock and Highfields. Since our founding we have pursued opportunities to acquire and manage residential mortgage loans and established what we believe to be a best-in-class mortgage platform. We have relied on the know-how of our management team and built a *de novo* operating platform to our specifications using industry-leading technology, processes and procedures to address the stringent requirements of residential mortgage lending and servicing in the post-financial crisis market. We believe that this approach has resulted in a specialized mortgage platform that is "legacy-free" and highly scalable to support the continued growth of our business.

We conduct our business in two segments: mortgage banking and investment management. Our principal mortgage banking subsidiary, PennyMac Loan Services, LLC, or PLS, is a leading non-bank producer and servicer of mortgage loans in the United States. PLS is a seller/servicer for the Federal National Mortgage Association, or Fannie Mae, and the Federal Home Loan Mortgage Corporation, or Freddie Mac, each of which is a government-sponsored entity, or GSE. It is also an approved issuer of securities guaranteed by the Government National Mortgage Association, or Ginnie Mae, a lender of the Federal Housing Administration, or FHA, a lender/servicer of the Veterans Administration, or VA, and a servicer for the Home Affordable Modification Program, or HAMP. PLS is licensed (or exempt or otherwise not required to be licensed) to originate residential mortgage loans in 47 states and the District of Columbia and to service loans in 50 states, the District of Columbia and the U.S. Virgin Islands.

Our principal investment management subsidiary, PNMAC Capital Management, LLC, or PCM, is an SEC registered investment adviser. It manages PennyMac Mortgage Investment Trust, or PMT, a mortgage "real estate investment trust," or REIT, listed on the NYSE. PCM also manages PNMAC Mortgage Opportunity Fund, LLC and PNMAC Mortgage Opportunity Fund, LP, both registered under the Investment Company Act of 1940, an affiliate of these funds and PNMAC Mortgage Opportunity Fund Investors, LLC. We refer to these funds collectively as our "Investment Funds" and, together with PMT, as our "Advised Entities." Our Advised Entities have been some of the leading non-bank investors in distressed mortgage loans since 2008, investing in loans with approximately \$7.4 billion of unpaid principal balances, or UPB. As of December 31, 2013, our Advised Entities had combined net assets of approximately \$2.0 billion.

We conduct some of our activities for our own account and some for our Advised Entities. We earn significant fee income and carried interest from the activities we conduct for our Advised Entities; such fees include investment management fees, incentive fees, subservicing fees for servicing loan portfolios and fulfillment fees for mortgage banking services provided to PMT in connection with our

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correspondent lending program. Our relationships with our Advised Entities also allow us to pursue some market opportunities with reduced capital intensity, with PLS and PCM providing operational expertise and our Advised Entities providing investment capital for mortgage-related assets.

**Corporate and Other Information**

PNMAC was formed in Delaware in January 2008. PennyMac Financial Services, Inc. was formed in Delaware in December 2012. Our principal executive offices are located at 6101 Condor Drive in Moorpark, California and our telephone number is (818) 224-7442. Our website address is [www.IR.PennyMacFinancial.com](http://www.IR.PennyMacFinancial.com). We do not incorporate the information contained on, or accessible through, our corporate website into this prospectus supplement, and you should not consider it part of this prospectus supplement.

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**THE OFFERING**

Class A common stock to be offered by the selling stockholder	5,554,545 shares
Underwriter's option to purchase additional shares of Class A common stock from the selling stockholder	555,455
Class A common stock outstanding after giving effect to this offering	20,879,486 shares
Class A Units of PNMAC outstanding after giving effect to this offering	55,009,402 units held by the members of PNMAC other than PennyMac Financial Services, Inc. and 20,879,486 units held by PennyMac Financial Services, Inc.
Voting power held by holders of Class A common stock after giving effect to this offering	27.51% with the remaining voting power held by holders of our Class B common stock.
Voting rights	Each share of our Class A common stock entitles its holder to one vote on all matters to be voted on by stockholders generally. Each holder of Class A Units of PNMAC, other than PennyMac Financial Services, Inc., holds one share of our Class B common stock. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes on matters presented to stockholders of PennyMac Financial Services, Inc. that is equal to the aggregate number of Class A Units of PNMAC held by such holder. See "Description of Capital Stock Common Stock Class B Common Stock" in the accompanying prospectus. Holders of our Class A common stock and Class B common stock vote together as a single class on all matters presented to our stockholders for their vote or approval, except as otherwise required by applicable law.
Exchange rights of holders of Class A Units of PNMAC	Pursuant to an exchange agreement that we have entered into with the owners of PNMAC other than us, those other owners may (subject to the terms of the exchange agreement) exchange their Class A Units of PNMAC for shares of Class A common stock of PennyMac Financial Services, Inc. on a one-for-one basis, subject to customary conversion rate adjustments for stock splits, stock dividends, reclassifications and certain other transactions that would cause the number of outstanding shares of Class A common stock to be different than the number of Class A Units of PNMAC owned by PennyMac Financial Services, Inc. As those other owners exchange Class A Units of PNMAC for shares of Class A common stock, the voting power afforded to them by their shares of Class B common stock will be automatically and correspondingly reduced.

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Use of proceeds	We will not receive any proceeds from the sale of shares of our Class A common stock by the selling stockholder. The selling stockholder will receive all of the net proceeds and bear all commissions and discounts, if any, from the sales of our Class A common stock offered by it pursuant to this prospectus supplement.
Dividend policy	Any future determination to pay dividends on our common stock will be at the discretion of our board of directors and will depend upon many factors, including our financial position, results of operations, liquidity and legal requirements.
Risk factors	See "Risk Factors" beginning on page S-8 and the other information included in this prospectus supplement for a discussion of factors you should carefully consider before deciding to invest in our Class A common stock.
NYSE symbol	"PFSI."

Unless we specifically state otherwise, all information in this prospectus supplement:

reflects the 20,879,486 shares of Class A common stock and 75,888,888 Class A Units of PNMAC (including 20,879,486 Class A Units owned by PennyMac Financial Services, Inc.) outstanding as of March 21, 2014;

does not reflect options to purchase 414,349 shares of Class A common stock outstanding as of March 21, 2014, at a weighted average exercise price of \$21.03 per share, none of which are currently vested or exercisable, or 584,661 outstanding restricted stock units as of March 21, 2014 to obtain up to 584,661 shares of Class A common stock, none of which are currently vested or exercisable;

does not reflect an additional 4,229,447 shares of Class A common stock that may be granted as of March 21, 2014 under the PennyMac Financial Services, Inc. 2013 Equity Incentive Plan, referred to in this prospectus supplement as our 2013 Equity Incentive Plan, which number represents the total number of additional shares currently authorized and reserved for issuance in connection with future awards that may be granted under this plan less the number of shares issuable under this plan in exchange for Class A Units of PNMAC held by our employees pursuant to the exchange agreement; and

does not reflect an additional 18,945,723 shares of Class A common stock issuable as of March 21, 2014 under our 2013 Equity Incentive Plan upon the exchange of Class A Units of PNMAC held by our employees pursuant to the exchange agreement.



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**SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS**

This prospectus supplement contains forward-looking statements, which reflect our current views with respect to, among other things, our operations and financial performance. You can identify these forward-looking statements by the use of words such as "outlook," "believes," "expects," "potential," "continues," "may," "will," "should," "seeks," "approximately," "predicts," "intends," "plans," "estimates," "anticipates" or the negative version of these words or other comparable words. Such forward-looking statements are subject to various risks and uncertainties. Accordingly, there are or will be important factors that could cause actual outcomes or results to differ materially from those indicated in these statements. We believe these factors include but are not limited to those described under "Risk Factors" and include, among other things:

The continually changing 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;

Current and future rules issued by the Consumer Finance Protection Bureau, or CFPB, and the enforcement thereof by the CFPB;

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 inherent in growing loan production volume;

Changes in prevailing interest rates;

Difficulties inherent in adjusting the size of our operations to reflect changes in business level;

Purchase opportunities for mortgage servicing rights, or MSRs, and our success in winning bids;

Increases in loan delinquencies and defaults;

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Our reliance on PMT as a significant source of financing for, and revenue related to, our mortgage banking business;

Any required additional capital and liquidity to support business growth that may not be available on acceptable terms, if at all;

Our obligation to indemnify third-party purchasers or repurchase loans if loans that we originate, acquire or assist in the fulfillment of, fail to meet certain criteria or characteristics or under other circumstances;

Our obligation to indemnify PMT and the Investment Funds if our services fail 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;

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The extensive amount of 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 the ongoing negative publicity focused on Countrywide Financial Corporation, given the former association of certain of our officers with that entity; and

Our recent rapid growth.

These factors should not be construed as exhaustive and should be read in conjunction with the other cautionary statements that are included in this prospectus supplement. We undertake no obligation to publicly update or review any forward-looking statement, whether as a result of new information, future developments or otherwise.

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**RISK FACTORS**

Investment in any securities offered pursuant to this prospectus supplement involves risks. You should carefully consider the specific risks set forth under "Risk Factors" in Item 1A of Part I of our Annual Report on Form 10-K for the fiscal year ended December 31, 2013 incorporated by reference herein, and all of the other information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus, before making an investment decision. For more information, see "Information Incorporated by Reference."

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**USE OF PROCEEDS**

The selling stockholder will receive all of the net proceeds from the sales of shares of Class A common stock offered by it pursuant to this prospectus supplement. We will not receive any proceeds from the sale of these shares of our Class A common stock, but we will bear the costs associated with this registration. The selling stockholder will bear any underwriting commissions and discounts attributable to its sale of shares of our Class A common stock.

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The following table sets forth information as of March 21, 2014 for the selling stockholder regarding beneficial ownership of shares of our Class A common stock and the number of shares of our Class A common stock that may be offered or sold pursuant to this prospectus supplement. The percentage of shares beneficially owned before the offering is based on the number of shares of our Class A common stock outstanding as of March 21, 2014. The information regarding shares beneficially owned after the offering assumes the sale of all shares offered by the selling stockholder and that the selling stockholder does not acquire any additional shares. Information in the table below with respect to beneficial ownership has been furnished by the selling stockholder.

The selling stockholder has not had a material relationship with us or any of our subsidiaries within the past three years other than as a result of the ownership of our securities.

As of March 21, 2014, there were 20,879,486 shares of our Class A common stock outstanding.

Name	Shares of Class A Common Stock Beneficially Owned Prior to This Offering				Shares of Class A Common Stock Beneficially Owned After This Offering(2)			
	Number	%	% of Total Voting Power and Total Economic Interest in PNMAC(1)	Shares of Class A Common Stock Being Offered(2)	Number	%	% of Total Voting Power and Total Economic Interest in PNMAC(1)	
Fidelity Investments Charitable Gift Fund 200 Seaport Boulevard, Z3B Boston, Massachusetts 02210	6,110,000	29.26%	8.05%	5,554,545	555,455	2.66%	0.73%	

- (1) Represents the percentage of voting power of our Class A common stock and Class B common stock voting together as a single class. Each holder of Class A Units of PNMAC other than us also holds one share of our Class B common stock. The shares of Class B common stock have no economic rights but entitle the holder, without regard to the number of shares of Class B common stock held, to a number of votes on matters presented to our stockholders that is equal to the aggregate number of Class A Units of PNMAC held by such holder. As a holder exchanges Class A Units of PNMAC for shares of our Class A common stock pursuant to the exchange agreement, the voting power afforded to the holder by its share of Class B common stock will be automatically and correspondingly reduced. Total economic interest in PNMAC is calculated as the percentage of all outstanding Class A Units of PNMAC beneficially held by the stockholder, directly or indirectly through PennyMac Financial Services, Inc., assuming that each share of Class A common stock held is equivalent to one Class A Unit of PNMAC.
- (2) If the underwriter exercises in full its option, then the shares being offered will equal 6,110,000 and number and percent of Class A owned after this offering, as well as percent of voting power and total economic interest, will equal zero.

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**UNDERWRITING**

Citigroup Global Markets Inc. is acting as the sole book-running manager of the offering and the sole underwriter of the offering. Subject to the terms and conditions stated in the underwriting agreement dated the date of this prospectus supplement, Citigroup Global Markets Inc. has agreed to purchase, and the selling stockholder has agreed to sell to Citigroup Global Markets Inc., a total of 5,554,545 shares of our Class A common stock.

The underwriting agreement provides that the obligation of Citigroup Global Markets Inc. to purchase the shares included in this offering are subject to approval of legal matters by counsel and to other conditions. Citigroup Global Markets Inc. is obligated to purchase all the shares (other than those covered by the underwriter's option to purchase additional shares described below) if they purchase any of the shares.

Shares sold by Citigroup Global Markets Inc. to the public will initially be offered at the initial public offering price set forth on the cover of this prospectus supplement. Any shares sold by Citigroup Global Markets Inc. to securities dealers may be sold at a discount from the initial public offering price not to exceed \$ \_\_\_\_\_ per share. If all the shares are not sold at the initial offering price, Citigroup Global Markets Inc. may change the offering price and the other selling terms.

If Citigroup Global Markets Inc. sells more than 5,554,545 shares, the selling stockholder has granted to Citigroup Global Markets Inc. an option, exercisable for 30 days from the date of this prospectus supplement, to purchase up to 555,455 additional shares at the public offering price less the underwriting discount. Any shares issued or sold under the option will be issued and sold on the same terms and conditions as the other shares that are the subject of this offering.

We, certain of our officers and directors, and the selling stockholder have agreed that, for a period of 90 days from the date of this prospectus supplement, we and they will not, without the prior written consent of Citigroup Global Markets Inc., dispose of or hedge any shares or any securities convertible into or exchangeable for our Class A common stock. Citigroup Global Markets Inc. in its sole discretion may release any of the securities subject to these lock-up agreements at any time without notice.

Shares of our Class A common stock are listed on the New York Stock Exchange under the symbol "PFSI."

The following table shows the underwriting discounts and commissions that the selling stockholder is to pay to Citigroup Global Markets Inc. in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriter's option to purchase additional shares.

	Paid by Selling Stockholder	
	No Exercise	Full Exercise
Per share	\$ _____	\$ _____
Total	\$ _____	\$ _____

We will pay all of the offering expenses incurred by us and by the selling stockholder in connection with the offering, other than the underwriting discounts and commissions, which will be paid by the selling stockholder. We have agreed to reimburse the underwriter for certain expenses in connection with this offering in an amount not to exceed \$20,000. We estimate that the total expenses of this offering payable by us will be \$ \_\_\_\_\_.

In connection with the offering, Citigroup Global Markets Inc. may purchase and sell shares in the open market. Purchases and sales in the open market may include short sales, purchases to cover short

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positions, which may include purchases pursuant to the underwriter's option to purchase additional shares, and stabilizing purchases.

Short sales involve secondary market sales by Citigroup Global Markets Inc. of a greater number of shares than they are required to purchase in the offering.

(  
) "Covered" short sales are sales of shares in an amount up to the number of shares represented by the underwriter's option to purchase additional shares.

(  
) "Naked" short sales are sales of shares in an amount in excess of the number of shares represented by the underwriter's option to purchase additional shares.

Covering transactions involve purchases of shares either pursuant to the underwriter's option to purchase additional shares or in the open market in order to cover short positions.

(  
) To close a naked short position, Citigroup Global Markets Inc. must purchase shares in the open market. A naked short position is more likely to be created if Citigroup Global Markets Inc. is concerned that there may be downward pressure on the price of the shares in the open market after pricing that could adversely affect investors who purchase in the offering.

(  
) To close a covered short position, Citigroup Global Markets Inc. must purchase shares in the open market or must exercise the option to purchase additional shares. In determining the source of shares to close the covered short position, Citigroup Global Markets Inc. will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the underwriter's option to purchase additional shares.

Stabilizing transactions involve bids to purchase shares so long as the stabilizing bids do not exceed a specified maximum.

Purchases to cover short positions and stabilizing purchases, as well as other purchases by Citigroup Global Markets Inc. for their own account, may have the effect of preventing or retarding a decline in the market price of the shares. They may also cause the price of the shares to be higher than the price that would otherwise exist in the open market in the absence of these transactions. Citigroup Global Markets Inc. may conduct these transactions on the New York Stock Exchange, in the over-the-counter market or otherwise. If Citigroup Global Markets Inc. commences any of these transactions, it may discontinue them at any time.

**Conflicts of Interest**

Citigroup Global Markets Inc. is a full service financial institution engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Citigroup Global Markets Inc. and its affiliates have in the past performed commercial banking, investment banking and advisory services for us from time to time for which they have received customary fees and reimbursement of expenses and may, from time to time, engage in transactions with and perform services for us in the ordinary course of their business for which they may receive customary fees and reimbursement of expenses. In the ordinary course of their various business activities, Citigroup Global Markets Inc. and its respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve securities and/or instruments of ours or our affiliates.



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Citigroup Global Markets Inc. and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Citibank, N.A., an affiliate of Citigroup Global Markets Inc., is a lender under a \$150 million master repurchase agreement with PLS and Private National Mortgage Acceptance Company, LLC, as guarantor dated as of June 26, 2012. In addition, from time to time, we have facilitated the purchase of distressed whole loans from one or more affiliates of Citibank, N.A. for the investment portfolio of PMT and the Investment Funds. For example, in 2011 we managed the acquisition by PMT and the Investment Funds of \$1.7 billion in distressed mortgage loans from or through one or more affiliates of Citibank, N.A. and in 2012 we managed the acquisition by PMT of \$952.3 million in distressed mortgage loans from or through one or more affiliates of Citibank, N.A.

Citibank, N.A., receives customary fees and commissions for these financing transactions. For more information, see the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations Off-Balance Sheet Arrangements and Aggregate Contractual Obligations Debt Obligations" in our Annual Report on Form 10-K for the year ended December 31, 2013, which is incorporated by reference into this prospectus supplement.

From time to time, we may make purchases of mortgage loans or servicing rights from, and sell loans that we have originated to, third parties in the future, which could include Citigroup Global Markets Inc. or its affiliates.

We and the selling stockholder have agreed to indemnify Citigroup Global Markets Inc. against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the Citigroup Global Markets Inc. may be required to make because of any of those liabilities.

***Notice to Prospective Investors in the European Economic Area***

In relation to each member state of the European Economic Area that has implemented the Prospectus Directive (each, a relevant member state), with effect from and including the date on which the Prospectus Directive is implemented in that relevant member state (the relevant implementation date), an offer of shares described in this prospectus supplement may not be made to the public in that relevant member state other than:

to any legal entity which is a qualified investor as defined in the Prospectus Directive;

to fewer than 100 or, if the relevant member state has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by us for any such offer; or

in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of shares shall require us or the underwriter to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For purposes of this provision, the expression an "offer of securities to the public" in any relevant member state means the communication in any form and by any means of sufficient information on the terms of the offer and the shares to be offered so as to enable an investor to decide to purchase or subscribe for the shares, as the expression may be varied in that member state by any measure implementing the Prospectus Directive in that member state, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant member state) and includes any relevant implementing measure in the relevant member state. The expression 2010 PD Amending Directive means Directive 2010/73/EU.

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The sellers of the shares of Class A Common Stock have not authorized and do not authorize the making of any offer of shares of Class A Common Stock through any financial intermediary on their behalf, other than offers made by the underwriter with a view to the final placement of the shares of Class A Common Stock as contemplated in this prospectus supplement. Accordingly, no purchaser of the shares, other than the underwriter, is authorized to make any further offer of the shares on behalf of the sellers or the underwriter.

***Notice to Prospective Investors in the United Kingdom***

This prospectus supplement and the accompanying prospectus are only being distributed to, and is only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (ii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (d) of the Order (each such person being referred to as a "relevant person"). This prospectus supplement and its contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

***Notice to Prospective Investors in France***

Neither this prospectus supplement nor any other offering material relating to the shares of Class A common stock described in this prospectus supplement has been submitted to the clearance procedures of the Autorité des Marchés Financiers or of the competent authority of another member state of the European Economic Area and notified to the Autorité des Marchés Financiers. The shares of Class A common stock have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France. Neither this prospectus supplement nor any other offering material relating to the shares of Class A common stock has been or will be:

released, issued, distributed or caused to be released, issued or distributed to the public in France; or

used in connection with any offer for subscription or sale of the shares of Class A common stock to the public in France.

Such offers, sales and distributions will be made in France only:

to qualified investors (investisseurs qualifiés) and/or to a restricted circle of investors (cercle restreint d'investisseurs), in each case investing for their own account, all as defined in, and in accordance with articles L.411-2, D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Code monétaire et financier;

to investment services providers authorized to engage in portfolio management on behalf of third parties; or

in a transaction that, in accordance with article L.411-2-II-1°-or-2°-or 3° of the French Code monétaire et financier and article 211-2 of the General Regulations (Règlement Général) of the Autorité des Marchés Financiers, does not constitute a public offer (appel public à l'épargne).

The shares of Class A common stock may be resold directly or indirectly, only in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 through L.621-8-3 of the French Code monétaire et financier.

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***Notice to Prospective Investors in Hong Kong***

The shares of Class A common stock may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the shares of Class A common stock may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares of Class A common stock which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

***Notice to Prospective Investors in Japan***

The shares of Class A common stock offered in this prospectus supplement have not been and will not be registered under the Financial Instruments and Exchange Law of Japan. The shares of Class A common stock have not been offered or sold and will not be offered or sold, directly or indirectly, in Japan or to or for the account of any resident of Japan (including any corporation or other entity organized under the laws of Japan), except (i) pursuant to an exemption from the registration requirements of the Financial Instruments and Exchange Law and (ii) in compliance with any other applicable requirements of Japanese law.

***Notice to Prospective Investors in Singapore***

This prospectus supplement has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the shares of Class A common stock may not be circulated or distributed, nor may the shares of Class A common stock be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where the shares of Class A common stock are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that

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corporation or that trust has acquired the shares pursuant to an offer made under Section 275 of the SFA except:

to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;

where no consideration is or will be given for the transfer; or

where the transfer is by operation of law.

***Notice to Prospective Investors in Switzerland***

The shares of Class A common stock may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange, or SIX, or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the shares of Class A common stock or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this document nor any other offering or marketing material relating to the offering, the Company, or the shares of Class A common stock have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of shares will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA (FINMA), and the offer of shares of Class A common stock has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of shares of Class A common stock.

***Notice to Prospective Investors in the Dubai International Financial Centre***

This prospectus supplement and the accompanying prospectus relate to an Exempt Offer in accordance with the Offered Securities Rules of the Dubai Financial Services Authority ("DFSA"). This prospectus supplement and the accompanying prospectus are intended for distribution only to persons of a type specified in the Offered Securities Rules of the DFSA. They must not be delivered to, or relied on by, any other person. The DFSA has no responsibility for reviewing or verifying any documents in connection with the Exempt Offers. The DFSA has not approved this prospectus supplement or the accompanying prospectus nor taken steps to verify the information set forth herein and therein and has no responsibility for the prospectus supplement and the accompanying prospectus. The shares of Class A common stock to which this prospectus supplement relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the shares of Class A common stock offered should conduct their own due diligence on the shares. If you do not understand the contents of this prospectus supplement and the accompanying prospectus you should consult an authorized financial advisor.

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***Notice to Prospective Investors in Australia***

No prospectus or other disclosure document (as defined in the Corporations Act 2001 (Cth) of Australia ("Corporations Act")) in relation to the Class A common stock has been or will be lodged with the Australian Securities & Investments Commission ("ASIC"). This document has not been lodged with ASIC and is only directed to certain categories of exempt persons. Accordingly, if you receive this document in Australia:

- (a) you confirm and warrant that you are either:
  - (i) a "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;
  - (ii) a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to us which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;
  - (iii) a person associated with the company under section 708(12) of the Corporations Act; or
  - (iv) a "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act, and to the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor, associated person or professional investor under the Corporations Act any offer made to you under this document is void and incapable of acceptance; and
- (b) you warrant and agree that you will not offer any of the Class A common stock for resale in Australia within 12 months of that Class A common stock being issued unless any such resale offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

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**LEGAL MATTERS**

The validity of the shares of Class A common stock offered hereby has been passed upon for us by Bingham McCutchen LLP, Costa Mesa, California. Certain legal matters in connection with this offering will be passed upon for the underwriters by Goodwin Procter LLP, Menlo Park, California.

**EXPERTS**

The consolidated financial statements of PennyMac Financial Services, Inc., as of December 31, 2013 and 2012, and for each of the three years in the period ended December 31, 2013, incorporated by reference in this prospectus supplement have been audited by Deloitte & Touche LLP, an independent registered public accounting firm, as stated in their report, which is incorporated by reference herein (which report expresses an unqualified opinion on the consolidated financial statements and includes an explanatory paragraph regarding the recapitalization and reorganization). Such consolidated financial statements have been so incorporated in reliance upon the report of such firm given upon their authority as experts in accounting and auditing.

**INFORMATION INCORPORATED BY REFERENCE**

The SEC allows us to "incorporate by reference" the information from other documents that we have previously filed with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement. We incorporate by reference the documents listed below, provided, however, that we are not incorporating any information furnished under Item 2.02 or Item 7.01 of any current report on Form 8-K:

our Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 14, 2014; and

our Current Reports on Form 8-K filed with the SEC on January 3, 2014 (including Amendment No. 1 thereto, filed on March 21, 2014) and February 6, 2014.

These documents may also be accessed on our website at [www.IR.PennyMacFinancial.com](http://www.IR.PennyMacFinancial.com). The information contained in, or accessible through, our website is not a part of this prospectus supplement.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents, by writing us at the following address: PennyMac Financial Services, Inc., 6101 Condor Drive, Moorpark, CA 93021 or by telephoning us at (818) 224-7442.

**WHERE YOU CAN FIND MORE INFORMATION**

We have filed with the SEC a registration statement on Form S-1 (including exhibits, schedules, and amendments) under the Securities Act with respect to the shares of Class A common stock offered by this prospectus supplement. This prospectus supplement does not contain all the information set forth in the registration statement. For further information about us and the shares of Class A common stock to be sold in this offering, you should refer to the registration statement. Statements containe