

***Walker & Dunlop***

Second Quarter 2012  
Earnings Results

August 8, 2012

# Forward Looking Statements

Some of the statements contained in this presentation constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, projections, plans and strategies, anticipated events or trends and similar expressions concerning matters that are not historical facts. In some cases, you can identify forward-looking statements by the use of forward-looking terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” or “potential” or the negative of these words and phrases or similar words or phrases that are predictions of or indicate future events or trends and that do not relate solely to historical matters. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The forward-looking statements contained in this presentation reflect our current views about future events and are subject to numerous known and unknown risks, uncertainties, assumptions and changes in circumstances that may cause actual results to differ significantly from those expressed or contemplated in any forward-looking statement.

While forward-looking statements reflect our good faith projections, assumptions and expectations, they are not guarantees of future results. Furthermore, we disclaim any obligation to publicly update or revise any forward-looking statement to reflect changes in underlying assumptions or factors, new information, data or methods, future events or other changes, except as required by applicable law. For a further discussion of these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements, see the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K and in our subsequent SEC filings.

## Additional Information

As previously disclosed (i) the Company is expected to issue approximately 11.6 million shares, subject to adjustment, of the Company’s common stock (the “Issuance”) in a private placement to CW Financial Services LLC (the “Seller”), at the closing of the announced pending acquisition by the Company’s indirect wholly owned subsidiary, Walker & Dunlop, LLC, of CWCapital LLC, a direct wholly owned subsidiary of the Seller, and (ii) pursuant to the rules of the New York Stock Exchange, the Issuance is subject to approval of the Company’s stockholders.

The Company and its directors and officers may be deemed to be participants in the solicitation of proxies from stockholders of the Company in connection with the approval of the Issuance. Information about the directors and executive officers of the Company and their ownership of the Company’s shares is set forth in the definitive proxy statement for the Company’s 2012 annual meeting of stockholders, filed by the Company with the SEC on April 26, 2012, and in the Company’s statements of changes in beneficial ownership filed on Form 4.

On July 26, 2012, the Company filed with the Securities and Exchange Commission (the “SEC”) a definitive proxy statement related to the Issuance and has mailed the definitive proxy statement and other relevant documents to the Company’s shareholders. The definitive proxy statement, and any other documents filed by the Company with the SEC, may be obtained free of charge at the SEC’s website at [www.sec.gov](http://www.sec.gov) or the Company’s website at [www.walkeranddunlop.com](http://www.walkeranddunlop.com). Investors should read the definitive proxy statement carefully before making any voting decision because it contains important information.

# Q2'12 - A Transformative Quarter

## **Transformative quarter for our Company:**

- Announced definitive agreement to acquire CWCapital. Planned close: August 31, 2012
- Tripled the origination capacity in our Capital Markets group with addition of two origination teams
- Achieved record loan origination volume of \$1.34 billion
- Second interim loan closed in May
- Third most profitable quarter in the Company's 74 year history, even with the additional costs related to the CWCapital acquisition and hiring new origination talent

# Q2'12 - Financial Highlights

## Financial Highlights:

- Record origination volumes increased 2% over Q2'11 to \$1.34 billion; 57% growth in Capital Markets originations
- Total revenues increased 10% over Q2'11 to \$46.7 million
- Origination fees up 11% over Q2'11 to \$17.1 million
- Total expenses up 31% to \$31.6 million and reflects investments in origination capacity and CWCapital acquisition costs
- Net income of \$9.3 million, \$0.42 per share down 17% over Q2'11
  - Expense Impact on Q2'12 EPS:
    - \$0.09: Investments in origination capacity - increased fixed compensation expenses plus recruiting fees
    - \$0.03: Acquisition costs associated with CWCapital transaction
  - Operating margin a solid 32% after investments in origination capacity and acquisition costs

## Loan origination guidance:

- Guidance for both periods provided for W&D on a standalone basis:  
Q3'12: \$1.1 - \$1.4 billion                      FY'12: \$4.5 – 5.25 billion

# YTD 2012 - Financial Highlights

## Financial highlights:

- Record Loan origination volumes - \$2.0 billion loans originated up 11% over first half of 2011
  - Capital Markets volumes grew 87% over first half of 2011
- Total revenues of \$81.1 million up 14% from \$71.4 million for the same period last year
  - Origination Fees grew 21% to \$27.4 million
- Total expenses of \$56.5 million increased 34% due to investments in origination capacity and acquisition related costs
- Net income of \$15.1 million down 15% from \$17.8 million for the same period last year
- Operating margin of 30%, includes investments in origination capacity and acquisition related costs, and reflects capabilities of our business model.
- Total servicing portfolio grew to \$17.6 billion, average life increased to 8.8 years and average servicing fee increased to 23 basis points

# Q2 & YTD 2012 - Financial Highlights

## Financial Performance

(\$ in thousands)

	Q2'11	Q2'12	% Change	YTD 2011	YTD 2012	% Change
Total loan originations	\$1,309,382	\$1,336,982	2%	\$1,816,879	\$2,011,438	11%
Total revenues	\$42,406	\$46,720	10%	\$71,403	\$81,122	14%
Income from operations	\$18,218	\$15,109	-17%	\$29,083	\$24,603	-15%
Operating Margin	43%	32%	-26%	41%	30%	-27%
Net Income	\$11,131	\$9,292	-17%	\$17,770	\$15,131	-15%

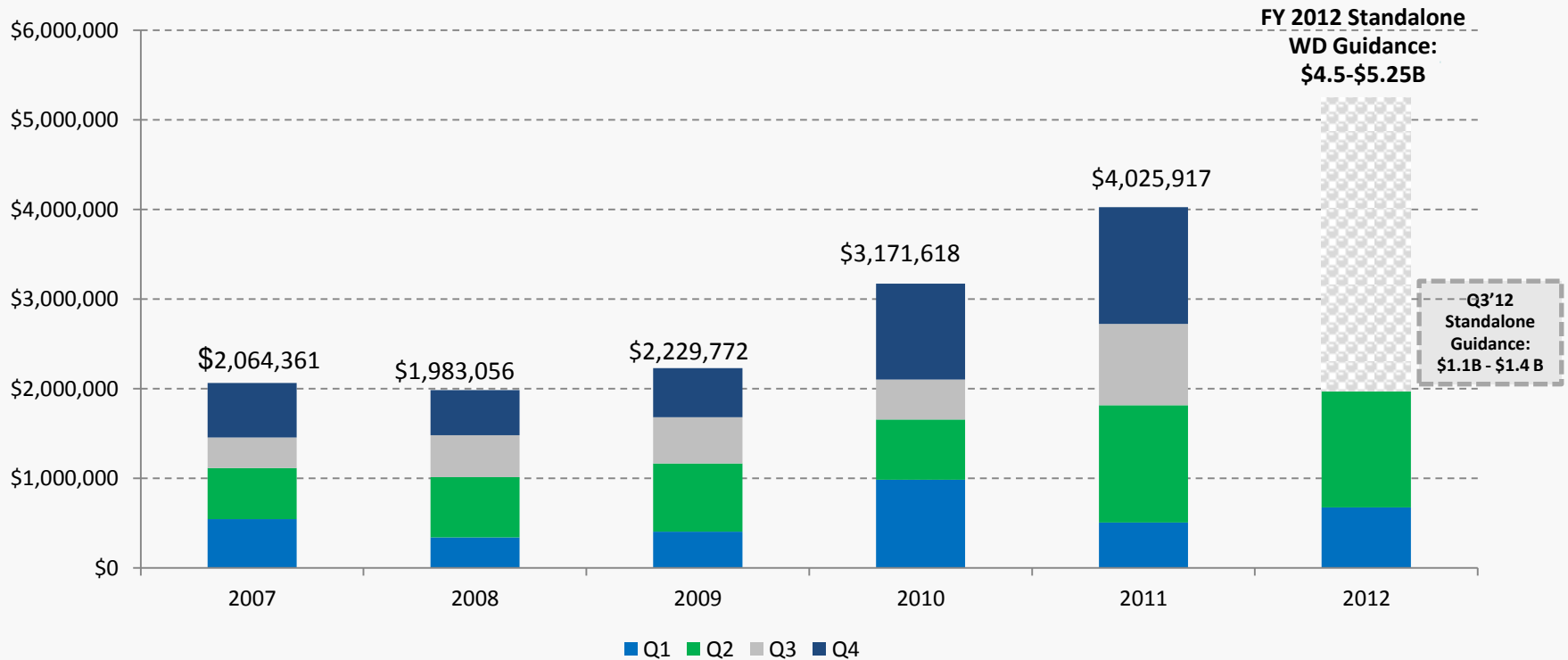
## Servicing Portfolio and Credit

June 30, 2011    June 30, 2012    % Change

Servicing portfolio ( <i>in thousands</i> )	\$15,425,904	\$17,562,832	14%
Weighted-average servicing fee rate ( <i>bps</i> )	22	23	5%
60+ day delinquencies as a % of the at risk portfolio	0.14%	0.05%	-64%

# Origination Volumes – Current and Historical

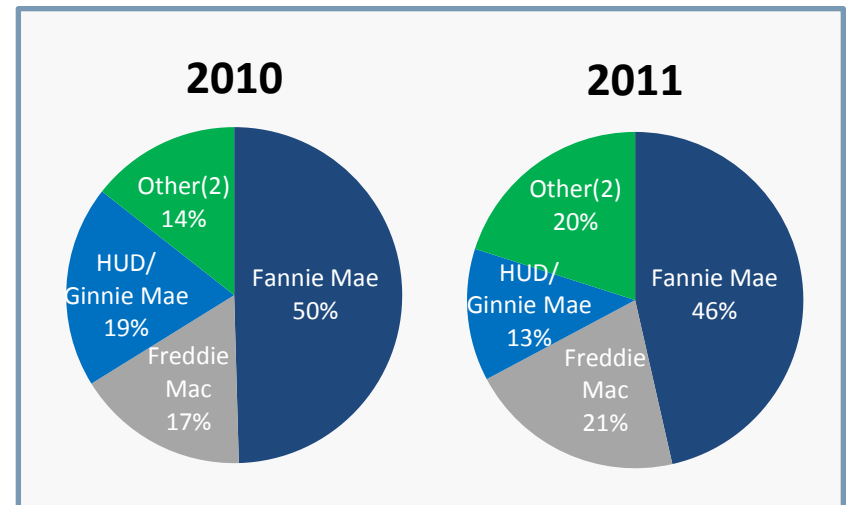
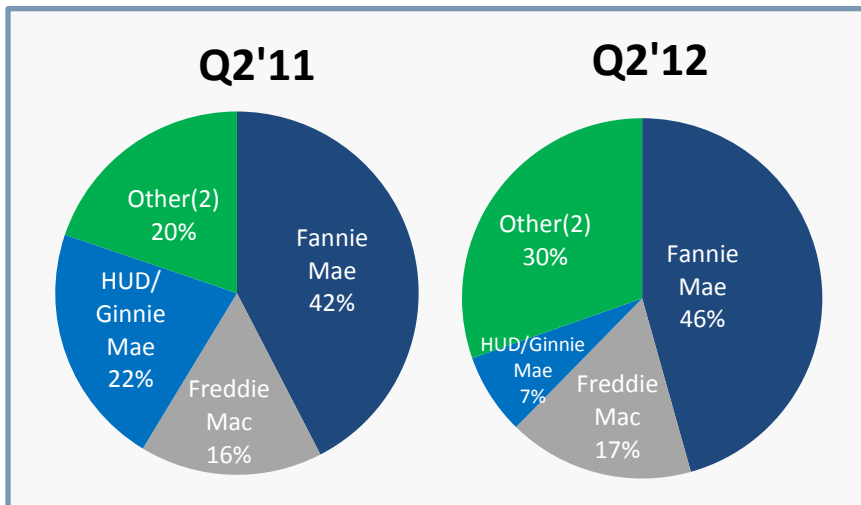
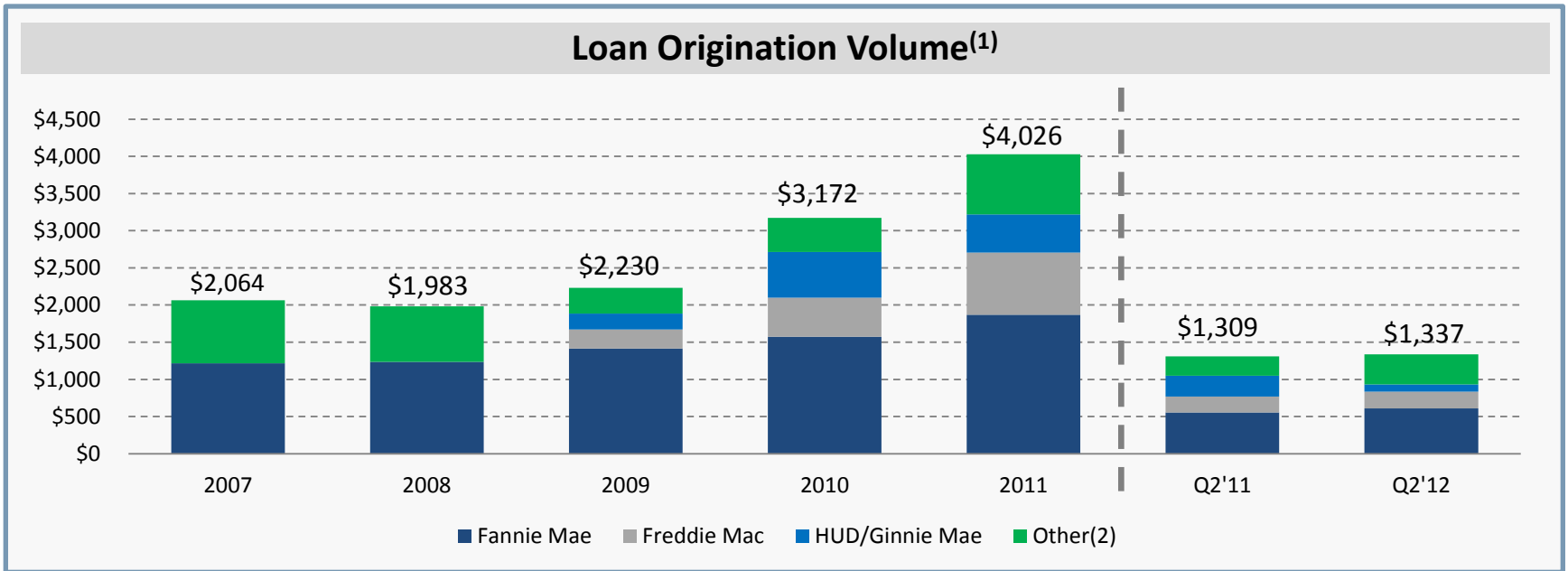
## Loan Origination Volume<sup>(1)</sup>



Guidance was given on August 8, 2012 and is for Walker & Dunlop on a standalone basis only.

<sup>(1)</sup> Dollars in thousands

# Volumes & Diversification Increase

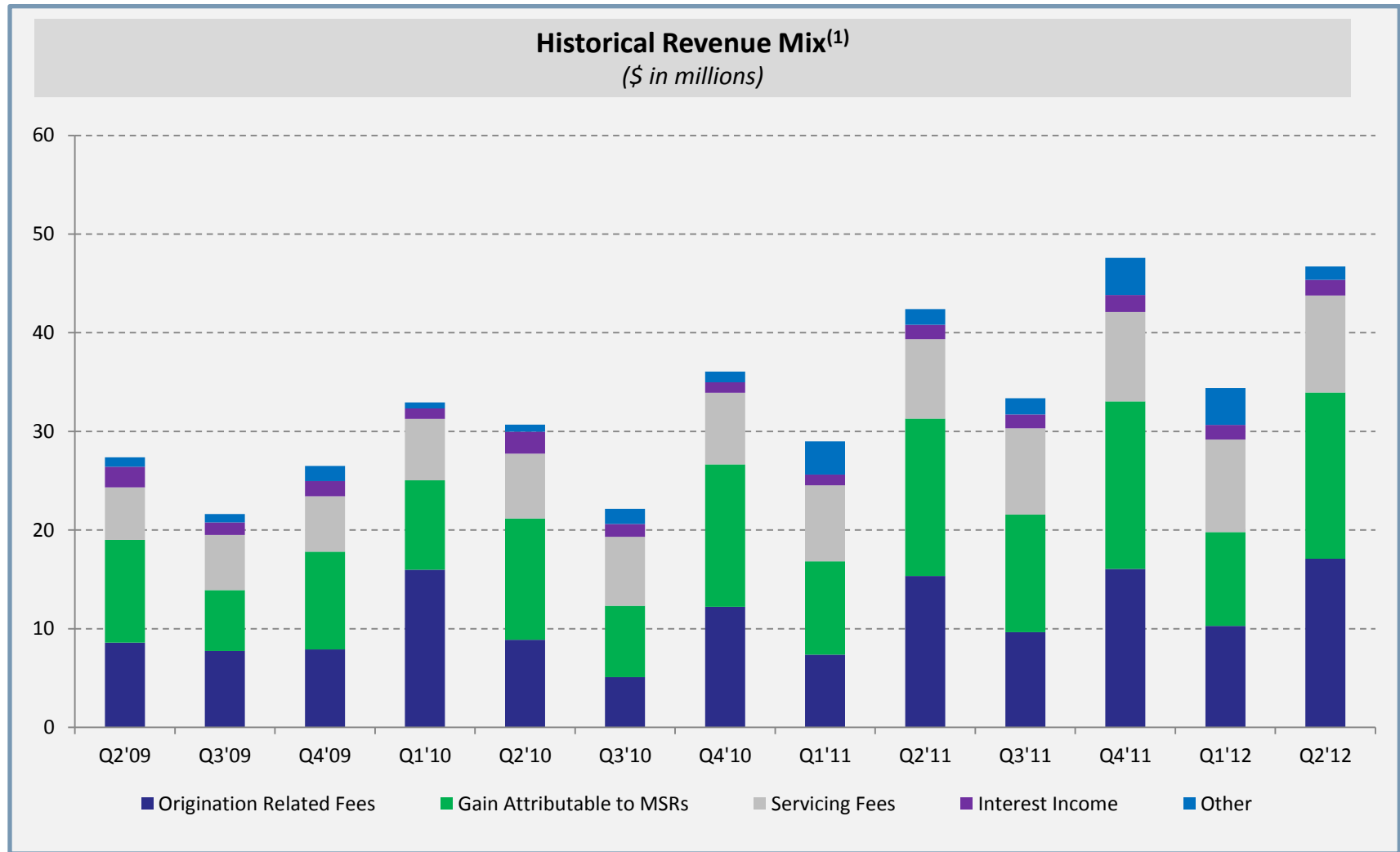


<sup>(1)</sup> Dollars in millions

<sup>(2)</sup> Other includes CMBS, life insurance, commercial banks, and interim loans



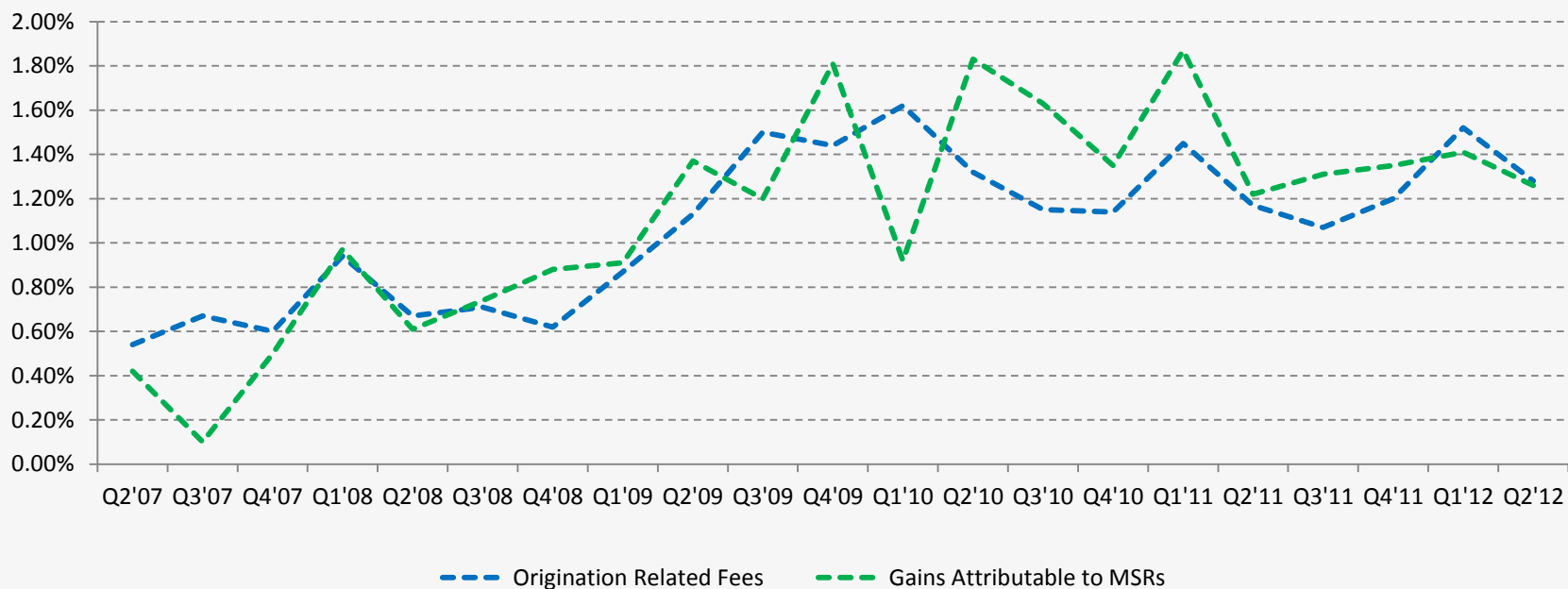
# Revenue Mix – A Historical Look



<sup>(1)</sup> 2009 excludes gain on bargain purchase recognized in connection with the Column Guaranteed LLC asset purchase in January 2009.

# Origination Revenues

## Gains from Mortgage Banking Activities<sup>(1)</sup>

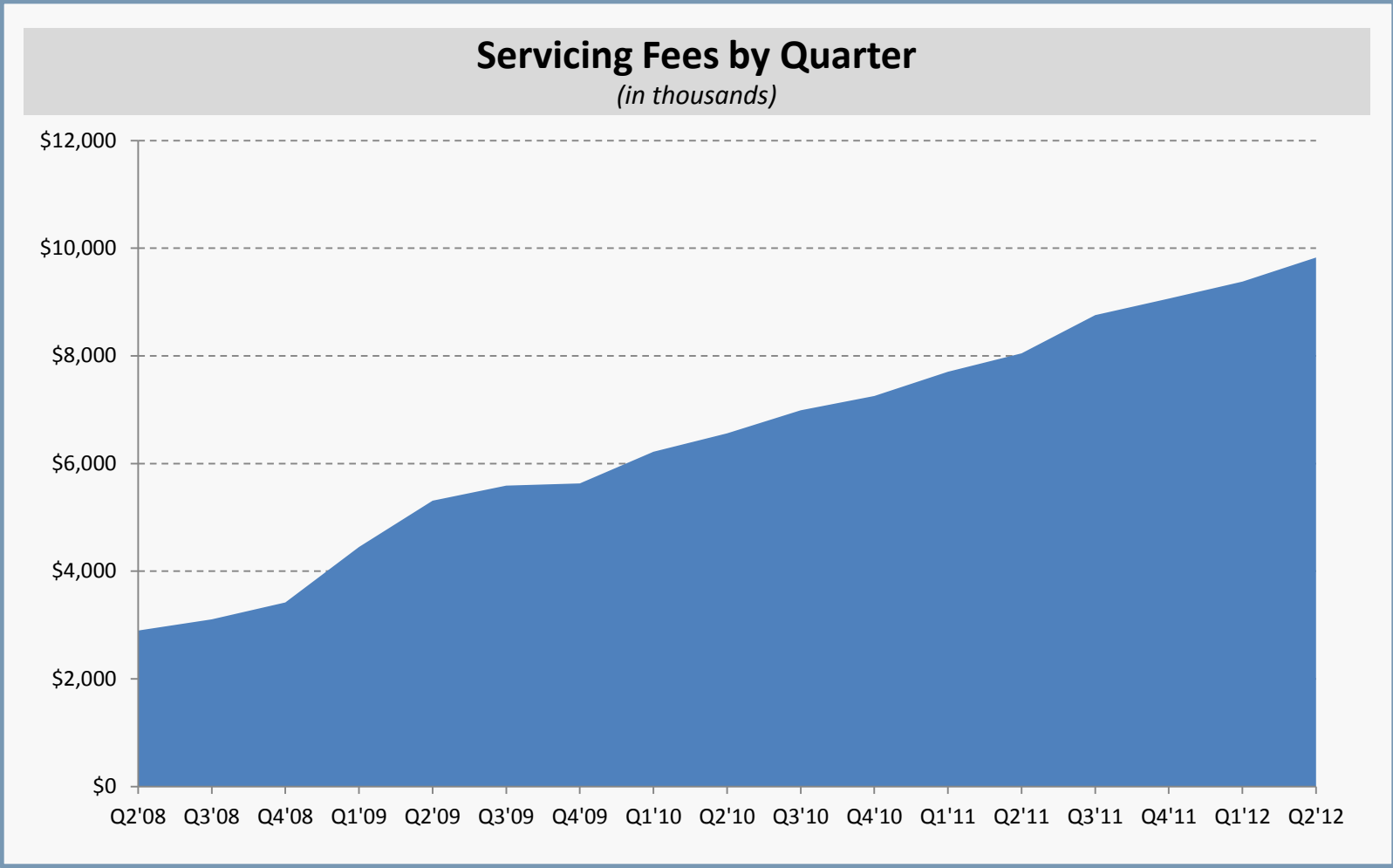


### Gains from Mortgage Banking Activities:

	2008	2009	2010	2011	Q2 2012	YTD 2012
Origination related fees <sup>(1)</sup>	0.71%	1.24%	1.33%	1.20%	1.28%	1.36%
Gains Attributable to MSRs <sup>(1)</sup>	0.77%	1.35%	1.36%	1.35%	1.26%	1.31%
<b>Total gain on sale margin:</b>	<b>1.48%</b>	<b>2.59%</b>	<b>2.69%</b>	<b>2.55%</b>	<b>2.54%</b>	<b>2.67%</b>

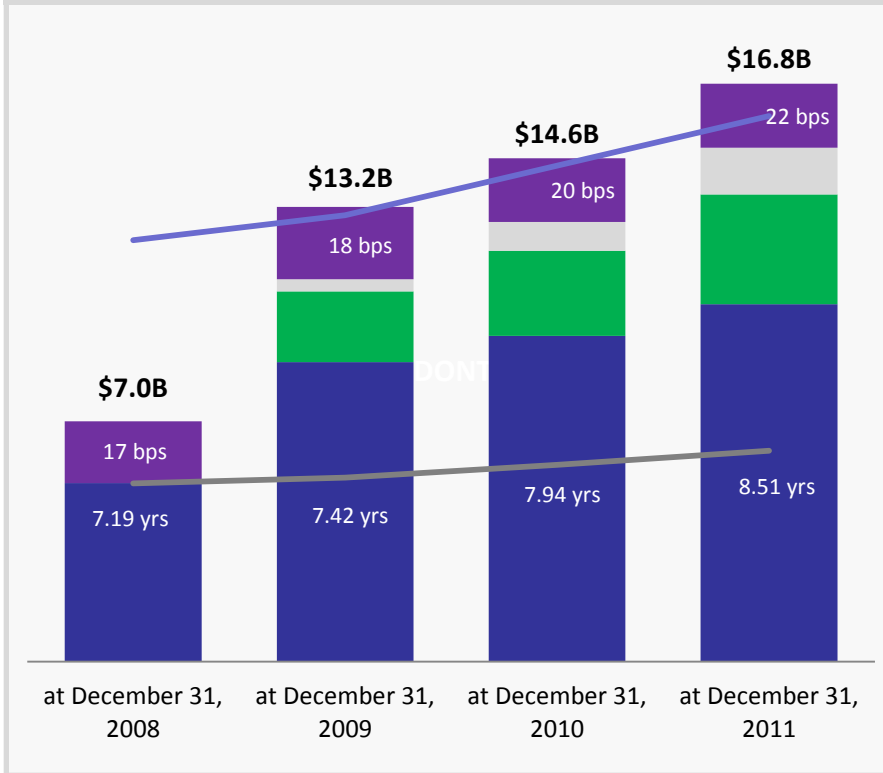
<sup>(1)</sup> Origination related fees and Gains Attributable to MSRs, are presented as a percentage of total origination volume, respectively.

# Servicing Fees – Consistent Growth Over Time



# The Servicing Portfolio

## The Servicing Portfolio by Year



## Year-Over-Year Comparison



Fannie

HUD

Weighted Average Remaining Life (in years)

Freddie

Other <sup>(1)</sup>

Weighted-average servicing fee (in basis points)

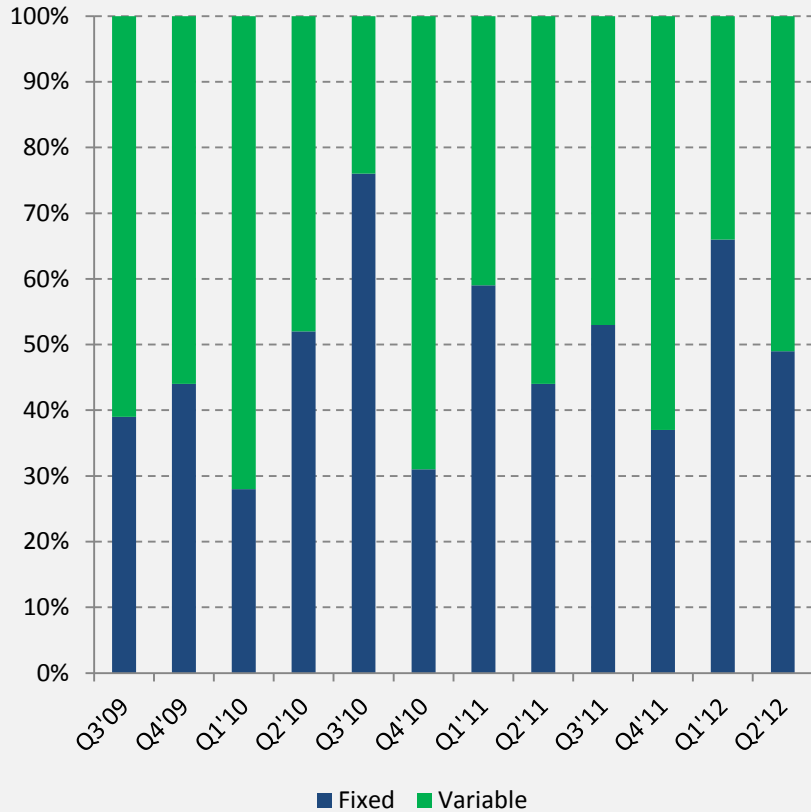
<sup>(1)</sup> Other includes CMBS, life insurance, commercial banks, and interim loans.

# Key Expense and Margin Metrics

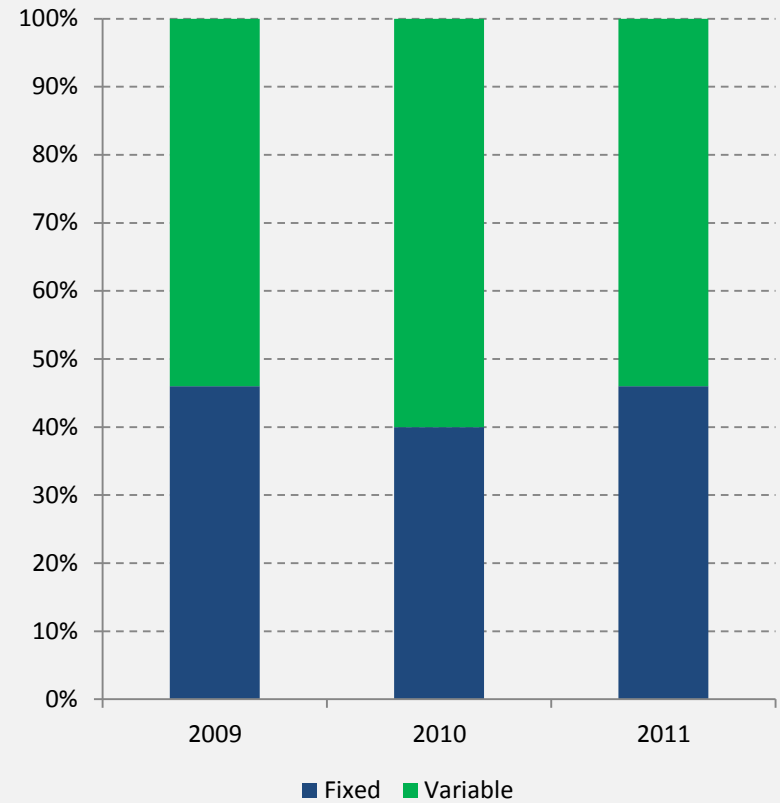
	Year Ended December 31,				2 <sup>nd</sup> Quarter		YTD	
	2008	2009	2010	2011	2011	2012	2011	2012
<b>Key Metrics:</b> (as a percentage of total revenues)								
Personnel expense	35%	36%	35%	34%	30%	37%	31%	36%
Other operating expenses	13%	13%	11%	11%	10%	14%	10%	14%
Total Expenses	71%	68%	67%	63%	57%	68%	59%	70%
Operating Margin	29%	32%	33%	37%	43%	32%	41%	30%

# Personnel Expense is Largest Expense and Variable

## Components of Personnel Expense by Quarter



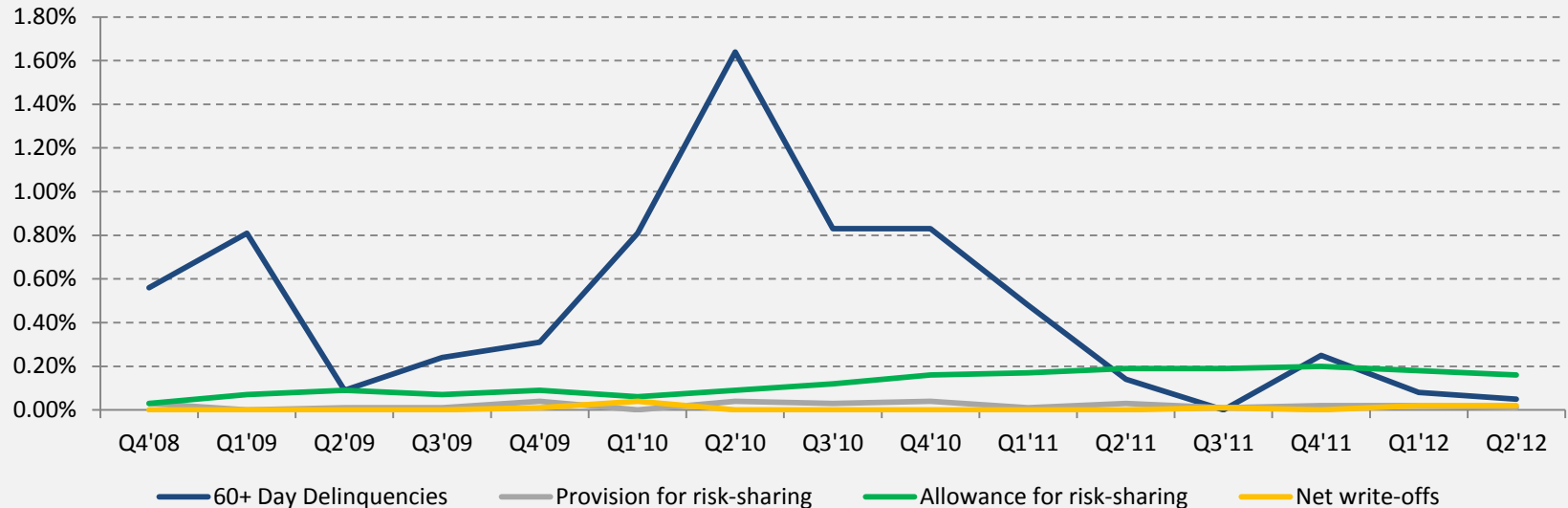
## Components of Personnel Expense by Year



# Risk Management is a Core Competency

## Credit Remains a Strength of WD<sup>(1)</sup>

(as of and for the periods then ended)



## Key Credit Metrics<sup>(2)</sup>

(as a percentage of the at risk servicing portfolio)

	Year Ended December 31, 2010					Year Ended December 31, 2011		
	2010	Q1'11	Q2'11	Q3'11	Q4'11	2011	Q1'12	Q2'12
<b>As of period end:</b>								
60+ Day Delinquencies	0.85%	0.48%	0.14%	0.00%	0.25%	0.25%	0.08%	0.05%
Allowance for risk-sharing	0.16%	0.17%	0.19%	0.19%	0.20%	0.20%	0.18%	0.16%
<b>For the period ended:</b>								
Provision for risk-sharing	0.11%	0.01%	0.03%	0.01%	0.02%	0.06%	0.02%	0.01%
Net write-offs	0.03%	0.00%	0.00%	0.01%	0.00%	0.01%	0.02%	0.02%

<sup>(1)</sup> As a percentage of the at risk servicing portfolio

<sup>(2)</sup> Quarterly data, not annualized

# Ongoing Strategic Plan

## Grow core business and market share

- Become top 5 lender for Fannie Mae, Freddie Mac and HUD (with CWCcapital acquisition)
- Close CWCcapital transaction
- Integrate CWCcapital operations

## Diversify lending operations

- Grow capital markets originations in order to gain access to deal flow, broaden client base, diversify property types (retail, hospitality, office), and capital sources (Life companies and CMBS)
  - Hired major team in Florida - March
  - Hired major team in Wisconsin - June
  - Non-GSE/HUD originations grew to 31% of originations in the first half of 2012 from 18% in the first half of 2011
- Add capital markets origination talent in western United States

## Create proprietary sources of capital

- Interim Loan Program
- Grow assets under management, servicing portfolio and associated revenues
- Diversify sources of capital and establish proprietary funding sources for multifamily and non-multifamily lending
  - Balance Sheet
  - Investment Funds
  - Mortgage REIT

- Retain exceptional talent
- Maintain exceptional credit discipline
- Maintain strong margins



# ***Walker & Dunlop***

## Appendix

# W&D Income Statement Quarterly Comparison

	For the three months ended June 30, <sup>(1)</sup>		% Change
	2012 <i>(unaudited)</i>	2011 <i>(unaudited)</i>	
<b>Revenues</b>			
Gains from mortgage banking activities	\$ 33,934	\$ 31,289	8%
Servicing fees	9,827	8,047	22%
Net warehouse interest income	1,074	1,059	1%
Escrow earnings and other interest income	525	403	30%
Other	1,360	1,608	-15%
Total revenues	<u>\$ 46,720</u>	<u>\$ 42,406</u>	10%
<b>Expenses</b>			
Personnel	\$ 17,363	\$ 12,863	35%
Amortization and depreciation	6,743	5,084	33%
Provision for risk-sharing obligations	750	1,764	-57%
Interest expense on corporate debt	163	214	-24%
Other operating expenses	6,592	4,263	55%
Total expenses	<u>\$ 31,611</u>	<u>\$ 24,188</u>	31%
<b>Income from operations</b>	\$ 15,109	\$ 18,218	-17%
Income tax expense	5,817	7,087	-18%
<b>Net income</b>	<u>\$ 9,292</u>	<u>\$ 11,131</u>	-17%
<b>Gains from Mortgage Banking Activities</b>			
Origination Related Fees	\$ 17,092	\$ 15,335	11%
Mortgage Servicing Rights ("MSRs")	16,842	15,954	6%
Total	<u>\$ 33,934</u>	<u>\$ 31,289</u>	8%

<sup>(1)</sup> Dollars in thousands

# W&D Income Statement YTD Comparison

	For the six months ended June 30, <sup>(1)</sup>		% Change
	2012 <i>(unaudited)</i>	2011 <i>(unaudited)</i>	
<b>Revenues</b>			
Gains from mortgage banking activities	\$ 53,736	\$ 48,116	12%
Servicing fees	19,206	15,760	22%
Net warehouse interest income	2,011	1,776	13%
Escrow earnings and other interest income	1,064	773	38%
Other	5,105	4,978	3%
Total revenues	<u>\$ 81,122</u>	<u>\$ 71,403</u>	14%
<b>Expenses</b>			
Personnel	\$ 29,004	\$ 22,070	31%
Amortization and depreciation	14,002	9,991	40%
Provision for risk-sharing obligations	1,974	2,510	-21%
Interest expense on corporate debt	331	446	-26%
Other operating expenses	11,208	7,283	54%
Total expenses	<u>\$ 56,519</u>	<u>\$ 42,320</u>	34%
<b>Income from operations</b>	\$ 24,603	\$ 29,083	-15%
Income tax expense	9,472	11,313	-16%
<b>Net income</b>	<u>\$ 15,131</u>	<u>\$ 17,770</u>	-15%
<b>Gains from Mortgage Banking Activities</b>			
Origination Related Fees	\$ 27,371	\$ 22,693	21%
Mortgage Servicing Rights ("MSRs")	26,365	25,423	4%
Total	<u>\$ 53,736</u>	<u>\$ 48,116</u>	12%

<sup>(1)</sup> Dollars in thousands

# Balance Sheet

<i>in thousands, except share data</i>	<b>As of June 30, 2012 (unaudited)</b>	<b>As of December 31, 2011</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 46,153	\$ 53,817
Restricted cash	4,583	7,164
Pledged securities, at fair value	21,144	18,959
Loans held for sale, at fair value	399,230	268,167
Loans held for investment	16,392	—
Servicing fees and other receivables, net	17,540	18,501
Derivative assets	9,501	10,638
Mortgage servicing rights	149,533	137,079
Other assets	12,120	8,271
Total assets	\$ 676,196	\$ 522,596
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Accounts payable and other accrued expenses	\$ 66,942	\$ 76,163
Performance deposits from borrowers	7,552	10,425
Derivative liabilities	1,899	5,223
Guaranty obligation, net of accumulated amortization	10,746	9,921
Allowance for risk-sharing obligations	13,629	14,917
Warehouse notes payable	372,995	218,426
Notes payable	22,069	23,869
Total liabilities	\$ 495,832	\$ 358,944
<b>Stockholders' Equity</b>		
Stockholders' Equity:		
Preferred shares, authorized 50,000,000, none issued.	\$ -	\$ -
Common stock, \$0.01 par value. Authorized 200,000,000; issued and outstanding 21,795,379 shares in 2012 and 21,748,598 shares in 2011	218	217
Additional paid-in capital	82,770	81,190
Retained earnings	97,376	82,245
Total stockholders' equity	\$ 180,364	\$ 163,652
Commitments and contingencies		
Total liabilities and stockholders' equity	\$ 676,196	\$ 522,596