



Walker & Dunlop

Commercial Real Estate Finance

**Morgan Stanley Financials
Conference
June 12, 2013**

www.walkerdunlop.com

Forward Looking Statements and Non-GAAP Financial Measures

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.

Non-GAAP Financial Measures

To supplement the financial statements presented in accordance with United States generally accepted accounting principles (GAAP), we present the following non-GAAP financial measures, each of which excludes selected expenses related to the CWCcapital acquisition: adjusted net income, adjusted diluted earnings per share, adjusted total expenses, adjusted income from operations and adjusted operating margin.

These supplemental measures exclude acquisition and integration costs specifically related to the CWCcapital acquisition, and amortization of customer contracts and other intangible assets acquired from CWCcapital. We believe that these non-GAAP measures facilitate a review of the comparability of the our operating performance on a period-to-period basis because such costs are not, in our view, related to our ongoing operational performance. We use these non-GAAP measures to evaluate the operating performance of our business, for comparison with forecasts and strategic plans, and for benchmarking performance externally against competitors. Since we find these measures to be useful, we believe that investors benefit from seeing results “through the eyes” of management in addition to seeing GAAP results. We believe that these non-GAAP measures, when read in conjunction with our GAAP financials, provide useful information to investors by offering:

- the ability to make more meaningful period-to-period comparisons of our on-going operating results;
- the ability to better identify trends in our underlying business and perform related trend analyses; and
- a better understanding of how management plans and measures our underlying business.

These non-GAAP measures are not in accordance with or an alternative for GAAP, and may be different from non-GAAP measures used by other companies. We believe that these non-GAAP measures have limitations in that they do not reflect all of the amounts associated with the Company’s results of operations as determined in accordance with GAAP and that these measures should only be used to evaluate our results of operations in conjunction with the corresponding GAAP measures. The presentation of this additional information is not meant to be considered in isolation or as a substitute for the most directly comparable GAAP measures. We compensate for the limitations of non-GAAP financial measures by relying upon GAAP results to gain a complete picture of our performance.

For a reconciliation of these non-GAAP financial measures, refer to slides 20 & 21



Walker & Dunlop's Mission

To be the premier commercial real estate finance company in the United States

Macro Drivers

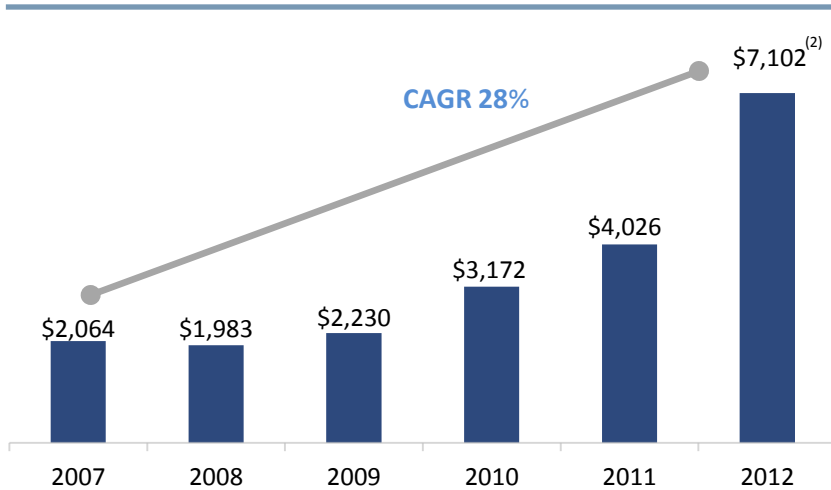
- Massive market opportunity:
 - \$3.1 trillion of commercial real estate loans outstanding
 - \$1.9 trillion of commercial real estate loans mature in the next 5 years, including banks
- Highly fragmented market

W&D Strategic Initiatives

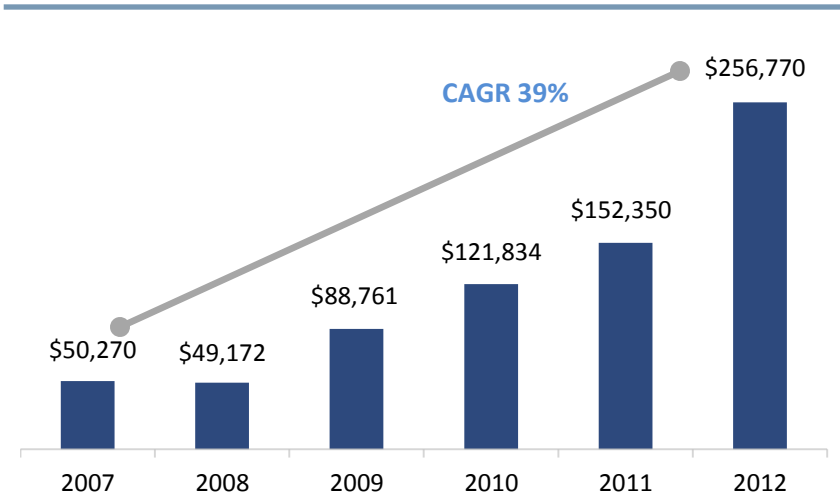
- Have built brand, footprint and deal flow to allow us to continue growing rapidly
- Creating proprietary sources of capital will allow us to meet clients' needs, enhance deal flow, and leverage our expertise

W&D's Proven Ability to Grow and Execute

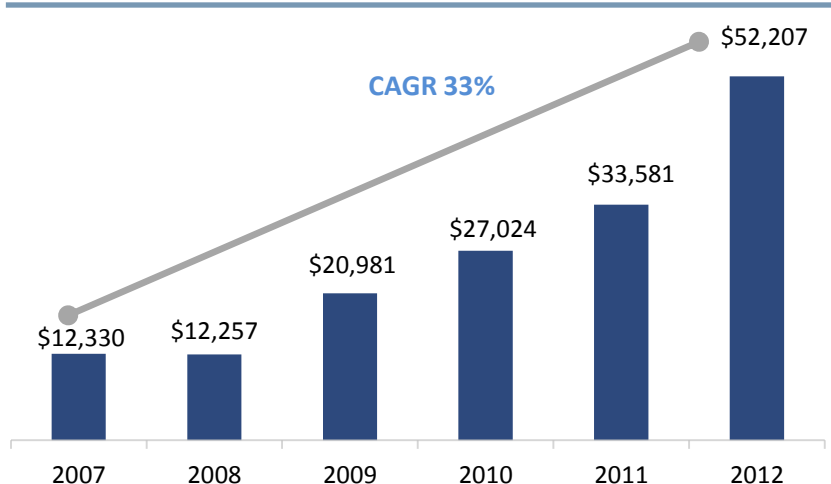
Total Loan Originations⁽¹⁾



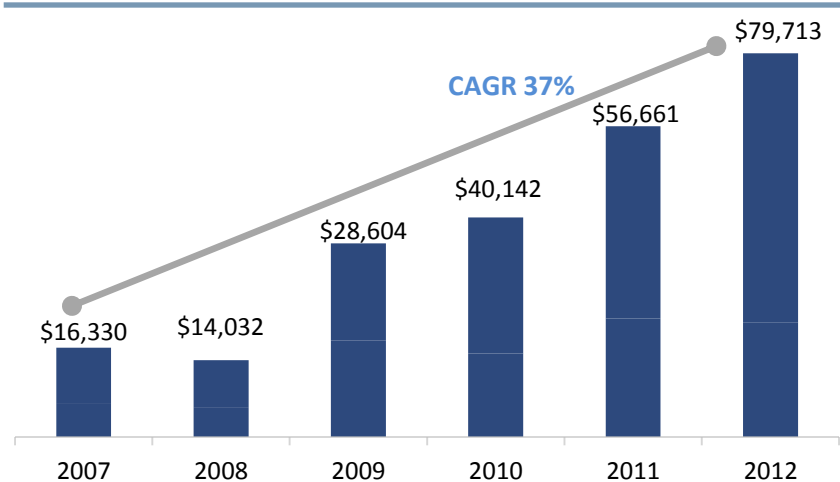
Total Revenues⁽¹⁾



Servicing Revenues⁽¹⁾



Adjusted Income from Operations^{(1) (3)}



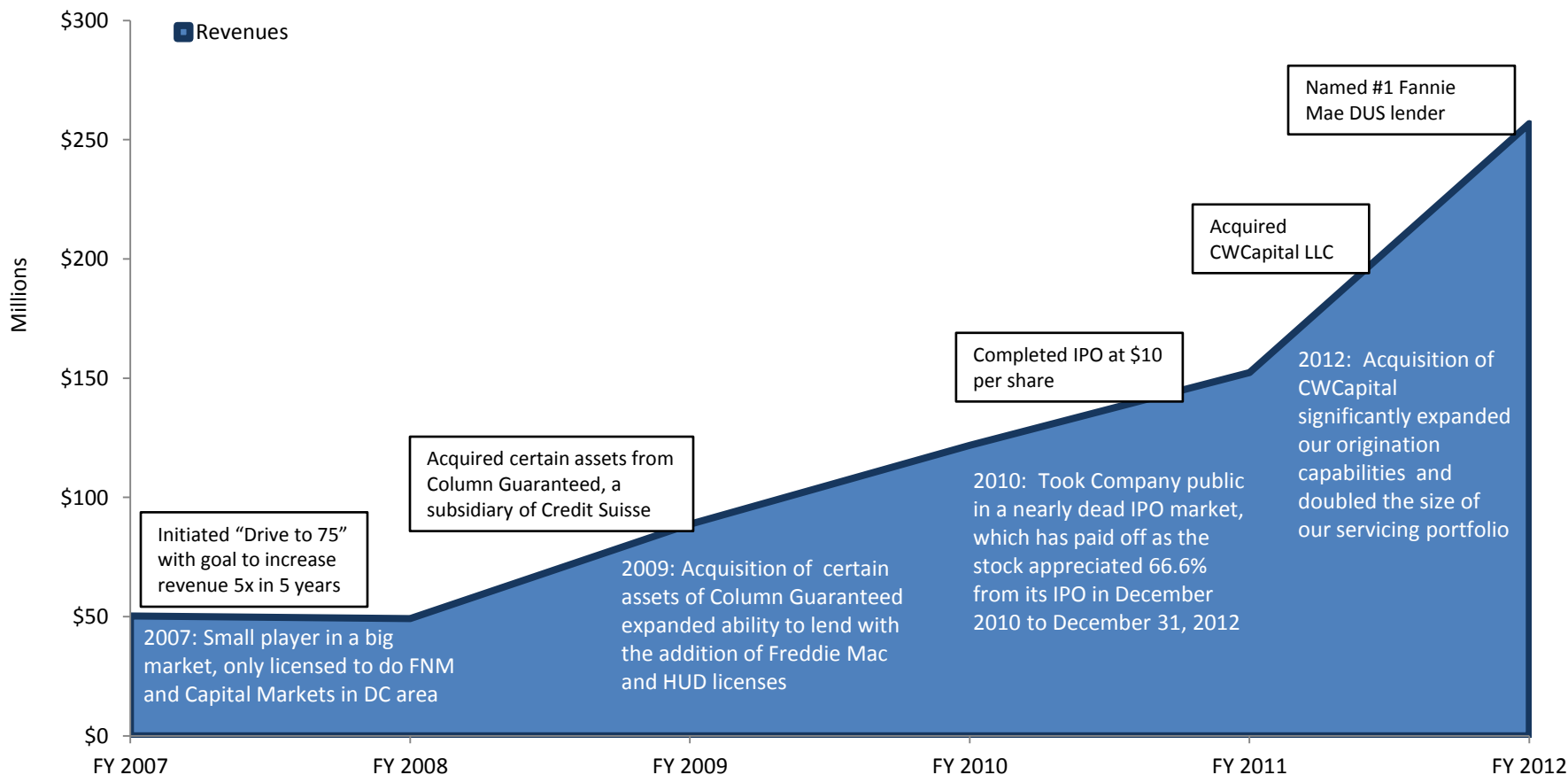
⁽¹⁾ Total Loan Originations shown in millions; Total Revenues, Servicing Revenues & Adjusted Income from Operations in thousands

⁽²⁾ Includes loan origination volumes for eight months of W&D on a standalone basis and four months of W&D and CWCapital on a combined basis

⁽³⁾ 2012 Adjusted income from operations excludes selected expenses relating to the CWCapital acquisition. See slides 20 & 21 for a reconciliation of these non-GAAP financial measures to GAAP

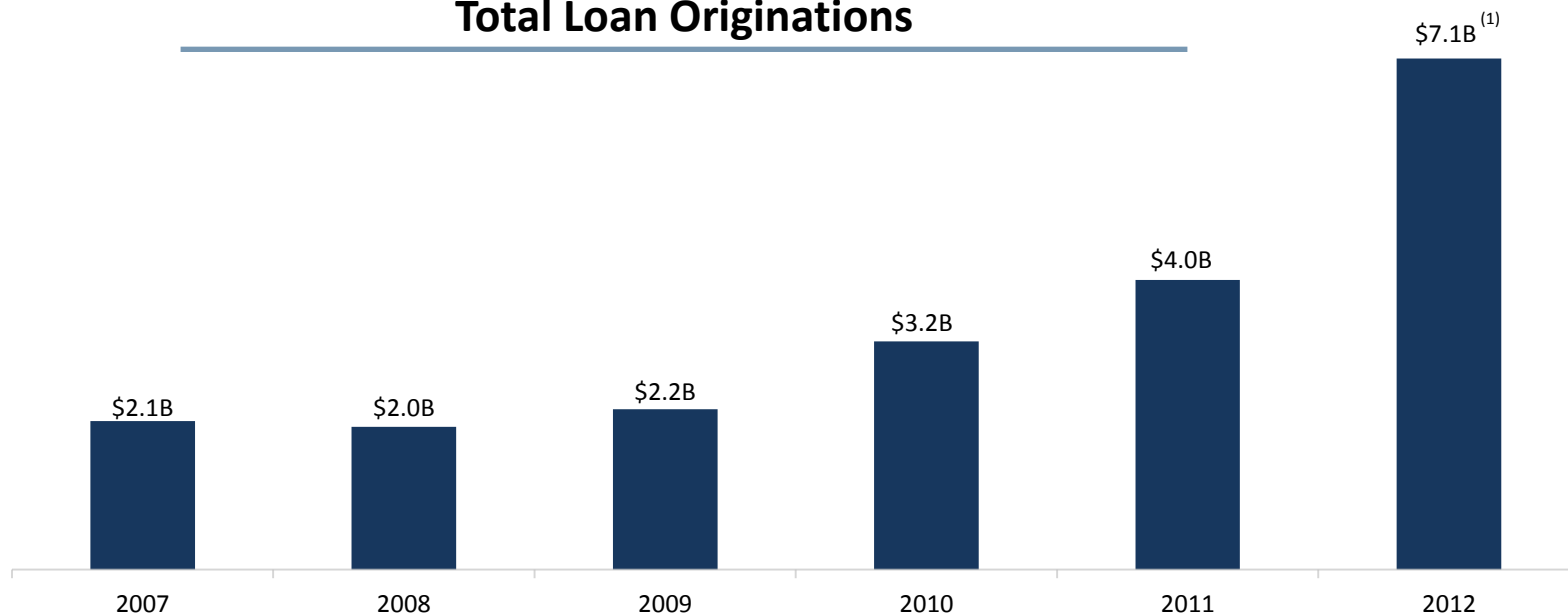
The Drive to 75

“In 2007, we were a small company with a small market position that needed to grow. And grow we did! As our 2012 earnings reflect, over five years, Walker & Dunlop grew revenues 5.1x to \$257 million, adjusted income from operations 4.9x to \$80 million, and adjusted net income 4.8x to \$48 million.”- Willy Walker, Walker & Dunlop 2012 Annual Report



Walker & Dunlop's Growing Market Presence

Total Loan Originations



Rankings

	2007	2008	2009	2010	2011	2012
Overall as a Lender⁽²⁾	40	25	11	11	13	10
Fannie Mae⁽³⁾	10	10	5	3	2	1
Freddie Mac⁽⁴⁾	---	18	11	10	10	5
HUD⁽²⁾	---	---	9	8	11	6

⁽¹⁾ Includes loan origination volumes for eight months of W&D on a standalone basis and four months of W&D and CWCapital on a combined basis

⁽²⁾ As reported by the Mortgage Bankers Association ("MBA") Annual Originations Rankings

⁽³⁾ Based on Fannie Mae's Top 10 DUS producer ranking each year

⁽⁴⁾ 2008-2011 ranking based on the MBA report, 2012 based on Freddie Mac's Top multifamily lender ranking for 2012



Walker & Dunlop's Growing Market Presence

MBA Annual Origination Rankings Total Originations as a Lender - 2012

Rank	Company Name
1	Wells Fargo Bank
2	Bank of America Merrill Lynch
3	PNC Real Estate
4	Prudential Mortgage Capital Company
5	KeyBank Real Estate Capital
6	MetLife Real Estate Investors
7	J.P. Morgan (CMBS)
8	CBRE Capital Markets, Inc.
9	Goldman Sachs
10	Walker & Dunlop, LLC

Fannie Mae Top 10 DUS Producers in 2012

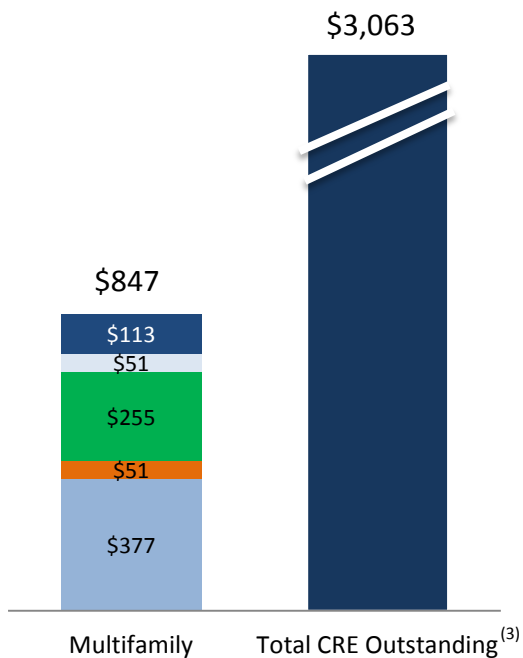
Rank	Company Name
1	Walker & Dunlop, LLC
2	Wells Fargo Multifamily Capital
3	Beech Street Capital, LLC
4	CBRE Multifamily Capital, Inc
5	Berkeley Point Capital LLC
6	Berkadia Commercial Mortgage, LLC
7	M&T Realty Capital Corporation
8	Arbor Commercial Funding, LLC
9	PNC Real Estate
10	Greystone Servicing Corporation, Inc

Freddie Mac Top Multifamily Lenders in 2012

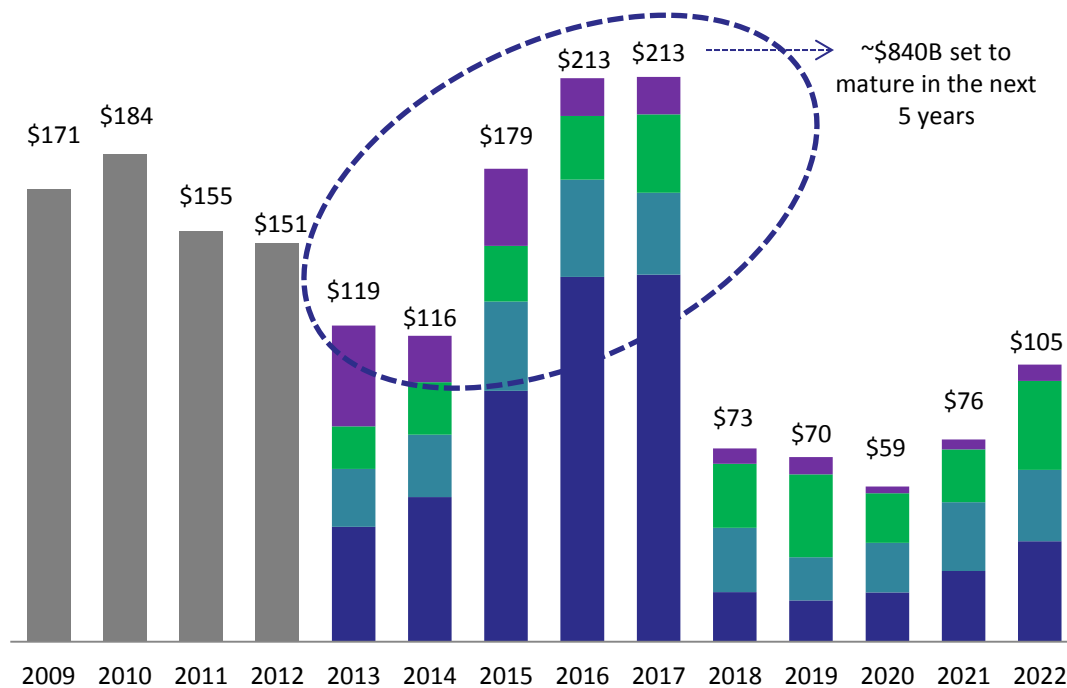
Rank	Company Name
1	CBRE Capital Markets
2	Berkadia Commercial Mortgage
3	Wells Fargo Multifamily Capital
4	Holliday Fenoglio Fowler, L.P.
5	Walker & Dunlop, LLC
6	NorthMarq Capital, LLC

The Market Opportunity - Refinancing

Real Estate Debt Outstanding⁽¹⁾
(\$ in billions)



Non-Bank Commercial / Multifamily Loan Maturities⁽²⁾
(\$ in billions)



GSEs
Banks
Other

CMBS/CDOS
Life Insurance
Total

CMBS, CDO or other ABS
Fannie, Freddie, FHA, and Ginnie Mae

Life Insurance Companies
Credit Companies, Warehouse, and Other

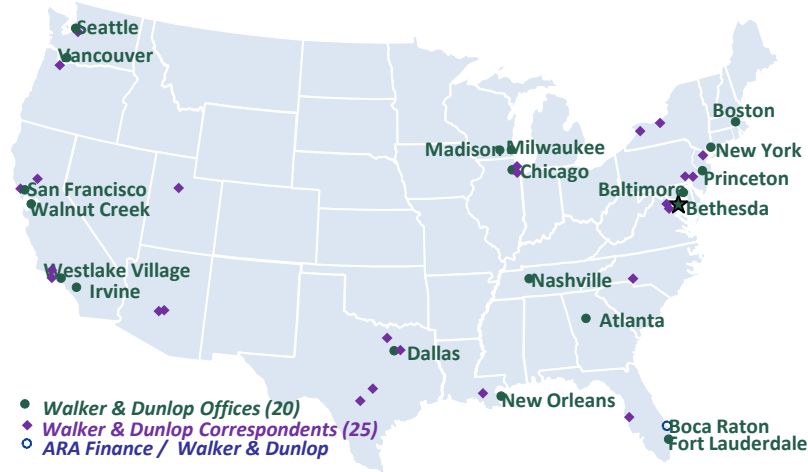
⁽¹⁾ Federal Reserve Flow of Funds Accounts of the United States as reported on March 7, 2013

⁽²⁾ Mortgage Bankers Association Survey of Loan Maturity Volumes as of December 31, 2012

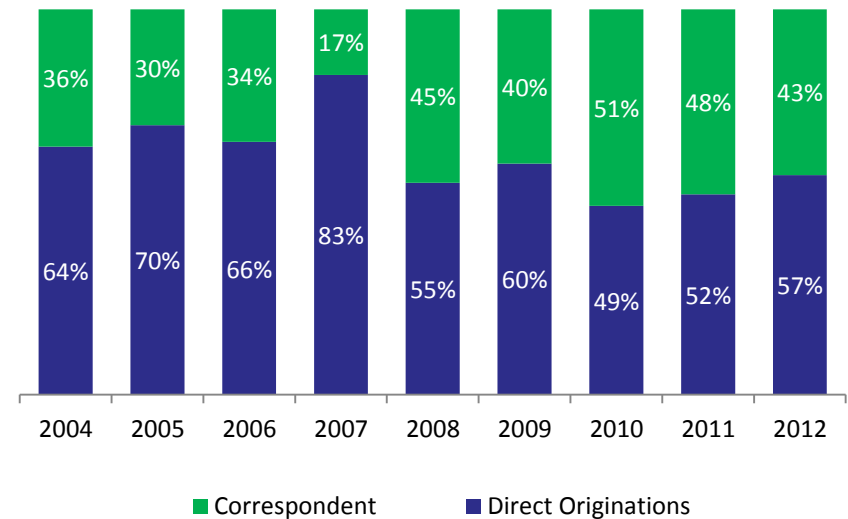
⁽³⁾ "CRE" refers to Commercial Real Estate

Walker & Dunlop's Established National Platform

Lending Platform



Sourcing Loans – Direct vs. Correspondent

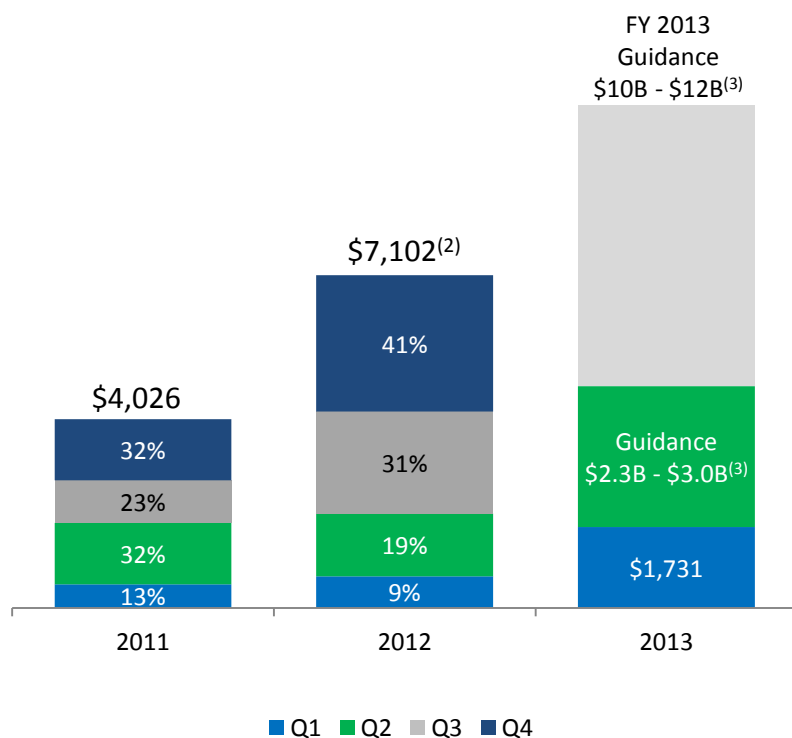


- 25 correspondent relationships in 14 states⁽¹⁾
- Over 450 employees in 20 offices
- Ability to build out our current offices with more origination talent

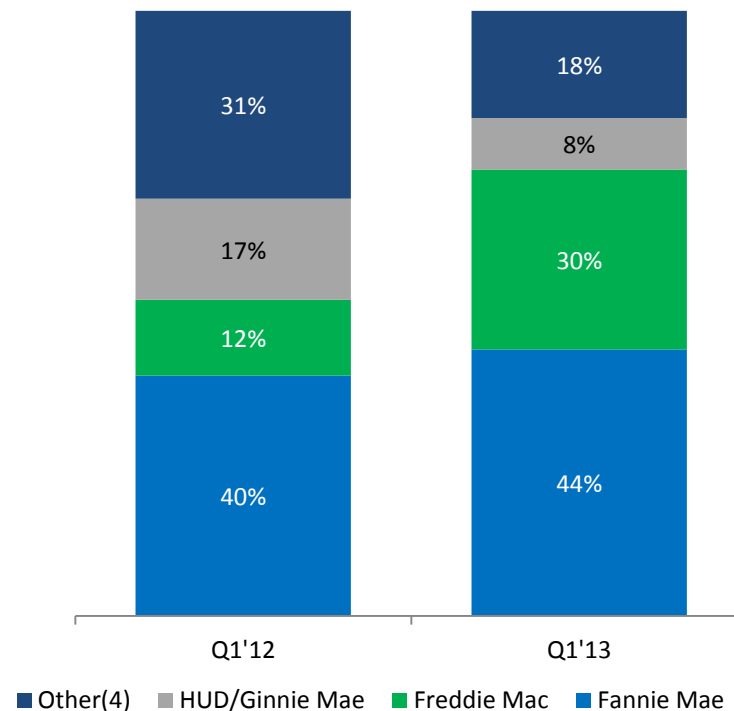
⁽¹⁾ Data as of May 6, 2013

Quarterly and Annual Loan Originations

Loan Origination Volume by Quarter⁽¹⁾



Mix of Loan Originations



⁽¹⁾ Historical volumes shown as a quarterly percentage of full year. 2011, 2012 & Q1'13 volume in millions, and guidance in billions

⁽²⁾ Includes loan origination volumes for eight months of W&D on a standalone basis and four months of W&D and CWCapital on a combined basis

⁽³⁾ Guidance provided on May 8, 2013 and not updated since

⁽⁴⁾ Other includes CMBS, life insurance, commercial banks and interim loans

& Key Points on Q1'13

Loan Origination Volume

- ▶ \$1.7 billion of loans originated in first quarter 2013, reflecting very strong growth of 157% over first quarter 2012
- ▶ Loan origination guidance⁽¹⁾:
 - ▶ Q2'13: \$2.3 billion - \$3.0 billion
 - ▶ FY 2013: \$10.0 billion - \$12.0 billion

Key Financial Highlights

- ▶ Total revenues of \$69.2 million, up 101% over first quarter 2012
- ▶ Gains from mortgage banking activities as a percentage of loan origination volumes was 248 bps, slightly below historical average due to the mix of loans originated and a large Fannie Mae loan with a lower than average MSR
- ▶ Total expenses increased 128% to \$56.9 million, due to increase in personnel and amortization and depreciation
- ▶ Adjusted net income⁽²⁾ of \$8.5 million, or \$0.25 per diluted share, up 46% over first quarter 2012
- ▶ Adjusted operating margin⁽²⁾ of 20%, consistent with typical first quarter performance on a normalized basis

Servicing Portfolio

- ▶ Servicing fees of \$21.1 million, up 125% over first quarter 2012
- ▶ Servicing portfolio of \$36.8 billion at March 31, 2013, up 118% over March 31, 2012

⁽¹⁾ Guidance provided on May 8, 2013

⁽²⁾ Adjusted net income, adjusted diluted earnings per share and adjusted operating margin for Q1'13 exclude selected expenses relating to the CWCapital acquisition. See slides 20 & 21 for a reconciliation of these non-GAAP financial measures to GAAP

Q1'13 - Financial Highlights

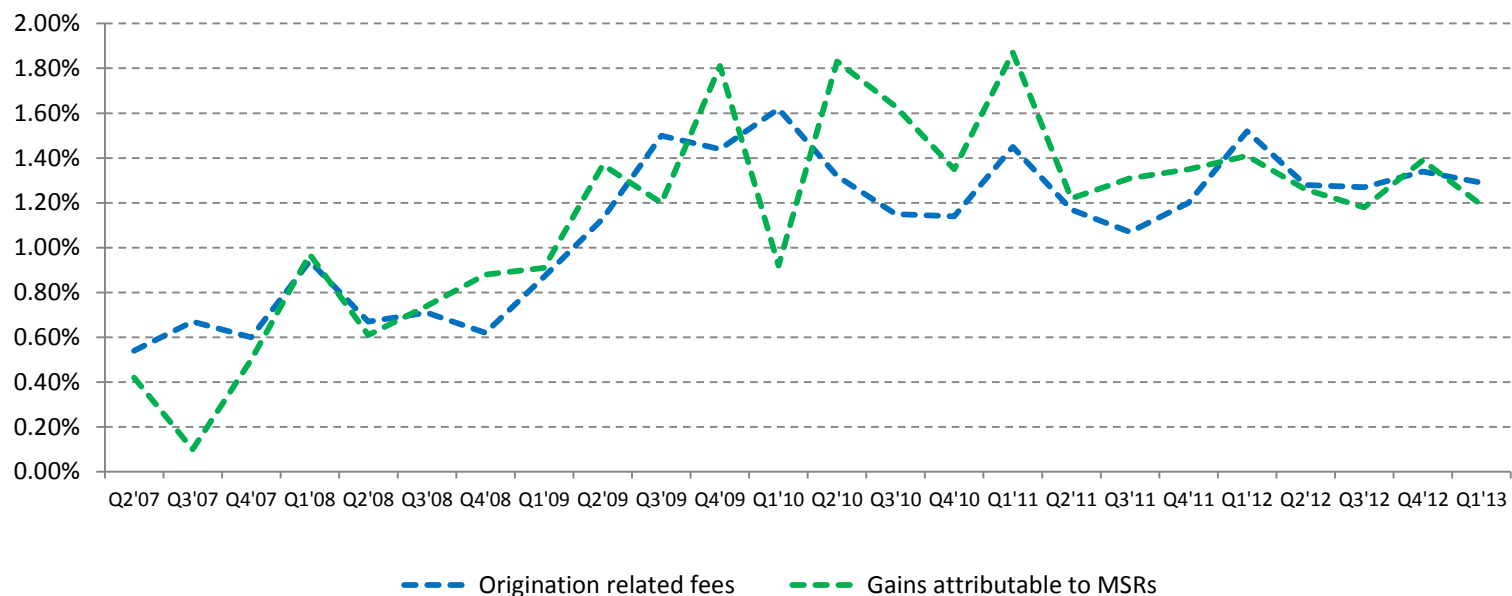
Financial Performance (\$ in thousands)	Q1'13	Q1'12	% Change
Total loan origination volume	\$1,731,352	\$674,456	157%
Gains from mortgage banking activities	\$42,931	\$19,802	117%
Servicing fees	\$21,141	\$9,379	125%
Adjusted income from operations ⁽¹⁾	\$13,608	\$9,494	43%
Adjusted operating margin ⁽¹⁾	20%	28%	-29%
Adjusted net income ⁽¹⁾	\$8,507	\$5,839	46%

Servicing Portfolio and Credit	At March 31, 2013	At March 31, 2012	Change
Servicing portfolio (<i>in thousands</i>)	\$36,760,520	\$16,850,945	118%
Weighted-average servicing fee rate	24 bps	23 bps	1 bp
60+ day delinquencies as a % of the at risk portfolio	0.00%	0.08%	-100%

⁽¹⁾ Adjusted income from operations, adjusted operating margin, and adjusted net income for Q1'13 exclude selected expenses relating to the CWCapital acquisition. See slides 20 & 21 for a reconciliation of these non-GAAP financial measures to GAAP

Origination Related Revenues, Historical Trend

Gains from Mortgage Banking Activities⁽¹⁾



Gains from Mortgage Banking Activities⁽¹⁾:

Q1'12

Q1'13

Origination related fees

1.52%

1.29%

Gains attributable to MSRs

1.41%

1.19%

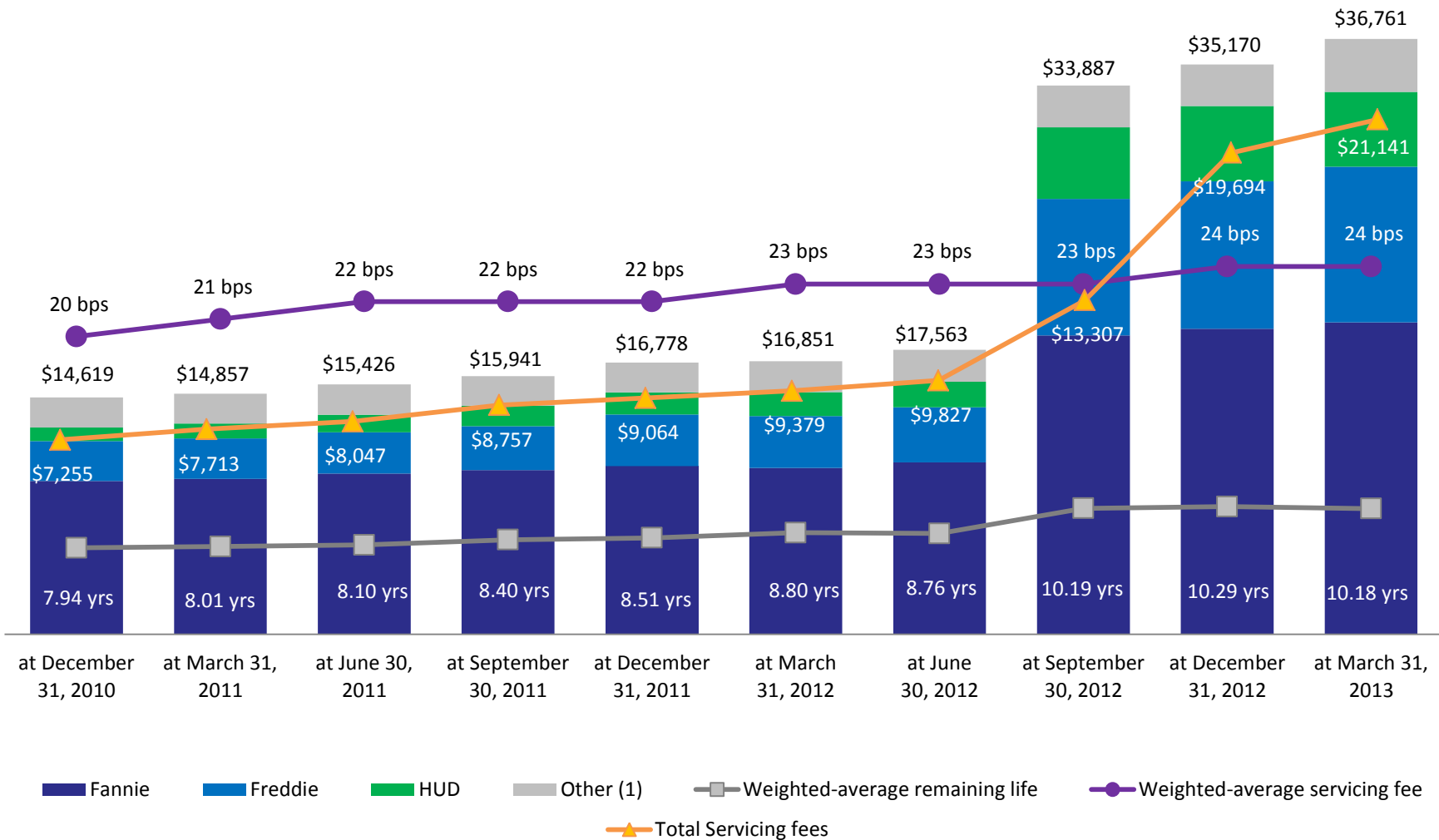
Total gain on sale margin

2.93%

2.48%

⁽¹⁾ Origination related fees and gains attributable to MSRs are presented as a percentage of quarterly origination volume

Servicing Portfolio & Associated Fee Growth

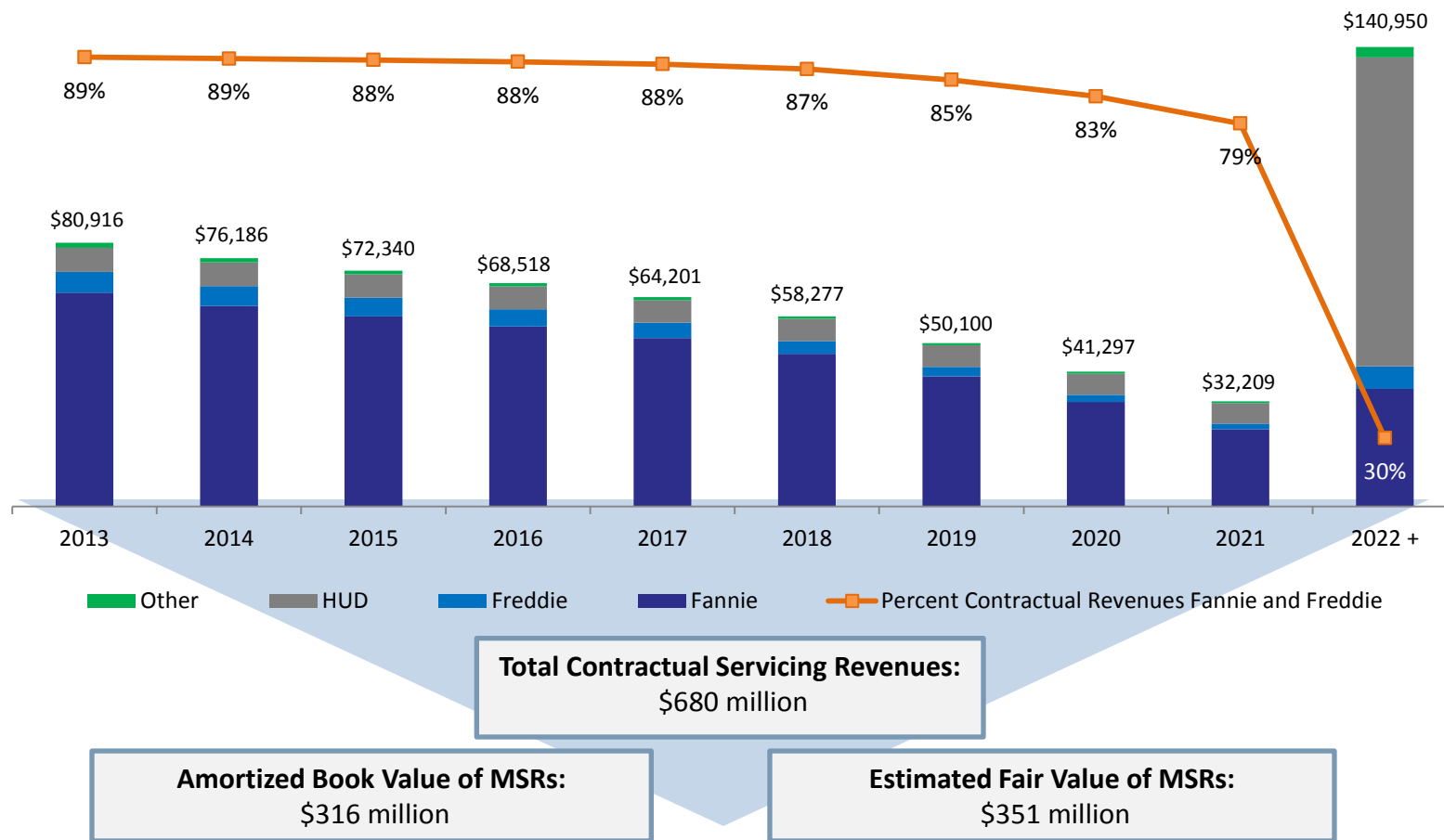


Total servicing portfolio presented in millions, servicing fees in thousands
 (1) Other includes CMBS, life insurance, commercial banks and interim loans

Contractual Revenues on Servicing Portfolio

Servicing Portfolio at December 31, 2012: \$35 billion

The current servicing portfolio will provide \$680 million in total contractual servicing revenues over the remaining life of the portfolio, without consideration of escrow benefits, servicing costs, prepayments, loan defaults or future loan production.

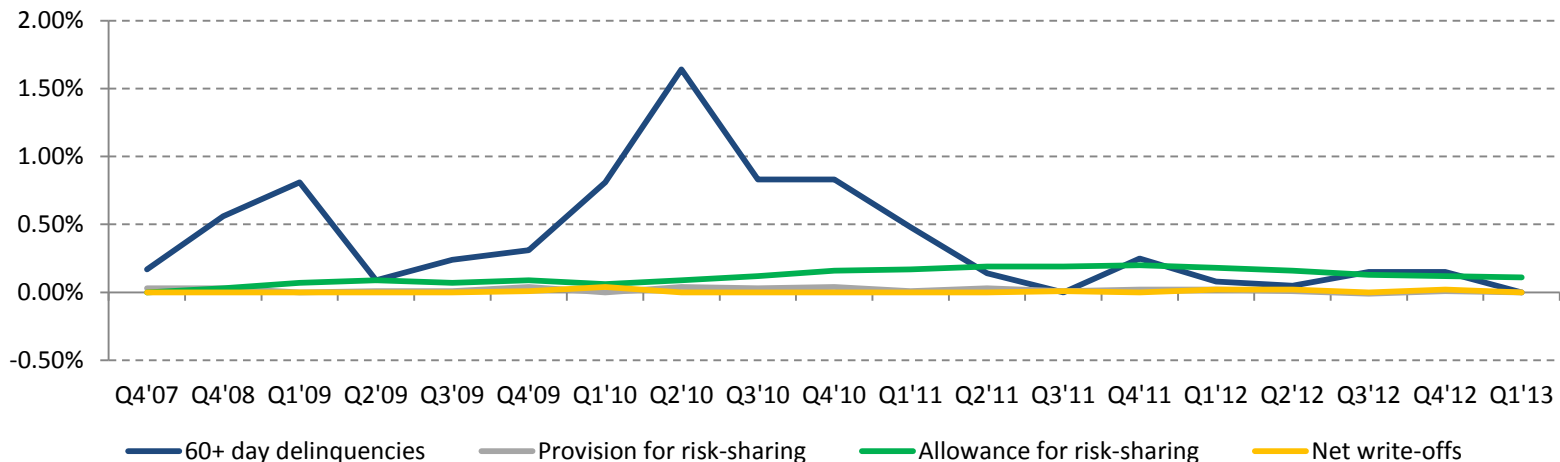


Note: Total contractual servicing revenues presented in thousands

Risk Management is a Core Competency

Credit Remains a Strength of W&D⁽¹⁾

(as of and for the periods then ended)



Walker & Dunlop Key Credit Metrics⁽²⁾
(as a percentage of the at risk servicing portfolio)

	Q1'12	Q4'12	Q1'13
As of period end:			
60+ day delinquencies	0.08%	0.15%	0.00%
Allowance for risk-sharing	0.18%	0.12%	0.11%
For the period ended:			
Provision for risk-sharing	0.02%	0.01%	< 0.01%
Net write-offs	0.02%	0.02%	0.00%

⁽¹⁾ As a percentage of the at risk servicing portfolio

⁽²⁾ Quarterly data, not annualized



Proprietary Capital Initiatives

Bridge Loan Program

- Will invest in multifamily and senior housing loans of \$30+ million
- In final negotiations with foreign pension fund and large US real estate investment firm to commit combined \$380 million
- W&D will serve as managing member and co-invest up to \$20 million
- Expect total equity commitments of up to \$400 million, with ~65% leverage for \$1.2 billion initial lending capacity
- Typical transactions will be rehab or repo acquisitions in which bridge financing is needed
- Expect to be in full operation in the coming weeks

Commercial Mortgage REIT

- Continuing to explore a commercial mortgage REIT strategy with our advisors

CMBS Loan Origination Platform

- In process of securing capital to establish a joint venture CMBS platform
- Subsidiary will serve as a minority partner, aggregating loans (up to \$200 million) for a limited period of time (up to 90 days) prior to securitization
- W&D plans to invest \$15 to \$20 million of capital
- Will execute one securitization per quarter totaling \$650+ million per year of loan sales when fully operational

Separate Account

- Focused on raising a separate account to provide long-term fixed rate capital to our borrowers
- Attractive to long term pension funds and life insurance companies due to W&D's access to deal flow, platform and track record



Onward to 80

- ▶ “Drive to 75” catapulted the Company to the top of the league tables
- ▶ Currently have the scale, brand, and market position to compete with all market participants
- ▶ Core business of multifamily lending still dominated by GSEs & HUD, where W&D has strong market position
- ▶ Origination platform, credit track record, and scale make W&D a fantastic partner for capital looking to be deployed in CRE space
- ▶ Proprietary Capital initiatives well under way and will add origination, servicing, and asset management revenue over coming quarters and years
- ▶ “Onward to 80” focused on 50% of revenues from servicing and asset management fees by 2017, all in an effort to build the Premier Commercial Real Estate Finance Company in the United States



Walker & Dunlop

Commercial Real Estate Finance

APPENDIX

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Adjusted Financial Metrics Reconciliation to GAAP

	For the three months ended	
	March 31,	
	2013	2012
	(unaudited)	(unaudited)
(in thousands, except per share amounts)		
Reconciliation of GAAP Net Income and GAAP Diluted Earnings Per Share to Adjusted Net Income and Adjusted Diluted Earnings Per Share		
GAAP net income	\$ 7,726	\$ 5,839
Shares ⁽¹⁾	34,157	21,848
GAAP diluted earnings per share	\$ 0.23	\$ 0.27
GAAP net income	\$ 7,726	\$ 5,839
Adjustments:		
Amortization of intangibles	1,278	—
Income tax impact of adjustments	(497)	—
Adjusted net income	\$ 8,507	\$ 5,839
Shares ⁽¹⁾	34,157	21,848
Adjusted diluted earnings per share	\$ 0.25	\$ 0.27

⁽¹⁾ Diluted weighted average shares outstanding

Adjusted Financial Metrics Reconciliation to GAAP

(in thousands)	For the three months ended	
	March 31,	
	2013	2012
	(unaudited)	(unaudited)
Reconciliation of GAAP Income from Operations and GAAP Operating Margin to Adjusted Income from Operations and Adjusted Operating Margin		
GAAP income from operations	\$ 12,330	\$ 9,494
Total revenues	69,185	34,402
GAAP operating margin	18%	28%
GAAP income from operations	\$ 12,330	\$ 9,494
Adjustments:		
Amortization of intangibles	1,278	—
Adjusted income from operations	\$ 13,608	\$ 9,494
Total revenues	69,185	34,402
Adjusted operating margin	20%	28%
Reconciliation of GAAP Total Expenses to Adjusted Total Expenses		
GAAP total expenses	\$ 56,855	\$ 24,908
Adjustments:		
Amortization of intangibles	1,278	—
Adjusted total expenses	\$ 55,577	\$ 24,908

W&D Income Statement Quarterly Comparison

	For the three months ended March 31, ⁽¹⁾		% Change
	2013 <i>(unaudited)</i>	2012 <i>(unaudited)</i>	
Revenues			
Gains from mortgage banking activities	\$ 42,931	\$ 19,802	117%
Servicing fees	21,141	9,379	125%
Net warehouse interest income	1,623	937	73%
Escrow earnings and other interest income	942	539	75%
Other	2,548	3,745	-32%
Total revenues	<u>\$ 69,185</u>	<u>\$ 34,402</u>	101%
Expenses			
Personnel	\$ 28,283	\$ 11,641	143%
Amortization and depreciation	17,256	7,241	138%
Amortization of intangible assets	1,296	18	7100%
Provision for risk-sharing obligations	401	1,224	-67%
Interest expense on corporate debt	968	168	476%
Other operating expenses	8,651	4,616	87%
Total expenses	<u>\$ 56,855</u>	<u>\$ 24,908</u>	128%
Income from operations	\$ 12,330	\$ 9,494	30%
Income tax expense	4,604	3,655	26%
Net income	<u>\$ 7,726</u>	<u>\$ 5,839</u>	32%
Gains from Mortgage Banking Activities:			
Origination related fees	\$ 22,260	\$ 10,279	117%
Gains attributable to MSR's	20,671	9,523	117%
Total	<u>\$ 42,931</u>	<u>\$ 19,802</u>	117%

⁽¹⁾ Dollars in thousands

Balance Sheet

(in thousands, except share data)

	As of March 31, 2013 (unaudited)	As of December 31, 2012
Assets		
Cash and cash equivalents	\$ 65,405	\$ 65,027
Restricted cash	7,750	7,130
Pledged securities, at fair value	34,581	33,481
Loans held for sale, at fair value	477,779	1,101,561
Loans held for investment	9,487	9,468
Servicing fees and other receivables, net	29,416	40,933
Derivative assets	8,306	21,258
Mortgage servicing rights	336,397	315,524
Goodwill	59,969	59,735
Intangible assets	3,348	4,644
Other assets	25,117	29,872
Total assets	\$ 1,059,555	\$ 1,688,633
Liabilities and Stockholders' Equity		
Liabilities		
Accounts payable and other accrued expenses	\$ 36,346	\$ 66,763
Performance deposits from borrowers	6,694	9,503
Derivative liabilities	3,936	867
Guaranty obligation, net of accumulated amortization	22,352	21,155
Allowance for risk-sharing obligations	16,071	15,670
Deferred tax liability	56,035	56,035
Warehouse notes payable	476,221	1,084,539
Notes payable	78,850	80,925
Total liabilities	\$ 696,505	\$ 1,335,457
Stockholders' Equity:		
Preferred shares, authorized 50,000,000, none issued	\$ —	\$ —
Common stock, \$0.01 par value. Authorized 200,000,000; issued and outstanding 33,613,832 shares in 2013 and 33,657,730 shares in 2012	336	336
Additional paid-in capital	238,971	236,823
Retained earnings	123,743	116,017
Total stockholders' equity	\$ 363,050	\$ 353,176
Commitments and contingencies		
Total liabilities and stockholders' equity	\$ 1,059,555	\$ 1,688,633