

2012 Annual Report

AT A GLANCE

Company:

Walter Investment Management Corp.

Ticker:

WAC (NYSE)

Market Cap:

\$1.4 billion as of March 28, 2013.

Employees:

4,800

Operations:

Tampa, Florida; St. Paul, Minnesota; Rapid City, South Dakota; Tempe, Arizona; Fort Worth, Texas; Spring, Texas; San Diego, California and Fort Washington, Pennsylvania.

Business:

Our Company is an asset manager, mortgage servicer and originator focused on finding solutions for consumers and credit owners.

Servicing Volume:

Walter Investment's pro forma* serviced portfolio consists of over two million accounts with an unpaid principal balance of approximately \$245 billion.

Our History:

Through our more than 50 year history, we have developed a deep and specialized knowledge of credit-sensitive assets, making us an ideal partner to service and originate for this asset class.

Our Value Proposition:

By using proprietary, customizable servicing protocols, our fee-based business model drives improved credit performance from high-risk assets. At the same time, our deeply ingrained culture of compliance ensures we are meeting the ever-changing regulatory requirements of the mortgage industry.

*Reflects adjustments for announced portfolios.

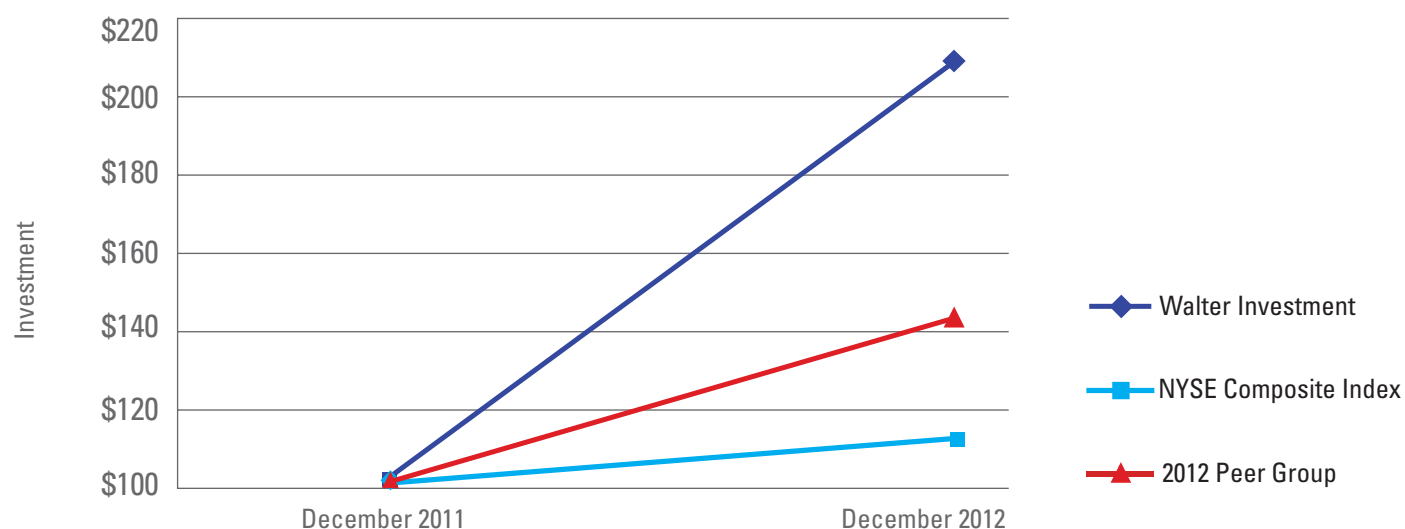
DEAR FELLOW SHAREHOLDERS,

2012 was an exciting and successful year for Walter Investment Management Corp. Building off 2011's strategic acquisition of Green Tree, the management team focused on executing against our strategic plan to deliver on the huge market opportunity in the specialty mortgage sector from the secular shift that we identified to our shareholders.

In addition to driving performance, we also continued to focus on building a more diverse, profitable and sustainable business model. This diversified business model has broadened our opportunity set, positioning us well to capitalize on the robust opportunities in the developing mortgage sector.

We were highly successful in our goal of capturing our share of the wave of servicing moving from the big banks to the specialty servicing sector over the last twelve months. Targeted MSR acquisitions from strategic partners supported the growth of our serviced book of business, while the acquisition of a highly regarded originations platform delivered a critical component to the long-term growth and sustainability of our business. The extension of our strong capabilities in the forward mortgage servicing space into the reverse mortgage sector diversified both our risk and earnings profiles.

Comparison of Cumulative Total Return



Price of Common Stock vs. Peer Group

	2012	2011	2012
Walter Investment	109.8%	\$100.00	\$209.75
NYSE Composite Index	12.9%	\$100.00	\$112.93
2012 Peer Group	42.4%	\$100.00	\$142.37

In 2012 we pursued opportunities to build sustainable, profitable growth into our model as we executed our strategic plan:

- The acquisition of approximately \$128 billion in unpaid principal balance (“UPB”) of Fannie Mae MSRMs from Residential Capital, LLC (“ResCap”) and Bank of America, N.A. was intentionally targeted to product backed by a strategic partner, which had a strong fit with our existing platform and servicing infrastructure, allowing us to mitigate the execution risk associated with these acquisitions.
- Taking advantage of a corporate development opportunity, we acquired the MetLife Bank servicing platform, expanding our product capabilities to Freddie Mac and Ginnie Mae, as well as to prime mortgage loans, while adding capacity to our servicing platform.
- Our acquisition of the ResCap originations platform enhances both the near-term and long-term value of our core servicing business. Capitalizing on current Home Affordable Refinance Program (“HARP”) opportunities will allow us to drive strong revenues, and the platform also dovetails nicely with our ongoing commitments to serve our borrowers and help meet the goals of our strategic partner, Fannie Mae. In addition to the originations earnings provided, the retention and recapture capabilities of the platform strongly support core servicing by driving long-term revenue and extending the duration of the serviced portfolio.
- The extension of our capabilities in the forward mortgage space into the reverse mortgage sector through the acquisitions of Reverse Mortgage Solutions, Inc. (“RMS”) and the entry into a contract to acquire Security One Lending (“S1L”) will lead to the creation of a leading franchise in the reverse mortgage sector and further diversifies the risk and revenue profile of the Company. This sector has very attractive long-term growth prospects and is currently undergoing significant structural change, providing us with an opportunity to capitalize on those dynamics.

We expect that executing against our strategic plan and capitalizing on these business opportunities, while maintaining high standards for performance and compliance across the platform, will drive sustainable and profitable future growth for Walter Investment.

The additional business and execution against our strategic plan drove significant value for our shareholders, generating a total shareholder return since our April 2009 spin-off of over 600%. Our success in managing our growth has translated to solid earnings and cash flow, important factors in generating a total return for our shareholders of 110% in 2012.

Poised for continued growth

As we move into 2013, we are making sure that our day-to-day business has the efficiencies required to provide quality service for this larger volume of accounts and the infrastructure to support our growing portfolio of businesses.

Walter Investment is one of only a handful of players in the specialty servicing market, with the size and scale required to handle large portfolios—combined with the access to capital to facilitate continued growth. We anticipate these attributes will support our efforts to continue to drive sustainable growth for our core servicing business and allow us to win our share of transferred product which best fits our platform.

We believe the growth opportunity for not only the over-\$1 trillion specialty servicing market, but also in other niches of the mortgage servicing sector, including the reverse mortgage market, will continue for some time.

Looking ahead

In 2013, we will capitalize on and extend the successes of 2011 and 2012 as we look for sustained growth and top-notch performance from our core servicing business, a sizeable ramp-up in forward originations activity, and increased servicing

and originations prospects for our reverse mortgage business, all of which we expect to combine to deliver strong financial results for our shareholders. The Company's growth beyond our core servicing platform is extremely important as we prepare for continued change in the mortgage industry. Though a significant number of assets transferred to specialty servicers in 2012, we expect that volume to remain steady for several years to come. Our skill in providing highly efficient service with a focus on compliance in each of our businesses will serve us well as we move beyond the bulk transfer opportunities in the special servicing market, driving our success for the long-term. We believe it is smart to position ourselves now for the transition to the transfer of a lower volume of distressed assets to special servicers.

Over the fast-paced period of the past 18 months, dating back to our transformational acquisition of special servicing leader Green Tree in 2011, our employees and leadership have done an outstanding job in combining operations and

creating efficient processes, even as we have continued to grow.

I'd like to close by thanking all of our employees for their extraordinary efforts during 2012 and all of our business partners, clients, lenders and shareholders for their support, which made the remarkable accomplishments of 2012 possible.

In executing both our short- and long-term strategies, we remain highly focused on driving sustainable growth and maximizing shareholder return. I am energized and extremely optimistic about our prospects for continued success for 2013, as we work to achieve another year of excellent performance.

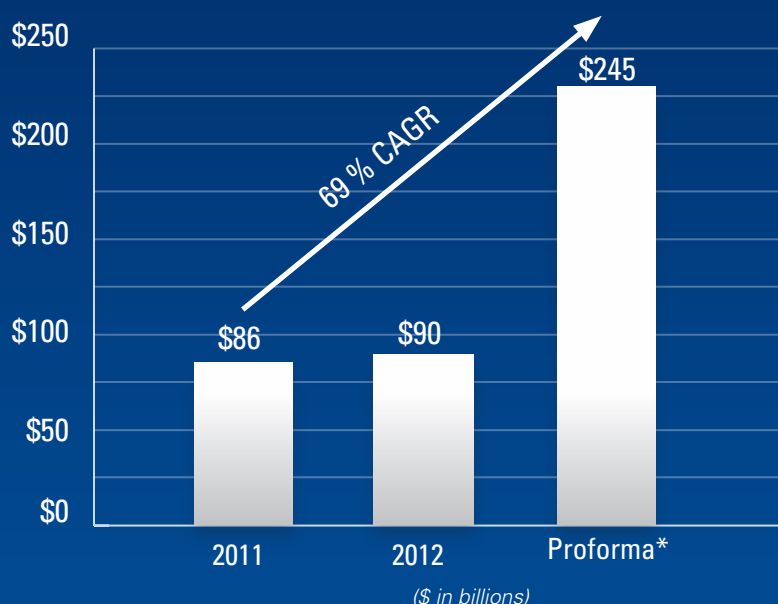


Mark J. O'Brien

Chairman and Chief Executive Officer

April 1, 2013

Significant Growth in UPB Serviced



**Reflects adjustments for announced portfolios.*

Record growth in the Company's servicing portfolio significantly leverages our platform, accelerating growth in revenue and EBITDA.

CONSOLIDATED FINANCIAL HIGHLIGHTS

INCOME STATEMENT HIGHLIGHTS

(in millions except per share data)

	2012 ⁽¹⁾	2011 ⁽²⁾	2010	2009 ⁽³⁾
Revenues	\$ 667.0	\$ 402.5	\$ 180.5	\$ 188.3
Expenses	668.4	409.7	146.8	150.7
Other gains (losses)	(34.1)	1.1	4.7	-
Income (loss) before income taxes	(35.5)	(6.1)	38.3	37.6
Income tax expense (benefit)	(13.3)	60.3	1.3	(76.2)
Net income (loss)	\$ (22.1)	\$ (66.4)	\$ 37.1	\$ 113.8
Diluted earnings (loss) per common and common equivalent share ⁽⁴⁾	\$ (0.73)	(2.41)	1.38	5.25
Total dividends declared per common and common equivalent share	\$ -	0.22	2.00	1.50
Total assets	\$ 10,978.2	\$ 4,113.5	\$ 1,895.5	\$ 1,887.7
Residential loans	\$ 8,200.5	\$ 2,264.6	\$ 1,621.5	\$ 1,644.3
Long-term obligations:				
Debt	\$ 1,146.2	\$ 742.6	\$ -	\$ -
Mortgage-backed debt	\$ 2,072.7	2,224.8	1,281.6	1,267.5
HMBS related obligations	\$ 5,874.6	-	-	-
Total long-term obligations	\$ 9,093.5	\$ 2,967.4	\$ 1,281.6	\$ 1,267.5
Total equity	\$ 894.9	\$ 533.5	\$ 555.5	\$ 568.2

NOTE: Columns may not total due to rounding.

Adjusted EBITDA ⁽¹⁾

	For the year ended 12/31/2012	For the year ended 12/31/2011
Loss before income taxes	\$ (35.5)	\$ (6.1)
Add back:		
Depreciation and amortization	99.7	53.1
Interest expense on debt	77.3	42.2
EBITDA	141.5	89.2
Add back:		
Losses on extinguishment of debt	48.6	-
Non-cash share-based compensation expense	14.2	5.0
Provision for loan losses	13.4	6.0
Transaction and integration-related costs	15.8	19.2
Residual Trusts cash flows	9.3	9.1
Pro forma synergies	3.8	16.8
Non-cash interest expense	6.1	3.0
Non-cash fair value adjustment	2.6	-
Net impact of Non-Residual Trusts	0.9	6.9
Other	3.5	-
Sub-total	118.2	66.0
Less:		
Non-cash interest income	(18.0)	(17.3)
Pro forma monetized assets	-	(13.3)
Other	-	(1.1)
Sub-total	(18.0)	(31.7)
Adjusted EBITDA	\$ 241.7	\$ 123.5

Core Earnings

	For the year ended 12/31/2012	For the year ended 12/31/2011
Loss before income taxes	\$ (35.5)	\$ (6.1)
Add back:		
Step-up depreciation and amortization	80.1	42.3
Losses on extinguishment of debt	48.6	-
Share-based compensation expense	14.2	5.0
Transaction and integration-related costs	15.8	19.2
Non-cash fair value adjustments	2.6	-
Non-cash interest expense	6.1	3.0
Net impact of Non-Residual Trusts	0.9	6.9
Other	1.3	(3.3)
Pre-tax core earnings	\$ 134.1	\$ 67.0
After tax core earnings (38% tax rate)	\$ 83.1	\$ 41.5
Shares outstanding	30.4	27.6
Core EPS	\$ 2.73	\$ 1.50

⁽¹⁾ During the year ended December 31, 2012, we recorded \$48.6 million of losses on extinguishment of debt in connection with the repayment and termination of our second lien term loan and the refinancing of our first lien term loan and revolver. We also recorded \$8.6 million in transaction costs related to our acquisitions of RMS and S1L and financing transactions. In addition, we recorded \$5.6 billion in total assets, which includes \$5.3 billion in residential loans, and assumed \$5.3 billion in HMBS related obligations in connection with the acquisition of RMS and recorded \$128.4 million in total assets in connection with the acquisition of S1L.

⁽²⁾ During the year ended December 31, 2011, we recorded \$12.9 million of Green Tree transaction-related costs and a \$65.3 million charge to income tax expense for the impact of the loss of our REIT status and being taxed as a C corporation. The loss of our REIT status was the direct result of the acquisition of Green Tree and is retroactive to January 1, 2011. In addition, we recorded \$2.2 billion in total assets, which includes \$729.2 million in residential loans and \$861.7 million in mortgage-backed debt in connection with the acquisition of Green Tree.

⁽³⁾ During the year ended December 31, 2009, we recorded \$2.1 million of spin-off and Merger-related charges, as well as a \$77.1 million tax benefit largely due to the reversal of \$82.1 million in mortgage-related deferred tax liabilities that were no longer applicable as a result of our REIT qualification during the period.

⁽⁴⁾ In accordance with applicable accounting standards on earnings per share, the basic and diluted earnings per share amounts have been adjusted for the years ended December 31, 2012, 2011, 2010 and 2009 to include outstanding dividend participating restricted stock and restricted stock units considered to be participating securities in the basic and diluted weighted-average shares calculations.

⁽¹⁾ Adjusted EBITDA is presented in accordance with its definition in the Company's credit agreements and represents income before income taxes, depreciation and amortization, interest expense on corporate debt, transaction and integration related costs, the net effect of the non-residual VIEs and certain other non-cash income and expense items. Adjusted EBITDA also includes an adjustment to reflect pro-forma synergies and, for periods prior to the acquisition, adjustments to reflect Green Tree as having been acquired at the beginning of the year.

Use of Non-GAAP Measures

Generally Accepted Accounting Principles ("GAAP") is the term used to refer to the standard framework of guidelines for financial accounting. GAAP includes the standards, conventions, and rules accountants follow in recording and summarizing transactions and in the preparation of financial statements. In addition to reporting financial results in accordance with GAAP, the Company has provided non-GAAP financial measures, which it believes are useful to help investors better understand its financial performance, competitive position and prospects for the future. Core earnings (pre-tax and after-tax), core earnings per share and Adjusted EBITDA are financial measures that are not in accordance with GAAP. See the Definitions included in the presentation for a description of how these items are reported and see the Non-GAAP Reconciliations for a reconciliation of these measures to the most directly comparable GAAP financial measures. The Company believes that these Non-GAAP Financial Measures can be useful to investors because they provide a means by which investors can evaluate the Company's underlying key drivers and operating performance of the business, exclusive of certain adjustments and activities that investors may consider to be unrelated to the underlying economic performance of the business for a given period.

Use of Core Earnings and Adjusted EBITDA by Management

The Company manages the business based upon the achievement of core earnings, Adjusted EBITDA and similar targets and has designed certain management incentives based upon the achievement of Adjusted EBITDA in order to assess the underlying operational performance of the continuing operations of the business for the year and to have a basis to compare underlying operating results to prior and future periods.

Limitations on the Use of Core Earnings and Adjusted EBITDA

Since core earnings (pre-tax and after-tax) and core earnings per share measure the Company's financial performance excluding depreciation and amortization costs related to acquisitions, transaction and merger integration-related costs, certain other non-cash adjustments, and the net impact of the consolidated Non-Residual Trust VIEs, they may not reflect all amounts associated with our results as determined in accordance with GAAP. Adjusted EBITDA measures the Company's financial performance excluding depreciation and amortization costs, corporate and MSR facility interest expense, transaction and merger integration-related costs, share-based compensation expense, certain other non-cash adjustments, the net impact of the consolidated Non-Residual Trust VIEs and certain other items as defined by our first and second lien credit agreements, including, but not limited to pro-forma synergies, they may not reflect all amounts associated with our results as determined in accordance with GAAP. Core earnings (pre-tax and after-tax), core earnings per share and Adjusted EBITDA involve differences from segment profit (loss), income (loss) before income taxes, net income (loss), basic earnings (loss) per share and diluted earnings (loss) per share computed in accordance with GAAP. Core earnings (pre-tax and after-tax), core earnings per share and Adjusted EBITDA should be considered as supplementary to, and not as a substitute for, segment profit (loss), income (loss) before income taxes, net income (loss), basic earnings (loss) per share and diluted earnings (loss) per share computed in accordance with GAAP as a measure of the Company's financial performance. Any non-GAAP measures should be considered in context with the GAAP financial presentation and should not be considered in isolation or as a substitute for GAAP earnings. Further, the non-GAAP measures presented by Walter Investment may be defined or calculated differently from similarly titled measures of other companies.

CORPORATE DIRECTORY AND SHAREHOLDER INFORMATION

Board of Directors

Mark J. O'Brien

Chairman of the Board and Chief Executive Officer,
Walter Investment Management Corp.

Steven R. Berrard

Managing Partner, New River Capital Partners; Director, Swisher
International

Ellyn L. Brown

Former president (retired), Brown & Associates, Chartered; Director, NYSE
Euronext, Inc.; Chair, NYSE Regulation, Inc.; Director, CNO Financial
Group, Inc.

Denmar J. Dixon

Vice Chairman of the Board and Executive Vice President,
Walter Investment Management Corp.

William J. Meurer

Private Financial Consultant; Trustee, LifeLink Foundation, Inc; Director,
Eagle Family of Funds; Director, Sykes Enterprises, Incorporated; Former
Managing Partner (retired), Central Florida Operations, Arthur Andersen LLP

Alvaro G. de Molina

Former Chief Executive Officer, GMAC Financial Services; Director,
Duke University, Fuqua School of Business; Director, Florida International
University; Director, Financial Services Volunteer Corps.

James L. Pappas

Former Lykes Professor of Banking and Finance and former Dean of the
College of Business, University of South Florida College of Business
Administration; Chairman, Eagle Family of Funds

Shannon E. Smith

Former Director, Chief Operating Officer and Chief Financial Officer,
American Land Lease, Inc.

Michael T. Tokarz

Member, Tokarz Group, LLC; Chairman, Walter Energy; Director, CNO
Financial Group, Inc.; Director, IDEX Corporation; Director, Mueller Water
Products, Inc.; Director, MVC Capital, Inc.

Corporate Officers

Mark J. O'Brien

Chairman of the Board and Chief Executive Officer

Charles E. Cauthen

Chief Operating Officer and Chief Financial Officer

Denmar J. Dixon

Vice Chairman of the Board and Executive Vice President

Kimberly A. Perez

Senior Vice President, Chief Accounting Officer

Cheryl A. Collins

Senior Vice President, Treasurer

Stuart D. Boyd

Vice President, General Counsel and Secretary

Jeanetta M. Brown

Assistant General Counsel and Assistant Secretary

Joseph H. Kelly

Vice President, Business Integration

Brian L. Libman

Chief Strategic Officer

Del M. Pulido

Vice President, Human Resources

David W. Whitlock

Vice President, Field Servicing

Green Tree Executive Management

Keith A. Anderson

Chief Executive Officer and President

James R. Breakey

Senior Vice President and Chief Information Officer

Patricia L. Cook

Executive Vice President Business Development

Brian F. Corey

Senior Vice President and General Counsel – Secretary

Thomas J. Franco

Executive Vice President of Servicing

Jeff Hilligoss

Executive Vice President of Capital Markets

Annual Meeting

The annual meeting of shareholders of Walter Investment Management
Corp. will be held May 3, 2013 at 10 a.m. local time at the Grand Hyatt
Tampa Bay, Tampa, Florida.

Corporate Offices

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Available Information

Walter Investment makes available on its website at
www.walterinvestment.com, free of charge, its annual report on Form
10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, investor
presentations, press releases, charters for the committees of the board of
directors, the Code of Business Conduct and other company information,
including amendments to such documents. Such information is also
furnished upon written request to:

Walter Investment Management Corp.

Attention: Investor Relations

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Common Stock

Trading Symbol: WAC

New York Stock Exchange

Transfer Agent and Registrar

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Independent Accountants

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