

2014



2014 ANNUAL REPORT



annual
report

COMPANY	Walter Investment Management Corp.
TICKER	WAC (NYSE)
MARKET CAP	\$623 million, as of March 26, 2015
EMPLOYEES	6,100
OPERATIONS	Tampa, Florida; St. Paul, Minnesota; Rapid City, South Dakota; Tempe, Arizona; Fort Worth, Texas; Spring, Texas; Jacksonville, Florida; San Diego, California and Fort Washington, Pennsylvania.
BUSINESS	Our Company is a diversified mortgage banking firm focused primarily on the servicing and origination of residential loans, including reverse loans.
SERVICING VOLUME	Walter Investment's forward and reverse serviced portfolio consists of over two million accounts with an unpaid principal balance of approximately \$256 billion.
ORIGINATIONS VOLUME	Walter Investment funded more than \$18 billion in UPB of mortgage loans, helping over 56,000 borrowers secure loans through the Home Affordable Refinance Program (HARP).
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	The Walter Investment family of mortgage companies is uniquely positioned to partner with consumers through the complete homeownership lifecycle. We are a diversified mortgage banking firm focused on supporting sustainable homeownership, treating each mortgage as an opportunity to provide a service and not simply as a product. Our goal is to become a lifetime partner for our customers; assisting them through the originations process in an open, honest and straightforward manner and sustaining affordable homeownership with our highly regarded servicing platform and reverse mortgage solutions. This focus is demonstrated in each of our product offerings throughout the mortgage value chain and by our attention to customer service. Our focus on instilling a culture of compliance throughout our businesses enhances our ability to meet ever-changing regulatory expectations as the mortgage industry continues to mature.

dear fellow shareholders,

Operational success defined 2014 for Walter Investment Management Corp., and the groundwork we laid over the past several years was realized via operational increases in each of our businesses. Aligned with our strategic initiatives, select highlights include:

- Our servicing portfolio realized **18% year-over-year growth to \$256.1 billion**, closing \$79.6 billion of MSR purchases and sub-servicing transfers in a challenging transfer environment, including \$18.5 billion of replenishment from our Originations segment.
- Our originations business realized **16% year-over-year growth** in funded volumes to \$18.5 billion.
- Our reverse mortgage operations issued **\$1.5 billion of securitized unpaid principal balances**, ranking it as the largest HMBS issuer for the year.
- We assisted approximately **66,000 homeowners** in obtaining modifications compared to 39,000 in 2013, providing our customers with affordable solutions that allowed them to stay in their homes and demonstrating our commitment to sustainable homeownership.
- We originated approximately **56,000 HARP loans**, helping homeowners gain access to affordable refinancing.
- Our 30+ day delinquencies for the mortgage portfolio were **200 basis points lower year-over-year**.

Additionally, our servicing business maintained the prestigious Fannie Mae 4-STAR servicer rating, earning this distinction for the second consecutive year.

We are proud of the number of homeowners we assisted and of our overall operational accomplishments in 2014 and remain starkly conscious of the work we need to continue to do to meet our business objectives to positively impact our shareholder value — increasing value for you.

We continue to redouble our efforts to not just meet but exceed all regulatory expectations. We have worked to improve our processes and inspire our people, resulting in a more aware and proactive employee population. This said, we also understand there is more work to be done because the standards of compliance are so exacting, and we are collectively focused on creating a stronger culture of compliance. Our overarching goal remains to provide compliant and excellent service to both our consumers and the owners of credit.

The changes to the HECM product announced by HUD in late 2013 meaningfully impacted our Reverse Mortgage business this year as the new products available to borrowers resulted in lower initial available principal draws, deferring a significant amount of potential cash flow to future years. As utilization caps on the loans originated in 2014 expire and borrowers decide to make their second draws we expect to realize the full value of this product.

All told, the operational gains we experienced in 2014, balanced with our continued dedication to building a culture of compliance, position us for what I believe will be a year of marked and steady growth, delivering a quality experience for the many constituents we serve.

I am personally excited about the value proposition that will be realized in 2015 via our Walter family of mortgage companies. With originations, servicing and reverse under one roof, consumers can remain with the Walter family from their first mortgage through servicing and ultimately obtain a reverse mortgage should it be the right product for the borrower. We can truly meet the consumer at every stage of their homeownership lifecycle, a unique opportunity not many organizations can offer.



ORIGINATIONS



SERVICING



REVERSE

Aligned with our value proposition, in 2015 we will consolidate our originations business, Ditech, and our servicing business, Green Tree, under a single unified business: "Ditech, A Walter Company." As we undertake this important customer-focused and efficiency-driven effort, all activities will be underscored by the guiding principles of this consolidation:

- **Partnering with our customers** to achieve sustainable homeownership
- **Providing service excellence through the life of the mortgage relationship** — from originations through servicing and ultimately the origination of a reverse mortgage
- **Streamlining our operations** to operate more efficiently and effectively



>> Ditech,
A Walter
Company

The consolidation of our originations and servicing entities under one business and brand creates an end-to-end mortgage operation, which we believe supports our target of meaningful growth in our mortgage servicing portfolio. We expect this growth to be driven by bulk MSR acquisitions, organic replenishment from originations and an increase in our sub-servicing mix via leveraging our relationships with external capital partners. We also anticipate servicing to benefit from improving borrower credit quality and declining delinquency rates which we expect to result in a reduction of related servicing costs.

In originations, we anticipate retention volumes will be impacted by a reduction in the HARP opportunity and expect a transition to the retail and consumer direct channels to somewhat offset volume lost in the retention channel. Further, we believe consolidating originations and servicing is strategically important as loans originated can be serviced by the same company, building stronger brand identity and loyalty over the life of the loan.

The consolidation will be underscored by an enhanced focus on the use of technology to drive efficiencies through the reduction of duplicative functions, driving cost out of our operations and enabling us to become a stronger, more unified end-to-end mortgage company. Simply, on multiple levels, we believe these businesses will be stronger together, more nimble and better poised to deliver on our value proposition to our consumers.

Our goal for our reverse mortgage business is steady growth in 2015, as earnings should be positively impacted by the realization of income from anticipated tail draws from eligible borrowers.

Finally, we will continue to leverage relationships with external capital partners to maintain additional flexibility in our balance sheet.

Our Walter Investment team is actively engaged in taking steps to better deliver on our promise to our current customers and potential consumers to provide compliant and excellent service while supporting sustainable homeownership.

We believe these collective efforts will position us to deliver value in a meaningful way to all our stakeholders, including each and every shareholder.

MARK J. O'BRIEN

Chairman of the Board and Chief Executive Officer

financial. overview

IS BY SEGMENT¹ & BS HIGHLIGHTS (\$ IN MILLIONS)

DECEMBER 31, 2014	Servicing	Originations	Reverse Mortgage	Other Reportable Segments	Total Consolidated
Revenue	\$ 563.5	\$ 481.8	\$ 157.2	\$ 284.7	\$ 1,487.2
Income (loss) before income taxes	\$ (142.5)	\$ 137.1	\$ (104.4)	\$ (9.5)	\$ (119.3)
Adjusted earnings (loss) before income taxes	\$ 117.6	\$ 158.5	\$ (7.1)	\$ (3.2)	\$ 265.8
Adjusted EBITDA	\$ 311.0	\$ 166.4	\$ (2.2)	\$ 129.0	\$ 604.2
DECEMBER 31, 2013	Servicing	Originations	Reverse Mortgage	Other Reportable Segments	Total Consolidated
Revenue	\$ 741.8	\$ 630.4	\$ 167.7	\$ 262.6	\$ 1,802.5
Income (loss) before income taxes	\$ 224.1	\$ 263.0	\$ 0.4	\$ (74.7)	\$ 412.8
Adjusted earnings (loss) before income taxes	\$ 132.5	\$ 273.1	\$ 40.3	\$ (3.9)	\$ 442.0
Adjusted EBITDA	\$ 264.7	\$ 284.1	\$ 45.1	\$ 97.8	\$ 691.7

\$ IN MILLIONS

	2014	2013
Cash	\$ 320.2	\$ 491.9
Corporate Debt	\$ 2,267.8	\$ 2,272.1
Equity	\$ 1,076.7	\$ 1,167.0

2014 KEY OPERATING SEGMENT HIGHLIGHTS

SERVICING:

Adjusted Average Serviced UPB (in billions) ²	\$ 236.6
Number of Units Serviced	2.2 million
AEBITDA as a % of Adjusted Average Serviced UPB	13 bps

ORIGINATIONS:

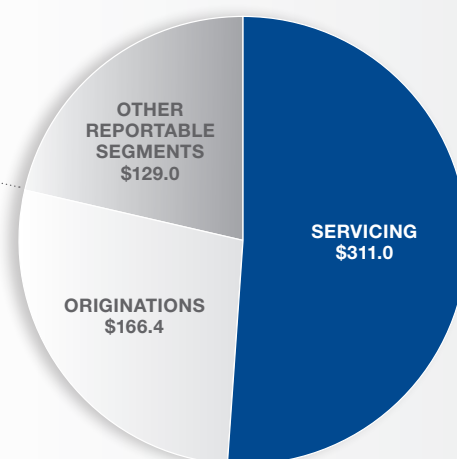
Funded Volume (in billions)	\$ 18.5
Capitalized Mortgage Servicing Rights (in millions)	\$ 214.3
Consumer Lending Direct Margin	294 bps

REVERSE MORTGAGE:

UPB Securitized Volume (in billions)	\$ 1.5
Serviced UPB (in billions)	\$ 18.0
Cash Gain Margin	378 bps

REVERSE
MORTGAGE
\$(2.2)

2014 AEBITDA (\$ IN MILLIONS)



¹ See reconciliations and definitions of Non-GAAP Financial Measures included in the Company's accompanying December 31, 2014 Form 10-K filed with the SEC.

² Adjusted Average UPB Serviced and AEBITDA for 2014 include adjustments related to servicing fee economics to reflect MSR acquisitions closed during certain quarters as though they were closed at the beginning of the quarter as economics (cash flows) were received for the full quarter.

corporate directory & shareholder information

BOARD OF DIRECTORS

MARK J. O'BRIEN, Chairman of the Board and Chief Executive Officer

STEVEN R. BERRARD, Director

ELLYN L. BROWN, Director

DENMAR J. DIXON, Vice Chairman of the Board, Executive Vice President and Chief Investment Officer

WILLIAM J. MEURER, Director

ALVARO G. DE MOLINA, Director

JAMES L. PAPPAS, Director

SHANNON E. SMITH, Director

MICHAEL T. TOKARZ, Lead Director

EXECUTIVE OFFICERS

MARK J. O'BRIEN

Chairman of the Board and Chief Executive Officer

DENMAR J. DIXON

Vice Chairman of the Board, Executive Vice President and Chief Investment Officer

GARY L. TILLET

Executive Vice President and Chief Financial Officer (Effective March 1, 2014)

DAVID C. SCHNEIDER

Executive Vice President

THOMAS J. FRANCO

President of Green Tree Servicing LLC

PATRICIA L. COOK

President of DT Holdings LLC

D. SCOTT CLARKE

President of Reverse Mortgage Solutions, Inc.

JONATHAN F. PEDERSON

Chief Legal Officer, General Counsel and Secretary

BRIAN F. COREY

Senior Vice President and Chief Compliance Officer

GREGORY A. WILLIAMSON

Senior Vice President and Chief Human Resources Officer

ANNUAL MEETING

The annual meeting of shareholders of Walter Investment Management Corp. will be held May 13, 2015 at 10 a.m. local time at the Grand Hyatt Tampa Bay, Tampa, Florida.

CORPORATE OFFICES

Walter Investment Management Corp.

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INVESTOR CONTACT

Investor Relations

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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
3000 Bayport Drive
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Tampa, FL 33607

COMMON STOCK

Trading Symbol: WAC
New York Stock Exchange

TRANSFER AGENT AND REGISTRAR

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INDEPENDENT ACCOUNTANTS

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