



# **Guild** mortgage

**OWN WHAT MATTERS**

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**Second Quarter 2022  
Investor Presentation**

AUGUST 4, 2022

# Disclaimer

## Forward-Looking Statements

This presentation contains forward-looking statements. These forward-looking statements reflect our current views with respect to, among other things, future events and our financial performance. These statements are often, but not always, made through the use of words or phrases such as “may,” “should,” “could,” “predict,” “potential,” “believe,” “will likely result,” “expect,” “continue,” “will,” “anticipate,” “seek,” “estimate,” “intend,” “plan,” “projection,” “would” and “outlook,” or the negative version of those words or other comparable words or phrases of a future or forward-looking nature. These forward-looking statements are not historical facts and are based on current expectations, estimates and projections about our industry, management’s beliefs and certain assumptions made by management, many of which, by their nature, are inherently uncertain and beyond our control. Accordingly, we caution you that any such forward-looking statements are not guarantees of future performance and are subject to risks, assumptions and uncertainties that are difficult to predict. Although we believe that the expectations reflected in these forward-looking statements are reasonable as of the date made, actual results may prove to be materially different from the results expressed or implied by the forward-looking statements.

Important factors that could cause our actual results to differ materially from those indicated in these forward-looking statements include, but are not limited to, the following: any disruptions in the secondary home loan market and their effects on our ability to sell the loans that we originate; any changes in macroeconomic and U.S. residential real estate market conditions; any changes in certain U.S. government-sponsored entities and government agencies, and any organizational or pricing changes in these entities, their guidelines or their current roles; any changes in prevailing interest rates or U.S. monetary policies; the effects of any termination of our servicing rights; the effects of our existing and future indebtedness on our liquidity and our ability to operate our business; any disruption in the technology that supports our origination and servicing platform; our failure to identify, develop and integrate acquisitions of other companies or technologies; the effects of the ongoing COVID-19 pandemic; pressure from existing and new competitors; any failure to maintain or grow our historical referral relationships with our referral partners; any delays in recovering service advances; inaccuracies in the estimates of the fair value of the substantial portion of our assets that are measured on that basis (including our mortgage servicing rights); any failure to adapt to and implement technological changes; the failure of the internal models that we use to manage risk and make business decisions to produce reliable or accurate results; the degree of business and financial risk associated with certain of our loans; any cybersecurity breaches or other vulnerability involving our computer systems or those of certain of our third-party service providers; our inability to secure additional capital, if needed, to operate and grow our business; the impact of operational risks, including employee or consumer fraud, the obligation to repurchase sold loans in the event of a documentation error, and data processing system failures and errors; any repurchase or indemnification obligations caused by the failure of the loans that we originate to meet certain criteria or characteristics; the seasonality of the mortgage origination industry; any failure to protect our brand and reputation; any non-compliance with the complex laws and regulations governing our mortgage loan origination and servicing activities; our control by, and any conflicts of interest with, McCarthy Capital Mortgage Investors, LLC; the risks related to our status as a “controlled company”; the significant influence on our business that members of our board and management team are able to exercise as stockholders; our dependence, as a holding company, upon distributions from Guild Mortgage Company LLC to meet our obligations; the risks related to the trading market of our Class A common stock due to our dual class common stock structure; our ability to complete repurchases under the share repurchase program in the amount authorized or at all and the impact of the share repurchase program on our business and financial condition; the identification of material weaknesses in our internal control over financial reporting; and the other risks, uncertainties and factors that are set forth under Item 1A. – Risk Factors and all other disclosures appearing in Guild’s Annual Report on Form 10-K for the year ended December 31, 2021, Quarterly Report on Form 10-Q for the quarter ended March 31, 2022 as well as in other documents Guild files from time to time with the Securities and Exchange Commission. The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this investor presentation. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate. Many of the important factors that will determine these results are beyond our ability to control or predict. Accordingly, you should not place undue reliance on any such forward-looking statements. Any forward-looking statement speaks only as of the date on which it is made, and, except as otherwise required by law, we do not undertake any obligation to publicly update or review any forward-looking statement made in this presentation, whether as a result of new information, future developments or otherwise. We may not actually achieve the plans, intentions or expectations disclosed in our forward-looking statements and you should not place undue reliance on our forward-looking statements. Our forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures, or investments we may make. New factors emerge from time to time, and it is not possible for us to predict which will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

# Overview of Second Quarter 2022 Results

## Q2 Highlights

- ✓ Generated GAAP net income of \$58.3 million, or \$0.95 per diluted share, compared to \$208.0 million, or \$3.38 per diluted share, in 1Q22
  - Adjusted net income was \$13.9 million, or \$0.23 per share, compared to \$32.1 million, or \$0.53 per share, in 1Q22<sup>1</sup>
  - Net revenue totaled \$287.5 million compared to \$481.8 million in 1Q22
  - Adjusted EBITDA totaled \$22.0 million compared to \$46.7 million in 1Q22<sup>1</sup>
- ✓ Total in-house originations of \$5.7 billion
  - Purchase loans came in at \$4.8 billion, representing 84.2% of total in-house originations
- ✓ Gain on sale margin of 3.63% based on in-house originations and 3.57% based on pull-through adjusted locked volume
- ✓ Maintained a strong liquidity profile with \$249 million of cash, \$1.6 billion of unutilized loan funding capacity and \$235 million of undrawn borrowing capacity on MSR financing line as of June 30, 2022

## Overview of Second Quarter 2022 Results *(continued)*

### Q2 Origination Segment

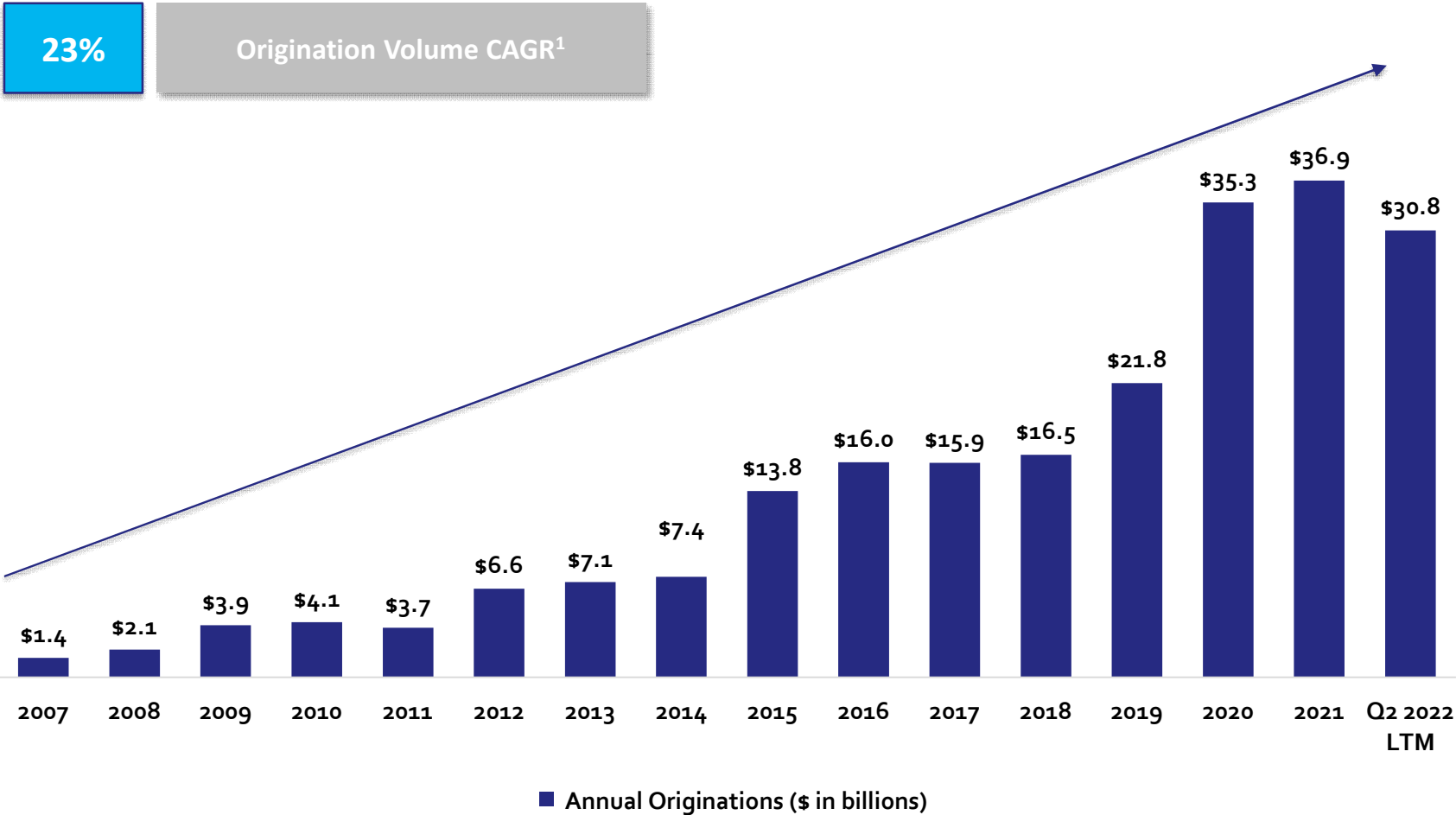
- ✓ Net income for the origination segment of \$25.6 million, compared to \$63.4 million in 1Q22
- ✓ Gain on sale margin based on in-house originations of 3.63% vs. 4.00% in 1Q22
- ✓ Gain on sale margin based on pull-through adjusted locked volume of 3.57% vs. 3.34% in 1Q22
- ✓ Net revenue for the segment totaled \$212.1 million while expenses came in at \$186.5 million

### Q2 Servicing Segment

- ✓ Net income for the servicing segment totaled \$63.9 million, compared to \$226.8 million in 1Q22
- ✓ In-house servicing portfolio increased 4% to \$75.9 billion from 1Q22; retained servicing rights on 89% of loans sold
  - Servicing portfolio leverage ended the quarter at 12% with \$119 million of borrowings and a fair value of \$1 billion
- ✓ Purchase recapture rate of 29%, highlighting Guild's focus on customer service and the power of its business model

# Scaled Platform With Proven Track Record of Growth

Guild's Annual Origination Volume Since 2007

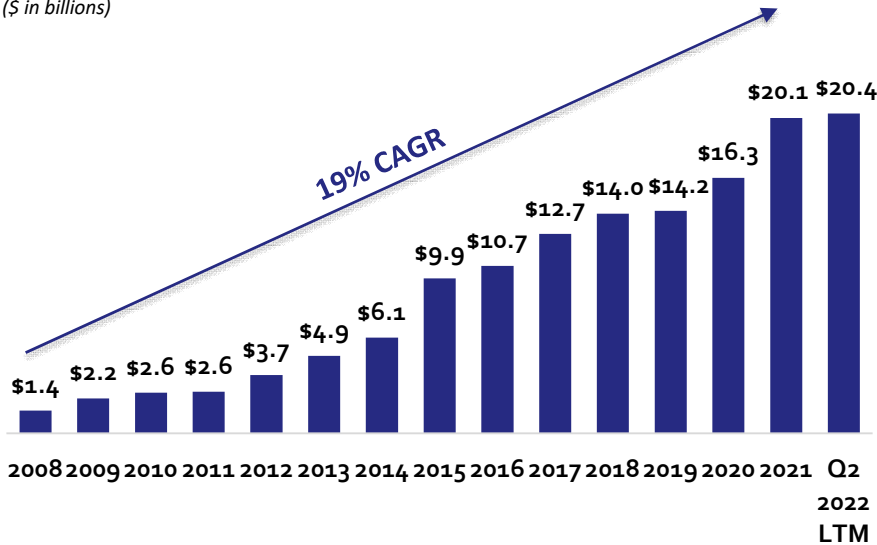


1. CAGR is equal to the compound annual growth rate of Guild's annual origination volume for the year ended December 31, 2007 through the last twelve months ended June 30, 2022.

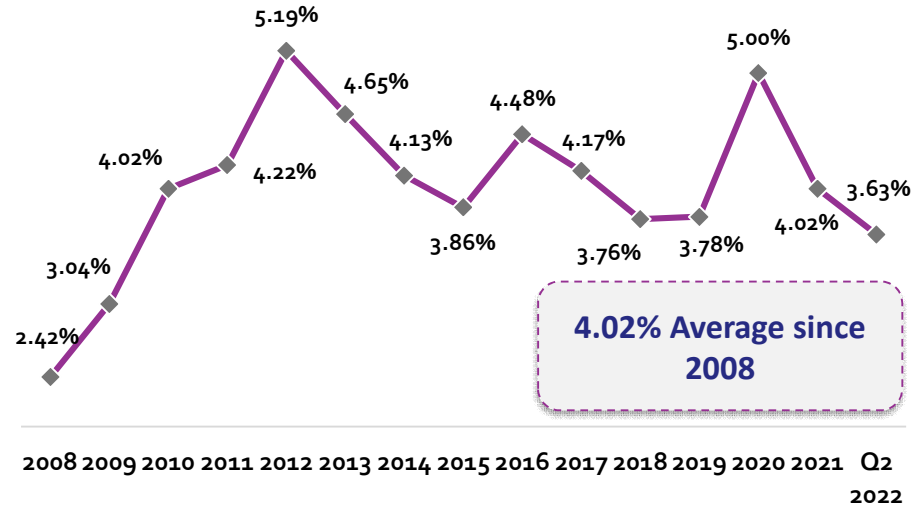
# Strategy Has Enabled Durable Originations and More Consistent Returns

Guild's Historical Purchase Volume<sup>1</sup>

(\$ in billions)



Guild's Historical Gain on Sale Margin<sup>2</sup>



We believe our strategy enables:

- ✓ More **stable origination volume**
- ✓ More **consistent margins**
- ✓ **Increased stability through** interest rate and refinance **cycles**

1. Company information. CAGR is equal to the compound annual growth rate of Guild's annual purchase origination volume for the year ended December 31, 2008 through the last twelve months ended June 30, 2022.

2. Company information. Represents the components of loan origination fees and gain on sale of loans, net divided by total in-house origination to derive basis points.

## **Appendix – Q2 2022 Financials**

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# Balance Sheet

(in thousands, except share and per share data)

	June 30, 2022	December 31, 2021
<b>Assets</b>		
Cash and cash equivalents	\$248,987	\$243,108
Restricted cash	5,592	5,012
Mortgage loans held for sale	1,249,809	2,204,216
Ginnie Mae loans subject to repurchase right	616,335	728,978
Accounts and interest receivable	23,517	68,359
Derivative assets	23,080	27,961
Mortgage servicing rights, net	1,030,310	675,340
Intangible assets, net	37,050	41,025
Goodwill	173,434	175,144
Other assets	192,845	214,061
<b>Total assets</b>	<b>\$3,600,959</b>	<b>\$4,383,204</b>
<b>Liabilities and stockholders' equity</b>		
Warehouse lines of credit	\$1,148,551	\$1,927,478
Notes payable	118,750	250,227
Ginnie Mae loans subject to repurchase right	616,638	729,260
Accounts payable and accrued expenses	44,488	56,836
Accrued compensation and benefits	46,711	75,079
Investor reserves	16,919	18,437
Contingent liabilities due to acquisitions	1,557	59,500
Derivative liabilities	4,121	2,079
Operating lease liabilities	91,272	97,836
Note due to related party	1,580	2,614
Deferred compensation plan	95,040	101,600
Deferred tax liabilities	227,502	142,245
<b>Total liabilities</b>	<b>\$2,413,129</b>	<b>\$3,463,191</b>
Commitments and contingencies		
<b>Stockholders' equity</b>		
Preferred stock, \$0.01 par value; 50,000,000 shares authorized; no shares issued and outstanding	—	—
Class A common stock, \$0.01 par value; 250,000,000 shares authorized; 20,616,015 and 20,723,912 shares issued and outstanding at June 30, 2022 and December 31, 2021	206	207
Class B common stock, \$0.01 par value; 100,000,000 shares authorized; 40,333,019 shares issued and outstanding at June 30, 2022 and December 31, 2021	403	403
Additional paid-in capital	43,666	42,175
Retained earnings	1,143,489	877,194
Non-controlling interest	66	34
<b>Total stockholders' equity</b>	<b>1,187,830</b>	<b>920,013</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$3,600,959</b>	<b>\$4,383,204</b>



# Income Statement

(in thousands, except per share data)

	<u>Three Months Ended</u>	
	<u>June 30, 2022</u>	<u>March 31, 2022</u>
<b>Revenue</b>		
Loan origination fees and gain on sale of loans, net	207,972	242,639
Loan servicing and other fees	54,595	53,177
Valuation adjustment of mortgage servicing rights	21,074	184,601
Interest income	14,823	15,263
Interest expense	(10,949)	(14,138)
Other income, net	22	220
<b>Net revenue</b>	<b>\$287,537</b>	<b>\$481,762</b>
<b>Expenses</b>		
Salaries, incentive compensation and benefits	\$178,192	\$187,329
General and administrative	6,371	(5,630)
Occupancy, equipment and communication	18,973	18,312
Depreciation and amortization	3,808	3,913
Provision (relief) for foreclosure losses	1,796	(321)
<b>Total expenses</b>	<b>\$209,140</b>	<b>\$203,603</b>
<b>Income before income tax expense</b>	<b>\$78,397</b>	<b>\$278,159</b>
Income tax expense	20,108	70,186
<b>Net income</b>	<b>58,289</b>	<b>207,973</b>
Net income attributable to non-controlling interest	17	15
<b>Net income attributable to Guild</b>	<b>\$58,272</b>	<b>\$207,958</b>

**Net income per share attributable to Class A and Class B Common Stock:**

Basic	\$0.95	\$3.41
Diluted	\$0.95	\$3.38

**Weighted average shares outstanding of Class A and Class B Common Stock:**

Basic	61,064	61,057
Diluted	61,650	61,494

# Segment Income Statements

(\$ in Millions)	Three Months Ended		
	June 30, 2022	March 31, 2022	Seq %Δ
<b>Origination</b>			
Total in-house originations <sup>1</sup>	\$5,721.9	\$6,061.6	(6%)
In-house originations # (000's)	18	19	(5%)
Net revenue	\$212.1	\$245.6	(14%)
Total expenses	\$186.5	\$182.2	2%
Net income allocated to origination	\$25.6	\$63.4	(60%)
<b>Servicing</b>			
UPB of servicing portfolio (period end)	\$75,856.6	\$73,250.6	4%
# Loans serviced (000's) (period end)	314	307	2%
Loan servicing and other fees	\$54.6	\$53.2	3%
Valuation adjustment of MSRs	\$21.1	\$184.6	(89%)
Net revenue	\$76.9	\$237.6	(68%)
Total expenses	\$13.0	\$10.9	20%
Net income allocated to servicing	\$63.9	\$226.8	(72%)

1. Includes retail and correspondent loans and excludes brokered loans.

# Non-GAAP Reconciliation

(\$ in Millions, except per share data)

	Three Months Ended	
	June 30, 2022	March 31, 2022
<b>Reconciliation of Net Income Attributable to Guild to Adjusted Net Income</b>		
Net income	\$58.3	\$208.0
Net income attributable to non-controlling interest	—	—
Net Income attributable to Guild	\$58.3	\$208.0
<i>Add adjustments:</i>		
Change in fair value of MSRs due to model inputs and assumptions	(46.9)	(209.5)
Change in fair value of contingent liabilities due to acquisitions	(16.5)	(28.9)
Amortization of acquired intangible assets	2.0	2.0
Stock-based compensation	1.7	1.3
Tax impact of adjustments <sup>1</sup>	15.3	59.3
<b>Adjusted Net Income<sup>2</sup></b>	<b>\$13.9</b>	<b>\$32.1</b>
Weighted average shares outstanding of Class A and Class B Common Stock	61	61
<b>Earnings per share</b>	<b>\$0.95</b>	<b>\$3.41</b>
<b>Adjusted earnings per share<sup>3</sup></b>	<b>\$0.23</b>	<b>\$0.53</b>
<b>Reconciliation of Net Income to Adjusted EBITDA</b>		
Net income	\$58.3	\$208.0
<i>Add adjustments:</i>		
Interest expense on non-funding debt	1.4	1.7
Income tax expense	20.1	70.2
Depreciation and amortization	3.8	3.9
Change in fair value of MSRs due to model inputs and assumptions	(46.9)	(209.5)
Change in fair value of contingent liabilities due to acquisitions	(16.5)	(28.9)
Stock-based compensation	1.7	1.3
<b>Adjusted EBITDA<sup>4</sup></b>	<b>\$22.0</b>	<b>\$46.7</b>
<b>Reconciliation of Return on Equity to Adjusted Return on Equity</b>		
Adjusted Net Income <sup>2</sup>	\$13.9	\$32.1
Average Stockholders' Equity	1,158.5	1,024.6
<b>Adjusted Return on Equity</b>	<b>4.8%</b>	<b>12.5%</b>
<b>Return on Equity</b>	<b>20.1%</b>	<b>81.2%</b>

1. Implied tax rate used was 25.6% and 25.2% for the three months ended June 30, 2022 and March 31, 2022, respectively.

2. Adjusted Net Income represents earnings before the change in the fair value measurements related to our MSRs, contingent liabilities related to completed acquisitions due to changes in valuation assumptions, amortization of acquired intangible assets and stock-based compensation.

3. Adjusted earnings per share represents adjusted net income divided by the basic weighted average shares outstanding of Class A and Class B common stock.

4. Adjusted EBITDA represents earnings before interest (without adjustment for net warehouse interest related to loan fundings and payoff interest related to loan prepayments), taxes, depreciation and amortization exclusive of any change in the fair value measurements of the MSRs due to valuation assumptions, contingent liabilities from business acquisitions and stock-based compensation.

