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**Velocity Financial, Inc. Reports  
First Quarter 2025 Results**

**First Quarter Highlights:**

- Net income of \$18.9 million, up 9.5% from \$17.3 million for 1Q24. Diluted EPS of \$0.51, up \$0.02 from \$0.49 per share for 1Q24
- Core net income<sup>(1)</sup> of \$20.3 million, an increase of 11.0% from \$18.2 million for 1Q24. Core diluted EPS<sup>(1)</sup> of \$0.55, up from \$0.51 per share for 1Q24
- Record loan production of \$640.4 million in UPB, a 13.7% and 69.1% increase from 4Q24 and 1Q24, respectively
- Nonperforming loans (NPL) as a percentage of HFI<sup>(2)</sup> loans were 10.8%, relatively consistent with 10.7% as of December 31, 2024, and 10.1% as of March 31, 2024, respectively
- Resolutions of NPL and real estate owned (REO) totaled \$76.4 million in UPB
  - Realized gains of \$1.9 million or 102.4% of UPB resolved
- Portfolio net interest margin (NIM) of 3.35%, a decrease of 35 bps from 3.70% for 4Q24 and flat compared to 3.35% for 1Q24. NIM in 4Q24 included higher cash interest received on nonperforming loans.
- Completed the VCC 2025-1 securitization totaling \$342.8 million of securities issued
- Collapsed the VCC 2023-1R securitization, which released \$52.6 million of marketable retained securities after paying off the associated debt
- Liquidity<sup>(3)</sup> of \$75.6 million and total available warehouse line capacity of \$238.2 million as of March 31, 2025
- Recourse debt to equity ratio of 1.5x, compared to 1.4x as of March 31, 2024
- Issued 1.6 million common shares, realizing net proceeds of \$28.8 million through Velocity’s At The Market (ATM) offering program at an accretive to book value weighted average price of \$18.35
- GAAP Book value per common share of \$16.19 as of March 31, 2025, a 15.6% increase from \$14.01 as of March 31, 2024

<sup>(1)</sup> Core income and Core EPS are non-GAAP financial measures that exclude nonrecurring and unusual activities from GAAP net income.  
<sup>(2)</sup> Held for Investment (HFI) includes the unpaid principal balance of loans carried on an amortized cost basis and loans carried at fair value (FVO).  
<sup>(3)</sup> Liquidity includes unrestricted cash reserves of \$51.7 million and available liquidity in unfinanced loans of \$23.9 million.

Westlake Village, CA – May 1, 2025 – Velocity Financial, Inc. (NYSE: VEL) (Velocity or the Company), a leader in business purpose loans, reported net income of \$18.9 million and core net income of \$20.3 million for 1Q25, compared to net income of \$17.3 million and core net income of \$18.2 million for 1Q24. Earnings and core earnings per diluted share were \$0.51 and \$0.55, respectively, for 1Q25, compared to \$0.49 and \$0.51 for 1Q24.

“We began 2025 with tremendous momentum, delivering a new record for quarterly production volume and solid earnings,” said Chris Farrar, President and CEO. “Velocity’s first quarter 2025 results were driven by higher portfolio net interest income and noninterest income from our growing production volume. Financing demand remained strong during the quarter, in both the traditional commercial and 1-4 family residential rental property markets, as investors continued to see considerable value in smaller commercial properties. For the foreseeable future, we expect investor loan demand to remain solid. We also continue to be opportunistic in seeking opportunities that would allow Velocity to leverage its core lending expertise and platform to expand into other lending markets. Despite the recent market volatility, we remain confident in Velocity’s long-term growth prospects and our ability to sustain profitable market share growth”.

#### **First Quarter Operating Results**

##### **KEY PERFORMANCE INDICATORS**

*(\$ in thousands)*

|                                                | <b>1Q 2025</b> | <b>1Q 2024</b> | <b>\$ Variance</b> | <b>% Variance</b> |
|------------------------------------------------|----------------|----------------|--------------------|-------------------|
| Pretax income                                  | \$ 26,894.2    | \$ 23,235.9    | \$ 3,658.3         | 15.7%             |
| Net income                                     | \$ 18,887.2    | \$ 17,251.0    | \$ 1,636.2         | 9.5%              |
| Diluted earnings per share                     | \$ 0.51        | \$ 0.49        | \$ 0.02            | 5.4%              |
| Core pretax income                             | \$ 27,133.1    | \$ 23,153.5    | \$ 3,979.6         | 17.2%             |
| Core net income <sup>(a)</sup>                 | \$ 20,253.3    | \$ 18,249.5    | \$ 2,003.9         | 11.0%             |
| Core diluted earnings per share <sup>(a)</sup> | \$ 0.55        | \$ 0.51        | \$ 0.04            | 6.8%              |
| Pretax return on equity                        | 20.11%         | 20.76%         | n.a.               | (3.2)%            |
| Core pretax return on equity <sup>(a)</sup>    | 20.29%         | 20.69%         | n.a.               | (1.9)%            |
| Net interest margin - portfolio                | 3.35%          | 3.35%          | n.a.               | (0.1)%            |
| Net interest margin - total company            | 2.88%          | 2.83%          | n.a.               | 1.5%              |
| Average common equity                          | \$534,940.4    | \$447,612.7    | \$87,327.6         | 19.5%             |

<sup>(a)</sup> Core income, core diluted earnings per share and core pretax return on equity are non-GAAP measures. Please see the reconciliation to GAAP net income at the end of this release.

n.a.- not applicable

##### ***Discussion of results:***

- Net income for 1Q25 was \$18.9 million, compared to \$17.3 million for 1Q24
  - Driven by record production volume and strong portfolio earnings
- Core net income was \$20.3 million, compared to \$18.2 million for 1Q24
  - 1Q25 core adjustments included incentive compensation expenses and costs related to the Company’s employee stock purchase plan (ESPP)

- Portfolio NIM for 1Q25 was 3.35%, essentially flat to 3.35% for 1Q24. Consistently strong NIM levels have resulted from rate discipline on record new loan production, with average loan coupons of 10.8% on loans produced over the last five quarters.

**TOTAL LOAN PORTFOLIO**

(\$ of UPB in millions)

|                                           | <u>1Q 2025</u>   | <u>1Q 2024</u>   | <u>\$ Variance</u> | <u>% Variance</u> |
|-------------------------------------------|------------------|------------------|--------------------|-------------------|
| <b><u>Held for Investment</u></b>         |                  |                  |                    |                   |
| Investor 1-4 Rental                       | \$2,799.5        | \$2,336.7        | \$ 462.8           | 19.8%             |
| Mixed Use                                 | 605.7            | 494.7            | 111.0              | 22.4%             |
| Multi-Family                              | 397.8            | 323.4            | 74.5               | 23.0%             |
| Retail                                    | 522.4            | 378.0            | 144.4              | 38.2%             |
| Warehouse                                 | 367.3            | 295.5            | 71.8               | 24.3%             |
| Office                                    | 421.4            | 282.5            | 138.9              | 49.2%             |
| All Other                                 | 330.9            | 170.8            | 160.1              | 93.8%             |
| <b>Total</b>                              | <b>\$5,445.0</b> | <b>\$4,281.5</b> | <b>\$ 1,163.5</b>  | <b>27.2%</b>      |
| <b><u>Held for Sale</u></b>               |                  |                  |                    |                   |
| Investor 1-4 Rental                       | \$ —             | \$ —             | \$ —               | n.m.              |
| Government Insured Multifamily (CHHC)     | 4.9              | —                | 4.9                | n.m.              |
| Multi-Family                              | —                | —                | —                  | n.m.              |
| Warehouse                                 | —                | —                | —                  | n.m.              |
| All Other                                 | —                | —                | —                  | n.m.              |
| <b>Total Managed Loan Portfolio UPB</b>   | <b>\$5,449.9</b> | <b>\$4,281.5</b> | <b>\$ 1,168.4</b>  | <b>27.3%</b>      |
| <b><u>Key loan portfolio metrics:</u></b> |                  |                  |                    |                   |
| Total loan count                          | 13,858           | 11,013           |                    |                   |
| Weighted average loan to value            | 66.1%            | 67.6%            |                    |                   |
| Weighted average coupon                   | 9.59%            | 9.07%            |                    |                   |
| Weighted average total portfolio yield    | 9.11%            | 8.71%            |                    |                   |
| Weighted average portfolio debt cost      | 6.23%            | 5.93%            |                    |                   |

n.m. - non meaningful

**Discussion of results:**

- Velocity’s total loan portfolio was \$5.4 billion in UPB as of March 31, 2025, an increase of 27.3% from \$4.3 billion in UPB as of March 31, 2024
  - Primarily driven by 19.8% Y/Y growth in loans collateralized by Investor 1-4 Rental properties and 93.8% Y/Y growth in loans collateralized by “Other” commercial properties
  - Loan prepayments totaled \$196.0 million in UPB, down 3.5% from \$203.2 million for 4Q24, and an increase of 37.2% from \$142.9 million for 1Q24
- The UPB of fair value option (FVO) HFI loans was \$3.1 billion, or 57.7% of total loans, as of March 31, 2025, an increase from \$1.6 billion in UPB, or 36.8% as of March 31, 2024
- The weighted average portfolio loan-to-value ratio was 66.1% as of March 31, 2025, down from 67.6% as of March 31, 2024, and below the five-quarter trailing average of 66.9%
- The weighted average total portfolio yield was 9.11%, an increase of 40 bps from 1Q24, primarily driven by higher loan coupons on record levels of new HFI loan production

- Portfolio-related debt cost was 6.23%, an increase of 30 bps from 1Q24, driven by higher warehouse financing utilization and securitized debt costs

| LOAN PRODUCTION VOLUMES               |         |         |             |            |
|---------------------------------------|---------|---------|-------------|------------|
| (\$ in millions)                      |         |         |             |            |
|                                       | 1Q 2025 | 1Q 2024 | \$ Variance | % Variance |
| Investor 1-4 Rental                   | \$266.6 | \$167.1 | \$ 99.6     | 59.6%      |
| Traditional Commercial                | 324.8   | 166.6   | 158.2       | 94.9%      |
| Short-term                            | 44.1    | 45.0    | (0.9)       | (1.9)%     |
| Government Insured Multifamily (CHHC) | 4.9     | —       | 4.9         | n.m.       |
| Total loan production                 | \$640.4 | \$378.7 | \$ 261.8    | 69.1%      |
| Acquisitions                          | \$ —    | \$ 12   |             |            |

n.m. - non meaningful

Discussion of results:

- Loan production totaled \$640.4 million in UPB, a 69.1% increase from \$378.7 million for 1Q24, which is a new record for the highest quarterly production volume in the Company’s history
- 1Q25 production volume was driven by demand for Traditional Commercial financing, which increased 94.9% from 1Q24, in addition to a 59.6% Y/Y increase in long-term financing for Investor 1-4 rentals
- The weighted average coupon (WAC) on 1Q25 HFI loan production was 10.5%, a decrease of 60bps from 11.1% for 1Q24 as we maintained our spreads due to a drop in our marginal securitization cost of funds
- Government-insured Multifamily loans are originated by our subsidiary Century Health & Housing Capital and the GNMA securities are sold to investors for cash gains shortly after closing

**HFI PORTFOLIO CREDIT PERFORMANCE INDICATORS**
*(\$ in thousands)*

|                                                                    | 1Q 2025           | 1Q 2024           | \$ Variance       | % Variance  |
|--------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------|
| Nonperforming loans <sup>(a)</sup>                                 | \$ 587,811.0      | \$ 432,560.2      | \$ 155,250.8      | 35.9%       |
| Total HFI loans                                                    | \$5,445,014.7     | \$4,281,533.3     | \$1,163,481.4     | 27.2%       |
| Nonperforming loans % total HFI loans                              | 10.8%             | 10.1%             | n.a.              | 6.9%        |
| Average nonperforming loans subject to CECL reserve <sup>(b)</sup> | \$ 297,379.8      | \$ 321,442.0      | \$ (24,062.2)     | (7.5)%      |
| Loan loss reserve                                                  | \$ 5,016.8        | \$ 5,266.7        | \$ (249.9)        | (4.7)%      |
| Total charge offs                                                  | \$ 1,029.1        | \$ 504.0          | \$ 525.1          | 104.2%      |
| Charge-offs as a % of avg. nonperforming CECL loans <sup>(c)</sup> | 1.4%              | 0.6%              | n.a.              | 120.7%      |
| <b><u>Gain/(Loss) on REO</u></b>                                   |                   |                   |                   |             |
| Gain on transfer to REO                                            | \$ 2,834.0        | \$ 1,160.0        | \$ 1,674.0        | 144.3%      |
| REO valuations, net                                                | \$ (2,073.2)      | \$ 285.8          | \$ (2,359.0)      | (825.5)%    |
| Gain (loss) on sale of REO                                         | \$ 300.1          | \$ (1,721.8)      | \$ 2,021.8        | (117.4)%    |
| Total gain (loss) on REO                                           | <u>\$ 1,060.8</u> | <u>\$ (276.0)</u> | <u>\$ 1,336.9</u> | <u>n.m.</u> |

<sup>(a)</sup> Total HFI nonperforming/nonaccrual loans include loans 90+ days past due, loans in foreclosure, bankruptcy and on nonaccrual.

<sup>(b)</sup> Reflects monthly average nonperforming loans held for investment, excluding FVO loans, during the period.

<sup>(c)</sup> Reflects the annualized quarter-to-date charge-offs to average nonperforming loans for the period.

n.a.- not applicable

n.m. - non meaningful

**Discussion of results:**

- Nonperforming loans (NPL) totaled \$587.8 million in UPB as of March 31, 2025, or 10.8% of loans HFI, compared to \$432.6 million and 10.1% as of March 31, 2024
- Charge-offs for 1Q25 totaled \$1,029.1 thousand, compared to \$504.0 thousand for 1Q24, mainly due to one large loss on a loan
  - The trailing five-quarter charge-off average was \$559.2 thousand
- Total gain on REO was \$1.1 million, compared to a loss of \$0.3 million for 1Q24, driven by gains on loans transferred to REO
- The loan loss reserve totaled \$5.0 million as of March 31, 2025, a 4.7% decrease from \$5.3 million as of March 31, 2024
  - The CECL reserve rate was 0.22% (CECL Reserve as % of Amortized Cost HFI loans), which was above the recent five-quarter average rate of 0.19% and modestly higher than management's expected range of 0.15% to 0.20%

**NET REVENUES**  
*(\$ in thousands)*

|                                                            | 1Q 2025            | 1Q 2024            | \$Variance         | % Variance   |
|------------------------------------------------------------|--------------------|--------------------|--------------------|--------------|
| Interest income                                            | \$118,739.6        | \$ 90,528.7        | \$ 28,210.9        | 31.2%        |
| Interest expense - portfolio related                       | (75,088.2)         | (55,674.5)         | (19,413.7)         | 34.9%        |
| Net Interest Income - portfolio related                    | 43,652.4           | 34,854.2           | 8,798.2            | 25.2%        |
| Interest expense - corporate debt                          | (6,142.8)          | (5,380.0)          | (762.8)            | 14.2%        |
| Loan loss provision                                        | (1,871.9)          | (1,001.8)          | (870.0)            | 86.8%        |
| <b>Net interest income after provision for loan losses</b> | <b>\$ 35,637.8</b> | <b>\$ 28,472.4</b> | <b>\$ 7,165.3</b>  | <b>25.2%</b> |
| Gain on disposition of loans                               | 2,834.0            | 1,699.1            | 1,134.9            | 66.8%        |
| Unrealized (loss) gain on fair value loans                 | 34,836.5           | 18,924.8           | 15,911.7           | 84.1%        |
| Unrealized gain (loss) on fair value of securitized debt   | (13,682.3)         | (2,318.5)          | (11,363.8)         | 490.1%       |
| Unrealized gain/(loss) on mortgage servicing rights        | (1,080.6)          | 444.0              | (1,524.5)          | (343.4)%     |
| Origination fee income                                     | 8,679.3            | 4,985.7            | 3,693.6            | 74.1%        |
| Interest income on cash balance                            | 1,339.0            | 1,631.1            | (292.1)            | (17.9)%      |
| Other operating income (expense)                           | 520.9              | 408.2              | 112.7              | 27.6%        |
| <b>Total other operating income (expense)</b>              | <b>\$ 33,445.7</b> | <b>\$ 25,775.3</b> | <b>\$ 7,670.4</b>  | <b>29.8%</b> |
| <b>Net revenue</b>                                         | <b>\$ 69,083.5</b> | <b>\$ 54,246.8</b> | <b>\$ 14,836.7</b> | <b>27.4%</b> |

**Discussion of results:**

- Net Revenue was \$69.1 million, an increase of 27.4% from \$54.2 million for 1Q24
  - Resulting from continued strong production-driven portfolio net interest income growth, net unrealized FV gains and origination fee income
- Total net interest income was \$35.6 million, a 25.2% increase from \$28.5 million for 1Q24
  - Portfolio net Interest income was \$43.7 million for 1Q25, an increase of 25.2% from 1Q24, resulting from portfolio growth and consistent NPL resolution gains
- Total other operating income was \$33.4 million for 1Q25, an increase from \$25.8 million for 1Q24
  - Origination fee income totaled \$8.7 million, a 74.1% increase from \$5.0 million for 1Q24, resulting from record loan production in 1Q25
  - Net unrealized FVO gains on loans, securitized debt and MSRs were \$20.1 million, compared to a net gain of \$17.1 million for 1Q24
  - Gain on disposition of loans totaled \$2.8 million for 1Q25, driven mainly by loans transferred to REO

| <b>OPERATING EXPENSES</b>          |                   |                   |                    |                   |
|------------------------------------|-------------------|-------------------|--------------------|-------------------|
| <i>(\$ in thousands)</i>           |                   |                   |                    |                   |
|                                    | <b>1Q 2025</b>    | <b>1Q 2024</b>    | <b>\$ Variance</b> | <b>% Variance</b> |
| Compensation and employee benefits | \$21,684.2        | \$15,357.0        | \$ 6,327.2         | 41.2%             |
| Origination expense                | 837.7             | 645.8             | 192.0              | 29.7%             |
| Securitization expenses            | 4,042.7           | 2,874.5           | 1,168.2            | 40.6%             |
| Rent and occupancy                 | 274.5             | 497.6             | (223.0)            | (44.8)%           |
| Loan servicing                     | 8,007.9           | 4,823.6           | 3,184.3            | 66.0%             |
| Professional fees                  | 1,783.1           | 2,115.5           | (332.4)            | (15.7)%           |
| Real estate owned, net             | 3,029.1           | 2,455.3           | 573.8              | 23.4%             |
| Other expenses                     | 2,530.1           | 2,241.7           | 288.4              | 12.9%             |
| <b>Total operating expenses</b>    | <b>\$42,189.3</b> | <b>\$31,010.9</b> | <b>\$11,178.4</b>  | <b>36.0%</b>      |

**Discussion of results:**

- Operating expenses totaled \$42.2 million for 1Q25, an increase of 36.0% from 1Q24, primarily resulting from higher production-driven compensation expenses
  - Compensation expense totaled \$21.7 million, compared to \$15.4 million for 1Q24
    - Driven by commission compensation on higher production volume
  - Securitization expenses totaled \$4.0 million from the issuance of one securitization during the quarter, compared to costs of \$2.9 million for one securitization during 1Q24
  - Loan servicing expense totaled \$8.0 million, as compared to \$4.8 million for 1Q24, driven by higher servicing advance expense and portfolio growth
  - Professional fees totaled \$1.8 million, a decrease of 15.7% from \$2.1 million for 1Q24, driven by a reduction in legal expenses
  - REO expenses totaled \$3.0 million, a 23.4% increase from \$2.5 million for 1Q24, driven by \$2.1 million of REO valuation losses

**SECURITIZATIONS**

(\$ in thousands)

| <b>Trusts</b>   | <b>Securities<br/>Issued</b> | <b>Balance at<br/>3/31/2025</b> | <b>W.A. Rate</b> | <b>Balance at<br/>3/31/2024</b> | <b>W.A. Rate</b> |
|-----------------|------------------------------|---------------------------------|------------------|---------------------------------|------------------|
| 2017-2 Trust    | 245,601                      | 31,786                          | 4.14%            | 41,610                          | 4.06%            |
| 2018-1 Trust    | 176,816                      | 23,452                          | 4.28%            | 31,981                          | 4.09%            |
| 2018-2 Trust    | 307,988                      | 55,604                          | 4.49%            | 74,490                          | 4.51%            |
| 2019-1 Trust    | 235,580                      | 57,696                          | 4.13%            | 70,253                          | 4.06%            |
| 2019-2 Trust    | 207,020                      | 44,334                          | 3.45%            | 62,467                          | 3.44%            |
| 2019-3 Trust    | 154,419                      | 44,746                          | 3.27%            | 54,912                          | 3.30%            |
| 2020-1 Trust    | 248,700                      | 88,265                          | 2.88%            | 101,991                         | 2.89%            |
| 2020-2 Trust    | 96,352                       | —                               | —                | 42,088                          | 4.57%            |
| 2021-1 Trust    | 251,301                      | 146,536                         | 1.76%            | 165,657                         | 1.77%            |
| 2021-2 Trust    | 194,918                      | 120,071                         | 2.03%            | 141,057                         | 2.03%            |
| 2021-3 Trust    | 204,205                      | 132,082                         | 2.47%            | 153,438                         | 2.46%            |
| 2021-4 Trust    | 319,116                      | 204,304                         | 3.27%            | 237,277                         | 3.25%            |
| 2022-1 Trust    | 273,594                      | 207,933                         | 3.93%            | 233,429                         | 3.94%            |
| 2022-2 Trust    | 241,388                      | 188,190                         | 5.07%            | 205,358                         | 5.07%            |
| 2022-MC1 Trust  | 84,967                       | 6,031                           | 6.85%            | 27,519                          | 6.92%            |
| 2022-3 Trust    | 296,323                      | 226,040                         | 5.70%            | 251,143                         | 5.71%            |
| 2022-4 Trust    | 308,357                      | 221,499                         | 6.21%            | 263,336                         | 6.22%            |
| 2022-5 Trust    | 188,754                      | 169,359                         | 7.11%            | 154,783                         | 7.01%            |
| 2023-1 Trust    | 198,715                      | 148,803                         | 7.08%            | 169,107                         | 7.04%            |
| 2023-1R Trust   | 64,833                       | —                               | —                | 54,342                          | 7.63%            |
| 2023-2 Trust    | 202,210                      | 150,964                         | 7.64%            | 178,713                         | 8.24%            |
| 2023-RTL1 Trust | 81,608                       | 63,163                          | 8.29%            | 81,608                          | 7.22%            |
| 2023-3 Trust    | 234,741                      | 186,260                         | 8.04%            | 220,689                         | 7.87%            |
| 2023-4 Trust    | 202,890                      | 168,737                         | 8.30%            | 215,821                         | 8.32%            |
| 2024-1 Trust    | 209,862                      | 172,104                         | 7.93%            | 207,855                         | 7.91%            |
| 2024-2 Trust    | 286,235                      | 244,591                         | 7.11%            |                                 |                  |
| 2024-3 Trust    | 204,599                      | 187,913                         | 7.22%            |                                 |                  |
| 2024-4 Trust    | 253,612                      | 231,625                         | 7.29%            |                                 |                  |
| 2024-5 Trust    | 292,880                      | 279,527                         | 6.15%            |                                 |                  |
| 2024-6 Trust    | 293,895                      | 285,272                         | 6.15%            |                                 |                  |
| 2025-1 Trust    | 342,791                      | 342,353                         | 6.73%            |                                 |                  |
|                 | <b><u>\$6,904,270</u></b>    | <b><u>\$4,429,240</u></b>       | <b>5.87%</b>     | <b><u>\$3,440,924</u></b>       | <b>5.43%</b>     |

**Discussion of results**

- The weighted average rate on Velocity’s outstanding securitizations was 5.87% as of March 31, 2025, an increase of 44 bps from March 31, 2024
  - The Company completed one securitization during 1Q25, totaling \$342.8 million of securities issued with a weighted average rate of 6.7%, a decrease from a weighted average rate of 7.9% for securitizations issued during 1Q24
  - Prepaid the VCC 2023-1R securitization totaling \$35.6 million of debt outstanding, which released \$52.6 million of marketable retained securities
- In April 2025, the Company successfully completed two securitizations:

- The VCC 2025-RTL1, totaling \$111.4 million of securities issued. The transaction included \$59.2 million in UPB of collateral from the VCC 2023-RTL1 securitization, which was simultaneously collapsed, and \$52.2 million in UPB of recently originated short-term loans.
- The VCC 2025-2 securitization totaling \$377.5 million of securities issued with a weighted average rate of 6.4%, and comprised of recently originated long-term traditional commercial and investor 1-4 rental loans

| RESOLUTION ACTIVITIES                                 |                    |                  |                    |                  |
|-------------------------------------------------------|--------------------|------------------|--------------------|------------------|
| LONG-TERM NONPERFORMING ASSETS                        |                    |                  |                    |                  |
| RESOLUTION ACTIVITY                                   | FIRST QUARTER 2025 |                  | FIRST QUARTER 2024 |                  |
|                                                       | UPB \$             | Gain / (Loss) \$ | UPB \$             | Gain / (Loss) \$ |
| <i>(\$ in thousands)</i>                              |                    |                  |                    |                  |
| Paid in full                                          | \$ 20,589          | \$ 989           | \$ 16,563          | \$ 798           |
| Paid current                                          | 30,563             | 375              | 27,494             | 164              |
| REO sold                                              | 4,541              | 337              | 3,888              | 224              |
| <b>Total resolutions</b>                              | <b>\$ 55,693</b>   | <b>\$ 1,701</b>  | <b>\$ 47,945</b>   | <b>\$ 1,186</b>  |
| <b>Recovery rate on resolved nonperforming assets</b> |                    | <b>103.1%</b>    |                    | <b>102.5%</b>    |
|                                                       |                    |                  |                    |                  |
| SHORT-TERM AND FORBEARANCE NONPERFORMING ASSETS       |                    |                  |                    |                  |
| RESOLUTION ACTIVITY                                   | FIRST QUARTER 2025 |                  | FIRST QUARTER 2024 |                  |
|                                                       | UPB \$             | Gain / (Loss) \$ | UPB \$             | Gain / (Loss) \$ |
| <i>(\$ in thousands)</i>                              |                    |                  |                    |                  |
| Paid in full                                          | \$ 5,341           | \$ 182           | \$ 2,496           | \$ —             |
| Paid current                                          | 11,845             | 14               | 2,927              | 25               |
| REO sold                                              | 3,558              | (37)             | 1,161              | 62               |
| <b>Total resolutions</b>                              | <b>\$ 20,744</b>   | <b>\$ 159</b>    | <b>\$ 6,584</b>    | <b>\$ 87</b>     |
| <b>Recovery rate on resolved nonperforming assets</b> |                    | <b>100.8%</b>    |                    | <b>101.3%</b>    |
| <b>Grand total resolutions</b>                        | <b>\$ 76,437</b>   | <b>\$ 1,860</b>  | <b>\$ 54,529</b>   | <b>\$ 1,274</b>  |
| <b>Recovery rate on resolved nonperforming assets</b> |                    | <b>102.4%</b>    |                    | <b>102.3%</b>    |

Discussion of results:

- NPA resolutions totaled \$76.4 million in UPB, realizing 102.4% of UPB resolved compared to \$54.5 million in UPB and realization of 102.3% of UPB resolved for 1Q24
- The UPB of loan resolutions for 1Q25 was modestly above the recent five-quarter resolution average of \$71.9 million in UPB, but below the average gains of 103.4% of UPB resolved

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Velocity’s executive management team will host a conference call and webcast on May 1<sup>st</sup>, 2025, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to review its 1Q25 financial results.

**Webcast Information**

The conference call will be webcast live in listen-only mode and can be accessed through the Events and Presentations section of the Velocity Financial Investor Relations website: <https://www.velfinance.com/events-and-presentations>. To listen to the webcast, please visit Velocity’s website at least 15 minutes before the call to register, download, and install any needed software. An audio replay of the call will also be available on Velocity’s website after the conference call is completed.

**Conference Call Information**

To participate by phone, please dial in 15 minutes before the start time to allow for wait times to access the conference call. The live conference call will be accessible by dialing 1-833-316-0544 in the U.S. and Canada and 1-412-317-5725 for international callers. Callers should ask to join the Velocity Financial, Inc. conference call.

A replay of the call will be available through midnight on May 30, 2025, and can be accessed by dialing 1-877-344-7529 in the U.S. and 855-669-9658 in Canada or 1-412-317-0088 internationally. The passcode for the replay is 3542103. The replay will also be available on the Investor Relations section of the Company’s website under “Events and Presentations.”

**About Velocity Financial, Inc.**

Based in Westlake Village, California, Velocity is a vertically integrated real estate finance company that primarily originates and manages business purpose loans secured by 1-4 unit residential rental and small commercial properties. Velocity originates loans nationwide across an extensive network of independent mortgage brokers built and refined over 20 years.

**Non-GAAP Financial Measures**

To supplement our financial statements presented in accordance with United States generally accepted accounting principles (GAAP), the Company uses non-GAAP core net income and core diluted EPS, which are non-GAAP financial measures.

Non-GAAP core net income and non-GAAP core diluted EPS are non-GAAP financial measures that represent our net income (loss) and net income (loss) per diluted share, adjusted to eliminate the effect of certain costs incurred from activities that are not normal recurring operating expenses, such as COVID-stressed charges and recoveries of loan loss provision, nonrecurring debt amortization, the impact of operational measures taken to address the COVID-19 pandemic and workforce reduction costs, and costs associated with acquisitions. To calculate non-GAAP core diluted EPS, we use the weighted average number of shares of common stock outstanding that is used to calculate net income per diluted share under GAAP.

We have included non-GAAP core net income, and non-GAAP core diluted EPS because they are key measures used by our management to evaluate our operating performance, generate future operating plans, and make strategic decisions, including those relating to operating expenses and the allocation of internal resources. Accordingly, we believe that non-GAAP core net income and non-GAAP core diluted EPS provide useful information to investors and others in understanding and evaluating our operating results in the same manner as our management and board of directors. In addition, they provide useful measures for period-to-period comparisons of our business, as they remove the effect of certain items that we expect to be nonrecurring.

These non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies.

For more information on Core Income, please refer to the section of this press release below titled “Adjusted Financial Metric Reconciliation to GAAP Net Income” at the end of this press release.

#### **Forward-Looking Statements**

Some of the statements contained in this press release may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to anticipated results, 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,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “goal,” “position,” 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 which 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 press release 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. Factors that could cause our results to differ materially include, but are not limited to (1) general economic and real estate market conditions, including the risk of recession (2) regulatory and/or legislative changes, (3) our customers’ continued interest in loans and doing business with us, (4) market conditions and investor interest in our future securitizations, and (5) the continued conflict in Ukraine and Israel and (6) changes in federal government fiscal and monetary policies.

Additional information relating to these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements can be found in the section titled “Risk Factors” in our Form 10-Q filed with the SEC on May 14, 2020, as well as other cautionary statements we make in our current and periodic filings with the SEC. Such filings are available publicly on our Investor Relations web page at [www.velfinance.com](http://www.velfinance.com).

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**Velocity Financial, Inc.**  
**Consolidated Balance Sheet**

|                                              | Quarter Ended         |                       |                       |                       |                       |
|----------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                              | 3/31/2025             | 12/31/2024            | 9/30/2024             | 6/30/2024             | 3/31/2024             |
|                                              | Unaudited             | Audited               | Unaudited             | Unaudited             | Unaudited             |
| <i>(In thousands)</i>                        |                       |                       |                       |                       |                       |
| <b>Assets</b>                                |                       |                       |                       |                       |                       |
| Cash and cash equivalents                    | \$ 51,676             | \$ 49,901             | \$ 44,094             | \$ 47,366             | \$ 34,829             |
| Restricted cash                              | 22,785                | 20,929                | 23,167                | 32,293                | 24,216                |
| Loans held for sale, at fair value           | 5,008                 | —                     | 19,231                | —                     | —                     |
| Loans held for investment, at fair value     | 3,287,188             | 2,766,951             | 2,354,718             | 1,971,683             | 1,649,540             |
| Loans held for investment, at amortized cost | 2,322,009             | 2,420,116             | 2,526,320             | 2,619,619             | 2,727,518             |
| Total loans, net                             | 5,614,205             | 5,187,067             | 4,900,269             | 4,591,302             | 4,377,058             |
| Accrued interest receivables                 | 38,460                | 35,235                | 32,944                | 31,124                | 29,374                |
| Receivables due from servicers               | 120,016               | 123,494               | 93,681                | 82,359                | 87,523                |
| Other receivables                            | 3,599                 | 1,359                 | 4,265                 | 6,566                 | 2,113                 |
| Real estate owned, net                       | 83,444                | 68,000                | 62,361                | 50,757                | 46,280                |
| Property and equipment, net                  | 1,592                 | 1,650                 | 1,693                 | 1,912                 | 2,013                 |
| Deferred tax asset                           | 11,051                | 13,612                | 14,501                | 1,144                 | 1,580                 |
| Mortgage Servicing Rights, at fair value     | 12,631                | 13,712                | 12,416                | 12,229                | 9,022                 |
| Derivative assets                            | —                     | —                     | —                     | —                     | 1,967                 |
| Goodwill                                     | 6,775                 | 6,775                 | 6,775                 | 6,775                 | 6,775                 |
| Other assets                                 | 5,296                 | 5,674                 | 6,308                 | 9,566                 | 5,468                 |
| <b>Total Assets</b>                          | <b>\$5,971,530</b>    | <b>\$5,527,408</b>    | <b>\$5,202,474</b>    | <b>\$4,873,393</b>    | <b>\$4,628,218</b>    |
| <b>Liabilities and members' equity</b>       |                       |                       |                       |                       |                       |
| Accounts payable and accrued expenses        | \$ 153,475            | \$ 147,814            | \$ 140,534            | \$ 138,033            | \$ 123,988            |
| Secured financing, net                       | 285,294               | 284,833               | 284,371               | 283,909               | 283,813               |
| Securitized debt, at amortized cost          | 1,935,746             | 2,019,056             | 2,105,099             | 2,228,941             | 2,329,906             |
| Securitized debt, at fair value              | 2,459,767             | 2,207,408             | 1,749,268             | 1,509,952             | 1,073,843             |
| Warehouse & repurchase facilities            | 570,025               | 348,082               | 434,027               | 237,437               | 360,216               |
| Derivative liability                         | 1,004                 | —                     | 1,486                 | 374                   | —                     |
| Total Liabilities                            | 5,405,311             | 5,007,193             | 4,714,785             | 4,398,646             | 4,171,766             |
| <b>Stockholders' Equity</b>                  |                       |                       |                       |                       |                       |
| Stockholders' equity                         | 563,187               | 516,944               | 484,636               | 471,323               | 452,941               |
| Noncontrolling interest in subsidiary        | 3,032                 | 3,271                 | 3,053                 | 3,424                 | 3,511                 |
| Total equity                                 | 566,219               | 520,215               | 487,689               | 474,747               | 456,452               |
| <b>Total Liabilities and members' equity</b> | <b>\$5,971,530</b>    | <b>\$5,527,408</b>    | <b>\$5,202,474</b>    | <b>\$4,873,393</b>    | <b>\$4,628,218</b>    |
| <b>Book value per share</b>                  | <b>\$ 16.19</b>       | <b>\$ 15.70</b>       | <b>\$ 14.91</b>       | <b>\$ 14.52</b>       | <b>\$ 14.01</b>       |
| Shares outstanding                           | 34,966 <sup>(1)</sup> | 33,143 <sup>(2)</sup> | 32,712 <sup>(3)</sup> | 32,701 <sup>(4)</sup> | 32,574 <sup>(5)</sup> |

- (1) Based on 34,965,587 common shares outstanding as of March 31, 2025, and excludes unvested shares of common stock authorized for incentive compensation totaling 419,160.
- (2) Based on 33,142,650 common shares outstanding as of December 31, 2024, and excludes unvested shares of common stock authorized for incentive compensation totaling 402,935.
- (3) Based on 32,711,910 common shares outstanding as of September 30, 2024, and excludes unvested shares of common stock authorized for incentive compensation totaling 402,935.
- (4) Based on 32,701,185 common shares outstanding as of June 30, 2024, and excludes unvested shares of common stock authorized for incentive compensation totaling 397,450.
- (5) Based on 32,574,498 common shares outstanding as of March 31, 2024, and excludes unvested shares of common stock authorized for incentive compensation totaling 411,296.

**Velocity Financial, Inc.**  
**Consolidated Statements of Income (Quarters)**

|                                                                      | Quarter Ended    |                  |                  |                  |                  |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|
|                                                                      | 3/31/2025        | 12/31/2024       | 9/30/2024        | 6/30/2024        | 3/31/2024        |
|                                                                      | Unaudited        | Unaudited        | Unaudited        | Unaudited        | Unaudited        |
| <b>Revenues</b>                                                      |                  |                  |                  |                  |                  |
| Interest income                                                      | \$118,740        | \$113,484        | \$105,070        | \$ 97,760        | \$ 90,529        |
| Interest expense - portfolio related                                 | 75,088           | 68,484           | 63,871           | 59,188           | 55,675           |
| Net interest income - portfolio related                              | 43,652           | 45,000           | 41,199           | 38,572           | 34,854           |
| Interest expense - corporate debt                                    | 6,143            | 6,143            | 6,143            | 6,155            | 5,380            |
| Net interest income                                                  | 37,510           | 38,857           | 35,056           | 32,417           | 29,474           |
| Provision for (reversal of) credit losses                            | 1,872            | 22               | (69)             | 218              | 1,002            |
| Net interest income after provision for loan losses                  | 35,638           | 38,835           | 35,125           | 32,199           | 28,472           |
| <b>Other operating income</b>                                        |                  |                  |                  |                  |                  |
| Gain on disposition of loans                                         | 2,834            | 2,784            | 2,291            | 3,168            | 1,699            |
| Unrealized gain (loss) on fair value loans                           | 34,836           | (15,723)         | 35,530           | 17,123           | 18,925           |
| Unrealized gain (loss) on fair value securitized debt                | (13,682)         | 34,539           | (24,995)         | (4,643)          | (2,318)          |
| Unrealized gain/(loss) on mortgage servicing rights                  | (1,081)          | 1,297            | (993)            | (373)            | 444              |
| Origination fee income                                               | 8,679            | 7,245            | 6,704            | 5,072            | 4,986            |
| Interest income on cash balance                                      | 1,339            | 1,451            | 1,676            | 1,731            | 1,631            |
| Other income                                                         | 521              | 736              | 519              | 483              | 408              |
| Total other operating income                                         | 33,446           | 32,330           | 20,732           | 22,561           | 25,775           |
| Net revenue                                                          | 69,084           | 71,165           | 55,857           | 54,760           | 54,247           |
| <b>Operating expenses</b>                                            |                  |                  |                  |                  |                  |
| Compensation and employee benefits                                   | 21,684           | 20,084           | 17,586           | 16,562           | 15,357           |
| Origination expenses                                                 | 838              | 816              | 867              | 749              | 646              |
| Securitizations expenses                                             | 4,043            | 7,103            | 3,186            | 6,232            | 2,874            |
| Rent and occupancy                                                   | 275              | 296              | 519              | 617              | 498              |
| Loan servicing                                                       | 8,008            | 6,749            | 5,656            | 5,160            | 4,824            |
| Professional fees                                                    | 1,783            | 1,477            | 2,305            | 1,718            | 2,115            |
| Real estate owned, net                                               | 3,029            | 268              | 1,951            | 1,355            | 2,455            |
| Other operating expenses                                             | 2,530            | 2,335            | 2,543            | 2,494            | 2,242            |
| Total operating expenses                                             | 42,190           | 39,127           | 34,613           | 34,887           | 31,011           |
| Income before income taxes                                           | 26,894           | 32,038           | 21,244           | 19,873           | 23,236           |
| Income tax expense                                                   | 8,246            | 11,233           | 5,627            | 5,162            | 5,903            |
| Net income                                                           | 18,649           | 20,805           | 15,617           | 14,711           | 17,333           |
| Net income (loss) attributable to noncontrolling interest            | (239)            | 218              | (186)            | (67)             | 82               |
| Net income attributable to Velocity Financial, Inc.                  | 18,887           | 20,587           | 15,803           | 14,778           | 17,251           |
| Less undistributed earnings attributable to participating securities | 233              | 253              | 191              | 182              | 217              |
| <b>Net earnings attributable to common shareholders</b>              | <b>\$ 18,654</b> | <b>\$ 20,334</b> | <b>\$ 15,612</b> | <b>\$ 14,596</b> | <b>\$ 17,034</b> |
| <b>Basic earnings (loss) per share</b>                               | <b>\$ 0.55</b>   | <b>\$ 0.62</b>   | <b>\$ 0.48</b>   | <b>\$ 0.45</b>   | <b>\$ 0.52</b>   |
| <b>Diluted earnings (loss) per common share</b>                      | <b>\$ 0.51</b>   | <b>\$ 0.57</b>   | <b>\$ 0.44</b>   | <b>\$ 0.42</b>   | <b>\$ 0.49</b>   |
| Basic weighted average common shares outstanding                     | 33,687           | 32,771           | 32,711           | 32,585           | 32,541           |
| Diluted weighted average common shares outstanding                   | 36,811           | 36,097           | 35,895           | 35,600           | 35,439           |

**Velocity Financial, Inc.**  
**Net Interest Margin – Portfolio Related and Total Company**  
*(Unaudited)*

**Quarters:**

|                                                        | Quarter Ended March 31, 2025 |                                 |                                           | Quarter Ended March 31, 2024 |                                 |                                           |
|--------------------------------------------------------|------------------------------|---------------------------------|-------------------------------------------|------------------------------|---------------------------------|-------------------------------------------|
|                                                        | Average<br>Balance           | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate <sup>(1)</sup> | Average<br>Balance           | Interest<br>Income /<br>Expense | Average<br>Yield /<br>Rate <sup>(1)</sup> |
| <i>(\$ in thousands)</i>                               |                              |                                 |                                           |                              |                                 |                                           |
| <b>Loan portfolio:</b>                                 |                              |                                 |                                           |                              |                                 |                                           |
| Loans held for sale                                    | \$ 998                       |                                 |                                           | \$ 9,662                     |                                 |                                           |
| Loans held for investment                              | 5,213,188                    |                                 |                                           | 4,149,750                    |                                 |                                           |
| Total loans                                            | <u>\$5,214,186</u>           | \$118,740                       | 9.11%                                     | <u>\$4,159,412</u>           | \$90,529                        | 8.71%                                     |
| <b>Debt:</b>                                           |                              |                                 |                                           |                              |                                 |                                           |
| Warehouse and repurchase facilities                    | \$ 433,790                   | 8,505                           | 7.84%                                     | \$ 267,559                   | 6,392                           | 9.56%                                     |
| Securitizations                                        | 4,387,277                    | 66,583                          | 6.07%                                     | 3,486,173                    | 49,283                          | 5.65%                                     |
| Total debt - portfolio related                         | 4,821,067                    | 75,088                          | 6.23%                                     | 3,753,732                    | 55,675                          | 5.93%                                     |
| Corporate debt                                         | 290,000                      | 6,142                           | 8.47%                                     | 261,552                      | 5,380                           | 8.23%                                     |
| Total debt                                             | <u>\$5,111,067</u>           | <u>\$ 81,230</u>                | 6.36%                                     | <u>\$4,015,284</u>           | <u>\$61,055</u>                 | 6.08%                                     |
| Net interest spread - portfolio related <sup>(2)</sup> |                              |                                 | 2.88%                                     |                              |                                 | 2.77%                                     |
| Net interest margin - portfolio related                |                              |                                 | 3.35%                                     |                              |                                 | 3.35%                                     |
| Net interest spread - total company <sup>(3)</sup>     |                              |                                 | 2.75%                                     |                              |                                 | 2.62%                                     |
| Net interest margin - total company                    |                              |                                 | 2.88%                                     |                              |                                 | 2.83%                                     |

(1) Annualized.  
(2) Net interest spread — portfolio related is the difference between the rate earned on our loan portfolio and the interest rates paid on our portfolio-related debt.  
(3) Net interest spread — total company is the difference between the rate earned on our loan portfolio and the interest rates paid on our total debt.

Velocity Financial, Inc.  
Adjusted Financial Metric Reconciliation to GAAP Net Income  
(Unaudited)

Quarters:

Core Net Income

|                                                    | Quarter Ended |             |           |           |           |
|----------------------------------------------------|---------------|-------------|-----------|-----------|-----------|
|                                                    | 3/31/2025     | 12/31/20234 | 9/30/2024 | 6/30/2024 | 3/31/2024 |
| Net Income                                         | \$18,887      | \$ 20,587   | \$15,803  | \$14,778  | \$17,251  |
| Equity award & ESPP costs                          | 1,366         | 1,167       | 1,146     | 1,140     | 998       |
| Core Net Income                                    | \$20,253      | \$ 21,754   | \$16,949  | \$15,918  | \$18,249  |
| Diluted weighted average common shares outstanding | 36,811        | 36,097      | 35,895    | 35,600    | 35,439    |
| Core diluted earnings per share                    | \$ 0.55       | \$ 0.60     | \$ 0.47   | \$ 0.45   | \$ 0.51   |