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Velocity Financial Announces Conversion of Series A Preferred Stock

Westlake Village, CA – October 8, 2021 – Velocity Financial, Inc. (NYSE: VEL), ("Velocity" or the "Company"), a leading provider of small balance investor loans, today announced the voluntary conversion of all 45,000 outstanding shares of the Company's Series A Convertible Preferred Stock into 11,688,310 shares of Velocity common stock.

As a result of the conversion, the \$90 million liquidation preference value of the Series A Convertible Preferred Stock previously reflected as mezzanine equity in our statements of financial condition, has been reclassified to permanent stockholders' equity. Following the conversion, the Company will no longer have any Series A Convertible Preferred Stock outstanding or any shares outstanding with a liquidation preference.

Velocity's stockholders' equity as of June 30, 2021, was \$233 million. For illustration purposes, had the conversion occurred as of June 30, 2021, stockholders' equity would have been \$323 million.

"Successful completion of the Series A Convertible Preferred Stock conversion removes uncertainties around the liquidation preference related to the preferred stock and further strengthens the Company's capital structure," said Mark Szczepaniak, Chief Financial Officer. "The opportunity to convert our preferred stock results from Velocity's strong financial performance and the momentum we have developed in growing our origination platform."

About Velocity Financial, Inc.

Based in Westlake Village, California, Velocity is a vertically integrated real estate finance company that originates and manages investor loans secured by 1-4 unit residential rental and small commercial properties. Velocity originates loans nationwide across an extensive network of independent mortgage brokers it has built and refined over 16 years. For additional information, please visit the Company's investor relations website at www.velfinance.com.