

Investor 1-4

Mixed-Use

Commercial

Multi-Family



---

2Q23 Results Presentation  
August 3, 2023



# Forward-looking statements

Some of the statements contained in this presentation may constitute forward-looking statements within the meaning of the federal securities laws. Forward-looking statements relate to expectations, projections, plans and strategies, positioning, 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," "should," "expects," "intends," "plans," "anticipates," "believes," "estimates," "predicts," or "potential" or the negative of these words and phrases. You can also identify forward-looking statements by discussions of strategy, plans, or intentions.

The forward-looking statements contained in this presentation 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) the continued course and severity of COVID-19 variants and subvariants and their direct and indirect impacts (2) general economic conditions and real estate market conditions, such as a possible recession, (3) regulatory and/or legislative changes, (4) our customers' continued interest in loans and doing business with us, (5) market conditions and investor interest in our contemplated securitizations and (6) changes in federal government fiscal and monetary policies and (7) the continued conflict in Ukraine.

For a further discussion of these and other factors that could cause future results to differ materially from those expressed or contemplated in any forward-looking statements, see the section titled "Risk Factors" previously disclosed 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).



## 2Q23 Highlights

### Earnings

- Net income of \$12.2 million and diluted earnings per share (EPS) of \$0.36, compared to \$10.6 million and \$0.31 per share, respectively, for 2Q22
- Core net income<sup>(1)</sup> of \$12.9 million and core diluted EPS<sup>(1)</sup> of \$0.38, compared to \$10.6 million and \$0.31 per share, respectively, for 2Q22
- Net revenue growth of 6.8% Q/Q; Operating expense growth Q/Q growth essentially flat
- W.A. portfolio yield reached 8.24% for 2Q23, a 24 bps increase from 7.97% for 2Q22

### Production & Loan Portfolio

- Loan production in 2Q23 totaled \$258.6 million in UPB, a decrease of 41.9% from \$445.4 million in UPB for 2Q22
- Total loan portfolio of \$3.7 billion in UPB as of June 30, 2023, an increase of 20.4% from June 30, 2022
- NPLs were 10.0% of Held for Investment (HFI) as of June 30, 2023, up from 8.2% as of June 30, 2022. Realized 3.0% gains on NPL UPB resolved in 2Q23

### Financing & Capital

- Completed the VCC 2023-1R (Re-REMIC) securitization totaling \$64.8 million of non – mark to market securities issued, collateralized by retained tranches from previous VCC securitizations, resulting in \$48.0 million in additional liquidity
- Completed the VCC 2023-2 securitization totaling \$202.2 million of securities issued, comprised of long-term business-purpose loans
- Liquidity<sup>(2)</sup> of \$72.0 million as of June 30, 2023
- Total available warehouse line capacity was \$573.0 million as of June 30, 2023

<sup>(1)</sup> "Core net income" is a non-GAAP measure which excludes non-recurring and/or unusual activities from GAAP net income.

<sup>(2)</sup> Liquidity includes unrestricted cash and cash equivalents of \$34.0 million and available liquidity in unfinanced loans of \$38.0 million.

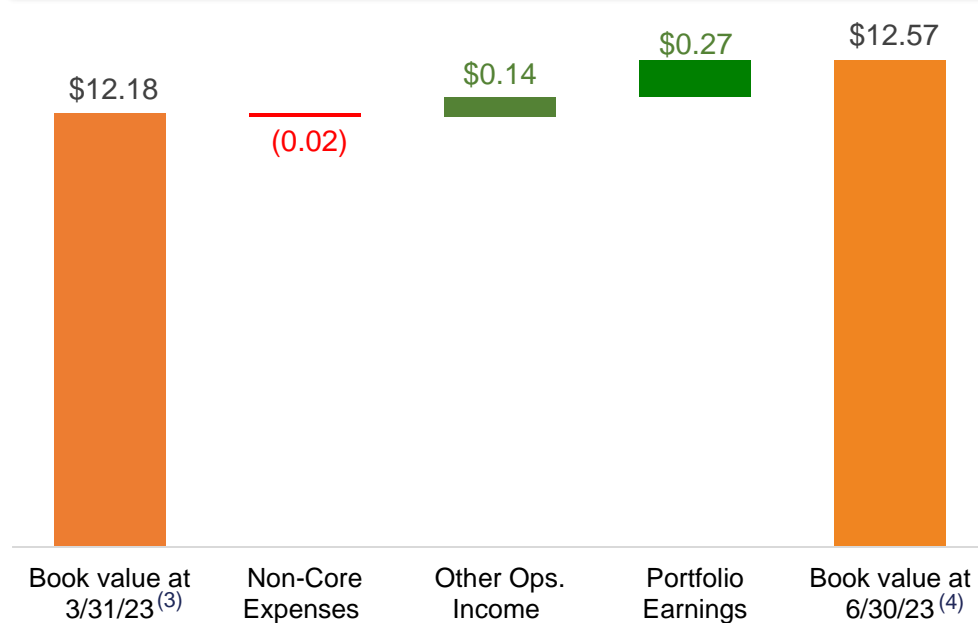


# Core Income and Book Value Per Share

## Core Income<sup>(1)</sup>

GAAP Net Income	\$12,183
Equity award & ESPP costs	\$745
<b>Core Net Income</b>	<b>\$12,928</b>

## Book Value Per Share<sup>(2)</sup>



- Core net income totaled \$12.9 million in 2Q23, an increase of 21.4% from 2Q22
- Core adjustment includes equity incentive compensation expenses and costs related to the Company's employee stock purchase plan (ESPP)
- Book value per share as of June 30, 2023, was \$12.57<sup>(4)</sup>, compared to \$12.18<sup>(3)</sup> as of March 31, 2023

<sup>(1)</sup> "Core net income" is a non-GAAP measure which excludes non-recurring and/or unusual activities from GAAP net income.

<sup>(2)</sup> Book value per share is the ratio of total equity divided by total shares outstanding. Total equity included non-controlling interest of \$3.54 million as of June 30, 2023, and \$3.62 million as of March 31, 2023.

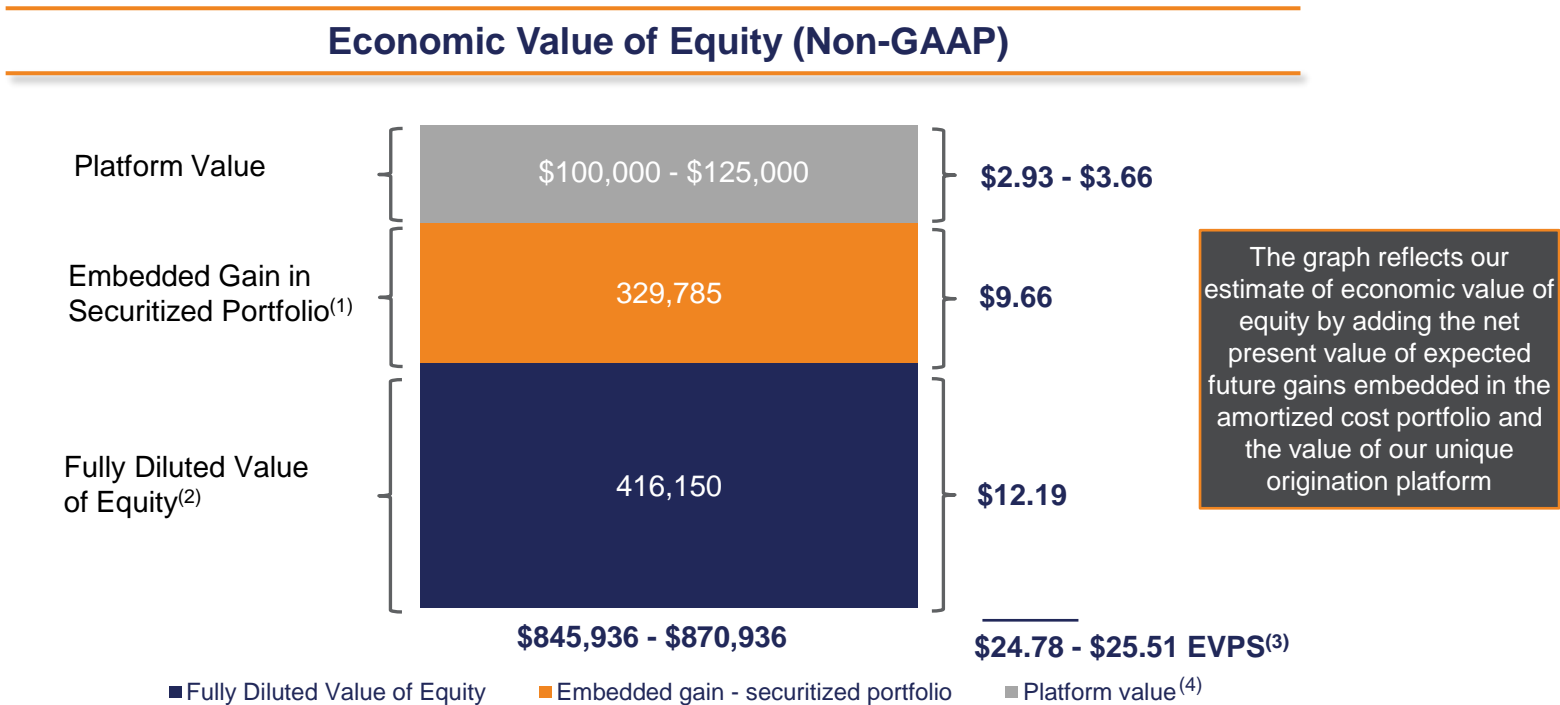
<sup>(3)</sup> Based on 32,111,906 common shares outstanding as of March 31, 2023 and excludes unvested shares of common stock authorized for incentive compensation totaling 490,526.

<sup>(4)</sup> Based on 32,238,715 common shares outstanding as of June 30, 2023 and excludes unvested shares of common stock authorized for incentive compensation totaling 502,913.

# Economic Value of Equity

## Fair Value Election to Capture Embedded Economic Value of Equity Over Time

- Prior to October 1, 2023, we elected to carry our retained interests in securitizations at amortized cost
- Recent M&A precedents for business purpose lenders demonstrate significant platform/franchise values that investors are ascribing to businesses like Velocity Financial
  - These transactions have demonstrated platform values of ~10%+ of annual originations run rate



<sup>(1)</sup> Embedded gain in securitized portfolio assumes a 10% discount rate of projected securitization earnings and is net of \$57,468,581 of deferred loan origination costs and securitization deal costs

<sup>(2)</sup> Fully Diluted Value of Equity assumes 6/30/2023 GAAP Book Value of Stockholders' Equity of \$405.2MM + \$10.9MM from pro forma exercise of all warrants.

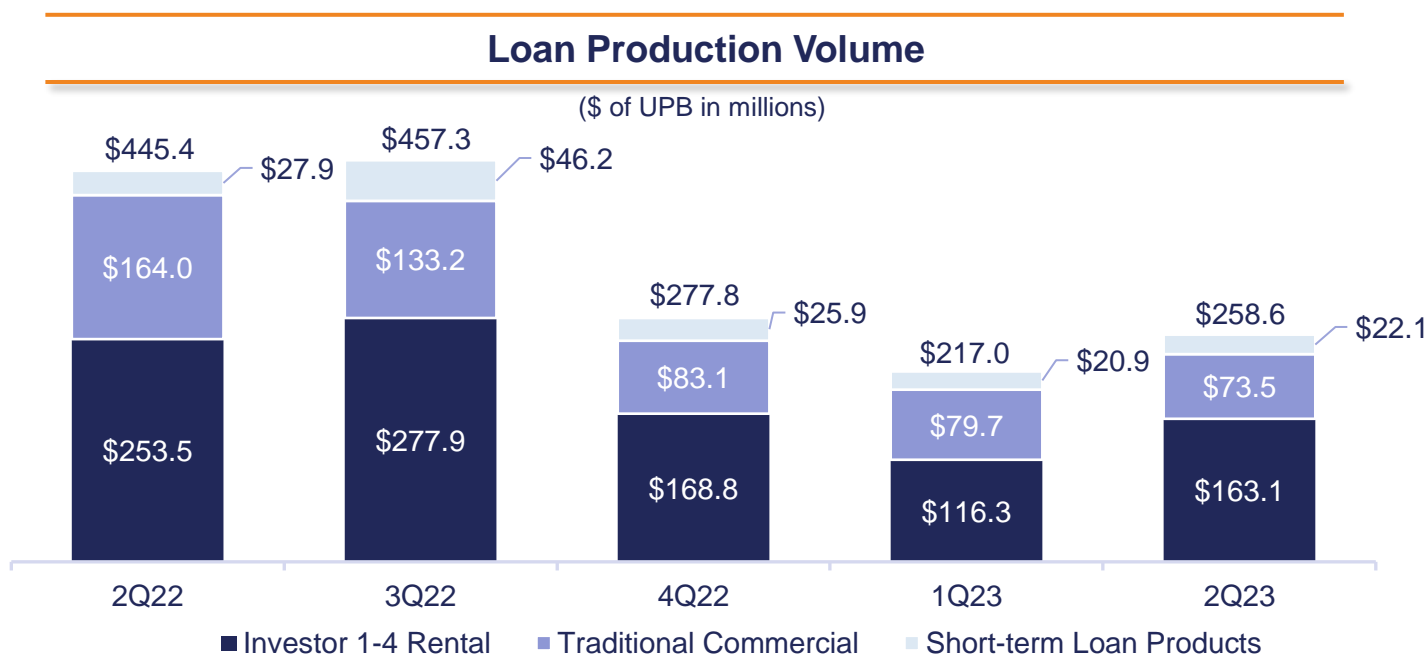
<sup>(3)</sup> Economic Value of Equity per Share ("EVPS") calculated using 34,140,104 weighted average shares outstanding assuming dilution impact based on Velocity's average stock price for 2Q 2023.

<sup>(4)</sup> Recent M&A precedents for business purpose lenders demonstrate significant platform/franchise values that investors are ascribing to businesses like Velocity Financial. These transactions have demonstrated platform values of ~10%+ of annual origination run rate.

# Loan Production

## Production Volumes Rebound in 2Q23; Improved Demand as Rate Increases Slow

- 2Q23 production volumes reflects an improved market environment and heightened investor interest as the pace of interest rate increases slowed
- Loan production in 2Q23 totaled \$258.6 million in UPB, a 19.2% increase from \$217.0 million in UPB for 1Q23 and a 41.9% decrease from \$445.4 million in UPB for 2Q22
- The WAC<sup>(1)</sup> on 2Q23 HFI loan production was 11.0%, essentially flat compared to 1Q23 and an increase of 325 bps from 2Q22



WAC <sup>(1)</sup>	7.8%	8.9%	10.3%	11.1%	11.0%
Units	1,072	1,064	832	589	722
Average loan balance	\$ 416.0	\$ 429.8	\$ 319.3	\$ 368.4	\$ 358.2

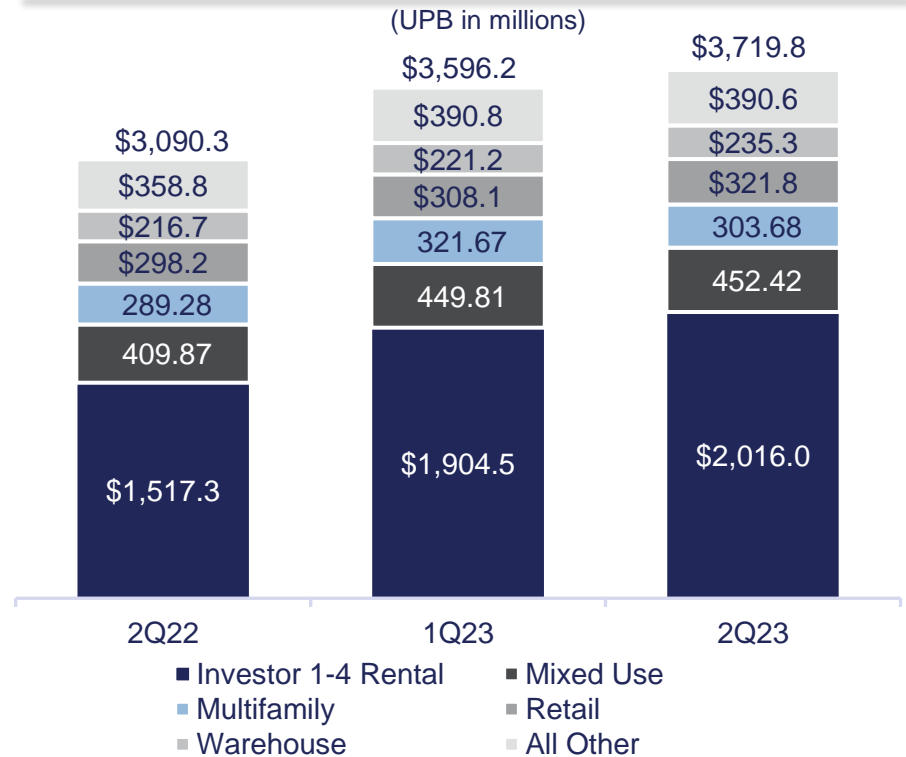
<sup>(1)</sup> Weighted Average Coupon

# Loan Portfolio

## Strong Portfolio Growth Driven by Improved Production Volumes

- The total loan portfolio was \$3.7 billion in UPB as of June 30, 2023, a 3.4% increase from \$3.6 billion in UPB as of March 31, 2023, and 20.4% from \$3.1 billion as of June 30, 2022
  - Approximately 75% of the loans in Velocity's HFI portfolio are collateralized by properties that have a housing component (Investor 1-4 Rental, Multifamily and Mixed Use)
  - Loan prepayments totaled \$105.8 million, a 21.6% Q/Q increase, and a 26.1% Y/Y decrease
- The WAC<sup>(1)</sup> of the portfolio was 8.40% as of June 30, 2023, an increase from 8.15% as of March 31, 2023, and 7.53% as of June 30, 2022
- The UPB of FVO loans was \$688.1 million, or 18.5% of total HFI loans as of June 30, 2023, an increase from \$436.6 million in UPB, or 12.2% as of March 31, 2023

### Loan Portfolio by Property Type



Loan to Value	68.2%	68.12%	68.18%
Loan Count	7,779	9,147	9,541
WAC <sup>(1)</sup>	7.53%	8.15%	8.40%
Average Loan Balance <sup>(2)</sup>	\$397.3	\$393.2	\$389.9
FVO %	0.05%	12.20%	18.50%

<sup>(1)</sup> Weighted Average Coupon

<sup>(2)</sup> \$ in thousands.



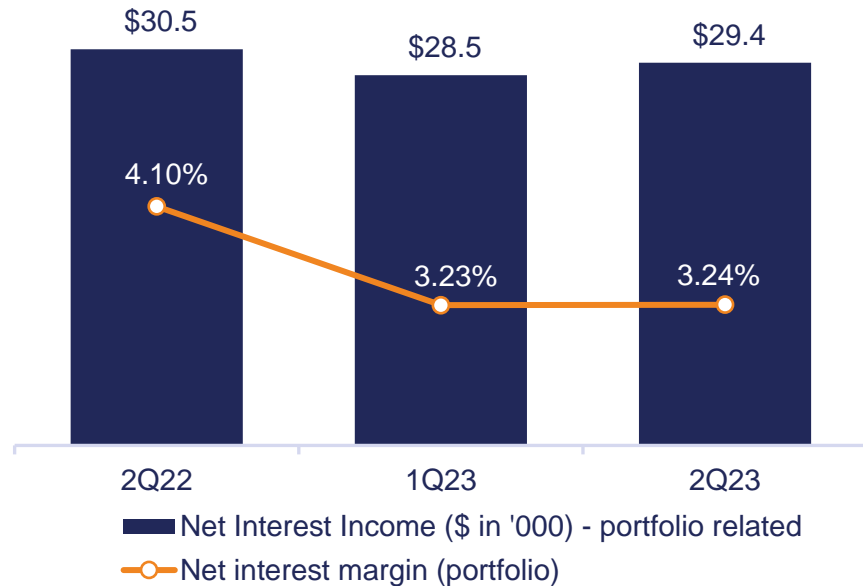
# Net Interest Margin

## Portfolio NIM Growth Driven By Higher Loan Yields, Partially Offset by Higher Cost of Funds

- Portfolio NIM<sup>(1)</sup> in 2Q23 was 3.24%, an increase of 1 bps from 3.23% in 1Q23, and a decrease of 86 bps from 4.10% in 2Q22
  - Portfolio Yield:** Increased 24 bps from 1Q23 driven primarily by:
    - Weighted average coupon of 11% on YTD 2023 production
    - Growth in NPL resolutions and realized gains resulting from the collection of default interest and prepayment fees
  - Cost of Funds:** Increased 25 bps from 1Q23 primarily driven by higher warehouse line utilization and cost

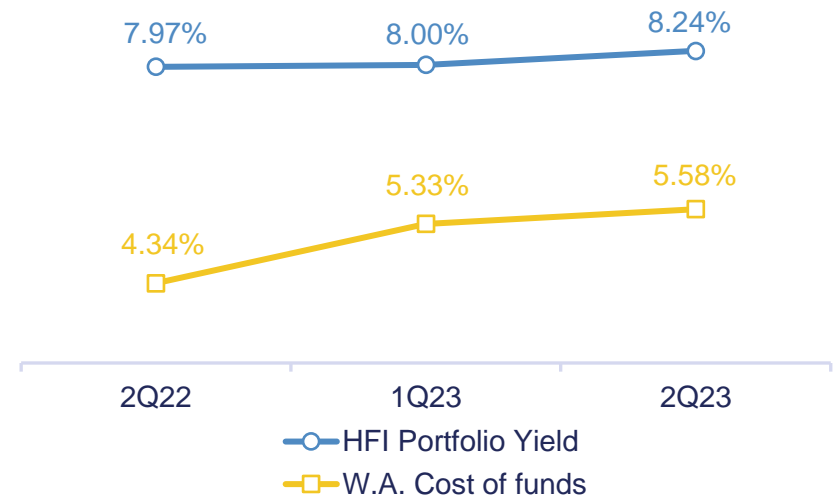
### Portfolio Net Interest Income & NIM<sup>(1)</sup>

Portfolio Related (\$ in millions)



### Portfolio Yield and Cost of Funds

Portfolio Related



<sup>(1)</sup> Net Interest Income and Net Interest Margin related to the loan portfolio only; excludes corporate debt.

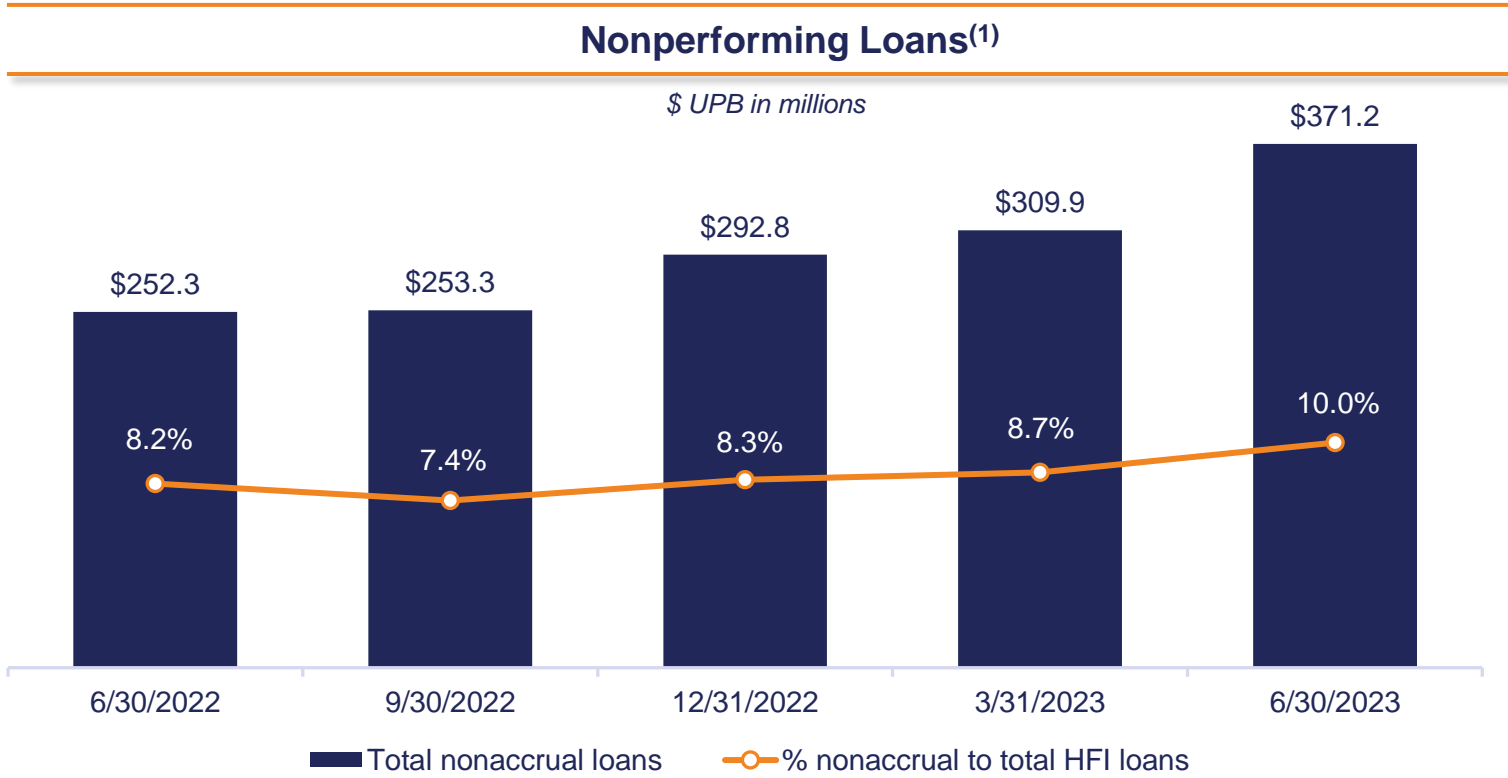




# Loan Investment Portfolio Performance

## Nonperforming Loan Rate Rise Mitigated by Strong NPL Resolution Activity

- Nonperforming loans (NPL) as a percentage of total HFI loans was 10.0% as of June 30, 2023, an increase from 8.7% as of March 31, 2023, and 8.2% as of June 30, 2022
  - NPL growth driven by portfolio seasoning and strong collection efforts
- Gains on NPL resolutions at 3.0%, consistent with 1Q23 and remained in line with historical averages



<sup>(1)</sup> For additional detail, please see page 17 in the Appendix of this presentation.

# 2Q23 Asset Resolution Activity

## NPL Loan Resolutions UPB and Gains Increase Q/Q

### Resolution Activity

- 2Q23 NPL resolutions represented 13.5% of nonperforming loan UPB as of March 31, 2023
- UPB of loans resolved in 2Q23 were in-line with the recent five-quarter resolution average of \$42.0 million

#### RESOLUTION ACTIVITIES

##### LONG-TERM LOANS

RESOLUTION ACTIVITY	SECOND QUARTER 2023		FIRST QUARTER 2023		SECOND QUARTER 2022	
	UPB \$	Gain / (Loss) \$	UPB \$	Gain / (Loss) \$	UPB \$	Gain / (Loss) \$
<i>(\$ in thousands)</i>						
Paid in full	\$ 13,485	\$ 965	\$ 11,274	\$ 632	\$ 16,934	\$ 3,303
Paid current	19,771	280	18,477	233	17,407	129
REO sold (a)	4,836	(382)	570	137	2,107	816
<b>Total resolutions</b>	<b>\$ 38,092</b>	<b>\$ 863</b>	<b>\$ 30,321</b>	<b>\$ 1,002</b>	<b>\$ 36,448</b>	<b>\$ 4,248</b>
Resolutions as a % of nonperforming UPB	102.3%		103.3%		111.7%	

##### SHORT-TERM AND FORBEARANCE LOANS

RESOLUTION ACTIVITY	SECOND QUARTER 2023		FIRST QUARTER 2023		SECOND QUARTER 2022	
	UPB \$	Gain / (Loss) \$	UPB \$	Gain / (Loss) \$	UPB \$	Gain / (Loss) \$
<i>(\$ in thousands)</i>						
Paid in full	\$ 7,004	\$ 318	\$ 5,560	\$ 348	\$ 9,913	\$ 976
Paid current	3,290	89	1,633	9	2,877	22
REO sold	1,672	222	1,209	(21)	1,262	500
<b>Total resolutions</b>	<b>\$ 11,966</b>	<b>\$ 629</b>	<b>\$ 8,402</b>	<b>\$ 336</b>	<b>\$ 14,052</b>	<b>\$ 1,498</b>
Resolutions as a % of nonperforming UPB	105.3%		104.0%		110.7%	
<b>Grand total resolutions</b>	<b>\$ 50,058</b>	<b>\$ 1,492</b>	<b>\$ 38,723</b>	<b>\$ 1,338</b>	<b>\$ 50,500</b>	<b>\$ 5,746</b>
Grand total resolutions as a % of nonperforming UPB	103.0%		103.5%		111.4%	

# CECL Reserve and Charge-Offs

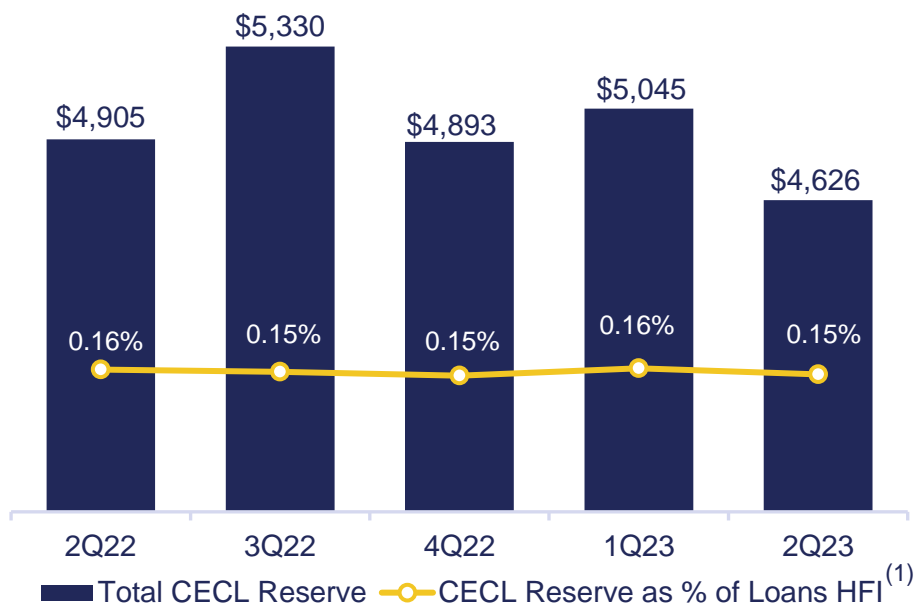
## Reserve Decrease As Amortized Cost HFI Loan Portfolio Pays Down

- The reserve balance was \$4.6 million as of June 30, 2023, an 8.3% decrease from \$5.0 million as of March 31, 2023, and a 5.7% decrease from \$4.9 million as of June 30, 2022
  - The Q/Q decrease resulted from run-off of the amortized cost HFI loan portfolio and a modestly improved macroeconomic outlook. Loans carried at fair value are not subject to a CECL reserve.
- Velocity's 0.15% CECL reserve rate on eligible (non-"FVO") HFI portfolio remained consistent with the previous 4 quarters. Charge-offs in 2Q23 totaled \$716.6 thousand, compared to \$484.2 thousand in 1Q23, and \$37.8 thousand in 2Q22

### Loan Loss Reserve

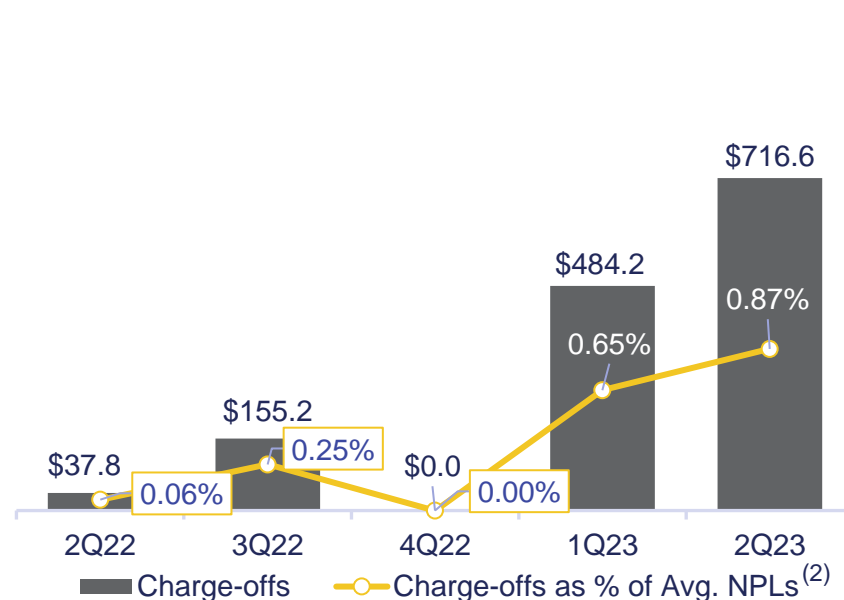
At Period End

\$ in thousands



### Charge-offs

Quarterly Periods



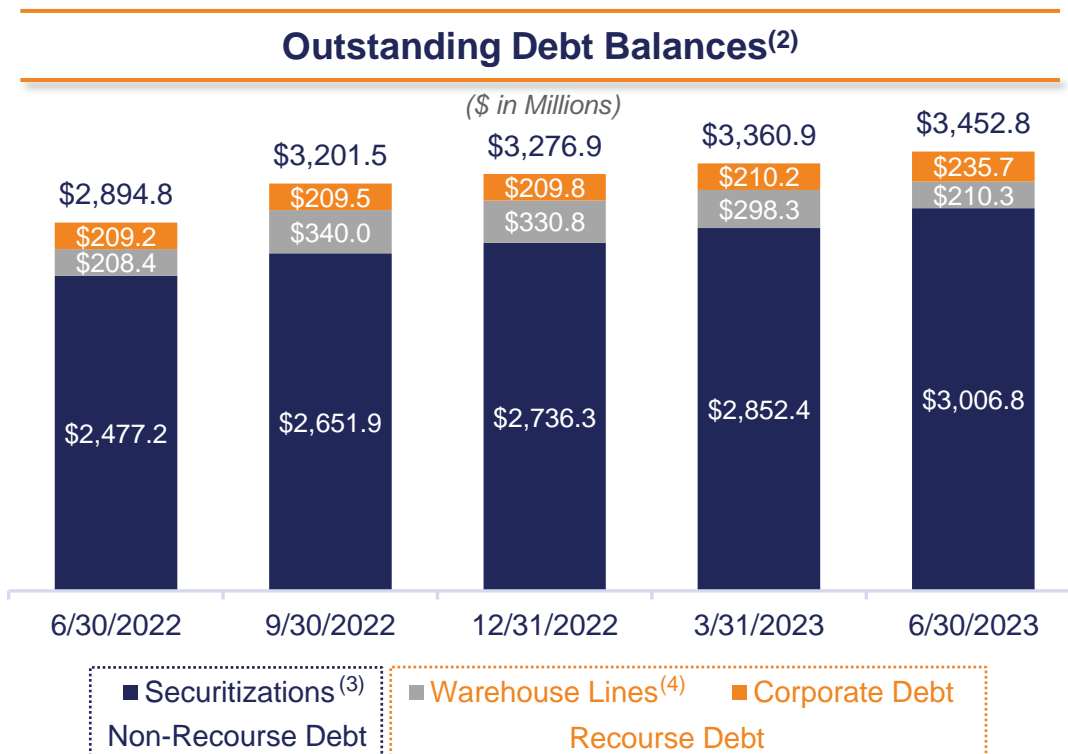
<sup>(1)</sup> Amortized cost

<sup>(2)</sup> Reflects the annualized quarterly charge-offs to average nonperforming loans for the period.

# Durable Funding and Liquidity Strategy

## Two Securitizations Issued in 2Q23<sup>(1)</sup>; VCC2023-1R Further Diversifies Financing Options

- Cash reserves and unfinanced collateral of \$72.0 million as of June 30, 2023
- Issuance of VCC 2023-1R, collateralized by retained tranches from previous VCC securitizations, expands cost-effective non MTM financing options for Velocity
- Available warehouse line capacity of \$573.0 million as of June 30, 2023
- Recourse debt to equity was 1.1X as of June 30, 2023, compared to 1.2X as of June 30, 2022
- Outstanding debt was \$3.5 billion as of June 30, 2023, a net increase of \$558.0 million driven by growth in non-recourse securitization debt
  - No maturities of long-term corporate debt until 2027



Debt / Equity	8.1X	8.6X	8.6X	8.6X	8.5X
Recourse Debt / Equity	1.2X	1.5X	1.4X	1.3X	1.1X
Securitizations Issued	3	1	1	1	1
Max. Warehouse Line Capacity	\$750	\$810	\$832	\$832	\$813

<sup>(1)</sup> Through June 30, 2023.

<sup>(2)</sup> Debt balances are net of issuance costs and discounts as reported in the consolidated balance sheet.

<sup>(3)</sup> Represents the remaining balance of securitization outstanding net of issuance costs, discounts and fair value marks as of period end.

<sup>(4)</sup> As of 6/30/23, five of six warehouse lines have non-mark-to-market features and staggered maturities.



# Outlook for Velocity's Key Business Drivers

## *Improving Outlook for Capital Markets and Growth*

### MARKET

- End to Federal Reserve tightening cycle expected in 2H23
- Underlying property value of small commercial and residential properties through 1H23
- Gains on resolution activities to continue

### CREDIT

- U.S. economic resilience continues, but inflation and recession concerns remain
- Credit box to remain tight as we monitor economic activity and loan performance

### CAPITAL

- Next long-term loan securitization on target for 3Q23
- Modest improvement in securitization market tone
- Continuing to pursue opportunities to further diversity of our capital structure

### EARNINGS

- Increased loan coupons in 1H23 and higher origination volumes are expected to drive further improvement in loan yields
- Continuing to assess strategic opportunities



# Appendix

---



# Velocity Financial, Inc. Balance Sheet

	Quarter Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
	Unaudited	Unaudited	Audited	Unaudited	Unaudited
<i>(In thousands)</i>					
<b>Assets</b>					
Cash and cash equivalents	\$ 33,987	\$ 39,397	\$ 45,248	\$ 26,372	\$ 46,250
Restricted cash	16,786	16,636	16,808	14,533	9,217
Loans held for sale, at fair value	-	18,081	-	16,569	-
Loans held for investment, at fair value	705,330	450,732	276,095	926	1,351
Loans held for investment	3,057,940	3,169,280	3,272,390	3,445,563	3,118,799
Total loans, net	3,763,270	3,638,093	3,548,485	3,463,058	3,120,150
Accrued interest receivables	22,602	20,931	20,463	18,333	15,820
Receivables due from servicers	63,896	64,133	65,644	66,992	75,688
Other receivables	1,306	2,188	1,075	1,962	1,320
Real estate owned, net	20,388	21,778	13,325	13,188	19,218
Property and equipment, net	3,023	3,209	3,356	3,495	3,632
Deferred tax asset	1,878	2,543	5,033	4,337	15,195
Mortgage Servicing Rights, at fair value	9,445	9,143	9,238	9,868	8,438
Goodwill	6,775	6,775	6,775	6,775	6,775
Other assets	7,789	12,268	13,525	18,453	11,036
<b>Total Assets</b>	<b>\$ 3,951,145</b>	<b>\$ 3,837,094</b>	<b>\$ 3,748,975</b>	<b>\$ 3,647,366</b>	<b>\$ 3,332,739</b>
<b>Liabilities and members' equity</b>					
Accounts payable and accrued expenses	\$ 95,344	\$ 84,976	\$ 91,525	\$ 75,150	\$ 78,384
Secured financing, net	210,464	210,155	209,846	209,537	209,227
Securitized debt, net	2,622,547	2,657,469	2,736,290	2,651,895	2,477,226
Securitized debt, at fair value	381,799	194,941	-	-	-
Warehouse & repurchase facilities	235,749	298,313	330,814	340,050	208,390
Total Liabilities	3,545,903	3,445,854	3,368,475	3,276,632	2,973,227
<b>Stockholders' Equity</b>					
Stockholders' equity	401,707	387,624	376,811	366,810	355,895
Noncontrolling interest in subsidiary	3,535	3,616	3,689	3,924	3,617
Total equity	405,242	391,240	380,500	370,734	359,512
<b>Total Liabilities and members' equity</b>	<b>\$ 3,951,145</b>	<b>\$ 3,837,094</b>	<b>\$ 3,748,975</b>	<b>\$ 3,647,366</b>	<b>\$ 3,332,739</b>
<b>Book value per share</b>	<b>\$ 12.57</b>	<b>\$ 12.18</b>	<b>\$ 11.89</b>	<b>\$ 11.61</b>	<b>\$ 11.26</b>
<b>Shares outstanding</b>	<b>32,239<sup>(1)</sup></b>	<b>32,112<sup>(2)</sup></b>	<b>31,996<sup>(3)</sup></b>	<b>31,922<sup>(4)</sup></b>	<b>31,922<sup>(5)</sup></b>

(1) Based on 32,238,715 common shares outstanding as of June 30, 2023, and excludes unvested shares of common stock authorized for incentive compensation totaling 502,913.

(2) Based on 32,111,906 common shares outstanding as of March 31, 2023, and excludes unvested shares of common stock authorized for incentive compensation totaling 490,526.

(3) Based on 31,955,730 common shares outstanding as of December 31, 2022, and excludes unvested shares of common stock authorized for incentive compensation totaling 494,139.

(4) Based on 31,921,721 common shares outstanding as of September 30, 2022, and excludes unvested shares of common stock authorized for incentive compensation totaling 494,139.

(5) Based on 31,921,721 common shares outstanding as of June 30, 2022, and excludes unvested shares of common stock authorized for incentive compensation totaling 494,139.





# Velocity Financial, Inc. Income Statement (Quarter)

(\$ in thousands)

	Quarter Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
	Unaudited	Unaudited	Audited	Unaudited	Unaudited
<b>Revenues</b>					
Interest income	\$ 74,897	\$ 70,521	\$ 65,632	\$ 63,419	\$ 59,243
Interest expense - portfolio related	45,451	42,029	40,854	34,561	28,752
Net interest income - portfolio related	29,446	28,492	24,778	28,858	30,491
Interest expense - corporate debt	4,139	4,139	4,139	4,011	4,182
Net interest income	25,307	24,353	20,639	24,847	26,309
Provision for loan losses	298	636	(437)	580	279
Net interest income after provision for loan losses	25,009	23,717	21,076	24,267	26,030
Other operating income					
Gain on disposition of loans	1,237	1,913	391	399	1,777
Unrealized gain on fair value loans	2,413	7,354	7,795	453	6
Unrealized gain (loss) on fair value securitizations	5,560	(170)	-	-	-
Origination income	2,735	2,411	3,521	518	553
Bank interest income	1,188	948	-	0	0
Other income (expense)	903	386	(288)	1,656	1,257
Total other operating income	14,036	12,842	11,419	3,027	3,592
Net revenue	39,046	36,560	32,495	27,294	29,622
<b>Operating expenses</b>					
Compensation and employee benefits	10,670	10,008	11,793	6,788	6,553
Origination expenses	123	(50)	1,328	209	1,504
Securizations expenses	2,699	2,584	-	-	-
Rent and occupancy	458	446	435	445	426
Loan servicing	4,267	3,828	3,244	3,314	3,290
Professional fees	1,056	955	1,091	664	1,062
Real estate owned, net	1,018	1,829	552	(195)	(251)
Other operating expenses	1,931	2,202	2,360	2,020	2,248
Total operating expenses	22,222	21,802	20,804	13,245	14,832
Income before income taxes	16,824	14,757	11,692	14,049	14,790
Income tax expense	4,602	4,021	3,465	3,759	4,019
Net income	12,222	10,736	8,227	10,290	10,771
Net income attributable to noncontrolling interest	39	87	(235)	307	126
Net income attributable to Velocity Financial, Inc.	12,183	10,649	8,462	9,983	10,645
Less undistributed earnings attributable to participating securities	185	160	127	152	164
<b>Net earnings attributable to common shareholders</b>	<b>\$ 11,998</b>	<b>\$ 10,489</b>	<b>\$ 8,335</b>	<b>\$ 9,831</b>	<b>\$ 10,481</b>
<b>Basic earnings (loss) per share</b>	<b>\$ 0.37</b>	<b>\$ 0.33</b>	<b>\$ 0.26</b>	<b>\$ 0.31</b>	<b>\$ 0.33</b>
<b>Diluted earnings (loss) per common share</b>	<b>\$ 0.36</b>	<b>\$ 0.31</b>	<b>\$ 0.25</b>	<b>\$ 0.29</b>	<b>\$ 0.31</b>
Basic weighted average common shares outstanding	32,122	32,098	31,923	31,922	31,917
Diluted weighted average common shares outstanding	34,140	34,052	34,063	34,199	34,057



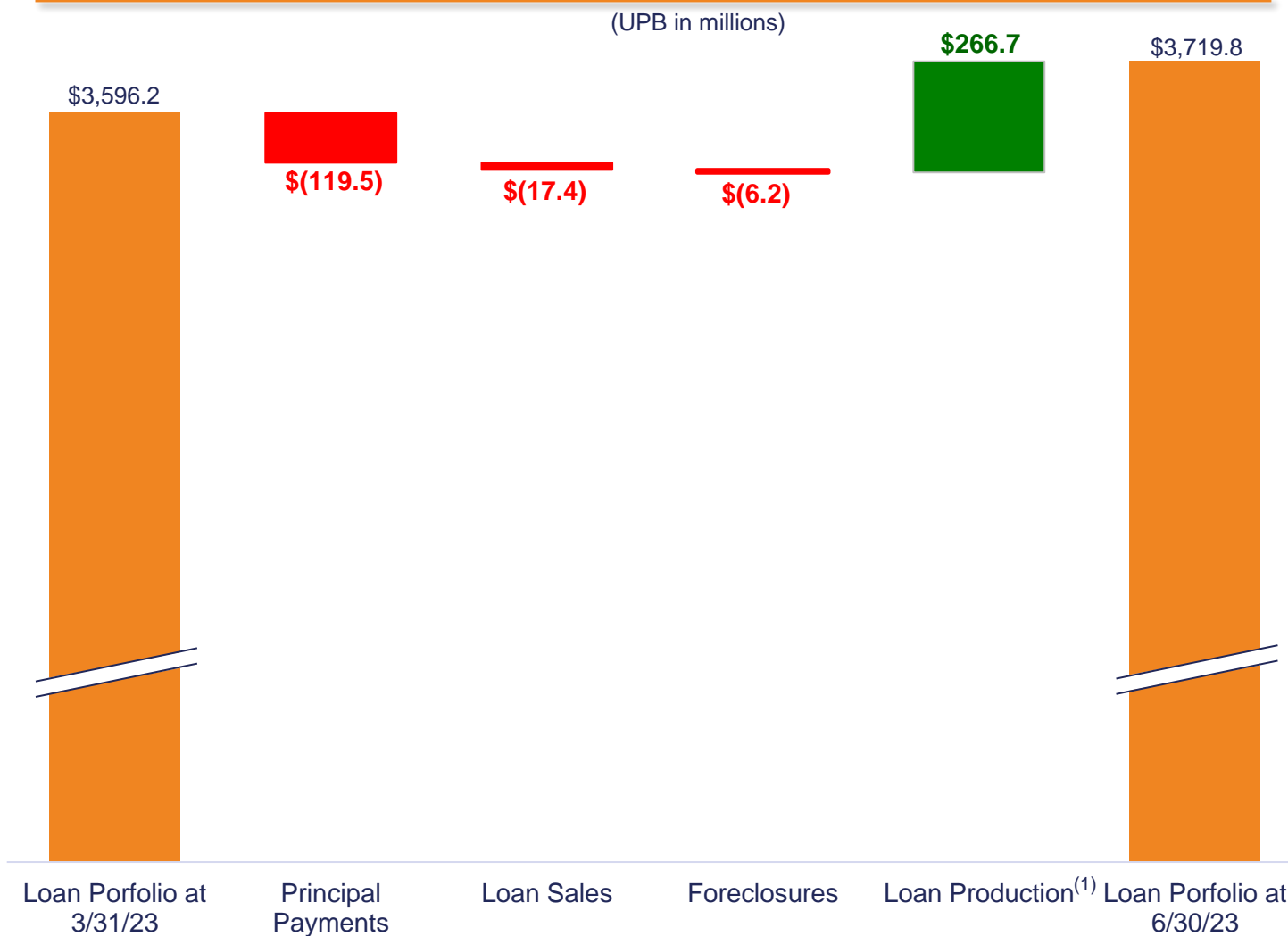
# HFI Portfolio Delinquency Trends

(\$ in thousands)	June 30, 2022		September 30, 2022		December 31, 2022		March 31, 2023		June 30, 2023	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Performing/Accruing:</b>										
Current	\$ 2,692,799	87.1%	\$ 2,966,765	86.8%	\$ 2,969,989	84.6%	\$ 3,049,110	85.2%	\$ 3,114,091	83.7%
30-59 days past due	105,808	3.4%	121,528	3.6%	186,051	5.3%	141,253	3.9%	164,586	4.4%
60-89 days past due	39,398	1.3%	74,714	2.2%	63,657	1.8%	78,491	2.2%	69,994	1.9%
90+ days past due	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
<b>Total performing loans HFI</b>	<b>2,838,005</b>	<b>91.8%</b>	<b>3,163,007</b>	<b>92.6%</b>	<b>3,219,697</b>	<b>91.7%</b>	<b>3,268,854</b>	<b>91.3%</b>	<b>3,348,671</b>	<b>90.0%</b>
<b>Nonperforming/Nonaccrual:</b>										
<90 days past due	16,878	0.6%	18,291	0.5%	17,852	0.5%	23,544	0.7%	23,125	0.6%
90+ days past due	20,341	0.7%	26,705	0.8%	32,566	0.9%	40,947	1.1%	39,536	1.1%
Bankruptcy	19,560	0.6%	15,899	0.5%	22,435	0.6%	15,132	0.4%	20,256	0.5%
In foreclosure	195,474	6.3%	192,446	5.6%	219,936	6.3%	230,314	6.4%	288,237	7.7%
<b>Total nonperforming loans HFI</b>	<b>252,253</b>	<b>8.2%</b>	<b>253,341</b>	<b>7.4%</b>	<b>292,789</b>	<b>8.3%</b>	<b>309,937</b>	<b>8.7%</b>	<b>371,154</b>	<b>10.0%</b>
<b>Total loans held for investment</b>	<b>\$ 3,090,258</b>	<b>100%</b>	<b>\$ 3,416,348</b>	<b>100%</b>	<b>\$ 3,512,486</b>	<b>100%</b>	<b>\$ 3,578,791</b>	<b>100%</b>	<b>\$ 3,719,825</b>	<b>100%</b>



# Loan Portfolio Rollforward

## Total Loan Portfolio UPB Rollforward



<sup>(1)</sup> Includes \$8.1 million in UPB of repurchased loans.

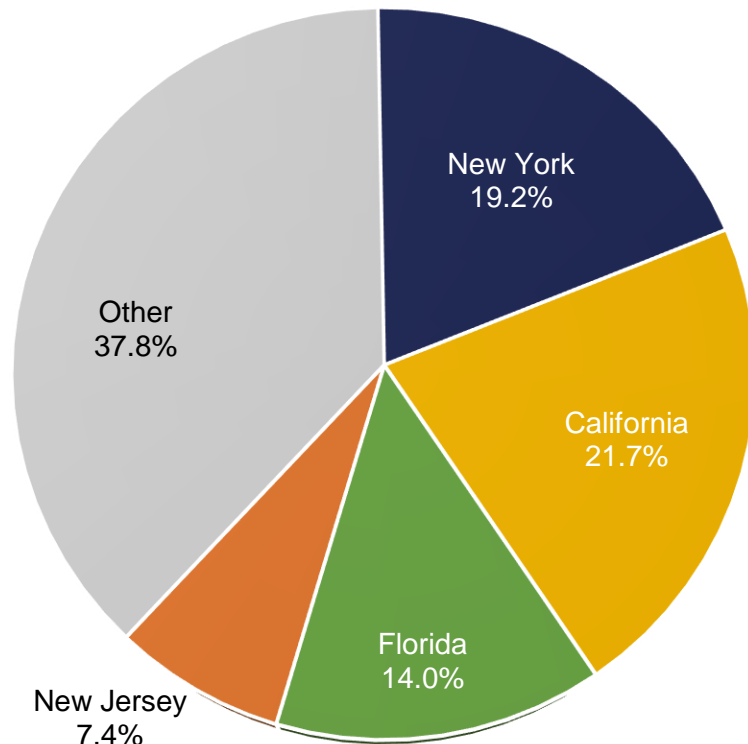
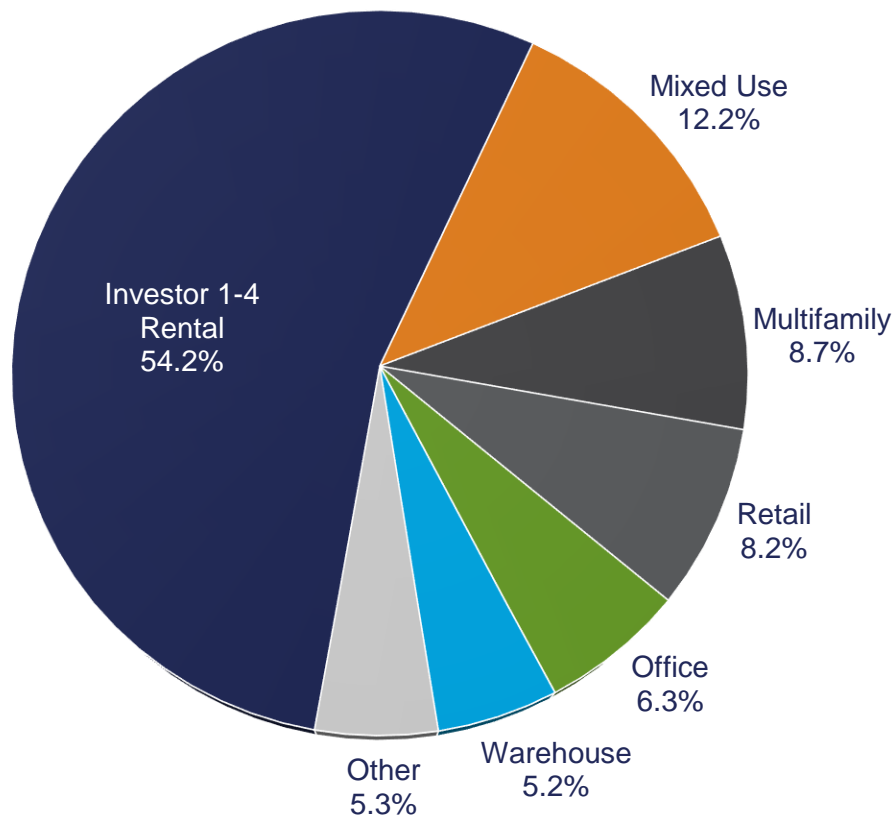


# HFI Loan Portfolio

## Portfolio by Property Type

## Portfolio by State

(100% = \$3.72 billion UPB)<sup>(1)</sup>



<sup>(1)</sup> As of June 30, 2023



# Adjusted Financial Metric Reconciliation:

## Adjusted Financial Metric Reconciliation to GAAP Net Income

Quarter:

### Core Net Income

	Quarter Ended				
	6/30/2023	3/31/2023	12/31/2022	9/30/2022	6/30/2022
<b>Net Income</b>	\$ 12,183	\$ 10,649	\$ 8,462	\$ 9,983	\$ 10,645
Equity award & ESPP costs	745	728	656	-	-
<b>Core Net Income</b>	\$ 12,928	\$ 11,376	\$ 9,118	\$ 9,983	\$ 10,645
Diluted weighted average common shares outstanding	34,140	34,052	34,063	34,199	34,057
<b>Core diluted earnings per share</b>	\$ 0.38	\$ 0.33	\$ 0.27	\$ 0.29	\$ 0.31