velocity
Financial, Inc.

2Q25 Results Presentation

August 7, 2025

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 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) changes in federal government fiscal and monetary policies, (2) general economic and real estate market conditions, including the risk of 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 future securitizations, and (6) geopolitical conflicts.

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 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.

2Q25 Highlights

Earnings

- Net income of $26.0 million, up 75.9% from $14.8 million for 2Q24. Diluted EPS of $0.69, up $0.27 from $0.42 per share for 2Q24.
- Core net income[1] of $27.5 million, an increase of 72.6% from $15.9 million for 2Q24. Core diluted EPS[1] of $0.73, up from $0.45 per share for 2Q24.
- Portfolio net interest margin (NIM) for 2Q25 was 3.82%, an increase of 47 bps from 3.35% for 1Q25 and a 28 bps increase from 3.54% for 2Q24

Production & Loan Portfolio

- Record loan production of $725.4 million in UPB, an increase of 13.3% and 71.8% from 1Q25 and 2Q24, respectively
- Velocity's total loan portfolio was $5.9 billion in UPB as of June 30, 2025, an increase of 30.8% from $4.5 billion in UPB as of June 30, 2024
- Nonperforming loans (NPL) as a % of HFI[2] loans were 10.3%, down from 10.8% as of March 31, 2025, and 10.5% as of June 30, 2024
- 2Q25 NPA[3] resolutions realized gains of $3.6 million, or 103.5%, of UPB resolved

Financing & Capital

- The Company completed four securitizations totaling $985.5 million of securities issued
- Collapsed and refinanced two securitizations totaling $68.0 million in debt outstanding, which released $53.5 million of capital to deploy for future growth
- Liquidity of $139.2 million, consisting of $79.6 million in unrestricted cash and $59.7 million in available borrowings from unpledged loans
- Total available warehouse line capacity of $476.9 million

[1] "Core net income" and "Core diluted EPS" are non-GAAP financial measures which exclude non-recurring, non-operating, and/or unusual activities from GAAP net income

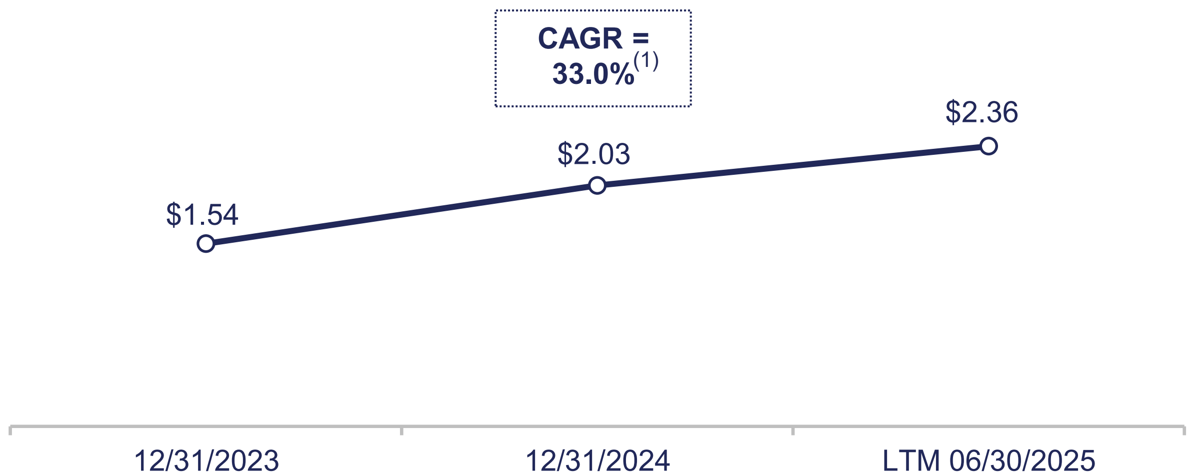
[2] Held for Investment (HFI) includes the unpaid principal balance of loans carried on an amortized cost basis and loans carried at fair value (FVO).

[3] Nonperforming Assets

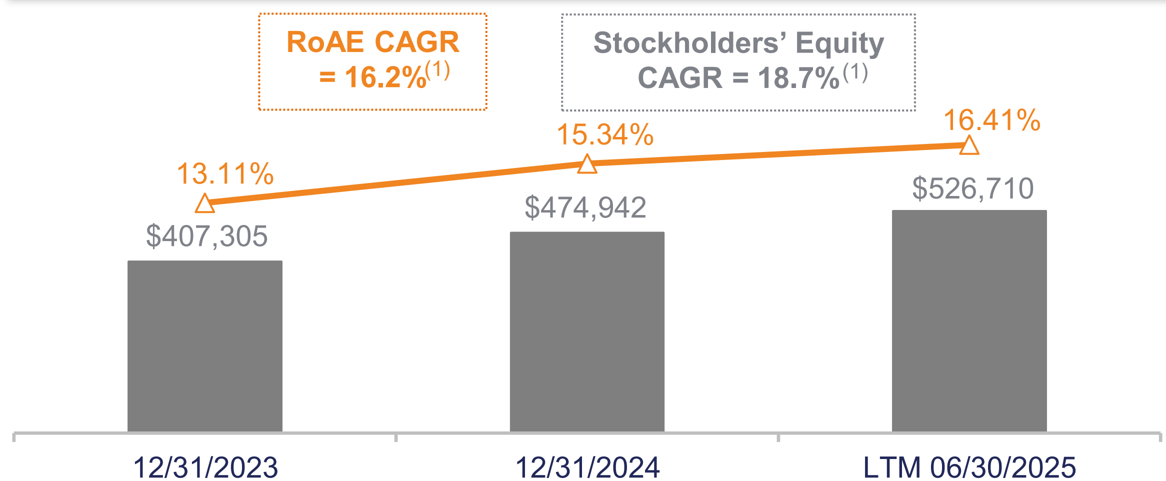
Unique Strategy Generates Meaningful Outperformance

- Our proprietary operating platform and expertise delivers strong results and durable long-term growth for our shareholders
- Track record of execution and ability to successfully deploy retained capital has enabled our ability to grow both core earnings and shareholders' equity with minimal reliance on the equity capital markets
- Significant unrecognized value opportunity for investors resulting from Velocity's market positioning and organic earnings growth potential

Core Diluted Earnings Per Share



Core Return on Average Stockholders' Equity[(2)]



[(1)] CAGR = Compounded Annual Growth Rate adjusted for the six-month period in 2025.
[(2)] Stockholders' equity includes noncontrolling interest in subsidiary as of 12/31/2023, 12/31/2024 and 06/30/2025.

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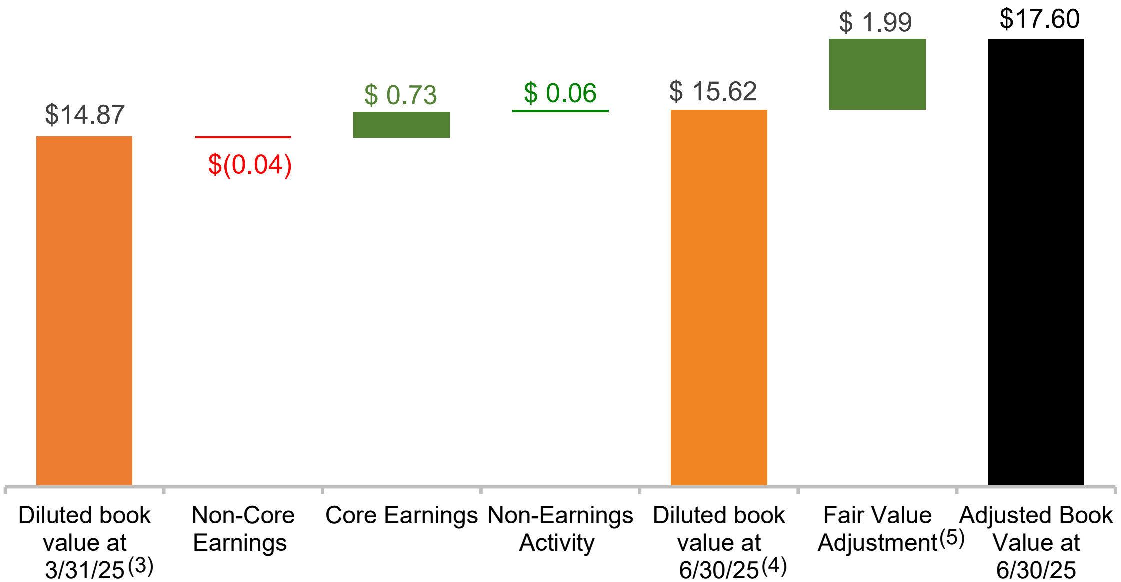
Core Net Income, Diluted Book Value and Adjusted Book Value Per Share

Core Net Income[1]

($ in thousands)

GAAP Net Income	$25,997
Equity award & ESPP costs	$1,473
Core Net Income	$27,470

Book Value and Adjusted Book Value Per Share[2]



- Core net income totaled $27.5 million in 2Q25, compared to $20.3 million for 1Q25
  - 2Q25 core pre-tax ROE of 24.3%
- Diluted book value per share as of June 30, 2025, was $15.62[4], a 5.1% increase from $14.87[3] as of March 31, 2025
- Adjusted diluted book value per share as of June 30, 2025, was $17.60[5] and reflects the net incremental estimated pretax fair value of loans carried at amortized cost and related securitized debt over diluted book value

[1] Core net income" is a non-GAAP financial measure which excludes non-recurring and/or unusual activities from GAAP net income. Non-core adjustments include incentive compensation expenses and costs related to the Company's employee stock purchase plan (ESPP)

[2] Diluted book value per share is the ratio of total GAAP equity divided by diluted shares at period end. Total equity includes non-controlling interest of $3.03 million as of March 31, 2025, and $3.16 million as of June 30, 2025.

[3] Based on 38,088,649 diluted shares as of March 31, 2025

[4] Based on 38,474,652 diluted shares as of June 30, 2025

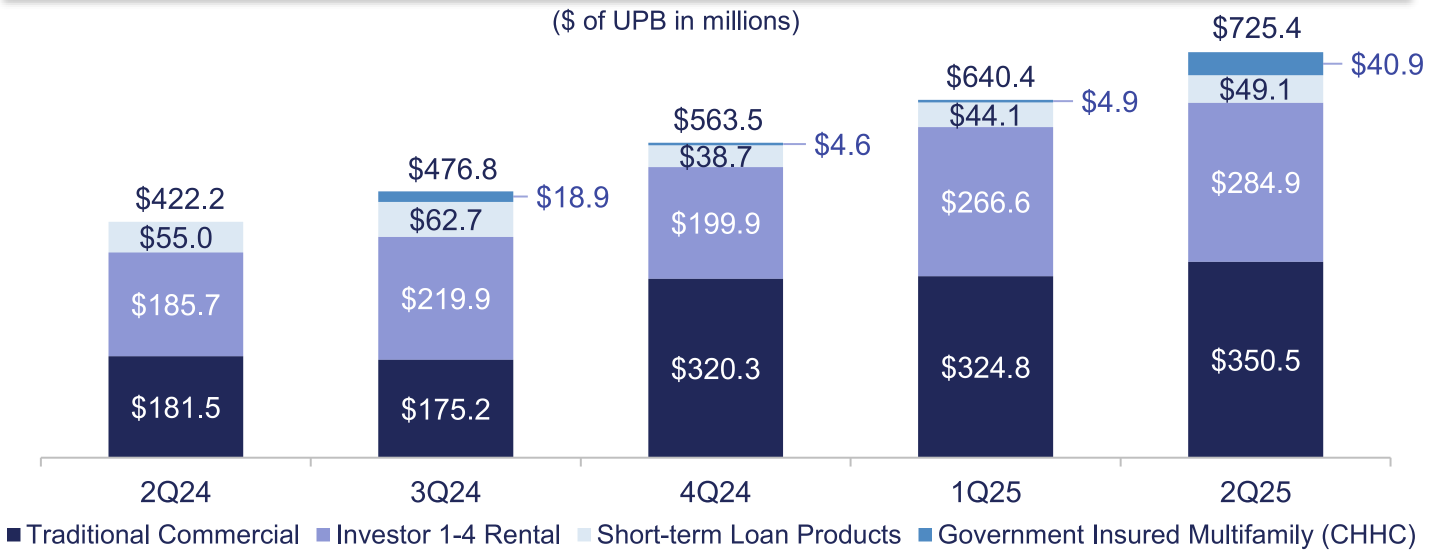
[5] Fair value adjustment is derived using the pretax net incremental estimated fair value of the Company's loans and securitizations carried at amortized cost divided by the diluted share count as of June 30, 2025. For additional information, please see Note 19 – Fair Value Measurements in the Company's 10-Q for the period ended June 30, 2025

Loan Production

2Q25 Production Reaches New Record

- Loan production in 2Q25 totaled $725.4 million in UPB, a 13.3% increase from $640.4 million for 1Q25 and a 71.8% increase from $422.2 million for 2Q24
  - Y/Y volume growth driven by a 93.1% increase in Traditional Commercial loans and 53.4% Y/Y increase in Investor 1-4 rental loans
- The WAC[1] on 2Q25 HFI loan production was 10.5%, unchanged from 1Q25 and down from 11.0% in 2Q24

Loan Production Volume



HFI Production Metrics

	2Q24	3Q24	4Q24	1Q25	2Q25
HFI Production	422.2	457.8	558.9	635.5	684.5
WAC[1]	11.0%	10.8%	10.8%	10.5%	10.5%
LTV[2]	64.7%	63.0%	62.9%	62.6%	62.7%
Units	1,109	1,180	1,285	1,513	1,630
Average loan balance	$ 380.7	$ 388.0	$ 434.9	$ 420.1	$ 419.9

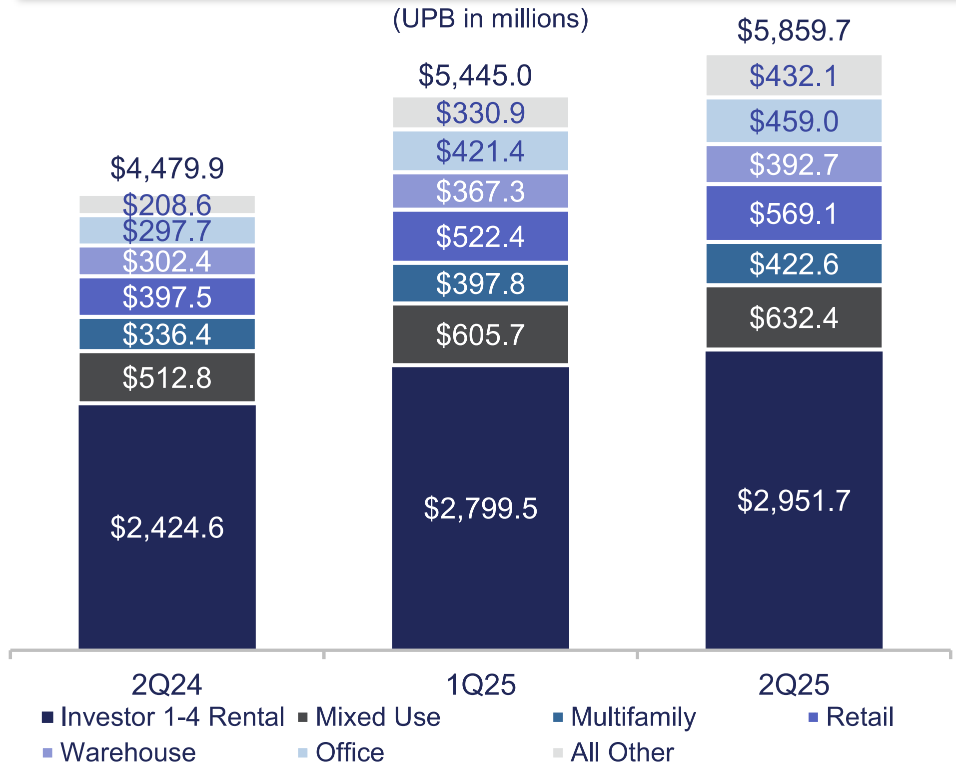
[1] Weighted Average Coupon **on HFI production**.
[2] Loan to Value

Loan Portfolio

Portfolio Set to Reach $6 Billion, Driven by Strong Loan Originations

- The total loan portfolio was $5.9 billion in UPB as of June 30, 2025, an increase of 7.5% from $5.4 billion as of March 31, 2025, and 30.8% from $4.5 billion as of June 30, 2024
  - Loan prepayments totaled $223.4 million in UPB, an increase of 14.0% from $196.0 million for 1Q25, and an increase of 34.8% from $165.8 million for 2Q24
- Portfolio WAC[(1)] was 9.67% as of June 30, 2025, an increase from 9.25% as of June 30, 2024
- The UPB of fair value option (FVO) loans was $3.6 billion, or 62.3% of total loans, as of June 30, 2025, an increase from $1.9 billion in UPB, or 42.0% as of June 30, 2024

Loan Portfolio by Property Type



	2Q24	1Q25	2Q25
Loan to Value	67.38%	66.13%	65.80%
Loan Count	11,582	13,858	14,854
WAC	9.25%	9.59%	9.67%
Average Loan Balance [(2)]	$386.8	$393.3	$394.5
FVO%	41.98%	57.71%	62.28%

(1) Weighted Average Coupon on the total loan portfolio.
(2) $ in thousands.

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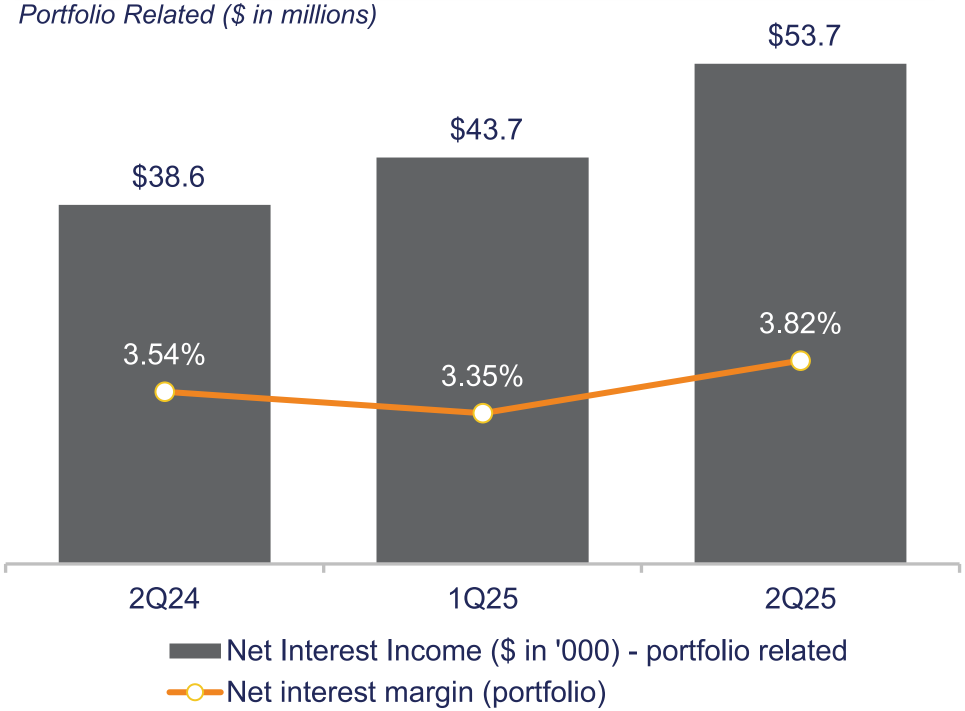
Net Interest Margin

Significant Increase in NIM

- Portfolio NIM[(1)] for 2Q25 was 3.82%, an increase of 47 bps from 3.35% for 1Q25 and 28 bps from 3.54% for 2Q24
- Portfolio Yield: increased 54 bps from 1Q25 and 67 bps from 2Q24. Q/Q, change driven by increased NPA resolutions; Y/Y growth primarily resulted from the increase in weighted average loan coupons
- Cost of Funds: increased 1 bps from 1Q25 and increased 23 bps from 2Q24, Q/Q change driven by the successful issuance of the 2025 RTL and 2025 MC1 securitizations resulting in lower warehouse financing utilization; Y/Y primarily driven by higher warehouse financing utilization and securitized debt costs

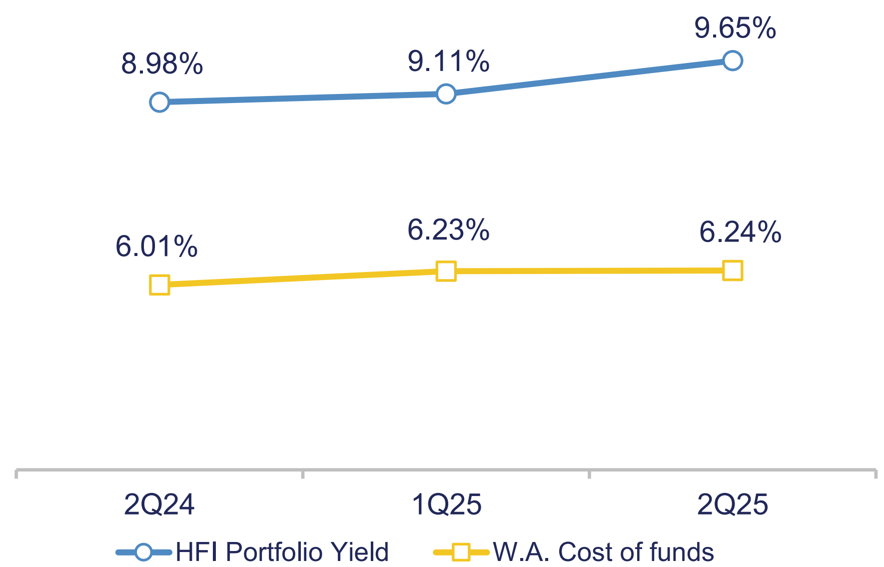
Portfolio Net Interest Income & NIM[(1)]

Portfolio Related ($ in millions)



Portfolio Yield and Cost of Funds

Portfolio Related



(1) Net Interest Margin related to the loan portfolio only; excludes corporate debt.

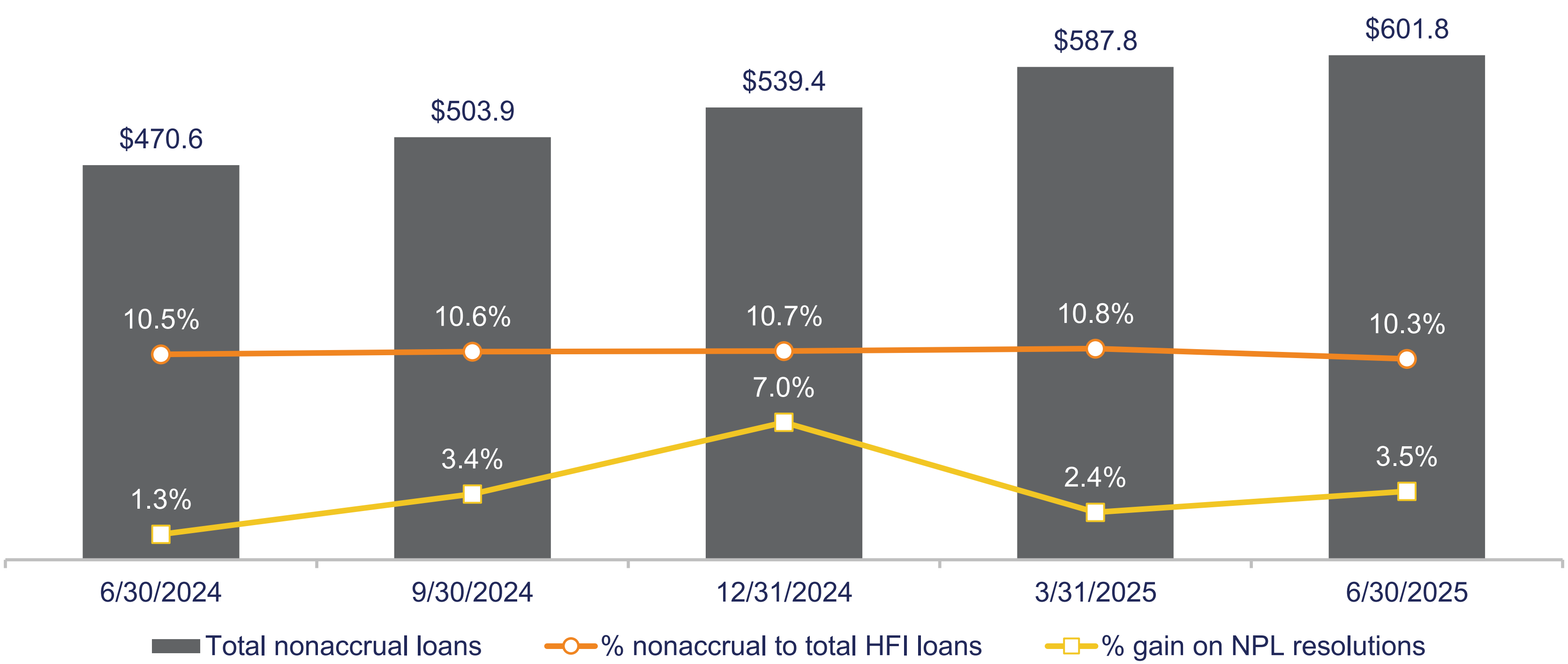
HFI Portfolio Performance

NPLs as % of HFI Loans Reach Lowest Level in Five Qtrs.; 2Q25 Resolution Gains Increased

- Total nonperforming loans (NPL) as a percentage of total HFI loans was 10.3% as of June 30, 2025, a decrease from 10.8% as of March 31, 2025, and 10.5% as of June 30, 2024
- Gains on NPA resolutions for 2Q25 was 3.5% of UPB resolved, an increase from 2.4% for 1Q25 and an increase from 1.3% for 2Q24

Nonperforming Loans[1]

$ UPB in millions



[1] For additional detail, please see page 17 in the Appendix of this presentation.

Non-Performing Asset Resolution Activity

NPA Volume and Gains Rise for 2Q25

Resolution Activity

RESOLUTION ACTIVITIES

LONG-TERM NONPERFORMING ASSETS

RESOLUTION ACTIVITY	SECOND QUARTER 2024		FIRST QUARTER 2025		SECOND QUARTER 2025	
($ in thousands)	UPB $	Gain / (Loss) $	UPB $	Gain / (Loss) $	UPB $	Gain / (Loss) $
Paid in full	$ 26,119	$ 793	$ 20,589	$ 989	$ 32,220	$ 2,078
Paid current	35,292	188	30,563	375	45,396	390
REO sold	7,859	(202)	4,541	337	11,167	548
Total resolutions	**$ 69,270**	**$ 779**	**$ 55,693**	**$ 1,701**	**$ 88,783**	**$ 3,016**
Recovery rate on resolved nonperforming assets		101.1%		103.1%		103.4%

SHORT-TERM AND FORBEARANCE NONPERFORMING ASSETS

RESOLUTION ACTIVITY	SECOND QUARTER 2024		FIRST QUARTER 2025		SECOND QUARTER 2025	
($ in thousands)	UPB $	Gain / (Loss) $	UPB $	Gain / (Loss) $	UPB $	Gain / (Loss) $
Paid in full	$ 4,545	$ 93	$ 5,341	$ 182	$ 8,963	$ 371
Paid current	2,689	1	11,845	14	3,770	4
REO sold	4,176	165	3,558	(37)	2,440	243
Total resolutions	**$ 11,410**	**$ 259**	**$ 20,744**	**$ 159**	**$ 15,173**	**$ 618**
Recovery rate on resolved nonperforming assets		102.3%		100.8%		104.1%
Grand total resolutions	**$ 80,680**	**$ 1,038**	**$ 76,437**	**$ 1,860**	**$ 103,956**	**$ 3,634**
Recovery rate on resolved nonperforming assets		101.3%		102.4%		103.5%

- NPA resolutions totaled $104.0 million in UPB, realizing 103.5% of UPB resolved, compared to $80.7 million in UPB and realization of 101.3% of UPB resolved for 2Q24
- The UPB of loans resolved in 2Q25 represented 17.7% of nonperforming loan UPB as of March 31, 2025
- The UPB of loan resolutions for 2Q25 was above the recent five-quarter resolution average of $81.8 million in UPB, and consistent with the average gains of 103.5% of UPB resolved

CECL Reserve, Charge-Offs and REO

CECL Reserve Decreased Slightly; Transfer Gains Drive Improved REO Results

- The reserve balance was $4.9 million as of June 30, 2025, a decrease from $5.2 million as of June 30, 2024
  - The decrease was driven by the continued run-off of loans subject to the CECL reserve
  - The CECL reserve rate was 0.22% (CECL Reserve as % of Amortized Cost HFI loans), was relatively consistent with the recent five-quarter avg. rate of 0.20% given our conservative model assumptions
- Charge-offs for 2Q25 totaled $1,733 thousand, an increase from $245 thousand for 2Q24. The increase versus the prior period was primarily driven by a $1.4 million loss on one loan.
- For 2Q25, total gain on REO was $3.8 million, up from a $2.3 million gain for 2Q24, driven by gain on foreclosed loans transferred to REO

Loan Loss Reserve & Gain (Loss) on REO

	Quarter Ended	
($ in thousands)	**6/30/2025**	**6/30/2024**
Allowance for credit losses:		
Beginning balance	5,017	5,267
Provision for credit losses	1,598	218
Charge-offs	(1,733)	(245)
Ending balance	**4,882**	**5,240**
Total UPB subject to CECL	2,210,304	2,599,016
Nonperforming loans UPB subject to CECL	283,227	324,018
Nonperforming loans UPB subject to CECL / Total UPB subject to CECL	12.8%	12.5%
Allowance for credit losses / Total UPB subject to CECL	0.22%	0.20%
Charge-offs / Total UPB subject to CECL[3]	0.31%	0.04%
Gain on REO:		
Gain on transfer to REO	5,141	2,914
REO valuations, net	(2,150)	(540)
Gain (loss) on sale of REO	790	(37)
Total gain on REO [4]	**3,781**	**2,337**

(1) Amortized cost
(2) Reflects the monthly average of nonperforming loans held for investment, excluding FVO loans, during the period
(3) Annualized
(4) Total gain on REO excludes charge-offs.

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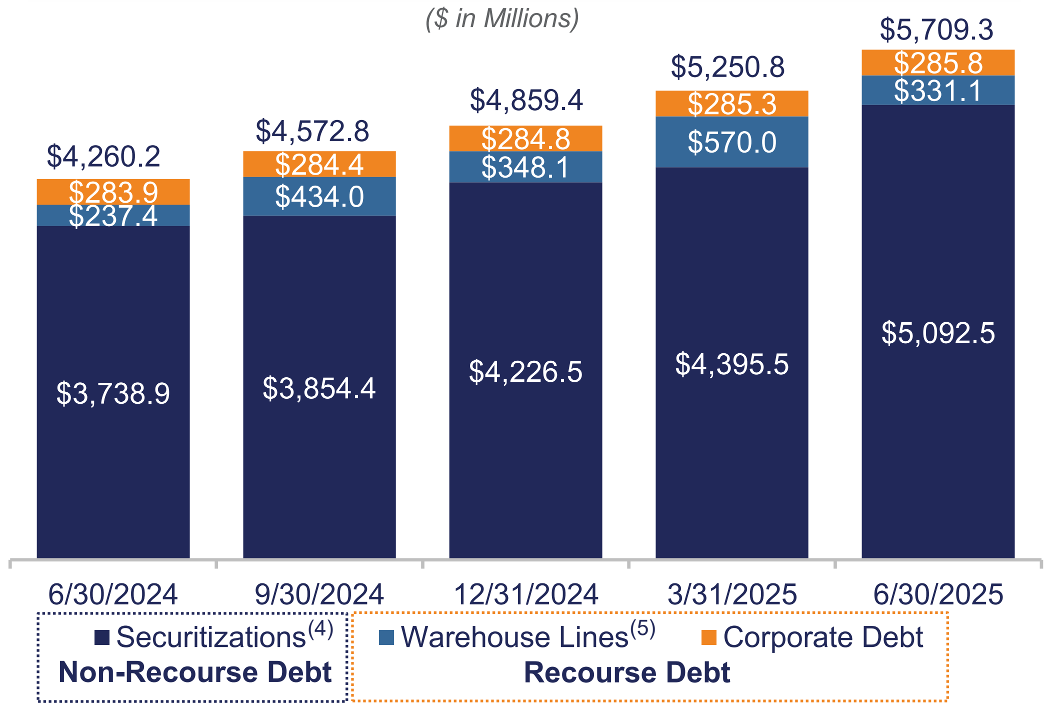
Durable Funding and Liquidity Strategy

Four Securitization in 2Q25[1]; Securitizations Reflect Strong Investor Support

- Completed four securitizations in 2Q25:
  - Issued the VCC 2025-2 & 2025-3 securitizations totaling \$760.0 million[3] with a weighted average rate of 6.6%
  - Completed the 2025 RTL1 totaling \$111.4 million[3], our second transaction comprised of Velocity's short-term loans
  - Refinanced an existing mixed collateral securitization with the completion of the 2025 MC1 totaling \$114.1 million[3], further optimizing leverage
- Recourse debt to equity of 1.0X, down from 1.5X as of March 31, 2025, driven by securitization activity
- Available Non-MTM warehouse line capacity of \$476.9 million as of June 30, 2025

Outstanding Debt Balances[2]



Debt / Equity	9.0X	9.4X	9.3X	9.3X	9.5X
Recourse Debt / Equity	1.1X	1.5X	1.2X	1.5X	1.0X
Securitzations Issued	2	1	2	1	4
Max. Warehouse Line Capacity	\$885	\$785	\$785	\$810	\$810

(1) Through June 30, 2025.
(2) Debt balances are net of issuance costs and discounts as reported in the consolidated balance sheet.
(3) Of securities issued
(4) Represents the remaining balance of securitization outstanding net of issuance costs, discounts and fair value marks as of period end.
(5) As of June 30, 2025, four of six warehouse lines had non-mark-to-market features and staggered maturities.

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Outlook for Velocity's Key Business Drivers

Investor Loan Market Outlook Remains Positive

MARKET

- Large addressable market for continued organic growth
- Broker engagement on investor loans expected to remain strong
- Investor loan market to continue growing

CREDIT

- U.S. economic outlook remains mixed; recent developments provide optimism for improvement
- NPA resolutions trends (UPB volume & gains) expected to continue

CAPITAL

- Next long-term loan securitization targeted for September 2025
- Securitization market to remain supportive with growing investor demand

EARNINGS

- Targeting stable NIM and strong interest income growth while maintaining discipline
- Production outlook remains positive
- Opportunistic regarding product & revenue diversification

Appendix

Velocity Financial, Inc. Balance Sheet

(In thousands)	Quarter Ended 6/30/2025 Unaudited	Quarter Ended 12/31/2024 Audited
Assets		
Cash and cash equivalents	$ 79,559	$ 49,901
Restricted cash	17,630	20,929
Loans held for sale, at fair value	-	-
Loans held for investment, at fair value	3,826,505	2,766,951
Loans held for investment, at amortized cost	2,226,720	2,420,116
Total loans, net	6,053,225	5,187,067
Accrued interest receivables	42,108	35,235
Receivables due from servicers	142,231	123,494
Other receivables	2,006	1,359
Real estate owned, net	93,387	68,000
Property and equipment, net	1,539	1,650
Deferred tax asset	12,488	13,612
Mortgage Servicing Rights, at fair value	12,940	13,712
Goodwill	6,775	6,775
Other assets	11,992	5,674
Total Assets	**$ 6,475,880**	**$ 5,527,408**
Liabilities and members' equity		
Accounts payable and accrued expenses	$ 164,935	$ 147,814
Secured financing, net	285,756	284,833
Securitized debt, at amortized cost	1,859,750	2,019,056
Securitized debt, at fair value	3,232,769	2,207,408
Warehouse & repurchase facilities	331,057	348,082
Derivative liability	560	-
Total Liabilities	5,874,827	5,007,193
Stockholders' Equity		
Stockholders' equity	597,895	516,944
Noncontrolling interest in subsidiary	3,158	3,271
Total equity	601,053	520,215
Total Liabilities and members' equity	**$ 6,475,880**	**$ 5,527,408**
Diluted book value per share	$ 15.62	$ 14.26
Diluted shares outstanding	38,475	36,469

Velocity Financial, Inc. Income Statement (Quarters)

($ in thousands)	Quarter Ended 6/30/2025 Unaudited	3/31/2025 Unaudited	6/30/2024 Unaudited
Revenues			
Interest income	$ 135,567	$ 118,740	$ 97,760
Interest expense - portfolio related	81,838	75,088	59,188
Net interest income - portfolio related	53,729	43,652	38,572
Interest expense - corporate debt	6,143	6,143	6,155
Net interest income	47,586	37,510	32,417
Provision for (reversal of) credit losses	1,598	1,872	218
Net interest income after provision for loan losses	45,988	35,638	32,199
Other operating income			
Gain on disposition of loans	6,286	2,834	3,168
Unrealized gain (loss) on fair value loans	29,906	34,836	17,123
Unrealized gain (loss) on fair value securitized debt	(7,584)	(13,682)	(4,643)
Unrealized gain/(loss) on mortgage servicing rights	309	(1,081)	(373)
Origination fee income	8,936	8,679	5,072
Interest income on cash balance	1,505	1,339	1,731
Other income	489	521	483
Total other operating income	39,847	33,446	22,561
Net revenue	85,834	69,084	54,760
Operating expenses			
Compensation and employee benefits	22,605	21,684	16,562
Origination expenses	1,193	838	749
Securitizations expenses	11,521	4,043	6,232
Rent and occupancy	298	275	617
Loan servicing	8,205	8,008	5,160
Professional fees	1,992	1,783	1,718
Real estate owned, net	3,298	3,029	1,355
Other operating expenses	2,801	2,530	2,494
Total operating expenses	51,913	42,190	34,887
Income before income taxes	33,922	26,894	19,873
Income tax expense	7,752	8,246	5,162
Net income	26,170	18,649	14,711
Net income (loss) attributable to noncontrolling interest	173	(239)	(67)
Net income attributable to Velocity Financial, Inc.	25,997	18,887	14,778
Less undistributed earnings attributable to participating securities	286	233	182
Net earnings attributable to common shareholders	**$ 25,711**	**$ 18,654**	**$ 14,596**
Basic earnings (loss) per share	**$ 0.69**	**$ 0.55**	**$ 0.45**
Diluted earnings (loss) per common share	**$ 0.69**	**$ 0.51**	**$ 0.42**
Basic weighted average common shares outstanding	37,194	33,687	32,585
Diluted weighted average common shares outstanding	37,790	36,811	35,600

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HFI Portfolio Delinquency Trends

($ in thousands)	June 30, 2024 $	June 30, 2024 %	September 30, 2024 $	September 30, 2024 %	December 31, 2024 $	December 31, 2024 %	March 31, 2025 $	March 31, 2025 %	June 30, 2025 $	June 30, 2025 %
Performing/Accruing:										
Current	$ 3,669,659	81.9%	$ 3,921,488	82.8%	$ 4,169,830	82.5%	$ 4,504,854	82.7%	$ 4,878,317	83.3%
30-59 days past due	247,100	5.5%	197,890	4.2%	241,300	4.7%	239,547	4.4%	263,390	4.4%
60-89 days past due	92,494	2.1%	111,002	2.4%	105,369	2.1%	112,803	2.1%	116,189	2.0%
90+ days past due	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total performing loans HFI	4,009,253	89.5%	4,230,380	89.5%	4,516,499	89.3%	4,857,204	89.2%	5,257,896	89.7%
Nonperforming/Nonaccrual:										
<90 days past due	19,347	0.5%	20,055	0.4%	23,697	0.5%	33,488	0.6%	29,136	0.5%
90+ days past due	37,161	0.8%	46,584	1.0%	51,144	1.0%	46,545	0.9%	50,269	0.9%
Bankruptcy	47,011	1.0%	54,087	1.1%	60,042	1.2%	76,606	1.4%	79,327	1.4%
In foreclosure	367,129	8.2%	383,213	8.1%	404,555	8.0%	431,172	7.9%	443,025	7.5%
Total nonperforming loans HFI	470,648	10.5%	503,939	10.6%	539,438	10.7%	587,811	10.8%	601,757	10.3%
Total loans held for investment	$ 4,479,901	100%	$ 4,734,319	100%	$ 5,055,937	100%	$ 5,445,015	100%	$ 5,859,653	100%

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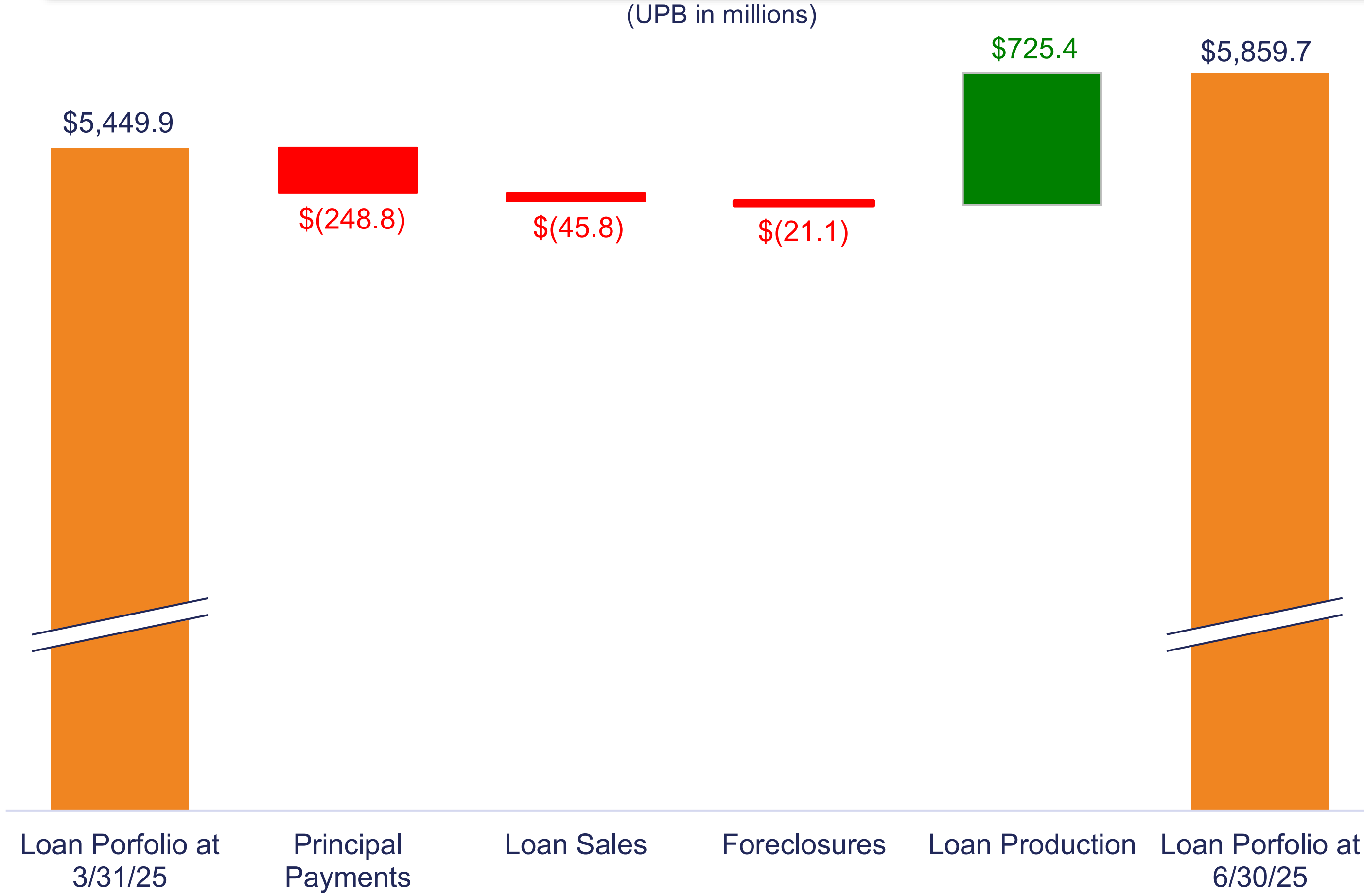
Loan Portfolio Rollforward

Total Loan Portfolio UPB Rollforward



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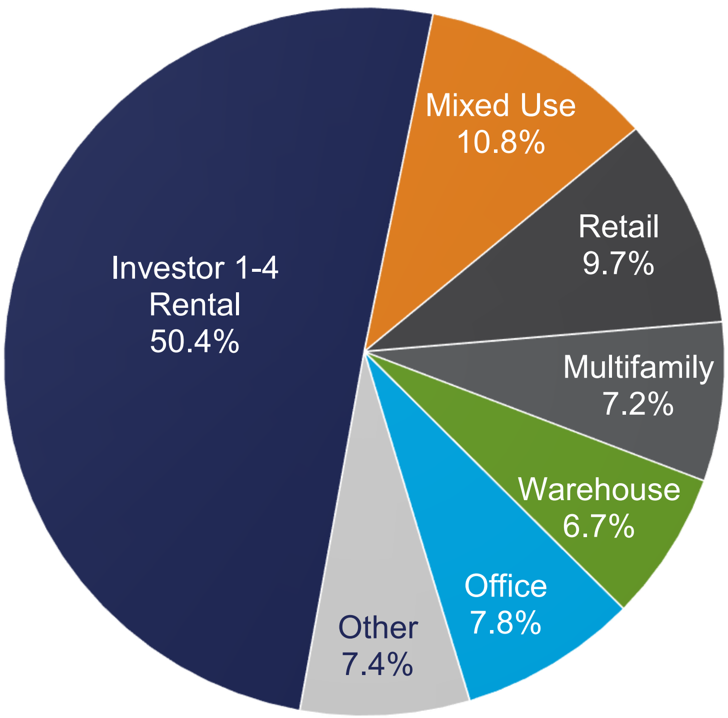
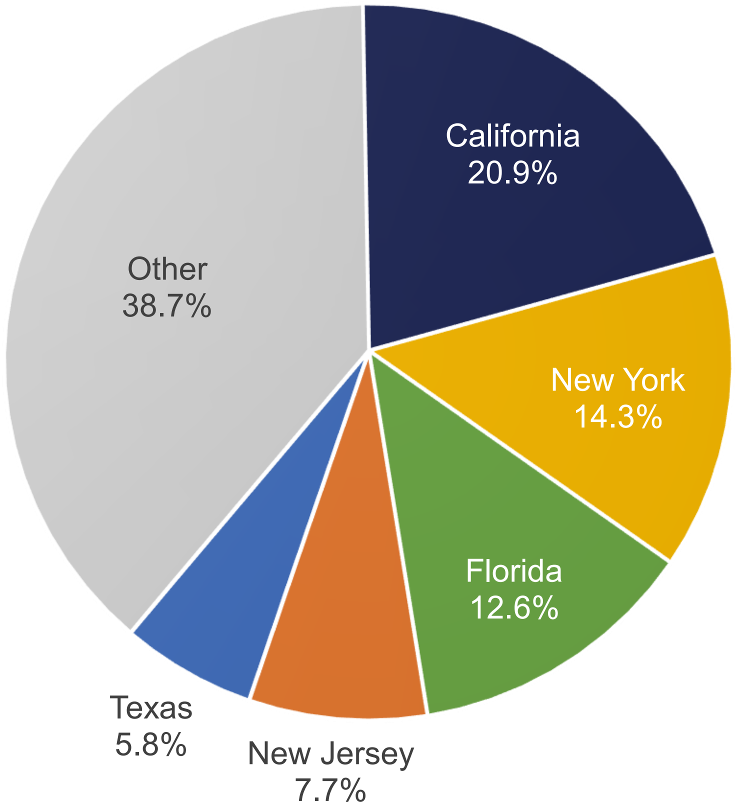
HFI Loan Portfolio

Portfolio by Property Type

Portfolio by State

(100% = $5.86 billion UPB)[(1)]





(1) As of June 30, 2025

Adjusted Financial Metric Reconciliation:

Adjusted Financial Metric Reconciliation to GAAP Net Income

Quarters:

Core Net Income	Quarter Ended		
	6/30/2025	3/31/2025	6/30/2024
Net Income	**$ 25,997**	**$ 18,887**	**$ 14,778**
Equity award & ESPP costs	1,473	1,366	1,140
Core Net Income	**$ 27,470**	**$ 20,253**	**$ 15,918**
Diluted weighted average common shares outstanding	**37,790**	**36,811**	**35,600**
Core diluted earnings per share	**$ 0.73**	**$ 0.55**	**$ 0.45**