# Velocity Financial, Inc. Reports Third Quarter 2026 Results

## Third Quarter Highlights

*Financial Results*

- Pretax income of $38.3 million, an increase of 8.2% from $35.4 million for 3Q25. Net income of $26.4 million, an increase of 4.1% from $25.4 million for 3Q25. Diluted EPS of $0.67, an increase of $0.02 from $0.65 per share for 3Q25
- Core net income of $30.0 million, an increase of 11.5% from $26.9 million for 3Q25. Core diluted EPS of $0.76, an increase from $0.69 per share for 3Q25[1]
- Diluted book value per common share of $19.23, an increase of $2.92 or 17.9% from $16.31 as of September 30, 2025
- Portfolio net interest margin (NIM) of 3.78%, an increase of 13 bps from 3.65% for 3Q25
  - Lower average cost of securitized debt
  - Consistently strong NIM levels have resulted from rate discipline on new loan production, with weighted average coupon of 10.12% on held for investment (HFI) loans produced in 3Q26

*Portfolio*

- Loan production of $911.3 million increased from $739.0 million in 3Q25
  - Total unit production increased 12.0% compared to 3Q25, with a higher average loan balance of $457 thousand compared to $415 thousand in 3Q25
- Nonperforming loans (NPL) as a percentage of HFI loans was 10.1%, an increase from 9.8% as of September 30, 2025
- NPL resolutions totaled $90.0 million in UPB
  - Net gains of 103.0% or $2.7 million
  - Total NPL recoveries of 108.2% or $7.4 million of UPB resolved including accrued interest received

*Liquidity and Capitalization*

- Completed two securitizations totaling $516.0 million of securities issued
- Liquidity of $193.4 million, consisting of $86.8 million in unrestricted cash and $106.6 million in available borrowings from unpledged loans
- Total available warehouse line capacity of $425.4 million

[1] Core net income and core diluted EPS are non-GAAP financial measures. Non-GAAP core adjustments include stock-based compensation expenses, costs related to the Company's employee stock purchase plan and due diligence and advisory fees. See "Non-GAAP Financial Measures" and "Non-GAAP Financial Measure Reconciliations to GAAP Measures" at the end of this press release for more information regarding the use of non-GAAP measures.

Westlake Village, CA – November 4, 2026 – Velocity Financial, Inc. (NYSE: VEL) ("Velocity" or the "Company"), a leader in business purpose loans, reported net income of $26.4 million and core net income of $30.0 million for 3Q26, compared to $25.4 million and $26.9 million, respectively, for 3Q25. Earnings and core earnings per diluted share were $0.67 and $0.76 for 3Q26, compared to $0.65 and $0.69, respectively, for 3Q25.

"Velocity continued to deliver impressive earnings in the third quarter of 2026" said Chris Farrar, President and CEO. "Our third quarter results were driven by our consistent portfolio NIM and strong production volume. Financing demand remained strong during the quarter as evidenced by our expanding pipeline of new applications. We remain confident in Velocity's long-term growth prospects and our ability to sustain profitable market share growth."

## Operating Results

*Key Performance Indicators*[2]

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variance | % Variance |
| | *($ in thousands, except per share amounts)* | | | |
| Income before income tax | $ 38,280 | $ 35,375 | $ 2,905 | 8.2% |
| Net income | $ 26,418 | $ 25,373 | $ 1,045 | 4.1% |
| Diluted earnings per share | $ 0.67 | $ 0.65 | $ 0.02 | 3.2% |
| Core income before income tax | $ 42,552 | $ 37,490 | $ 5,062 | 13.5% |
| Core net income | $ 30,043 | $ 26,937 | $ 3,106 | 11.5% |
| Core diluted earnings per share | $ 0.76 | $ 0.69 | $ 0.07 | 10.1% |
| Net interest margin — portfolio related | 3.78%(1) | 3.65%(1) | 0.13% | 3.4% |
| Net interest margin — total company | 2.97%(1) | 3.25%(1) | (0.28)% | (8.5)% |
| Operating expense ratio | 29.2%(2) | 27.8% | 1.4% | 5.0% |
| Average common equity | $ 748,670 | $ 623,239 | $ 125,431 | 20.1% |
| Pre-tax return on average equity | 20.5%(1) | 22.7%(1) | (2.2)% | (9.9)% |
| Core pre-tax return on average equity | 22.8%(1) | 24.1%(1) | (1.3)% | (5.1)% |

(1) Annualized

(2) Excluding $2.4 million of merger-acquisition-related costs, the operating expense ratio would be 28.1%

*Condensed Results of Operations*

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Variance | % Variance |
| | *($ in thousands)* | | | |
| Net interest income | $ 53,510 | $ 49,076 | $ 4,434 | 9.0% |
| Provision for credit losses | 531 | 381 | 150 | 39.4% |
| Net interest income after provision | 52,979 | 48,695 | 4,284 | 8.8% |
| Other operating income | 49,170 | 37,077 | 12,093 | 32.6% |
| Net revenue | 102,149 | 85,772 | 16,377 | 19.1% |
| Operating expenses | 63,869 (1) | 50,397 | 13,472 | 26.7% |
| Income before income taxes | 38,280 | 35,375 | 2,905 | 8.2% |
| Income tax expense | 11,061 | 9,963 | 1,098 | 11.0% |
| Net income | 27,219 | 25,412 | 1,807 | 7.1% |
| Net income attributable to noncontrolling interest | 801 | 39 | 762 | 1,953.8% |
| Net income attributable to Velocity Financial, Inc. | $ 26,418 | $ 25,373 | $ 1,045 | 4.1% |

(1) Includes $2.4 million of merger-acquisition-related costs

[2] Core income before income tax, core net income, core diluted EPS and core pre-tax return on average equity are non-GAAP measures. Please see "Non-GAAP Financial Measures" and "Non-GAAP Financial Measure Reconciliations to GAAP Measures" at the end of this press release.

- Net interest income after provision for credit losses was $53.0 million, an increase of 8.8% from $48.7 million for 3Q25
  - Driven by strong portfolio growth and recoveries of interest income from NPLs by our asset management team
- Other operating income was $49.2 million, an increase from $37.1 million for 3Q25
  - Driven primarily by higher levels of originations and origination fee income
- Net revenue was $102.1 million, an increase of 19.1% from $85.8 million for 3Q25
  - Resulting from continued strong production-driven portfolio net interest income growth and fair value gains
- Operating expenses totaled $63.9 million, an increase of 26.7% from 3Q25
  - Compensation expense totaled $29.2 million, compared to $23.3 million for 3Q25, as headcount increased to support future planned growth
  - Loan servicing expense totaled $9.1 million, compared to $7.7 million for 3Q25, driven by portfolio growth
  - Real estate owned, net increased to $10.6 million from $7.9 million for 3Q25, primarily due to the increase in REOs combined with lower of cost or market valuation adjustments
  - Securitization expense decreased to $5.6 million mainly due to lower cost per transaction for two securitizations completed during the quarter, compared to $6.4 million for two securitizations completed during 3Q25
  - Other operating expenses totaled $9.4 million, compared to $5.0 million for 3Q25, driven primarily by higher merger-acquisition-related costs

## Loan Portfolio

| | September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Variance | % Variance |
| | *($ in thousands)* | | | |
| **Total Loans Outstanding (UPB):** | | | | |
| Investor 1-4 | $ 3,335,031 | $ 3,089,325 | $ 245,706 | 8.0% |
| Retail | 866,181 | 640,005 | 226,176 | 35.3% |
| Mixed use | 801,237 | 670,470 | 130,767 | 19.5% |
| Office | 735,574 | 504,282 | 231,292 | 45.9% |
| Multifamily | 549,783 | 461,237 | 88,546 | 19.2% |
| Warehouse | 545,670 | 421,276 | 124,394 | 29.5% |
| Other[(1)] | 624,241 | 488,774 | 135,467 | 27.7% |
| Total loans | $ 7,457,717 | $ 6,275,369 | $ 1,182,348 | 18.8% |

(1) All other properties individually comprised less than 5.0% of the total unpaid principal balance

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variance | % Variance |
| **Key Loan Portfolio Metrics [(1)]:** | | | | |
| Loan count | 19,481 | 15,978 | 3,503 | 21.9% |
| Loan-to-value | 64.5% | 65.5% | (1.0)% | (1.5)% |
| Coupon | 9.75% | 9.74% | 0.01% | 0.1% |
| Total portfolio yield | 9.41% | 9.54% | (0.13)% | (1.3)% |
| Portfolio cost of debt | 6.04% | 6.27% | (0.23)% | (3.7)% |

(1) Weighted averages, except for loan count

- Total loan portfolio was $7.5 billion in UPB as of September 30, 2026, an increase of 18.8% from $6.3 billion as of September 30, 2025

- Driven by healthy growth across all types of collateral securing our loans
- Loan prepayments totaled $261.9 million in UPB, an increase of 4.7% from $250.2 million for 2Q26, and 11.5% from $235.0 million for 3Q25

- UPB of HFI FVO loans was $5.7 billion, or 76.5% of total HFI loans, as of September 30, 2026, an increase from $4.2 billion, or 66.3% of total HFI loans, as of September 30, 2025
- Weighted average portfolio loan-to-value ratio was 64.5% as of September 30, 2026, down from 65.5% as of September 30, 2025, and consistent with the five-quarter trailing average of 64.5%
- Weighted average total portfolio yield for 3Q26 was 9.41%, a decrease of 13 bps from 3Q25, primarily driven by higher cash receipts from nonperforming loans in 3Q25
- Portfolio-related debt cost was 6.04% for 3Q26, a decrease of 23 bps from 3Q25, driven by lower interest rates for securitized debt

*Loan Production Volumes*

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Variance | % Variance |
| | *($ in thousands)* | | | |
| **Originations Including Advances:** | | | | |
| Traditional commercial | $ 422,508 | $ 374,558 | $ 47,950 | 12.8% |
| Investor 1-4 | 318,302 | 302,327 | 15,975 | 5.3% |
| Government insured multifamily | 154,905 | 25,940 | 128,965 | 497.2% |
| Short-term | 15,539 | 36,131 | (20,592) | (57.0)% |
| Total | $ 911,254 | $ 738,956 | $ 172,298 | 23.3% |

- Loan production totaled $911.3 million, including construction loan advances of $7.0 million, an increase from $739.0 million for 3Q25
  - 3Q26 production volume was primarily driven by healthy demand for our government insured multifamily and traditional commercial products
  - Weighted average coupon on 3Q26 HFI loan production was 10.12%, a decrease of 36 bps from 10.48% for 3Q25 due to the different product mix compared to 3Q25
- Government insured multifamily loans are originated by our capital-light subsidiary Century Health & Housing Capital and the related GNMA securities are sold to investors for cash gains shortly after closing

*Total HFI Portfolio Credit Performance*

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variance | % Variance |
| | *($ in thousands)* | | | |
| **Key Nonperforming Loans Metrics:** | | | | |
| Nonperforming loans UPB | $ 756,534 | $ 614,226 | $ 142,308 | 23.2% |
| Total UPB | $ 7,428,039 | $ 6,273,298 | $ 1,154,741 | 18.4% |
| Nonperforming loans UPB / Total UPB | 10.1% | 9.8% | 0.3% | 3.1% |

- NPLs totaled $756.5 million in UPB as of September 30, 2026, or 10.1% of total HFI loans, compared to $614.2 million and 9.8% as of September 30, 2025

*CECL Portfolio Credit Performance*

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | Variance | % Variance |
| | *($ in thousands)* | | | |
| **Allowance for Credit Losses:** | | | | |
| Beginning balance | $ 5,102 | $ 4,882 | $ 220 | 4.5% |
| Provision for credit losses | 531 | 381 | 150 | 39.4% |
| Charge-offs | (326) | (677) | 351 | (51.8)% |
| Ending balance | $ 5,307 | $ 4,586 | $ 721 | 15.7% |
| Total UPB subject to CECL | $ 1,744,942 | $ 2,111,569 | $ (366,627) | (17.4)% |
| Nonperforming loans UPB subject to CECL | $ 174,647 | $ 259,683 | $ (85,036) | (32.7)% |
| Nonperforming loans UPB subject to CECL / Total UPB subject to CECL | 10.0% | 12.3% | (2.3)% | (18.6)% |
| Allowance for credit losses / Total UPB subject to CECL | 0.30% | 0.22% | 0.08% | 40.0% |
| Charge-offs / Total UPB subject to CECL | 0.07%[1] | 0.13%[1] | (0.06)% | (41.7)% |

[1] Annualized

- Charge-offs for 3Q26 totaled $0.3 million, compared to $0.7 million for 3Q25
  - The trailing five-quarter charge-offs average was $1.0 million
- Credit loss reserve totaled $5.3 million as of September 30, 2026, an increase of 15.7% from $4.6 million as of September 30, 2025
  - Weighted average life increased resulting from a slower prepayment rate
  - CECL reserve rate of 0.30% (CECL reserve as % of HFI loans at amortized cost) was higher than the recent five-quarter average rate of 0.26%

*Real Estate Owned*

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Variance | % Variance |
| | *($ in thousands)* | | | |
| **Gain on new REO:** | | | | |
| Gain on transfer to REO — amortized cost loans | $ 1,140 | $ 2,583 | $ (1,443) | (55.9)% |
| Valuation gain on transfer to REO — fair value loans | 3,653 | 5,199 | (1,546) | (29.7)% |
| Total gain on new REO | $ 4,793 | $ 7,782 | $ (2,989) | (38.4)% |

| | Three Months Ended September 30, | | | |
|---|---|---|---|---|
| | 2026 | 2025 | $ Variance | % Variance |
| | *($ in thousands)* | | | |
| **Gain (loss) on existing REO:** | | | | |
| REO valuation loss, net | $ (8,693) | $ (6,307) | $ (2,386) | 37.8% |
| (Loss) gain on sale of REO | (72) | 152 | (224) | (147.4)% |
| Total loss on existing REO | $ (8,765) | $ (6,155) | $ (2,610) | 42.4% |

- Total gain on new REO decreased to $4.8 million from $7.8 million for 3Q25
- Total loss on existing REO was $8.8 million, compared to $6.2 million for 3Q25

*Nonperforming Loans (NPLs) Resolution*

| Total Nonperforming Loans | Three Months Ended September 30, 2026 | | | | | | |
|---|---|---|---|---|---|---|---|
| | UPB | Default Interest | Prepayment Penalty | Net Gain | Regular Accrued Interest | Servicing Advances Write-Offs | Total Recovered |
| | | | | *($ in thousands)* | | | |
| Resolved — loans paid off | $ 33,969 | $ 1,290 | $ 777 | $ 2,067 | $ 2,482 | $ (313) | $ 4,236 |
| Resolved — loans paid current | 56,079 | 623 | — | 623 | 2,695 | (127) | 3,191 |
| Total resolutions | $ 90,048 | $ 1,913 | $ 777 | $ 2,690 | $ 5,177 | $ (440) | $ 7,427 |
| Recovery rate | | | | 103.0% | | | 108.2% |

| Total Nonperforming Loans | Three Months Ended September 30, 2025 | | | | | | |
|---|---|---|---|---|---|---|---|
| | UPB | Default Interest | Prepayment Penalty | Net Gain | Regular Accrued Interest | Servicing Advances Write-Offs | Total Recovered |
| | | | | *($ in thousands)* | | | |
| Resolved — loans paid off | $ 43,596 | $ 1,540 | $ 637 | $ 2,177 | $ 3,789 | $ (358) | $ 5,608 |
| Resolved — loans paid current | 51,146 | 460 | 13 | 473 | 2,376 | (51) | 2,798 |
| Total resolutions | $ 94,742 | $ 2,000 | $ 650 | $ 2,650 | $ 6,165 | $ (409) | $ 8,406 |
| Recovery rate | | | | 102.8% | | | 108.9% |

- NPL resolutions totaled $90.0 million in UPB, compared to $94.7 million for 3Q25, and was above the recent five-quarter average of $84.7 million
- Total NPL recovery rate was 108.2% or $7.4 million of UPB resolved compared to 108.9% or $8.4 million for 3Q25. Total NPL recovery rate was consistent with the recent five-quarter average of 108.2% in UPB resolved

Velocity's executive management team will host a conference call and webcast on November 4, 2026, at 2:00 p.m. Pacific Time / 5:00 p.m. Eastern Time to review Velocity's 3Q26 financial results.

Investors and Media:
Chris Oltmann
(818) 532-3708

**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 following the completion of the conference call.

## Conference Call Information

To participate by phone, please dial in 15 minutes prior to the start time to allow for wait time to access the conference call. The live conference call will be accessible by dialing 1-646-307-1963 in the U.S. and Canada and for international callers. Callers should use the conference ID/Passcode 5566224 to join the call.

A replay of the call will be available through midnight on November 30, 2026, and can be accessed by dialing 1-800-770-2030 in the U.S and Canada. The passcode for the replay is 5566224. 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 22 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, core income before income tax, core pre-tax return on average equity 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, costs incurred from activities that are not normal recurring operating expenses, 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. Non-GAAP core income before income tax is core net income before deducting income taxes. Non-GAAP core pre-tax return on average equity is core income before income tax divided by our average shareholders' equity.

We have included non-GAAP core net income, non-GAAP core income before income tax, non-GAAP core pre-tax return on average equity 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, non-GAAP core income before income tax, non-GAAP core pre-tax return on average equity 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, some of which 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 Net Income, please refer to the section of this press release below titled "Non-GAAP Financial Measure Reconciliations to GAAP Measures" 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, prospects, 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) 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.

**Velocity Financial, Inc.**
**Condensed Consolidated Balance Sheets**
*(In thousands, except per share amounts)*

| | September 30, 2026 (Unaudited) | December 31, 2025 (Audited) |
|---|---|---|
| **ASSETS** | | |
| Cash, cash equivalents, and restricted cash | $ 109,284 | $ 249,237 |
| Total loans, net | 7,690,376 | 6,758,131 |
| Accrued interest and receivables | 196,601 | 202,477 |
| Real estate owned, net | 154,574 | 118,289 |
| Other assets | 98,737 | 53,379 |
| Total assets | $ 8,249,572 | $ 7,381,513 |
| **LIABILITIES** | | |
| Secured financing and unsecured senior notes, net | $ 560,497 | $ 286,679 |
| Securitized debt | 6,197,637 | 5,942,326 |
| Warehouse and repurchase facilities, net | 548,157 | 308,506 |
| Other liabilities | 185,555 | 168,314 |
| Total liabilities | 7,491,846 | 6,705,825 |
| **EQUITY** | | |
| Stockholders' equity | 753,298 | 672,535 |
| Noncontrolling interest in subsidiary | 4,428 | 3,153 |
| Total equity | 757,726 | 675,688 |
| Total liabilities and equity | $ 8,249,572 | $ 7,381,513 |
| | | |
| Diluted book value per share | $ 19.23 | $ 17.19 |
| Diluted shares at period end | 39,404 | 39,297 |

**Velocity Financial, Inc.**
**Condensed Consolidated Statements of Income**
*(In thousands, except per share amounts)*
*(Unaudited)*

| | Three Months Ended | | |
|---|---|---|---|
| | September 30, 2026 | June 30, 2026 | September 30, 2025 |
| Interest income | $ 169,461 | $ 160,986 | $ 144,119 |
| Interest expense — portfolio related | 101,481 | 97,627 | 88,899 |
| Net interest income — portfolio related | 67,980 | 63,359 | 55,220 |
| Interest expense — corporate debt | 14,470 | 14,469 | 6,144 |
| Net interest income | 53,510 | 48,890 | 49,076 |
| Provision for credit losses | 531 | 980 | 381 |
| Net interest income after provision for credit losses | 52,979 | 47,910 | 48,695 |
| Other operating income | | | |
| Unrealized gain (loss) on fair value loans | (64,761) | 24,483 | 30,982 |
| Unrealized gain (loss) on fair value securitized debt | 87,376 | 2,297 | (9,988) |
| Origination fee income | 10,395 | 12,154 | 9,723 |
| Other income | 16,160 | 8,144 | 6,360 |
| Total other operating income | 49,170 | 47,078 | 37,077 |
| Operating expenses | | | |
| Compensation and employee benefits | 29,164 | 25,514 | 23,300 |
| Loan servicing | 9,100 | 15,685 | 7,748 |
| Real estate owned, net | 10,590 | 6,723 | 7,931 |
| Securitization expenses | 5,595 | 4,669 | 6,433 |
| Other operating expenses | 9,420 | 7,162 | 4,985 |
| Total operating expenses | 63,869 | 59,753 | 50,397 |
| Income before income taxes | 38,280 | 35,235 | 35,375 |
| Income tax expense | 11,061 | 9,501 | 9,963 |
| Net income | 27,219 | 25,734 | 25,412 |
| Net income attributable to noncontrolling interest | 801 | 571 | 39 |
| Net income attributable to Velocity Financial, Inc. | $ 26,418 | $ 25,163 | $ 25,373 |
| Earnings per common share: | | | |
| Basic | $ 0.68 | $ 0.65 [(1)] | $ 0.67 [(1)] |
| Diluted | $ 0.67 | $ 0.64 | $ 0.65 |
| Weighted average common shares outstanding: | | | |
| Basic | 38,805 | 38,730 | 38,073 |
| Diluted | 39,388 | 39,304 | 38,800 |

(1) Basic earnings per share for the three months ended June 30, 2026 and September 30, 2025 were revised to conform to the current period presentation. The revisions had no effect on net income or diluted earnings per share.

**Velocity Financial, Inc.**
**Net Interest Margin - Portfolio Related and Total Company**
*($ in thousands)*

| | Three Months Ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2026 | | | 2025 | | |
| | Average Balance | Interest Income / Expense | Average Yield / Rate [1] | Average Balance | Interest Income / Expense | Average Yield / Rate [1] |
| **Loan Portfolio:** | | | | | | |
| Loans held for sale | $ 23,240 | | | $ 161 | | |
| Loans held for investment | 7,176,478 | | | 6,044,116 | | |
| Total loans | $ 7,199,718 | $ 169,461 | 9.41% | $ 6,044,277 | $ 144,119 | 9.54% |
| | | | | | | |
| **Debt:** | | | | | | |
| Warehouse facilities | $ 307,649 | $ 5,742 | 7.47% | $ 404,509 | $ 8,277 | 8.18% |
| Securitized debt | 6,416,495 | 95,739 | 5.97% | 5,269,788 | 80,622 | 6.12% |
| Total debt — portfolio related | 6,724,144 | 101,481 | 6.04% | 5,674,297 | 88,899 | 6.27% |
| Corporate — Secured debt | 75,000 | 2,004 | 10.69% | 290,000 | 6,144 | 8.47% |
| Corporate — Unsecured debt | 500,000 | 12,466 | 9.97% | — | — | 0.00% |
| Total debt | $ 7,299,144 | $ 115,951 | 6.35% | $ 5,964,297 | $ 95,043 | 6.37% |
| | | | | | | |
| Net interest spread — portfolio related [2] | | | 3.38% | | | 3.27% |
| Net interest margin — portfolio related | | | 3.78% | | | 3.65% |
| | | | | | | |
| Net interest spread — total company [3] | | | 3.06% | | | 3.16% |
| Net interest margin — total company | | | 2.97% | | | 3.25% |

(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.**
**Non-GAAP Financial Measure Reconciliations to GAAP Measures**
*(In thousands, except per share amounts)*
*(Unaudited)*

| | Three Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Income before income tax | $ 38,280 | $ 35,375 |
| Equity award & ESPP expenses | 2,685 | 2,154 |
| Potential M&A due diligence | 2,388 | — |
| Net income attributable to noncontrolling interest | (801) | (39) |
| Core income before income tax | $ 42,552 | $ 37,490 |
| | | |
| Average common equity | $ 748,670 | $ 623,239 |
| Pre-tax return on average equity | 20.5% | 22.7% |
| Tax effect of equity award & ESPP expenses | 1.4% | 1.4% |
| Tax effect of potential M&A due diligence | 1.3% | 0.0% |
| Tax effect of net income attributable to noncontrolling interest | (0.4)% | (0.0)% |
| Core pre-tax return on average equity | 22.8% | 24.1% |

| | Three Months Ended September 30, | |
|---|---|---|
| | **2026** | **2025** |
| Net income | $ 26,418 | $ 25,373 |
| Equity award & ESPP expenses | 1,919 | 1,564 |
| Potential M&A due diligence | 1,706 | — |
| Core net income | $ 30,043 | $ 26,937 |
| | | |
| Diluted weighted average common shares outstanding | 39,388 | 38,800 |
| Core diluted earnings per share | $ 0.76 | $ 0.69 |