ZimCal Asset Management LLC
BIMIZCI Fund LLC
C/O Cogency Global Inc.
850 New Burton Road, Suite 201
Dover DE 19904

March 13, 2026

Mr. Alvin Murstein, Chairman
Mr. Brent Hatch, Lead Independent Director
The Board of Directors
Medallion Financial Corp
437 Madison Ave, 38th Floor
New York City, NY 10022

Dear Messrs. Murstein and Hatch, and Members of the Board of Directors:

We write once again to express our acute concerns about the ongoing management of Medallion Bank (the "Bank"), a Utah-chartered industrial bank and its parent company, Medallion Financial Corp. ("MFIN"). We provided the Board of Directors (the "Board") in early 2025 a demand for records under Section 220 of the Delaware corporate law, attached (the "220 Demand"). We also sent the Board several detailed letters prior to and subsequent to the 220 Demand with overlapping concerns. All our requests were effectively ignored. We decided not to litigate over that refusal when it appeared, for a moment, that management was open to a serious conversation about how to address some of the significant issues that we had highlighted. But those discussions went nowhere and our concerns have only continued and deepened.

Moreover, it is obvious that all MFIN directors are bound by the Delaware law fiduciary duties of care and loyalty. The record of the MFIN Board in fulfilling such duties of care and loyalty including the duties of good faith, oversight and disclosure is quite poor. Indeed, the primary loyalty of the Board appears to be toward the enrichment of the Mursteins, with little or no consideration of public shareholders or the safety and soundness of the Bank which is MFIN's primary subsidiary. The Delaware duty of care requires that the Board both have a process for handling matters such as those we discuss below, and that it create and maintain a record of how these matters were handled. The failure to provide evidence of such a process suggests that the Board has no method to monitor its compliance with applicable law. This has allowed the Board to consciously ignore red flags which have signaled company non-compliance with the law and also have subjected the Bank to undue influence from its parent. These grave shortcomings must be confronted and addressed.

Background

Co-defendants, MFIN and Andrew Murstein, settled an SEC investigation in late 2024, with a final order entered on May 30, 2025, based on serious allegations of illegal touting and misleading public statements, the majority of which survived a Motion to Dismiss, as seen in the attached opinion of Judge Lewis Kaplan. Notably, despite the obvious validity of the SEC's claims and the grossly excessive time and expense endured by MFIN and the Bank as a result of that investigation, nothing was done to hold Andrew Murstein, other executives and/or Board members accountable, even an uncontroversial remedy like securing a clawback of bonus compensation from any of the directors or members of management that enabled Murstein's detrimental conduct.

The heart of the SEC's Complaint related to the inflation of the reported value of company assets, primarily to avoid the accurate reflection of MFIN's disastrous taxi medallion lending program. Yet, years later, the company continues to engage in activity that inflates the value of its assets and masks the impact of their poor performance. In short, it appears that not only has MFIN learned nothing from the SEC investigation and settlement, but it has doubled down on that conduct both at the holding company and bank levels, as we explain below. It has rejected the admonition of the current SEC Enforcement Director, made in a February 11, 2026 speech to the Los Angeles County Bar Association, that resolutions of SEC matters related to books and records and internal controls should

"chart a firmer path toward compliance." We believe this conduct violates federal securities and banking law statutes as well as SEC and FDIC regulations, and the Corporate Code and the banking law of the State of Utah. These concerns encompass four different areas.

Governance Failures

- **The Board is not truly independent**. It is entrenched. It is composed primarily of either Murstein family members or handpicked individuals who, with a few exceptions, have little expertise in the management of a bank that has its operations dominated by a limited line of high-risk cyclical consumer discretionary credit products, such as loans for the financing of recreational vehicles. Moreover, 50% of MFIN's directors have been on the board of MFIN or Medallion Bank since 2003, by any measure an excessively long time for any public company board. We are not aware of any regular analysis or benchmarking done of the Board's qualifications or tenure, either by self-assessment or independently.

- **Unethical conduct has been tolerated**. MFIN's Code of Ethical Conduct and Insider Trading Policy (as amended on February 15, 2021) is very clear. It states that employees must "[c]onduct the Company's business with honesty and integrity and in a professional manner that protects the Company's good public image and reputation. Become familiar with and comply with legal requirements and Company policy and procedures. Avoid any activities that could involve or lead to involvement in any unlawful practice or any harm to the Company's reputation or image." Plainly, the SEC investigation and public settlement did not "protect" but rather severely damaged MFIN's "good public image and reputation", and as noted below no discipline has ever been imposed on those responsible.

- **No remediation has happened**. MFIN's Compensation and Recoupment Policies called for "recoupment or clawback of cash and equity incentive compensation received by an executive officer in the event of a financial restatement or the executive officer's detrimental conduct." This disclosure was most recently made in MFIN's definitive proxy statement filed with the SEC on Form DEF 14A on May 1, 2023. On October 15, 2023, ZimCal demanded to know why the Board had not sought compensation recovery for Andrew Murstein's obvious detrimental conduct. Incredibly, in little more than a week, the Board then adopted an amended and restated Recoupment Policy on October 24, 2023, and explicitly excluded "detrimental conduct" as cause for compensation clawback. Ostensibly, MFIN asserted that the policy was amended "as required by Listing Rule 5608 of The Nasdaq Stock Market." However, nothing in Rule 5608 says (or implies) that companies may not also recoup compensation for misconduct, detrimental conduct, ethics violations, reputational harm, breach of fiduciary duty, or similar grounds. Narrowing an existing policy to *remove* detrimental conduct is not required for compliance with Rule 5608.

  The Board's refusal to apply its own Code of Ethical Conduct, as well as its after-the-fact effort to amend its clawback policy, only serves to underscore the fact that the Board has ignored (indeed, has an aversion to) red flags concerning detrimental conduct and that it is violating its duty of loyalty to the corporation. Moreover, the 2023 clawback policy amendment does not "relate back" to prior detrimental conduct by Andrew Murstein. A public company cannot disclose a policy to the SEC but then, in effect, say "never mind" when its terms become inconvenient.

  Finally, the Board must have had in place a process to evaluate, analyze and justify such a significant change. Obviously, any involvement by the Mursteins in that process would be an egregious conflict of interest. That process, if it ever existed, remains shrouded in secrecy.

  These developments raise at least the following questions:

  - What consideration did the Board give to the deletion of that language and on what basis (other than the avoidance of an actual clawback) did it delete that language?

- In connection with setting compensation, what consideration was given to the conduct of Andrew Murstein in connection with the activity leading to the SEC investigation?

- The Board's bonus criteria has changed from period to period but in MFIN's May 2, 2022, DEF14A, the Compensation Committee "chose to evaluate performance measures in a holistic manner rather than assign weights to each individual factor." What "holistic" evaluation was performed by the MFIN Board or its Compensation Committee regarding Andrew Murstein's conduct leading up to the SEC investigation and settlement?

Excessive Compensation

Andrew and Alvin Murstein were paid a combined total of $7.6 million in 2024: $5.0 million for Andrew and $2.6 million for Alvin. This level of compensation was finalized *while* MFIN was in settlement discussions with the SEC and in which it had been accused of securities fraud, touting and active misleading of both investors and its accountants. After the filing of the initial SEC complaint in December 2021, compensation for Andrew Murstein in 2022 and 2023 totaled $11.3 million. In the same period, total compensation for Alvin Murstein totaled $5.5 million.

At 90 years old, Alvin Murstein serves only in a *de facto,* honorary position of chairman of MFIN and the Bank. Moreover, as indicated by the attached analysis, Andrew Murstein's compensation taken alone is the *least* justified compared to the highest paid executives at both self-selected proxy peer companies and top-performing publicly-traded peer banks (by asset size) both in absolute terms and relative to key financial performance metrics. We compared the compensation of the highest paid executive manager or equivalent each year. We updated a select few peers to account for multiple CEOs in different periods; if the CEO changed, we combined former and current CEO compensation to ensure we were making a fair comparison. We note that since 87% of MFIN's interest-bearing liabilities are FDIC-insured we believe that FDIC-insured institutions (either within or outside the proxy peer group) provide a more accurate compensation comparison rather than MFIN's cherry-picked proxy peers.

Andrew Murstein's cash compensation *alone* in 2024 was the second highest among ALL MFIN's self-selected proxy peers. Combining both the Mursteins' total compensation and comparing to proxy peer companies, their cash compensation was the highest and their total compensation was the third highest. By comparison, the highest compensated executive among peers was the CEO of Enova International Inc., who at FYE24 was paid less than $100 more in cash compensation and only $5 million more in total compensation for generating 7.7x more in core net income at a company with a market cap 13x greater than MFIN's. Comparing both Mursteins' compensation to top performing peer FDIC-insured banks ($1BN to $5BN in assets) the Mursteins' compensation was over 5x greater at FYE24. Andrew Murstein's alone was 3.5x greater. By any comparative measure to top performing peer FDIC-insured banks, this grossly inflated compensation is impossible to justify: MFIN carries the highest charge-off rates, lowest ROAA (excluding discontinued businesses), lowest six-year average ROAA, equivalent leverage, highest CEO comp/market capitalization and an SEC fraud settlement — and that is a partial list.

Moreover, from 2018 to 2024 (the period after MFIN converted to holding company accounting treatment and, coincidentally, the period after the alleged SEC infractions), MFIN generated only $112 million in profits (dead last in its proxy peer group). But in that same period, it paid Andrew Murstein $30 million and paid his father $18 million for a total of $48 million (highest in its proxy and bank peer groups). To highlight the excessive nature of Murstein's compensation we also compared MFIN to one of the largest, and most profitable consumer-focused banks in the country, Synchrony Financial, with $120 billion in assets. In 2024, Andrew Murstein was paid only $8 million less in cash compensation than Synchrony's current CEO (and previous CEO) over the 7 year period despite only generating $112 million in earnings versus Synchrony Financial's $20.9 billion in earnings (186x greater than MFIN's performance).

These discrepancies raise the following questions:

- What analysis and/or benchmarking has the board or its Compensation Committee engaged to justify the payment of these sums to Andrew and Alvin Murstein?

- Is the board intentionally seeking out compensation consultants that are ignoring key performance metrics and/or seeking out highly paid executives to justify the Mursteins' compensation?

- What analysis did the board undertake to compare the gross amount of compensation paid to the Mursteins against the most basic levels of performance—profits or valuation multiples?

- What internal or external analysis was done to compare the compensation/performance relationship of the Mursteins to proxy peers and ZimCal-selected top performing banks in its peer group? It appears that no other bank in the comparable peer groups paid so much in cash and other compensation relative to earnings or market cap in 2024 for such underwhelming performance. This fact alone powerfully suggests that MFIN and the Bank are, in actuality, being run for the benefit of the Mursteins', and *not* for MFIN shareholders.

Improper Accounting

There are an unusual number of deviations from proper accounting for assets and liabilities appearing on MFIN's financial statements, which raise at least the following questions:

- ***Accurate Asset Valuation***. Akin to the concerns giving rise to the SEC investigation, what were the analyses that supported the inflated values of the Bank, given its deteriorating taxi medallion loan portfolio at the time?

    - Where is the valuation analysis and what comparable entities were used?

    - Why has MFIN never written down the goodwill or intangibles created as a result of this inflated value?

    - What was the basis on which the "third party expert" concluded that MFIN's goodwill as of December 31, 2024, was not impaired? What growth assumptions did they use and what inputs were their own compared to those provided by MFIN?

    - What is the identity of this "third party expert"?

    - What is the analysis behind the representations of irreconcilable collateral value adjustments for delinquent consumer loans as expressed on Forms 10Q in 2024 (detailed in the 220 Demand)?

    - Why are these inconsistent across MFIN and the bank subsidiary and why don't adjustments appear to be recorded in MFIN's consolidated income statement (detailed in the 220 Demand)?

    - Why did MFIN stop reporting these adjustments beginning in 1Q2025 only *after* MFIN received the 220 Demand, highlighting the apparent discrepancies?

- ***Inadequate Loan Loss Provisions***. Since 4Q2024 and the first three quarters of 2025, nonperforming commercial loan balances were 17%, 20%, 18%, 22% and 20% respectively of total commercial loan balances. These are mostly "mezzanine" loans, which (per MFIN's disclosures) are typically secured by a *second* position of the underlying assets. In general, the lower priority of mezzanine loans means they usually suffer the highest rate of loss given default compared to any other type of loan in the capital structure. Nonetheless, despite persistently high non-performing loans over almost a year, commercial loan charge-offs over this period have been minimal (and virtually non-existent in 4Q2025 through 2Q2025) and allowances for credit losses ("ACL") do not appear to reflect the

deteriorating credit quality. As you know, under current FASB rules regarding Current Expected Credit Losses (CECL) (ASC 326) the measurement of expected credit losses is based on relevant information about: (i) past events, including (ii) historical experience, (iii) current conditions, and (iv) reasonable and supportable forecasts that affect the collectability of the reported amount. A failure to maintain, analyze, or support an appropriate ACL in accordance with U.S. GAAP and regulatory reporting instructions is generally an unsafe-and-unsound banking practice.

- What was the methodology used to evaluate the above factors in connection with potential charge-offs of these nonperforming loans, especially because avoiding higher provisions inflates earnings?

- Why have there been no material write-offs or proportional increases in the ACL in connection with the Bank's commercial loan portfolio given the high level of non-performing loans *persisting over 12 months*, particularly given that these were inherently riskier mezzanine loans and, therefore, more likely to result in materially lower recoveries in the event of severe default?

- ***Ongoing Inadequate Disclosures.*** Prior to 2016, MFIN's primary business was a disastrous involvement in financing taxi medallions. MFIN reported in its public filings that it had not originated a new taxi medallion loan since 2015. Taxi medallion assets dropped to 2.7% of assets at FYE2021 and were <0.5% at 3Q2025. In several SEC filings, including its 2017 and 2019 annual Form 10Ks, Medallion represented that it had made a strategic shift *away* from the taxi medallion business. Accordingly, that taxi medallion business line meets the criteria of a discontinued business whose results should be currently and retroactively segregated and *not* consolidated in MFIN results (*See* FASB Accounting Standards Codification ("ASC") 205-20-45-10). Moreover, its SEC filings are required to be accurate and complete. MFIN has apparently also seemed to time taxi medallion recoveries to boost earnings when needed. This consolidation of the taxi medallion business has led to recoveries on charged off taxi medallion loans that have materially skewed MFIN's consolidated earnings *upwards,* by 40% in 2023 alone by our calculations, presenting a more profitable picture of consolidated operations, allowing MFIN to "beat" EPS estimates, and masking the deterioration in MFIN's core business lines—specifically its consumer lines from 2022 to 2025.

  - Why is the taxi medallion business line not considered a discontinued business and why do financial reports not show this clear distinction?

- ***Masking the Impact of the SEC Settlement***. MFIN settled its claims with the SEC for $3 million in the last quarter of 2024. In that quarter, according to its Form 10K, it indicated that it had entered into a Letter of Intent (LOI) to sell up to $121 million of recreational loans at a premium to par value. No details about the LOI were provided. However, it did allow Medallion to release $3.9 million of allowances for credit losses in connection with those sales, which reduced the period provision, which in turn increased earnings by $0.12 per share in 4Q2024. This completely offset the amount of the SEC settlement in the same quarter. Notably, subsequent filings indicated that no sales were consummated or expected under the December 2024 LOI (or who the counterparty was to the LOI) but MFIN noted that on April 30, 2025, it closed a sale of $52.8 million in recreational loans "consistent with" a *different* LOI signed earlier in April.

  - What does "consistent with" mean in this context?

  - What consideration and analysis did the board give to entering into the LOI in December 2024?

  - Who set the price at a "premium to par"?

  - Who was the intended buyer?

  - Was the negotiation at arm's length and what was the probability of closing certainty?

- Why did that LOI never close?

The Parent Company Is A Source of Weakness, Not Strength

MFIN is required to serve as a "source of strength" to the Bank. 12 USC 1831o-1(b) (requiring any company that is not a bank holding company and that directly or indirectly controls an insured depository institution to serve as a source of financial strength for such institution). Moreover, in its March 2020 rule proposal regarding the safety and soundness of ILCs (later adopted in December 2020) the FDIC made it crystal clear that parent companies, such as MFIN, are to "serve as a source of strength for their industrial bank subsidiaries." Actions contrary to this mandate may constitute an unsafe and unsound practice.

Underscoring that obligation, MFIN and the Bank entered into a Capital Maintenance Agreement in 2003 under which MFIN and the Bank agreed that the capital levels of the Bank will at all times meet or exceed the levels required for the Bank to be considered well capitalized under the FDIC rules and regulations, that the Bank's Tier 1 leverage ratio will be maintained at not less than 15%, and that the Bank will maintain an adequate allowance for loan and lease losses.

In this case, however, the reverse has been true and the recent SEC lawsuit has further weakened MFIN's ability to access capital markets. MFIN's holding company's operating expenses and debt service are substantial and its survival is almost completely dependent on dividends from the Bank. As recent evidence of the deleterious impact of the holding company on the bank, we can consider Medallion's apparent attempt and failure to raise debt to repay $31.25 million in senior unsecured notes in time for their maturity on February 26th, 2026. This is speculative on our part, but we believe a major impediment was MFIN's inability to secure an investment grade rating due to a heightened risk profile. We had repeatedly warned MFIN and its Board about this risk and how its funding, business decisions and overhang from the SEC lawsuit might lead to this. It is unclear to us whether repayment of the note occurred on February 26th, 2026 and if not, that would constitute an Event of Default under the Form of Note Purchase Agreement referenced in MFIN's Form 8K filed on 03/01/21. We also believe that since MFIN used cash balances to repay the $31.25 million, this significantly depletes their cash reserves and will necessitate an immediate future raise OR a substantial increase in upstreamed dividends from Medallion Bank, further weakening the Bank at the expense of the holding company.

- Was MFIN in default, even for a short period of time?
- If so, did MFIN feel it was not obligated to report this material event?
- Can MFIN prove the payment was made and applied on February 26th?
- What caused the delay between the maturity date and the filing date of the recent Form 8K (while recognizing MFIN was within the statutory filing window)?

In 2024, MFIN showed $24 million in dividend income from the Bank compared to $26.9 million in *total* dividend and interest income. The holding company must service expensive indebtedness that was 90% of its tangible book value at FYE24. In that year, the holding company reported $14.8 million in interest expense and $17.6 million in operating expenses and funded $14.1 million in stockholder dividends and stock buybacks. Simplistically, excluding accruals and non-cash items, this resulted in an annual deficit of $19.6 million. Thus, far from serving as a "source of strength" to the Bank, MFIN is actually propped up on annual basis by dividend payments from the Bank and, in their absence, would quickly become illiquid and in default. Furthermore, the Bank recently issued expensive structurally senior preferred equity despite superior reasons to raise capital via preferred or common stock at the holding company and downstream capital to the bank. We believe this decision, in part, was influenced by the debt capital market's view of the riskiness of providing debt to the holding company - bolstering the claim that the holding company is a source of weakness, not strength. As of 3Q2025, preferred equity now makes up almost 20% of MFIN's total shareholders' equity and will require $9.3 million in

annual debt (or dividend) service that must be paid before any dividends can be upstreamed to the holding company.

The Board's decisions have forced the Bank to impair its own financial health by taking on more de facto liabilities (through the issuance of preferred equity) for the benefit of a frail holding company. They also have impaired the ability of the Bank to pay dividends to the holding company, further weakening the entire structure. If a crisis event were to occur at the Bank, the holding company would be nearly helpless to assist the Bank. Most industrial and commercial bank holding companies maintain extremely low leverage and operating expenses, affording them easier access to the capital markets - or they generate income through profitable affiliate activities such that they can provide meaningful financial support to the subsidiary Bank during periods of stress. Instead, Medallion's holding company has excessive leverage and operating expenses, and no other significant, sustainable income sources.

The Bank is without support and appears to exist solely to support the holding company, thus confirming the undue influence exercised by the holding company over the Bank. That is the exact opposite of prudent management and safe and sound practices.

With respect to alternative capital issuance, we cannot know whether MFIN refused to issue common equity due to a potentially dilutive effect on the Mursteins' interest or because it would undermine the logic behind recent stock buybacks, but in any event, saddling the Bank with an unattractive and expensive tranche of preferred equity further demonstrates that the holding company is using the Bank as *its* source of strength and not the contractually mandated other way around. And this is not the first time. In the SEC lawsuit, it was alleged that the increase in the Bank's valuation was inaccurate. It is important to bear in mind that the primary beneficiaries of the improper Bank re-valuation was not the Bank but the holding company, its creditors and its stockholders. Here we saw the beginning of a pattern where the holding company used the Bank to bolster its financial position. That is an abuse of the bank's charter, FDIC deposit insurance, and access to the U.S. financial system as a bank.

Legal Conclusions

In consultation with experienced counsel, we believe it likely that the following legal conclusions are supported by the facts recited above, as well as other facts not mentioned here:

- MFIN continues to ignore SEC requirements regarding accurate disclosures of its financial condition, potentially in violation of Section 10(b) of the Securities Exchange Act of 1934, and Rule 10b-5 promulgated thereunder. Such conduct would also be in violation of the permanent injunction entered against MFIN and Andrew Murstein by the United States District Court for the Southern District of New York, dated May 30, 2025.

- MFIN refuses to enforce its own policies regarding executive compensation clawbacks, in possible violation of SEC proxy rules.

- MFIN has not and cannot act as a source of strength to the Bank, thus justifying the commencement of an administrative hearing under Section 8(e)(1) of the Federal Deposit Insurance Act calling for the FDIC to order the removal of both Alvin and Andrew Murstein as directors and officers of the Bank and prohibiting them from participating in the conduct of the affairs of any insured depository institution, including the Bank. At a minimum, this would be based on misconduct by the Mursteins amounting to a willful and continuing disregard for the safety and soundness of the Bank, as noted in Chapter 6 of the FDIC "Formal and Informal Enforcement Actions Manual."

- MFIN, acting through the Mursteins, may have engaged in dishonest conduct or gross abuse of authority or discretion such that their removal as directors is in the best interest of the Bank under Section 16-10a-809 of the Utah Code or an action by the Utah Department of Financial Institutions for the removal of the Mursteins is justified under Section 7-1-308 of the Utah Code and regulations promulgated thereunder.

We would prefer to resolve these concerns and others through discussions with you as MFIN Board members and are prepared to meet with you to review them in detail. As you see above, we have posed a number of common-sense questions for which a board that is engaged, detail-oriented and participates in a "credible challenge" process with management should have answers. We would be happy to consider those answers as we evaluate our next steps. If there is any data you feel is erroneous in this letter, we will gladly correct it. We can also provide you with the underlying data used to reach our conclusions.

We believe there is a path forward for MFIN to achieve stability and growth. It starts with discussing and answering these and other related questions. However, if you ignore this letter, as you have in the past, we intend to seek appropriate redress through other avenues including consultation with the SEC, FDIC and Utah DFI.

Sincerely,

/s/ Stephen Hodges

President, ZimCal Asset Management LLC
Manager of BIMIZCI Fund, LLC

Cc: Marissa Silverman, General Counsel, Secretary Board of Directors, Medallion Financial Corp.
Samantha Rozovsky, Chief Compliance Officer, Associate General Counsel, Medallion Financial Corp.

Enclosures:
220 Demand
Securities and Exchange Commission v. Medallion Financial Corp., et al., Opinion and Order on Defendants' Motions to Dismiss, No. 21-cv-11125 (LAK), at (S.D.N.Y. Sept. 18, 2024)