

Medallion Financial Corp's recent debt maturity and what it reveals about leadership

March 6th, 2026

What we see

Medallion Financial is struggling to access capital markets because governance failures and poor decision-making have hurt investor confidence

Key points:

- **MFIN could not refinance \$31.25 million** of HoldCo debt before its maturity on 02/26/26
- This signals capital markets' wariness of management and the board
- We believe **MFIN will raise capital** because it has depleted its holding company cash reserves - but terms will not be favorable
- We know MFIN desires an investment grade rating on its senior unsecured debt issuance, we think **that this is impossible** under the status quo, limiting the pool of potential lenders
- Poor leadership and business decisions have limited growth and valuation multiples
- This is **fixable** and investor interest can be restored

Why do we care?

\$15+ MILLION

We own \$15+ million in par preferred securities and common equity in Medallion that we believe would be worth several million dollars more if Medallion was run the RIGHT way with the RIGHT leadership

5 YEARS

We invested 5 YEARS AGO, when Medallion had a \$41 MILLION YTD LOSS through 3Q20 with the stock dropping to \$1.32 in July 2020. Most wouldn't go near them but we saw the potential and our investment has done well BUT could be much better

**ZERO
 ACCOUNTABILITY**

In 16 years of investing, **we've never pressured a public company to improve**, and prefer working WITH management teams BUT we've also never seen a company President sued for securities fraud and lying to auditors, and not held accountable by the board

**SAY NOTHING
 CHANGE NOTHING**

Without us saying something, Medallion won't change, investors will stay skeptical, multiples won't improve and its President (now CEO) won't give up his tens of millions in compensation, his company car, his driver, country club membership etc. – all paid for by stockholders

What's the latest example of terrible management decision-making?



\$31.25 million in debt issued by MFIN's holding company (not the Bank) matured 02/26/26. MFIN couldn't find anyone willing to lend it money before maturity

In Sept 2024, we warned the Board that “[a]s long as MFIN lacks credibility, its growth opportunities will be capped due to restricted access to capital markets.”

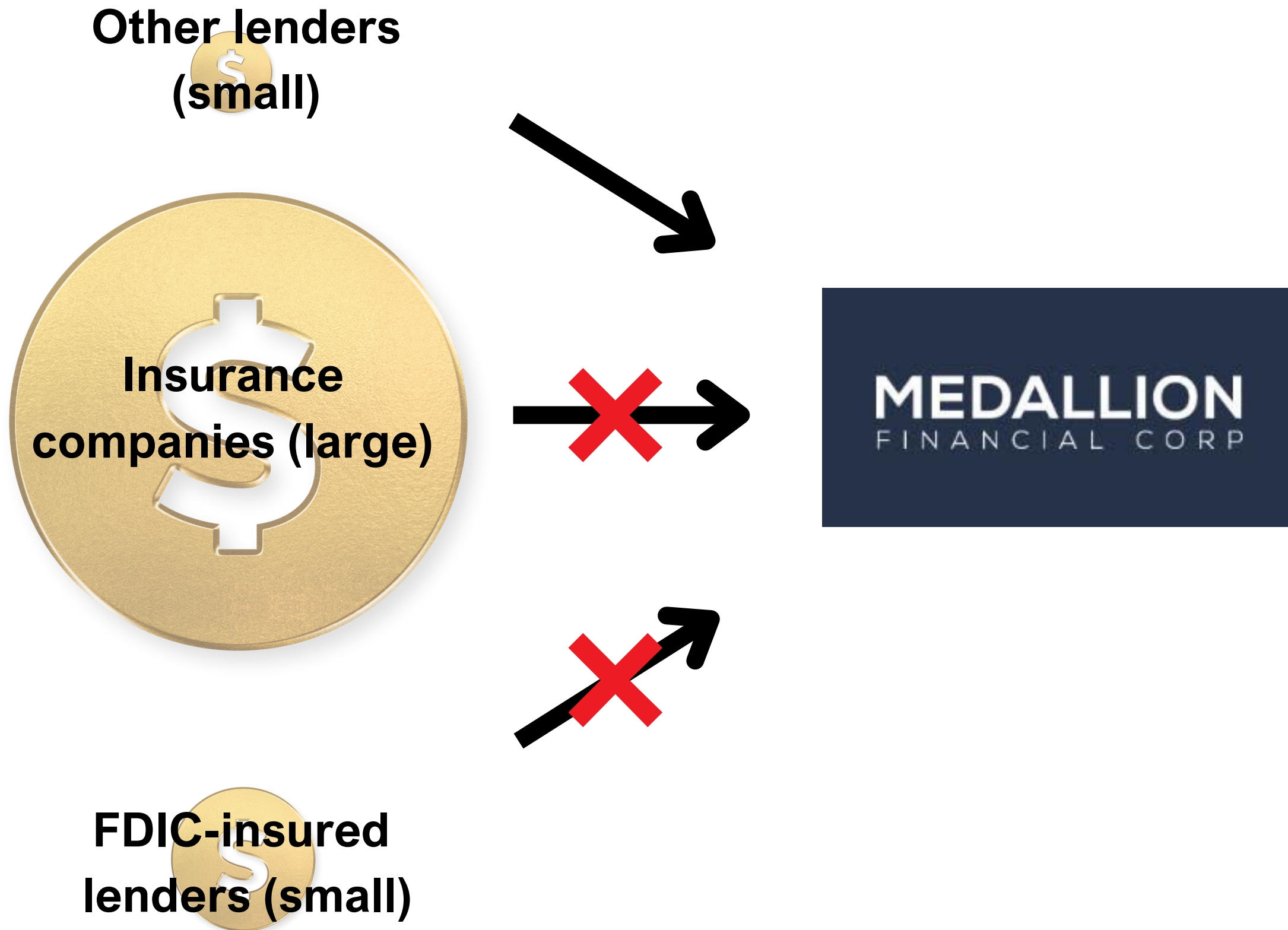


In our last presentation we said, “Bank preferreds [equity] raise overall risk substantially, including pushing up to covenants in MFIN's senior notes, raising debt costs and possibly jeopardizing [MFIN's] debt ratings”



MFIN announced on **March 2nd, 2026** that it had repaid its notes at maturity. Since no debt terms were announced, this must have been paid using cash balances

Poor choices by MFIN's leadership have limited potential lenders



Egan-Jones has historically rated MFIN's debt issuances but their ratings are being viewed with much more skepticism

Over \$30 million in extra, structurally senior preferred equity negatively impacted the risk profile of Medallion

MFIN's poor choices have made an investment grade rating difficult for its unsecured debt, limiting the number of possible lenders - specifically insurance companies and banks

A poor rating, or lack of one, would be a negative for MFIN's outstanding debt

MFIN's depleted cash balances will have to get replaced

Parent Company Statements of Cash Flow Pro Forma (Most Recent Data Available)

	Annual 10K Actual 12/31/24	ADJUSTMENT	Annual Pro Forma 12/31/24
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income/net decrease in net assets resulting from operations	35,878	0	35,878
Net cash used for operating activities	(24,709)	0	(24,709)
CASH FLOWS FROM INVESTING ACTIVITIES			
Net cash provided by investing activities	27,788	0	27,788
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from funds borrowed	10,000	0	10,000
Repayments of funds borrowed	(3,000)	(31,250)	(34,250)
Treasury stock repurchased	(4,606)	0	(4,606)
Dividends paid to shareholders	(9,394)	0	(9,394)
Payment of withholding taxes on net settlement of vested stock	(944)	0	(944)
Proceeds from the exercise of stock options	259	0	259
Net cash (used for) provided by financing activities	(7,685)	(31,250)	(38,935)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS			
EQUIVALENTS			
Cash and cash equivalents, beginning of period	31,001	0	31,001
Cash and cash equivalents, end of period	26,395	(31,250)	(4,855)

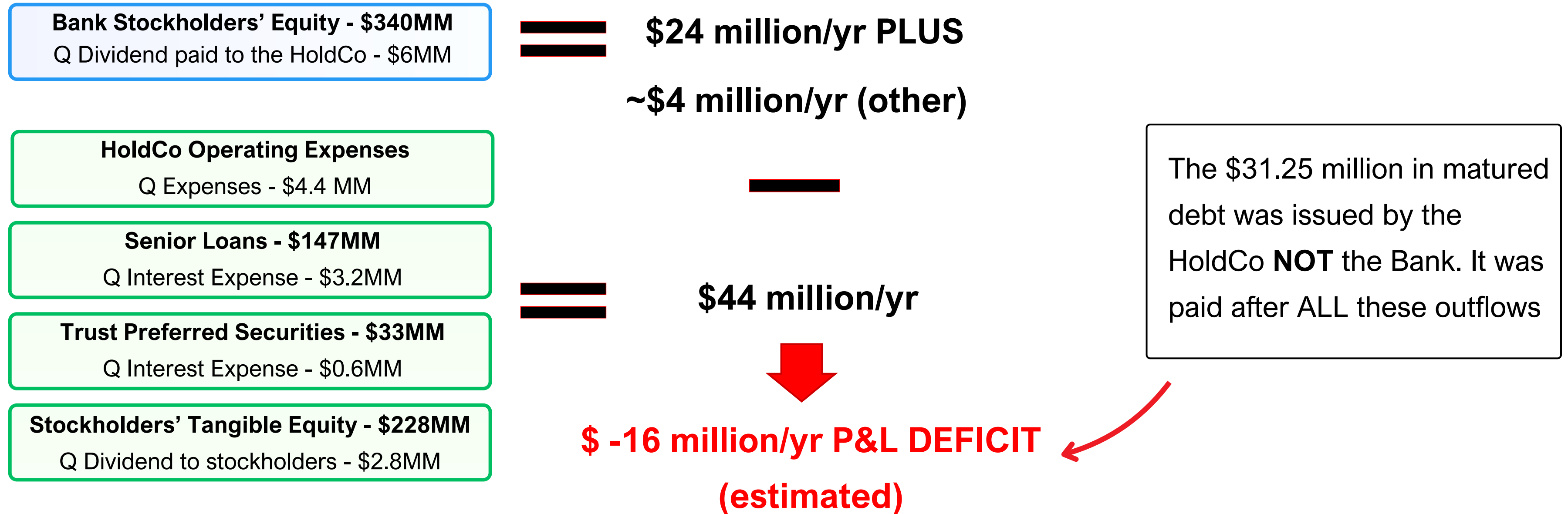
Using MFIN's most recent HoldCo CASH FLOW data (FYE24) we can see what the impact of the \$31.25 million debt payment would have been on **cash balances.**

We believe cash flows were similar in FYE25 and 1Q26, so **Medallion will be cash flow negative** and will need to **take more from the Bank, or raise debt or equity.** MFIN cannot earn enough to replace the cash AND grow its loans

Source: Medallion Financial 2024 10K. Parent Co./HoldCo financial statements are only provided once a year in MFIN's 10K. 2025 10K has not been filed.

Let's Zoom in on how the HOLDING COMPANY covers its cash outflows

How cash moves inside Medallion *(annualized data as of 3Q25)*



Recall: Medallion Bank (95% of MFIN) is a separate entity regulated by the FDIC. It must maintain a **minimum 15% leverage ratio** (tier 1 equity/total assets). **Medallion Financial is the HOLDING COMPANY** and 90% of its “revenue” is from **Medallion Bank dividends**. This is essentially the **only way profits** from the bank can flow to the HoldCo. It doesn't matter how much profit the bank makes, what matters is the allowable amount of the upstreamed dividend. Regulators control all capital movements and can stop dividends to the HoldCo in times of stress - which would lead to a catastrophic default. The bank **cannot pay dividends to its holding company** if its leverage ratio is below 15% or if it doesn't pay its preferreds

So what happens now?

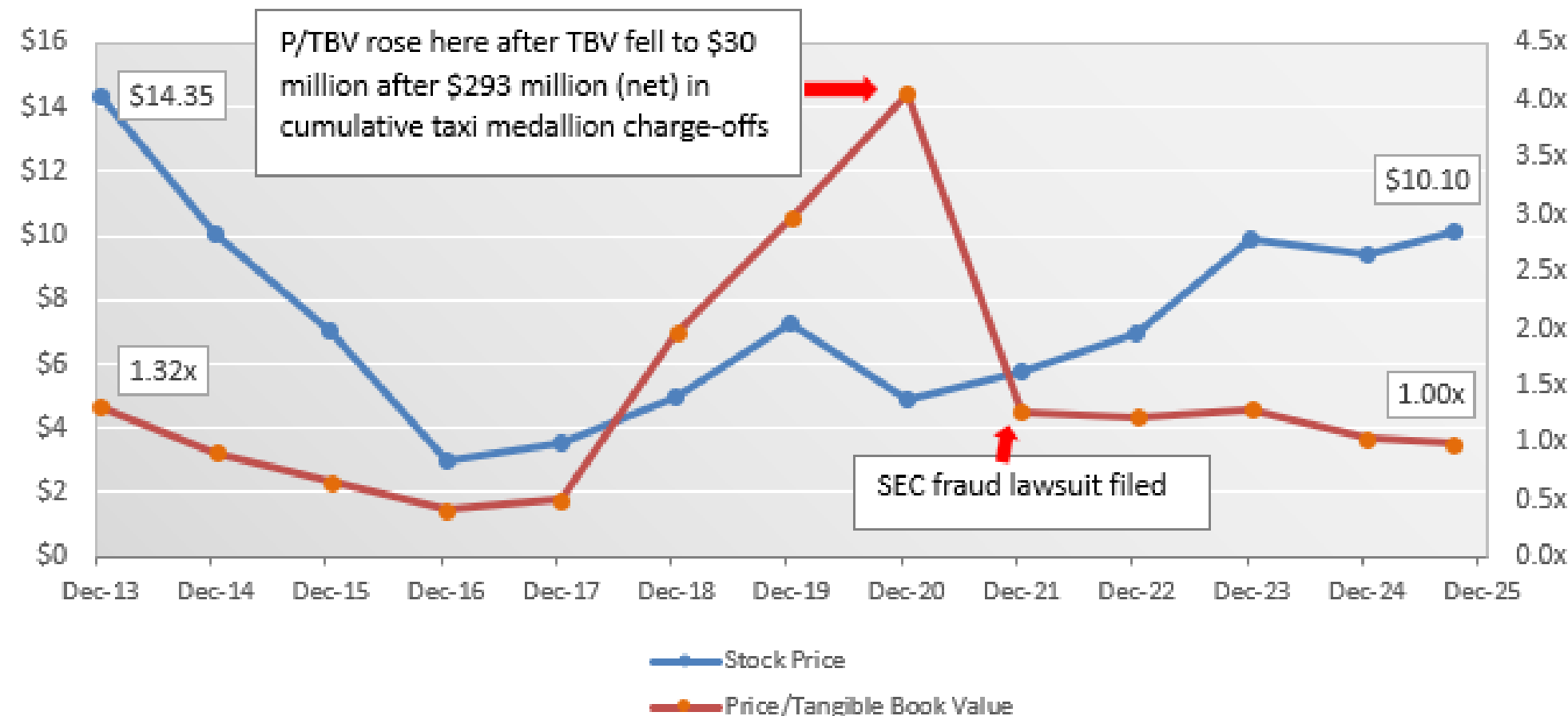
Medallion will need to raise debt or equity - and we believe it will do so soon with expensive rates/terms

- ➔ When investors make decisions, they have a lot of choices and integrity in leadership **AND** strong performance matters
- ➔ For investors that do their homework, it is a huge risk lending to an illiquid, SEC-tainted company like MFIN when they have so many other options. This view can be DIRECTLY traced back to the decisions by MFIN's directors and management
- ➔ SEC fraud stink is insurmountable for any CEO/President. You must read the brutal denial of Medallion's motion to dismiss, by Judge Kaplan, [here](#) so you understand the extent of how bad it really was (or ask Chat GPT to summarize it)
- ➔ The board should be looking out for stockholders but is controlled by the Murstein family and their friends - **avg. director tenure is 18 years, 3 of 8 directors are members of the Murstein family, 5 of 8 are 80 or older**. If Murstein wants to run Medallion like a family business and pay himself \$6, \$7, \$10+ million, he should take Medallion private
- ➔ There are no CEOs/Presidents we are aware of in the Russell 2000 that have kept their roles after an SEC fraud lawsuit against them - especially with poor loan growth, little stock appreciation and weak **core earnings**
- ➔ Medallion's core business profits are [declining](#), held back mostly by excessive corporate overhead and debt that **Medallion Bank is forced to cover**. It can't earn back the cash AND grow its balance sheet, so will need to raise debt or equity

Medallion has destroyed valuation multiples since 2013

We think Medallion stock could be worth at least 50% more in the near-term and much higher in the long-term but ONLY with strong, innovative leadership and a tech-first business plan

MFIN Price and Price to Tangible Book Value - Year-Ending 12/31/13 to 3Q25



Source: FDIC UBPR and S&P Capital IQ - MFIN stock peaked at \$17.74 on 11/19/13 and YEAR-END TBV peaked at ~\$270 million

\$15.00 ?
In 2026
1.30x P/TBV ?
Improved core profits, better strategy and multiple expansion would turbocharge the stock price

MFIN market cap is at or below TBV and analyst profit and revenue expectations in 2026 are weak. Thanks to management, MFIN stock is down 40% from its 2013 peak AND TBV is also below its 2013 peak

What can Medallion do to attract investors?

It's easy to criticize and not provide solutions. We HAVE PROVIDED solutions several times over the last 3 years. We even gave the board a 35-page plan. They refused to listen. The following list is not exhaustive - but it shows a few no-frills, basic things that need to be done

- It all starts at the top - Medallion needs good governance and decision-makers looking out for stakeholders not themselves
- **Investors need to trust that good decision-makers are in charge**, ready to thrive in a rapidly changing world
- If the board and management don't want to listen, adapt and improve - they can sell the bank subsidiary to someone who will
- **If the Mursteins want to continue paying themselves \$8, \$9, \$10+ million EACH YEAR**, and treat the company like their personal piggy-bank, they should take Medallion private. Then they can do whatever they want
- Major tech investment is CRITICAL. We go into all the ways Medallion should be investing and using technology [here](#)
- The Medallion Bank subsidiary is a tremendous platform with a lot of potential
- Management shouldn't get participation trophies – they should get thrown out if they're bad and get paid well if they're good
- Incentives need to reward the right behavior and the board needs to hold management accountable
- Bonus goals should not be laughably easy and instead should be tied to long-term value creation in Medallion's **core businesses**
- Base salaries should be much lower (\$500,000 is a reasonable cap for **ALL EXECUTIVES**) with bonus compensation multiples higher but tied to both strong, sustainable performance and valuation increases **OVER TIME** (e.g. more options, less cash and stock grants)
- Stop the fat 3-year employment contracts and multi-million change-in-control payments to executives that entrench them
- The holding company and its excessive expenses need to stop being a **PARASITE** on the back of the reliable Bank subsidiary
- The entire board should be up for re-election every year so stockholders can vote them out if they're not doing their job
- The board needs independents – not friends and family - with a lower average age and relevant consumer and tech experience
- The board should exercise its clawback authority and return excessive executive bonuses to its shareholders

This last point is worth repeating

The board should exercise its clawback authority and return excessive executive bonuses to its shareholders

- The board is allowed to clawback bonuses for “detrimental conduct” - which the issues in the SEC lawsuit clearly were
- This simple act would not only add ~10% to market cap and reward stockholders, but would also show **accountability and integrity**

Conclusion

MEDALLION MUST:

Install strong leadership

Restore trust

Hold executives accountable

Be upfront with investors

Implement common-sense improvements

... and valuation will increase

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