

How Medallion Financial Corp is Being Held Back From its Huge Potential

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 the Company 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

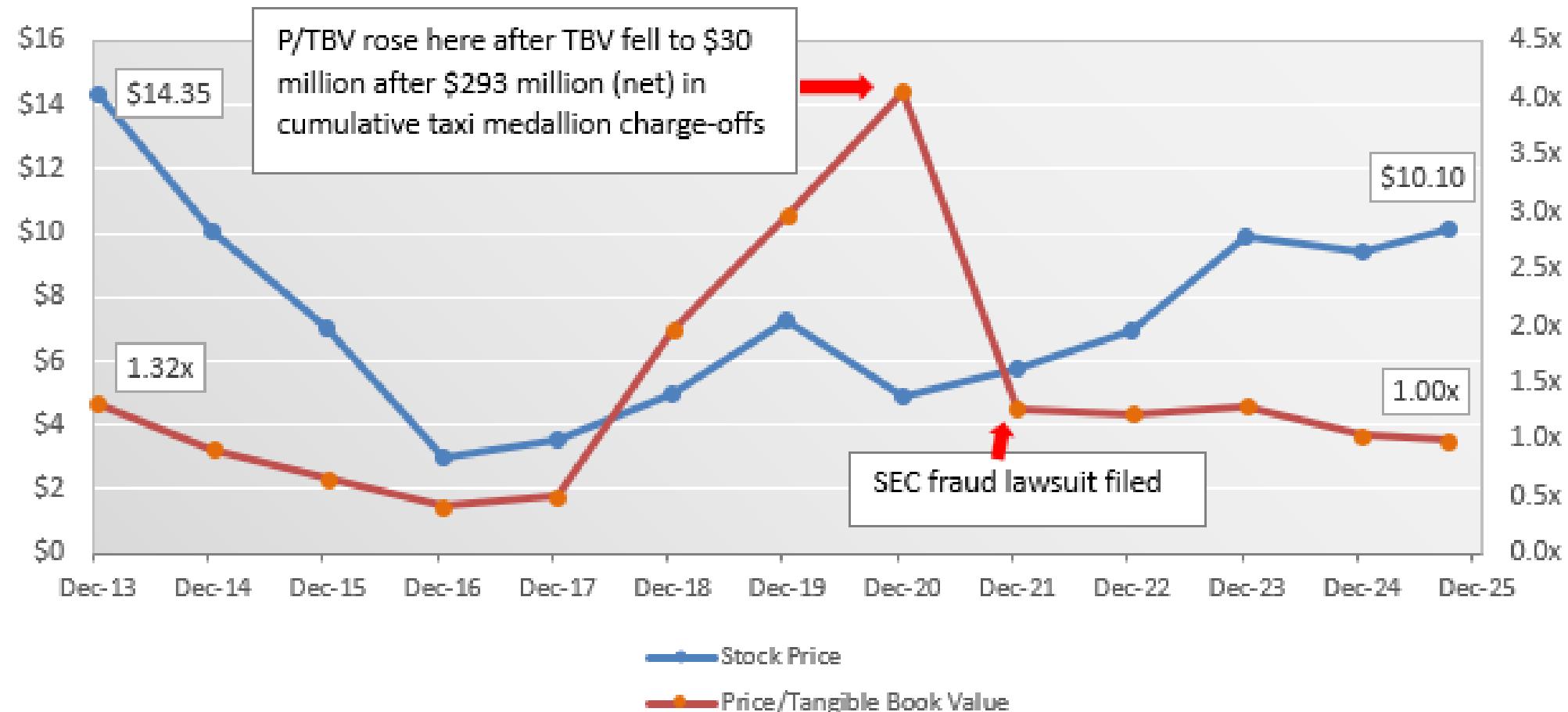
**SAY NOTHING
 CHANGE NOTHING**

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

Medallion's valuation is being held back

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 - Quarter-Ending 12/31/13 to 09/30/25



Source: FDIC UBPR and S&P Capital IQ - MFIN stock peaked at \$17.74 on 11/19/13

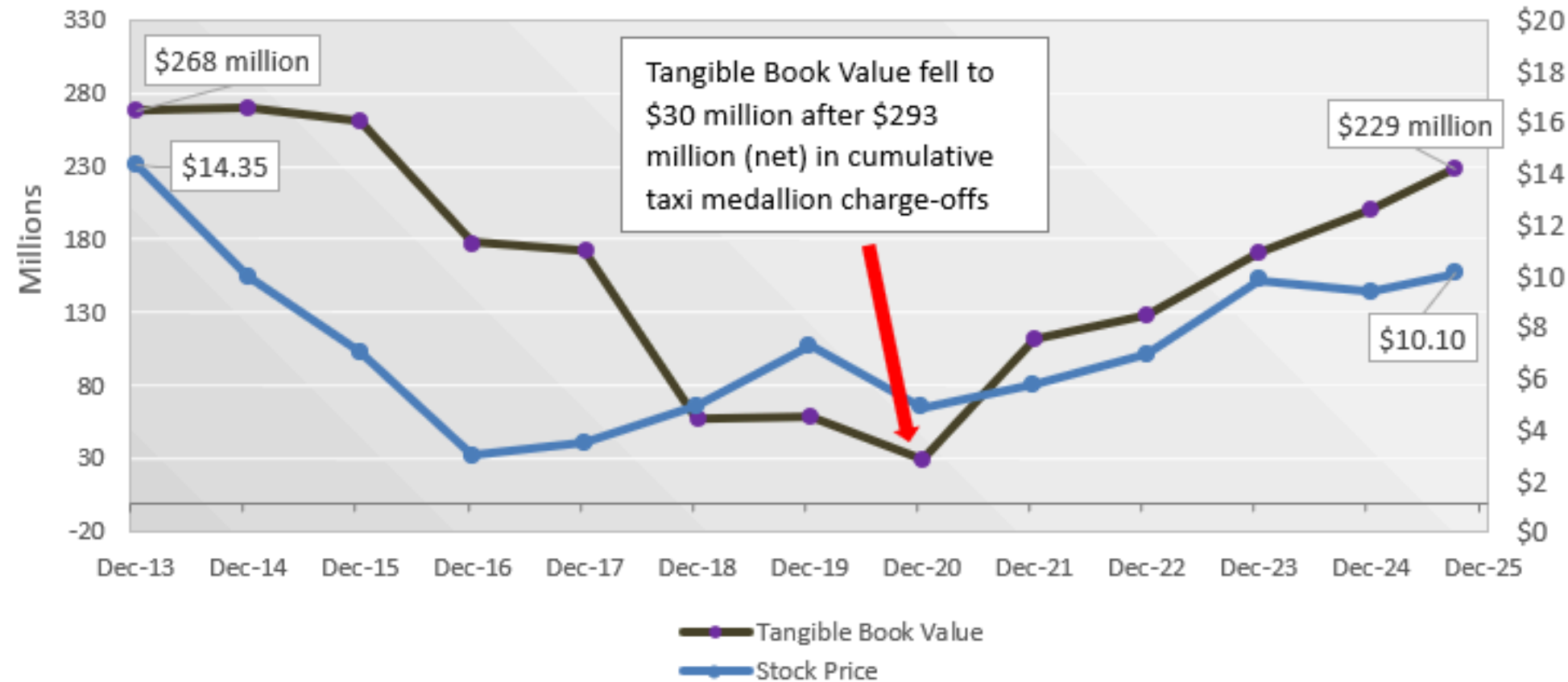
\$15.00 ?
In 2026
1.30x P/TBV ?
Improved core profits, better strategy and multiple expansion would turbocharge the stock price

Next we'll show exactly how poor, self-serving decision-making by Medallion's President, Andrew Murstein, and a rubber-stamping board are holding the platform back from greatness

How has Medallion performed in the long run?

Let's compare Medallion now to its valuation peak in 4Q13 (stock hit \$17.74 on 11/19/23)

MFIN Price and Price to Tangible Book Value - 12/31/13 to 09/30/25
Price and P/TBV only measured at quarter-end



Source: FDIC UBPR and S&P Capital IQ - MFIN stock peaked at \$17.74 on 11/19/13

- Stock price is down 40% from its peak and flat, even as market indices hit new high after new high
- Tangible book value is STILL BELOW 2013 YE
- Stock price is only recently up because TBV is up (from simple profits) but the multiple is DOWN
- At FYE14, avg. consumer loans = \$424MM, consumer net profit = \$20MM. At 3Q25, consumer loans = \$2.35BN, consumer net profit = \$28MM annualized (MFIN didn't provide 2013 data)
- Consumer loan balances up 5.5x but consumer profit is only up 1.4x..... In 12 YEARS

Source: 2014 consumer earnings from MFIN's 2014 Annual Report

Consumer loans are 95% of Medallion's TOTAL loans and their underperformance - caused in part by being forced to support excessive corporate overhead and fat executive bonuses - is unsustainable

So what happened and why has Medallion done so badly in the long run?

Led by Andrew Murstein, Medallion made *really* bad loans

Most of the long-term value destruction was caused by really bad taxi medallion loans to a lot of borrowers that could never make enough to pay them back.

Uber/Lyft are just a fad, and what taxi medallion bubble?

Uber and Lyft exploded and destroyed taxi medallion values. Murstein ignored the data and news reports that all said "GET OUT OF TAXI MEDALLION LENDING"

Let's make hope our strategy, bury our heads in the sand, and attack our critics

4Q16 - 3Q25, Medallion charged off \$263 MILLION. Instead of reducing risk ahead of the crash, **Murstein ignored it and paid people to disguise their identities and attack Medallion's critics and post flattering online "research" on Medallion.** One contractor posted over 1,000 times. Per the SEC, in desperation and to avoid default, Murstein then allegedly committed more acts of securities fraud

But bonuses are the biggest *ever* and there were no consequences

Andrew Murstein was paid \$34 million (2016 to 2024) as losses grew and TBV was decimated. Since 2021, MFIN has made profits but it's still below 2013 valuations. But bonuses have been huge and 5 executives were paid \$47 million from 2021-2024 **EVEN WITH CORE PERFORMANCE DECLINING**

Why does this matter? Because it's the MAIN reason Medallion's valuation multiple is so low

- ➔ When investors make decisions, they have a lot of choices and integrity in leadership **AND** strong performance matter
- ➔ 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 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
- ➔ For investors that do their homework, they won't take the risk on an illiquid, SEC-tainted stock when they can just buy a liquid ETF or top performing consumer lender. Serious institutional investors would never pitch this stock internally
- ➔ 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 has a leader who is comfortable lying. Andrew Murstein lied back in 2015 – 2018 and he lied about us in 2024 (see [here](#)). Worse - he was never held accountable for **HIS OWN POOR DECISION-MAKING**. This does not inspire confidence

The denial of Medallion's motion to dismiss the SEC case was... forceful

“the [SEC’s complaint] “contains more than sufficient allegations to support the claim that Murstein and Medallion Financial misled investors by withholding information material to Medallion Bank's fair value.”

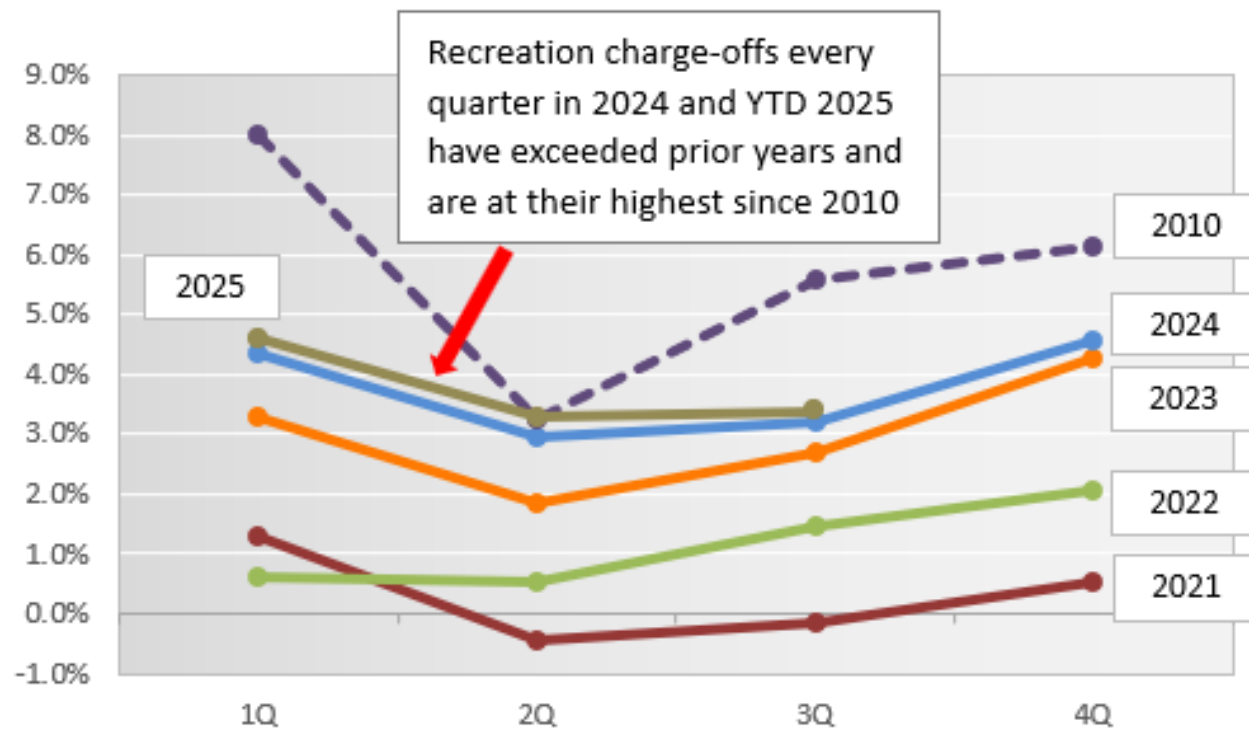
“Such allegations verge on ‘deliberate illegal behavior,’ and at least demonstrate Murstein’s ‘knowledge of facts . . . contradicting [his] public statements’”

This last quote was in the SEC complaint and shows how Andrew Murstein had plenty of warning about how bad the taxi medallion loans could get

“The volatility introduced by ride-share means that, in the best case, the bank only loses millions of dollars working through it. Worst case, we lose hundreds of millions—and the odds of this outcome remain too high”
- internal email from Medallion executive to Murstein 4Q2016

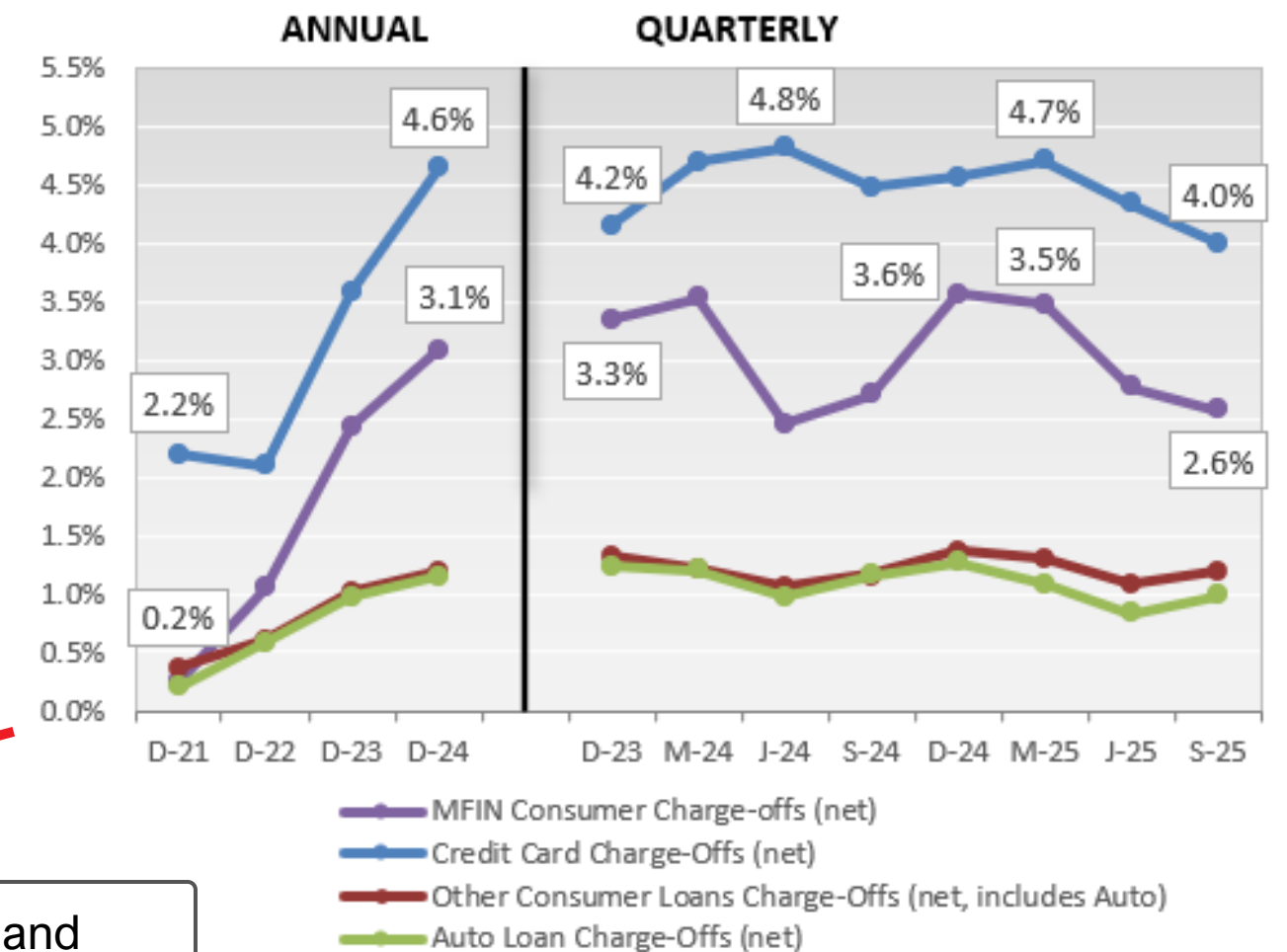
Now let's take a look at performance

Recreation charge-offs are at their highest since 2010



Recreation is 62% of total loans. \$556 million of Rec is non-prime. If Medallion isn't proactive and buries its head in the sand, this will hurt more. **Rec charge-offs are at their highest since 2010. Allowances for credit losses have also increased - but are they enough?**

Medallion Consumer Charge-Offs (net) in context



Medallion charge-offs are seasonal and worst in 4Q and 1Q. This chart shows how losses have tracked much riskier bank credit cards rather than much less risky auto loans. Medallion has to get relatively high rates on its loans - this is why

The valuation multiple is much worse than peers (as of 3Q25)

Medallion Financial P/TBV	1.0x
Peer Group P/TBV (median)	1.5x
Commercial Lenders \$1-\$5BN Assets P/TBV	1.2x

Peer group chosen by Medallion Financial

Looking at more numbers...

ACCURATE breakdown of Segment Results re-allocating all overhead/ corporate expenses and assets to each Segment (YTD through 3Q25)

INCOME STATEMENT	Recreation	Home Improvement	Commercial Lending	Taxi Medallion Lending	Corp. & Other	Consolidated
Total interest income	155,132	60,357	11,325	243		227,057
Total interest expense	38,382	21,633	3,462	66		63,543
Allocated Corporate Net Interest Income	(1,893)	(998)	(142)	(2)	(11)	(3,046)
Net Interest Income	114,857	37,726	7,721	175	(11)	160,468
Provision for loan losses	48,914	8,904	7,440	(3,126)		62,132
Allocated Provision for loan losses	0	0	0	0	0	0
Income Before Non-Interest Expense	65,943	28,822	281	3,301	(11)	98,336
Other income (loss)	1,853	7	16,260	3,373		21,493
Other expenses	(30,094)	(14,285)	(4,372)	(2,643)		(51,394)
Allocated Corporate Overhead	(5,749)	(3,007)	(447)	(6)	(39)	(9,248)
Other income/expenses (net)	(33,990)	(17,285)	11,441	724	(39)	(39,149)
Net income (loss) before taxes	31,954	11,537	11,721	4,025	(50)	59,187
Income tax (provision) benefit	(9,860)	(3,569)	(3,734)	(1,233)	16	(18,380)
Net Income (loss)	22,093	7,969	7,987	2,792	(35)	40,807
Total NCI/Preferred Equity Dividend (Bank)	4,009	2,091	314	4	28	6,446
Redemption of NCI Preferred Equity	2,197	1,116	181	2	18	3,515
Net Income (loss) after NCI	15,888	4,761	7,492	2,786	(80)	30,846
ROAA (adj.)	1.19%	0.68%	7.20%	197.69%		1.43%
ROAE (adj.)	8.86%	5.08%	53.68%	1476.16%		10.72%

3 things become clear right away

We reallocated corporate overhead to the business segments **proportional to avg. loans** in each segment. This shows the estimated burden of corporate overhead and expensive holding company debt on each segment.

ROAE was weak already but dropped to 8.9% for Recreation and 5.1% for Home Improvement. Home Improvement is super prime/solid credit but excessive expenses are dragging it down

Unpredictable “gains on equity sales” in Commercial contributed **\$11 million in aftertax earnings!** Taxi Medallions (a discontinued business) contributed only \$2 million less in earnings than the \$810 million in Home Improvement loans!

MFIN 3 mo. Avg Trading Volume - **42.6K**

Medallion 2026 Earnings Estimates (as of Jan 2026) - **DOWN 5%**

Russell 2000 2026 Earnings Estimates (as of Jan 2026) - **UP 45%**

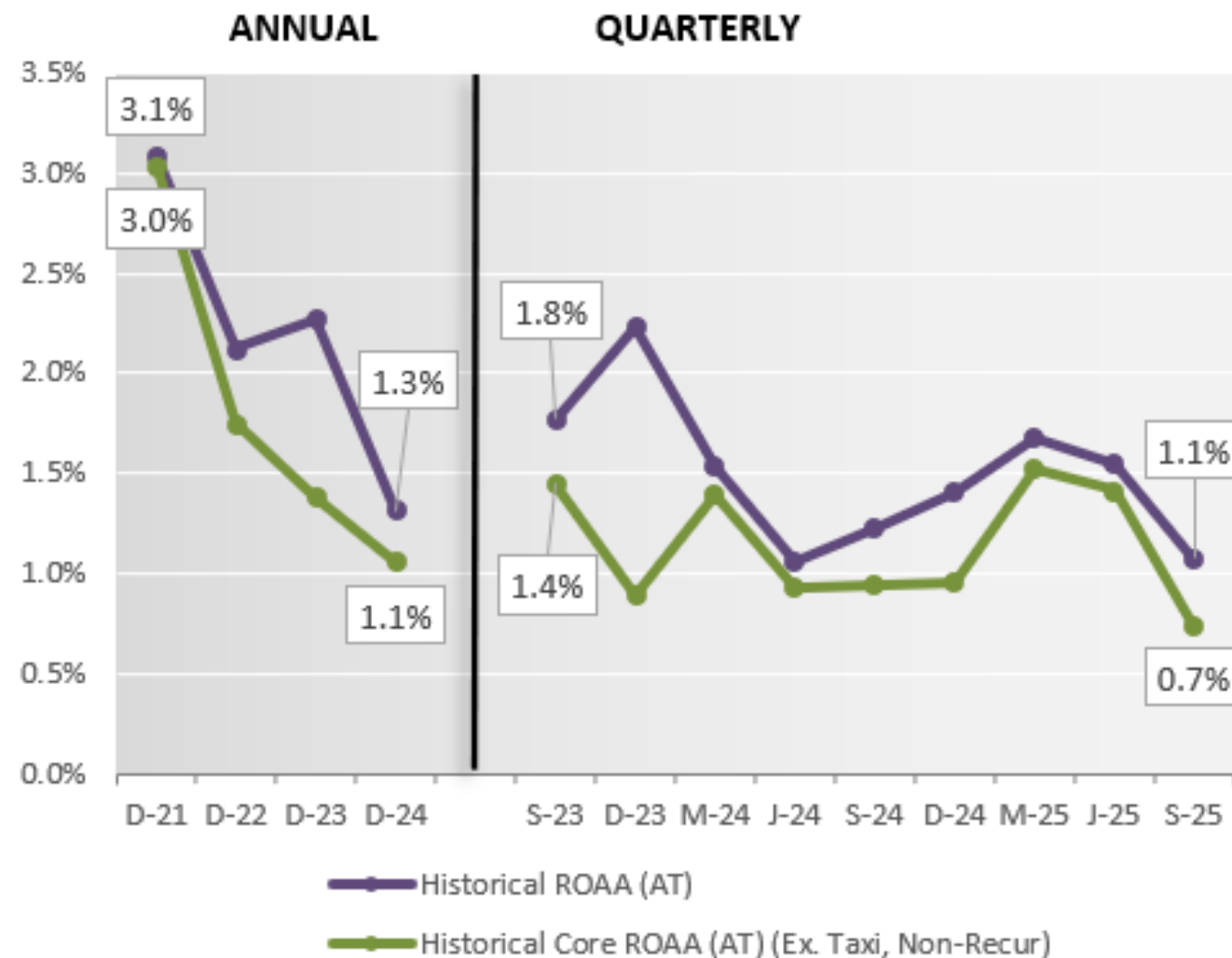
Medallion analyst coverage - **2**

Medallion analyst coverage by large/known firms - **0**

The results are similar for prior quarters and prior years. The core consumer business is struggling and getting weaker

And finally, the last of the numbers

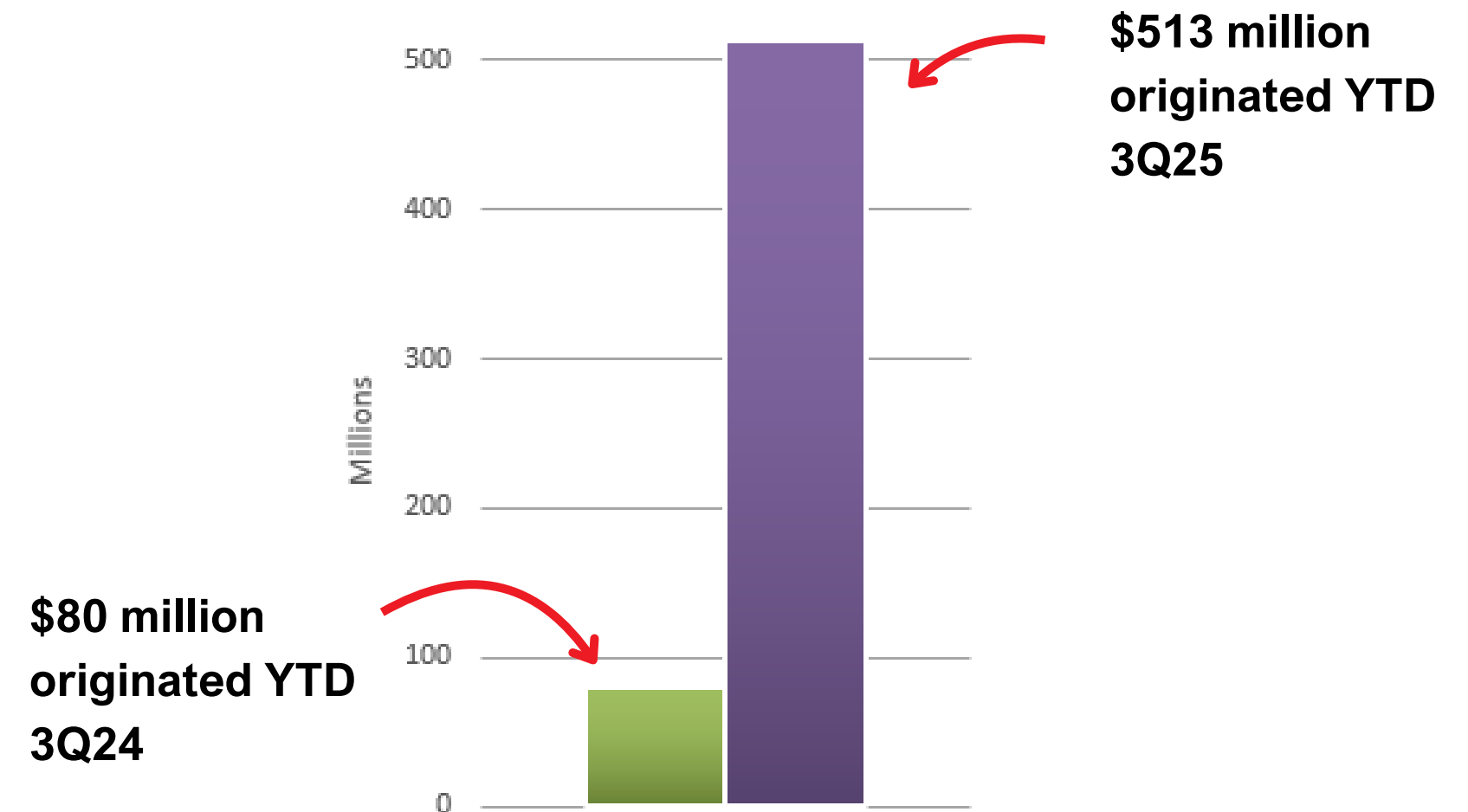
Reported and CORE ROAA and ROAE are DOWN because expenses have gotten worse even as loans have grown (CORE excludes Taxi Medallion impact)



Given a declining ROAA that is now as low as much less risky **commercial bank ROAAs** - why does management feel entitled to tens of millions in compensation? This is also why P/TBV is low

Source: Medallion Financial 10K/Qs

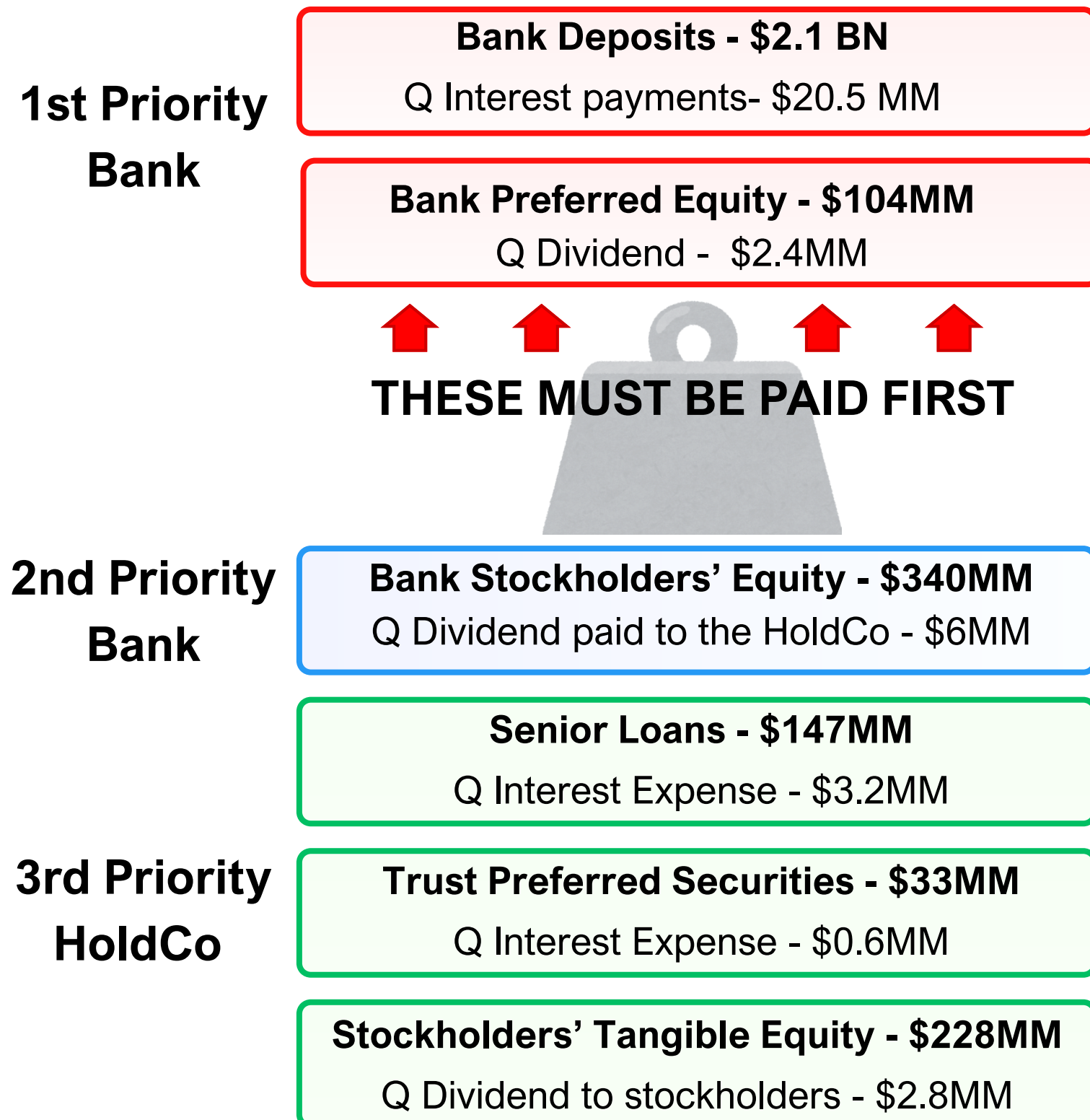
Strategic Partnerships aren't making Medallion any money!



Strategic partnership loans are a **waste of time and resources**. \$513 million in loans YTD 3Q25 only generated \$3.5 million in interest income and fees. With interest expenses and estimated onboarding expenses - **each loan is likely LOSING money**

The preferred equity raise - management's most recent bad decision

The new preferred raise was done poorly (data as of 3Q25)



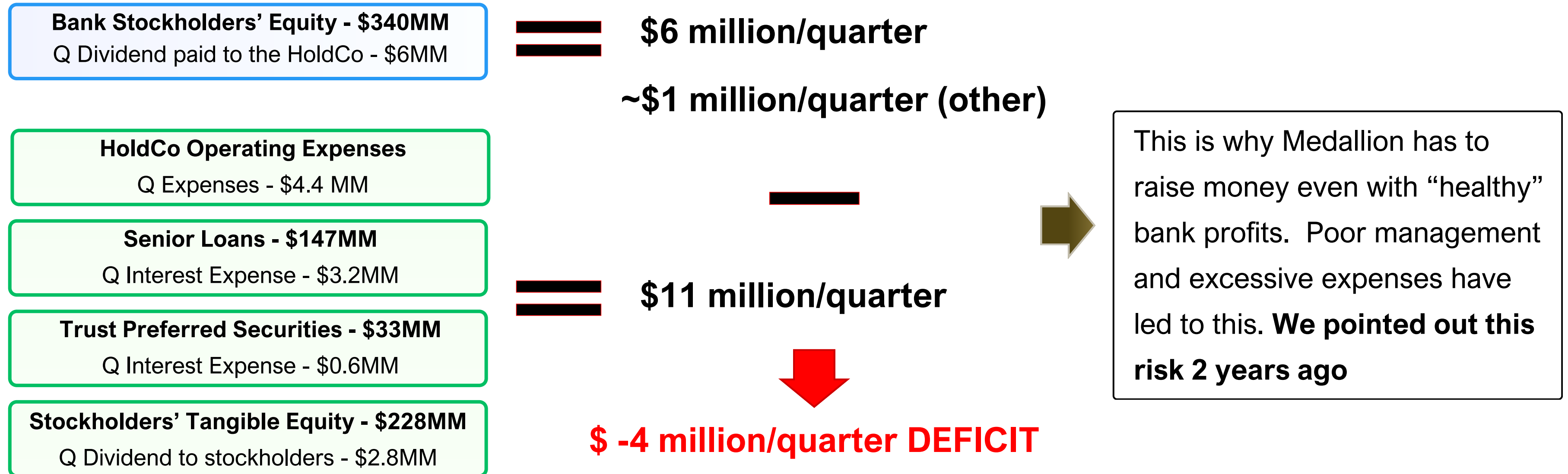
- ➔ Medallion owed \$46 million in preferred equity at a ~11% dividend
- ➔ Medallion wanted to refinance, so it issued \$77.5MM in 9% non-cumulative preferred equity at the BANK

➔ **This was a poor decision for many reasons:**

- **Bank preferred equity is STRUCTURALLY SENIOR** to the \$180 million in holding company loans, and contractually **MUST** be paid before the HoldCo dividends
- “Non-cumulative” dividends mean nothing. If Medallion skips dividends it is not allowed to get money to its holding company to pay its loans and expenses
- **Without money from the bank, Medallion would soon default on its loans**
- Medallion issued an extra \$31.5MM more than it needed to refi. They basically layered on an extra \$31.5MM in liabilities despite ~0% asset growth
- This \$77.5 million included ~\$7 million in underwriting/legal fees - this is **INSANE**
- Preferred dividends are **not tax deductible** so 9% is approx. a 12% loan rate
- Lenders Medallion's size are borrowing subordinated (high risk) loans at less than 7% and they're not paying 10% in fees/legal
- Bank preferreds raise overall risk substantially, including pushing up to covenants in MFIN's senior notes, raising debt costs and possibly jeopardizing its debt ratings
- Medallion should have raised capital at the holding company and **downstreamed the cash** to provide Tier 1 Capital to the Bank
- Even better, Medallion should have retained its “record earnings” and used those

Let's Zoom into how the HOLDING COMPANY covers its expenses

How cash moves inside Medallion (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

The Good, the Bad, and the Ugly

- Medallion lost \$35 million in 2020, it will make ~\$35 million in 2025
- Assets have grown 76% in 5 years
- Taxi medallions are not a drag on earnings
- Medallion Bank is solid, and even with underperforming consumer, would be okay if it didn't have to support high corporate expenses
- Net interest margin is stabilizing/improving
- The SEC lawsuit is finally over

- TOTAL charge-offs have flattened - driven by Home Improvement
- Consumer is making a profit but its ROAA can't support growth
- Medallion refuses to engage with us so we can help them improve
- Medallion keeps adding executives - isn't \$26.5 MILLION in 2 years paid to 5 executives enough!?
- They keep adding expensive debt and preferred equity
- Borrowers Medallion's size are borrowing at much cheaper rates
- Most new institutional investors will not take the risk on management

- Andrew Murstein is still calling all the shots
- The board is Murstein family run and entrenched
- Recreation charge-offs are getting worse and are at a 15 year high
- **Non-performing commercial loans are almost 20% of the segment**
- Technology is still an afterthought - it should be priority #1
- Strategic partnerships sound great but Medallion is losing money
- SEC lawsuit stink is not going away
- ROAA and ROAE are DOWN
- HoldCo expenses are out of control

THE GOOD

THE BAD

THE UGLY

We could keep going with the BAD and UGLY but instead, let's look at how to boost Medallion's valuation

What can Medallion do to improve its valuation?

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 needs 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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