



# Investor Presentation

Medallion Financial Corp.  
May 2020

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# About Medallion Financial

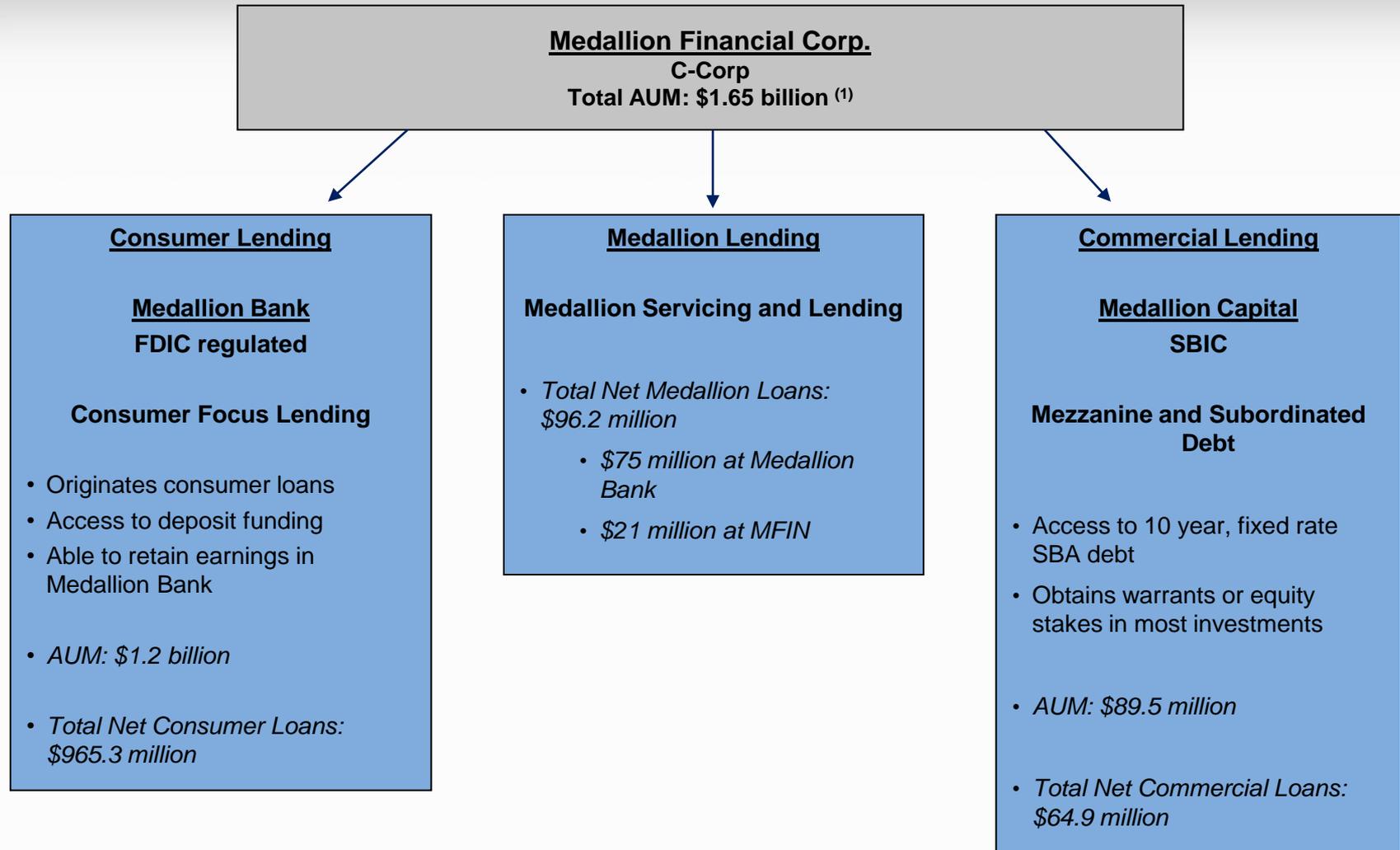
- MFIN, with its wholly-owned subsidiary Medallion Bank, is a growth-oriented publicly traded finance company with leading positions in niche markets including recreational/home improvement lending and commercial lending
- Total assets under management were \$1.65 Bn as of 1Q 2020
- Highly profitable consumer lending segments at Medallion Bank consistently growing as percentage of overall managed portfolio
- MFIN has lent more than \$8.9 billion dollars since its initial public offering in 1996
- Management focusing long-term efforts on growing consumer and mezzanine lending segments, while reducing medallion exposure in orderly fashion
- Medallion Financial continues to closely monitor COVID-19 and the effect on all loan portfolios, the extent to which the outbreak will impact our operations continues to depend on future developments



# Investment Highlights - *Transformation Underway*

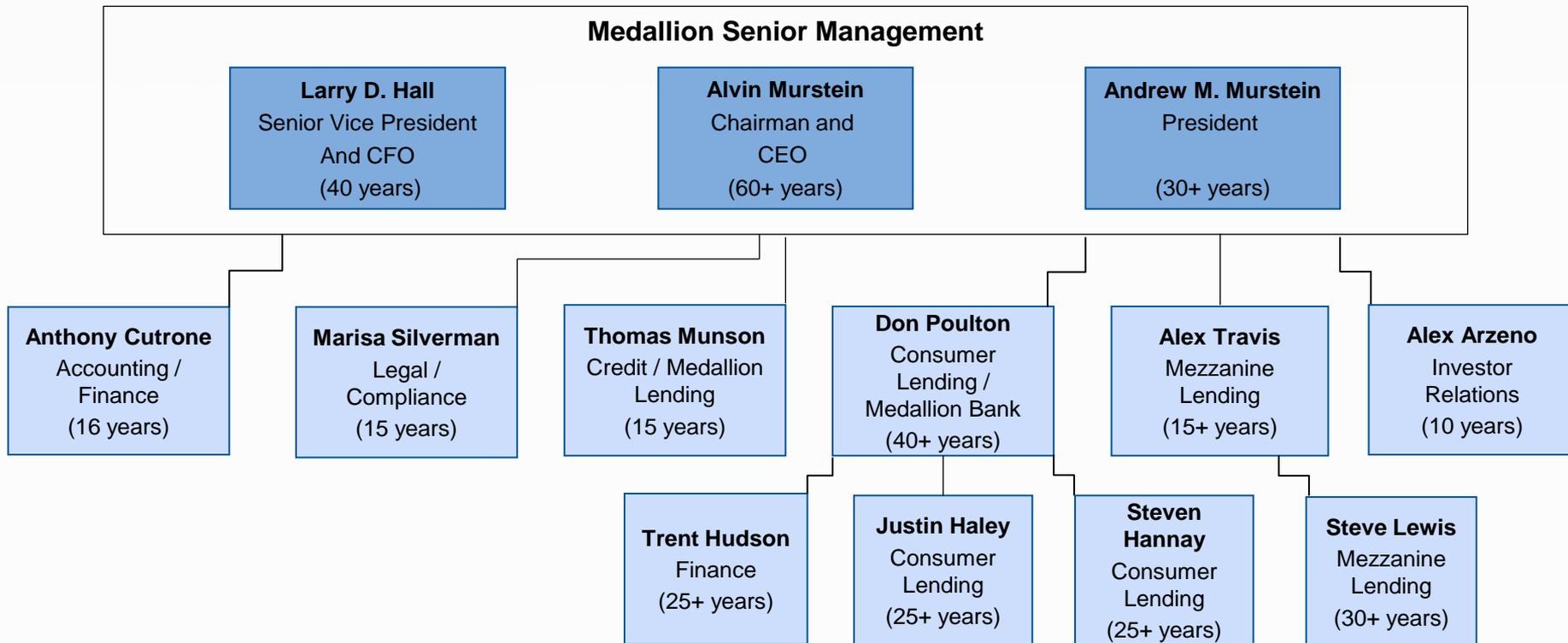
- **Growing consumer finance segment at Medallion Bank since 2003**
  - Utah Industrial Bank Charter
  - Strong underwriting in all credit cycles - \$443.5M of consumer loan originations in 2019
    - \$103.1M of originations in 1Q 2020 compared to \$90.3M in 1Q 2019
  - As of March 31, 2020:
    - Net consumer portfolio size of \$965.3 million
    - Additionally, sold \$420 million of receivables since June 2016 at a significant premium
    - Extremely high ROE
    - Strong net interest margins quarter after quarter
- **Significantly reducing medallion exposure to concentrate on profitable segments and drive long-term value**
  - Medallion Financial began running off the portfolio in September 2014
  - 31% decrease of net portfolio from 1Q 2019 to 1Q 2020
- **Profitable mezzanine segment since 1998**
- **Management team with deep credit experience**
  - 17% + insider ownership aligns management with shareholders

# Current Organizational Structure



(1) All numbers as of March 31, 2020

# Deep and Experienced Management Team

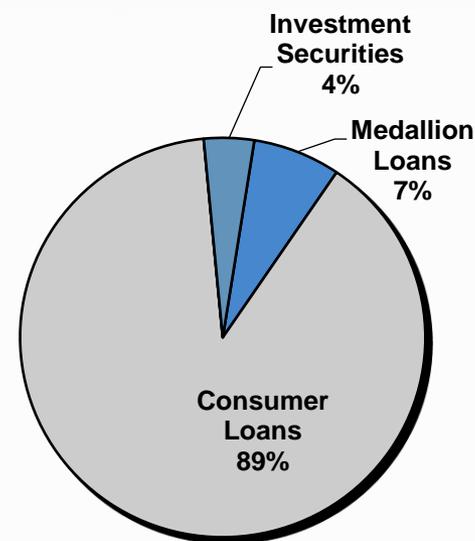


# Medallion Bank Overview

**Medallion Bank is MFIN's primary business and represents 79% of MFIN's total consolidated assets as of 1Q 2020**

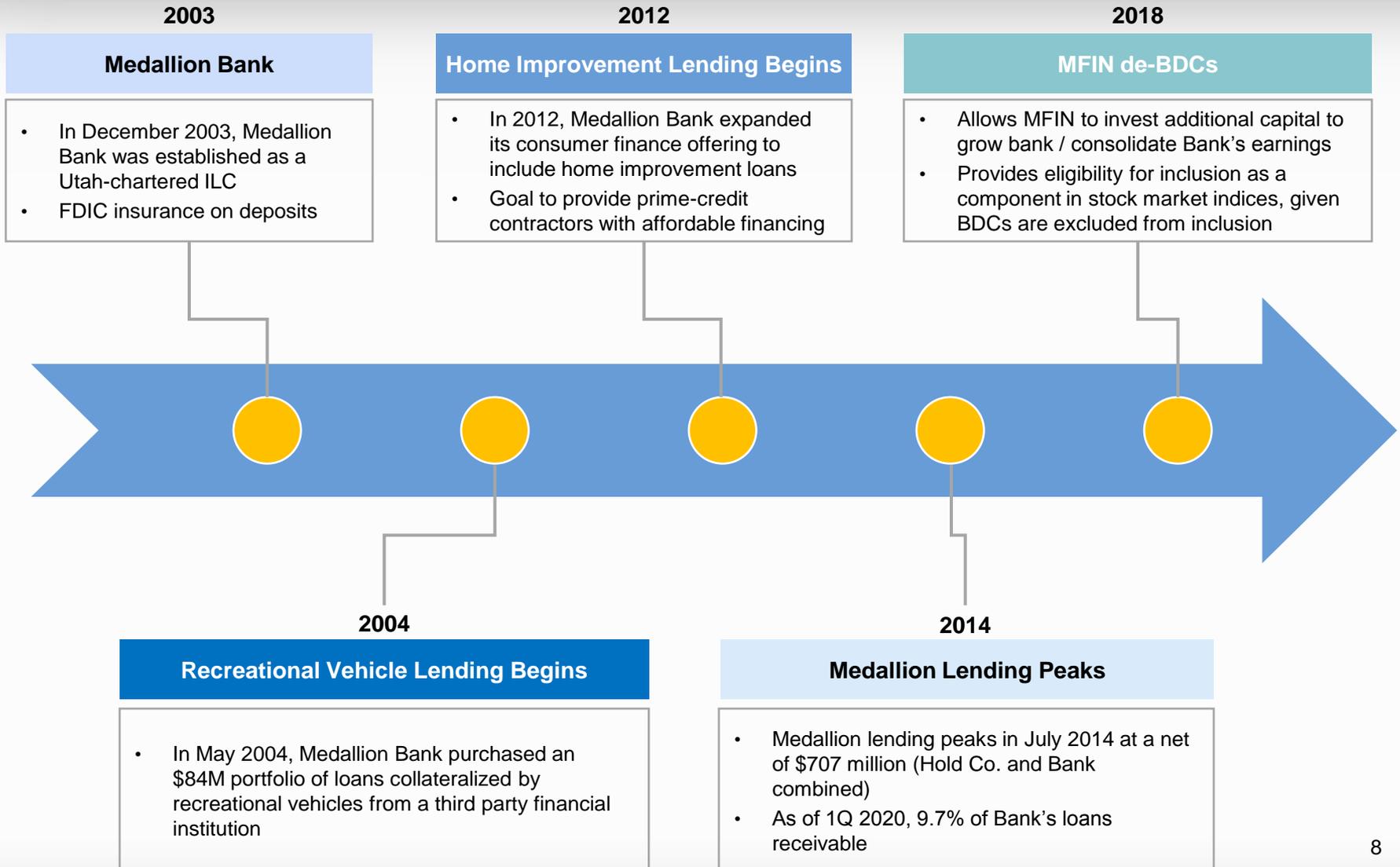
- Wholly-owned subsidiary based in Salt Lake City, Utah providing Medallion Financial with low cost funding
- Industrial Bank, also known as an Industrial Loan Company (ILC) – regulated by FDIC and Utah Department of Financial Institutions
- Significant experience in originating consumer loans for recreational vehicles, boats, trailers, and small-scale home improvements (historically originated medallion loans)
- Total assets of \$1.2 billion as of March 31, 2020
- Net interest income for 1Q 2020 was \$27.8M
- Consumer recreation loan portfolio grew 20% from 1Q 2019 to 1Q 2020
- Consumer home improvement loan portfolio grew 32% from 1Q 2019 to 1Q 2020

**Net Medallion Bank Investment Portfolio Breakdown as of March 31, 2020**



**With \$224 million in capital at the end of 1Q 2020, Medallion Bank remains well capitalized**

# Evolution of Medallion Bank

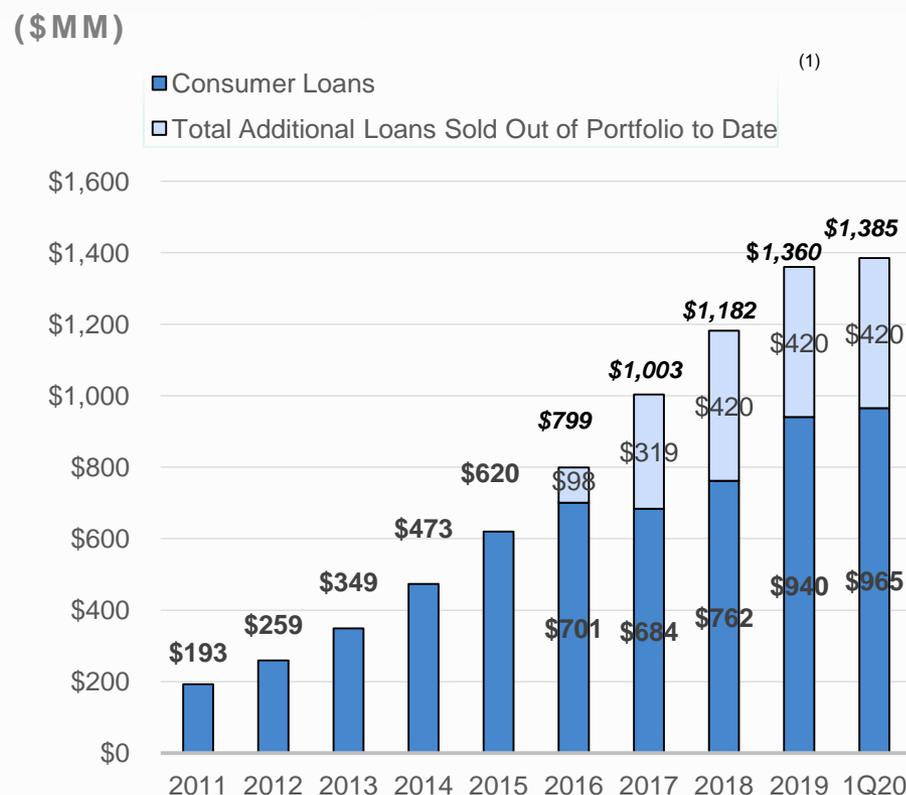


# Consumer Lending – Significant Growth Driver

## Consumer Lending Highlights

- \$965.3M, or 85%, of Company's total net loans at 1Q 2020
- Originated by Medallion Bank
- Sold \$98 million of loans in 2Q 2016, \$94 million in 1Q 2017, \$127 million in 4Q 2017, and \$101M in 3Q 2018
- Loans collateralized by recreational vehicles, boats, and trailers located in all 50 states, and also finances small-scale home improvements
- Generally fixed payment amortizing loans with a typical term of around 10 years
- Sourced through dealer / contractor relationships
- Weighted average gross yield of 14.42% at 1Q 2020

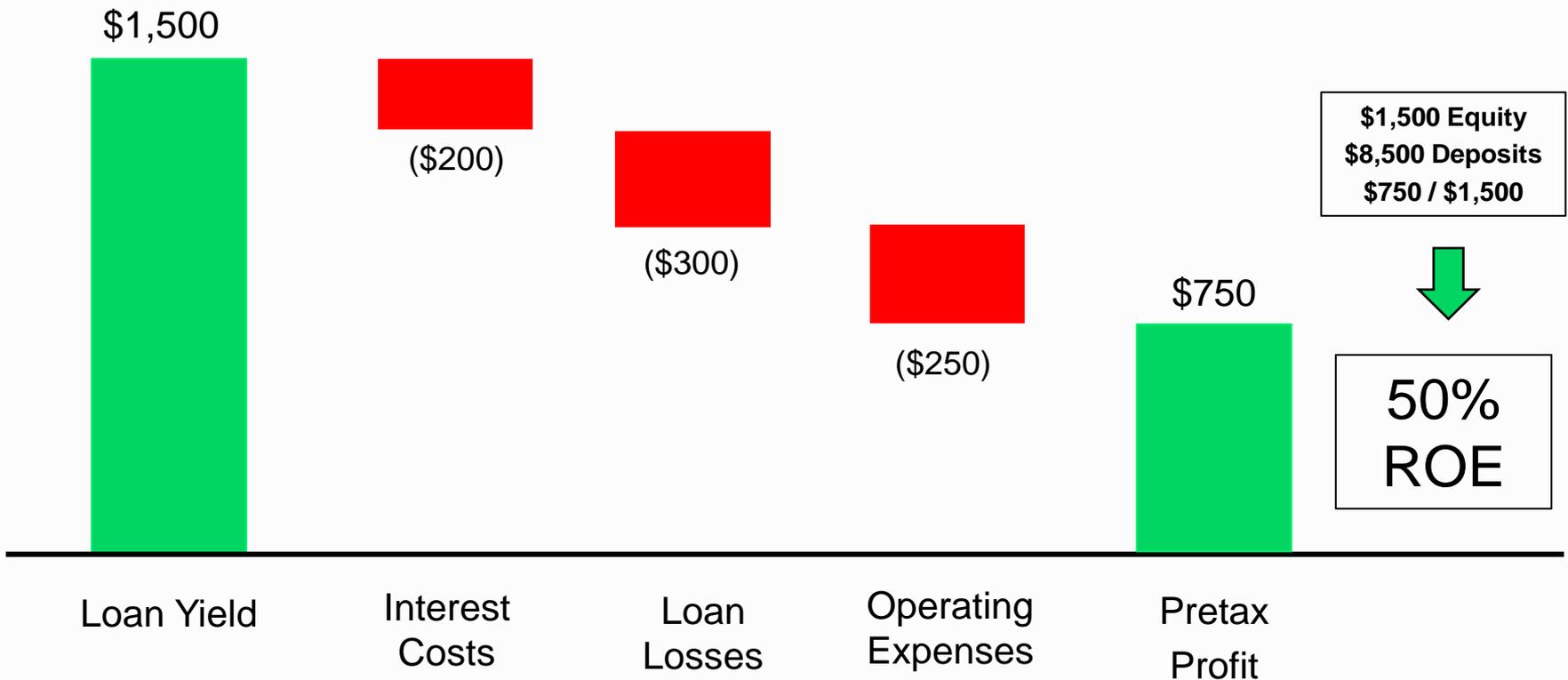
## Net Consumer Loan Portfolio



(1) Amounts shown do not reflect any principal payments made on the sold loans subsequent to the loan sales

# Consumer Loan Economics – 50% ROE

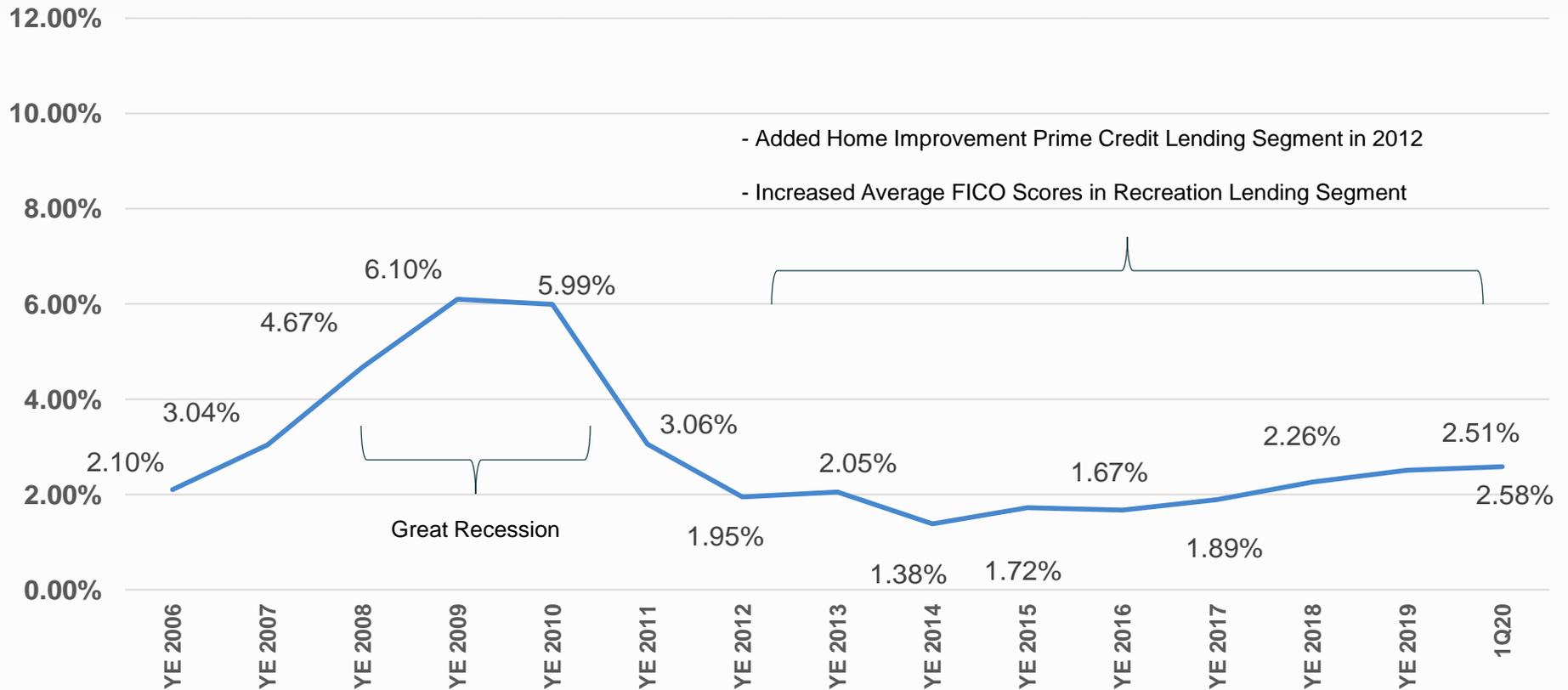
## Consumer Lending Return on New Hypothetical Recreational Vehicle \$10,000 loan



# Consumer Lending – *Stable and Conservative Underwriting*

Managed through Great Recession and returned to pre-Recession levels by end of 2011

## Medallion Bank Consumer Loan Charge-offs as a Percentage of Total Portfolio

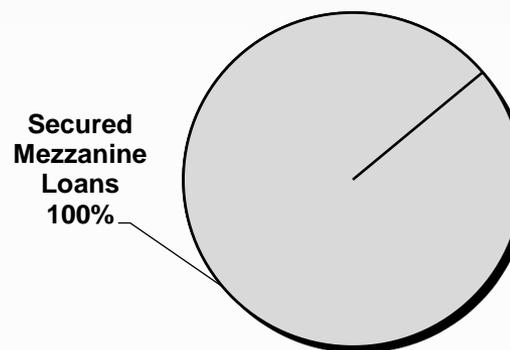


# Medallion Capital / Commercial Lending

## Medallion Capital Highlights

- \$89.5M total assets at the end of 1Q 2020<sup>(1)</sup>
- \$39.9M in capital at the end of 1Q 2020
- Minneapolis based, average deal size: \$3M
- Floating, adjustable, and fixed-rate loans generally secured by equipment, accounts receivable, real estate, and other assets
- Secured Mezzanine Loans:
  - Origination of both senior and subordinated loans to businesses in a variety of industries, including: manufacturing, business services, consumer products, technology, distribution and arts / entertainment
- Medallion Capital is closely monitoring its portfolio companies, many of which have taken appropriate steps to ensure they obtain the liquidity needed to move forward as a result of COVID-19 through the federal relief programs they qualified for

## Total Net Commercial Portfolio as of March 31, 2020



**Total Net Commercial Loans:  
\$66.4M or 6% of Company's Total Net Loans**

## Glance at Medallion Capital Results

(millions)	2016	2017	2018	2019	1Q20
Equity	\$38.8	\$41.2	\$42.1	\$40.3	\$39.9
Earnings (Pre-tax)	\$8.1	\$11.8	\$6.3	\$3.7	\$0.5
ROE <sup>(2)</sup>	22%	30%	14%	7%	4%

*(1) Includes loan of \$5.6M to RPAC Racing, LLC which is eliminated in consolidation  
 (2) ROE (annualized) represents net income after taxes or net increase in net assets resulting from operations, divided by average shareholders equity at Medallion Capital*

# Medallion Lending – *Managing the Portfolio*

## Medallion Lending Highlights

- Medallion-related assets represent 9% of total assets
- Total net portfolio of \$96.2 million as of 1Q 2020, 31% decreases from 1Q 2019
- Loans backed by medallions as collateral and personal guarantees
- Weighted average interest rate of 4.21% on the consolidated portfolio as of March 31, 2020
- To date, Medallion has reserved for, and charged-off, over \$240 million in medallion loans
  - Significant potential recoveries available
- The impact of COVID-19 is being significantly felt in the taxi industry
  - As a result of the current stay-at-home orders shutting down businesses and travel in our relevant markets, taxi ridership demand has sharply declined

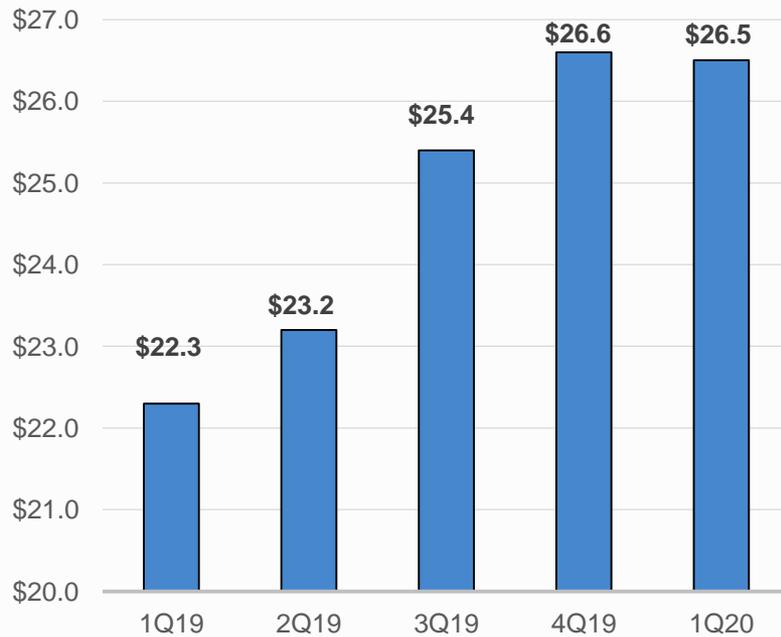
## Market Concentration (including Bank) at 1Q 2020

Market	% of Portfolio
New York City	90%
Newark	10%
Chicago	<1%
Other	<1%
<b>Total Medallion Loans</b>	<b>100%</b>

# Growth in NII / Strong NIM

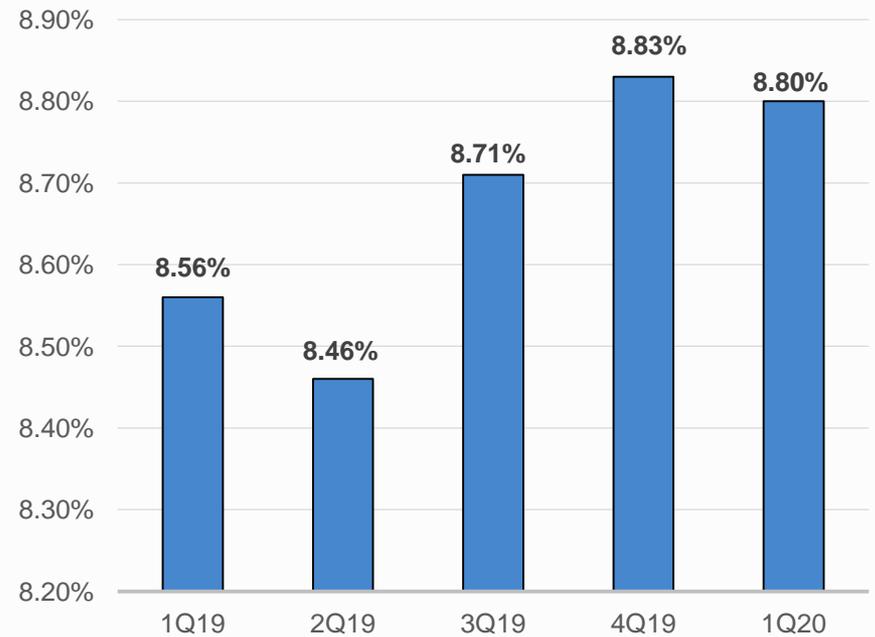
## Net Interest Income

■ Net Interest Income (\$MM)



## Net Interest Margin

■ Net Interest Margin



# Key Developments & Strategic Highlights

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- Recorded \$97.5 million of net interest income for 2019
  - Net income from Medallion's consumer and commercial segments was \$31.9 million in 2019
- Reduced bank provided medallion related debt from \$50.1M at the end of 1Q 2019 to \$32.2M at the end of 1Q 2020, a 36% decrease
- Added experienced executive (2Q 2019) to build-out the Bank's Strategic Partnership Program with financial Technology companies - Former President and CEO of another Utah-based ILC chartered bank
  - March 2020 – Medallion Bank launched its first fintech strategic partnership, which will leverage the Bank's compliance, lending operations, and management expertise
- Completed both a private placement at Medallion Financial of investment grade debt, and an initial public offering of perpetual preferred stock at Medallion Bank, raising over \$82 million in total during 2019
- Improved Tier 1 leverage ratio of 16.56% at the end 1Q 2019 to 18.78% at the end of 1Q 2020
  - Last sale of consumer loans was in 3Q 2018

# Strategic Partnership Business Overview



## Overview

1. A Strategic Partnership Program is where a bank enters into a formal agreement with a third party (often a technology company) to offer loans and/or other financial products and services
2. The partnership brings together the company's marketing, origination and servicing capabilities with the bank's charter, operating expertise and compliance sophistication
3. Facilitates innovation in lending by making financial products more convenient and accessible to consumers and businesses, including underserved populations
4. Additional consumer benefit is the Utah and federal consumer protection frameworks applicable to banks are extended to more borrowers
5. Typically, a bank earns an origination fee based on amount funded plus interest during the holding period

## *Known Strategic Partnerships in Place*



# Company Capital and Funding Sources

- Bank Tier 1 leverage ratio of 18.78% as of March 31, 2020

## Funding and Capital

As of March 31, 2020

	Balance (\$MM)	Rate (%) <sup>(1)</sup>	Maturity
<b>Liquidity</b>			
Cash and cash equivalents	\$ 55.5 <sup>(2)</sup>		
<b>Funding</b>			
Deposits	962.5	2.25	4/20 – 3/25
SBA Debentures and Borrowings	71.5	3.42	6/20 – 3/29
Retail & Privately Placed Notes	69.6	8.61	4/21-3/24
Notes Payable to Banks	32.2	3.88	9/20 – 12/23
Preferred Securities	33.0	3.13	9/37
Other Borrowings	7.8	2.00	12/20-3/22
<b>Total Borrowings</b>	<b>\$1,176.6</b>	<b>2.09%</b>	
<b>Total Equity</b>	<b>320.6</b>		

(1) Weighted average contractual rate as of March 31, 2020

(2) Includes restricted cash of \$2.9M

# Long-Term Strategy

Focus on Consumer and Commercial Lending Segments

Continue to Reduce Medallion Exposure

Explore New Niche Areas to Lend to

Continue to Strengthen Balance Sheet and Liquidity

Grow Strategic Partnership Program within Medallion Bank

Initiate Additional Cost-Cutting Measures