

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2024

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
Commission file number 001-37747

MEDALLION FINANCIAL CORP.

(Exact name of registrant as specified in its charter)

DELAWARE
(State of Incorporation)

04-3291176
(IRS Employer Identification No.)

437 MADISON AVENUE, 38th Floor
NEW YORK, NEW YORK 10022
(Address of principal executive offices) (Zip Code)
(212) 328-2100
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbols	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	MFIN	NASDAQ Global Select Market

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES NO

Indicated by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES NO

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input checked="" type="checkbox"/>
Emerging growth company	<input type="checkbox"/>		

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report.

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements.

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b).

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES NO

The aggregate market value of the voting common equity held by non-affiliates of the registrant, computed by reference to the last reported price at which the stock was sold on June 28, 2024, as reported on NASDAQ, was \$139,872,752.64.

The number of outstanding shares of registrant's common stock, par value \$0.01, as of March 12, 2025 was 23,262,103.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement for its 2025 Annual Meeting of Shareholders, for which a Definitive Proxy Statement will be filed with the Securities and Exchange Commission not later than 120 days after the registrant's fiscal year-end of December 31, 2024, are incorporated by reference into Part III of this Form 10-K.

**MEDALLION FINANCIAL CORP.
2024 FORM 10-K ANNUAL REPORT**

TABLE OF CONTENTS

	Page
<u>PART I</u>	4
ITEM 1. <u>OUR BUSINESS</u>	4
ITEM 1A. <u>RISK FACTORS</u>	18
ITEM 1B. <u>UNRESOLVED STAFF COMMENTS</u>	32
ITEM 1C. <u>CYBERSECURITY</u>	32
ITEM 2. <u>PROPERTIES</u>	33
ITEM 3. <u>LEGAL PROCEEDINGS</u>	33
ITEM 4. <u>MINE SAFETY DISCLOSURES</u>	33
<u>PART II</u>	34
ITEM 5. <u>MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES</u>	34
ITEM 6. <u>[RESERVED]</u>	35
ITEM 7. <u>MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS</u>	35
ITEM 7A. <u>QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK</u>	55
ITEM 8. <u>FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA</u>	55
ITEM 9. <u>CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE</u>	55
ITEM 9A. <u>CONTROLS AND PROCEDURES</u>	55
ITEM 9B. <u>OTHER INFORMATION</u>	58
ITEM 9C. <u>DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS</u>	58
<u>PART III</u>	58
ITEM 10. <u>DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE</u>	58
ITEM 11. <u>EXECUTIVE COMPENSATION</u>	58
ITEM 12. <u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS</u>	58
ITEM 13. <u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE</u>	58
ITEM 14. <u>PRINCIPAL ACCOUNTANT FEES AND SERVICES</u>	58
<u>PART IV</u>	59
ITEM 15. <u>EXHIBITS AND FINANCIAL STATEMENT SCHEDULES</u>	59
ITEM 16. <u>FORM 10-K SUMMARY</u>	62
<u>SIGNATURES</u>	63

The following discussion should be read in conjunction with our financial statements and the notes to those statements and other financial information appearing elsewhere in this report.

This report contains forward-looking statements relating to future events and future performance applicable to us within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, or the Exchange Act, including, without limitation, statements regarding our expectations, beliefs, intentions, or future strategies that are signified by the words expects, anticipates, intends, believes, or similar language. In connection with certain forward-looking statements contained in this Form 10-K and those that may be made in the future by or on behalf of the Company, the Company notes that there are various factors that could cause actual results to differ materially from those set forth in any such forward-looking statements. The forward-looking statements contained in this Form 10-K were prepared by management and are qualified by, and subject to, significant business, economic, competitive, regulatory, and other uncertainties and contingencies, all of which are difficult or impossible to predict, and many of which are beyond control of the Company. In particular, any forward-looking statements are subject to the risks and great uncertainties associated with the pending litigation with the Securities and Exchange Commission, or SEC, the settlement of which remains subject to approval of the Commissioners of the SEC and the court, as well as the U.S. and global economies, including the current inflationary environment and the risk of recession.

All forward-looking statements included in this document are based on information available to us on the date hereof, and the Company assumes no obligation to update any forward-looking statements. The statements have not been audited by, examined by, compiled by, or subjected to agreed-upon procedures by independent accountants, and no third-party has independently verified or reviewed such statements. Readers of this Form 10-K should consider these facts in evaluating the information contained herein. In addition, the business and operations of the Company are subject to substantial risks which increase the uncertainty inherent in the forward-looking statements contained in this Form 10-K. The inclusion of the forward-looking statements contained in this Form 10-K should not be regarded as a representation by the Company or any other person that the forward-looking statements contained in this Form 10-K will be achieved.

In light of the foregoing, readers of this Form 10-K are cautioned not to place undue reliance on the forward-looking statements contained herein. You should consider these risks and those described under Risk Factors in this Form 10-K and others that are detailed in the other reports that the Company files from time to time with the SEC.

PART I

ITEM 1. OUR BUSINESS

We, Medallion Financial Corp., or the Company, are a specialty finance company organized as a Delaware corporation. Our strategic focus is growing our consumer finance and commercial lending businesses. Our total assets were \$2.9 billion as of December 31, 2024 and \$2.6 billion as of December 31, 2023.

We conduct our business through various wholly-owned subsidiaries, including:

- Medallion Bank, or the Bank, a Federal Deposit Insurance Corporation, or FDIC, insured industrial bank that originates consumer loans, raises deposits and conducts other banking activities;
- Medallion Capital, Inc., or Medallion Capital, a Small Business Investment Company, or SBIC, which conducts a mezzanine financing business;
- Medallion Funding LLC, or Medallion Funding, an SBIC, historically our primary taxi medallion lending company; and
- Freshstart Venture Capital Corp., or Freshstart, which historically originated and serviced taxi medallion and commercial loans and was an SBIC through 2023.

Our Market

We provide loans to individuals and small to mid-size businesses, through our subsidiaries, under four operating segments:

- loans that finance consumer purchases of recreational vehicles, or RVs, boats, collector cars, and other consumer recreational equipment;
- loans that finance consumer home improvements;
- loans that finance commercial businesses; and
- historically, loans that finance taxi medallions.

The following table presents our loans receivable as of December 31, 2024.

<i>(Dollars in thousands)</i>	Loans	Allowance for Credit Losses	Net Loans
Loans held for investment:			
Recreation	\$ 1,422,403	\$ 71,102	\$ 1,351,301
Home improvement	827,211	20,536	806,675
Commercial	111,273	5,190	106,083
Taxi medallion	1,909	540	1,369
Total loans held for investment	2,362,796	97,368	2,265,428
Loans held for sale, at lower of amortized cost or fair value:			
Recreation	120,840	—	120,840
Strategic partnership	7,386	—	7,386
Total loans held for sale, at lower of amortized cost or fair value	128,226	—	128,226
Total loans	\$ 2,491,022	\$ 97,368	\$ 2,393,654

Recreation Lending

Recreation lending is a return-oriented business focused on originating prime and non-prime recreation loans, comprising 57% of our loans receivable as of December 31, 2024. The segment is a significant source of income, accounting for 67% of our interest income for the year ended December 31, 2024. All of our recreation loans are serviced by a third-party loan servicer that we have used since the business's inception.

We maintain relationships with approximately 3,300 dealers and financial service providers, or FSPs, not all of which are active at any one time. FSPs are entities that provide finance and insurance, or F&I, services to small dealers that do not have the desire or ability to provide F&I services themselves. The ability of FSPs to aggregate the financing and relationship management for many small dealers makes them valuable to us. We receive approximately half of our loan volume from dealers and the other half from FSPs. Our top ten dealer and FSP relationships were responsible for 38% of recreation lending's new loan originations for the year ended December 31, 2024. The percentage of new loan originations by the top ten dealer and FSP relationships is a measure of concentration, which management uses to determine whether to undertake diversification efforts, and which provides investors with information about origination concentration.

The recreation loan portfolio consists of thousands of geographically distributed loans with an average loan size of approximately \$20,000 as of December 31, 2024. The loans are fixed rate with an average term at origination of 14 years. The weighted average maturity of our loans outstanding is 11 years. The size, geographic dispersion, source and collateral variety of the loans reduces our risk. The loans are secured primarily by RVs, or recreational vehicles, boats, collector cars, and other consumer recreational equipment, of which RVs make up 55% of the portfolio, boat loans making up 20%, and collector cars making up 11% of the portfolio as of December 31, 2024. Recreation loans are made to borrowers residing nationwide, with the highest concentrations in Texas and Florida, at 16% and 10% of loans outstanding as of December 31, 2024 with no other states at or above 10%. As of December 31, 2024, 2023, and 2022, the weighted average FICO scores, measured at origination, of our recreation loans outstanding, inclusive of loans held for sale, were 685 (683 exclusive of loans held for sale), 683, and 671. The weighted average FICO scores at the time of origination for the loans funded in the years ended December 31, 2024, 2023, and 2022 were 685 (686 exclusive of loans held for sale), 686, and 676.

Home Improvement Lending

Working directly with contractors and FSPs, we offer flexible customer financing for window, siding, and roof replacement, swimming pool installations, and other home improvement projects. Our core product is a standard installment loan, which features affordable monthly payments and competitive interest rates for prime credit customers. We also offer a variety of promotional loan options to help contractors close a challenging sale. Promotional loan options include same-as-cash, no interest, and deferred payment features, which allow borrowers to reduce the total cost of financing or start repayments when it is most convenient. Home improvement loans comprised 33% of our loans receivable as of December 31, 2024.

Home improvement lending operates in a manner similar to recreation lending, with a few key differences. We currently maintain a smaller number of relationships, with approximately 900 contractors and FSPs. Management monitors the number of contractors and FSPs and their relative contributions as a means of assessing market share and segment growth. Most of our home improvement-financed sales take place in the borrower's home instead of a store, with the contractor presenting the borrower with a bid that includes a financing option.

A large proportion of our home improvement-financed sales are facilitated by contractor salespeople with limited financing backgrounds rather than by contractor employees who provide F&I services. The result is contractor demand for financing services that facilitate an in-home transaction (e.g., digital tools, including mobile applications for phone or tablet, support for E-SIGN compliant electronic signatures, and extended operating hours), and additional resources for the salesperson throughout the financing process. Our top ten contractors and FSP relationships were responsible for 48% of home improvement lending's new loan originations for the year ended December 31, 2024. The percentage of new loan originations by the top ten contractor and FSP relationships is a measure of concentration, which management uses to determine whether to undertake diversification efforts, and which provides investors with information about origination concentration.

We offer home improvement loans with only fixed rates, with an average term at origination of 15 years. The weighted average maturity of our loans outstanding is 13 years as of December 31, 2024. The average size of the loans in our home improvement portfolio at December 31, 2024 was approximately \$21,000. The geographic dispersion of the home improvement loan portfolio supplements credit quality in reducing our risk. As of December 31, 2024, home improvement loans were concentrated in roofs, swimming pools, and windows at 36%, 27%, and 13%. Home improvement loans are made to borrowers residing nationwide, with the highest concentrations in Florida and Texas at 12% and 11% of loans outstanding as of December 31, 2024, and with no other states at or above 10%. As of December 31, 2024, 2023, and 2022, the weighted average FICO scores, measured at origination, of our home improvement loans outstanding were 767, 764, and 753. The weighted average FICO scores at the time of origination for the loans funded in the years ended December 31, 2024, 2023, and 2022 were 781, 771, and 758.

Commercial Lending

We originate both senior and subordinated loans nationwide to businesses to finance either the purchase of the equipment and related assets necessary to open a new business or the purchase or improvement of an existing business. Commercial loans of \$111.3 million comprised 4% of our loans receivable as of December 31, 2024.

We focus our marketing efforts on the manufacturing, professional, scientific, and technical services, with California, Wisconsin, and Texas having 28%, 10%, and 10% of the segment portfolio, and no other states having a concentration at or above 10%. These commercial loans are primarily secured by a second position on all assets of the businesses and generally range in amount from \$2.5 million to \$6.0 million at origination. As a component of most of the transactions, a portion of the investment is an equity or partnership stake, and occasionally, we also receive warrants to purchase an equity interest in the borrowers or some other form of success fee or profit participation. We seek to expand our commercial loan activities by developing a more diverse borrower base with a wider geographic area of coverage, and by expanding the targeted industries.

Commercial loans are generally secured by equipment, accounts receivable, real estate, or other assets, and have interest rates averaging 547 basis points over the prevailing prime rate at the end of 2024, compared to 437 basis points over the prime rate at the end of 2023.

Strategic Partnerships

In 2019, the Bank launched a strategic partnership program to provide lending and other services to financial technology, or fintech, companies. The Bank entered into an initial partnership in 2020 and began issuing its first loans. The associated activities are currently limited to originating loans or other receivables facilitated by our strategic partners and selling those loans or receivables to our strategic partners or other third parties without recourse within a specified time after origination, such as three business days. Revenues are currently derived primarily from contracted program fees paid to us by our strategic partners and interest income earned while the loans or receivables remain on our books, offset by any transaction fees paid by us to our strategic partners for their role in processing loan applications. We originated \$203.6 million and \$118.3 million of strategic partnership loans for the years ended December 31, 2024 and 2023. We held \$7.4 million and \$0.6 million of strategic partnership loans as of both December 31, 2024 and 2023.

Taxi Medallion Lending

Taxi medallion loans and assets of \$7.7 million comprised less than 1% of our assets as of December 31, 2024. All taxi medallion loans and assets were located in the New York City metropolitan area. A New York City taxi medallion is the only permitted license to operate a taxi and accept street hails in New York City. As reported by the New York City Taxi and Limousine Commission, taxi medallions sold for a wide variety of prices during 2024 supporting our estimated value of \$79,500, net of liquidation costs, as of December 31, 2024.

Our taxi medallion loans are secured by the taxi medallion and enhanced with personal guarantees of the owners, shareholders or equity members. When a borrower defaults on a loan, we have the ability to restructure the underlying loan or repossess the taxi medallion collateralizing that loan and sell it in the market or through a foreclosure auction and pursue the personal guarantees, all of which we have done. We have recorded an allowance for credit losses against the loans to mitigate potential future losses, and since 2020, the entire portfolio has remained on nonaccrual. Consistent with our established policy, once loans become 120 days past due, they are charged off down to collateral value and transferred to loan collateral in process of foreclosure.

Our Strategy

Our core philosophy has been to identify markets that are profitable and where we can obtain defensible market positions. The key elements of our strategy to grow our consumer lending (recreation and home improvement) and commercial lending businesses and increase their profitability include:

Capitalize on our relationships with dealers, contractors, and FSPs. We are committed to establishing, building, and maintaining relationships with our dealers, contractors, and FSPs. Our marketing efforts are focused on building relationships in consumer markets as we work directly with dealers, contractors and FSPs to offer quality financing for their customers, including those with past credit challenges. We believe that relationships with dealers and brokers provide us with, in addition to loan origination opportunities, significant benefits, including an additional layer of due diligence and additional monitoring capabilities. We have assembled a management team that has developed an extensive network of dealers, contractors, and FSP relationships in our target markets over the last 50 years. We believe that our management team's relationships with these dealers, contractors, and FSPs have provided and will continue to provide us with loan origination opportunities. In 2024, all of our consumer loans retained in the portfolio were generated by dealers, contractors, and FSPs.

Focus on niche industries and our expertise in these niche fields. We specialize in providing consumer loans through dealers and FSPs for the purchase of recreation products such as RVs, boats, and collector cars, and through contractors and FSPs for the purchase of home improvements, such as replacement windows and roofs, along with offering loan origination services to fintech partners. We believe our focus on these niche areas provides us with an opportunity to realize favorable returns.

Employ disciplined underwriting policies and maintain rigorous portfolio monitoring. We have an extensive loan underwriting and monitoring process. We conduct a thorough analysis of each potential loan and its prospects, competitive position, financial performance, and industry dynamics. We stress the importance of credit and risk analysis in our underwriting process, and have imposed more restrictive underwriting standards as part of our continued efforts to mitigate concentration risks. We believe that our continued adherence to this disciplined process will permit us to continue to generate a stable, diversified and increasing revenue stream of current income from our earning assets.

Leverage the skills of our experienced management team. The members of our management team have broad investment backgrounds, with prior experience in banking and non-bank consumer and commercial lending, at specialty finance companies, middle market commercial banks, and other financial services companies. We believe that the experience and contacts of our management team will continue to allow us to effectively implement the key aspects of our business strategy.

Expand our strategic partnership program. We launched an initial fintech partnership during 2020. These activities include originating loans or other receivables marketed by our partners and selling those loans or receivables to our partners or others, within a specified time after origination, such as three business days. Revenues are derived primarily from contracted program fees paid to us by our partners, and interest income earned while the loans or receivables are on our books, offset by transaction fees paid to our partners for processing loan applications. Our partners are non-banks offering loans and other financial services to their customers. We launched two partnerships in 2024 and continue to evaluate additional partnerships.

Seek strategic acquisitions. In addition to increasing market share in existing lending markets and identifying new niches, we seek to acquire other financing businesses and related portfolios, and specialty finance companies that make secured loans to small businesses and consumers which have mitigated credit risk similar to our own. Since our initial public offering in May 1996, we have acquired eight specialty finance companies, five loan portfolios, and three taxi rooftop advertising companies.

Loan Characteristics

Consumer Loans. Consumer loans generally require equal monthly payments covering accrued interest and amortization of principal over a negotiated term, generally around eleven to fourteen years. Interest rates offered are fixed. Borrowers may prepay consumer loans without any prepayment penalty. In general, the Bank has established relationships with dealers, contractors, and FSPs, which are the sources for consumer loan volumes. The loans are made up of recreation loans and home improvement loans which were 65% and 35% of total consumer loans at December 31, 2024.

Our recreation loans are secured primarily by RVs, boats, collector cars, and other consumer recreational equipment with a small proportion of loans secured by other collateral such as motorcycles and boat motors. These loans, which together make up our largest and most profitable loan portfolio, have a weighted average yield of 13.30% at December 31, 2024. Our home improvement loans are secured by the personal property installed on real property, and the security interest for some of these loans is perfected with a UCC fixture filing. As of December 31, 2024, these loans had a weighted average yield of 9.45%.

Commercial Loans. We have typically originated commercial loans in principal amounts ranging from \$2.5 million to \$6.0 million, and occasionally have originated loans under or in excess of those amounts. These loans are generally retained and typically have maturities ranging from three to ten years and require monthly payments ranging from full amortization over the loan term to fully deferred interest and principal at maturity, with multiple payment options in between. All loans may be prepaid, and in the first five years, a prepayment fee may be owed to us. The term of, and interest rate charged on, certain of our outstanding loans are subject to the regulations of the Small Business Administration, or the SBA. Under SBA regulations, the maximum rate of interest permitted on loans originated by us is 19%; however, terms and interest rates are subject to market competition for all loans.

Marketing, Origination, and Loan Approval Process

Each loan application is individually reviewed through analysis of several factors, including loan-to-value ratios, the borrower's credit history, public records, personal interviews, trade references, personal inspection of the premises, and approval from the New York City Taxi and Limousine Commission, SBA, or other regulatory body, if applicable. Each commercial and taxi medallion loan applicant is required to provide personal or corporate tax returns, premises leases, and/or property deeds.

Our senior management establishes loan origination criteria. Loans that conform to such criteria may be processed by a loan officer with the proper credit authority, and non-conforming loans (other than those by the Bank) must be approved by our Chief Executive Officer, President, and/or the Chief Credit Officer and the Investment Oversight Committee of our board of directors. Loan criteria for loans originated with the Bank is established by the Bank's board of directors and senior management. The Bank's policies identify specific approval authorities for its recreation and home improvement loans. Policy exceptions are reported to the Bank's board of directors. Consumer loans are primarily sourced through relationships with RV and boat dealers, and home improvement contractors throughout our market area. Commercial loans are generally sourced through a network of private equity sponsors who we have long-standing relationships with and are also referred by contacts with banks.

Sources of Funds

Management determines our funding sources, based upon an analysis of the respective financial and other costs and burdens associated with funding sources. We also fund our lending operations through debt offerings and private placements, fixed-rate, senior secured notes, long-term subordinated debentures issued to the SBA, as well as preferred equity securities at our subsidiaries. In the past, we have utilized credit facilities with banks, as well as equity and debt offerings, to fund our lending operations. Our funding strategy and interest rate risk management strategy is to have the proper structuring of debt to minimize both rate and maturity risk, while maximizing returns with the lowest cost of funding over an intermediate period of time. Since the inception of the Bank, substantially all of the Bank's borrowings have been provided by FDIC insured brokered certificates of deposit.

The table below presents our sources of available funds and amounts outstanding under credit facilities, exclusive of deferred financing costs of \$8.2 million, and their weighted average interest rates at December 31, 2024. See Note 5 to the consolidated financial statements for additional information.

<i>(Dollars in thousands)</i>	Total
Cash, cash equivalents, and federal funds sold	\$ 169,572
Brokered certificates of deposit & other funds borrowed	2,094,663
Average interest rate	3.71 %
Privately placed notes	146,500
Average interest rate	8.12 %
Maturity	2/26 - 8/39
SBA debentures and borrowings	
Amounts undisbursed	28,750
Amounts outstanding	70,250
Average interest rate	3.53 %
Maturity	3/25- 3/34
Trust preferred securities	33,000
Average interest rate	6.83 %
Maturity	9/37
Federal reserve and other borrowings	35,000
Average interest rate	4.50 %
Total cash ⁽¹⁾	\$ 169,572
Total debt outstanding	\$ 2,379,413

(1) Includes \$126.1 million at the Bank and \$13.6 million at SBIC subsidiaries.

We fund our fixed-rate loans with fixed rate brokered or listing service certificates of deposit, fixed rate private notes, fixed-rate SBA debentures and borrowings, and to a lesser extent variable rate borrowings. The mismatch between maturities and interest-rate sensitivities of these balance sheet items results in interest rate risk. We seek to manage our exposure to increases in market rates of interest to an acceptable level by incurring fixed-rate debt.

Nevertheless, we accept varying degrees of interest rate risk depending on market conditions. For additional discussion of our funding sources and asset liability management strategy, see Asset/Liability Management on page 52.

Competition

Banks, credit unions, and finance companies, some of which are SBICs, compete with us in originating consumer and commercial loans. Many of these competitors have greater resources than we have, and certain competitors are subject to less restrictive regulations than we are. As a result, we cannot assure you that we will be able to identify and complete the financing transactions that will permit us to compete successfully.

Human Capital Resources

As of December 31, 2024, we employed 174 persons: 135 at Medallion Bank, 29 at our parent company, and 10 at Medallion Capital. This compares to 169 persons at the end of 2023: 128 at Medallion Bank, 33 at our parent company, and 8 at Medallion Capital.

Equal employment opportunity is a fundamental principle of ours, where employment is based upon personal capabilities and qualifications. We prohibit and do not tolerate any discrimination against employees, applicants, interns or any other covered persons, and we ensure equal employment opportunity without discrimination on the basis of race, color, creed, religion, national origin, ancestry, ethnicity, citizenship status, physical or mental disability, age, sex (including pregnancy), gender, gender identity or gender expression (including transgender status), marital status, familial status, veteran status, genetic information or any other protected characteristic as established by applicable federal, state or local law.

We incentivize our employees through a combination of competitive salary, equity compensation and other benefits. We provide most employees with incentive bonuses in the form of cash and equity. Employee equity ownership helps us attract, retain, motivate and reward employees, while aligning employee compensation with our stockholders' interests by linking realizable pay with stock performance.

Our Compensation Committee reviews management's recommendations and advises management and the Board of Directors on broad compensation policies such as salary ranges, annual incentive bonuses, long-term incentive plans, including equity-based compensation programs, and other benefit and perquisite programs.

We have a 401(k) Investment Plan and other generally available benefit programs like health insurance, paid and unpaid leaves, life insurance, disability coverage, accident insurance and critical illness insurance; we believe that the availability of these benefit programs generally enhance employee productivity and loyalty. We believe it is important for our employees at the Bank to provide service to the communities in which they live and encourage them to take time, including prearranged work time, to participate in activities of local civic organizations, charitable or nonprofit organizations or educational institutions. We value employee development and training and are committed to identifying and developing the talents of our next-generation leaders. Our employee benefits also help protect the health, well-being and financial security of our employees.

SUPERVISION AND REGULATION

Exemption from the 1940 Act

In order to maintain our status as a non-investment company, we operate so as to fall outside the definition of an "investment company" or within an applicable exception. We expect to continue to fall within the exception from the definition of an "investment company" provided under Section 3(c)(6) of the 1940 Act as a company primarily engaged, directly or through majority-owned subsidiaries, in the business of, among other things, (i) banking, (ii) purchasing and otherwise acquiring notes, drafts, acceptances, open accounts receivable, and other obligations representing part or all of the sales price of merchandise, insurance and services, and (iii) making loans to manufacturers, wholesalers, and retailers of, and to prospective purchasers of, specified merchandise, insurance, and services. We monitor our continued compliance with this exception and were compliant as of December 31, 2024.

Regulation of Medallion Bank as an Industrial Bank

In May 2002, we formed the Bank, which received approval from the FDIC for federal deposit insurance in October 2003. The Bank is subject to extensive federal and state banking laws, regulations, and policies that are intended primarily for the protection of depositors, the Deposit Insurance Fund, customers, and the banking system as a whole, and not for the protection of our other creditors and stockholders.

Under the banking charter, the Bank is authorized to make consumer and commercial loans, and may accept all FDIC-insured deposits other than demand deposits (checking accounts). As a state-chartered, Federal Reserve non-member bank with FDIC-insured deposits, the Bank is examined, supervised and regulated by the FDIC and the Utah Department of Financial Institutions, or the Utah DFI. The statutes enforced by, and regulations and policies of, these agencies affect almost all aspects of its business, including by prescribing permissible types of loans and investments, the amount of required capital, the permissible scope of its activities and various other requirements. If the Bank's regulators were to determine that we have violated banking laws and regulations, including by engaging in unsafe and unsound practices, the Bank could be subject to enforcement and other regulatory actions, which could have an adverse effect on its business, results of operations and financial condition.

Capital Standards

The Bank is subject to risk-based and leverage-based capital ratio requirements under the U.S. Basel III capital rules adopted by the federal banking regulators.

Under the risk-based capital standards, the Bank's assets, exposures and certain off-balance sheet items are assigned to broad risk categories, each with designated weights, and the resulting capital ratios represent capital as a percentage of total risk-weighted assets. The minimum capital ratios applicable to us are as follows:

- **CET1 Risk-Based Capital Ratio**, equal to the ratio of Common Equity Tier 1, or CET1, capital to risk-weighted assets. CET1 capital primarily includes common shareholders' equity subject to certain regulatory adjustments and deductions, including with respect to goodwill, intangible assets, certain deferred tax assets and accumulated other comprehensive income. The minimum CET1 risk-based capital ratio requirement is 4.5%.
- **Tier 1 Risk-Based Capital Ratio**, equal to the ratio of Tier 1 capital to risk-weighted assets. Tier 1 capital primarily consists of CET1 capital and perpetual preferred stock. The minimum Tier 1 risk-based capital ratio requirement is 6%.
- **Total Risk-Based Capital Ratio**, equal to the ratio of total capital, including CET1 capital, additional Tier 1 capital and Tier 2 capital, to risk-weighted assets. The Bank's Tier 2 capital primarily includes allowance for credit losses up to 1.25% of the Bank's risk-weighted assets. The minimum total risk-based capital ratio requirement is 8%.
- **Tier 1 Leverage Ratio**, equal to the ratio of Tier 1 capital to quarterly average assets (net of goodwill, certain other intangible assets and certain other deductions). The minimum Tier 1 leverage ratio requirement is 4%.

The prompt corrective action framework, which generally applies to FDIC-insured depository institutions, including the Bank, also includes capital requirements the Bank must satisfy to, among other things, be able to accept brokered deposits without limitations. See "Prompt Corrective Action" and "Brokered Deposits" below.

In addition to meeting the minimum capital requirements, under the U.S. Basel III capital rules, the Bank must also maintain the required capital conservation buffer of 2.5% to avoid becoming subject to restrictions on capital distributions (including dividends on the Bank's preferred stock) and certain discretionary bonus payments to management. The capital conservation buffer is calculated as a ratio of CET1 capital to risk-weighted assets, and it effectively increases the required minimum risk-based capital ratios.

The table below presents the capital requirements the Bank is required to maintain:

	Minimum U.S. Basel III Regulatory Capital Ratio Plus Capital Conservation Buffer
CET1 risk-based capital ratio	7.0%
Tier 1 risk-based capital ratio	8.5%
Total risk-based capital ratio	10.5%

For purposes of calculating the denominator of the three risk-based capital ratios, the assets of covered banking organizations are given risk weights that, under the U.S. Basel III capital rules, range from 0% to 1,250%, depending on the nature of the asset. Most of the Bank's loans are assigned a 100% risk weight, with loans that are 90 days or more past due or on nonaccrual assigned a 150% risk weight. In addition, direct obligations of the U.S. Department of the Treasury, or U.S. Treasury, or obligations unconditionally guaranteed by the U.S. government have a 0% risk weight, while general obligation claims on states or other political subdivisions of the United States are assigned a 20% risk weight, except for municipal or state revenue bonds, which have a 50% risk weight.

The U.S. Basel III capital rules provide for limited recognition in CET1 capital, and deduction from CET1 capital above certain thresholds, of three categories of assets: (i) deferred tax assets arising from temporary differences that cannot be realized through net operating loss carrybacks (net of related valuation allowances and of deferred tax liabilities), (ii) mortgage servicing assets (net of associated deferred tax liabilities) and (iii) investments in more than 10% of the issued and outstanding common stock of unconsolidated financial institutions (net of associated deferred tax liabilities). The federal banking regulators have adopted a rule that is designed to simplify the capital treatment of those categories of assets for banking organizations, such as the Bank, which are not subject to the advanced approaches in the U.S. Basel III capital rules.

In December 2017, the Basel Committee published standards that it described as the finalization of the Basel III post-crisis regulatory reforms. Among other things, these standards revise the Basel Committee's standardized approach for credit risk and provide a new standardized approach for operational risk capital. In July 2023, the U.S. federal bank regulatory agencies proposed a rule implementing the Basel Committee's finalization of the post-crisis regulatory capital reforms. The proposed rule would apply to large banks and banks with significant trading activity. Capital requirements would not change for community banks, which includes the Bank.

Federal banking regulators published a final rule, effective in April 2019, permitting banking organizations to phase in any adverse day-one regulatory capital effects of the adoption of ASU 2016-13 (referred to as the current expected credit loss model, or CECL), over a period of three years. The Bank formally adopted CECL on January 1, 2023. For additional information on ASU 2016-13, see “Note 1. Organization and Summary of Significant Accounting Policies” in the annual audited financial statements included elsewhere in this Form 10-K.

The Economic Growth, Regulatory Relief, and Consumer Protection Act of 2018, or EGRRCPA, required the federal banking regulators to adopt regulations to implement an exemption from the U.S. Basel III capital rules for smaller banking organizations, including the Bank, which maintain a “Community Bank Leverage Ratio” of at least 8% to 10%. Specifically, the EGRRCPA provides that if any depository institution or depository institution holding company with less than \$10 billion in total consolidated assets maintains tangible equity in excess of this leverage ratio, as implemented by the federal banking regulators, it would be deemed to be in compliance with (i) the leverage and risk-based capital requirements promulgated by the federal banking agencies; (ii) in the case of a depository institution, the capital ratio requirements to be considered “well-capitalized” under the federal banking agencies’ “prompt corrective action” regime; and (iii) “any other capital or leverage requirements” to which the depository institution or holding company is subject, unless the appropriate federal banking agency determines otherwise based on the particular institution’s risk profile.

The FDIC has adopted a rule, implementing the Community Bank Leverage Ratio. Under the rule, the Community Bank Leverage Ratio is the same as the Tier 1 Leverage Ratio under the Basel III capital rules and a qualifying small banking organization, such as the Bank, that has less than \$10 billion in total consolidated assets and meets certain risk-based criteria can choose to apply the Community Bank Leverage Ratio framework if its Community Bank Leverage Ratio is greater than 9%. The Bank has not elected and currently does not expect to elect to apply the Community Bank Leverage Ratio framework but will continue to assess the framework and may choose to apply it in the future.

As a condition to receipt of FDIC insurance, the Bank entered into a capital maintenance agreement with the FDIC, or the 2003 Capital Maintenance Agreement, requiring it to maintain a 15% leverage ratio (Tier 1 capital to average assets) and an adequate allowance for credit losses.

Prompt Corrective Action

The Bank is subject to FDIC regulations which apply to every FDIC-insured depository institution, setting out a system of mandatory and discretionary supervisory actions that generally become more severe as the capital levels of an individual institution decline. Pursuant to provisions of the Federal Deposit Insurance Act, or FDIA, and related regulations with respect to prompt corrective action, the federal banking regulators must take “prompt corrective action” with respect to FDIC-insured depository institutions that do not meet minimum capital requirements. The FDIA sets forth the following five capital categories: “well-capitalized,” “adequately capitalized,” “undercapitalized,” “significantly undercapitalized” and “critically undercapitalized.” An insured depository institution’s capital category depends upon how its capital levels compare with various relevant capital measures and certain other factors that are established by regulation.

	“Well-capitalized”	“Adequately capitalized”
CET1 risk-based capital ratio	6.5%	4.5%
Tier 1 risk-based capital ratio	8.0%	6.0%
Total risk-based capital ratio	10.0%	8.0%
Tier 1 leverage ratio	5.0%	4.0%

If a bank meets the quantitative thresholds for well-capitalized status provided above and is not subject to any written agreement, order or directive from the appropriate regulatory agency to meet and maintain a specific capital level, it will qualify as well-capitalized. Failure to be well-capitalized or to meet minimum capital requirements could result in certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a material adverse effect on the Bank’s operations or financial condition. See “Brokered Deposits” below for additional information. Failure to be well-capitalized or to meet minimum capital requirements could also result in restrictions on the Bank’s ability to pay dividends or otherwise distribute capital or to receive regulatory approval of applications. Pursuant to the 2003 Capital Maintenance Agreement, the Bank has agreed that the Bank’s capital levels will at all times meet or exceed the levels required for the Bank to be considered well-capitalized under FDIC rules.

Brokered Deposits

The Bank uses “brokered deposits” to fund a substantial portion of the Bank’s activities. Under the FDIA and related regulations, FDIC-insured institutions such as the Bank may only accept brokered deposits without FDIC permission if they meet specified capital standards and are not subject to any written agreement, order or directive to meet and maintain a specific capital level, and are subject to restrictions with respect to the interest they may pay on deposits unless they are well-capitalized. In particular, the FDIA and the FDIC’s regulations prohibit an insured depository institution from accepting brokered deposits unless it is well-capitalized or is adequately capitalized and receives a waiver from the FDIC.

Under FDIC regulations governing brokered deposits and interest rate restrictions, a bank that is “adequately capitalized” and accepts brokered deposits under a waiver from the FDIC may not pay an interest rate, at the time any such deposit is accepted, in excess of (i) 75 basis points over certain national rates described in the FDIC’s regulations or (ii) 90% of the highest interest rate paid on a particular deposit product in the bank’s local market area, if the bank provides notice to the FDIC and evidence of such local rate. There are no such restrictions under the FDIA on a bank that is well-capitalized.

Pursuant to the 2003 Capital Maintenance Agreement, the Bank has agreed that our capital levels will at all times meet or exceed the level required for the Bank to be considered well-capitalized under FDIC rules. If the Bank was no longer able to accept or renew brokered deposits as a result of failing to meet the requisite capital standards or as a result of being subject to a written agreement, order or directive to meet and maintain a specific capital level, there would be a material adverse effect on the Bank’s business, financial condition, liquidity and results of operations. See “Risk Factors — Medallion Bank’s use of brokered deposits for its deposit-gathering activities may not be available when needed. The inability to accept and renew brokered deposits would have a material adverse effect on our business, financial condition, liquidity, and results of operations.”

Deposit Insurance

The Bank’s deposits have the benefit of FDIC insurance up to the applicable limits. The FDIC’s Deposit Insurance Fund, or DIF, is funded by assessments on insured depository institutions, such as us. The Bank’s assessment (subject to adjustment by the FDIC) is currently based on the Bank’s average total consolidated assets less the Bank’s average tangible equity during the assessment period, the Bank’s supervisory ratings, and specified forward-looking financial measures used to calculate the assessment rate.

In October 2022, the FDIC adopted a rule applicable to all FDIC-insured banks that increased initial base deposit insurance assessment rates by 2 basis points, beginning with the first quarterly assessment period of 2023. The FDIC, as required under the FDIA, established a plan in September 2020 to restore the DIF reserve ratio to meet or exceed the statutory minimum of 1.35 percent within eight years. The increased assessment is intended to improve the likelihood that the DIF reserve ratio would reach the required minimum by the statutory deadline of September 30, 2028.

Payment of Dividends

The power of the board of directors of an insured depository institution to declare a cash dividend or other distribution with respect to capital is subject to statutory and regulatory restrictions that limit the amount available for such distribution, depending upon earnings, financial condition and cash needs of the institution, as well as general business conditions. Insured depository institutions are also prohibited from paying management fees to any controlling persons or, with certain limited exceptions, making capital distributions, including dividends, if after such transaction the institution would be less than adequately capitalized.

Under Utah law, the Bank may only declare dividends to the Bank’s shareholders out of the Bank’s net profits, after providing for all expenses, losses, interest and taxes accrued or due. Further, the Bank is required to transfer, to a surplus fund, at least 10% of the Bank’s net profits before dividends for the period covered by the dividend until the surplus fund reaches 100% of the Bank’s capital stock. As of December 31, 2024, our risk-based capital ratios were above the regulatory minimums that incorporated the 2.5% capital conservation buffer and satisfies the aforementioned Utah law. Any amount paid from the Bank’s net earnings into a fund for the retirement of outstanding debt capital instruments or preferred stock for the period covered by the dividend will be considered an addition to the Bank’s surplus fund if, upon the retirement of such instruments, the amount paid into the retirement fund for the period may be properly carried to the Bank’s surplus fund.

The federal banking agencies also have authority to prohibit depository institutions from engaging in business practices that are considered unsafe or unsound, possibly including payment of dividends or other payments under certain circumstances even if such payments are not expressly prohibited by statute.

In addition, as discussed under “Capital Standards,” if the Bank’s risk-based capital ratios do not satisfy the minimum risk-based requirements plus the capital conservation buffer, the Bank will face graduated constraints on, among other things, capital distributions (including dividends on the Bank’s preferred stock) based on the amount of the shortfall and the amount of the Bank’s eligible retained income. For these purposes, eligible retained income is defined as the greater of (i) net income for the four preceding quarters, net of distributions and associated tax effects not reflected in net income; and (ii) the average net income over the preceding four quarters.

Safety and Soundness

The FDIA also implemented certain specific restrictions on transactions and required federal banking regulators to adopt overall safety and soundness standards for depository institutions related to internal controls, information systems and internal audit systems, loan documentation, credit underwriting, interest rate risk exposure, asset growth, asset quality, earnings, stock valuation and compensation, fees and benefits, and such other operational and managerial standards as the agencies deem appropriate. Guidelines adopted by the federal banking regulators establish general standards relating to internal controls and information systems, internal audit systems, loan documentation, credit underwriting, interest rate exposure, asset growth and compensation, fees and benefits. In general, these guidelines require, among other things, appropriate systems and practices to identify and manage the risk and exposures specified in the guidelines. These guidelines also prohibit excessive compensation as an unsafe and unsound practice, and describe compensation

as excessive when the amounts paid are unreasonable or disproportionate to the services performed by an executive officer, employee, director or principal shareholder. The federal banking agencies may require an institution to submit to an acceptable compliance plan, as well as have the flexibility to pursue other more appropriate or effective courses of action given the specific circumstances and severity of an institution's noncompliance with one or more standards. The FDIC may also terminate deposit insurance upon a finding that the institution has engaged in unsafe and unsound practices, is in an unsafe or unsound condition to continue operations, or has violated any applicable law, regulation, rule, order or condition imposed by the FDIC.

Among other things, in addition to the restrictions on brokered deposits discussed above, the FDIA limits the interest rates paid on deposits by undercapitalized institutions and limits the aggregate extensions of credit by a depository institution to an executive officer, director, principal shareholder or related interest.

Consumer Financial Protection

The Bank is subject to a number of federal and state consumer protection laws that extensively govern the Bank's consumer lending businesses. These laws include, but are not limited to, the Equal Credit Opportunity Act, the Fair Credit Reporting Act, the Truth in Lending Act, the Electronic Fund Transfer Act and these laws' respective state-law counterparts, as well as laws regarding unfair and deceptive acts and practices. These federal and state laws, among other things, require disclosures of the cost of credit and terms of deposit accounts, provide substantive consumer rights, prohibit discrimination in credit transactions, regulate the use of credit report information, provide financial privacy protections, prohibit unfair and deceptive practices and subject the Bank to substantial regulatory oversight. Violations of applicable consumer protection laws can result in significant potential liability from litigation brought by customers, including actual damages, restitution and attorneys' fees. Federal banking regulators, state attorneys general and state and local consumer protection agencies may also seek to enforce consumer protection requirements and obtain these and other remedies, including regulatory sanctions, customer rescission rights, and civil money penalties. Failure to comply with consumer protection requirements may also result in substantial reputational harm that could adversely affect our business.

Community Reinvestment Act of 1977

The Bank is subject to certain requirements and reporting obligations under the Community Reinvestment Act, or CRA. Under the CRA, the Bank has an obligation, consistent with safe and sound operations, to help meet the credit needs of the Bank's entire assessment area, including low- and moderate-income individuals and communities in that assessment area. Currently, the Bank's assessment area is Salt Lake County, Utah. In connection with its examination of the Bank, the FDIC is required to assess the Bank's CRA performance in the areas of lending, investments and services. The FDIC may take compliance with the CRA into account when regulating and supervising the Bank's other activities. The CRA also requires the agencies to take into account banks' records of meeting community credit needs when evaluating applications for, among other things, new branches or mergers. We have elected to be evaluated for the Bank's compliance with CRA requirements based on a strategic plan we adopted with public involvement and regulatory approval. That strategic plan includes measurable goals for helping to meet the credit needs of the Bank's assessment area and is available on the Bank's website. The CRA provides that CRA examination ratings be made public. The Bank received a rating of "Outstanding" in its most recently completed CRA examination.

In October 2023, the Federal Reserve, the FDIC, and the Office of the Comptroller of the Currency, or the OCC, jointly issued a final rule that significantly amended the agencies' regulatory framework implementing the CRA. The revised federal CRA regulations tailor CRA evaluations to bank size and type, with many of the changes applying only to banks with more than \$2 billion in assets, such as the Bank. The final rule introduces major changes in four key areas: (1) the delineation of assessment areas, (2) the overall evaluation framework and performance standards and metrics, (3) the definition of community development activities and (4) data collection and reporting. The final rule became effective on April 1, 2024, but most provisions of the rule, including the new tests, the need to define retail lending assessment areas and the data collection requirements, will become applicable on January 1, 2026. Reporting of the collected data will not be required until April 1, 2027. A court has issued a preliminary injunction enjoining the U.S. federal bank regulatory agencies from enforcing the revised regulations pending resolution of the lawsuit challenging the regulations.

Transactions with Affiliates and Insiders

The Bank is subject to certain federal laws that restrict and control our ability to extend credit and provide to or receive services from its affiliates under Sections 23A and 23B of the Federal Reserve Act and Regulation W promulgated thereunder. An affiliate of a bank is any company or entity that controls, is controlled by or is under common control with the bank. These restrictions include quantitative and qualitative limits on the amounts and types of transactions that may take place, including the transfer of funds by the Bank to certain of its affiliates in the form of loans, extensions of credit, investments, or purchases of assets. These restrictions also require that credit transactions with affiliates be collateralized and that its transactions with affiliates be on terms no less favorable to the Bank than comparable transactions with unrelated third parties. Generally, the Bank's covered transactions with any affiliate are limited to 10% of our capital stock and surplus, and covered transactions with all affiliates are limited to 20% of our capital stock and surplus.

The Bank is also subject to limits under federal law on its ability to extend credit to its directors, executive officers and principal shareholders (persons that beneficially own or control more than 10% of any class of our voting stock), as well as to entities owned or

controlled by such persons. Among other things, extensions of credit to such insiders are required to be made on terms that are substantially the same as, and follow credit underwriting procedures that are not less stringent than those prevailing for comparable transactions with non-insiders. Also, the terms of such extensions of credit may not involve more than the normal risk of non-repayment or present other unfavorable features and may not exceed certain limitations on the amount of credit extended to such persons individually and in the aggregate. Certain extensions of credit also require the approval of the Bank's board of directors.

Financial Privacy and Cybersecurity

Federal and state law contains extensive consumer privacy protection provisions. The Gramm-Leach-Bliley Act requires financial institutions to periodically disclose their privacy policies and practices relating to sharing information and enables retail customers to opt out of institutions' ability to share information with unaffiliated third parties under certain circumstances. Other federal and state laws and regulations impact our ability to share certain information with affiliates and non-affiliates for marketing and/or non-marketing purposes, or to contact customers with marketing offers. The Gramm-Leach-Bliley Act also requires financial institutions to implement a comprehensive information security program that includes administrative, technical and physical safeguards to ensure the security and confidentiality of customer records and information. Federal law also makes it a criminal offense, except in limited circumstances, to obtain or attempt to obtain customer information of a financial nature by fraudulent or deceptive means.

State regulators have been increasingly active in implementing privacy and cybersecurity standards and regulations. In recent years, several states have adopted regulations requiring certain financial institutions to implement and maintain cybersecurity programs and providing detailed requirements with respect to these programs, including data encryption requirements. Many states have also implemented or modified their data breach notification and data privacy requirements.

In addition, pursuant to requirements applicable to FDIC-supervised banking organizations, such as us, we are required to notify the FDIC within 36 hours of incidents that have materially disrupted or degraded, or are reasonably likely to materially disrupt or degrade the banking organization's ability to deliver services to a material portion of its customer base, jeopardize the viability of key operations of the banking organization, or pose a threat to the financial stability of the United States.

Anti-Money Laundering and the USA PATRIOT Act

The Bank is subject to the anti-money laundering, or AML, provisions of the Bank Secrecy Act, or the BSA, as amended by the USA PATRIOT Act, or the PATRIOT Act, and implementing regulations issued by the FDIC and the U.S. Treasury. The PATRIOT Act, which includes the International Money Laundering Abatement and Anti-Terrorist Financing Act of 2001, is intended to facilitate the detection and prosecution of terrorism and international money laundering. The PATRIOT Act establishes standards for verifying customer identification incidental to the opening of new accounts. Other provisions of the PATRIOT Act provide for special information sharing procedures governing communications with the government and other financial institutions with respect to suspected terrorists and money laundering activity, and enhancements to suspicious activity reporting, including electronic filing of suspicious activity reports over a secure filing network. The BSA requires all financial institutions, including banks, to, among other things, establish a risk-based system of internal controls reasonably designed to prevent money laundering and the financing of terrorism. The BSA includes a variety of record-keeping and reporting requirements (such as cash and suspicious activity reporting), as well as due diligence/know-your-customer documentation requirements. The U.S. Treasury's Office of Financial Crimes Enforcement Network, or FinCEN, issued a final rule, applicable as of May 2018, to clarify and enhance customer due diligence requirements for financial institutions. The rule (among other things) imposes certain obligations on covered financial institutions with respect to their "legal entity customers," including corporations, limited liability companies and other similar entities. For each such customer that opens an account (including an existing customer opening a new account), the covered financial institution must identify and verify the customer's "beneficial owners," who are specifically defined in the rule. Bank regulators routinely examine institutions for compliance with customer due diligence obligations.

The Anti-Money Laundering Act of 2020, or AMLA, which amends the BSA, is intended to comprehensively reform and modernize U.S. anti-money laundering laws. Among other things, the AMLA codifies a risk-based approach to AML compliance for financial institutions; requires the U.S. Department of the Treasury to periodically promulgate priorities for anti-money laundering and countering the financing of terrorism; requires the development of standards by the Treasury Department for testing technology and internal processes for BSA compliance; expands enforcement- and investigations-related authority, including a significant expansion in the available sanctions for certain BSA violations and expands BSA whistleblower incentives and protections. Certain of the statutory provisions in the AMLA require rulemakings beyond those that have already been finalized, reports and other measures. The impact of the AMLA, including on our compliance costs and compliance risk relating to the BSA, will depend on, among other things, these additional rulemakings and implementation guidance.

In June 2024, FinCEN proposed to amend the anti-money laundering/countering the financing of terrorism cybercrime, or AML/CFT, program requirements for all financial institutions subject to the BSA that have AML/CFT program obligations, including us. The proposal would, among other things, require a financial institution's risk assessment process to identify, evaluate and document the financial institution's money laundering, terrorist financing and other illicit activity risks, and update such risk assessments on a periodic basis. In July 2024, the U.S. federal bank regulatory agencies proposed amendments to their respective BSA program rules to align those rules with the June 2024 FinCEN proposal.

Regulation by the SBA

Medallion Funding and Medallion Capital are each licensed by the SBA to operate as SBICs, under the Small Business Investment Act of 1958, as amended, or the SBIA. Freshstart, through 2023, was licensed by the SBA to operate as an SBIC. The SBIA authorizes the licensing of privately held investment vehicles as SBICs in order to provide long term financing to small business concerns. Under the SBIA and the regulations promulgated by the SBA thereunder, a "small business concern" is a business that is independently owned and operated, which is not dominant in its field of operation, and which (i) has a tangible net worth, together with any affiliates, of \$24.0 million or less and average annual net income after U.S. federal income taxes for the preceding two fiscal years of \$8.0 million or less (average annual net income is computed without the benefit of any carryover loss), or (ii) satisfies alternative criteria under the Federal government's North American Industry Classification System, or the NAICS, that assigns codes to the industry in which a small business is engaged and provides a small business size standard based either on the number of persons employed by the business or its gross revenues. In addition, at the end of each fiscal year, at least 25% of the total amount of investments must be made in "smaller enterprises" that have a net worth of \$6.0 million or less, and average net income after federal income taxes for the preceding two years of \$2.0 million or less. A business that meets the NAICS size standards also qualifies as a "smaller enterprise" for purposes of meeting SBA's size standard regulations.

Investments by SBICs must generally be in active, domestic businesses. SBIC regulations preclude investment in the following types of businesses: (1) business whose primary business activity is as a relender or reinvestor (that is, directly or indirectly, providing funds to others, purchasing debt obligations, factoring, or long term leasing of equipment with no provision for maintenance or repair); (2) many kinds of real estate projects; (3) single purpose projects that are not continuing businesses; (4) companies located outside the U.S. intending to use the proceeds of the investment outside of the U.S. or companies that are located in the U.S. that have more than 49% of their employees or tangible assets located outside of the US; (5) businesses that are passive and do not carry on an active trade or business; (6) businesses that use 50% or more of the funds to buy goods or services from an associated supplier; and (7) certain "sin businesses" such as gambling and the like.

Under current SBA regulations, the maximum rate of interest that Medallion Funding and Medallion Capital may charge may not exceed the higher of (i) 19% or (ii) the sum of (a) the higher of (i) that company's weighted average cost of qualified borrowings, as determined under SBA regulations, or (ii) the current SBA debenture rate, plus (b) 11%, rounded to the next lower eighth of one percent. As of December 31, 2024, the maximum rate of interest permitted on loans originated by our SBICs was 19%. As of December 31, 2024, our outstanding commercial loans had a weighted average rate of interest of 12.97%. Current SBA regulations also require that each loan originated by an SBIC has a term between one and 20 years.

In addition, SBICs are subject to periodic examination by the SBA, for which the SBA charges examination fees. SBICs must maintain certain records and make them available for SBA examination. SBICs also are required to prepare valuations of their portfolio investments in accordance with prescribed valuation guidelines, maintain certain minimum levels of capital, file annual reports containing financial, management and other information and file notices of certain material changes in their ownership and operations. We are typically examined by the SBA for compliance with applicable SBA regulations.

SBICs are precluded from making investments in a small business if it would give rise to certain conflicts of interest. Generally, a conflict of interest may arise if an associate of the SBIC has or makes an investment in the small business that the SBIC is financing or serves as one of its officers or would otherwise benefit from the financing. A conflict of interest would also occur if an SBIC were to lend money to any of its officers, directors, and employees, or invest in any affiliates thereof. Joint investing with an associate (such as another fund controlled by affiliates of the general partner of the fund) may be made on identical terms or on terms that are fair to the SBIC. The SBA also prohibits, without prior SBA approval, a "change of control" or transfers which would result in any person (or group of persons acting in concert) owning 10% or more of any class of capital stock of an SBIC. A "change of control" is any event which would result in the transfer of the power, direct or indirect, to direct the management and policies of an SBIC, whether through ownership, contractual arrangements, or otherwise.

Under SBA regulations, without prior SBA approval, loans and other investments by licensees with outstanding SBA leverage to any single small business concern may not exceed 10% of the sum of an SBIC's "private capital" and its total approved SBA leverage.

SBICs may invest idle funds that are not being used to make loans or other long-term investments in certain short-term investments permitted under SBA regulations. These permitted investments include direct obligations of, or obligations guaranteed as to principal and interest by, the government of the U.S. with a term of 15 months or less and deposits maturing in one year or less issued by an institution insured by the FDIC. These permitted investments must be maintained in (i) direct obligations of, or obligations guaranteed as to principal and interest by, the US, which mature within 15 months from the date of the investment; (ii) repurchase agreements with federally insured institutions with a maturity of seven days or less if the securities underlying the repurchase agreements are direct obligations of, or obligations guaranteed as to principal and interest by the US, and such securities must be maintained in a custodial account in a federally insured institution; (iii) mutual funds, securities, or other instruments that exclusively consist of, or represent pooled assets of, investments described in (i) or (ii) above; (iv) certificates of deposit with a maturity of one year or less, issued by a federally insured institution; (v) a deposit account in a federally insured institution, subject to withdrawal restriction of one year or less; (vi) a checking account in a federally insured institution; or (vii) a reasonable petty cash fund.

SBICs may purchase voting securities of small business concerns in accordance with SBA regulations. Although prior regulations prohibited an SBIC from controlling a small business concern except in limited circumstances, SBA regulations allow an SBIC to exercise control over a small business for a period of seven years from the date on which the SBIC initially acquires its control position. This control period may be extended for an additional period of time with the SBA's prior written approval.

If an SBIC defaults in its payment obligations to SBA under its outstanding debentures, fails to comply with any terms of its securities, or violates any law or certain regulations applicable to it, the SBA has the right to accelerate the maturity of all amounts due under its debentures. Additionally, the SBA may appoint a receiver for the SBIC and for its liquidation in the event of a default on payment of a SBIC's debentures or for serious regulatory violations.

Other

Change in Control

Because the Bank is an "insured depository institution" within the meaning of the FDIA and the Change in Bank Control Act as well as Medallion Financial Corp. being a "financial institution holding company" within the meaning of the Utah Financial Institutions Act, federal and Utah law and regulations prohibit any person or company from acquiring control of the Bank or Medallion Financial Corp., without, in most cases, prior written approval of the FDIC or the Commissioner of the Utah DFI, as applicable. Under the Change in Bank Control Act, control is conclusively presumed if, among other things, a person or company acquires 25% or more of any class of the Bank's voting stock. A rebuttable presumption of control arises if a person or company acquires 10% or more of any class of voting stock and is subject to a number of specified "control factors" as set forth in the applicable regulations. **Although the Bank is an "insured depository institution" within the meaning of the Federal Deposit Insurance Act and the Change in Bank Control Act, your investment in the Company is not insured or guaranteed by the FDIC, or any other agency, and is subject to loss.**

Under the Utah Financial Institutions Act, control is defined as the power, directly or indirectly, or through or in concert with one or more persons to: (a) direct or exercise a controlling influence over (i) the management or policies of a financial institution or (ii) the election of a majority of the directors or trustees of an institution; or (b) to vote 25% or more of any class of voting securities of a financial institution. In addition, under Utah law, there is a rebuttable presumption that a person has control of a Utah financial institution if the person has the power, directly or indirectly, or through or in concert with one or more persons, to vote more than 10% but less than 25% of any class of voting securities of a financial institution. If any holder of any series of the Bank's preferred stock is or becomes entitled to vote for the election of the Bank's directors, such series will be deemed a class of voting stock, and any other person will be required to obtain the non-objection of the FDIC under the Change in Bank Control Act to acquire or maintain 10% or more of that series. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our common stock in excess of the amount which can be acquired without regulatory approval.

Examination and Supervision

Federal and state banking agencies require the Bank to prepare annual reports on financial condition and to conduct an annual audit of financial affairs in compliance with minimum standards and procedures. We must undergo regular on-site examinations by the FDIC and the Utah DFI, which examine the Bank for adherence to a range of legal and regulatory compliance responsibilities. A bank regulator conducting an examination has complete access to the books and records of the examined institution. The results of the examination are confidential, with the exception of the CRA examination discussed above. The cost of examinations may be assessed against the examined institution as the agency deems necessary or appropriate.

Incentive Compensation

The FDIC has issued comprehensive guidance on incentive compensation policies intended to ensure that the incentive compensation policies of banking organizations do not undermine the safety and soundness of such organizations by encouraging excessive risk taking. The guidance, which covers all employees that have the ability to materially affect the risk profile of an organization, either individually or as part of a group, is based upon the key principles that a banking organization's incentive compensation arrangements should (i) provide incentives that appropriately balance risk and financial results in a manner that does not encourage employees to expose their organizations to imprudent risk, (ii) be compatible with effective internal controls and risk management and (iii) be supported by strong corporate governance, including active and effective oversight by the organization's board of directors.

The Dodd-Frank Act requires the federal banking regulators and the Securities and Exchange Commission, or the SEC, to establish joint regulations or guidelines at specified regulated entities having at least \$1 billion in total assets, such as us, prohibiting incentive-based payment arrangements that encourage inappropriate risk-taking by providing an executive officer, employee, director or principal shareholder with excessive compensation, fees, or benefits or that could lead to material financial loss to the entity. The federal banking regulators and the SEC proposed revised rules in 2016, which have not been finalized.

Valid When Made and True Lender

The FDIC has adopted a rule clarifying that a loan made by a state-chartered bank is considered "valid when made" pursuant to the preemptive authority in Section 27 of the FDIA, and therefore the loan's original terms, including, among others, its interest rate, are valid and enforceable by any subsequent assignee, transferee, or buyer, regardless of the usury laws of other states, or the Valid-When-Made Rule. Under the Valid-When-Made Rule, the interest rate on a bank-made loan remains valid and enforceable even after the bank sells or transfers it to a party that could not have originated the loan on the same terms as the bank. The Valid-When-Made Rule does not address when a state-chartered bank is the "true lender" of a loan, and the ultimate effect of the FDIC rule remains uncertain in light of the overturning of the OCC's analogous rule pursuant to a Congressional Review Act resolution signed by President Biden, and other pending legal challenges to bank-fintech partnerships on the ground that the bank is not the "true lender." We believe the impact to the Bank of the Valid-When-Made Rule will be minimal.

Future Legislation

Congress may enact legislation from time to time that affects the regulation of the financial services industry, and state legislatures may enact legislation from time to time affecting the regulation of financial institutions chartered by or operating in those states. Federal and state regulatory agencies also periodically propose and adopt changes to their regulations or change the manner in which existing regulations are applied. These legislative and regulatory changes are likely to accelerate under, and in response to, the new U.S. administration. The substance or impact of pending or future legislation or regulation, or the application thereof, cannot be predicted, although enactment of the proposed legislation could impact the regulatory structure under which we operate and may significantly increase our costs, impede the efficiency of our internal business processes, require us to increase our regulatory capital and modify our business strategy, and limit our ability to pursue business opportunities in an efficient manner.

AVAILABLE INFORMATION

Our corporate website is located at www.medallion.com. We make copies of our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and any amendments to those reports filed with or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act available on or through our website free of charge as soon as reasonably practicable after we electronically file them with or furnish them to the SEC. Our SEC filings can be found in the Investors Relations section of our website, the address of which is www.medallion.com/investors.html, or on the SEC website at www.sec.gov. Our Code of Ethical Conduct and Insider Trading Policy can be located in the Corporate Governance section of our website at www.medallion.com/investors_corporate_governance.html. These documents, as well as our SEC filings, are available in print free of charge to any stockholder who requests a copy from our Secretary.

ITEM 1A. RISK FACTORS

Risks Related to Our Loan Portfolios and Business

Our business is heavily concentrated in consumer lending, which carries a risk of loss that is different from and typically higher than the risk of loss associated with commercial lending and which could be adversely affected by an economic downturn.

Our business is heavily concentrated in consumer lending. As a result, we are more susceptible to fluctuations and risks particular to consumer credit than a more diversified company would be. Our business is particularly sensitive to macroeconomic conditions that affect the U.S. economy, consumer spending and consumer credit. This includes, for example, the risk of recession, the impacts of inflation, which has in recent years and could continue to have an adverse effect on consumer spending, a rising interest rate environment, as well as the impact that geopolitical responses to international and regional wars have had on gasoline prices and the economic environment generally in the United States. We are also more susceptible to the risks of increased regulations and legal and other regulatory actions that are targeted at consumer credit or the specific consumer credit products that we offer (including promotional financing). Our business concentration could have a material adverse effect on our results of operations.

By its nature, lending to consumers carries with it different risks and typically a higher risk of consistent loss than commercial lending. Although the net interest margins are intended to be higher to compensate us for this increased risk, an economic downturn could result in higher loss rates and lower returns than expected and could affect the profitability of our consumer loan portfolios. During periods of economic slowdown, delinquencies, defaults, repossessions, and losses generally increase, and consumers may reduce their discretionary spending in areas such as recreation and home improvement, which constitute the significant majority of our business. These periods have been, and may continue to be, accompanied by increasing unemployment rates and declining values of consumer products securing outstanding accounts, which weaken collateral coverage and increase the amount of a loss in the event of default.

Additionally, the risk of recession, higher gasoline prices, volatile real estate values and market conditions, resets of adjustable rate mortgages to higher interest rates, increases in inflation, general availability of consumer credit, or other factors that impact consumer confidence or disposable income, could increase loss frequency and decrease consumer demand for RVs, boats, collector cars, and other consumer recreational equipment (including in connection with home improvement projects), as well as weaken collateral values on certain types of consumer products. Any decrease in consumer demand for those products could have a material adverse effect on our ability to originate new loans and, accordingly, on our business, financial condition, and results of operations.

Although declines in commodity prices, and more particularly gasoline prices, generally are financially beneficial to the individual consumer, these declines may also have a negative impact on unemployment rates in geographic areas that are highly dependent upon the oil and natural gas industry, which could adversely affect the credit quality of consumers in those areas.

Our balance sheet consists of a significant percentage of non-prime consumer loans, which are associated with higher-than-average delinquency rates. The actual rates of delinquencies, defaults, repossessions, and losses on these loans could be more dramatically affected by a general economic downturn. In addition, during an economic slow-down or recession, our servicing costs may increase without a corresponding increase in our net interest income.

Furthermore, our business is significantly affected by monetary and regulatory policies of the U.S. Federal Government and its agencies, which are in a greater state of flux under the new administration. Changes in any of these policies are influenced by macroeconomic conditions and other factors that are beyond our control and could have a material adverse effect on us, through interest rate changes, costs of compliance with increased regulation, and other factors. For example, the Federal Reserve raised the Federal Funds Rate several times in 2022 and 2023. If inflationary pressures return, our interest expense could increase faster than our interest income, reducing our net interest income and net interest margin, and continuing adverse impacts on consumer spending could reduce demand for our consumer loan products. These developments, along with United States government credit, debt ceiling and deficit concerns, global economic uncertainties and market volatility, have caused and could continue to cause interest rates to be volatile.

The process we use to estimate losses inherent in our credit exposure requires complex judgments, including forecasts of economic conditions and how those economic conditions might impair the ability of our borrowers to repay their loans. The degree of uncertainty concerning economic conditions may adversely affect the accuracy of our estimates, which may, in turn, impact the reliability of the process and the quality of our assets.

Our financial condition, liquidity and results of operations depend on the credit performance of our loans.

As of December 31, 2024, 37% of our recreation loans originated were non-prime receivables with obligors who do not qualify for conventional consumer finance products as a result of, among other things, adverse credit history. While our underwriting guidelines are designed to confirm that, notwithstanding such factors, the obligor would be a reasonable credit risk, the receivables nonetheless are expected to experience higher default rates than a portfolio of obligations of prime obligors. The weakening of our underwriting guidelines for any reason, such as in response to the competitive environment, in an effort to originate higher yielding loans, a lack of discipline or diligence by our employees in underwriting and monitoring loans or our inability to adequately adapt policies and procedures to changes in economic or other conditions, may result in loan defaults and charge-offs that may necessitate increases to our allowance for credit losses, each of which could adversely affect our net income and financial condition. In the event of a default on a

recreation loan, generally the most practical recovery method is repossession of the financed vehicle, although the collateral value of the vehicle usually does not fully cover the outstanding account balance and costs of recovery. Repossession sales that do not yield sufficient proceeds to repay the receivables in full typically result in losses on those receivables.

In addition, our prime portfolio has grown in proportion to our overall portfolio over the past several years. While prime portfolios typically have lower default rates than non-prime portfolios, we have less ability to make risk adjustments to the pricing of prime loans compared to non-prime loans. As a result, to the extent our prime portfolio continues to grow, a larger proportion of our business will consist of loans with respect to which we will have less flexibility to adjust pricing to absorb losses. As a result of these factors, we may sustain higher losses than anticipated in our prime portfolio. Additionally, if our prime credit losses are higher than expected then we may also be at risk with regard to our forecasted losses, which could impact our loss reserves and results of operations.

Our allowance for credit losses may prove to be insufficient to cover losses on our loans.

We maintain an allowance for credit losses (a reserve established through a provision for losses that decreases our earnings and that, accordingly, affects our financial condition) that we believe is appropriate to provide for current expected losses in our loan portfolio.

The process for establishing an allowance for credit losses is critical to our results of operations and financial condition, and requires complex models and judgments, including forecasts of economic conditions and other assumptions. Changes in economic conditions affecting borrowers, growth in our loan portfolio, changes in the credit characteristics of our loan portfolio, new information regarding our loans and other factors, both within and outside of our control, may require an increase in the allowance for credit losses. In cases where we modify loans, if the modified loans do not perform as anticipated, we may be required to establish additional allowances on these loans.

We periodically review and update our methodology, models and the underlying assumptions, estimates and assessments we use to establish our allowance for credit losses to reflect our view of current conditions. Moreover, our regulators, as part of their supervisory function, periodically review the methodology, models and the underlying assumptions, estimates and assessments we use for calculating, and the adequacy of, our allowance for credit losses. Our regulators, based on their judgment, may conclude that we should modify our methodology, models or the underlying assumptions, estimates and assessments, increase our allowance for credit losses, and/or recognize further losses. We continue to review and evaluate our methodology, models and the underlying assumptions, estimates and assessments we use and we will implement further enhancements or changes to them, as needed. We cannot provide assurance that our credit loss reserves will be sufficient to cover actual losses. Future increases in the allowance for credit losses or recognized losses (as a result of any review, update, regulatory guidance, changes in accounting standards or otherwise) will result in a decrease in net earnings and capital and could have a material adverse effect on our business, results of operations, and financial condition.

Our business, financial condition and results of operations could be negatively impacted if we are unsuccessful in developing and maintaining relationships with dealers, contractors, and FSPs.

We originate loans for retention in our loan portfolios by working with third-party sellers of consumer products and not by working directly with consumers. As a result, our ability to originate consumer loans depends on our relationships with a limited number of dealers, contractors, and FSPs. Although we have relationships with various dealers, contractors, and FSPs, none of our relationships are exclusive and each may be terminated at any time. In addition, a large proportion of our new loan originations is concentrated in our top ten relationships (48% in our home improvement portfolio and 38% in our recreation portfolio in 2024), and the loss of a significant relationship could have a negative effect on demand for our products and our new loan originations. There is also significant competition for the contractor and FSP relationships we depend on in connection with our home improvement lending segment. The loss of any of these relationships, our failure to develop additional relationships, and circumstances in which our existing dealership, contractor, and FSP relationships generate decreased sales and loan volume all may have a material adverse effect on a substantial part of our business, financial condition and results of operations.

A reduction in demand for our products and failure by us to adapt to such reduction could adversely affect our business, financial condition and results of operations.

The demand for the products we offer may be reduced due to a variety of factors, such as the risk of recession and other economic conditions, demographic patterns, changes in customer preferences or financial conditions, regulatory restrictions that decrease customer access to particular products or the availability of competing products. If we fail to adapt to significant changes in our customers' demand for, or access to, our products, our revenues could decrease, and our operations could be adversely affected. Even if we do make changes to our product offerings to fulfill customer demand, customers may resist such changes or may reject such products. Moreover, the effect of any product change on the results of our business may not be fully ascertainable until the change has been in effect for some time, and, by that time, it may be too late to make further modifications to such product without causing further adverse effects to our business, results of operations, and financial condition.

Decreases or increases in prevailing interest rates could adversely affect our business, our cost of capital and our net interest income.

Our commercial borrowers have the right to prepay their loans in full or in part at any time. Commercial borrowers are subject to a prepayment penalty of up to 5% during the first year, declining by one percentage point through the fifth year. A borrower is likely to exercise prepayment rights at a time when the interest rate payable on the borrower's loan is high relative to prevailing interest rates. In a lower interest rate environment, we will have difficulty re-lending prepaid funds at comparable rates, which may reduce the net interest income that we receive. When this occurs, we will generally reinvest these proceeds in temporary investments, pending their future investment in new portfolio companies. These temporary investments will typically have substantially lower yields than the debt being prepaid, and we could experience significant delays in reinvesting these amounts. Any future investment in a new portfolio company may also be at lower yields than the debt that was repaid. As a result, our results of operations could be materially adversely affected if a substantial number of our portfolio companies elect to prepay amounts owed to us and we are not able to reinvest the proceeds for comparable yields in a timely fashion.

Our profitability may be directly affected by interest rate levels and fluctuations in interest rates. As interest rates change, our gross interest rate spread on originations either increases or decreases because the rates charged on the loans originated are limited by market and competitive conditions, sometimes restricting our ability to pass on increased interest costs to the consumer. For example, in 2024, as interest rates increased, our net interest margin decreased by 33 basis points. Additionally, although a significant percentage of our borrowers are non-prime and are not highly sensitive to interest rate movement, increases in interest rates may reduce the volume of loans we originate. While we monitor the interest rate environment and seek to mitigate the impact of increased interest rates, we cannot provide assurance that the impact of changes in interest rates can be successfully mitigated.

In addition, the majority of our loan portfolio consists of fixed-rate loans. To the extent our funding costs increase in response to an increase in market rates of interest, an abrupt increase in market rates of interest may have an adverse impact on our earnings until we are able to originate new loans at higher prevailing interest rates. As noted above, the Federal Reserve has raised certain benchmark interest rates in the past in an effort to combat inflation.

Additionally, because we borrow to fund our loans and investments, a portion of our income is dependent upon the difference between the interest rate at which we borrow funds and the interest rate at which we invest these funds. For example, in 2024 our net interest margin on gross loans decreased to 8.05% from 8.38%. Essentially all of our loans have fixed interest rates, while a portion of our borrowings may reprice at current higher rates. As a result, a significant change in market interest rates could have a material adverse effect on our net investment income. In periods of rising interest rates, our cost of funds could increase, which would reduce our net investment income. We may hedge against interest rate fluctuations by using standard hedging instruments, subject to applicable legal requirements. These activities may limit our ability to participate in the benefits of lower interest rates with respect to the hedged portfolio. Adverse developments resulting from changes in interest rates or hedging transactions could have a material adverse effect on our business, financial condition, and results of operations. Also, we will have to rely on our counterparties to perform their obligations under such hedges.

Financing and Related Risks

We are subject to certain financial covenants and other restrictions under debt arrangements, which could affect our ability to finance future operations or capital needs or to engage in other business activities.

Certain privately placed notes contain financial covenants and other restrictions relating to financial ratios and minimum tangible net worth. Our ability to meet these financial covenants and restrictions could be affected by events beyond our control. A breach of these covenants could result in an event of default under the applicable debt instrument. Such a default, if not cured or waived, may allow the holders to accelerate the related debt and may result in the acceleration of any other debt that is subject to an applicable cross-acceleration or cross-default provision. Our privately placed debt is subject to cross default provisions. Certain other events can constitute an event of default. In the event our holders of the related notes accelerate the repayment of our borrowings, we and our subsidiaries may not have sufficient assets to repay that indebtedness. Based on the foregoing factors, the operating and financial restrictions and covenants in our current debt agreements and any future financing agreements could adversely affect our ability to finance future operations or capital needs or to engage in other business activities.

Failure to raise additional capital in the future could have a material adverse effect on our results of operations and financial position.

Our privately placed notes contain certain provisions that require us to meet certain tests in order to raise additional debt. We cannot guarantee that we will continue to meet such tests in the future. Additionally, our ability to obtain additional sources of funds including through credit facilities or other alternative sources of financing may be difficult, and we cannot guarantee that we will be able to do so on terms favorable to us or at all. The availability of credit facilities depends, in part, on factors outside of our control, including regulatory capital treatment for unfunded bank lines of credit, the financial strength and strategic objectives of the banks that participate in credit facilities and the availability of bank liquidity in general.

In addition, we may need to raise additional capital in the future to have sufficient capital resources and liquidity to meet our commitments, including the terms of the 2003 Capital Maintenance Agreement, and fund our business needs and future growth, particularly if the quality of our assets or earnings were to deteriorate significantly. Our ability to raise additional capital, if needed, will depend on, among other things, conditions in the capital markets at that time, which are outside of our control, and our financial condition. We may not be able to obtain capital on acceptable terms or at all. Any occurrence that may limit our access to the capital markets, such as a decline in the confidence of capital markets investors or other disruptions in capital markets, may adversely affect our capital costs and our ability to raise capital and, in turn, our liquidity. Further, if we need to raise capital in the future, we may have to do so when many other financial institutions are seeking to raise capital and would then have to compete with those institutions for investors. An inability to raise additional capital on acceptable terms when needed could have a material adverse effect on our business, financial condition, or results of operations.

Medallion Bank's use of brokered deposits for its deposit-gathering activities may not be available when needed. The inability to accept and renew brokered deposits would have a material adverse effect on our business, financial condition, liquidity, and results of operations.

Medallion Bank relies on the established brokered deposit market to originate deposits to fund its operations. Additionally, Medallion Bank's business, strategy and prospects are dependent on its ability to accept and renew brokered deposits without limitation and, therefore, dependent on its ability to be "well-capitalized" under the FDIC's regulatory framework.

Medallion Bank's brokered deposits consist of deposits raised through the brokered deposit market rather than through retail branches. Although Medallion Bank has developed contractual relationships with a diversified group of investment brokers, and the brokered deposit market is well developed and utilized by many banking institutions, conditions arise that might affect the availability of brokered deposits. In particular, recent industry events have highlighted that the availability of deposits can change suddenly and in unpredictable ways. Although the Medallion Bank primarily funds its business using FDIC-insured deposits that generally cannot be withdrawn prior to maturity, there can be no assurance that this funding source will continue to be available on the same terms, or at all. In addition, Medallion Bank's ability to rely on brokered deposits as a source of funding is subject to capitalization requirements set forth in the FDIC's prompt corrective action framework. Medallion Bank may not accept or renew brokered deposits unless it is "well-capitalized", or it is "adequately capitalized" and it receives a waiver from the FDIC. A bank that is "adequately capitalized" and that accepts or renews brokered deposits under a waiver from the FDIC is subject to additional restrictions on the interest rates it may offer. See "Our Business - Supervision and Regulation" for additional information.

If the capital levels at Medallion Bank fall below the “well-capitalized” level as defined by the FDIC, or if it otherwise fails to maintain “well capitalized” status, Medallion Bank’s ability to raise brokered deposits would be materially impaired. If Medallion Bank’s capital levels fall below the “adequately-capitalized” level as defined by the FDIC, it would be unable to raise brokered deposits. Any impairment or inability to raise brokered deposits would have a material adverse effect on our business, financial condition, liquidity and results of operations. Brokered deposits may also not be as stable as other types of deposits, and if Medallion Bank experiences a period of sustained operating losses, the cost of attracting deposits from the brokered deposit market could increase significantly. Medallion Bank’s ability to manage its growth to stay within the “well-capitalized” level is critical to our ability to retain open access to this funding source.

Investors in our securities, may be adversely affected and may face significant losses (including the possibility of losing their entire investment) if Medallion Bank is unable to accept or renew brokered deposits or if its access to the brokered deposit market were impaired.

We depend on cash flow from our subsidiaries to make payments on our indebtedness and fund operations.

We are primarily a holding company, and we derive most of our operating income and cash flow from our subsidiaries. As a result, we rely heavily upon distributions from our subsidiaries to generate the funds necessary to make payments on our indebtedness and fund operations. Funds are provided to us by our subsidiaries through dividends and payments on intercompany indebtedness, but we cannot assure you that our subsidiaries will be in a position to continue to make these dividend or debt payments. The Utah Department of Financial Institutions and FDIC have the authority to prohibit or to limit the payment of dividends by Medallion Bank. In addition, as a condition to receipt of FDIC insurance, Medallion Bank entered into a capital maintenance agreement with the FDIC requiring it to maintain a 15% Tier 1 leverage ratio (Tier 1 capital to average assets). As of December 31, 2024, Medallion Bank’s Tier 1 leverage ratio was 15.7%. We received dividends from Medallion Bank of \$24.0 million and \$20.0 million for the years ended December 31, 2024 and 2023 and received dividends from Medallion Capital of \$1.6 million and \$4.8 million for the years ended December 31, 2024 and 2023. All of the amounts received from Medallion Capital in 2023 were reinvested in Medallion Capital.

Legal and Regulatory Risks

We are subject to pending litigation with the SEC, the settlement of which remains subject to the approval of the Commissioners of the SEC and the Court, for certain violations of the federal securities laws, which could result in material fines and/or other sanctions and accordingly have a material adverse effect on our business, reputation, financial condition, results of operations and/or stock price, as well as a bar against our President and Chief Operating Officer.

As described in Note 10 “Commitments and Contingencies” to the consolidated financial statements included in this Annual Report on Form 10-K, on December 29, 2021, the SEC filed a civil complaint in the U.S. District Court for the Southern District of New York against the Company and its President and Chief Operating Officer alleging certain violations of the antifraud, books and records, internal controls and anti-touting provisions of the federal securities laws. The litigation relates to certain issues that occurred during the period 2015 to 2017, including (i) the Company’s retention of third parties in 2015 and 2016 concerning posting information about the Company on certain financial websites and (ii) the Company’s financial reporting and disclosures concerning certain assets, including Medallion Bank, in 2016 and 2017, a period when the Company had previously reported as a business development company (BDC) under the Investment Company Act of 1940. In December 2024, the Company and its President and Chief Operating Officer reached an agreement in principle with the Division of Enforcement of the SEC, that if approved by the Commissioners of the SEC and the Court, would resolve this litigation. We cannot assure you that such approvals will be obtained.

Depending on the outcome of the litigation, and/or in the event that the Commissioners of the SEC or the Court were to decline to approve the settlement in principle, the Company could incur a loss and other penalties that could be material to the Company, its results of operations and/or financial condition, as well as a bar against its President and Chief Operating Officer. In addition, the Company has and may further incur significant legal fees and expenses in defending against such charges by the SEC and the Company may be subject to shareholder litigation relating to these SEC matters.

We operate in a highly regulated environment, and if we are found to be in violation of any of the federal, state, or local laws or regulations applicable to us, our business could suffer.

The Dodd-Frank Wall Street Reform and Consumer Protection Act, or the Dodd-Frank Act significantly changed federal financial services regulation and affects, among other things, the lending, deposit, investment, trading, and operating activities of financial institutions and their holding companies. In addition to the statutory requirements under the Dodd-Frank Act, the legislation also delegated authority to U.S. banking, securities, and derivatives regulators to impose additional restrictions through required rulemaking. The Dodd-Frank Act requires a company that owns an industrial bank to serve as a “source of strength” to the institution and is also subject to the “Volcker Rule.” Although these requirements have not materially impacted us, we cannot assure you that they will not in the future.

Other changes in the laws or regulations applicable to us more generally, may negatively impact the profitability of our business activities, require us to change certain of our business practices, materially affect our business model, limit the activities in which we may engage, affect retention of key personnel, require us to raise additional regulatory capital, increase the amount of liquid assets that

we hold, or otherwise affect our funding profile or expose us to additional costs (including increased compliance costs). Any such changes may also require us to invest significant management attention and resources to make any necessary changes and may adversely affect our ability to conduct our business as previously conducted or our results of operations or financial condition.

We are also subject to a wide range of federal, state, and local laws and regulations, such as local licensing requirements, and retail financing, debt collection, consumer protection, environmental, health and safety, creditor, wage-hour, anti-discrimination, whistleblower and other employment practices laws and regulations and we expect these costs to increase going forward. The violation of these or future requirements or laws and regulations could result in administrative, civil, or criminal sanctions against us, which may include fines, a cease and desist order against the subject operations or even revocation or suspension of our license to operate the subject business. As a result, we have incurred and will continue to incur capital and operating expenditures and other costs to comply with these requirements and laws and regulations.

The banking industry is highly regulated, and the regulatory framework, together with any future legislative or regulatory changes, may have a significant adverse effect on our operations.

The banking industry is extensively regulated and supervised under both federal and state laws and regulations that are intended primarily for the protection of depositors, customers, federal deposit insurance funds, and the banking system as a whole, and not for the protection of security holders. We are subject to regulation and supervision by the FDIC and the Utah DFI. The laws and regulations applicable to us govern a variety of matters, including permissible types, amounts, and terms of loans and investments we may make, the maximum interest rate that may be charged, the amount of reserves we must hold against deposits we take, the types of deposits we may accept, maintenance of adequate capital and liquidity, changes in the control of Medallion Bank and us, restrictions on dividends, and establishment of new offices. We must obtain approval from our regulators before engaging in certain activities or acquisitions, and there is the risk that such approvals may not be obtained, either in a timely manner or at all. Our regulators also have the ability to compel us to take, or restrict us from taking, certain actions entirely, such as actions that our regulators deem to constitute an unsafe or unsound banking practice. Our failure to comply with any applicable laws or regulations, or regulatory policies and interpretations of such laws and regulations, could result in sanctions by regulatory agencies, civil money penalties, or damage to our reputation, all of which could have a material adverse effect on our business, financial condition or results of operations.

Federal and state banking laws and regulations, as well as interpretations and implementations of these laws and regulations, are continually undergoing substantial review and change. Financial institutions generally have also been subjected to increased scrutiny from regulatory authorities. Changes in the Presidential Administration or control of Congress also increase the likelihood of further changes to laws, regulations and supervisory practices affecting financial institutions, which could include more stringent requirements and greater scrutiny from regulatory authorities. These changes and increased scrutiny have resulted and may continue to result in increased costs of doing business and may in the future result in decreased revenues and net income, reduce our ability to effectively compete to attract and retain customers, or make it less attractive for us to continue providing certain products and services. Any future changes in federal and state law and regulations, as well as the interpretations and implementations, or modifications or repeals, of such laws and regulations, could affect us in substantial and unpredictable ways, including those listed above or other ways that could have a material adverse effect on our business, financial condition or results of operations. Recent political developments, including the new presidential administration in the U.S., have added additional uncertainty with respect to new laws or regulations or changes in the interpretations or enforcement of existing laws or regulations, including potential deregulation in some areas.

Our inability to remain in compliance with regulatory requirements could have a material adverse effect on our operations in a given market and on our reputation generally. No assurance can be given that applicable laws or regulations will not be amended or construed differently or that new laws and regulations will not be adopted, either of which could materially adversely affect our business, financial condition, or results of operations.

The Patriot Act and the BSA require financial institutions to design and implement programs to prevent financial institutions from being used for money laundering and terrorist activities. If such activities are detected, financial institutions are obligated to file suspicious activity reports with FinCEN. These rules require financial institutions to establish procedures for identifying and verifying the identity of customers and beneficial owners of certain legal entity customers seeking to open new financial accounts. Federal and state bank regulators also have focused on compliance with BSA and anti-money laundering regulations. Failure to comply with these regulations could result in fines or sanctions, including restrictions on conducting acquisitions or expanding activities. Although we have policies and procedures designed to assist in compliance with the BSA and other anti-money laundering laws and regulations, there can be no assurance that such policies or procedures will work effectively all of the time or protect us against liability for actions taken by our employees, agents, and intermediaries with respect to our business or any businesses that we may acquire. Failure to maintain and implement adequate programs to combat money laundering and terrorist financing could also have serious reputational consequences for us, which could have a material adverse effect on our business, financial condition or results of operations.

Increases in FDIC insurance premiums may adversely affect our earnings.

Our deposits are insured by the FDIC up to legal limits and, accordingly, we are subject to FDIC deposit insurance assessments. We generally cannot control the amount of premiums we will be required to pay for FDIC insurance. In connection with financial institution failures or losses that the deposit insurance fund suffers, we may be required to pay higher FDIC premiums, or the FDIC may charge special assessments or require future prepayments. For example, in October 2022 the FDIC increased the initial base deposit insurance assessment rates by 2 basis points beginning with the first quarterly assessment period of 2023 and in November 2023 the FDIC adopted a rule to recover, by special assessment, losses to the deposit insurance fund in connection with the closures of Silicon Valley Bank and Signature Bank. See “Supervision and Regulation—Deposit Insurance.” Future increases of FDIC insurance premiums or special assessments could have a material adverse effect on our business, financial condition or results of operations.

Regulations relating to privacy, information security and data protection could increase our costs, affect or limit how we collect and use personal information and adversely affect our business opportunities.

We are subject to various privacy, information security, and data protection laws, including requirements concerning security breach notification, and we could be negatively affected by these laws. For example, our business is subject to the Gramm-Leach-Bliley Act which, among other things: (i) imposes certain limitations on our ability to share nonpublic personal information about our customers with nonaffiliated third parties; (ii) requires that we provide certain disclosures to customers about our information collection, sharing and security practices and afford customers the right to “opt out” of any information sharing by us with nonaffiliated third parties (with certain exceptions); and (iii) requires that we develop, implement and maintain a written comprehensive information security program comprised of safeguards appropriately based on our size and complexity, the nature and scope of our activities, and the sensitivity of customer information we process, as well as plans for responding to data security breaches. Various state and federal banking regulators and states have also enacted data security breach notification requirements with varying levels of individual, consumer, regulatory or law enforcement notification requirements in certain circumstances in the event of a security breach. Moreover, numerous states have adopted, or are considering adopting, privacy, information security, and data protection laws that potentially could have a significant impact on our current and planned privacy, data protection, and information security-related practices, our collection, use, sharing, retention and safeguarding of consumer or employee information, and some of our current or planned business activities. This could also increase our costs of compliance and business operations and could reduce income from certain business initiatives. This includes increased privacy-related enforcement activity at the federal level, by the Federal Trade Commission, as well as at the state level.

Compliance with current or future privacy, data protection, and information security laws (including those regarding security breach notification) could result in higher compliance and technology costs and could restrict our ability to provide certain products and services, which could have a material adverse effect on our business, financial condition or results of operations. Our failure to comply with privacy, data protection, and information security laws could result in potentially significant regulatory or governmental investigations or actions, litigation, fines, sanctions, and damage to our reputation, which could have a material adverse effect on our business, financial condition, or results of operations.

Our use of third-party vendors and our other ongoing third-party business relationships are subject to regulatory requirements and scrutiny.

We regularly use third-party vendors as part of our business. We also have substantial ongoing business relationships with other third parties. These types of third-party relationships are subject to demanding regulatory requirements and attention by our federal and state bank regulators. Regulation requires us to adopt enhanced due diligence, ongoing monitoring and control over our third-party vendors and other ongoing third-party business relationships. In certain cases, we may in the future be required to renegotiate our agreements with these vendors to meet these enhanced requirements, which could increase our costs and potentially limit our competitiveness. We expect that our regulators will hold us responsible for deficiencies in our oversight and control of our third-party relationships and in the performance of the parties with which we have these relationships. As a result, if our regulators conclude that we have not exercised adequate oversight and control over our third-party vendors or other ongoing third-party business relationships or that such third parties have not performed appropriately, we could be subject to enforcement actions, including civil money penalties or other administrative or judicial penalties or fines as well as requirements for customer remediation, any of which could have a material adverse effect our business, financial condition or results of operations.

If any of the various dealers, contractors, FSPs or Strategic Partners through which we originate loans fails to fulfill their obligations to consumers or comply with applicable law, we may incur remediation costs. Although the dealers, contractors, FSPs and Strategic Partners that we contract with are required to fulfill their contractual commitments to consumers and to comply with applicable law, from time to time they might not, or a consumer might allege that they did not. This, in turn, can result in claims against us or in loans being uncollectible. In those cases, we may decide that it is beneficial to remediate the situation, either by assisting the consumers to get a refund, working with the dealers, contractors, FSPs or Strategic Partners to modify the terms of the loans or reducing the amount due by making a concession to the consumer or otherwise. Historically, the cost of remediation has not been material to our business, but it could be in the future.

Our SBIC subsidiaries are licensed by the SBA and are therefore subject to SBA regulations.

Our SBIC subsidiaries are licensed to operate as SBICs and are regulated by the SBA. The SBA also places certain limitations on the financing terms of investments by SBICs in portfolio companies and prohibits SBICs from providing funds for certain purposes or to businesses in a few prohibited industries. Compliance with SBA requirements may cause the SBIC subsidiaries to forego attractive investment opportunities that are not permitted under SBA regulations.

Further, SBA regulations require that a licensed SBIC be periodically examined and audited by the SBA to determine its compliance with the relevant SBA regulations. The SBA prohibits, without prior SBA approval, a “change of control” of an SBIC or transfers that would result in any person (or a group of persons acting in concert) owning 10% or more of a class of capital stock of an SBIC. If the SBIC subsidiaries fail to comply with applicable SBIC regulations, the SBA could, depending on the severity of the violation, limit or prohibit their use of debentures, declare outstanding debentures immediately due and payable, and/or limit them from making new investments. In addition, the SBA could revoke or suspend an SBIC license or may appoint a receiver for the SBIC and for its liquidation for willful or repeated violation of, or willful or repeated failure to observe, any provision of the SBIA or any rule or regulation promulgated thereunder. Such actions by the SBA would, in turn, negatively affect us.

Our ability to enter into transactions with our affiliates is restricted.

The SBA restricts the ability of SBICs to lend money to any of their officers, directors, and employees, or invest in any affiliates thereof.

Medallion Bank is subject to certain federal laws that restrict and control its ability to engage in transactions with its affiliates. Sections 23A and 23B of the Federal Reserve Act and applicable regulations restrict the transfer of funds by Medallion Bank to certain of its affiliates, including us, in the form of loans, extensions of credit, investments, or purchases of assets and restrict its ability to provide services to, or receive services from, its affiliates. Sections 23A and 23B also require generally that Medallion Bank’s transactions with its affiliates be on terms no less favorable to Medallion Bank than comparable transactions with unrelated third parties.

Federal and state law may discourage certain acquisitions of our common stock which could have a material adverse effect on our stockholders.

Because Medallion Bank is an “insured depository institution” within the meaning of the Federal Deposit Insurance Act and the Change in Bank Control Act and Medallion Financial Corp. is a “financial institution holding company” within the meaning of the Utah Financial Institutions Act, federal and Utah law and regulations prohibit any person or company from acquiring control Medallion Bank or Medallion Financial Corp., without, in most cases, prior written approval of the FDIC or the Commissioner of the Utah Department of Financial Institutions, as applicable. Under the Change in Bank Control Act, control is conclusively presumed if, among other things, a person or company acquires 25% or more of any class of the Bank’s voting stock. A rebuttable presumption of control arises if a person or company acquires 10% or more of any class of voting stock and is subject to a number of specified “control factors” as set forth in the applicable regulations. **Although Medallion Bank is an “insured depository institution” within the meaning of the Federal Deposit Insurance Act and the Change in Bank Control Act, your investment in the Company is not insured or guaranteed by the FDIC, or any other agency, and is subject to loss.** Under the Utah Financial Institutions Act, control is defined as the power, directly or indirectly, or through or in concert with one or more persons to: (a) direct or exercise a controlling influence over (i) management or policies of a financial institution or (ii) the election of a majority of the directors or trustees of an institution or (b) vote 25% or more of any class of voting securities of a financial institution. In addition, under Utah law, there is a rebuttable presumption that a person has control of a Utah financial institution if the person has the power, directly or indirectly, or through concern with one or more persons, to vote more than 10% but less than 25% of any class of voting securities of a financial institution. Investors are responsible for ensuring that they do not, directly or indirectly, acquire shares of our common stock in excess of the amount which can be acquired without regulatory approval. These provisions could delay or prevent a third party from acquiring us, despite the possible benefit to our stockholders, or otherwise adversely affect the market price of our common stock.

Risk Relating to Our Growth and Operations

Competition with other lenders could adversely affect us.

The consumer lending market is very competitive and is served by a variety of entities, including banks, savings and loan associations, credit unions, independent finance companies, and financial technology companies. The recreation lending and home improvement lending markets are also highly fragmented, with a small number of lenders capturing large shares of each market and many smaller lenders competing for the remaining market share. Our competitors often seek to provide financing on terms more favorable to consumers or dealers, contractors, and FSPs than we offer. Many of these competitors also have long-standing relationships with dealers, contractors, and FSPs and may offer other forms of financing that we do not offer, e.g., credit card lending. We anticipate that we will encounter greater competition as we expand our operations, and competition may also increase in more stable or favorable economic conditions. In addition, certain of our competitors are not subject to the same regulatory requirements that we are and, as a result, these competitors may have advantages in conducting certain business and providing certain services and may be more aggressive in their loan origination activities. Increasing competition could also require us to lower the rates we charge on loans in order to maintain our desired loan origination volume, which could also have a material adverse effect on our business, financial condition and results of operations.

We have in the past and may in the future pursue new strategies and lines of business, such as our Strategic Partnership Program, and we may face enhanced risks as a result of these changes in strategy, including from transacting with a broader array of customers and exposure to new assets, activities and markets.

In July 2019, we launched our Strategic Partnership Program, through which we partner with third parties to offer consumer loans and other financial services. Potential legal and regulatory risks associated with this line of business remain uncertain and may develop in ways that could affect us adversely, including as a result of legal proceedings brought against us on the basis that we are the “true lender” of the loans facilitated, held and serviced by our Strategic Partners, or on the basis of a determination by the FDIC or other financial regulators that our Strategic Partnership Program represents an unsafe and unsound practice.

We may continue to change our strategy and enter new lines of business, including through the acquisition of another company, acquisitions of new types of loan portfolios or other asset classes, expansion of our deposit-taking activities, or otherwise, in the future. Any new business initiatives, including our Strategic Partnership Program, have in the past and may in the future expose us to new and enhanced risks, including new credit-related, compliance, fraud, market and operational risks, increased compliance and operating costs, different and potentially greater regulatory scrutiny of such new activities and assets, and may expose us to new types of customers as well as asset classes, activities and markets.

Any new business initiatives and strategies we may pursue in the future may be less successful than anticipated and may not advance our intended business strategy. We may not realize a satisfactory return on investments or acquisitions, we may experience difficulty in managing new portfolios or integrating operations, and management’s attention from our other businesses could be diverted. Any of these results could ultimately have an adverse effect on our business, financial condition or results of operations.

Our financial condition and results of operations will depend on our ability to manage growth effectively.

Our ability to achieve our loan and investment objective will depend on our ability to grow, which will depend, in turn, on our management team’s ability to identify, evaluate, and monitor, and our ability to finance and invest in, companies that meet our investment criteria.

Accomplishing this result on a cost-effective basis will be largely a function of our management team’s handling of the investment process, its ability to provide competent, attentive, and efficient services, and our access to financing on acceptable terms. In addition to monitoring the performance of our existing investments, members of our management team and our investment professionals may also be called upon to provide managerial assistance to our portfolio companies. These demands on their time may distract them or slow the rate of investment. In order to grow, we will need to hire, train, supervise, and manage new employees. However, we cannot assure you that any such employees will contribute to the success of our business. Any failure to manage our future growth effectively could have a material adverse effect on our business, financial condition, and results of operations.

Our business depends on our ability to adapt to rapid technological change.

The financial services industry is continually undergoing rapid technological change with frequent introductions of new, technology-driven products and services. The effective use of technology increases efficiency and enables financial institutions to serve customers better. Our future success depends, in part, upon our ability to address the needs of customers by using technology to provide products and services that will satisfy customer demands, as well as to create additional efficiencies in our operations. Many of our competitors have substantially greater resources to invest in technological improvements than we do. We may not be able to effectively implement new, technology-driven products and services or be successful in marketing these products and services to our customers. In addition, the implementation of technological changes and upgrades to maintain current systems and integrate new ones may also cause service interruptions, transaction processing errors and system conversion delays and may cause us to fail to comply with applicable laws. Failure to successfully keep pace with technological change affecting the financial services industry and failure to avoid interruptions, errors and delays could have a material adverse effect on our business, financial condition or results of operations.

We expect that new technologies and business processes applicable to the banking industry will continue to emerge, and these new technologies and business processes may be better than those we currently use. Because the pace of technological change is high and our industry is intensely competitive, we may not be able to sustain our investment in new technology as critical systems and applications become obsolete or as better ones become available. A failure to maintain current technology and business processes could cause disruptions in our operations or cause our products and services to be less competitive, all of which could have a material adverse effect on our business, financial condition or results of operations.

Security breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our customers and the personal information of our customers and employees, in third-party data centers, and on our systems. The secure processing, maintenance, and transmission of this information is critical to our operations. Despite our security and business continuity measures, our information technology and infrastructure may be vulnerable to attacks by hackers or breached due to employee error, malfeasance, or other disruptions, or vulnerable to disruptions, including those resulting from systems failures, operational events, employee error, or incidents affecting our third-party service providers (or providers to those third-party service providers). Any such breach or disruption could compromise our systems and the information stored there could be accessed, publicly disclosed, destroyed, lost, or stolen. Any such access, disclosure, destruction or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information and regulatory penalties, disrupt our operations and damage our reputation, which could adversely affect our business. In addition, we may also be required to incur significant costs in connection with any regulatory investigation or civil litigation resulting from a security breach or other information technology disruption that affects us. We and our service providers have implemented work-from-home arrangements, which has increased the risk of security breaches and other disruptions.

We have been, and likely will continue to be, the target of attempted cyber-attacks, computer viruses, malicious code, phishing attacks, denial of service attacks and other information security threats. To date, cyber-attacks have not had a material impact on our financial condition, results, operations, or business. However, we could suffer material financial or other losses in the future and we are not able to predict the severity of these attacks. Our risk and exposure to these matters remains heightened because of, among other things, the evolving nature of these threats, the current global economic and political environment, our work-from home arrangements, the outsourcing of some of our business operations, the ongoing shortage of qualified cybersecurity professionals, and the interconnectivity and interdependence of third parties to our systems. In addition, our increasing interconnectivity with service providers, dealers, contractors, FSPs, and Strategic Partners including through application programming interfaces, increases the risk that a security breach or other disruption affecting a third party materially affects our ability to conduct business. Regulatory agencies have also become increasingly focused on cybersecurity incidents, and we may incur additional expenses in order to comply with new obligations.

We are dependent upon our senior management team for our future success.

We depend on the diligence, skill, and network of business contacts of the investment professionals we employ for sourcing, evaluating, negotiating, structuring, and monitoring our investments. Our future success also depends on our senior management team and its coordination with the senior management team at Medallion Bank. These members of senior management include Alvin Murstein, our Chairman and Chief Executive Officer, Andrew M. Murstein, our President and Chief Operating Officer, Anthony N. Cutrone, our Executive Vice President and Chief Financial Officer, Donald S. Poulton, President and Chief Executive Officer, Medallion Bank, D. Justin Haley, Executive Vice President and Chief Financial Officer, Medallion Bank, and Steven M. Hannay, Executive Vice President and Chief Lending Officer, Medallion Bank. The departure of any member of our senior management or the senior management team at Medallion Bank could have a material adverse effect on our ability to manage or grow our business and effectively mitigate risk.

The development and use of Artificial Intelligence, or AI, present risks and challenges that may adversely impact our business.

We or our third-party vendors, service providers, Strategic Partners, dealers, contractors or FSPs with which we have relationships have in the past developed and incorporated, and may in the future develop or incorporate AI technology tools in certain business processes, services or products. Although we currently do not use any AI tools or models in critical areas of our business, and are not aware of any third-parties that use AI tools or models in a manner that would materially affect our business, the development and use of AI present a number of risks and challenges to our business.

The legal and regulatory environment relating to AI is uncertain and rapidly evolving, both in the U.S. and internationally, and includes regulatory schemes targeted specifically at AI, as well as provisions regarding intellectual property, privacy, consumer protection, employment and other laws applicable to the use of AI. These evolving laws and regulations could make it more difficult for us to incorporate potentially beneficial AI tools in an efficient and effective manner, increase our compliance costs and the risk of non-compliance. AI models, notably generative AI models, may produce output or take action that is incorrect, result in the release of private, confidential or proprietary information, reflect biases included in the data on which they are trained, infringe on the intellectual property rights of others, or that is otherwise harmful. In addition, the complexity of many AI models makes it challenging to understand why they are generating particular outputs. This limited transparency increases the challenges associated with assessing the proper operation of AI models, understanding and monitoring the capabilities of the AI models, reducing erroneous output, eliminating bias, and complying with regulations that require documentation or explanation of the basis on which decisions are made.

The risks would increase as we may increase our use of AI models, and in doing so, rely on AI models developed by third parties. Such reliance would be dependent in part on the manner in which those third parties develop and train their models, including risks arising from the inclusion of any unauthorized material in the training data for their models, and on the effectiveness of the steps these third parties have taken to limit the risks associated with the output of their models, matters over which we may have limited visibility. Additionally, we are exposed to risks related to the use of AI technologies by third-party vendors, clients, counterparties, clearinghouses and other financial intermediaries.

Any of these risks could expose us to liability or adverse legal or regulatory consequences and harm our reputation, public perception of our business, or the effectiveness of our security measures.

In addition to our use of AI technologies, we are exposed to risks arising from the use of AI technologies by bad actors to commit fraud and misappropriate funds and to facilitate cyberattacks. Generative AI, if used to perpetrate fraud or launch cyberattacks, could create panic at a particular financial institution or exchange, which could pose a threat to financial stability.

Acts of violence or war, natural disasters, and terrorist attacks may affect any market for our securities, impact the businesses in which we invest, and harm our operations and profitability.

Acts of violence or war, natural disasters, and terrorist attacks may harm our results of operations and your investment. We cannot assure you that there will not be further acts of violence or war globally or domestically, major natural disasters hitting the United States or terrorist attacks against the U.S. or U.S. businesses. Such events in the U.S. or elsewhere may impact the businesses in which we directly or indirectly invest by undermining economic conditions in the United States. In addition, a portion of our business is focused on the New York City metropolitan area, which suffered a terrorist attack in 2001 and has faced continued threats. Another terrorist attack in New York City or elsewhere could severely impact our results of operations. Losses resulting from terrorist attacks are generally uninsurable.

Our operations could be interrupted if certain external vendors on which we rely experience difficulty, terminate their services or fail to comply with banking laws and regulations.

We depend to a significant extent on relationships with third parties that provide services, primarily information technology services critical to our operations. Currently, we obtain services from third parties that include information technology infrastructure and support, plus loan origination, loan servicing, and accounting systems and support. If any of our third-party service providers experience difficulties or terminate their services and we are unable to replace our service providers with other service providers, our operations could be interrupted. It may be difficult for us to replace some of our third-party vendors, particularly vendors providing our loan origination, loan servicing and accounting services, in a timely manner if they are unwilling or unable to provide us with these services in the future for any reason. If an interruption were to continue for a significant period of time, it could have a material adverse effect on our business, financial condition or results of operations. Even if we are able to replace these third parties, it may be at higher cost to us, which could have a material adverse effect on our business, financial condition, or results of operations. In addition, if a third-party provider fails to provide the services we require, fails to meet contractual requirements, such as compliance with applicable laws and regulations, or suffers a cyber-attack or other security breach, our business could suffer economic and reputational harm that could have a material adverse effect on our business, financial condition or results of operations.

Misconduct by current or former employees could expose us to significant legal liability and reputational harm.

We are vulnerable to reputational harm because we operate in an industry in which integrity and the confidence of the dealers, contractors, FSPs, and Strategic Partners that sell our consumer products are of critical importance. Our current and former directors, and employees could engage or could have engaged in misconduct that adversely affects our business. For example, if such a person were to engage, or previously engaged, in fraudulent, illegal or suspicious activities, we could be subject to regulatory sanctions and suffer serious harm to our reputation (as a consequence of the negative perception resulting from such activities), financial position, third-party relationships and ability to forge new relationships with third-party dealers, contractors, FSPs or Strategic Partners. Our business often requires that we deal with confidential information. If our current and former directors, and employees were to improperly use or disclose this information or previously improperly used or disclosed this information, even if inadvertently, we could suffer serious harm to our reputation, financial position and current and future business relationships. It is not always possible to deter employee misconduct, and the precautions we take to detect and prevent this activity may not always be effective. Misconduct by our current and former employees or directors, or even unsubstantiated allegations of misconduct, could result in a material adverse effect on our business, financial condition or results of operations.

We borrow money, which magnifies the potential for gain or loss on amounts invested, and increases the risk of investing in us.

Borrowings, also known as leverage, magnify the potential for gain or loss on amounts invested, and therefore increase the risk associated with investing in us. We borrow from the brokered CD market, private and public note placements and issue senior debt securities to banks and other lenders, and through long-term subordinated SBA debentures. These creditors have fixed dollar claims on our assets that are superior to the claims of our stockholders. If the value of our assets increases, then leveraging would cause stockholders' equity to increase more sharply than it would have had we not leveraged. Conversely, if the value of our assets decreases, leveraging would cause stockholders' equity to decline more sharply than it otherwise would have had we not leveraged. Similarly, any increase in our income in excess of interest payable on the borrowed funds would cause our net income to increase more than it would without the leverage, while any decrease in our income would cause net income to decline more sharply than it would have had we not borrowed. Such a decline could reduce the amount available for distribution payments.

As of December 31, 2024, we had \$2.4 billion of outstanding indebtedness with a weighted average borrowing cost of 4.03%.

Approximately \$0.9 billion of our borrowing relationships have maturity dates during 2025, a vast majority of which are brokered certificates of deposit. We currently have \$33.0 million of indebtedness of which the interest rate is SOFR-based. See Note 5 of our consolidated financial statements for a discussion of the current and new lending arrangements to date.

Additional Risks Relating to Our Loan Portfolios and Investments

Lending to small businesses involves a high degree of risk and is highly speculative.

Lending to small businesses involves a high degree of business and financial risk, which can result in substantial losses and should be considered speculative. Historically, our borrower base consists primarily of small business owners that may have limited resources and that are generally unable to obtain financing from traditional sources. There is generally no publicly available information about these small business owners, and we must rely on the diligence of our employees and agents to obtain information in connection with our credit decisions. In addition, these small businesses often do not have audited financial statements. Some smaller businesses have narrower product lines and market shares than their competition. Therefore, they may be more vulnerable to customer preferences, market conditions, or economic downturns, which may adversely affect the return on, or the recovery of, our investment in these businesses.

Our portfolio is and may continue to be concentrated in a limited number of portfolio companies, industries and sectors, which will subject us to a risk of significant loss if any of these companies default on its obligations to us or by a downturn in the particular industry or sector.

Our portfolio is and may continue to be concentrated in a limited number of portfolio companies, industries and sectors. In addition, taxi companies that constitute separate issuers may have related management or guarantors and constitute larger business relationships to us. We do not have fixed guidelines for diversification, and while we are not targeting any specific industries, our investments are, and could continue to be, concentrated in relatively few industries. As a result, the aggregate returns we realize may be adversely affected if a small number of loans perform poorly or if we need to write down the value of any one loan. If our larger borrowers were to significantly reduce their relationships with us and seek financing elsewhere, the size of our loan portfolio and operating results could decrease. In addition, larger business relationships may also impede our ability to immediately foreclose on a particular defaulted portfolio company as we may not want to impair an overall business relationship with either the portfolio company management or any related funding source. Additionally, a downturn in any particular industry or sector in which we are invested could also negatively impact the aggregate returns we realize.

The lack of liquidity in our investments may adversely affect our business.

We generally make investments in private companies. Substantially all of these securities are subject to legal and other restrictions on resale or are otherwise less liquid than publicly traded securities. The illiquidity of our investments may make it difficult for us to sell such investments if the need arises. In addition, if we are required to liquidate all or a portion of our portfolio quickly, we may realize significantly less than the value at which we had previously recorded our investments. We may also face other restrictions on our ability to liquidate an investment in a portfolio company to the extent that we have material non-public information regarding such portfolio company.

In addition, the illiquidity of our loan portfolio and investments may adversely affect our ability to dispose of loans at times when it may be advantageous for us to liquidate such portfolio or investments. In addition, if we were required to liquidate some or all of the investments in the portfolio, the proceeds of such liquidation may be significantly less than the current value of such investments. Because we borrow money to make loans and investments, our net operating income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our interest income. In periods of rising interest rates, our cost of funds would increase, which would reduce our net operating income before net realized and unrealized gains. We use a combination of long-term and short-term borrowings and equity capital to finance our investing activities. Our long-term fixed-rate investments are financed primarily with short-term floating-rate debt, and to a lesser extent by term fixed-rate debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. Such techniques may include various interest rate hedging activities.

We have analyzed the potential impact of changes in interest rates on net interest income. Assuming that the balance sheet were to remain constant and no actions were taken to alter the existing interest rate sensitivity a hypothetical immediate 1% increase in interest rates would result in an increase to net income as of December 31, 2024 by \$2.2 million on an annualized basis, and the impact of such an immediate increase of 1% over a one year period would have been a reduction in net income by \$2.7 million at December 31, 2024. Although management believes that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size, and composition of the assets on the balance sheet, and other business developments that could affect net increase in net assets resulting from operations in a particular quarter or for the year taken as a whole. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by these estimates.

We depend on the accuracy and completeness of information about customers.

In deciding whether to extend credit or enter into other transactions, and in evaluating and monitoring our loan portfolio on an ongoing basis, we may rely on information furnished by or on behalf of customers, including financial statements, credit reports and other financial information. We may also rely on representations of those customers or of other third parties, such as independent auditors, as to the accuracy and completeness of that information. The failure to receive financial statements, credit reports or other financial or business information related to our customers on a timely basis, or the inadvertent reliance by us on inaccurate, incomplete, fraudulent or misleading forms of any of the foregoing information, could result in credit losses, reputational damage or other effects that could have a material adverse effect on our business, financial condition or results of operations.

Climate change could disrupt our business and new regulations or guidance relating to climate change may affect whether and on what terms and conditions we engage in certain activities or offer certain products.

Climate change may cause extreme weather events that may disrupt our operations, the operations of the FSPs, dealers or contractors with which we have relationships, or the businesses and employers of our borrowers. Any such disruptions could adversely affect our business, results of operations and ability to originate new loans. Climate change and the transition to a less carbon-dependent economy could also have a negative impact on origination volumes in our Recreation Lending segment if demand for recreational vehicles decreases due to climate-related concerns. In addition, our credit risks could increase and demand for our products could decrease if and to the extent our borrowers work in industries that are negatively affected by climate change and climate transition efforts.

New regulations or guidance relating to climate change, as well as the perspectives of regulators, employees and other stakeholders regarding climate change, may affect whether and on what terms and conditions we engage in certain activities or offer certain products. Federal and state banking regulators and supervisory authorities and other stakeholders have increasingly viewed financial institutions as playing an important role in helping to address risks related to climate change, both directly and with respect to their customers, which may result in financial institutions coming under increased requirements and expectations regarding the disclosure and management of their climate risks and related lending activities. For example, in October 2023, the federal bank regulatory agencies jointly issued principles for climate-related financial risk management for large financial institutions, which apply to regulated financial institutions with more than \$100 billion in total consolidated assets. While these principles do not apply to us, we may also become subject to new or heightened regulatory requirements relating to climate change, such as requirements relating to operational resiliency or analyses for various climate stress scenarios. Any such new or heightened requirements could result in increased regulatory, compliance or other costs or higher capital requirements. The risk associated with, and the perspective of regulators, employees and other stakeholders regarding, climate change is evolving rapidly, which makes it difficult to assess the ultimate impact on us of climate change-related risks and uncertainties, and we expect that climate change-related risk will increase over time.

Our portfolio companies may incur debt that ranks equally with, or senior to, our investments in such companies.

We invest in our portfolio companies primarily through senior secured loans, junior secured loans, and subordinated debt issued by small-to mid-sized companies. Our portfolio companies may have, or may be permitted to incur, other debt that ranks equally with, or senior to, the debt in which we invest. By their terms, such debt instruments may entitle the holders to receive payment of interest or principal on or before the dates on which we are entitled to receive payments with respect to the debt instruments in which we invest. Also, in the event of insolvency, liquidation, dissolution, reorganization, or bankruptcy of a portfolio company, holders of debt instruments ranking senior to our investment in that portfolio company would typically be entitled to receive payment in full before we receive any distribution. After repaying such senior creditors, such portfolio company may not have any remaining assets to use for repaying its obligation to us. In the case of debt ranking equally with debt instruments in which we invest, we would have to share on an equal basis any distributions with other creditors holding such debt in the event of an insolvency, liquidation, dissolution, reorganization, or bankruptcy of the relevant portfolio company.

There may be circumstances where our debt investments could be subordinated to claims of other creditors or we could be subject to lender liability claims.

Even though we may have structured most of our investments as senior loans, if one of our portfolio companies were to go bankrupt, depending on the facts and circumstances, including the extent to which we actually provided managerial assistance to that portfolio company, a bankruptcy court might recharacterize our debt investment and subordinate all or a portion of our claim to that of other creditors. We may also be subject to lender liability claims for actions taken by us with respect to a borrower's business or instances where we exercise control over the borrower. It is possible that we could become subject to a lender's liability claim, including as a result of actions taken in rendering significant managerial assistance.

If our underwriting processes do not adequately assess risk, contain errors or are otherwise ineffective, whether due to automation or otherwise, our reputation and relationships with dealers, contractors and FSPs could be harmed, our market share could decline and our financial condition, liquidity and result of operations could be adversely affected.

Our ability to maintain relationships with dealers, contractors and FSPs is significantly dependent on our ability to effectively evaluate a borrower's credit profile and likelihood of default in a timely fashion. To conduct this evaluation, we utilize credit, pricing, loss forecasting and scoring models that allow us to automate elements of our underwriting processes. Our models are based on algorithms that evaluate several factors, including behavioral data, transactional data, bank data and employment information, which may not effectively predict future credit loss. We have also been increasing the role of technology and automation in our credit underwriting processes. If we are unable to effectively segment borrowers into relative risk profiles, we may be unable to offer attractive interest rates. Additionally, if these models fail to adequately assess the creditworthiness of our borrowers, whether due to flaws in model design, inaccurate or insufficient data or otherwise, we may experience higher than forecasted losses and our financial condition, liquidity and results of operations could be adversely affected.

We regularly refine these algorithms based on new data and changing macro-economic conditions. However, the models that we use may not accurately assess the creditworthiness of our borrowers and may not be effective in assessing creditworthiness in the future. In addition, allegations, whether or not accurate, that underwriting decisions do not treat borrowers fairly, or comply with applicable laws or regulations, can result in negative publicity, reputational harm and regulatory scrutiny.

We are subject to a variety of risks in connection with any sales of loans we may conduct.

From time to time, we have sold portfolios of our consumer loans to manage our capital levels and facilitate future originations to meet customer demand. We anticipate completing a sale of a portfolio of our Recreation loans in the first half of 2025, and we may conduct additional sales of portions of our consumer loan portfolios in the future. These loan sales subject us to a variety of risks, which we discuss further below.

When we sell consumer loans, we are required to make customary representations and warranties to the purchaser about the loans and the manner in which they were originated and serviced. If any of these representations and warranties are incorrect, we may be required to indemnify the purchaser for any related losses, or we may be required to repurchase or provide substitute loans for part or all of the affected loans. We may also be required to repurchase loans as a result of borrower fraud on a loan we have sold. In the past we have had to, and may in the future have to, indemnify purchasers for losses or repurchase loans in connection with alleged breaches of representations and warranties. Such indemnifications and repurchases could have a material adverse effect on our liquidity, business, financial condition or results of operations.

In addition, we must report as held for sale any loans which we have undertaken to sell, whether or not a purchase agreement for the loans has been executed. We must exercise our judgment in determining when loans must be reclassified from held for investment status to held for sale status under applicable accounting guidelines, and loans that have been reclassified to held for sale may ultimately not be sold in a timely manner, or at all. Any failure to accurately report loans as held for sale could result in regulatory investigations and monetary penalties, which could have a material adverse effect on our business, financial condition or results of operations. In addition, our policy is to carry loans held for sale at the lower of cost or fair value. Prior to being sold, any loans classified as held for sale may be adversely affected by market conditions, including changes in interest rates, and by changes in the borrower's creditworthiness, and the fair value associated with these loans, including any loans originated for sale in the secondary market, may decline prior to being sold. We may be required to reduce the value of any loans we mark held for sale as a result, which could have a material adverse effect on our business, financial condition or results of operations.

Loan portfolio sales we have conducted have generally included loans with stronger credit characteristics than the overall composition of our loan portfolio. Accordingly, following those transactions, the overall credit characteristics of our loan portfolio declined due to the transfer of the loans with stronger credit characteristics. The credit characteristics of our loan portfolio could change as a result of the foregoing loan sale and future loan sales, and other characteristics could change as well. For example, if we sell loans with less favorable credit characteristics, the net interest income and net interest margin for our loan portfolio could be adversely affected because loans with less favorable credit characteristics typically generate more net interest income and higher net interest margin.

Although we have engaged in sales of loan portfolios in the past and anticipate completing a loan sale in the near future, there can be no assurance that we will continue do so in the future. When we have engaged in loan sales in the past, our non-interest income for the period in which the sale occurred has increased relative to periods in which we did not conduct loan sales. Accordingly, if attractive sale opportunities were not available, or the Bank were to decide not to pursue sales of loan portfolios in order to support its growth, we may not sell any loans, which, in turn, could have a material adverse effect on our non-interest income.

We may not control many of Medallion Capital's portfolio companies.

We do not control Medallion Capital's portfolio companies, even though we may have board representation or board observation rights. As a result, we are subject to the risk that a Medallion Capital portfolio company in which we invest may make business decisions with which we disagree, and the management of such company may take risks or otherwise act in ways that do not serve our interests as debt investors.

We may not realize gains from our equity investments.

Certain investments that we have made in the past and may make in the future include warrants or other equity securities. In addition, we may from time to time make non-control, equity co-investments in companies in conjunction with private equity sponsors. Our goal is ultimately to realize gains upon our disposition of such equity interests. However, the equity interests we receive may not appreciate in value and, in fact, may decline in value. Accordingly, we may not be able to realize gains from our equity interests, and any gains that we do realize on the disposition of any equity interests may not be sufficient to offset any other losses we experience. We also may be unable to realize any value if a portfolio company does not have a liquidity event, such as a sale of the business, recapitalization, or public offering, which would allow us to sell the underlying equity interests.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 1C. CYBERSECURITY

Risk Management and Strategy

Identifying, assessing, and managing material cybersecurity risks is an important function of our enterprise risk management program. Material cybersecurity risks from cybersecurity threats are managed across Medallion Financial Corp., the Bank, Medallion Capital, and third-party vendors and monitoring such risks and threats involves coordination between us as the parent company and our two main operating subsidiaries. We continue to integrate our cybersecurity programs into our enterprise risk management program, which is led by various senior representatives of the Company and overseen by the Audit Committee of the Company's Board of Directors.

Medallion Financial Corp., the Bank and Medallion Capital are each responsible for developing cybersecurity programs appropriate for their respective entities, including as may be required by applicable law or regulation. These programs have been guided by the National Institute of Standards and Technology Cybersecurity Framework, other industry-recognized standards, and contractual requirements, as applicable, and seek to protect each entity against cybersecurity risks and provide a foundation to respond promptly to cybersecurity events. Each entity maintains technical and organizational safeguards, including, among other things, employee testing and training, incident response programs and tabletop exercises, evaluations and assessments by third parties, vulnerability scanning, vendor management, cybersecurity insurance, and business continuity mechanisms for the protection of Company assets. Our programs also assess and manage third party risks, and we perform third-party risk management to identify and mitigate risks from third parties such as vendors and other business partners associated with our use of third-party service providers.

Our business strategy, results of operations and financial condition have not been materially affected by risks from cybersecurity threats, and we currently do not expect that risks from cybersecurity threats are reasonably likely to materially affect us, but we cannot provide assurance that we will not be materially affected in the future by such risks or any future material incidents. For more information on our cybersecurity related risks, see Item 1A Risk Factors of this Annual Report on Form 10-K.

Governance

The Audit Committee of our Board of Directors is responsible for overseeing the Company's enterprise risk management program, including overseeing the adequacy of protection of the Company's technology, including physical security, patent and trademark program, proprietary information, and information security. The Audit Committee receives quarterly reports from our Information Security Director and third parties on cybersecurity matters. In addition, the Audit Committee receives quarterly reports addressing cybersecurity as part of our enterprise risk management program and to the extent cybersecurity matters are addressed in regular business updates. These reports include, among other things, existing and new cybersecurity risks, status on how management is addressing and/or mitigating those risks, cybersecurity and data privacy incidents, if any, and the status of key information security initiatives. Our Audit Committee members also engage in ad hoc conversations with management on cybersecurity-related news and events, and discuss any updates, as needed, to our cybersecurity risk management and strategy programs.

Medallion Financial Corp. employs a Director of Information Security, and our main operating subsidiaries have similar functions and/or roles conducted by various individuals. Such information security leadership are responsible for developing cybersecurity programs appropriate for their respective entities, including as may be required by applicable law or regulation. These individuals' expertise in information security and cybersecurity generally has been gained from a combination of education, including relevant degrees and/or certifications, and prior work experience. They are informed by their respective cybersecurity teams and third-party vendors about, and monitor, the prevention, detection, mitigation and remediation efforts relating to any cybersecurity incidents as part of the cybersecurity programs described above.

Information regarding cybersecurity risks may be elevated from information security leadership through a variety of different channels, including discussions between or among subsidiary and parent company management, reports to subsidiary and parent company risk committees and reports to subsidiary and parent company boards and board committees. As noted above, the Audit Committee regularly receives reports on cybersecurity matters from our Information Security Director and third parties as well as part of our enterprise risk management program.

ITEM 2. PROPERTIES

We lease office space in New York City for our corporate headquarters under a lease expiring in April 2027. Our New York City office space also handles loan origination and subsidiary operations and our taxi medallion lending segment. Medallion Bank leases office space in Salt Lake City, Utah under a lease expiring in November 2030, which handles the recreation and home improvement lending segments. We also lease office space in Excelsior, Minnesota under a lease expiring February 2031, which handles our commercial lending segment. We do not own any real property, other than foreclosed properties obtained as a result of lending relationships. We believe that our leased properties, taken as a whole, are in good operating condition and are suitable for our current business operations.

ITEM 3. LEGAL PROCEEDINGS

See Note 10 "Commitments and Contingencies" subsections (c) and (d) to the consolidated financial statements included in Item 15 of this Annual Report on Form 10-K for details of the Company's legal proceedings, including the pending SEC litigation.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

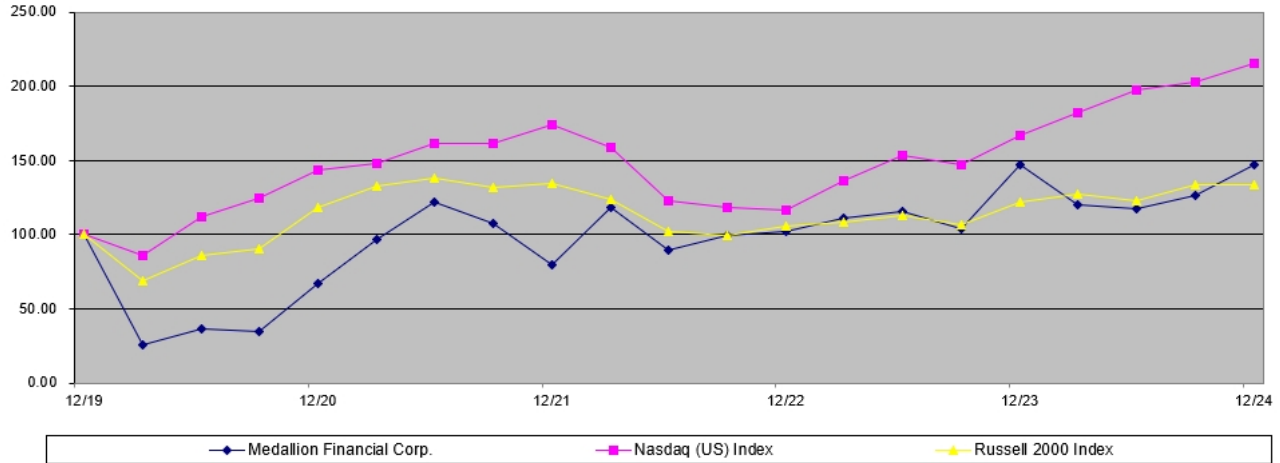
PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

STOCK PERFORMANCE GRAPH

The following graph commences as of December 31, 2019 and compares the Company's common stock with the cumulative total return for the NASDAQ Composite Index and the Russell 2000 Index. Furthermore, the following graph assumes the investment of \$100 on December 31, 2019 in each of the Company's common stock, the stocks comprising the NASDAQ Composite Index and the Russell 2000 Index and assumes dividends are reinvested.

**Cumulative Total Return
Based on Initial Investment of \$100 on December 31, 2019, with dividends reinvested**



Our common stock is quoted on NASDAQ under the symbol "MFIN." Our common stock commenced trading on May 23, 1996. As of March 12, 2025, there were approximately 170 holders of record of our common stock. On March 12, 2025, the last reported sale price of our common stock was \$8.72 per share.

We are subject to federal and applicable state corporate income taxes on our taxable ordinary income and capital gains. Beginning in March 2022, the Company's board of directors reinstated our quarterly dividend. A dividend of \$0.10 per share was paid in March, May, and August 2024. On October 25, 2024, the Company's board of directors authorized and increased the quarterly dividend to \$0.11 per share, and a dividend of \$0.11 per share was paid in November 2024. The Company currently expects to continue to pay quarterly dividends at the current rate for the foreseeable future. We may, however, re-evaluate the dividend policy in the future depending on market conditions. There can be no assurance that we will continue to pay any cash distributions, as we may retain our earnings to facilitate the growth of our business, to finance our investments, to provide liquidity, or for other corporate purposes.

We have adopted a dividend reinvestment plan pursuant to which stockholders may elect to have distributions reinvested in additional shares of common stock. When we declare a distribution, all participants will have credited to their plan accounts the number of full and fractional shares (computed to three decimal places) that could be obtained with the cash, net of any applicable withholding taxes that would have been paid to them if they were not participants. The number of full and fractional shares is computed at the weighted average price of all shares of common stock purchased for plan participants within the 30 days after the distribution is declared plus brokerage commissions. The automatic reinvestment of distributions will not release plan participants of any income tax that may be payable on the distribution. Stockholders may terminate their participation in the dividend reinvestment plan by providing written notice to the Plan Agent at least 10 days before any given distribution payment date. Upon termination, we will issue to a stockholder both a certificate for the number of full shares of common stock owned and a check for any fractional shares, valued at the then current market price, less any applicable brokerage commissions and any other costs of sale. There are no additional fees or expenses for participation in the dividend reinvestment plan. Stockholders may obtain additional information about the dividend reinvestment plan by contacting Equiniti Trust Company, LLC at PO Box 10027, Newark, NJ, 07101.

Securities Authorized for Issuance Under Equity Compensation Plans

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the caption “Equity Compensation Plan Information.”

PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS

On April 29, 2022, our board of directors authorized a new stock repurchase program with no expiration date, pursuant to which we were authorized to repurchase up to \$35 million of our shares, which was increased to \$40 million on August 10, 2022, also with no expiration date. Such new repurchase program replaced the previous one, which was terminated. During the year ended December 31, 2024 we repurchased 570,404 shares of our common stock at an aggregate cost of \$4.6 million. Accordingly, as of December 31, 2024, up to \$15,392,299 of shares remain authorized for repurchase under our stock repurchase program.

The following table presents our purchases for the year ended December 31, 2024.

	Total Numbers of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Total Amount Paid	Maximum Approximate Dollar Value of Shares that May Yet to Be Purchased under the Plans or Programs
January 1 - January 31	—	\$ —	—	\$ —	\$ 19,998,012
February 1 - February 29	88,840	7.92	703,587	703,587	19,294,424
March 1 - March 31	175,320	8.11	1,421,942	1,421,942	17,872,483
April 1 - April 30	—	—	—	—	17,872,483
May 1 - May 31	107,000	8.15	872,413	872,413	17,000,070
June 1 - June 30	76,900	8.35	642,241	642,241	16,357,829
July 1 - July 31	—	—	—	—	16,357,829
August 1 - August 31	122,344	7.89	122,344	965,530	15,392,299
September 1 - September 30	—	—	—	—	15,392,299
October 1 - October 31	—	—	—	—	15,392,299
November 1 - November 30	—	—	—	—	15,392,299
December 1 - December 31	—	—	—	—	15,392,299
Total	570,404	\$ 8.07	3,762,527	\$ 4,605,713	\$ 15,392,299

ITEM 6. [Reserved]

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OBJECTIVE

The information contained in this section should be read in conjunction with the consolidated financial statements and the accompanying notes thereto for the years ended December 31, 2024, 2023, and 2022. This section is intended to provide management's perspective of our financial condition and results of operations. In addition, this section contains forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause actual results and conditions to differ materially from those projected in these forward-looking statements are described in the Risk Factors section on page 19. Additionally, more information about our business activities can be found in “Business.”

COMPANY BACKGROUND

We are a specialty finance company whose focus and growth has been our consumer finance and commercial lending businesses operated by Medallion Bank, or the Bank, and Medallion Capital, Inc., or Medallion Capital. The Bank is a wholly-owned subsidiary that originates consumer loans for the purchase of recreational vehicles, boats, collector cars, and home improvements, and provides loan origination and other services to fintech partners. Medallion Capital is a wholly-owned subsidiary that originates commercial loans through its mezzanine financing business. As of December 31, 2024, our consumer loans represented 95% of our gross loan portfolio, inclusive of loans held for sale, and commercial loans represented 4%. Total assets were \$2.9 billion as of December 31, 2024 and \$2.6 billion as of December 31, 2023.

Our loan-related earnings depend primarily on our level of net interest income. Net interest income is the difference between the total yield on our loan portfolio and the average cost of borrowed funds. We fund our operations through a wide variety of interest-bearing sources, including bank certificates of deposit issued to consumers, debentures issued to and guaranteed by the SBA, privately placed notes, trust preferred securities, and preferred stock of the Bank. Net interest income fluctuates with changes in the yield on our loan portfolios and changes in the cost of borrowed funds, as well as changes in the amount of interest-earning assets and interest-bearing liabilities held by us. Net interest income is also affected by economic, regulatory, and competitive factors that influence interest rates, loan demand, and the availability of funding to finance our lending activities. We, like other financial institutions, are subject to interest rate risk to the degree that our interest-earning assets reprice, either due to inflation or other factors, on a different basis than our interest-bearing liabilities. We continue to monitor global supply chain disruptions, gas prices, labor shortages, unemployment, and other factors contributing to U.S. inflation and economic health, as well as other factors which contribute to competition and changes in the demand for our loan products. We are taking steps in the event of a potential economic downturn and in light of the current inflationary environment to moderate the pace of our recent growth.

We also provide debt, mezzanine, and equity investment capital to companies in a variety of commercial industries. These investments may be venture capital style investments which may not be fully collateralized. Our investments are typically in the form of secured debt instruments with fixed interest rates accompanied by an equity stake or warrants to purchase an equity interest for a nominal exercise price (such warrants are included in equity investments on the consolidated balance sheets). Interest income is earned on the debt instruments.

The Bank is an industrial bank regulated by the FDIC and the Utah Department of Financial Institutions that originates consumer loans, raises deposits, and conducts other banking activities. The Bank generally provides us with our lowest cost of funds which it raises through bank certificates of deposit. To take advantage of this low cost of funds, historically we referred a portion of our taxi medallion and commercial loans to the Bank, which originated these loans, and have since been serviced by Medallion Servicing Corp., or MSC. However, other than in connection with dispositions of existing taxi medallion assets, the Bank has not originated any new taxi medallion loans since 2014 (and Medallion Financial Corp. has not originated any new taxi medallion loans since 2015) and is working with MSC to service its remaining portfolio, as it winds down. MSC earns referral and servicing fees for these activities.

In 2019, the Bank launched a strategic partnership program to provide lending and other services to financial technology, or fintech, companies. The Bank entered into an initial partnership in 2020 and began issuing its first loans. The Bank continues to evaluate and launch additional partnership programs with fintech companies.

We continue to consider various alternatives for the Bank, which may include an initial public offering of its common stock, the sale of all or part of the Bank, a spin-off or other potential transaction. We do not have a deadline for its consideration of these alternatives, and there can be no assurance that this process will result in any transaction being announced or consummated.

CRITICAL ACCOUNTING ESTIMATES

We follow financial accounting and reporting policies that are in accordance with GAAP. Some of these significant accounting policies require management to make difficult, subjective or complex judgments. The policies noted below, however, are deemed to be our “critical accounting policies” under the definition given to this term by the SEC. According to the SEC, “critical accounting policies” mean those policies that are most important to the presentation of a company’s financial condition and results of operations, and require management’s most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain.

The judgments used by management in applying the critical accounting policies may be affected by deterioration in the economic environment, which may result in changes to future financial results. Specifically, subsequent evaluations of the loan portfolio, in light of the factors then prevailing, may result in significant changes to the allowance for credit losses in future periods, and the inability to collect on outstanding loans could result in increased credit losses.

Provision and Allowance for Credit Losses

The allowance for credit losses is evaluated on a regular basis by management and is based upon management’s periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. In analyzing the adequacy of the allowance for credit losses, the Company uses historical delinquency and actual loss rates with a three-year look-back period for taxi medallion loans and a one-year look-back period for recreation and home improvement loans and uses historical loss experience and other projections for commercial loans. The allowance is evaluated on a regular basis by management and is based upon management’s periodic review of the collectability of the loans in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrower’s ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available.

Our methodology to calculate the general reserve portion of the allowance includes the use of quantitative and qualitative factors. We initially determine an allowance based on quantitative loss factors for loans evaluated collectively for impairment. The quantitative loss factors are based primarily on historical loss rates, after considering loan type, historical loss and delinquency experience. The quantitative loss factors applied in the methodology are periodically re-evaluated and adjusted to reflect changes in historical loss levels or other risks. Qualitative loss factors are used to modify the reserve determined by the quantitative factors and are designed to account for losses that may not be included in the quantitative calculation according to management's best judgment. If our qualitative loss factor rates were to increase 50 basis points, our recreation and home improvement general reserve would increase by \$7.1 million and \$4.1 million, respectively. Likewise, if our qualitative loss factor rates were to decrease 50 basis points, our recreation and home improvement general reserve would decrease by \$7.1 million and \$4.1 million, respectively.

The allowance is maintained at a level estimated by management to absorb probable credit losses inherent in the loan portfolios based on management's evaluation of the portfolios, the related credit characteristics, and macroeconomic factors affecting the portfolios. As of December 31, 2024 and 2023, the allowance totaled \$97.4 million and \$84.2 million, which represented 4.12% and 3.80% of total loans held for investment, respectively. The increase in the allowance for credit losses as of December 31, 2024 was primarily driven by the changes in qualitative factors which increased the necessary allowance for credit losses for recreation loans which were partially offset by the decrease in the necessary allowance for home improvement loans. Additionally, growth in our recreation and home improvement loan portfolios required additional allowance commensurate with portfolio growth.

All taxi medallion loans are deemed impaired and have a specific allowance for each loan, such that the underlying net loan has a value no greater than collateral value. The determination of taxi medallion collateral fair value is derived quarterly for each jurisdiction. For taxi medallion loans, delinquent nonperforming loans are valued at collateral value for the most recent quarter. Collateral value for the taxi medallion loans is generally determined utilizing factors deemed relevant under the circumstances of the market including but not limited to: actual transfers, pending transfers, median and average sales prices, discounted cash flows, market direction and sentiment, and general economic trends for the industry and economy. This evaluation is inherently subjective, as it requires estimates that are susceptible to significant revision as more information becomes available. We deem a loan impaired when, based on current information and events, it is probable that we will be unable to collect the amounts due in accordance with the original contractual terms of the loan agreement, including scheduled principal and interest payments. We charge-off loans in the period that such loans are deemed uncollectible or when they reach 120 days delinquent regardless of whether the loan is a recreation, home improvement, or taxi medallion loan.

The methodology used in the periodic review of reserve adequacy, which is performed at least quarterly, is designed to be responsive to changes in portfolio credit quality and inherent credit losses. The changes are reflected in both the pooled formula reserve and in specific reserves as the collectability of larger classified loans is regularly recalculated with new information as it becomes available. Management is primarily responsible for the overall adequacy of the allowance.

Goodwill and Intangible Assets

Goodwill assets arose as a result of the excess of fair value over book value for several of our previously unconsolidated portfolio investment companies as of April 2, 2018. This fair value was brought forward under our new reporting and was subject to a purchase price accounting allocation process conducted by an independent third-party expert to arrive at the current categories and amounts. Goodwill is not amortized, but is subject to quarterly review by management to determine whether additional impairment testing is needed, and such testing is performed at least on an annual basis.

As of December 31, 2024 and 2023, we had goodwill of \$150.8 million, all of which related to our recreation and home improvement lending segments. As of December 31, 2024 and 2023, we had intangible assets of \$19.1 million and \$20.6 million. We recognized \$1.4 million of amortization expense on the intangible assets for each of the years ended December 31, 2024, 2023 and 2022.

Management engaged an independent third-party expert to perform a quantitative assessment of goodwill for impairment at December 31, 2024. The third-party expert's assessment determined that it was more likely than not that the fair value of both the recreation lending and home improvement lending segments individually were not less than the carrying value of each of these segments. Based upon inputs and analysis deemed appropriate by the third-party expert, the third-party expert concluded that a fair value premium existed in excess of carrying value with respect to the recreation and home improvement lending segments.

In evaluating both segments, a combination of an income approach (weighted 50%), an earnings-based market approach (weighted 25%), and a book value-based market approach (weighted 25%) were employed by the third-party expert. For the income approach, a discounted cash flow analysis was used. Key inputs and assumptions used in the discounted cash flow analysis included future projected cash flows, risk-adjusted discount rates, capital requirements, and future economic and market conditions. For both segments, a discount rate was estimated using the risk-free interest rate adjusted for specific risk and size premiums, resulting in a discount rate of 17.5% for the recreation lending segment and 16.5% for the home improvement lending segment. For both segments, growth rates consistent with our plan were employed by the third-party expert for a five year period, and a long-term growth rate of 3% was utilized in determining the terminal fair value.

Determining the fair value of a lending segment or an indefinite-lived intangible asset involves the use of significant estimates and assumptions. We believe that the fair value estimates determined by the third-party expert were based on reasonable assumptions and appropriate for the purpose of assessing goodwill for impairment. However, as these estimates and assumptions are unpredictable and inherently uncertain, actual future results may differ from these estimates. In addition, we also make certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of our reporting units. To the extent that we were unable to grow either the recreation lending or home improvement lending segment at the levels forecasted, if we were unable to issue new loans at rates and terms consistent with current practices, and if our cost of borrowings were to increase significantly from current levels without the ability to pass along those rate increases to new borrowers, the fair value of these segments could deteriorate to a level which would require an impairment of goodwill.

AVERAGE BALANCES AND RATES

The following table presents our consolidated average balance sheets, interest income and expense, and the average interest earning/bearing assets and liabilities, and which reflect the average yield on assets and average costs on liabilities as of and for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,								
	2024			2023			2022		
(Dollars in thousands)	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost	Average Balance	Interest	Average Yield/Cost
Interest-earning assets									
Interest earning cash equivalents	\$ 34,074	\$ 1,523	4.47 %	\$ 23,773	\$ 881	3.71 %	\$ 4,288	\$ 153	3.57 %
Federal funds sold	61,975	3,789	6.11	70,021	3,130	4.47	71,847	956	1.33
Investment securities	55,004	2,074	3.77	52,065	1,728	3.32	46,832	1,176	2.51
Loans									
Recreation	1,459,456	194,131	13.30	1,283,434	167,765	13.07	1,085,211	139,145	12.82
Home improvement	783,677	74,036	9.45	708,031	62,703	8.86	526,377	44,703	8.49
Commercial	110,202	14,033	12.73	99,394	12,903	12.98	87,936	9,705	11.04
Taxi medallion	3,278	623	19.01	5,924	1,550	26.16	13,803	627	4.54
Strategic partnerships	2,624	493	18.75	1,387	380	27.40	537	156	29.05
Total loans	2,359,237	283,316	12.01	2,098,170	245,301	11.69	1,713,864	194,336	11.34
Total interest-earning assets, before allowance	2,510,290		11.56	2,244,029		11.19	1,836,831		10.70
Allowance for credit losses	(84,471)			(76,596)			(56,866)		
Total interest-earning assets, net of allowance	2,425,819	290,702	11.99 %	2,167,433	251,040	11.58 %	1,779,965	196,621	11.06 %
Non-interest-earning assets									
Cash	46,647			16,704			39,535		
Equity investments	11,175			11,036			10,570		
Loan collateral in process of foreclosure	9,692			18,230			28,823		
Goodwill and intangible assets	170,673			172,118			173,563		
Other assets	56,270			52,680			46,794		
Total non-interest-earning assets	294,457			270,768			299,285		
Total assets	\$ 2,720,276			\$ 2,438,201			\$ 2,079,250		
Interest-bearing liabilities									
Deposits	\$ 1,994,406	\$ 70,509	3.54 %	\$ 1,764,262	\$ 47,784	2.71 %	\$ 1,440,328	\$ 22,666	1.57 %
Privately placed notes	141,808	12,255	8.64	123,808	10,286	8.31	121,000	10,008	8.27
SBA debentures and borrowings	72,173	2,850	3.95	68,519	2,387	3.48	69,188	2,228	3.22
Trust preferred securities	33,000	2,553	7.74	33,000	2,489	7.54	33,000	1,283	3.89
Total interest-bearing liabilities	2,241,387	88,167	3.93	1,989,589	62,946	3.16	1,663,516	36,185	2.17
Non-interest-bearing liabilities									
Deferred tax liability	21,048			23,747			22,187		
Other liabilities ⁽¹⁾	34,010			37,749			30,574		
Total non-interest-bearing liabilities	55,058			61,496			52,761		
Total liabilities	2,296,445			2,051,085			1,716,277		
Non-controlling interest	69,253			69,253			69,253		
Total stockholders' equity	354,578			317,863			293,720		
Total liabilities and equity	\$ 2,720,276			\$ 2,438,201			\$ 2,079,250		
Net interest income		\$ 202,535			\$ 188,094			\$ 160,436	
Net interest margin, gross			8.05			8.38			8.73
Net interest margin, net of allowance			8.35 %			8.68 %			9.05 %

(1) Includes deferred financing costs of \$8.2 million, \$8.5 million, and \$7.0 million as of December 31, 2024, 2023, and 2022.

For the year ended December 31, 2024, our total loans yielded 12.01% as compared to 11.69% for the year ended December 31, 2023. The 32 basis point increase reflects a higher yield on our loan portfolios, as we have increased the rates charged on new consumer originations over the past year as prevailing market interest rates have remained high. We have used the higher interest rate environment as an opportunity to increase the rates on both newly issued recreation and home improvement loans, which is expected to continue to increase the yield on these portfolios over time, as well as increase the credit quality of our new issuances, particularly in our recreation segment, with the average FICO scores, measured at origination, of our total recreation loans outstanding being 685 and 683 as of December 31, 2024 and 2023. We use weighted average FICO scores as an indicator of portfolio risk.

Our debt, with certificates of deposits being our largest source, funds our growing lending business. Our average interest cost for the year ended December 31, 2024 of 3.93% increased 77 basis points from 3.16% for the year ended December 31, 2023, attributable to the current higher interest rate environment, particularly the higher cost associated with our deposits. To the extent that prevailing market interest rates remain at current levels, we expect our cost of funds to continue to increase as we issue new certificates of deposit to replace maturing certificates of deposit and fund our growth. During the year ended December 31, 2024, we issued deposits for three-month certificates at rates as high as 4.89% for both 36 month and 60 month certificates, with the most recent 36 month and 60 month issuances in 2024 at rates of 4.19% and 4.13%. We have taken, and continue to take, steps to pass along a portion of the interest rate increases on newly originated loans, the process for which is slower than the pace of funding cost increases, thereby compressing our net interest margins.

RATE/VOLUME ANALYSIS

The following table presents the change in interest income and expense due to changes in the average balances (volume) and average rates, calculated for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,								
	2024			2023			2022		
	Increase (Decrease) In Volume	Increase (Decrease) In Rate	Net Change	Increase (Decrease) In Volume	Increase (Decrease) In Rate	Net Change	Increase (Decrease) In Volume	Increase (Decrease) In Rate	Net Change
Interest-earning assets									
Interest earning cash and cash equivalents	\$ 125	\$ 1,177	\$ 1,302	\$ 755	\$ 2,147	\$ 2,902	\$ 174	\$ 223	\$ 397
Investment securities	111	235	346	174	378	552	41	366	407
Loans									
Recreation	23,478	2,888	26,366	25,911	2,709	28,620	26,435	(5,595)	20,840
Home improvement	7,166	4,167	11,333	16,087	1,913	18,000	12,912	(2,413)	10,499
Commercial	1,380	(250)	1,130	1,487	1,711	3,198	2,382	818	3,200
Taxi medallion	(504)	(423)	(927)	(2,062)	2,985	923	(526)	2,704	2,178
Strategic partnerships	233	(121)	112	233	(9)	224	136	(2)	134
Total interest income from loans	\$ 31,753	\$ 6,261	\$ 38,014	\$ 41,656	\$ 9,309	\$ 50,965	\$ 41,339	\$ (4,488)	\$ 36,851
Total interest income from interest-earning assets	\$ 31,989	\$ 7,673	\$ 39,662	\$ 42,585	\$ 11,834	\$ 54,419	\$ 41,554	\$ (3,899)	\$ 37,655
Interest-bearing liabilities									
Deposits	\$ 8,159	\$ 14,566	\$ 22,725	\$ 8,774	\$ 16,344	\$ 25,118	\$ 4,812	\$ 311	\$ 5,123
Privately placed notes	1,560	409	1,969	233	45	278	24	(242)	(218)
SBA debentures and borrowings	145	318	463	(23)	182	159	143	(31)	112
Trust preferred securities	—	64	64	—	1,206	1,206	—	302	302
Notes payable to banks	—	—	—	—	—	—	(134)	—	(134)
Other borrowings	—	—	—	—	—	—	(140)	—	(140)
Total interest expense from interest-bearing liabilities	\$ 9,864	\$ 15,357	\$ 25,221	\$ 8,984	\$ 17,777	\$ 26,761	\$ 4,705	\$ 340	\$ 5,045
Net	\$ 22,125	\$ (7,684)	\$ 14,441	\$ 33,601	\$ (5,943)	\$ 27,658	\$ 36,849	\$ (4,239)	\$ 32,610

For the year ended December 31, 2024, the increase in interest income was mainly driven by the increase in the size of the consumer loan portfolios, as well as an increase in overall yield on interest-earning assets as we issue new loans at interest rates greater than the weighted average rates of our current portfolio. The increase in interest expense was driven by an increase in borrowing costs, primarily due to the increases in deposits as older deposits mature and are replaced at current market rates, as well as an overall increase in borrowings.

Our interest expense is driven by the interest rates payable on our bank certificates of deposit, privately placed notes, fixed-rate, long-term debentures issued to the SBA, trust preferred securities, and has historically included credit facilities with banks and other short-term notes payable. The Bank issues brokered time certificates of deposit, which are, on average, our lowest borrowing costs. The Bank is able to bid on these deposits at a variety of maturity options, which allows for more flexible interest rate management strategies. As further described below, in September 2023, we issued and sold \$39.0 million aggregate principal amount of 9.25% senior notes due in September 2028, in June 2024, we amended our senior notes previously issued in December 2023, increasing the aggregate principal amount from \$12.5 million to \$17.5 million, reducing the interest rate to 8.875% from 9.0%, and extending the maturity date from December 2033 to June 2039, and in August 2024, we issued and sold \$5.0 million aggregate principal amount of 8.625% senior notes due in August 2039. The net proceeds were used, in large part, to repurchase and settle, in full, \$36.0 million aggregate principal amount of our 8.25% senior notes issued in 2019 and which matured in March 2024, as well as for general corporate purposes.

Our cost of funds is primarily driven by the rates paid on our various borrowings and changes in the levels of average borrowings outstanding. See Note 5 to the consolidated financial statements for details on the terms of our outstanding debt. Our debentures issued to the SBA typically have terms of ten years.

We measure our borrowing costs as our aggregate interest expense for all of our interest-bearing liabilities divided by the average amount of such liabilities outstanding during the period. The above table presents the average borrowings and related borrowing costs for the years ended December 31, 2024, 2023, and 2022. We expect our borrowing costs to further increase as we take deposits and borrow other funds at the currently higher prevailing rates.

We continue to seek SBA funding through Medallion Capital to the extent it offers attractive rates. SBA financing subjects recipients to limits on the amount of secured bank debt they may incur. We use SBA funding to fund loans that qualify under the SBIA and SBA regulations. In July 2023, we obtained a \$20.0 million commitment from the SBA, \$9.8 million of which has been utilized as of December 31, 2024, with \$10.2 million currently drawable. In February 2024, we obtained an \$18.5 million commitment from the SBA, with \$0.3 million currently drawable, and the balance of \$18.2 million drawable upon the infusion of \$9.1 million of capital.

At December 31, 2024 and 2023, adjustable rate debt constituted less than 2% of total debt, and was comprised solely of our trust preferred securities borrowings.

LOANS

Loans are reported at the principal amount outstanding, inclusive of deferred loan acquisition costs, which primarily includes deferred fees paid to loan originators, which are amortized to interest income over the life of the loan. For the years ended December 31, 2024 and 2023, there was continued growth in the recreation and home improvement segments. The tables below present the activity of the total loan portfolio, inclusive of loans held for sale and loans held for investment.

December 31, 2024 (Dollars in thousands)	Recreation ⁽¹⁾	Home Improvement	Commercial	Taxi Medallion	Strategic Partnership	Total
Gross loans – December 31, 2023	\$ 1,336,226	\$ 760,617	\$ 114,827	\$ 3,663	\$ 553	\$ 2,215,886
Loan originations	526,634	298,642	14,300	250	203,627	1,043,453
Principal receipts, sales, and maturities	(232,414)	(213,600)	(17,949)	(886)	(196,794)	(661,643)
Charge-offs	(69,349)	(18,035)	(71)	(124)	—	(87,579)
Transfer to loan collateral in process of foreclosure, net	(24,921)	—	(1,627)	(994)	—	(27,542)
Amortization of origination fees and costs, net	(13,502)	4,288	41	—	—	(9,173)
Origination fees and costs, net	20,569	(4,701)	(78)	—	—	15,790
Paid-in-kind interest	—	—	1,830	—	—	1,830
Gross loans – December 31, 2024	\$ 1,543,243	\$ 827,211	\$ 111,273	\$ 1,909	\$ 7,386	\$ 2,491,022

(1) Includes loans held for sale and loans held for investment.

December 31, 2023 (Dollars in thousands)	Recreation	Home Improvement	Commercial	Taxi Medallion	Strategic Partnership	Total
Gross loans – December 31, 2022	\$ 1,183,512	\$ 626,399	\$ 92,899	\$ 13,571	\$ 572	\$ 1,916,953
Loan originations	447,039	357,394	34,850	2,426	118,338	960,047
Principal receipts, sales, and maturities	(231,158)	(209,894)	(13,389)	(6,859)	(118,357)	(579,657)
Charge-offs	(50,512)	(12,308)	(1,019)	(3,829)	—	(67,668)
Transfer to loan collateral in process of foreclosure, net	(18,875)	—	—	(2,306)	—	(21,181)
Amortization of origination fees and costs, net	(12,270)	2,668	14	—	—	(9,588)
Origination fees and costs, net	18,490	(3,642)	(164)	660	—	15,344
Paid-in-kind interest	—	—	1,636	—	—	1,636
Gross loans – December 31, 2023	\$ 1,336,226	\$ 760,617	\$ 114,827	\$ 3,663	\$ 553	\$ 2,215,886

The following table presents the approximate maturities and sensitivity to change in interest rates for our loans as of December 31, 2024.

<i>(Dollars in thousands)</i>	Loan Maturity				
	Within 1 year	After 1 to 5 years	After 5 to 15 years	After 15 years	Total
Fixed-rate	\$ 144,819	\$ 247,726	\$ 1,831,257	\$ 219,921	\$ 2,443,723
Recreation	119,296	120,366	1,210,853	41,372	1,491,887
Home improvement	10,862	28,497	613,169	178,549	831,077
Commercial	6,158	98,071	7,235	—	111,464
Strategic partnerships	7,386	—	—	—	7,386
Taxi medallion	1,117	792	—	—	1,909
Adjustable-rate	\$ 474	\$ 179	\$ —	\$ —	\$ 653
Recreation	474	179	—	—	653
Commercial	—	—	—	—	—
Taxi medallion	—	—	—	—	—
Total loans ⁽¹⁾⁽²⁾	\$ 145,293	\$ 247,905	\$ 1,831,257	\$ 219,921	\$ 2,444,376

- (1) Excludes strategic partnership loans.
(2) Excludes deferred costs.

ALLOWANCE FOR CREDIT LOSSES

The allowance for credit losses is maintained at a level estimated by management to absorb expected future losses in the portfolios. As of December 31, 2024 and 2023, the allowance totaled \$97.4 million and \$84.2 million, which represented 4.12% and 3.80% of total loans held for investment, respectively. The increase in allowance for credit losses as of December 31, 2024 was primarily driven by rising loss rates, elevated delinquencies, and expected losses in our recreation loans, partially offset by a decrease in expected losses in our home improvement loans.

The following table presents the activity in the allowance for credit losses for December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	Recreation	Home Improvement	Commercial	Taxi Medallion ⁽¹⁾	Total
Balance at December 31, 2022	\$ 41,966	\$ 11,340	\$ 1,049	\$ 9,490	\$ 63,845
Charge-offs	(50,512)	(12,308)	(1,019)	(3,829)	(67,668)
Recoveries	11,449	2,886	10	22,191	36,536
Provision (benefit) for credit losses	44,592	17,583	1,988	(26,353)	37,810
CECL transition amount upon ASU 2016-13 adoption	10,037	1,518	2,120	37	13,712
Balance at December 31, 2023	57,532	21,019	4,148	1,536	84,235
Charge-offs	(69,349)	(18,035)	(71)	(124)	(87,579)
Recoveries	14,924	4,094	29	5,163	24,210
Provision (benefit) for credit losses	67,995	13,458	1,084	(6,035)	76,502
Balance at December 31, 2024	\$ 71,102	\$ 20,536	\$ 5,190	\$ 540	\$ 97,368

- (1) As of December 31, 2024, cumulative net charge-offs of loans and loan collateral in process of foreclosure in the taxi medallion portfolio were \$165.3 million, including \$98.6 million related to loans secured by New York taxi medallions, some of which may represent collection opportunities for us.

The following tables present the gross charge-offs for the years ended December 31, 2024 and 2023, by the year of origination:

December 31, 2024	<i>(Dollars in thousands)</i>						
	2024	2023	2022	2021	2020	Prior	Total
Recreation	\$ 3,203	\$ 18,540	\$ 22,883	\$ 10,789	\$ 4,222	\$ 9,712	\$ 69,349
Home improvement	841	5,766	6,412	3,131	815	1,070	18,035
Commercial	—	71	—	—	—	—	71
Taxi medallion	—	—	—	—	—	124	124
Total	\$ 4,044	\$ 24,377	\$ 29,295	\$ 13,920	\$ 5,037	\$ 10,906	\$ 87,579

December 31, 2023	<i>(Dollars in thousands)</i>						
	2023	2022	2021	2020	2019	Prior	Total
Recreation	\$ 3,136	\$ 18,836	\$ 10,857	\$ 5,115	\$ 5,001	\$ 7,567	\$ 50,512
Home improvement	2,196	5,686	2,662	702	435	627	12,308
Commercial	—	—	119	—	900	—	1,019
Taxi medallion	—	—	—	—	—	3,829	3,829
Total	\$ 5,332	\$ 24,522	\$ 13,638	\$ 5,817	\$ 6,336	\$ 12,023	\$ 67,668

The following tables present the allowance for credit losses for loans held for investment, by type, as of December 31, 2024 and 2023:

December 31, 2024 <i>(Dollars in thousands)</i>	Amount	Percentage of Allowance	Allowance as a Percent of Loan Category	Allowance as a Percent of Nonaccrual
Recreation	\$ 71,102	73 %	5.00 %	440.07 %
Home improvement	20,536	21	2.48	127.11
Commercial	5,190	5	4.66	32.12
Taxi medallion	540	1	28.29	3.34
Total	\$ 97,368	100 %		

December 31, 2023 <i>(Dollars in thousands)</i>	Amount	Percentage of Allowance	Allowance as a Percent of Loan Category	Allowance as a Percent of Nonaccrual
Recreation	\$ 57,532	68 %	4.31 %	221.50 %
Home improvement	21,019	25	2.76	80.92
Commercial	4,148	5	3.61	15.97
Taxi medallion	1,536	2	41.93	5.91
Total	\$ 84,235	100 %		

The following table presents the trend in loans 90 days or more past due as of the dates indicated.

<i>(Dollars in thousands)</i>	Year Ended December 31,					
	2024		2023		2022	
	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾	Amount	% ⁽¹⁾
Recreation	\$ 10,018	0.4 %	\$ 9,095	0.4 %	\$ 7,365	0.4 %
Home improvement	1,386	*	1,502	0.1	579	*
Commercial	16,337	0.7	6,240	0.3	74	*
Taxi medallion	—	—	—	—	885	*
Total loans 90 days or more past due	\$ 27,741	1.1 %	\$ 16,837	0.8 %	\$ 8,903	0.5 %

(1) Percentages are calculated against the total loan portfolio.

(*) Less than 0.1%.

The following tables present the activity of loan collateral in process of foreclosure for the December 31, 2024 and 2023.

Year Ended December 31, 2024 <i>(Dollars in thousands)</i>	Recreation	Commercial	Taxi Medallion	Total
Loan collateral in process of foreclosure – December 31, 2023	\$ 1,779	\$ —	\$ 9,993	\$ 11,772
Transfer from loans, net	24,921	1,627	994	27,542
Sales	—	—	(39)	(39)
Cash payments received	(9,287)	—	(4,225)	(13,512)
Collateral valuation adjustments ⁽¹⁾	(15,421)	—	(410)	(15,831)
Loan collateral in process of foreclosure – December 31, 2024	\$ 1,992	\$ 1,627	\$ 6,313	\$ 9,932

(1) Collateral valuation adjustments for recreation loans are generally the result of the liquidation of collateral through a repossession process. Due to the short-term nature of the liquidation process, collateral valuation adjustments on recreation loans are recorded as charge-offs to the allowance for credit losses on loans as this is an adjustment to the initial estimate on the fair value, less estimated costs to sell that was initially estimated in the preliminary charge off and amount transferred to collateral in process of foreclosure.

Year Ended December 31, 2023 <i>(Dollars in thousands)</i>	Recreation	Commercial	Taxi Medallion	Total
Loan collateral in process of foreclosure – December 31, 2022	\$ 1,376	\$ —	\$ 20,443	\$ 21,819
Transfer from loans, net	18,875	—	2,306	21,181
Sales	(7,890)	—	(700)	(8,590)
Cash payments received	(730)	—	(11,311)	(12,041)
Collateral valuation adjustments ⁽¹⁾	(9,852)	—	(745)	(10,597)
Loan collateral in process of foreclosure – December 31, 2023	\$ 1,779	\$ —	\$ 9,993	\$ 11,772

(1) Collateral valuation adjustments for recreation loans are generally the result of the liquidation of collateral through a repossession process. Due to the short-term nature of the liquidation process, collateral valuation adjustments on recreation loans are recorded as charge-offs to the allowance for credit losses on loans as this is an adjustment to the initial estimate on the fair value, less estimated costs to sell that was initially estimated in the preliminary charge off and amount transferred to collateral in process of foreclosure.

SEGMENT RESULTS

We manage our financial results under four operating segments; recreation lending, home improvement lending, commercial lending, and taxi medallion lending. We also show results for a non-operating segment, corporate and other investments.

Recreation Lending

Recreation lending is a return-oriented business focused on originating prime and non-prime recreation loans which is a significant source of income for us, accounting for 67%, 67%, and 71% of our interest income for the years ended December 31, 2024, 2023, and 2022.

We maintain relationships with approximately 3,300 dealers and financial service providers, or FSPs, not all of which are active at any one time. FSPs are entities that provide finance and insurance, or F&I, services to small dealers that do not have the desire or ability to provide F&I services themselves. The ability of FSPs to aggregate the financing and relationship management for many small dealers makes them valuable. We receive approximately half of our loan volume from dealers and the other half from FSPs. Our top ten dealer and FSP relationships were responsible for 38% of recreation lending's new loan originations for the year ended December 31, 2024. The percentage of new loan originations by the top ten dealer and FSP relationships is a measure of concentration, which management uses to determine whether to undertake diversification efforts, and which provides investors with information about origination concentration.

The recreation loan portfolio consists of thousands of geographically distributed loans with an average loan size of approximately \$20,000 as of December 31, 2024. The loans are fixed rate with an average term at origination of 14 years. The weighted average maturity of our loans outstanding as of December 31, 2024 is 11 years.

The loans are secured primarily by RVs, boats, collector cars, and trailers, with RV loans making up 55% of the portfolio, boat loans making up 20%, and collector cars making up 11% of the portfolio as of December 31, 2024, compared to 54%, 19%, and 10% as of December 31, 2023. Recreation loans are made to borrowers residing nationwide, with the highest concentrations in Texas and Florida, at 16% and 10% of loans outstanding with no other states at or above 10%. As of December 31, 2024, 2023, and 2022, the weighted average FICO, measured at origination, scores of all recreation loans outstanding were 685 (683 exclusive of loans held for sale), 683, and 671. The weighted average FICO scores at the time of origination for the loans funded in the years ended December 31, 2024, 2023, and 2022 were 685, 686, and 676.

During the year ended December 31, 2024, the recreation portfolio grew 15% from \$1.3 billion to \$1.5 billion, with the average interest rate increasing 28 basis points to 15.07% from a year ago. Additionally, during the year ended December 31, 2024, the allowance for credit losses increased 24% from December 31, 2023, with the increase reflecting the 15% growth in the portfolio we experienced as well as rising loss rates and various economic factors.

During the year ended December 31, 2024, we originated \$526.6 million recreation loans, an increase of \$79.6 million compared to the \$447.0 million originated in 2023. Originations increased despite more restrictive underwriting standards and management's efforts to mitigate concentration risks. The following table presents quarterly originations for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
First Quarter	\$ 105,765	\$ 101,681	\$ 114,406
Second Quarter	209,563	190,007	170,207
Third Quarter	139,105	92,603	149,151
Fourth Quarter	72,201	62,748	79,298
Year Ended	\$ 526,634	\$ 447,039	\$ 513,062

As of December 31, 2024, 37% of the recreation loan portfolio were non-prime receivables with obligors who do not qualify for conventional consumer finance products as a result of, among other things, adverse credit history. The following table presents non-prime originations in comparison to total originations for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Total Originations	Non-prime Originations	Non-prime Originations (%)
2024	\$ 526,634	\$ 185,334	35 %
2023	\$ 447,039	\$ 152,045	34 %
2022	\$ 513,062	\$ 180,697	35 %

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Selected Earnings Data			
Total interest income	\$ 194,131	\$ 167,765	\$ 139,145
Total interest expense	46,123	31,436	17,932
Net interest income	148,008	136,329	121,213
Provision for credit losses	67,995	44,592	22,802
Net interest income after credit loss provision	80,013	91,737	98,411
Other income	756	376	—
Operating expenses:			
Salaries	(12,644)	(11,734)	(9,969)
Loan servicing fees and collection costs	(12,038)	(10,714)	(9,403)
Other costs	(8,446)	(10,153)	(11,091)
Net income before taxes	47,641	59,512	67,948
Income tax provision	(15,181)	(17,231)	(17,989)
Net income after taxes	\$ 32,460	\$ 42,281	\$ 49,959
Balance Sheet Data			
Total loan, gross ⁽¹⁾	\$ 1,543,243	\$ 1,336,222	\$ 1,183,512
Allowance for credit losses	71,102	57,532	41,966
Total loans, net	1,472,141	1,278,690	1,141,546
Total assets	1,494,445	1,297,870	1,154,680
Total segment borrowings	1,239,592	1,062,584	936,789
Selected Financial Ratios			
Return on average assets	2.29 %	3.36 %	4.38 %
Return on average equity	15.11	21.24	26.66
Interest yield	13.30	13.07	12.82
Net interest margin, gross	10.14	10.62	11.17
Net interest margin, net of allowance	10.58	11.09	11.57
Reserve coverage ⁽²⁾	5.00	4.31	3.55
Delinquency status ⁽³⁾	0.67	0.70	0.64
Charge-off ratio ⁽⁴⁾	3.72	3.04	1.22

- (1) Inclusive of both loans held for investment and loans held for sale.
(2) Allowance for credit losses as a percent of loans held for investment and excludes loans held for sale.
(3) Loans 90 days or more past due as a percent of total loans.
(4) Net charge-offs as a percent of annual average gross loans.

Home Improvement Lending

The home improvement lending segment works with contractors and financial service providers to finance home improvements and is concentrated in roofs, swimming pools, and windows at 36%, 27%, and 13% of total loans outstanding as of December 31, 2024, as compared to 41%, 20%, and 13% as of December 31, 2023, with no other collateral types at or above 10%. Home improvement loans are made to borrowers residing nationwide, with the highest concentrations in Florida and Texas at 12% and 11% of loans outstanding December 31, 2024, with no other states at or above 10%. As of December 31, 2024, 2023, and 2022, the weighted average FICO scores, measured at origination, of our home improvement loans outstanding were 767, 764, and 753. The weighted average FICO scores at the time of origination for the loans funded in the years ended December 31, 2024, 2023, and 2022 were 781, 771, and 758.

A large proportion of our home improvement-financed sales are facilitated by contractor salespeople with limited financing backgrounds rather than by contractor employees who provide F&I services. The result is contractor demand for financing services that facilitate an in-home transaction (e.g., digital tools, including mobile applications for phone or tablet, support for E-SIGN compliant electronic signatures, and extended operating hours), and additional resources for the salesperson throughout the financing process. We currently maintain relationships with approximately 900 contractors and FSPs. Our top ten contractors and FSP relationships were responsible for 48% of home improvement lending's new loan originations for the years ended December 31, 2024 and 2023. The percentage of new loan originations by the top ten contractor and FSP relationships is a measure of concentration, which management uses to determine whether to undertake diversification efforts, and which provides investors with information about origination concentration.

The home improvement loan portfolio consists of thousands of geographically distributed loans with an average loan size of approximately \$20,000 as of December 31, 2024. The loans are fixed rate with an average term at origination of 15 years. The weighted average maturity of our loans outstanding as of December 31, 2024 is 13 years.

During the year ended December 31, 2024, the home improvement portfolio grew 9% from \$760.6 million to \$827.2 million, with the allowance for credit losses increasing 10% from a year ago reflecting the growth in our portfolio, offset by improvement in credit performance and various other economic factors. The average interest rate charged on our loans increased 30 basis points to 9.81% from the prior year.

During the year ended December 31, 2024, we originated \$298.6 million home improvement loans, compared to \$357.4 million in the prior year. The decrease was driven in part by ongoing restrictive underwriting standards and management's continued efforts to mitigate concentration risks. The following table presents quarterly originations for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
First Quarter	\$ 51,576	\$ 94,981	\$ 89,820
Second Quarter	67,990	117,035	105,172
Third Quarter	96,545	79,333	100,451
Fourth Quarter	82,531	66,045	97,100
Year Ended	\$ 298,642	\$ 357,394	\$ 392,543

As of December 31, 2024, less than 1% of the home improvement loan portfolio were non-prime receivables with obligors who do not qualify for conventional consumer finance products as a result of, among other things, adverse credit history. The following table presents non-prime originations in comparison to total originations for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Total Originations	Non-prime Originations	Non-prime Originations (%)
2024	\$ 298,642	\$ 586	*
2023	357,394	3,094	1 %
2022	392,543	5,068	1 %

(*) Less than 1%.

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Selected Earnings Data			
Total interest income	\$ 74,036	\$ 62,703	\$ 44,703
Total interest expense	26,277	18,137	7,697
Net interest income	47,759	44,566	37,006
Provision for credit losses	13,458	17,583	7,616
Net interest income after credit loss provision	34,301	26,983	29,390
Other income	11	6	14
Operating expenses:			
Salaries	(8,031)	(8,226)	(6,443)
Loan servicing fees and collection costs	(3,263)	(3,024)	(2,413)
Other costs	(4,292)	(5,502)	(4,658)
Net income before taxes	18,726	10,237	15,890
Income tax provision	(5,967)	(2,964)	(4,207)
Net income after taxes	\$ 12,759	\$ 7,273	\$ 11,683
Balance Sheet Data			
Total loans, gross	\$ 827,211	\$ 760,621	\$ 626,399
Allowance for credit losses	20,536	21,019	11,340
Total loans, net	806,675	739,602	615,059
Total assets	811,442	744,904	618,923
Total segment borrowings	673,064	609,863	502,131
Selected Financial Ratios			
Return on average assets	1.66 %	1.04 %	1.95 %
Return on average equity	10.76	6.60	12.08
Interest yield	9.45	8.86	8.49
Net interest margin, gross	6.09	6.29	7.03
Net interest margin, net of allowance	6.24	6.45	7.16
Reserve coverage ⁽¹⁾	2.48	2.76	1.81
Delinquency status ⁽²⁾	0.17	0.20	0.09
Charge-off ratio ⁽³⁾	1.78	1.33	0.69

(1) Allowance for credit losses as a percent of gross loans.

(2) Loans 90 days or more past due as a percent of total loans.

(3) Net charge-offs as a percent of annual average gross loans.

Commercial Lending

We originate both senior and subordinated loans nationwide to businesses in a variety of industries, with California, Wisconsin, and Texas having 28%, 10%, and 10% of the segment portfolio, and no other states having a concentration at or above 10%. These mezzanine loans are primarily secured by a second position on all assets of the businesses and generally range in amount from \$2.5 million to \$6.0 million at origination, and typically include an equity component as part of the financing. These equity components, although a small portion of the overall financing, have the potential to generate significant yield enhancement when the underlying portfolio company enters a capital transaction. During the year ended December 31, 2024, net gains of \$6.9 million were recognized with respect to these equity investments. The commercial lending business has concentrations in manufacturing, construction, and wholesale trade that make up 57%, 12%, and 12% of total loans outstanding as of December 31, 2024, as compared to 53%, 13%, and 11% as of December 31, 2023. During the year ended December 31, 2024, we originated \$14.3 million of loans, compared to \$34.9 million in originations in 2023. As of December 31, 2024, commercial loans totaled \$111.3 million.

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022. The commercial segment encompasses the mezzanine lending business, and the other legacy commercial loans (immaterial to total) have been allocated to corporate and other investments.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Selected Earnings Data			
Total interest income	\$ 14,007	\$ 12,719	\$ 9,348
Total interest expense	4,294	3,597	3,040
Net interest income	9,713	9,122	6,308
Provision for credit losses	1,093	1,988	5,963
Net interest income after credit loss provision	8,620	7,134	345
Other income:			
Gains on equity investments, net	6,917	5,178	2,779
Other income	943	793	527
Operating expenses:			
Salaries	(3,564)	(3,079)	(2,843)
Other costs	(1,428)	(468)	(2,067)
Net income (loss) before taxes	11,488	9,558	(1,259)
Income tax (provision) benefit	(3,661)	(2,767)	333
Net income (loss) after taxes	\$ 7,827	\$ 6,791	\$ (926)
Balance Sheet Data			
Total loans, gross	\$ 111,273	\$ 114,827	\$ 92,899
Allowance for credit losses	5,190	4,148	1,049
Total loans, net	106,083	110,679	91,850
Total assets	106,258	110,850	101,447
Total segment borrowings	88,137	90,754	82,304
Selected Financial Ratios			
Return on average assets	7.38 %	6.65 %	(0.91) %
Return on average equity	47.93	41.51	(5.50)
Interest yield	12.71	12.80	10.63
Net interest margin, gross	8.81	9.18	7.17
Net interest margin, net of allowance	9.18	9.45	7.28
Reserve coverage ⁽¹⁾	4.66	3.61	1.13
Delinquency status ⁽²⁾	14.66	5.40	0.08
Charge-off ratio ⁽³⁾	0.04	1.02	6.86

- (1) Allowance for credit losses as a percent of gross loans.
(2) Loans 90 days or more past due as a percent of total loans.
(3) Net charge-offs as a percent of annual average gross loans.

<i>(Dollars in thousands)</i>	As of December 31,			
	2024		2023	
	Gross Commercial Loans	% of Market	Gross Commercial Loans	% of Market
California	\$ 31,049	28 %	\$ 31,225	27 %
Texas	10,676	10	10,725	9
Wisconsin	10,662	10	11,393	10
Illinois	7,081	6	8,474	7
Minnesota	5,337	5	13,879	12
Other ⁽¹⁾	46,468	41	39,131	35
Total	\$ 111,273	100 %	\$ 114,827	100 %

- (1) Includes 11 other states, which were all under 10% as of December 31, 2024 and 13 other states, which were all under 10% as of December 31, 2023.

Taxi Medallion Lending

The taxi medallion lending segment operates in the New York City metropolitan area. During the year ended December 31, 2024, we continued to utilize a taxi medallion value of \$79,500 in the New York City and Newark markets with all other markets being valued at \$0 at the end of the year, despite fluctuating transfer prices that have exceeded that value. We continued to not recognize interest income with all loans being placed on nonaccrual as of the third quarter 2020 (except for settled loans with interest being paid in excess of the loan balance), and by transferring underperforming loans from the portfolio to loan collateral in process of foreclosure with charge-offs to collateral value, once loans become more than 120 days past due.

During the year ended December 31, 2024, we collected \$12.1 million related to taxi medallion assets, which resulted in net recoveries and gains of \$6.9 million and collected \$45.2 million related to taxi medallion assets in the prior year, which resulted in net recoveries and gains of \$29.6 million. The amount of cash collected as well as recoveries recorded vary greatly from period to period due to a wide variety of circumstances surrounding each of the underlying assets, and while we continue to focus on collection and recovery efforts, future collections will be less than in the prior year.

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Selected Earnings Data			
Total interest income	\$ 659	\$ 1,596	\$ 632
Total interest expense	102	72	508
Net interest income	557	1,524	124
Benefit for credit losses	(6,035)	(26,318)	(6,474)
Net interest income after credit loss benefit	6,592	27,842	6,598
Other income	910	3,358	4,341
Operating expenses:			
Salaries	(2,947)	(4,849)	(4,308)
Loan servicing fees and collection costs	(724)	(1,006)	(1,315)
Other costs	(902)	(1,401)	(4,897)
Net income (loss) before taxes	2,929	23,944	419
Income tax provision	(933)	(6,933)	(111)
Net income after taxes	\$ 1,996	\$ 17,011	\$ 308
Balance Sheet Data			
Total loans, gross	\$ 1,909	\$ 3,663	\$ 13,571
Allowance for credit losses	540	1,536	9,490
Total loans, net	1,369	2,127	4,081
Total assets	6,573	12,247	25,496
Total segment borrowings	5,452	10,027	20,685
Selected Financial Ratios			
Return on average assets	24.25%	91.25%	1.18%
Return on average equity	151.76	574.86	6.97
Interest yield	23.39	26.94	4.58
Net interest margin, gross	16.99	25.73	0.90
Net interest margin, net of allowance	28.15	61.60	2.76
Reserve coverage ⁽¹⁾	28.29	41.93	69.93
Delinquency status ⁽²⁾	—	—	6.52
Charge-off (recovery) ratio ⁽³⁾	(153.72)	(309.96)	(47.51)

(1) Allowance for credit losses as a percent of gross loans.

(2) Loans 90 days or more past due as a percent of total loans.

(3) Net recoveries as a percent of annual average gross loans.

Corporate and Other Investments

This non-operating segment relates to our equity and investment securities as well as our legacy commercial business, and other assets, liabilities, revenues, and expenses, which are not specifically allocated to the operating segments. Additionally, we historically and continue to account for goodwill in this non-operating segment. All goodwill relates to the Bank, specifically the recreation and home improvement segments. Commencing with the 2020 second quarter, the Bank began issuing loans related to the new strategic partnership business, which is included within this segment. The associated activities of the strategic partnership business are currently limited to originating loans or other receivables facilitated by our strategic partners and selling those loans or receivables to our strategic partners or other third parties, without recourse, within a specified time after origination, such as three business days. Strategic partnership loans were \$7.4 million and \$0.6 million in net loans as of December 31, 2024 and December 31, 2023, with originations of \$203.6 million and \$118.3 million during the years ended December 31, 2024 and December 31, 2023.

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022.

(Dollars in thousands)

	Year Ended December 31,		
	2024	2023	2022
Selected Earnings Data			
Total interest income	\$ 7,869	\$ 6,257	\$ 2,793
Total interest expense	11,371	9,704	7,008
Net interest expense	(3,502)	(3,447)	(4,215)
Provision (benefit) for credit losses	(9)	(35)	152
Net interest income after credit loss provision (benefit)	(3,493)	(3,412)	(4,367)
Other income	1,793	1,609	1,865
Operating expenses:			
Salaries	(11,158)	(9,674)	(7,567)
Loan servicing fees and collection costs	(1,126)	(799)	(554)
Other costs	(3,864)	(4,939)	(4,525)
Net loss before taxes	(17,848)	(17,215)	(15,148)
Income tax benefit	4,731	4,985	4,011
Net loss after taxes	\$ (13,117)	\$ (12,230)	\$ (11,137)
Balance Sheet Data			
Total loans, net	7,386	553	572
Total assets	449,888	421,956	359,333
Total segment borrowings	373,168	345,462	291,526

Summary Consolidated Financial Ratios

The following table presents selected financial data and ratios as of and for the years ended December 31, 2024, 2023, and 2022.

	Year Ended December 31,		
	2024	2023	2022
(Dollars in thousands)			
Return on average assets	1.54 %	2.51 %	2.40 %
Return on average stockholder's equity	10.12	17.33	14.92
Return on average equity	9.89	15.79	13.74
Net interest margin, gross	8.05	8.38	8.73
Equity to assets ⁽¹⁾	15.30	15.91	16.40
Debt to equity ⁽²⁾	5.4x	5.1x	4.9x
Net loans to assets	83 %	82 %	82 %
Net charge-offs	63,369	31,132	16,380
Net charge-offs as a % of average loans receivable ⁽³⁾	2.69 %	1.48 %	0.99 %
Reserve coverage ⁽⁴⁾	4.12	3.80	3.33

(1) Includes \$68.8 million, related to non-controlling interests in consolidated subsidiaries as of December 31, 2024, 2023, and 2022.

(2) Excludes deferred financing costs of \$8.2 million, \$8.5 million, and \$7.0 million as of December 31, 2024, 2023, and 2022.

(3) Net charge-offs as a percent of annual average gross loans.

(4) Allowance for credit losses as a percentage of loans held for investment. Loans held for sale are carried at the lesser of amortized cost or fair value, do not have an allowance for credit losses, and are excluded from this calculation.

CONSOLIDATED RESULTS OF OPERATIONS

For the Year Ended December 31, 2024 Compared to the Year Ended December 31, 2023

Net income attributable to shareholders was \$35.9 million, or \$1.52 per share, for the year ended December 31, 2024, compared to \$55.1 million, or \$2.37 per share, for the year ended December 31, 2023.

Total interest income was \$290.7 million for the year ended December 31, 2024, compared to \$251.0 million for the year ended December 31, 2023. The increase in interest income reflects continued growth in the recreation and home improvement lending segments, as well as increased rates charged on new loan originations in comparison to the prior year. As of December 31, 2024, the weighted average rate of our recreation, home improvement, and commercial loans were 15.07%, 9.81%, and 12.97% compared to 14.79%, 9.51%, and 12.87% as of December 31, 2023. The yield on interest earning assets was 11.56% for the year ended December 31, 2024, compared to 11.19% for the year ended December 31, 2023, reflecting new originations being priced at higher rates than those rates charged on originations in prior years, given the current interest rate environment. Average interest earning assets were \$2.5 billion for the year ended December 31, 2024, an increase from \$2.2 billion for the year ended December 31, 2023. In 2024, loan originations were \$1.0 billion, up from \$960.1 million in 2023, with \$526.6 million and \$298.6 million of the 2024 originations attributable to recreation and home improvement loans, respectively. Strategic partnership loan originations were \$203.6 million in the 2024 year, up 72% from \$118.3 million in the 2023 year, reflecting continued efforts to grow our strategic partnership business.

Loans before allowance for credit losses were \$2.5 billion as of December 31, 2024, comprised of recreation (\$1.5 billion), home improvement (\$0.8 billion), commercial (\$111.3 million), strategic partnership (\$7.4 million) loans, and taxi medallion (\$1.9 million). We had an allowance for credit losses as of December 31, 2024 of \$97.4 million, which was attributable to the recreation (73%), home improvement (21%), commercial (5%), and taxi medallion (1%) loan portfolios. As of December 31, 2023, loans before allowance for credit losses were \$2.2 billion, comprised of recreation (\$1.3 billion), home improvement (\$0.8 billion), commercial (\$114.8 million), taxi medallion (\$3.7 million), and strategic partnership (\$0.6 million) loans. We had an allowance for credit losses as of December 31, 2023 of \$84.2 million, which was attributable to recreation (68%), home improvement (25%), and taxi medallion (2%) loans.

Total loans increased \$275.1 million, or 12%, to \$2.5 billion as of December 31, 2024 from \$2.2 billion as of December 31, 2023 as a result of more than \$1.0 billion of loan originations during the year, with \$526.6 million of recreation loan originations and \$298.6 million of home improvement originations. The allowance for credit losses was \$76.5 million for the year ended December 31, 2024 compared to \$37.8 million for the year ended December 31, 2023. The current year allowance, related to loans held for investment, included net charge-offs of \$63.4 million, of which \$54.4 million and \$13.9 million related to recreation and home improvement lending. This compares to net-charge offs of \$31.1 million, of which \$39.1 million and \$9.4 million related to recreation and home improvement lending, for the year ended December 31, 2023. Additionally, the 2024 allowance included net recoveries of taxi medallion loans of \$5.0 million compared to \$18.4 million for the year ended December 31, 2023. Charge-offs in both the recreation and home improvement loan portfolios continued to trend higher in 2024, a reflection of the broader economy. For the year 2024, net charge offs were 3.72% and 1.78% of recreation loans and 1.78% of home improvement loans as compared to 3.04% and 1.33% in the prior year. As of December 31, 2024, current loans (those less than 30 days past due) were 94% and 99% of the recreation and home improvement loan portfolios, compared to 95% and 99% as of December 31, 2023. Charge-off activity and loan delinquency are two of the more prominent indicators of future loss experience and thus have a significant impact on our determination of allowance for credit loss. As of December 31, 2024, the allowance for credit loss on loans held for investment was 5.00% and 2.48% for recreation and home improvement loans, compared to 4.31% and 2.76% a year ago. See Note 4 of the accompanying consolidated financial statements for additional information on loans and allowance for credit losses.

Interest expense was \$88.2 million for the year ended December 31, 2024, compared to \$62.9 million for the year ended December 31, 2023, reflecting both higher average borrowings and higher average borrowing costs during the year. The average cost of borrowed funds was 3.93% for the year ended December 31, 2024, compared to 3.16% for the year ended December 31, 2023. The average cost of the certificates of deposit was 3.54% during the current year, 83 basis points higher than the 2.71% average cost in the prior year, reflecting a higher rate on newly issued deposits when compared to the maturing deposits which were issued at lower rates in previous years. As we replace upcoming deposit maturities with new issues, we expect our average cost of funds to further increase. During the year ended December 31, 2024, we issued deposits for three-month certificates at rates as high as 4.89% for both 36 month and 60 month certificates, with the most recent 36 month and 60 month issuances at the end of 2024 at rates of 4.19% and 4.13%. In addition, we expect our interest expense related to SBA borrowings to increase as newly issued SBA debentures carry a higher rate when compared to some of our previously issued debentures. Average debt outstanding was \$2.2 billion for the year ended December 31, 2024, up from \$2.0 billion for the year ended December 31, 2023, as we issued additional certificates of deposit to fund our loan growth. See page 38 for tables that show average balances and cost of funds for our funding sources.

Net interest income was \$202.5 million for the year ended December 31, 2024, compared to \$188.1 million for the year ended December 31, 2023. Net interest margin, excluding the impact of allowance for credit loss, was 8.05% for the year ended December 31, 2024, compared to 8.38%, for the year ended December 31, 2023, reflecting the above, particularly the rising cost of borrowings experienced over the prior year, offset to an extent by higher yields on loans compared to the prior year. With the rates we charge on outstanding loans being fixed, and our cost of funds increasing, our net interest margin has tightened over the prior year as we can only increase our yield through higher rates charged on new originations. We expect this trend of tightening margins to continue to some degree as our cost of funds, particularly on deposits, continues to increase, with the current average rate on deposits of 3.71% being lower than our new issuance costs.

Net other income, which is comprised primarily of net gains related to equity investments, net gains associated with the disposition of taxi medallion assets, prepayment fees, servicing fee income, and late charges, was \$11.3 million for both the years ended December 31, 2024 and 2023. Net gains on equity investments were \$6.9 million in 2024 and \$5.2 million in 2023 and include the realization of two portfolio companies in the current year.

Operating expenses were \$74.4 million for the year ended December 31, 2024, up from \$75.6 million for the year ended December 31, 2023. Salaries and benefits were \$38.3 million for the year ended December 31, 2024, up from \$37.6 million for the year ended December 31, 2023, with the increase attributable to a higher head count, annual cost of living increases, and higher long-term performance based equity compensation. Professional fees were a net benefit of \$1.4 million for the year ended December 31, 2024, compared to at a cost of \$5.9 million for the year ended December 31, 2023. This reflects the recognition of a \$5.5 million benefit tied to insurance coverage of legal and professional costs associated with the SEC litigation. In addition, we recorded a charge of \$3.0 million for a penalty pursuant to an agreement in principle reached to settle this matter, which remains subject to the approval of the Commissioners of the SEC and the court.

For the Year Ended December 31, 2023 Compared to the Year Ended December 31, 2022

For a comparison of the Company's results of operations for the year ended December 31, 2023 to the year ended December 31, 2022, see Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations in the Company's Annual Report on Form 10-K for the year ended December 31, 2023, which was filed with the Securities and Exchange Commission on March 9, 2024.

ASSET/LIABILITY MANAGEMENT

Interest Rate Sensitivity

We, like other financial institutions, are subject to interest rate risk to the extent that our interest-earning assets (consisting of consumer, commercial, and taxi medallion loans, and investment securities) reprice on a different basis over time in comparison to our interest-bearing liabilities (consisting primarily of bank certificates of deposit, SBA debentures and borrowings, historically credit facilities, and borrowings from banks and other lenders).

Having interest-bearing liabilities that mature or reprice more frequently on average than assets may be beneficial in times of declining interest rates, although such an asset/liability structure may result in declining net earnings during periods of rising interest rates. Abrupt increases in market rates of interest may have an adverse impact on our earnings until we are able to originate new loans at the higher prevailing interest rates. Conversely, having interest-earning assets that mature or reprice more frequently on average than liabilities may be beneficial in times of rising interest rates, although this asset/liability structure may result in declining net earnings during periods of falling interest rates. This mismatch between maturities and interest rate sensitivities of our interest-earning assets and interest-bearing liabilities results in interest rate risk.

The effect of changes in interest rates is mitigated by regular turnover of the portfolios. We believe that the average life of our loan portfolios varies to some extent as a function of changes in interest rates. Borrowers are more likely to exercise prepayment rights in a decreasing interest rate environment because the interest rate payable on the borrower's loan is high relative to prevailing interest rates. Conversely, borrowers are less likely to prepay in a rising interest rate environment. However, borrowers may prepay for a variety of other reasons, such as to monetize increases in the underlying collateral values. In addition, we manage our exposure to increases in market rates of interest by incurring fixed-rate indebtedness, such as ten year subordinated SBA debentures, and by setting repricing intervals on certificates of deposit, for terms of up to five years.

A relative measure of interest rate risk can be derived from our interest rate sensitivity gap. The interest rate sensitivity gap represents the difference between interest-earning assets and interest-bearing liabilities, which mature and/or reprice within specified intervals of time. The gap is considered to be positive when repriceable assets exceed repriceable liabilities, and negative when repriceable liabilities exceed repriceable assets. A relative measure of interest rate sensitivity is provided by the cumulative difference between interest sensitive assets and interest sensitive liabilities for a given time interval expressed as a percentage of total assets.

The following table presents our interest rate sensitivity gap at December 31, 2024. The principal amounts of interest earning assets are assigned to the time frames in which such principal amounts are contractually obligated to be repriced. We do not reflect any prepayment assumptions in preparing the analysis, despite historical average life experience being significantly shorter than contractual terms.

	December 31, 2024 Cumulative Gap ⁽¹⁾							Total
	Less Than 1 Year	More Than 1 and Less Than 2 Years	More Than 2 and Less Than 3 Years	More Than 3 and Less Than 4 Years	More Than 4 and Less Than 5 Years	More Than 5 and Less Than 6 Years	Thereafter	
<i>(Dollars in thousands)</i>								
Earning assets								
Fixed-rate	\$ 144,823	\$ 28,554	\$ 65,053	\$ 70,523	\$ 83,595	\$ 70,299	\$ 1,980,878	\$ 2,443,725
Adjustable rate	474	156	—	22	—	—	—	652
Investment securities	40,392	2,874	5,535	2,336	5,828	3,466	40,228	100,659
Cash	169,572	—	—	—	—	—	—	169,572
Total earning assets	\$ 355,261	\$ 31,584	\$ 70,588	\$ 72,881	\$ 89,423	\$ 73,765	\$ 2,021,106	\$ 2,714,608
Interest bearing liabilities								
Deposits	\$ 891,078	\$ 443,147	\$ 441,555	\$ 146,847	\$ 169,036	\$ —	\$ —	\$ 2,091,663
Privately placed notes	—	31,250	53,750	39,000	—	—	22,500	146,500
SBA debentures and borrowings	14,000	14,000	2,000	1,250	1,250	3,000	34,750	70,250
Trust preferred securities	—	—	—	—	—	—	33,000	33,000
Federal reserve and other borrowings	35,000	—	—	—	—	—	—	35,000
Total liabilities	\$ 940,078	\$ 488,397	\$ 497,305	\$ 187,097	\$ 170,286	\$ 3,000	\$ 90,250	\$ 2,376,413
Interest gap	\$ (584,817)	\$ (456,813)	\$ (426,717)	\$ (114,216)	\$ (80,863)	\$ 70,765	\$ 1,930,856	\$ 338,195
Cumulative interest gap	\$ (584,817)	\$ (456,813)	\$ (426,717)	\$ (114,216)	\$ (80,863)	\$ 70,765	\$ 1,930,856	\$ —
December 31, 2023 ⁽²⁾	\$ (498,772)	\$ (1,015,143)	\$ (1,335,301)	\$ (1,474,758)	\$ (1,578,162)	\$ (1,494,411)	\$ 281,971	\$ —
December 31, 2022 ⁽²⁾	\$ (367,803)	\$ (807,687)	\$ (1,158,706)	\$ (1,283,654)	\$ (1,372,105)	\$ (1,314,604)	\$ 222,536	\$ —

(1) The ratio of the cumulative one-year gap to total interest rate sensitive assets was (22%), (21%), and (18%) as of December 31, 2024, 2023, and 2022.

(2) Excludes federal funds sold and investment securities.

Our interest rate sensitive assets were \$2.7 billion and interest rate sensitive liabilities were \$2.4 billion at December 31, 2024. The one-year cumulative interest rate gap was a negative \$0.6 billion or 22% of interest rate sensitive assets. We actively monitor the level of exposure with the goal that movements in interest rates not adversely and unexpectedly negatively affect future earnings. We use net interest income sensitivity analysis as our primary metric to measure and manage the interest rate sensitivities of our loan and investment securities portfolios.

LIBOR terminated on June 30, 2023. We did not have any loans tied to LIBOR. Our trust preferred securities bore a variable rate of interest of 90 day LIBOR plus 2.13% until June 30, 2023. For these borrowings, the 90-day Secured Overnight Financing Rate, or SOFR, adjusted by a relevant spread adjustment of approximately 26 basis points has replaced the previous LIBOR-based rate.

Liquidity and Capital Resources

Our sources of liquidity include brokered certificates of deposit and other borrowings at the Bank, unfunded commitments to sell debentures to the SBA, loan amortization and prepayments, private and public issuances of debt securities, participations or sales of loans to third parties, issuances of preferred securities at our subsidiaries, and the disposition of our other assets.

In August 2024, we completed a private placement to certain institutional investors of \$5.0 million aggregate principal amount of 8.625% unsecured senior notes due August 2039, with interest payable semiannually. We intend to use the net proceeds from the offering for general corporate purposes.

In June 2024, we amended the notes previously issued in a private placement to certain institutional investors in December 2023, increasing the principal amount from \$12.5 million to \$17.5 million, reducing the interest rate to 8.875% from 9.0%, and extending the maturity date from December 2033 to June 2039. We used, and intend to use, the net proceeds from the offering for general corporate purposes, which included the repayment of the remaining 8.25% notes that matured in March 2024 described below.

On February 28, 2024, Medallion Capital accepted a commitment from the SBA for \$18.5 million in debenture financing with a ten-year term. Medallion Capital can draw funds under the commitment, in whole or in part, until September 30, 2028. In connection with the commitment, Medallion Capital paid the SBA a leverage fee of \$0.2 million, with the remaining \$0.4 million of the fee to be paid pro rata as Medallion Capital draws under the commitment.

In September 2023, we completed a private placement to certain institutional investors of \$39.0 million aggregate principal amount of 9.25% unsecured senior notes due September 2028, with interest payable semiannually.

In April 2023, the Bank began to originate retail savings deposits through a third-party service provider and, as of December 31, 2024, the Bank had \$6.0 million in retail savings deposit balances.

In March 2023, the Bank established a discount window line of credit at the Federal Reserve. As of December 31, 2024, the Bank had \$225.2 million in home improvement loans pledged as collateral to the Federal Reserve. The current advance rate on the pledged securities is approximately 45% of book value, for a total of approximately \$101.4 million in secured borrowing capacity, of which \$35.0 million was utilized as of December 31, 2024.

The Bank has borrowing arrangements with several commercial banks. These agreements are accommodations that can be terminated at any time, for any reason and allow the Bank to borrow up to \$75.0 million. As of December 31, 2024, there were no outstanding amounts with respect to these arrangements.

In February 2021, we completed a private placement to certain institutional investors of \$25.0 million aggregate principal amount of 7.25% unsecured senior notes due February 2026, with interest payable semiannually. Follow-on offerings of these notes in March and April 2021 raised an additional \$3.3 million and \$3.0 million.

In December 2020, we completed a private placement to certain institutional investors of \$33.6 million aggregate principal amount of 7.50% unsecured senior notes due December 2027, with interest payable semiannually. Follow-on offerings of these notes in February and March 2021 raised an additional \$8.5 million. In April 2021, we raised an additional \$11.7 million in a follow-on offering and repaid substantially all of our remaining bank borrowings.

In December 2019, the Bank closed an initial public offering of 1,840,000 shares of its Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series F, with a \$46.0 million aggregate liquidation amount, yielding net proceeds of \$42.5 million, which were recorded in the Bank's shareholders' equity. Dividends are payable quarterly from the date of issuance to, but excluding April 1, 2025, at a rate of 8% per annum, and from and including April 1, 2025, at a floating rate equal to a benchmark rate (which is based on the Secured Overnight Financing Rate, or SOFR, and is expected to be three-month Term SOFR) plus a spread of 6.46% per annum.

The net proceeds from the various private placements were used for general corporate purposes, including repayment of outstanding debt, including repayment of our 9.00% retail notes at maturity in April 2021 and to pay down other borrowings, including some borrowings at a discount, and to repurchase, repay, and cancel \$36.0 million of our 8.25% notes which matured in March 2024.

The table below presents the components of our debt as of December 31, 2024, exclusive of deferred financing costs of \$8.2 million. See Note 5 to the consolidated financial statements for details of the contractual terms of our borrowings.

<i>(Dollars in thousands)</i>	Balance	Percentage	Rate ⁽¹⁾
Deposits ⁽²⁾	\$ 2,091,663	89 %	3.71 %
Privately placed notes	146,500	6	8.12
SBA debentures and borrowings	70,250	3	3.53
Trust preferred securities	33,000	1	6.83
Federal reserve and other borrowings	35,000	1	4.50
Total outstanding debt	\$ 2,376,413	100 %	4.03 %

(1) Weighted average contractual rate.

(2) Balance excludes \$3.0 million of strategic partner reserve deposits.

Our contractual obligations expire on or mature at various dates through September 2037. The following table presents our contractual obligations at December 31, 2024.

<i>(Dollars in thousands)</i>	Payments due by period						Total ⁽¹⁾
	Less than 1 year	1 – 2 years	2 – 3 years	3 – 4 years	4 – 5 years	More than 5 years	
Borrowings							
Deposits ⁽²⁾	\$ 891,078	\$ 443,147	\$ 441,555	\$ 146,847	\$ 169,036	\$ —	\$ 2,091,663
Privately placed notes	—	31,250	53,750	39,000	—	22,500	146,500
SBA debentures and borrowings	14,000	14,000	2,000	1,250	1,250	37,750	70,250
Trust preferred securities	—	—	—	—	—	33,000	33,000
Federal reserve and other borrowings	35,000	—	—	—	—	—	35,000
Total outstanding borrowings	940,078	488,397	497,305	187,097	170,286	93,250	2,376,413
Operating lease obligations	2,546	2,567	1,342	575	590	548	8,168
Total contractual obligations	\$ 942,624	\$ 490,964	\$ 498,647	\$ 187,672	\$ 170,876	\$ 93,798	\$ 2,384,581

(1) Total debt is exclusive of deferred financing costs of \$8.2 million.

(2) Balance excludes \$3.0 million of strategic partner reserve deposits.

Approximately \$1.4 billion of our borrowings have maturity dates during the next two years, a majority of which are brokered certificates of deposits that have no right of voluntary withdrawal.

In addition, the illiquidity of portions of our loan portfolio and investments may adversely affect our ability to dispose of them at times when it may be advantageous for us to liquidate such portfolio or investments. In addition, if we were required to liquidate some or all of our portfolio, the proceeds of such liquidation may be significantly less than the current value of such investments. Because we borrow money to make loans and investments, our net operating income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our interest income. In periods of sharply rising interest rates, our cost of funds would increase, which would reduce our net interest income.

We use a combination of long-term and short-term borrowings and equity capital to finance our lending and investing activities. Our long-term fixed-rate investments are financed primarily with fixed-rate debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. We have analyzed the potential impact of changes in interest rates on net interest income. Assuming that the balance sheet were to remain constant and no actions were taken to alter the existing interest rate sensitivity a hypothetical immediate 1% increase in interest rates would result in an increase to net income as of December 31, 2024 by \$2.2 million on an annualized basis, and the impact of such an immediate increase of 1% over a one year period would have been a reduction in net income by \$2.7 million at December 31, 2024. Although management believes that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size, and composition of the assets on the balance sheet, and other business developments that could affect net income from operations in a particular quarter or for the year taken as a whole. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by these estimates.

From time to time, we work with investment banking firms and other financial intermediaries to investigate the viability of several other financing options which include, among others, the sale or spinoff of certain assets or divisions, the development of a securitization conduit program, and other independent financing for certain subsidiaries or asset classes. These financing options would also provide additional sources of funds for both external expansion and continuation of internal growth.

The following table presents sources of available funds for us and each of our subsidiaries and amounts outstanding under trust preferred securities and borrowings and their respective end of period weighted average interest rates at December 31, 2024. See Note 5 to the consolidated financial statements for additional information about each borrowing.

<i>(Dollars in thousands)</i>	Medallion Financial Corp.	Medallion Funding LLC	Medallion Capital, Inc.	Freshstart Venture Capital Corp.	Medallion Bank	December 31, 2024	December 31, 2023
Cash, cash equivalents and federal funds sold	\$ 26,434	\$ 275	\$ 13,291	\$ 3,478	\$ 126,094	\$ 169,572	\$ 149,845
Trust preferred securities	33,000					33,000	33,000
Average interest rate	6.83 %					6.83 %	7.75 %
Maturity	9/37					9/37	9/37
Privately placed notes	146,500					146,500	139,500
Average interest rate	8.12 %					8.12 %	8.08 %
Maturity	2/26 - 8/39					2/26 - 8/39	3/24 - 12/33
SBA debentures & borrowings							
Amounts available			28,750			28,750	10,250
Amounts outstanding			70,250			70,250	75,250
Average interest rate			3.53 %			3.53 %	3.69 %
Maturity			3/25 - 3/34			3/25 - 3/34	3/24 - 3/34
Brokered certificates of deposit					2,094,663	2,094,663	1,870,939
Average interest rate					3.71 %	3.71 %	3.07 %
Maturity					1/25 - 12/29	1/25 - 12/29	1/24 - 12/28
Federal reserve and other borrowings					35,000	35,000	—
Average interest rate					4.50 %	4.50 %	—
Maturity					N/A	N/A	—
Total cash	\$ 26,434	\$ 275	\$ 13,291	\$ 3,478	\$ 126,094	\$ 169,572	\$ 149,845
Total debt outstanding	\$ 179,500	\$ —	\$ 70,250	\$ —	\$ 2,129,663	\$ 2,379,413	\$ 2,118,689

(1) Cash resides in the applicable SBIC and is generally not available for corporate use.

(2) Includes deposits of \$3.0 million related to the strategic partnership business and \$10.4 million related to listing services.

Loan amortization, prepayments, and sales also provide a source of funding for us. Prepayments on loans are influenced significantly by general interest rates, taxi medallion loan market values, economic conditions, and competition.

We also generate liquidity through deposits generated at the Bank, the offering of privately placed notes, through the issuance of SBA debentures, through our trust preferred securities, and through preferred securities at our subsidiaries and have utilized borrowing arrangements with other banks in the past, as well as from cash flow from operations. In addition, we may choose to participate out a greater portion of our loan portfolio to third parties. We regularly seek additional sources of liquidity; however, given current market conditions, there can be no assurance that we will be able to secure additional liquidity on terms favorable to us or at all. If that occurs, we may decline to underwrite lower yielding loans in order to conserve capital until credit conditions in the market become more favorable; or we may be required to dispose of assets when we would not otherwise do so, and at prices which may be below the net book value of such assets in order for us to repay indebtedness on a timely basis.

Recently Adopted Accounting Standards

On January 1, 2023, we adopted Accounting Standards Update 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", or ASC 326, which replaced the incurred loss methodology that delayed recognition until it was probable a loss had been incurred with a lifetime expected loss methodology using "reasonable and supportable" expectations about the future, referred to as the current expected credit loss, or CECL, methodology. For consumer loans, we use historical delinquency and actual loss rates modified by quantitative adjustments based on macroeconomic factors over a twelve-month reasonable and supportable forecast period. For commercial loans, we assess the historical impact that macroeconomic indicators have had on the loan portfolio, to determine an approximate allowance for credit loss. Unlike consumer loans, where loans may have similar performing characteristics, each commercial loan is unique. We evaluate each commercial loan for specific impairment with additional allowance for credit losses recognized as necessary. For taxi medallion loans, we maintain specific reserves adjusting the carrying amount of loans down to net collateral value. The allowance is evaluated on a quarterly basis by management based on the collectability of the loans in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. This evaluation is inherently subjective, as it requires estimates, including those based on changes in economic conditions, that are susceptible to significant revision as more information becomes available. Credit losses are deducted from the allowance, and subsequent recoveries are added back to the allowance.

We adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after December 15, 2022 are presented under ASC 326. The transition to the CECL methodology on January 1, 2023 resulted in an increase of \$13.7 million to our allowance for credit losses on loans, or ACL, and a net-of-tax cumulative-effect adjustment of \$9.9 million to the beginning balance of retained earnings. The CECL methodology transition effects on the allowance for credit losses are shown in the following table:

<i>(Dollars in thousands)</i>	December 31, 2022 Pre-Topic 326 Adoption	Effect of ASC 326 Adoption (Transition Amounts)	January 1, 2023 Post-ASC 326 Adoption
Assets:			
Loans:			
Recreation	\$ 41,966	\$ 10,037	\$ 52,003
Home improvement	11,340	1,518	12,858
Commercial	1,049	2,157	3,206
Taxi medallion	9,490	—	9,490
Strategic partnership	—	—	—
Allowance for credit losses on loans	\$ 63,845	\$ 13,712	\$ 77,557

Prior to January 1, 2023, we used historical delinquency and actual loss rates with a three-year look-back period for taxi medallion loans and a one-year look-back period for recreation and home improvement loans and used historical loss experience and other projections for commercial loans. The allowance was evaluated on a quarterly basis by management based on the collectability of the loans in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. This evaluation was inherently subjective, as it required estimates that were susceptible to significant revision as more information became available.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting, or Topic 280: Improvements to Reportable Segment Disclosures. The main objective of this update is to improve financial reporting disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. Under ASU 2023-07, we are required to report significant segment income and expenses, by reportable segments, used by our chief operating decision maker. We adopted ASU 2023-07 effective December 31, 2024.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, Income Taxes, or Topic 740: Improvements to Income Tax Disclosures. The main objective of this update is to improve financial reporting disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. The amendments in this update are effective for the annual periods beginning after December 15, 2024. We are assessing the impact of the update on the accompanying financial statements.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our business activities contain elements of risk. We consider the principal types of risk to be fluctuations in interest rates and portfolio valuations. We consider the management of risk essential to conducting our businesses. Accordingly, our risk management systems and procedures are designed to identify and analyze our risks, to set appropriate policies and limits, and to continually monitor these risks and limits by means of reliable administrative and information systems and other policies and programs.

In addition, the illiquidity of portions of our loan portfolio and investments may adversely affect our ability to dispose of them at times when it may be advantageous for us to liquidate such portfolio or investments. In addition, if we were required to liquidate some or all of our portfolio, the proceeds of such liquidation may be significantly less than the current value of such investments. Because we borrow money to make loans and investments, our net operating income is dependent upon the difference between the rate at which we borrow funds and the rate at which we invest these funds. As a result, there can be no assurance that a significant change in market interest rates will not have a material adverse effect on our interest income. In periods of sharply rising interest rates, our cost of funds would increase, which would reduce our net interest income. We use a combination of long-term and short-term borrowings and equity capital to finance our investing activities. Our long-term fixed-rate investments are financed primarily with long-term fixed-rate debt, and to a lesser extent by floating-rate debt. We may use interest rate risk management techniques in an effort to limit our exposure to interest rate fluctuations. We have analyzed the potential impact of changes in interest rates on net interest income. Assuming that the balance sheet were to remain constant and no actions were taken to alter the existing interest rate sensitivity a hypothetical immediate 1% increase in interest rates would result in an increase to net income as of December 31, 2024 by \$2.2 million on an annualized basis, and the impact of such an immediate increase of 1% over a one year period would have been a reduction in net income by \$2.7 million at December 31, 2024. Although management believes that this measure is indicative of our sensitivity to interest rate changes, it does not adjust for potential changes in credit quality, size, and composition of the assets on the balance sheet, and other business developments that could affect net income from operations in a particular quarter or for the year taken as a whole. Accordingly, no assurances can be given that actual results would not differ materially from the potential outcome simulated by these estimates.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Reference is made to the financial statements set forth under Item 15 (A) (1) in this Annual Report on Form 10-K, which financial statements are incorporated herein by reference in response to this Item 8.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated the effectiveness of our disclosure controls and procedures pursuant to Rules 13a—15(e) and 15d – 15(e) under the Securities Exchange Act of 1934, and have concluded that they are effective as of December 31, 2024 to provide reasonable assurance that information required to be disclosed by the Company in reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized, and reported within the time periods specified in the SEC rules and forms and (ii) accumulated and communicated to the Company's management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Management's Annual Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is defined in Rule 13a-15(f) and 15d-15(f) promulgated under the Exchange Act as a process designed by, or under the supervision of, our principal executive and principal financial officers and effected by our Board of Directors, management, and other personnel, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles, and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of our assets;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Our management assessed the effectiveness of our internal control over financial reporting as of December 31, 2024. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO, in Internal Control-Integrated Framework (2013). Based on its assessment and those criteria, management believes that we maintained effective internal control over financial reporting as of December 31, 2024.

We believe that the consolidated financial statements included in this report fairly represent our consolidated financial position and consolidated results of operations for all periods presented.

Changes in Internal Control over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our Chief Executive Officer and Chief Financial Officer, have evaluated our internal control over financial reporting to determine whether any changes occurred during the 2024 fourth quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting, and have concluded that there have been no changes that occurred during the 2024 fourth quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Report of Independent Registered Public Accounting Firm

To the Stockholders and the Board of Directors
Medallion Financial Corp.

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting as of December 31, 2024 of Medallion Financial Corp. (the "Company") based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "COSO framework"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2024 based on criteria established in the COSO framework.

We also have audited the accompanying consolidated balance sheet of the Company as of December 31, 2024; the related consolidated statement of operations, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended; and the related notes (collectively referred to as the "financial statements") in accordance with the standards of the Public Company Accounting Oversight Board (United States). Our report dated March 13, 2025 expresses an unqualified opinion.

Basis for Opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying management's report on internal control over financial reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2024.

Chicago, Illinois
March 13, 2025

ITEM 9B. OTHER INFORMATION

None of our directors or officers adopted, modified or terminated a Rule 10b5-1 trading arrangement or a non-Rule 10b5-1 trading arrangement during our fiscal quarter ended December 31, 2024, as such terms are defined under Item 408(a) of Regulation S-K.

ITEM 9C. DISCLOSURE REGARDING FOREIGN JURISDICTIONS THAT PREVENT INSPECTIONS

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the captions "Proposal No. 1 Election of Class II Directors", "Our Directors and Executive Officers", "Corporate Governance", and "Executive Compensation".

ITEM 11. EXECUTIVE COMPENSATION

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the captions "Corporate Governance", "Executive Compensation", "Director Compensation", and "Compensation Committee Interlocks and Insider Participation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the captions "Stock Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the captions "Certain Relationships and Related Party Transactions", "Our Directors and Executive Officers," and "Corporate Governance."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Incorporated by reference from our Definitive Proxy Statement expected to be filed by April 30, 2025 for our 2025 Annual Meeting of Shareholders under the caption "Principal Accountant Fees and Services."

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

(A) 1. FINANCIAL STATEMENTS

The consolidated financial statements of Medallion Financial Corp. and the Report of Independent Public Accountants thereon are included as set forth on the Index to Financial Statements on F-1.

2. FINANCIAL STATEMENT SCHEDULES

See Index to Financial Statements on F-1.

3. EXHIBITS

- 3.1(a) [Restated Medallion Financial Corp. Certificate of Incorporation. Filed as Exhibit 3.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 1996 \(File No. 000-27812\) and incorporated by reference herein.](#)
- 3.1(b) [Amendment to Restated Certificate of Incorporation. Filed as Exhibit 3.1.1 to the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 1998 \(File No. 000-27812\) and incorporated by reference herein.](#)
- 3.2 [Third Amended and Restated By-Laws of Medallion Financial Corp., as amended and restated as of August 8, 2024. Filed as Exhibit 3.1 to the Current Report on Form 8-K filed on August 12, 2024 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 4.1 [Description of Registered Securities of Medallion Financial Corp. Filed as Exhibit 4.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 4.2 [Fixed/Floating Rate Junior Subordinated Note, dated June 7, 2007, by Medallion Financial Corp., in favor of Medallion Financing Trust I. Filed as Exhibit 4.1 to the Current Report on Form 8-K filed on June 11, 2007 \(File No. 814-00188\) and incorporated by reference herein.](#)
- 4.3 [Form of Note Purchase Agreement, including the form of Note attached thereto. Filed as Exhibit 4.1 to the Current Report on Form 8-K filed on December 23, 2020 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 4.4 [Form of Note Purchase Agreement, including the form of Note attached thereto. Filed as Exhibit 4.1 to the Current Report on Form 8-K filed on March 1, 2021 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 4.5 [Form of Note Purchase Agreement, including the form of Note attached thereto. Filed as Exhibit 4.1 to the Current Report on Form 8-K filed on October 2, 2023 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 4.6 [Form of Note Purchase Agreement, including the form of Note attached thereto. Filed as Exhibit 4.1 to the Current Report on Form 8-K filed on June 25, 2024 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.1 [First Amended and Restated Employment Agreement, between Medallion Financial Corp. and Alvin Murstein dated May 29, 1998. Filed as Exhibit 10.19 to the Annual Report on Form 10-K for the fiscal year ended December 31, 1998 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.2 [Amendment No. 1 to First Amended and Restated Employment Agreement, dated and effective as of April 27, 2017, by and between Medallion Financial Corp. and Alvin Murstein. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on May 3, 2017 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.3 [Amendment No. 2 to First Amended and Restated Employment Agreement, dated and effective as of December 22, 2017, by and between Medallion Financial Corp. and Alvin Murstein. Filed as Exhibit 10.3 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.4 [First Amended and Restated Employment Agreement, between Medallion Financial Corp. and Andrew Murstein dated May 29, 1998. Filed as Exhibit 10.20 to the Annual Report on Form 10-K for the fiscal year ended December 31, 1998 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.5 [Amendment No. 1 to First Amended and Restated Employment Agreement, dated and effective as of April 27, 2017, by and between Medallion Financial Corp. and Andrew Murstein. Filed as Exhibit 10.2 to the Current Report on Form 8-K filed on May 3, 2017 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.6 [Amendment No. 2 to First Amended and Restated Employment Agreement, dated and effective as of December 22, 2017, by and between Medallion Financial Corp. and Andrew Murstein. Filed as Exhibit 10.6 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 \(File No. 814-00188\) and incorporated by reference herein.*](#)

- 10.7 [Amendment No. 3 to First Amended and Restated Employment Agreement, dated April 27, 2023, by and between Medallion Financial Corp. and Andrew Murstein. Filed as Exhibit 10.1 to the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2023 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.8 [Employment Agreement, dated June 27, 2016, between Donald Poulton, Medallion Financial Corp. and Medallion Bank. Filed as Exhibit 10.2 to the Current Report on Form 8-K filed on June 30, 2016 \(File No. 814-00188\) and incorporated by reference herein.*](#)
- 10.9 [Amended and Restated Employment Agreement, dated June 13, 2022, by and between Anthony N. Cutrone and Medallion Financial Corp. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on June 15, 2022 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.10 [Amended and Restated Employment Agreement, dated August 10, 2021, by and between David Justin Haley and Medallion Financial Corp. and Medallion Bank. Filed as Exhibit 10.9 to the Annual report on Form 10-K for the fiscal year ended December 31, 2022 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.11 [First Amended and Restated 2006 Non-Employee Director Stock Option Plan. Filed as Exhibit B to Amendment No. 3 to Form 40-APP filed on June 18, 2012 \(File No. 812-13666\) and incorporated by reference herein.*](#)
- 10.12 [2015 Non-Employee Director Stock Option Plan. Filed as Exhibit B to Amendment No. 2 to Form 40-APP filed on January 14, 2016 \(File No. 812-14458\) and incorporated by reference herein.*](#)
- 10.13 [2018 Equity Incentive Plan. Filed as Annex A to our definitive proxy statement for our 2018 Annual Meeting of Shareholders filed on April 30, 2018 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.14 [Amendment to Medallion Financial Corp. 2018 Equity Incentive Plan. Filed as Annex A to our definitive proxy statement for our 2020 Annual Meeting of Shareholders filed on April 28, 2020 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.15 [Amendment No. 2 to Medallion Financial Corp. 2018 Equity Incentive Plan. Filed as Annex A to our definitive proxy statement for our 2022 Annual Meeting of Shareholders filed on May 2, 2022 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.16 [Medallion Financial Corp. Annual Short Term Incentive Plan, adopted by the Board of Directors on June 1, 2022. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on June 7, 2022 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.17 [Form of Performance Stock Unit Notice and Agreement. Filed as Exhibit 10.2 to the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2022 \(File No. 001-37747\) and incorporated by reference herein.*](#)
- 10.18 [Indenture of Lease, dated October 31, 1997, by and between Sage Realty Corporation, as Agent and Landlord, and Medallion Financial Corp., as Tenant. Filed as Exhibit 10.64 to the Annual Report on Form 10-K for the fiscal year ended December 31, 1997 \(File No. 812-09744\) and incorporated by reference herein.](#)
- 10.19 [First Amendment of Lease, dated September 6, 2005, by and between Medallion Financial Corp. and Sage Realty Corporation. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on September 12, 2005 \(File No. 814-00188\) and incorporated by reference herein.](#)
- 10.20 [Second Amendment of Lease, dated August 5, 2015, by and between Sage Realty Corporation and Medallion Financial Corp. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on August 7, 2015 \(File No. 814-00188\) and incorporated by reference herein.](#)
- 10.21 [Agreement of Lease, dated July 3, 2002, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.17 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.22 [Amendment of Lease Agreement, dated October 29, 2004, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.18 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.23 [Assignment of Lease, dated July 6, 2006, by and between Medallion Bank and Zerop Medical, LLC, and consented and agreed to by B-LINE Holdings, L.C. Filed as Exhibit 10.19 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)

- 10.24 [Second Amendment of Lease Agreement, dated January 9, 2007, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.20 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.25 [Third Amendment of Lease Agreement, dated October 31, 2007, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.21 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.26 [Third Amendment of Lease Agreement, dated November 15, 2011, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.22 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.27 [Fourth Amendment of Lease Agreement, dated November 21, 2011, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.23 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.28 [Fifth Amendment of Lease Agreement, dated November 26, 2012, by and between B-LINE Holdings, L.C. and Medallion Bank. Filed as Exhibit 10.24 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.29 [Sixth Amendment of Lease Agreement, dated January 26, 2017, by and between Investment Property Group, LLC, as successor-in-interest to B-LINE Holdings, L.C., and Medallion Bank. Filed as Exhibit 10.25 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.30 [Seventh Amendment of Lease Agreement, dated May 10, 2017, by and between Investment Property Group, LLC and Medallion Bank. Filed as Exhibit 10.26 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.31 [Eighth Amendment of Lease Agreement, dated March 28, 2018, by and between Investment Property Group, LLC and Medallion Bank. Filed as Exhibit 10.27 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.32 [Letter from Mountain High Real Estate Advisors, Inc. to Medallion Bank, dated July 23, 2018, regarding 8th Amendment Lease Commencement. Filed as Exhibit 10.28 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2018 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.33 [Ninth Amendment to Agreement of Lease, dated August 19, 2019, by and between Investment Property Group, LLC and Medallion Bank. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on August 21, 2019 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.34 [Tenth Amendment to Agreement of Lease, dated April 5, 2022, by and between Investment Property Group, LLC and Medallion Bank. Filed as Exhibit 10.34 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2022 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.35 [Eleventh Amendment to Agreement of Lease, dated February 22, 2024, by and between Investment Property Group, LLC and Medallion Bank. Filed as Exhibit 10.35 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.36 [Commitment Letter, dated February 28, 2024, by the Small Business Administration to Medallion Capital, Inc., accepted and agreed to by Medallion Capital, Inc. on February 28, 2024. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on February 29, 2024 \(File No. 001-33747\) and incorporated by reference herein.](#)
- 10.37 [Junior Subordinated Indenture, dated as of June 7, 2007, between Medallion Financing Trust I and Wilmington Trust Company as trustee. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on June 11, 2007 \(File No. 814-00188\) and incorporated by reference herein.](#)
- 10.38 [Purchase Agreement, dated as of June 7, 2007, among Medallion Financial Corp., Medallion Financing Trust I, and Merrill Lynch International. Filed as Exhibit 10.3 to the Current Report on Form 8-K filed on June 11, 2007 \(File No. 814-00188\) and incorporated by reference herein.](#)
- 10.39 [Cooperation Agreement, dated as of May 1, 2022, by and among Medallion Financial Corp., KORR Value L.P., KORR Acquisitions Group, Inc., Kenneth Orr, David Orr, and Jonathan Orr. Filed as Exhibit 10.1 to the Current Report on Form 8-K filed on May 2, 2022 \(File No. 001-37747\) and incorporated by reference herein.](#)

- 10.40 [Amendment to Cooperation Agreement, dated as of August 10, 2022, by and among Medallion Financial Corp., KORR Value L.P., KORR Acquisitions Group, Inc., Kenneth Orr, David Orr, and Jonathan Orr. Filed as Exhibit 10.2 to the Current Report on Form 8-K/A filed on August 11, 2022 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 10.41 [Amendment 2 to Cooperation Agreement, dated as of November 1, 2024, by and among Medallion Financial Corp., KORR Value L.P., KORR Acquisitions Group, Inc., Kenneth Orr, David Orr, and Jonathan Orr. Filed as Exhibit 10.3 to the Current Report on Form 8-K/A filed on November 4, 2024 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 19.1 [Medallion Financial Corp. Code of Ethical Conduct and Insider Trading Policy. Filed herewith.](#)
- 21.1 [List of Subsidiaries of Medallion Financial Corp. Filed herewith.](#)
- 23.1 [Consent of Plante & Moran, PLLC, independent registered public accounting firm, related to reports on financial statements of Medallion Financial Corp. Filed herewith.](#)
- 23.2 [Consent of Mazars USA LLP, independent registered public accounting firm, related to reports on financial statements of Medallion Financial Corp. Filed herewith.](#)
- 31.1 [Certification of Alvin Murstein pursuant to Rule 13a-14\(a\) and 15d-14\(a\) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.](#)
- 31.2 [Certification of Anthony N. Cutrone pursuant to Rule 13a-14\(a\) and 15d-14\(a\) as adopted pursuant to section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.](#)
- 32.1 [Certification of Alvin Murstein pursuant to 18 USC. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.](#)
- 32.2 [Certification of Anthony N. Cutrone pursuant to 18 USC. Section 1350, as adopted, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.](#)
- 97.1 [Medallion Financial Corp. Amended and Restated Compensation Recoupment Policy. Filed as Exhibit 97.1 to the Annual Report on Form 10-K for the fiscal year ended December 31, 2023 \(File No. 001-37747\) and incorporated by reference herein.](#)
- 101.INS XBRL Instance Document – the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document
- 101.SCH Inline XBRL Taxonomy Extension Schema Document
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

* Compensatory plan or arrangement required to be identified pursuant to Item 15(a)(3) of this Annual Report on Form 10-K.

ITEM 16. FORM 10-K SUMMARY

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MEDALLION FINANCIAL CORP.

Date: March 13, 2025

By: /s/ Alvin Murstein

Alvin Murstein

Chairman and Chief
Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<u>Signatures</u>	<u>Title</u>	<u>Date</u>
<u>/s/ Alvin Murstein</u> Alvin Murstein	Chairman of the Board of Directors and Chief Executive Officer (Principal Executive Officer)	March 13, 2025
<u>/s/ Anthony N. Cutrone</u> Anthony N. Cutrone	Executive Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 13, 2025
<u>/s/ Andrew M. Murstein</u> Andrew M. Murstein	President and Director	March 13, 2025
<u>/s/ John Everets</u> John Everets	Director	March 13, 2025
<u>/s/ Cynthia Hallenbeck</u> Cynthia Hallenbeck	Director	March 13, 2025
<u>/s/ Brent O. Hatch</u> Brent O. Hatch	Director	March 13, 2025
<u>/s/ Robert M. Meyer</u> Robert M. Meyer	Director	March 13, 2025
<u>/s/ David L. Rudnick</u> David L. Rudnick	Director	March 13, 2025
<u>/s/ Allan J. Tanenbaum</u> Allan J. Tanenbaum	Director	March 13, 2025

MEDALLION FINANCIAL CORP.

INDEX TO FINANCIAL STATEMENTS

	Page
<u>Report of Independent Registered Public Accounting Firm</u> (<i>Plante & Moran, PLLC, Chicago, IL PCAOB ID 166 & Mazars USA LLP, New York, NY, PCAOB ID 339</i>)	F-2
<u>Consolidated Balance Sheets as of December 31, 2024 and 2023</u>	F-6
<u>Consolidated Statements of Operations for the Years Ended December 31, 2024, 2023, and 2022</u>	F-7
<u>Consolidated Statements of Other Comprehensive Income for the Years Ended December 31, 2024, 2023, and 2022</u>	F-8
<u>Consolidated Statements of Changes in Stockholders' Equity for the Years Ended December 31, 2024, 2023, and 2022</u>	F-9
<u>Consolidated Statements of Cash Flows for the Years Ended December 31, 2024, 2023, and 2022</u>	F-10
<u>Notes to Consolidated Financial Statements</u>	F-11

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors
Medallion Financial Corp.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheet of Medallion Financial Corp. (the "Company") as of December 31, 2024; the related consolidated statements of operations, comprehensive income, changes in stockholders' equity, and cash flows for the year then ended; and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

We also have audited the Company's internal control over financial reporting as of December 31, 2024, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (the "PCAOB"), based on criteria established in *Internal Control - Integrated Framework* (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Our report dated March 13, 2025 expresses an unqualified opinion.

Basis for Opinion

The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audit included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audit also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

Critical Audit Matters

The critical audit matters communicated below are matters arising from the current period audit of the financial statements that were communicated or required to be communicated to the audit committee and that (1) relate to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matters below, providing a separate opinion on the critical audit matters or on the accounts or disclosures to which they relate.

Allowance for Credit Losses – Refer to Notes 2 and 4 to the Financial Statements

Critical Audit Matter Description

The Company has established an allowance for credit losses (the “ACL”) to recognize estimated credit losses over the lives of loans. The Company has segregated its ACL into five segments, (1) recreation, (2) home improvement, (3) commercial, (4) taxi medallion, and (5) strategic partnership loans. The ACL related to recreation, home improvement, and commercial loans is material to the consolidated financial statements. Recreation and home improvement loans are considered consumer loans whereby homogeneous pools of loans are reviewed for impairment collectively. The Company’s quantitative model for consumer loans uses historical loss rates and current delinquency characteristics and is adjusted for macroeconomic forecasts for the foreseeable future. The Company evaluates the output of the quantitative model in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrowers’ ability to repay, estimated value of underlying collateral, prevailing economic conditions, and excess concentration risk and applies a qualitative adjustment, if warranted. For commercial loans, the ACL is estimated by determining the fair value of the borrowers’ equity interests securing the loan.

Significant judgment was required by management in the selection and application of the ACL, specifically those related to the consumer and commercial loan segments. Accordingly, performing audit procedures to evaluate the Company’s estimated ACL involved a high degree of auditor judgment and required significant effort, including the involvement of professionals with specialized skill and knowledge.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the Company’s estimate of the ACL included, but were not limited to, the following:

- We tested the design and operating effectiveness of management’s controls over key assumptions and judgments in the ACL model for the consumer and commercial loan portfolios.
- We tested management’s process for determining reserves on collectively evaluated consumer loans and individually evaluated commercial loans, including the following:
 - Evaluation of the appropriateness of management’s methodology
 - Testing the completeness and accuracy of data utilized by management
 - Evaluation of the relevance and reliability of information used by management in the development of the estimate
 - For collectively evaluated consumer loans, evaluation of the reasonableness of significant assumptions used in the estimate, including consideration of whether assumptions used were reasonable given portfolio composition; consideration of relevant external factors, including economic conditions; and consideration of historical or recent experience and conditions and events affecting the Company

For individually evaluated commercial loans, evaluation of the reasonableness of significant assumptions used in the estimates of the fair value of the borrowers’ equity interests, including consideration of whether assumptions used were reasonable given nature of the commercial loan relationship, including its industry, trends, and market conditions relative to the type of entity on a sample basis

Goodwill - Refer to Note 2 to the Financial Statements

Critical Audit Matter Description

The Company used a combination of a weighted income valuation methodology, comprising a discounted cash flow analysis, and a market valuation methodology to determine the fair value of the reporting units. The discounted cash flow analysis included the use of assumptions, such as multiyear cash projections that rely on internal forecasts and discount rate. The market approach considers a combination of price to book value and price to earnings, adjusted based on peer data for companies similar to the reporting units. Auditing management's impairment test of goodwill was complex and highly judgmental due to the significant measurement uncertainty in determining the fair value of the reporting units. In particular, the fair value estimates of the reporting units were sensitive to changes in significant assumptions, including discount rates, projected balance sheet growth, the selection of comparable company multiples, and the weighting of outcomes of the income- and market-based methods. All of these assumptions are affected by expected future market or economic conditions.

How the Critical Audit Matter was Addressed in the Audit

Our audit procedures related to the Company's goodwill impairment assessment included, but were not limited to, the following:

- We tested the design and operating effectiveness of management's controls over the Company's goodwill impairment process, including the review of significant assumptions and methodologies used in estimating the fair value of the reporting unit, and controls to ensure data used in the valuation model were accurate and complete.
- Management's evaluation of the reasonableness of the valuation methodologies and significant assumptions used in the discounted cash flow analysis, including the discount rate and multiyear cash projections
- Management's selection and review of selected peer market data and price to tangible book value and price to earnings assumptions. Substantively testing management's estimate with the assistance of firm valuation specialists, which included:
 - Testing the completeness and accuracy of key financial internal data and evaluation of the relevance and reliability of external data
 - Evaluating the appropriateness of valuation methodologies and testing significant assumptions used in the discounted cash flow analysis, including the discount rate and multiyear cash projections
 - Testing the reasonableness of the peer group selected and assumptions related to price to book value and price to earnings assumptions
 - Evaluating the reasonableness of weighting applied to the discounted cash flow analysis and market models

/s/ Plante & Moran, PLLC

We have served as the Company's auditor since 2024.

Chicago, Illinois
March 13, 2025

Report of Independent Registered Public Accounting Firm

To the Stockholders and Board of Directors of Medallion Financial Corp.

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheet of Medallion Financial Corp. and subsidiaries (collectively, the “Company”) as of December 31, 2023, and the related consolidated statements of operations, other comprehensive income (loss), changes in stockholders’ equity, and cash flows for each of the years in the two year period ended December 31, 2023 and the related notes (collectively referred to as the “consolidated financial statements”). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the results of its operations, changes in stockholders’ equity, and cash flows for each of the years in the two year period ended December 31, 2023, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ Mazars USA LLP

PCAOB ID 339

We served as the Company’s auditor from 2005 to 2024.

New York, New York

March 7, 2024

**MEDALLION FINANCIAL CORP.
CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2024	2023
<i>(Dollars in thousands, except share and per share data)</i>		
Assets		
Cash and cash equivalents	\$ 98,238	\$ 52,591
Federal funds sold	71,334	97,254
Investment securities	54,805	54,282
Equity investments	9,198	11,430
Loans held for sale, at lower of amortized cost or fair value	128,226	—
Loans	2,362,796	2,215,886
Allowance for credit losses	(97,368)	(84,235)
Net loans	2,265,428	2,131,651
Goodwill	150,803	150,803
Intangible assets, net	19,146	20,591
Property, equipment, and right-of-use lease asset, net	13,756	14,076
Accrued interest receivable	15,314	13,538
Loan collateral in process of foreclosure	9,932	11,772
Income tax receivable	2,131	671
Other assets	30,295	29,168
Total assets	\$ 2,868,606	\$ 2,587,827
Liabilities		
Deposits ⁽¹⁾	\$ 2,090,071	\$ 1,866,657
Long-term debt ⁽²⁾	232,159	235,544
Short-term debt	49,000	8,000
Deferred tax liabilities, net ⁽³⁾	20,995	21,207
Operating lease liabilities	5,128	7,019
Accrued interest payable	8,231	6,822
Income tax payable	—	—
Accounts payable and accrued expenses ⁽⁴⁾	24,064	30,804
Total liabilities	2,429,648	2,176,053
Commitments and contingencies ⁽⁵⁾		
Stockholders' equity		
Preferred stock (1,000,000 shares of \$0.01 par value stock authorized-none outstanding)	—	—
Common stock (50,000,000 shares of \$0.01 par value stock authorized - 29,308,182 shares at December 31, 2024 and 29,051,800 shares at December 31, 2023 issued)	293	291
Additional paid in capital	293,412	288,046
Treasury stock (6,172,558 shares at December 31, 2024 and 5,602,154 December 31, 2023)	(50,144)	(45,538)
Accumulated other comprehensive income (loss)	(3,647)	(3,696)
Retained earnings	130,256	103,883
Total stockholders' equity	370,170	342,986
Non-controlling interest in consolidated subsidiaries	68,788	68,788
Total equity	438,958	411,774
Total liabilities and equity	\$ 2,868,606	\$ 2,587,827
Number of shares outstanding	23,135,624	23,449,646
Book value per share	\$ 16.00	\$ 14.63

- (1) Includes \$4.6 million and \$4.3 million of deferred financing costs as of December 31, 2024 and 2023. Refer to Note 5 for more details.
(2) Includes \$3.6 million and \$4.2 million of deferred financing costs as of December 31, 2024 and 2023. Refer to Note 5 for more details.
(3) Includes \$42.8 million and \$43.0 million of deferred tax liabilities related to goodwill and intangible assets as of December 31, 2024 and 2023. Refer to Note 7 for more details.
(4) Includes the short-term portion of lease liabilities of \$2.3 million and \$2.5 million as of December 31, 2024 and 2023. Refer to Note 6 for more details.
(5) Refer to Note 10 for more details.

The accompanying notes should be read in conjunction with these consolidated financial statements.

MEDALLION FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF OPERATIONS

<i>(Dollars in thousands, except share and per share data)</i>	Year Ended December 31,		
	2024	2023	2022
Interest and fees on loans ⁽¹⁾	\$ 283,316	\$ 244,829	\$ 195,074
Non-loan interest and dividend income	7,386	6,211	1,547
Total interest income	290,702	251,040	196,621
Interest on deposits	70,504	47,780	22,666
Interest on long-term debt	17,091	12,670	13,387
Interest on short-term borrowings	572	2,496	132
Total interest expense⁽²⁾	88,167	62,946	36,185
Net interest income	202,535	188,094	160,436
Provision for credit losses	76,502	37,810	30,059
Net interest income after provision for credit losses	126,033	150,284	130,377
Other income			
Gains on equity investments, net	6,917	5,178	2,779
Gains on sale of loans and taxi medallion	1,293	4,992	5,448
Write-down of loan collateral in process of foreclosure	(528)	(1,696)	(657)
Other income	3,648	2,846	1,956
Total other income, net	11,330	11,320	9,526
Other expenses			
Salaries and employee benefits	38,344	37,562	31,130
Loan servicing fees	10,771	9,543	8,371
Collection costs	6,380	6,000	5,314
Regulatory fees	3,795	3,194	2,418
Professional fee costs (benefits), net	(1,372)	5,886	13,054
Rent expense	2,682	2,472	2,378
Amortization of intangible assets	1,445	1,445	1,445
Penalties	3,000	—	—
Other expenses	9,382	9,466	7,943
Total other expenses	74,427	75,568	72,053
Income before income taxes	62,936	86,036	67,850
Income tax provision	(21,011)	(24,910)	(17,963)
Net income after taxes	41,925	61,126	49,887
Less: income attributable to the non-controlling interest	6,047	6,047	6,047
Net income attributable to Medallion Financial Corp.	\$ 35,878	\$ 55,079	\$ 43,840
Basic earnings per share	\$ 1.59	\$ 2.45	\$ 1.86
Diluted earnings per share	\$ 1.52	\$ 2.37	\$ 1.83
Weighted average common shares outstanding			
Basic	22,546,051	22,510,435	23,583,049
Diluted	23,605,493	23,248,323	23,927,342

- (1) Included in interest and dividends on investment securities is \$1.8 million, \$1.6 million, and \$0.7 million of paid-in-kind interest for the years ended December 31, 2024, 2023, and 2022.
- (2) Average borrowings outstanding were \$2.2 billion, \$2.0 billion and \$1.7 billion as of December 31, 2024, 2023, and 2022 and the related average borrowing costs were 3.93%, 3.16%, and 2.17% for the years ended December 31, 2024, 2023, and 2022.

The accompanying notes should be read in conjunction with these consolidated financial statements.

MEDALLION FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Net income after taxes	\$ 41,925	\$ 61,126	\$ 49,887
Other comprehensive income (loss), net of tax	49	(347)	(4,383)
Total comprehensive income	41,974	60,779	45,504
Less comprehensive income attributable to the non-controlling interest	6,047	6,047	6,047
Total comprehensive income attributable to Medallion Financial Corp.	\$ 35,927	\$ 54,732	\$ 39,457

The accompanying notes should be read in conjunction with these consolidated financial statements.

MEDALLION FINANCIAL CORP.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

<i>(Dollars in thousands)</i>	Common Stock Shares	Common Stock	Capital in Excess of Par	Treasury Stock Shares	Treasury Stock	Retained Earnings (Accumulat ed Deficit)	Accumulated Other Comprehensi ve Income (Loss)	Total Stockholder s' Equity	Non- controlling Interest	Total Equity
Balance at December 31, 2021	28,124,629	\$ 281	\$ 280,038	(2,951,243)	\$ (24,919)	\$ 30,606	\$ 1,034	\$ 287,040	\$ 68,788	\$ 355,828
Net income	—	—	—	—	—	43,840	—	43,840	6,047	49,887
Distributions to non-controlling interest	—	—	—	—	—	—	—	—	(6,047)	(6,047)
Stock-based compensation expense	—	6	3,470	—	—	—	—	3,476	—	3,476
Exercise of stock options	23,745	—	155	—	—	—	—	155	—	155
Issuance of restricted stock, net	522,475	—	—	—	—	—	—	—	—	—
Forfeiture of restricted stock, net	(29,359)	—	—	—	—	—	—	—	—	—
Issuance in connection with vesting of restricted stock units	22,337	—	—	—	—	—	—	—	—	—
Purchase of common stock	—	—	—	(2,650,911)	(20,619)	—	—	(20,619)	—	(20,619)
Dividends paid on common stock	—	—	—	—	—	(7,773)	—	(7,773)	—	(7,773)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(4,383)	(4,383)	—	(4,383)
Balance at December 31, 2022	28,663,827	287	283,663	(5,602,154)	(45,538)	66,673	(3,349)	301,736	68,788	370,524
Adoption of ASU 2016-13, net of tax	—	—	—	—	—	(9,935)	—	(9,935)	—	(9,935)
Balance at January 1, 2023	28,663,827	287	283,663	(5,602,154)	(45,538)	56,738	(3,349)	291,801	68,788	360,589
Net income	—	—	—	—	—	55,079	—	55,079	6,047	61,126
Distributions to non-controlling interest	—	—	—	—	—	—	—	—	(6,047)	(6,047)
Stock-based compensation expense	—	3	4,710	—	—	—	—	4,713	—	4,713
Exercise of stock options	68,945	1	441	—	—	—	—	442	—	442
Withheld restricted stock for employees' tax obligation	(91,169)	—	(768)	—	—	—	—	(768)	—	(768)
Issuance of restricted stock, net	399,793	—	—	—	—	—	—	—	—	—
Forfeiture of restricted stock, net	(12,807)	—	—	—	—	—	—	—	—	—
Issuance in connection with vesting of restricted stock units	23,211	—	—	—	—	—	—	—	—	—
Dividends paid on common stock	—	—	—	—	—	(7,934)	—	(7,934)	—	(7,934)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	(347)	(347)	—	(347)
Balance at December 31, 2023	29,051,800	291	288,046	(5,602,154)	(45,538)	103,883	(3,696)	342,986	68,788	411,774
Net income	—	—	—	—	—	35,878	—	35,878	6,047	41,925
Distributions to non-controlling interest	—	—	—	—	—	—	—	—	(6,047)	(6,047)
Stock-based compensation expense	—	2	6,051	—	—	—	—	6,053	—	6,053
Exercise of stock options	40,865	—	259	—	—	—	—	259	—	259
Withheld restricted stock for employees' tax obligation	(116,275)	—	(944)	—	—	—	—	(944)	—	(944)
Issuance of restricted stock, net	347,158	—	—	—	—	—	—	—	—	—
Forfeiture of restricted stock, net	(32,521)	—	—	—	—	—	—	—	—	—
Issuance in connection with vesting of restricted stock units	17,155	—	—	—	—	—	—	—	—	—
Purchase of common stock	—	—	—	(570,404)	(4,606)	—	—	(4,606)	—	(4,606)
Dividends paid on common stock	—	—	—	—	—	(9,505)	—	(9,505)	—	(9,505)
Other comprehensive income (loss), net of tax	—	—	—	—	—	—	49	49	—	49
Balance at December 31, 2024	<u>29,308,182</u>	<u>\$ 293</u>	<u>\$ 293,412</u>	<u>(6,172,558)</u>	<u>\$ (50,144)</u>	<u>\$ 130,256</u>	<u>\$ (3,647)</u>	<u>\$ 370,170</u>	<u>\$ 68,788</u>	<u>\$ 438,958</u>

The accompanying notes should be read in conjunction with these consolidated financial statements.

MEDALLION FINANCIAL CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	\$ 41,925	\$ 61,126	\$ 49,887
Adjustments to reconcile net income resulting from operations to net cash provided by operating activities:			
Provision for credit losses	76,502	37,810	30,059
Paid-in-kind interest income	(1,830)	(1,636)	(724)
Depreciation and amortization	6,217	5,243	5,229
Amortization of origination fees, net	9,173	9,588	8,707
(Decrease) increase in deferred and other tax liabilities, net	(1,672)	(345)	7,281
Net change in value of loan collateral in process of foreclosure	410	10,597	5,738
Net gains on equity investments	(6,917)	(5,178)	(2,779)
Stock-based compensation expense	6,053	4,713	3,476
Increase in accrued interest receivable	(1,776)	(925)	(1,992)
Increase in other assets	(5,239)	(15,470)	(3,919)
(Increase) decrease in accounts payable and accrued expenses	(8,742)	6,209	6,382
Increase in accrued interest payable	1,409	2,032	1,395
Net cash provided by operating activities	115,513	113,764	108,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans originated	(1,059,243)	(975,391)	(1,000,785)
Proceeds from principal receipts, sales, maturities, and recoveries of loans	701,274	616,193	535,067
Purchases of investments	(7,741)	(11,573)	(20,713)
Proceeds from principal receipts, sales, and maturities of investments	16,381	9,444	14,762
Proceeds from the sale and principal payments on loan collateral in process of foreclosure	13,551	20,631	22,664
Net cash used for investing activities	(335,778)	(340,696)	(449,005)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from time deposits and funds borrowed	1,322,669	975,175	839,104
Repayments of time deposits and funds borrowed	(1,061,945)	(689,920)	(483,671)
Cash dividends paid on common stock	(9,394)	(7,703)	(7,543)
Distributions to non-controlling interests	(6,047)	(6,047)	(6,047)
Payment of withholding taxes on net settlement of vested stock	(944)	(768)	—
Treasury stock repurchased	(4,606)	—	(20,619)
Proceeds from the exercise of stock options	259	442	155
Net cash provided by financing activities	239,992	271,179	321,379
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	19,727	44,247	(18,886)
Cash and cash equivalents, beginning of period ⁽¹⁾	149,845	105,598	124,484
Cash and cash equivalents, end of period ⁽¹⁾	\$ 169,572	\$ 149,845	\$ 105,598
SUPPLEMENTAL INFORMATION			
Cash paid during the period for interest	\$ 82,760	\$ 57,509	\$ 31,976
Cash paid during the period for income taxes	22,464	25,102	8,848
NON-CASH INVESTING			
Loans transferred to loan collateral in process of foreclosure, net	\$ 27,542	\$ 21,181	\$ 12,791

(1) Includes federal funds sold.

The accompanying notes should be read in conjunction with these consolidated financial statements.

MEDALLION FINANCIAL CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2024

(1) ORGANIZATION OF MEDALLION FINANCIAL CORP. AND ITS SUBSIDIARIES

Medallion Financial Corp., or the Company, is a specialty finance company organized as a Delaware corporation that reports as a bank holding company, but is not a bank holding company for regulatory purposes. The Company conducts its business through various wholly-owned subsidiaries including its primary operating company, Medallion Bank, or the Bank, a Federal Deposit Insurance Corporation, or FDIC, insured industrial bank that originates consumer loans, raises deposits, and conducts other banking activities. The Bank is subject to competition from other financial institutions and to the regulations of certain federal and state agencies, and undergoes examinations by those agencies. The Bank was formed in May 2002 for the purpose of obtaining an industrial bank charter pursuant to the laws of the State of Utah. The Bank originates consumer loans on a national basis for the purchase of recreational vehicles, or RVs, boats, collector cars, and other consumer recreational equipment and to finance home improvements such as roofs, swimming pools, and windows. Prior to 2015, the Bank originated commercial loans to finance the purchase of taxi medallions, all of which are serviced by the Company. The loans are financed primarily with time certificates of deposit which are originated nationally through a variety of brokered deposit relationships.

The Company also conducts business through its subsidiaries Medallion Capital, Inc., or Medallion Capital, a Small Business Investment Company, or SBIC, which conducts a mezzanine financing business; Medallion Funding LLC, or MFC, an SBIC, which historically was the Company's primary taxi medallion lending company; and Freshstart Venture Capital Corp., or FSVC, which historically originated and serviced taxi medallion and commercial loans and was an SBIC through 2023. Medallion Capital, and MFC, as SBICs, are regulated by the Small Business Administration, or SBA. Medallion Capital is financed in part by the SBA.

The Company established a wholly-owned subsidiary, Medallion Financing Trust I, or Fin Trust, for the purpose of issuing unsecured trust preferred securities to investors. Fin Trust is a separate legal and corporate entity with its own creditors who, in any liquidation of Fin Trust, will be entitled to be satisfied out of Fin Trust's assets prior to any value in Fin Trust becoming available to Fin Trust's equity holders. The assets of Fin Trust, aggregating \$34.0 million at December 31, 2024, are comprised solely of a subordinated note from the Company and are not available to pay obligations of its affiliates or any other party, and the assets of affiliates or any other party are not available to pay obligations of Fin Trust.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the U.S., or GAAP, requires management to make estimates that affect the amounts reported in the consolidated financial statements and the accompanying notes. Accounting estimates and assumptions are those that management considers to be the most critical to an understanding of the consolidated financial statements because they inherently involve significant judgments and uncertainties. All of these estimates reflect management's best judgment about current economic and market conditions and their effects based on information available as of the date of these consolidated financial statements. If such conditions change, it is reasonably possible that the judgments and estimates could change, which may result in future impairments of goodwill and intangible assets and allowance for credit losses, among other effects.

Basis of Presentation

The consolidated financial statements include the accounts of the Company and all of its wholly-owned and controlled subsidiaries. All significant intercompany transactions, balances, and profits (losses) have been eliminated in consolidation.

The consolidated financial statements have been prepared in accordance with GAAP. The Company consolidates all entities it controls through a majority voting interest, a controlling interest through other contractual rights, or as being identified as the primary beneficiary of VIEs. The primary beneficiary is the party who has both (1) the power to direct the activities of a VIE that most significantly impact the entity's economic performance, and (2) an obligation to absorb losses of the entity or a right to receive benefits from the entity that could potentially be significant to the entity. For consolidated entities that are less than wholly owned, the third-party's holding is recorded as non-controlling interest.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original purchased maturity of three months or less to be cash equivalents. Cash balances are generally held in accounts at large national or regional banking organizations in amounts that exceed the federally insured limits. Cash also includes \$1.3 million of interest-bearing funds deposited in other banks with original terms of 5 to 6 years that cannot be withdrawn but are salable on an active secondary market without penalty.

Fair Value of Assets and Liabilities

The Company follows the Financial Accounting Standards Board, or FASB, FASB Accounting Standards Codification Topic 820, Fair Value Measurements and Disclosures, or FASB ASC 820, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. FASB ASC 820 defines fair value as an exit price (i.e. a price that would be received to sell, as opposed to acquire, an asset or transfer a liability), and emphasizes that fair value is a market-based measurement. It establishes a fair value hierarchy that distinguishes between assumptions developed based on market data obtained from independent external sources and the reporting entity's own assumptions. Further, it specifies that fair value measurement should consider adjustment for risk, such as the risk inherent in the valuation technique or its inputs. See also Notes 13 and 14 to the consolidated financial statements.

Equity Investments

The Company follows FASB ASC Topic 321, Investments – Equity Securities, or ASC 321, which requires all applicable investments in equity securities with a readily determinable fair value to be valued as such, and those without a readily determinable fair value, are measured at cost, less any impairment plus or minus any observable price changes. Equity investments of \$9.2 million and \$11.4 million as of December 31, 2024 and 2023, were comprised mainly of nonmarketable stock and stock warrants, are recorded at cost less any impairment plus or minus observable price changes. Substantially all of these equity investments are held by Medallion Capital, our SBIC subsidiary in connection with its mezzanine lending business. As of December 31, 2024, cumulative impairment of \$5.5 million had been recorded with respect to these investments. Impairments on equity investments were on equity investments of \$2.0 million and \$1.1 million was recorded during the years ended December 31, 2024 and 2023. Additionally, the Company recognized \$8.9 million and \$6.2 million of realized gains during the year ended December 31, 2024 and 2023 on the disposition and exit of equity investments.

During 2021, the Company purchased \$2.0 million of equity securities with a readily determinable fair value. As a result, all unrealized gains and losses are included in gain (loss) on equity investments. As of December 31, 2024 and 2023, the fair value of these securities were \$1.7 million and are included in other assets on the consolidated balance sheet. For the years ended December 31, 2024 and 2023, the Company realized less than \$0.1 million of losses related to equity securities.

Investment Securities

The Company follows FASB ASC Topic 320, Investments – Debt Securities, or ASC 320, which requires that all applicable investments in debt securities be classified as trading securities, available-for-sale securities, or held-to-maturity securities. Investment securities are purchased from time-to-time in the open market at prices that are greater or lesser than the par value of the investment. The resulting premium or discount is deferred and recognized using the interest method. ASC 320 further requires that held-to-maturity securities be reported at amortized cost and available-for-sale securities be reported at fair value, with unrealized gains and losses excluded from earnings at the date of the consolidated financial statements, and reported in accumulated other comprehensive income (loss) as a separate component of stockholders' equity, net of the effect of income taxes, until they are sold. At the time of sale, any gains or losses, calculated by the specific identification method, will be recognized as a component of operating results and any amounts previously included in stockholders' equity, which were recorded net of the income tax effect, will be reversed. In accordance with ASC 326, the Company does not maintain an allowance for credit losses for accrued interest receivable.

For available-for-sale debt securities in an unrealized loss position, the Company first determines if it intends to sell the security, or if it is more likely than not that we will be required to sell it before recovering its amortized cost basis. If either condition is met, the security's amortized cost basis is written down to its fair value through earnings. If neither condition is met, the Company assess whether the decline in fair value is the result of credit losses or other factors. This assessment includes reviewing changes in the rating of the security by a rating agency, increases in defaults on the underlying collateral, and the extent to which the securities are issued by the federal government or its agencies, including the amount of the guarantee issued by those agencies, among other factors. If a credit loss exists, the Company compares the present value of expected cash flows from the security to its amortized cost basis. If the present value is less than the amortized cost basis for the security, a credit loss exists and an allowance for credit losses is recorded through earnings, but limited to the amount that the fair value of the security is less than its amortized cost basis. Any impairment not recorded through an allowance for credit losses is recognized in other comprehensive (loss) income, net of taxes.

Changes in the allowance for credit losses are recorded as a provision for, or reversal of, credit loss expense. Losses are charged against the allowance when management confirms the uncollectibility of an available-for-sale debt security or when either of the criteria regarding intent or requirement to sell is met. There were no investment securities allowance for credit losses as of December 31, 2024 and 2023.

Loans

The Company's loans, classified as held for investment, are currently reported at amortized cost, which is the principal amount outstanding, inclusive of loan origination costs, which primarily includes deferred costs paid to loan originators, and which are amortized to interest income over the life of the loan. Loans which the Company has classified as held for sale are reported at lower of amortized cost or fair value.

Loan origination fees and certain direct origination costs are deferred and recognized as an adjustment to the yield of the related loans. As of December 31, 2024 and 2023, net loan origination costs were \$46.6 million and \$40.0 million. Net amortization to income for the years ended December 31, 2024, 2023, and 2022 were \$9.2 million, \$8.3 million, and \$8.7 million.

Interest income is recorded on the accrual basis. The consumer loan portfolio is typified by a larger number of smaller dollar loans that have similar characteristics. A loan is nonperforming when based on current information and events, it is unlikely the Company will be able to collect all amounts due according to the contractual terms of the original loan agreement. Management considers loans that are in bankruptcy status, but have not been charged-off, to be nonperforming. Loans are considered past due when a borrower fails to make a full payment by the payment due date or maturity date. Consumer loans are placed on nonaccrual when they become 90 days past due, or earlier if they enter bankruptcy, and are charged-off in their entirety when deemed uncollectible, or when they become 120 days past due, whichever occurs first, at which time appropriate recovery efforts against both the borrower and the underlying collateral are initiated. For the recreation loan portfolio, the process to repossess the collateral is started at 60 days past due. If the collateral is not located and the account reaches 120 days delinquent, the account is charged-off. If the collateral is repossessed, a loss is recorded by writing the collateral down to its fair value less selling costs, and the collateral is sent to auction. When the collateral is sold, the net auction proceeds are applied to the account, and any remaining balance is written off. Proceeds collected on charged-off accounts are recorded as recoveries. Commercial loans and taxi medallion loans are placed on nonaccrual status, and all uncollected accrued interest is reversed, when there is doubt as to the collectability of interest or principal, or if loans are 90 days or more past due, unless management has determined that they are both well-secured and in the process of collection. Interest income on nonaccrual loans is generally recognized when cash is received, unless a determination has been made to apply all cash receipts to principal.

The Company may modify the contractual cash flow of loans in situations where borrowers are experiencing financial difficulties. The Company strives to identify borrowers in financial difficulty early and work with them to modify their loans to more affordable terms before they reach nonaccrual status. These modified terms may include interest rate reductions, principal forgiveness, term extensions, payment forbearance and other actions intended to minimize the economic loss to the Company and to avoid foreclosure or repossession of the collateral. For modifications where the Company forgives principal, the entire amount of such principal forgiveness is immediately charged off.

Loan collateral in process of foreclosure primarily includes taxi medallion loans that have reached 120 days past due and have been charged down to the net realizable value of the underlying collateral, in addition to consumer repossessed collateral in the process of being sold. For New York City taxi medallion loans in the process of foreclosure, the Company continued to utilize a net value of \$79,500 when assessing net realizable value for these taxi medallion loans, despite fluctuating current transfer prices which may exceed that level from time to time. The "loan collateral in the process of foreclosure" designation reflects that the collection activities on these loans have transitioned from working with the borrower, to the liquidation of the collateral securing the loans.

Loans Held For Sale

Loans held for sale consist of Recreation loans and Strategic Partnership loans intended to be sold in the secondary market. Loans held for sale are recorded at the lower of amortized cost or fair value. For the years ended December 31, 2024 and 2023, the Company did not recognize any fair value adjustments related to loans held for sale. Changes in fair value are recognized in non-interest income.

Allowance for Credit Losses

On January 1, 2023, the Company adopted Accounting Standards Update 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments", or ASC 326, which replaced the incurred loss methodology that delayed recognition until it was probable a loss had been incurred with a lifetime expected loss methodology using "reasonable and supportable" expectations about the future, referred to as the current expected credit loss, or CECL, methodology. For consumer loans, the Company uses historical delinquent loan performance and actual loss rates modified by quantitative adjustments based on macroeconomic factors over a twelve-month reasonable and supportable forecast period followed by a six month reversion period. For commercial loans, the Company assesses the historical impact that macroeconomic indicators have had on the loan portfolio, to determine an approximate allowance for credit loss. Unlike consumer loans, where loans may have similar performing characteristics, each commercial loan is unique. The Company evaluates each commercial loan for specific impairment with additional allowance for credit losses recognized as necessary. For taxi medallion loans, the Company individually evaluates each loan and establishes a reserve based on fair value of collateral less cost to sell. The allowance is evaluated on a quarterly basis by management based on the collectability of the loans in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. This evaluation is inherently subjective, as it requires estimates, including those based on changes in economic conditions, that are susceptible to significant revision as more information becomes available. Credit losses are deducted from the allowance, and subsequent recoveries are added back to the allowance. The Company has elected to exclude accrued interest from its measurement of the allowance for credit losses.

The Company adopted ASC 326 using the modified retrospective method for all financial assets measured at amortized cost and off-balance-sheet credit exposures. Results for reporting periods beginning after December 15, 2022 are presented under ASC 326. The transition to the CECL methodology on January 1, 2023 resulted in an increase of \$13.7 million to the Company's allowance for credit losses on loans, or ACL, and a net-of-tax cumulative-effect adjustment of \$9.9 million to the beginning balance of retained earnings. The CECL methodology transition effects on the allowance for credit losses are presented in the following table:

<i>(Dollars in thousands)</i>	December 31, 2022 Pre-Topic 326 Adoption	Effect of ASC 326 Adoption (Transition Amounts)	January 1, 2023 Post-ASC 326 Adoption
Assets:			
Loans:			
Recreation	\$ 41,966	\$ 10,037	\$ 52,003
Home improvement	11,340	1,518	12,858
Commercial	1,049	2,157	3,206
Taxi medallion	9,490	—	9,490
Strategic partnership	—	—	—
Allowance for credit losses on loans	<u>\$ 63,845</u>	<u>\$ 13,712</u>	<u>\$ 77,557</u>

Prior to January 1, 2023, the Company used historical delinquency and actual loss rates with a three-year look-back period for taxi medallion loans and a one-year look-back period for recreation and home improvement loans and used historical loss experience and other projections for commercial loans. The allowance was evaluated on a quarterly basis by management based on the collectability of the loans in light of historical experience, the nature and size of the loan portfolio, adverse situations that may affect the borrowers' ability to repay, estimated value of any underlying collateral, prevailing economic conditions, and excess concentration risks. This evaluation was inherently subjective, as it required estimates that were susceptible to significant revision as more information became available.

Goodwill and Intangible Assets

Goodwill is evaluated for impairment on an annual basis at December 31 of each year or whenever events or changes in circumstances indicate the carrying value may not be recoverable. Other intangible assets with finite useful lives are amortized either on an accelerated or straight-line basis over their estimated useful lives. Other intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

As of December 31, 2024 and 2023, the Company had goodwill of \$150.8 million, all of which related to the recreation and home improvement lending segments. As of December 31, 2024 and 2023, the Company had intangible assets of \$19.1 million and \$20.6 million. The Company recognized \$1.4 million of amortization expense on the intangible assets for each of the years ended December 31, 2024, 2023 and 2022.

Management engaged an independent third-party expert to perform a quantitative assessment of goodwill for impairment at December 31, 2024. The third-party expert's assessment determined that it was more likely than not that the fair value of both the recreation lending and home improvement lending segments individually were not less than the carrying value of each of these segments. Based upon inputs and analysis deemed appropriate by the third-party expert, the third-party expert concluded that a fair value premium existed in excess of carrying value with respect to the recreation and home improvement lending segments.

In evaluating both segments, a combination of an income approach (weighted 50%), an earnings based market approach (weighted 25%), and a book value based market approach (weighted 25%) were employed by the third-party expert. For the income approach, a discounted cash flow analysis was used. Key inputs and assumptions used in the discounted cash flow analysis included future projected cash flows, risk-adjusted discount rates, capital requirements, and future economic and market conditions. For both segments a discount rate was estimated using the risk-free interest rate adjusted for specific risk and size premiums, resulting in a discount rate of 17.5% for the recreation lending segment and 16.5% for the home improvement lending segment. For both segments, growth rates consistent with our plan were employed by the third-party expert for a five year period, and a long-term growth rate of 3% was utilized in determining the terminal fair value.

Determining the fair value of a lending segment or an indefinite-lived intangible asset involves the use of significant estimates and assumptions. The Company believes that the fair value estimates determined by the third-party expert were based on reasonable assumptions and appropriate for the purpose of assessing goodwill for impairment. However, as these estimates and assumptions are unpredictable and inherently uncertain, actual future results may differ from these estimates. In addition, the Company also makes certain judgments and assumptions in allocating shared assets and liabilities to determine the carrying values for each of the Company's reporting units. To the extent that the Company was unable to grow either the recreation lending or home improvement lending segment at the levels it forecasted, if the Company were unable to issue new loans at rates and terms consistent with current practices, and if the Company's cost of borrowings were to increase significantly from current levels without the ability to pass along those rate increases to new borrowers, the fair value of these segments could deteriorate to a level which would require an impairment of goodwill.

The following table details the intangible assets as of the dates presented:

<i>(Dollars in thousands)</i>	December 31,	
	2024	2023
Brand-related intellectual property	\$ 14,575	\$ 15,675
Home improvement contractor relationships	4,571	4,916
Total intangible assets	\$ 19,146	\$ 20,591

Fixed Assets

Fixed assets are carried at cost less accumulated depreciation and amortization, and are depreciated on a straight-line basis over their estimated useful lives of 3 to 10 years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease term or the estimated economic useful life of the improvement. Depreciation and amortization expense was \$0.7 million, \$0.4 million, and \$0.4 million for the years ended December 31, 2024, 2023, and 2022.

Deferred Costs

Deferred financing costs represent costs associated with obtaining the Company's borrowing facilities, and are amortized on a straight line basis over the lives of the related financing agreements and life of the respective pool. Amortization expense, included as interest expense in the Consolidated Statements of Operations, was \$4.0 million, \$3.1 million, and \$2.6 million for the years ended December 31, 2024, 2023, and 2022. In addition, the Company capitalizes certain costs for transactions in the process of completion (other than business combinations), including those for potential investments, and the sourcing of other financing alternatives. Upon completion or termination of the transaction, any accumulated amounts will be amortized against income over an appropriate period, or written off. The amount on the Company's balance sheet related to deposits and borrowing facilities were \$8.2 million and \$8.5 million as of December 31, 2024 and 2023, and there were no capitalized transaction costs as of December 31, 2024 and 2023.

Income Taxes

Income taxes are accounted for using the asset and liability approach in accordance with FASB ASC Topic 740, Income Taxes, or ASC 740. Deferred tax assets and liabilities reflect the impact of temporary differences between the carrying amount of assets and liabilities and their tax basis and are stated at the enacted tax rates expected to apply in the year when taxes are actually paid or recovered. Deferred tax assets are also recorded for net operating losses, capital losses and any tax credit carryforwards. A valuation allowance is provided against a deferred tax asset when it is more likely than not that some or all of the deferred tax assets will not be realized. All available evidence, both positive and negative, is considered to determine whether a valuation allowance for deferred tax assets is needed. Items considered in determining the Company's valuation allowance include expectations of future earnings of the appropriate tax character, recent historical financial results, tax planning strategies, the length of statutory carryforward periods and the expected timing of the reversal of temporary differences. The Company recognizes tax benefits of uncertain tax positions only when the position is more likely than not to be sustained assuming examination by tax authorities. The Company records income tax related interest and penalties, if applicable, within current income tax expense.

Earnings Per Share (EPS)

Basic earnings per share are computed by dividing net income resulting from operations available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflect the potential dilution that could occur if option contracts to issue common stock were exercised, or if restricted stock vests, and has been computed after considering the weighted average dilutive effect of the Company's stock options and restricted stock. The Company uses the treasury stock method to calculate diluted EPS, which is a method of recognizing the use of proceeds that could be obtained upon exercise of options and warrants, including unvested compensation expense related to the shares, in computing diluted EPS. It assumes that any proceeds would be used to purchase common stock at the average market price during the period. The table below presents the calculation of basic and diluted EPS.

<i>(Dollars in thousands, except share and per share data)</i>	Year Ended December 31,		
	2024	2023	2022
Net income attributable to common stockholders	\$ 35,878	\$ 55,079	\$ 43,840
Weighted average common shares outstanding applicable to basic EPS	22,546,051	22,510,435	23,583,049
Effect of restricted stock grants	516,694	461,098	276,469
Effect of dilutive stock options	214,882	142,216	67,825
Effect of performance stock unit grants	327,866	134,574	—
Adjusted weighted average common shares outstanding applicable to diluted EPS	\$ 23,605,493	\$ 23,248,323	\$ 23,927,342
Basic earnings per share	\$ 1.59	\$ 2.45	\$ 1.86
Diluted earnings per share	1.52	2.37	1.83

Potentially dilutive common shares excluded from the above calculations aggregated 59,902 shares, 92,310 shares, and 347,963 shares as of December 31, 2024, 2023, and 2022.

Stock Compensation

The Company follows FASB ASC Topic 718, or ASC 718, Compensation – Stock Compensation, for its equity incentive, stock option, and restricted stock plans, and accordingly, the Company recognizes the expense of these grants as required. Stock-based employee compensation costs pertaining to stock options are reflected in net income resulting from operations for any new grants using the fair values established by usage of the Black-Scholes option pricing model, expensed over the vesting period of the underlying option. Stock-based employee compensation costs pertaining to restricted stock are reflected in net income resulting from operations for any new grants using the grant date fair value of the shares granted, expensed over the vesting period of the underlying stock.

Regulatory Capital

The Bank is subject to various regulatory capital requirements administered by the FDIC and the Utah Department of Financial Institutions. Failure to meet minimum capital requirements can initiate certain mandatory and possible additional discretionary actions by regulators that, if undertaken, could have a direct material effect on the Bank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank must meet specific capital guidelines that involve quantitative measures of the Bank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. The Bank's capital amounts and classifications are also subject to qualitative judgments by the bank regulators about components, risk weightings, and other factors.

FDIC-insured banks, including the Bank, are subject to certain federal laws, which impose various legal limitations on the extent to which banks may finance or otherwise supply funds to certain of their affiliates. In particular, the Bank is subject to certain restrictions on any extensions of credit to, or other covered transactions with, such as certain purchases of assets, the Company or its affiliates.

Quantitative measures established by regulation to ensure capital adequacy require the Bank to maintain minimum amounts and ratios as defined in the regulations (presented in the table below). Additionally, as conditions of granting the Bank's application for federal deposit insurance, the FDIC ordered that the Tier 1 leverage capital to total assets ratio, as defined, be not less than 15%, a level which could affect the Bank's ability to pay dividends to the Company, and that an adequate allowance for credit losses be maintained. As of December 31, 2024 and 2023, the Bank's Tier 1 leverage ratio was considered well-capitalized. The Bank's actual capital amounts and ratios, and the regulatory minimum ratios are presented in the following table.

<i>(Dollars in thousands)</i>	Regulatory		December 31,	
	Adequately Capitalized	Well-Capitalized	2024	2023
Common equity tier 1 capital			\$ 322,229	\$ 293,774
Tier 1 capital			391,016	362,561
Total capital			422,139	390,153
Average assets			2,493,857	2,232,816
Risk-weighted assets			2,429,349	2,155,641
Leverage ratio ⁽¹⁾	4.0 %	5.0 %	15.7 %	16.2 %
Common equity tier 1 capital ratio ⁽²⁾	4.5	6.5	13.3	13.6
Tier 1 capital ratio ⁽³⁾	6.0	8.0	16.1	16.8
Total capital ratio ⁽³⁾	8.0	10.0	17.4	18.1

(1) Calculated by dividing Tier 1 capital by average assets.

(2) Calculated by subtracting preferred stock or non-controlling interest from Tier 1 capital and dividing by risk-weighted assets.

(3) Calculated by dividing Tier 1 or total capital by risk-weighted assets.

In the table above, the minimum risk-based ratios as of December 31, 2024 and 2023 reflect the capital conservation buffer of 2.5%. The minimum regulatory requirements, inclusive of the capital conservation buffer, were the binding requirements for the risk-based requirements, and the "well-capitalized" requirements were the binding requirements for Tier 1 leverage capital as of both December 31, 2024 and 2023.

Recently Adopted Accounting Standards

In November 2023, the FASB issued ASU 2023-07, Segment Reporting, or Topic 280: Improvements to Reportable Segment Disclosures. The main objective of this update is to improve financial reporting disclosure of incremental segment information on an annual and interim basis for all public entities to enable investors to develop more decision-useful financial analyses. Under ASU 2023-07, the Company is required to report significant segment income and expenses, by reportable segments, used by the Company's chief operating decision maker. The Company adopted ASU 2023-07 effective December 31, 2024.

Recently Issued Accounting Standards

In December 2023, the FASB issued ASU 2023-09, Income Taxes, or Topic 740: Improvements to Income Tax Disclosures. The main objective of this update is to provide transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. The amendments in this update are effective for the annual periods beginning after December 15, 2024. The Company is assessing the impact of the update on the accompanying financial statements.

Reclassifications

Certain reclassifications have been made to prior year balances to conform with the current year presentation. These reclassifications have no effect on the previously reported results of operations.

(3) INVESTMENT SECURITIES

The following tables present details of fixed maturity securities available for sale as of December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities, principally obligations of U.S. federal agencies	\$ 41,475	\$ 28	\$ (4,802)	\$ 36,701
State and municipalities	17,373	81	(1,516)	15,938
Agency bonds	2,179	2	(15)	2,166
Total	\$ 61,027	\$ 111	\$ (6,333)	\$ 54,805

December 31, 2023 <i>(Dollars in thousands)</i>	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mortgage-backed securities, principally obligations of U.S. federal agencies	\$ 44,653	\$ —	\$ (4,791)	\$ 39,862
State and municipalities	13,733	21	(1,501)	12,253
Agency bonds	2,187	—	(20)	2,167
Total	\$ 60,573	\$ 21	\$ (6,312)	\$ 54,282

The amortized cost and estimated fair market value of investment securities as of December 31, 2024 by contractual maturity are shown below. Actual maturities will differ from contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties.

December 31, 2024 (Dollars in thousands)	Amortized Cost	Fair Value
Due in one year or less	\$ 2,947	\$ 2,930
Due after one year through five years	4,674	4,354
Due after five years through ten years	6,322	5,575
Due after ten years	47,084	41,946
Total	\$ 61,027	\$ 54,805

The following tables present information pertaining to securities with gross unrealized losses as of December 31, 2024 and 2023, aggregated by investment category and length of time that individual securities have been in a continuous loss position.

December 31, 2024 (Dollars in thousands)	Less than Twelve Months		Twelve Months and Over	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Mortgage-backed securities, principally obligations of U.S. federal agencies	\$ (106)	\$ 5,423	\$ (4,696)	\$ 29,619
State and municipalities	(269)	4,884	(1,247)	9,939
Agency bonds	—	—	(15)	166
Total	\$ (375)	\$ 10,307	\$ (5,958)	\$ 39,724

December 31, 2023 (Dollars in thousands)	Less than Twelve Months		Twelve Months and Over	
	Gross Unrealized Losses	Fair Value	Gross Unrealized Losses	Fair Value
Mortgage-backed securities, principally obligations of U.S. federal agencies	\$ (78)	\$ 5,797	\$ (4,714)	\$ 33,971
State and municipalities	(204)	4,839	(1,296)	7,371
Agency bonds	—	—	(20)	2,167
Total	\$ (282)	\$ 10,636	\$ (6,030)	\$ 43,509

As of December 31, 2024 and 2023, the Company had 58 and 60 securities with unrealized losses that have not been recognized in income. The investments are mortgage-backed securities and similar instruments with lower risk characteristics. The Company regularly reviews investment securities for impairment resulting from credit loss using both qualitative and quantitative criteria, as necessary based on the composition of the portfolio at period end. Based on the Company's assessment, no material impairments for credit losses were recognized during the period. The Company does not intend to sell its investment securities that are in an unrealized loss position and believes that it is unlikely that it will be required to sell these securities before recovery of the amortized cost. As of December 31, 2024 and 2023, the Company did not hold investments in any single issuer with an aggregate book value that exceeded 10% of the Company's equity, other than U.S. Government agency residential mortgage-backed securities issued by the Federal National Mortgage Association.

(4) LOANS AND ALLOWANCE FOR CREDIT LOSSES

The following table presents the major classification of loans, inclusive of capitalized loan origination costs, as of December 31, 2024 and 2023.

(Dollars in thousands)	As of December 31,			
	2024		2023	
	Amount	As a Percent of Total Loans	Amount	As a Percent of Total Loans
Loans held for investment:				
Recreation	\$ 1,422,403	57 %	\$ 1,336,226	60 %
Home improvement	827,211	33	760,617	34
Commercial	111,273	4	114,827	5
Taxi medallion	1,909	*	3,663	*
Strategic partnership	—	—	553	*
Total loans held for investment	2,362,796	95	2,215,886	100
Loans held for sale, at lower of amortized cost or fair value:				
Recreation	120,840	5	—	—
Strategic partnership	7,386	*	—	—
Total loans held for sale, at lower of amortized cost or fair value	128,226	5	—	—
Total loans	\$ 2,491,022	100 %	\$ 2,215,886	100 %

(*) Less than 1%.

The following tables present the activity of the gross loans for the years ended December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Recreation ⁽¹⁾	Home Improvement	Commercial	Taxi Medallion	Strategic Partnership	Total
Gross loans – December 31, 2023	\$ 1,336,226	\$ 760,617	\$ 114,827	\$ 3,663	\$ 553	\$ 2,215,886
Loan originations	526,634	298,642	14,300	250	203,627	1,043,453
Principal receipts, sales, and maturities	(232,414)	(213,600)	(17,949)	(886)	(196,794)	(661,643)
Charge-offs	(69,349)	(18,035)	(71)	(124)	—	(87,579)
Transfer to loan collateral in process of foreclosure, net	(24,921)	—	(1,627)	(994)	—	(27,542)
Amortization of origination fees and costs, net	(13,502)	4,288	41	—	—	(9,173)
Origination fees and costs, net	20,569	(4,701)	(78)	—	—	15,790
Paid-in-kind interest	—	—	1,830	—	—	1,830
Gross loans – December 31, 2024	\$ 1,543,243	\$ 827,211	\$ 111,273	\$ 1,909	\$ 7,386	\$ 2,491,022

(1) Includes loans held for sale and loans held for investment.

December 31, 2023 <i>(Dollars in thousands)</i>	Recreation	Home Improvement	Commercial	Taxi Medallion	Strategic Partnership	Total
Gross loans – December 31, 2022	\$ 1,183,512	\$ 626,399	\$ 92,899	\$ 13,571	\$ 572	\$ 1,916,953
Loan originations	447,039	357,394	34,850	2,426	118,338	960,047
Principal receipts, sales, and maturities	(231,158)	(209,894)	(13,389)	(6,859)	(118,357)	(579,657)
Charge-offs	(50,512)	(12,308)	(1,019)	(3,829)	—	(67,668)
Transfer to loan collateral in process of foreclosure, net	(18,875)	—	—	(2,306)	—	(21,181)
Amortization of origination fees and costs, net	(12,270)	2,668	14	—	—	(9,588)
Origination fees and costs, net	18,490	(3,642)	(164)	660	—	15,344
Paid-in-kind interest	—	—	1,636	—	—	1,636
Gross loans – December 31, 2023	\$ 1,336,226	\$ 760,617	\$ 114,827	\$ 3,663	\$ 553	\$ 2,215,886

The following table presents the activity in the allowance for credit losses for the years ended December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	Recreation	Home Improvement	Commercial	Taxi Medallion ⁽¹⁾	Total
Balance at December 31, 2022	\$ 41,966	\$ 11,340	\$ 1,049	\$ 9,490	\$ 63,845
Charge-offs	(50,512)	(12,308)	(1,019)	(3,829)	(67,668)
Recoveries	11,449	2,886	10	22,191	36,536
Provision (benefit) for credit losses	44,592	17,583	1,988	(26,353)	37,810
CECL transition amount upon ASU 2016-13 adoption	10,037	1,518	2,120	37	13,712
Balance at December 31, 2023	57,532	21,019	4,148	1,536	84,235
Charge-offs	(69,349)	(18,035)	(71)	(124)	(87,579)
Recoveries	14,924	4,094	29	5,163	24,210
Provision (benefit) for credit losses	67,995	13,458	1,084	(6,035)	76,502
Balance at December 31, 2024	\$ 71,102	\$ 20,536	\$ 5,190	\$ 540	\$ 97,368

(1) As of December 31, 2024, cumulative net charge-offs of loans and loan collateral in process of foreclosure in the taxi medallion portfolio were \$165.3 million, including \$98.6 million related to loans secured by New York taxi medallions, some of which may represent collection opportunities for the Company.

The following tables present the gross charge-offs for the years ended December 31, 2024 and 2023, by the year of origination:

December 31, 2024 <i>(Dollars in thousands)</i>	2024	2023	2022	2021	2020	Prior	Total
Recreation	\$ 3,203	\$ 18,540	\$ 22,883	\$ 10,789	\$ 4,222	\$ 9,712	\$ 69,349
Home improvement	841	5,766	6,412	3,131	815	1,070	18,035
Commercial	—	71	—	—	—	—	71
Taxi medallion	—	—	—	—	—	124	124
Total	\$ 4,044	\$ 24,377	\$ 29,295	\$ 13,920	\$ 5,037	\$ 10,906	\$ 87,579

December 31, 2023 <i>(Dollars in thousands)</i>	2023	2022	2021	2020	2019	Prior	Total
Recreation	\$ 3,136	\$ 18,836	\$ 10,857	\$ 5,115	\$ 5,001	\$ 7,567	\$ 50,512
Home improvement	2,196	5,686	2,662	702	435	627	12,308
Commercial	—	—	119	—	900	—	1,019
Taxi medallion	—	—	—	—	—	3,829	3,829
Total	\$ 5,332	\$ 24,522	\$ 13,638	\$ 5,817	\$ 6,336	\$ 12,023	\$ 67,668

The following tables present the allowance for credit losses by type as of December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Amount	Percentage of Allowance	Allowance as a Percent of Loan Category ⁽¹⁾	Allowance as a Percent of Nonaccrual
Recreation	\$ 71,102	73 %	5.00 %	440.07 %
Home improvement	20,536	21	2.48	127.11
Commercial	5,190	5	4.66	32.12
Taxi medallion	540	1	28.29	3.34
Total	\$ 97,368	100 %		

(1) Does not include loans held for sale which are carried at the lower of amortized cost or fair value for which an allowance for credit loss is not established.

December 31, 2023 <i>(Dollars in thousands)</i>	Amount	Percentage of Allowance	Allowance as a Percent of Loan Category	Allowance as a Percent of Nonaccrual
Recreation	\$ 57,532	68 %	4.31 %	221.50 %
Home improvement	21,019	25	2.76	80.92
Commercial	4,148	5	3.61	15.97
Taxi medallion	1,536	2	41.93	5.91
Total	\$ 84,235	100 %		

The following tables present the performance status of loans as of December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Performing	Nonperforming	Total	Percentage of Nonperforming to Total
Recreation	\$ 1,532,448	\$ 10,795	\$ 1,543,243	0.70 %
Home improvement	825,825	1,386	827,211	0.17
Commercial	92,010	19,263	111,273	17.31
Taxi medallion	—	1,909	1,909	100.00
Strategic partnership	7,386	—	7,386	—
Total	\$ 2,457,669	\$ 33,353	\$ 2,491,022	1.34 %

December 31, 2023 <i>(Dollars in thousands)</i>	Performing	Nonperforming	Total	Percentage of Nonperforming to Total
Recreation	\$ 1,326,567	\$ 9,659	\$ 1,336,226	0.72 %
Home improvement	759,128	1,489	760,617	0.20
Commercial	103,664	11,163	114,827	9.72
Taxi medallion	—	3,663	3,663	100.00
Strategic partnership	553	—	553	—
Total	\$ 2,189,912	\$ 25,974	\$ 2,215,886	1.17 %

For those loans aged under 90 days past due, there is a possibility that their delinquency status will continue to deteriorate and they will subsequently be placed on nonaccrual status and be reserved for, and as such, deemed nonperforming.

The following tables present the aging of all loans as of December 31, 2024 and 2023.

December 31, 2024 (Dollars in thousands)	Days Past Due			Total	Current	Total ⁽¹⁾	Recorded Investment 90 Days and Accruing
	30-59	60-89	90 +				
Recreation	\$ 54,169	\$ 20,376	\$ 10,018	\$ 84,563	\$ 1,407,977	\$ 1,492,540	\$ —
Home improvement	5,407	2,432	1,386	9,225	821,852	831,077	—
Commercial	—	—	16,337	16,337	95,127	111,464	—
Taxi medallion	49	69	—	118	1,791	1,909	—
Strategic partnership	—	—	—	—	7,386	7,386	—
Total	\$ 59,625	\$ 22,877	\$ 27,741	\$ 110,243	\$ 2,334,133	\$ 2,444,376	\$ —

(1) Excludes \$46.6 million of capitalized loan origination costs.

December 31, 2023 (Dollars in thousands)	Days Past Due			Total	Current	Total ⁽¹⁾	Recorded Investment 90 Days and Accruing
	30-59	60-89	90 +				
Recreation	\$ 40,282	\$ 15,039	\$ 9,095	\$ 64,416	\$ 1,228,175	\$ 1,292,591	\$ —
Home improvement	3,936	2,562	1,502	8,000	756,069	764,069	—
Commercial	—	2,156	6,240	8,396	107,140	115,536	—
Taxi medallion	201	—	—	201	3,462	3,663	—
Strategic partnership	—	—	—	—	553	553	—
Total	\$ 44,419	\$ 19,757	\$ 16,837	\$ 81,013	\$ 2,095,399	\$ 2,176,412	\$ —

(1) Excludes \$40.0 million of capitalized loan origination costs.

The following tables present the activity of loan collateral in process of foreclosure for the years ended December 31, 2024 and 2023.

Year Ended December 31, 2024 (Dollars in thousands)	Recreation	Commercial	Taxi Medallion	Total
	Loan collateral in process of foreclosure – December 31, 2023	\$ 1,779	\$ —	\$ 9,993
Transfer from loans, net	24,921	1,627	994	27,542
Sales	—	—	(39)	(39)
Cash payments received	(9,287)	—	(4,225)	(13,512)
Collateral valuation adjustments ⁽¹⁾	(15,421)	—	(410)	(15,831)
Loan collateral in process of foreclosure – December 31, 2024	\$ 1,992	\$ 1,627	\$ 6,313	\$ 9,932

(1) Collateral valuation adjustments for recreation loans are generally the result of the liquidation of collateral through a repossession process. Due to the short-term nature of the liquidation process, collateral valuation adjustments on recreation loans are recorded as charge-offs to the allowance for credit losses on loans as this is an adjustment to the initial estimate on the fair value, less estimated costs to sell that was initially estimated in the preliminary charge off and amount transferred to collateral in process of foreclosure.

Year Ended December 31, 2023 (Dollars in thousands)	Recreation	Commercial	Taxi Medallion	Total
	Loan collateral in process of foreclosure – December 31, 2022	\$ 1,376	\$ —	\$ 20,443
Transfer from loans, net	18,875	—	2,306	21,181
Sales	(7,890)	—	(700)	(8,590)
Cash payments received	(730)	—	(11,311)	(12,041)
Collateral valuation adjustments ⁽¹⁾	(9,852)	—	(745)	(10,597)
Loan collateral in process of foreclosure – December 31, 2023	\$ 1,779	\$ —	\$ 9,993	\$ 11,772

(1) Collateral valuation adjustments for recreation loans are generally the result of the liquidation of collateral through a repossession process. Due to the short-term nature of the liquidation process, collateral valuation adjustments on recreation loans are recorded as charge-offs to the allowance for credit losses on loans as this is an adjustment to the initial estimate on the fair value, less estimated costs to sell that was initially estimated in the preliminary charge off and amount transferred to collateral in process of foreclosure.

As of December 31, 2024 taxi medallion loans in the process of foreclosure included 311 taxi medallions in the New York market, 187 taxi medallions in the Chicago market, 24 taxi medallions in the Newark market, and 31 taxi medallions in various other markets.

(5) FUNDS BORROWED

The following table presents outstanding balances of funds borrowed.

<i>(Dollars in thousands)</i>	Payments Due for the Year Ending December 31,						December 31,	December	Interest
	2025	2026	2027	2028	2029	Thereafter	2024 ⁽¹⁾	31, 2023 ⁽¹⁾	Rate ⁽²⁾
Deposits ⁽³⁾	\$ 891,078	\$ 443,147	\$ 441,555	\$ 146,847	\$ 169,036	\$ —	\$ 2,091,663	\$ 1,869,439	3.71 %
Privately placed notes	—	31,250	53,750	39,000	—	22,500	146,500	139,500	8.12
SBA debentures and borrowings	14,000	14,000	2,000	1,250	1,250	37,750	70,250	75,250	3.53
Trust preferred securities	—	—	—	—	—	33,000	33,000	33,000	6.83
Federal reserve and other borrowings	35,000	—	—	—	—	—	35,000	—	4.50
Total	\$ 940,078	\$ 488,397	\$ 497,305	\$ 187,097	\$ 170,286	\$ 93,250	\$ 2,376,413	\$ 2,117,189	4.03 %

(1) Excludes deferred financing costs of \$8.2 million and \$8.5 million as of December 31, 2024 and 2023.

(2) Weighted average contractual rate as of December 31, 2024.

(3) Balance excludes \$3.0 million and \$1.5 million of strategic partner reserve deposits as of December 31, 2024 and 2023.

(A) DEPOSITS

Most deposits are raised through the use of investment brokerage firms that package time deposits in denominations of less than \$250,000 qualifying for FDIC insurance into larger pools that are sold to the Bank. The rates paid on the deposits are highly competitive with market rates paid by other financial institutions. Additionally, a brokerage fee is paid, depending on the maturity of the deposits, the annual expense of which averages less than 0.15%. Interest on the deposits is accrued daily and paid monthly, quarterly, semiannually, or at maturity. Additionally, the Bank raises deposits through listing services, and, as of December 31, 2024 and 2023, the Bank had \$10.4 million and \$11.8 million in listing service deposit balances from other financial institutions. In April 2023, the Bank began to originate retail savings deposits through a third-party service provider and, as of December 31, 2024 and 2023, the Bank had \$6.0 million and \$14.9 million in retail savings deposit balances. The following table presents the maturity of the deposit pools, which includes strategic partner reserve deposits, as of December 31, 2024.

<i>(Dollars in thousands)</i>	December 31, 2024
Three months or less	\$ 302,162
Over three months through six months	277,218
Over six months through one year	311,698
Over one year	1,200,585
Deposits	2,091,663
Strategic partner collateral deposits	3,000
Total deposits	\$ 2,094,663

(B) FEDERAL RESERVE DISCOUNT WINDOW AND OTHER BORROWINGS

In March 2023, the Bank established a discount window line of credit at the Federal Reserve. As of December 31, 2024, the Bank had \$225.2 million in home improvement loans pledged as collateral to the Federal Reserve. The current advance rate on the pledged securities is approximately 45% of book value, for a total of approximately \$101.4 million in secured borrowing capacity, of which \$35.0 million was utilized as of December 31, 2024.

The Bank has borrowing arrangements with several commercial banks. These agreements are accommodations that can be terminated at any time, for any reason and allow the Bank to borrow up to \$75.0 million. As of December 31, 2024, there were no outstanding amounts with respect to these arrangements.

(C) PRIVATELY PLACED NOTES

The Company has entered into various private placements with certain institutional investors over time. The following table presents the private placement notes outstanding for the years ended December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	Date of Notes	Maturity	Interest Rate	Interest Payable	December 31,	
					2024	2023
	March 2019	March 2024	8.250 %	Semi-annually	\$ —	\$ 3,000
	December 2020	December 2027	7.500 %	Semi-annually	53,750	53,750
	February 2021	February 2026	7.250 %	Semi-annually	31,250	31,250
	September 2023	September 2028	9.250 %	Semi-annually	39,000	39,000
	December 2023	December 2033	9.000 %	Semi-annually	—	12,500
	June 2024	June 2039	8.875 %	Semi-annually	17,500	—
	August 2024	August 2039	8.625 %	Semi-annually	5,000	—
					\$ 146,500	\$ 139,500

(D) SBA DEBENTURES AND BORROWINGS

Over the years, the SBA has approved commitments for Medallion Capital and FSVC, typically for a four and a half year term and a 1% fee. On July 10, 2023, Medallion Capital accepted a commitment from the SBA for \$20.0 million in debenture financing. Medallion Capital can draw funds under the commitment, in whole or in part, until September 30, 2027. In connection with the commitment, Medallion Capital paid the SBA a leverage fee of \$0.2 million, with an additional \$0.4 million fee to be paid pro-rata as Medallion Capital draws under the commitment. As of December 31, 2024, \$9.8 million of the commitment had been drawn and \$10.2 million was drawable.

On February 28, 2024, Medallion Capital accepted a commitment from the SBA for \$18.5 million in debenture financing with a ten-year term. Medallion Capital can draw funds under the commitment, in whole or in part, until September 30, 2028. In connection with the commitment, Medallion Capital paid the SBA a leverage fee of \$0.2 million, with the remaining \$0.4 million of the fee to be paid pro rata as Medallion Capital draws under the commitment. As of December 31, 2024, none of the commitment had been drawn, \$0.3 million was drawable, with the balance of \$18.2 million drawable upon the infusion of \$9.1 million of capital from either a capital infusion into Medallion Capital from the Company or the capitalization of retained earnings of which Medallion Capital had \$14.4 million as of December 31, 2024.

The following table presents the SBA debentures and borrowings for the years ended December 31, 2024 and 2023.

(Dollars in thousands)

Date of Notes	Maturity	Interest Rate	Interest Payable	December 31,	
				2024	2023
March 2014	March 2024	3.95%	Semi-annually	\$ —	\$ 2,500
September 2014	September 2024	3.78%	Semi-annually	—	2,500
March 2015	March 2025	2.87%	Semi-annually	10,000	10,000
September 2015	September 2025	3.57%	Semi-annually	4,000	4,000
March 2016	March 2026	3.25%	Semi-annually	1,500	1,500
March 2016	March 2026	3.18%	Semi-annually	10,000	10,000
May 2016	September 2026	2.72%	Semi-annually	2,500	2,500
March 2017	March 2027	3.52%	Semi-annually	2,000	2,000
September 2018	September 2028	4.22%	Semi-annually	1,250	1,250
March 2019	March 2029	3.79%	Semi-annually	1,250	1,250
September 2020	September 2030	1.71%	Semi-annually	3,000	3,000
June 2021	September 2031	1.58%	Semi-annually	8,500	8,500
October 2021	March 2032	3.21%	Semi-annually	7,000	7,000
October 2022	March 2033	5.44%	Semi-annually	4,750	4,750
April 2023	September 2033	5.96%	Semi-annually	4,750	4,750
September 2023	March 2034	5.08%	Semi-annually	4,750	4,750
November 2023	March 2034	5.08%	Semi-annually	5,000	5,000
				\$ 70,250	\$ 75,250

(E) TRUST PREFERRED SECURITIES

In June 2007, the Company issued and sold \$36.1 million aggregate principal amount of unsecured junior subordinated notes to Fin Trust which, in turn, sold \$35.0 million of trust preferred securities to Merrill Lynch International and issued 1,083 shares of common stock to the Company. Interest is calculated using the Secured Overnight Financing Rate (SOFR) adjusted by a relevant spread adjustment of approximately 26 basis points, plus 2.13%. The notes mature in September 2037 and are prepayable at par. Interest is payable quarterly in arrears. The terms of the trust preferred securities and the notes are substantially identical. In December 2007, \$2.0 million of the trust preferred securities were repurchased from a third-party investor. As of December 31, 2024, \$33.0 million was outstanding on the trust preferred securities.

(F) OTHER BORROWINGS

In January 2024, Medallion Capital entered into a \$7.5 million revolving credit facility with a regional bank. The facility allowed Medallion Capital to finance, on a short-term basis, investments for which it anticipates receiving financing from the SBA. The facility bore interest at a rate of 2.75% plus one month SOFR, had an annual facility fee of 0.1%, matured on January 1, 2025, and required that Medallion Capital have total commitments available from the SBA of at least the total requested advance.

(G) COVENANT COMPLIANCE

Certain of the Company's debt agreements contain financial covenants that require the Company to maintain certain financial ratios and minimum tangible net worth. As of December 31, 2024, the Company was in compliance with all such covenants.

(6) LEASES

The Company has leased premises that expire at various dates through February 28, 2031 subject to various operating leases.

The following table presents the operating lease costs and additional information for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	December 31,		
	2024	2023	2022
Operating lease costs	\$ 2,422	\$ 2,390	\$ 2,216
Cash paid for amounts included in the measurement of lease liabilities			
Operating cash flows from operating leases	2,682	2,472	2,378
Right-of-use asset obtained in exchange for lease liability	(237)	(226)	(187)

The following table presents the breakout of the operating leases as of December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	December 31,	
	2024	2023
Operating lease right-of-use assets	\$ 6,922	\$ 8,785
Other current liabilities	2,294	2,472
Operating lease liabilities	5,128	7,019
Total operating lease liabilities	7,422	9,491
Weighted average remaining lease term	4.1 years	4.9 years
Weighted average discount rate	5.56%	5.47%

At December 31, 2024, maturities of the lease liabilities were as follows:

<i>(Dollars in thousands)</i>	
2025	\$ 2,546
2026	2,567
2027	1,342
2028	575
2029	590
Thereafter	548
Total lease payments	8,168
Less imputed interest	746
Total operating lease liabilities	\$ 7,422

(7) INCOME TAXES

The Company is subject to federal and applicable state corporate income taxes on its taxable ordinary income and capital gains. As a corporation taxed under Subchapter C of the Internal Revenue Code, the Company is able, and intends, to file a consolidated federal income tax return with corporate subsidiaries in which it holds 80% or more of the outstanding equity interest measured by both vote and fair value.

The following table presents the significant components of the Company's deferred tax assets and liabilities as of December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	December 31,	
	2024	2023
Deferred tax assets:		
Provision for credit losses	\$ 14,530	\$ 13,032
Accrued expenses, compensation, and other assets	5,612	6,976
Net operating loss carryforwards ⁽¹⁾	3,168	3,802
Other investments and investment securities	2,885	1,877
Valuation allowance	(4,418)	(3,860)
Total deferred tax assets	21,777	21,827
Deferred tax liabilities:		
Goodwill and other intangibles	42,772	43,034
Total deferred tax liabilities	42,772	43,034
Deferred tax liability, net	\$ 20,995	\$ 21,207

(1) As of December 31, 2024, the Company had an estimated \$11.1 million of net operating loss carryforwards, \$1.7 million of which expires at various dates between December 31, 2026 and December 31, 2035, which had a net carrying value of \$0.6 million of December 31, 2024.

The following table presents the components of the Company's tax provision for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Current			
Federal	\$ 15,634	\$ 18,634	\$ 5,213
State	4,789	6,014	560
Deferred			
Federal	1,455	(52)	8,090
State	(867)	314	4,100
Net provision for income taxes	\$ 21,011	\$ 24,910	\$ 17,963

The following table presents a reconciliation of statutory federal income tax provision to consolidated actual income tax provision reported for the years ended December 31, 2024, 2023, and 2022.

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Statutory Federal income tax provision at 21%	\$ 13,217	\$ 18,068	\$ 14,249
State and local income taxes, net of federal income tax benefit	2,623	3,534	2,787
Valuation allowance against deferred tax assets	558	1,565	—
Change in effective state income tax rates and accrual	109	(222)	(811)
Non-deductible expenses	3,899	2,024	1,987
Other	605	(59)	(249)
Total income tax provision	\$ 21,011	\$ 24,910	\$ 17,963

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which temporary differences become deductible pursuant to ASC 740. The Company considers the reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment. The Company's evaluation of the realizability of deferred tax assets must consider both positive and negative evidence. The weight given to the potential effects of positive and negative evidence is based on the extent to which it can be objectively verified. The Company has determined that a valuation allowance is necessary for net operating losses which the Company does not believe will be utilized as well as for deferred compensation in excess of statutory limits. Based upon these considerations, the Company determined the necessary valuation allowance as of December 31, 2024.

The Company has filed tax returns in many states. Federal, New York State, New York City, and Utah State tax filings of the Company for the tax years 2021 through the present are the more significant filings that are open for examination.

(8) STOCK OPTIONS AND RESTRICTED STOCK

The Company's Board of Directors approved the 2018 Equity Incentive Plan, or the 2018 Plan, which was approved by the Company's stockholders on June 15, 2018. The terms of 2018 Plan provide for grants of a variety of different type of stock awards to the Company's employees and non-employee directors, including options, restricted stock, restricted stock units, performance stock units, and stock appreciation rights, etc. On April 22, 2020, the Company's Board of Directors approved an amendment to the 2018 Plan to increase the number of shares of the Company's common stock authorized for issuance thereunder, which was approved by the Company's stockholders on June 19, 2020, and subsequently on April 26, 2022, the Company's Board of Directors approved an additional amendment to the 2018 Plan to further increase the number of shares of the Company's common stock authorized for issuance thereunder, which was approved by the Company's stockholders on June 14, 2022. A total of 5,710,968 shares of the Company's common stock are issuable under the 2018 Plan, and 1,341,382 shares remained issuable as of December 31, 2024. Awards under the 2018 Plan are subject to certain limitations as set forth in the 2018 Plan, which will terminate when all shares of common stock authorized for delivery have been delivered and the forfeiture restrictions on all awards have lapsed, or by action of the Board of Directors pursuant to the 2018 Plan, whichever occurs first.

The Company's Board of Directors approved the 2015 Non-Employee Director Stock Option Plan, or the 2015 Director Plan, on March 12, 2015, which was approved by the Company's shareholders on June 5, 2015, and on which exemptive relief to implement the 2015 Director Plan was received from the SEC on February 29, 2016. A total of 300,000 shares of the Company's common stock were issuable under the 2015 Director Plan, and 258,334 remained issuable as of June 15, 2018. Effective June 15, 2018, the 2018 Plan was approved, and these remaining shares were rolled into the 2018 Plan. Under the 2015 Director Plan, unless otherwise determined by a committee of the Board of Directors comprised of directors who are not eligible for grants under the 2015 Director Plan, the Company granted options to purchase 12,000 shares of the Company's common stock to a non-employee director upon election to the Board of Directors, with an adjustment for directors who were elected to serve less than a full term. The option price per share could not be less than the current market value of the Company's common stock on the date the option was granted. Options granted under the 2015 Director Plan vested annually, as defined in the 2015 Director Plan. The term of the options could not exceed ten years.

The Company's Board of Directors approved the First Amended and Restated 2006 Director Plan, or the Amended Director Plan, on April 16, 2009, which was approved by the Company's shareholders on June 5, 2009, and on which exemptive relief to implement the Amended Director Plan was received from the SEC on July 17, 2012. A total of 200,000 shares of the Company's common stock were issuable under the Amended Director Plan. No additional shares are available for issuance under the Amended Director Plan. Under the Amended Director Plan, unless otherwise determined by a committee of the Board of Directors comprised of directors who are not eligible for grants under the Amended Director Plan, the Company would grant options to purchase 9,000 shares of the Company's common stock to an Eligible Director upon election to the Board of Directors, with an adjustment for directors who were elected to serve less than a full term. The option price per share could not be less than the current market value of the Company's common stock on the date the option was granted. Options granted under the Amended Director Plan vested annually, as defined in the Amended Director Plan. The term of the options could not exceed ten years.

Additional shares are only available for future issuance under the 2018 Plan. At December 31, 2024, 913,909 options on the Company's common stock were outstanding under the Company's plans, of which 829,286 options were vested. Additionally, as of December 31, 2024, there were 909,028 unvested shares of restricted stock, 512,131 unvested performance stock units, 94,576 unvested restricted stock units, and 239,974 vested, unissued restricted stock units outstanding under the 2018 Plan. As of December 31, 2024, the total remaining unrecognized compensation cost related to unvested stock options, restricted stock units, and performance share units was \$5.8 million, which is expected to be recognized over the next 9 quarters. Total stock-based compensation expense was \$6.1 million, \$4.7 million, and \$3.5 million for the years ended December 31, 2024, 2023, and 2022.

The fair value of each restricted stock grant is determined on the date of grant by the closing market price of the Company's common stock on the grant date. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model. There were no options granted during the year ended December 31, 2024.

During 2023, the Company's Compensation Committee of the Board of Directors began granting performance stock units, or PSUs, to certain officers and employees of the Company. Granted PSUs are subject to specified performance criteria for a particular performance period. The number of PSUs that vest can range from zero to 200% of the grant amount. In addition, dividends that accrue during the vesting period are reinvested in dividend equivalent PSUs. PSUs and the related dividend equivalent PSUs are converted into shares of common stock after vesting. Once the PSUs and dividend equivalent PSUs have vested, shares of common stock are delivered.

The following table presents the PSU activity for the years ended December 31, 2024 and 2023. The PSUs have vesting conditions based upon certain levels of total pre-tax income as well as return on common equity attained over a three-year period. The PSUs cliff vest after three years based upon the performance of the Company. Dividend equivalent PSUs accumulate and convert to additional shares for the benefit of the grantee at the vesting date or are forfeited if the performance conditions are not met.

	Number of Shares	Grant Price Per Share	Weighted Average Grant Price
Outstanding at December 31, 2022	—	\$ —	\$ —
Granted	296,444	6.08	6.08
Cancelled	—	—	—
Vested	—	—	—
Outstanding at December 31, 2023	296,444	\$ 6.08	\$ 6.08
Granted	215,687	8.97	8.97
Cancelled	—	—	—
Vested	—	—	—
Outstanding at December 31, 2024	512,131	\$ 6.08 - 8.97	\$ 7.30

The following table presents the activity for the restricted stock programs for the years ended December 31, 2024, 2023, and 2022.

	Number of Shares	Grant Price Per Share	Weighted Average Grant Price
Outstanding at December 31, 2021 ⁽²⁾	493,326	4.89 - 7.25	\$ 6.87
Granted	522,475	6.86 - 7.68	7.46
Cancelled	(29,373)	4.89 - 8.40	7.32
Vested ⁽¹⁾	(129,140)	4.89 - 7.25	6.53
Outstanding at December 31, 2022 ⁽²⁾	857,288	4.89 - 7.25	7.27
Granted	399,793	7.67 - 9.37	8.34
Cancelled	(12,807)	4.89 - 8.40	7.24
Vested ⁽¹⁾	(248,898)	4.89 - 7.68	7.10
Outstanding at December 31, 2023 ⁽²⁾	995,376	\$ 4.89 - 9.37	7.74
Granted	347,158	8.97 - 10.32	9.17
Cancelled	(32,521)	4.89 - 10.32	8.07
Vested ⁽¹⁾	(400,985)	4.89 - 8.40	7.69
Outstanding at December 31, 2024 ⁽²⁾	<u>909,028</u>	<u>\$ 4.89 - 10.32</u>	<u>\$ 8.30</u>

(1) The aggregate fair value of the restricted stock vested was \$2.7 million, \$2.1 million, and \$1.0 million for the years ended December 31, 2024, 2023, and 2022.

(2) The aggregate fair value of the restricted stock was \$8.5 million as of December 31, 2024. The remaining vesting period was 2.2 years at December 31, 2024.

The following table presents the activity for the stock option programs for the years ended December 31, 2024, 2023, and 2022.

	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price
Outstanding at December 31, 2021 ⁽²⁾	1,111,687	2.14-12.55	6.41
Granted	—	—	—
Cancelled	(26,093)	4.89 - 12.55	7.08
Exercised ⁽¹⁾	(23,745)	4.89 - 7.25	6.51
Outstanding at December 31, 2022 ⁽²⁾	1,061,849	2.14 - 9.38	6.51
Granted	—	—	—
Cancelled	(33,382)	4.89 - 9.38	6.80
Exercised ⁽¹⁾	(68,945)	4.89 - 7.25	6.44
Outstanding at December 31, 2023 ⁽²⁾	959,522	2.14 - 9.38	6.51
Granted	—	—	—
Cancelled	(4,748)	4.89 - 7.25	6.15
Exercised ⁽¹⁾	(40,865)	4.89 - 7.25	6.35
Outstanding at December 31, 2024 ⁽²⁾	<u>913,909</u>	<u>\$ 2.14 - 9.38</u>	<u>\$ 6.52</u>
Options exercisable at			
December 31, 2022	548,426	2.14 - 9.38	\$ 6.51
December 31, 2023	697,647	2.14 - 9.38	6.51
December 31, 2024	<u>829,286</u>	<u>2.14 - 9.38</u>	<u>6.53</u>

(1) The aggregate intrinsic value, which represents the difference between the price of the Company's common stock at the exercise date and the related exercise price of the underlying options, was \$0.1 million, \$0.1 million, and \$0.1 million for the years ended December 31, 2024, 2023, and 2022.

(2) The aggregate intrinsic value of outstanding options, which represents the difference between the price of the Company's common stock at December 31, 2024 and the related exercise price of the underlying options, was \$2.6 million for outstanding options and \$2.4 million for vested options. The remaining contractual life was 5.1 years for outstanding options and 5.0 years for vested options at December 31, 2024.

The following table presents the activity for the unvested options outstanding under the plans for the year ended December 31, 2024.

	Number of Options	Exercise Price Per Share	Weighted Average Exercise Price
Outstanding at December 31, 2022	513,423	\$ 4.89 - 7.25	\$ 6.52
Granted	—	—	—
Cancelled	(3,336)	4.89 - 7.25	5.51
Vested	(248,212)	4.89 - 7.25	6.55
Outstanding at December 31, 2023	261,875	4.89 - 7.25	6.49
Granted	—	—	—
Cancelled	(3,822)	4.89 - 7.25	6.22
Vested	(173,430)	4.89 - 7.25	6.56
Outstanding at December 31, 2024	<u>84,623</u>	<u>\$ 4.89 - 6.79</u>	<u>\$ 6.37</u>

The intrinsic value of the options vested was \$0.4 million, \$0.4 million, and \$0.3 million for the years ended December 31, 2024, 2023, and 2022.

During the year ended December 31, 2024, the Company granted 92,350 restricted stock units, or RSUs, with a vesting date of June 11, 2025 at a grant price of \$8.23. During the year ended December 31, 2023, the Company granted 83,158 RSUs with a vesting date of June 22, 2024 at a grant price of \$9.14. No RSUs were granted during the year ended December 31, 2022. For the RSUs granted in 2024 and 2023, unitholders had the option of deferring settlement until a future date if the recipient makes a formal election under the guidelines of IRC Section 409A. As of December 31, 2024, there were 334,550 RSUs outstanding, including 239,974 which had previously vested.

(9) SEGMENT REPORTING

The Company has five business segments, which include four lending segments and one non-operating segment, which are reflective of how Company management makes decisions about its business and operations.

The four lending segments reflect the main types of lending performed at the Company, which are recreation, home improvement, commercial, and taxi medallion lending. The recreation and home improvement lending segments are operated by the Bank and loans are made to borrowers residing nationwide. The recreation lending segment is a consumer finance business that works with third-party dealers, contractors, and financial service providers for the purpose of financing RVs, boats, collector cars, and other consumer recreational equipment, of which RVs, boats, and collector cars make up 55%, 20%, and 11% of the segment portfolio, with no other product lines equal to or exceeding 10%, as of December 31, 2024. The highest concentrations of recreation loans are in Texas and Florida at 16% and 10% of loans outstanding and with no other states at or above 10% as of December 31, 2024. The home improvement lending segment works with contractors and financial service providers to finance residential home improvement with the largest product lines being roofs, swimming pools, and windows at 36%, 27%, and 13% of total home improvement loans outstanding, and with no other product lines exceeding 10% as of December 31, 2024. The highest concentrations of home improvement loans are in Florida and Texas at 12% and 11% of loans outstanding and with no other states at or above 10% as of December 31, 2024. The commercial lending segment focuses on serving a wide variety of industries, with concentrations in manufacturing, construction, and wholesale trade making up 57%, 12%, and 12% of the loans outstanding as of December 31, 2024, with no other product lines exceeding 10% as of December 31, 2024. The commercial lending segment invests across the United States with concentrations in California, Wisconsin, and Texas having 28%, 10%, and 10% of the segment portfolio, and no other states having a concentration at or greater than 10% as of December 31, 2024. The taxi medallion lending segment arose in connection with the financing of taxi medallions, taxis, and related assets, primarily all of which are located in the New York City metropolitan area as of December 31, 2024.

The Company's corporate and other investments segment is a non-operating segment that includes items not allocated to the Company's operating segments such as investment securities, equity investments, intercompany eliminations, goodwill, and other corporate elements. The Company allocates portions of centrally incurred costs inclusive of overhead and interest expense formulaically based upon overall capital allocated to the lending segments.

As part of segment reporting, capital ratios for all operating segments have been normalized as a percentage of consolidated total equity divided by total assets, with the net adjustment applied to corporate and other investments. In addition, the commercial segment primarily represents the mezzanine lending business, with certain legacy commercial loans (immaterial to total) allocated to corporate and other investments.

The Company's chief operating decision maker (CODM) is a group comprised of the Chief Executive Officer, Chief Financial Officer, President, Chief Operating Officer, and other senior members of management. The CODM primarily uses segment information to identify areas to improve efficiency of resources allocation, determine where to reinvest profits, and minimize unnecessary expenses. The CODM assesses segment performance mainly through selected financial ratios such as returns on average assets and net interest margin, which identifies areas requiring action.

The following table presents segment data as of and for the year ended December 31, 2024.

Year Ended December 31, 2024	Consumer Lending					Corporate and Other Investments	Consolidated
<i>(Dollars in thousands)</i>	Recreation	Home Improvement	Commercial Lending	Taxi Medallion Lending			
Total interest income	\$ 194,131	\$ 74,036	\$ 14,007	\$ 659	\$ 7,869	\$ 290,702	
Total interest expense	46,123	26,277	4,294	102	11,371	88,167	
Net interest income (loss)	148,008	47,759	9,713	557	(3,502)	202,535	
Provision (benefit) for credit losses	67,995	13,458	1,093	(6,035)	(9)	76,502	
Net interest income (loss) after loss provision	80,013	34,301	8,620	6,592	(3,493)	126,033	
Other income	756	11	7,860	910	1,793	11,330	
Operating expenses	(33,128)	(15,586)	(4,992)	(4,573)	(16,148)	(74,427)	
Net income (loss) before taxes	47,641	18,726	11,488	2,929	(17,848)	62,936	
Income tax (provision) benefit	(15,181)	(5,967)	(3,661)	(933)	4,731	(21,011)	
Net income (loss) after taxes	<u>32,460</u>	<u>12,759</u>	<u>7,827</u>	<u>1,996</u>	<u>(13,117)</u>	<u>41,925</u>	
Income attributable to the non-controlling interest						6,047	
Total net income attributable to Medallion Financial Corp.						<u>\$ 35,878</u>	
Balance Sheet Data							
Total loan, gross ⁽¹⁾	\$ 1,543,243	\$ 827,211	\$ 111,273	\$ 1,909	\$ 7,386	\$ 2,491,022	
Total assets	1,494,445	811,442	106,258	6,573	449,888	2,868,606	
Total funds borrowed	1,239,592	673,064	88,137	5,452	373,168	2,379,413	
Selected Financial Ratios							
Return on average assets	2.29 %	1.66 %	7.38 %	24.25 %	(2.95) %	1.54 %	
Return on average stockholders' equity	*	*	*	*	*	10.12	
Return on average equity	15.11	10.76	47.93	151.76	(18.94)	9.89	
Interest yield	13.30	9.45	12.71	23.39	NM	11.58	
Net interest margin, gross	10.14	6.09	8.81	16.99	NM	8.05	
Net interest margin, net of allowance	10.58	6.24	9.18	28.15	NM	8.35	
Reserve coverage ⁽²⁾	5.00	2.48	4.66	28.29	NM	4.12	
Delinquency status ⁽³⁾	0.67	0.17	14.66	—	NM	1.13	
Charge-off (recovery) ratio ⁽⁴⁾	3.72	1.78	0.04	(153.72)	NM	2.69	

(1) Inclusive of recreation and strategic partnership loans held for sale, at lower of amortized cost or fair value.

(2) Allowance for credit loss as a percent of gross loans held for investment and excludes loans held for sale.

(3) Loans 90 days or more past due as a percent of total loans.

(4) Net charge-offs as a percent of annual average gross loans.

(NM) Not meaningful.

(*) Line item is not applicable to segments.

The following table presents segment data as of and for the year ended December 31, 2023.

Year Ended December 31, 2023	Consumer Lending					Corporate and Other	Consolidated
<i>(Dollars in thousands)</i>	Recreation	Home Improvement	Commercial Lending	Taxi Medallion Lending	Investments		
Total interest income	\$ 167,765	\$ 62,703	\$ 12,719	\$ 1,596	\$ 6,257		\$ 251,040
Total interest expense	31,436	18,137	3,597	72	9,704		62,946
Net interest income (loss)	136,329	44,566	9,122	1,524	(3,447)		188,094
Provision (benefit) for credit losses	44,592	17,583	1,988	(26,318)	(35)		37,810
Net interest income (loss) after loss provision	91,737	26,983	7,134	27,842	(3,412)		150,284
Other income	376	6	5,971	3,358	1,609		11,320
Operating expenses	(32,601)	(16,752)	(3,547)	(7,256)	(15,412)		(75,568)
Net income (loss) before taxes	59,512	10,237	9,558	23,944	(17,215)		86,036
Income tax (provision) benefit	(17,231)	(2,964)	(2,767)	(6,933)	4,985		(24,910)
Net income (loss) after taxes	42,281	7,273	6,791	17,011	(12,230)		61,126
Income attributable to the non-controlling interest							6,047
Total net income attributable to Medallion Financial Corp.							<u>\$ 55,079</u>
Balance Sheet Data							
Total loans, gross	\$ 1,336,222	\$ 760,621	\$ 114,827	\$ 3,663	\$ 553		\$ 2,215,886
Total assets	1,297,870	744,904	110,850	12,247	421,956		2,587,827
Total funds borrowed	1,062,584	609,863	90,754	10,027	345,462		2,118,690
Selected Financial Ratios							
Return on average assets	3.36%	1.04%	6.65%	91.25%	(3.13)%		2.51%
Return on average stockholders' equity	*	*	*	*	*		17.33
Return on average equity	21.24	6.60	41.51	574.86	(19.78)		15.79
Interest yield	13.07	8.86	12.80	26.94	NM		11.19
Net interest margin, gross	10.62	6.29	9.18	25.73	NM		8.38
Net interest margin, net of allowance	11.09	6.45	9.45	61.60	NM		8.68
Reserve coverage ⁽¹⁾	4.31	2.76	3.61	41.93	NM		3.80
Delinquency status ⁽²⁾	0.70	0.20	5.40	—	NM		0.77
Charge-off (recovery) ratio ⁽³⁾	3.04	1.33	1.02	(309.96)	NM		1.48

- (1) Allowance for credit loss as a percent of gross loans.
(2) Loans 90 days or more past due as a percent of total loans.
(3) Net charge-offs as a percent of annual average gross loans.
(NM) Not meaningful.
(*) Line item is not applicable to segments.

The following table presents segment data as of and for the year ended December 31, 2022.

<u>Year Ended December 31, 2022</u>	<u>Consumer Lending</u>					
<i>(Dollars in thousands)</i>	<u>Recreation</u>	<u>Home Improvement</u>	<u>Commercial Lending</u>	<u>Taxi Medallion Lending</u>	<u>Corporate and Other Investments</u>	<u>Consolidated</u>
Total interest income	\$ 139,145	\$ 44,703	\$ 9,348	\$ 632	\$ 2,793	\$ 196,621
Total interest expense	17,932	7,697	3,040	508	7,008	36,185
Net interest income (loss)	121,213	37,006	6,308	124	(4,215)	160,436
Provision (benefit) for credit losses	22,802	7,616	5,963	(6,474)	152	30,059
Net interest income (loss) after loss provision	98,411	29,390	345	6,598	(4,367)	130,377
Other income	—	14	3,306	4,341	1,865	9,526
Operating expenses	(30,463)	(13,514)	(4,910)	(10,520)	(12,646)	(72,053)
Net income (loss) before taxes	67,948	15,890	(1,259)	419	(15,148)	67,850
Income tax (provision) benefit	(17,989)	(4,207)	333	(111)	4,011	(17,963)
Net income (loss) after taxes	49,959	11,683	(926)	308	(11,137)	49,887
Income attributable to the non-controlling interest						6,047
Total net income attributable to Medallion Financial Corp.						\$ 43,840
Balance Sheet Data						
Total loans, gross	\$ 1,183,512	\$ 626,399	\$ 92,899	\$ 13,571	\$ 572	\$ 1,916,953
Total assets	1,154,680	618,923	101,447	25,496	359,333	2,259,879
Total funds borrowed	936,789	502,131	82,304	20,685	291,526	1,833,435
Selected Financial Ratios						
Return on average assets	4.38 %	1.95 %	(0.91) %	1.18 %	(3.02) %	2.40 %
Return on average stockholders' equity	*	*	*	*	*	14.92
Return on average equity	26.66	12.08	(5.50)	6.97	(18.40)	13.74
Interest yield	12.82	8.49	10.63	4.58	NM	10.70
Net interest margin, gross	11.17	7.03	7.17	0.90	NM	8.73
Net interest margin, net of allowance	11.57	7.16	7.28	2.76	NM	9.05
Reserve coverage ⁽¹⁾	3.55	1.81	1.13	69.93	NM	3.33
Delinquency status ⁽²⁾	0.64	0.09	0.08	6.52	NM	0.47
Charge-off (recovery) ratio ⁽³⁾	1.22	0.69	6.86	(47.51)	NM	0.96

- (1) Allowance for credit loss as a percent of gross loans.
(2) Loans 90 days or more past due as a percent of total loans.
(3) Net charge-offs as a percent of annual average gross loans.
(NM) Not meaningful.
(*) Line item is not applicable to segments.

(10) COMMITMENTS AND CONTINGENCIES

(A) EMPLOYMENT AGREEMENTS

The Company has employment agreements with certain key officers, including Mr. Alvin Murstein and Mr. Andrew Murstein, for either a one-, two-, or three-year term. Typically, the contracts with a one- or two-year term will renew for new one- or two-year terms unless prior to the term either the Company or the executive provides notice to the other party of its intention not to extend the employment period beyond the current one or two-year term (as applicable); however, in addition to Mr. Andrew Murstein's employment agreement, as further described below, there is currently one agreement that renews after two years for additional one-year terms and one agreement with a three-year term that does not have a renewal period. In the event of a change in control, as defined, during the employment period, the agreements provide for severance compensation to the executive in an amount equal to the balance of the salary, bonus, and value of fringe benefits which the executive would be entitled to receive for the remainder of the employment period.

On April 25, 2023, Mr. Alvin Murstein, the Company's Chairman of the Board and Chief Executive Officer, notified the Company of his election not to renew the term of his employment pursuant to the First Amended and Restated Employment Agreement, dated May 29, 1998, as amended, between him and the Company. Accordingly, the term of his employment as Chief Executive Officer of the Company will expire on May 28, 2027, unless sooner terminated in accordance with the provisions thereof.

In addition, on April 27, 2023, Mr. Andrew Murstein, the Company's President and Chief Operating Officer, entered into an amendment to the First Amended and Restated Employment Agreement, dated May 29, 1998, as amended, between him and the Company. Pursuant to such amendment, effective as of May 29, 2023, (i) the expiration of his then current term of employment shall be revised to end on May 28, 2027, and (ii) on May 29, 2024, and on each May 29 thereafter, such term of employment shall automatically renew each year for a three-year term unless, prior to the end of the first year of the then-applicable three-year term, either Mr. Murstein or the Company provides at least 30 days' advance notice to the other party of its intention not to renew the then-applicable term of employment for a new three-year term, in each case unless such employment term is otherwise terminated pursuant to the terms thereof.

Employment agreements expire at various dates through 2027, with future minimum payments under these agreements of approximately \$7.5 million as follows:

(Dollars in thousands)

2025	\$	4,097
2026		2,465
2027		904
Total	\$	7,466

(B) OTHER COMMITMENTS

As of December 31, 2024 the Company had no other commitments. Generally, any commitments would be on the same terms as loans to or investments in existing borrowers or investees, and generally have fixed expiration dates. Since some commitments would be expected to expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements.

(C) SEC LITIGATION

On December 29, 2021, the SEC filed a civil complaint in the U.S. District Court for the Southern District of New York against the Company and its President and Chief Operating Officer alleging certain violations of the anti-fraud, books and records, internal controls and anti-touting provisions of the federal securities laws. The litigation relates to certain issues that occurred during the period 2015 to 2017, including (i) the Company's retention of third parties in 2015 and 2016 concerning posting information about the Company on certain financial websites and (ii) the Company's financial reporting and disclosures concerning certain assets, including Medallion Bank, in 2016 and 2017, a period when the Company had previously reported as a business development company (BDC) under the Investment Company Act of 1940. In December 2024, the Company and its President and Chief Operating Officer reached an agreement in principle with the Division of Enforcement of the SEC, that if approved by the Commissioners of the SEC and the Court, would resolve this litigation.

Depending on the outcome of the litigation, and/or in the event that the Commissioners of the SEC or the Court were to decline to approve the settlement in principle, the Company could incur a loss and other penalties that could be material to the Company, its results of operations and/or financial condition, as well as a bar against its President and Chief Operating Officer. In addition, the Company has and may further incur significant legal fees and expenses in defending against such charges by the SEC and the Company may be subject to shareholder litigation relating to these SEC matters.

(D) OTHER LITIGATION AND REGULATORY MATTERS

The Company and its subsidiaries are subject to inquiries from certain regulators and are currently involved in various legal proceedings incident to the normal course of business, including collection matters with respect to certain loans. The Company intends to vigorously defend any outstanding claims and pursue its legal rights. In the opinion of management, based on the advice of legal counsel, except for the pending SEC litigation, as described above, there is no proceeding pending, or to the knowledge of management threatened, which in the event of an adverse decision could result in a material adverse impact on the financial condition or results of operations of the Company.

(11) RELATED PARTY TRANSACTIONS

Certain directors, officers, and stockholders of the Company are also directors and officers of its main consolidated subsidiaries, MFC, Medallion Capital, FSVC, and the Bank, as well as other subsidiaries. Officer salaries are set by the Board of Directors of the Company.

Jeffrey Rudnick, the son of one of the Company's directors, served as the Company's Senior Vice President at a salary of \$260,988, \$250,950, and \$239,000 for the years ended December 31, 2024, 2023, and 2022, which was increased to \$269,000 effective January 1, 2025. Mr. Rudnick received an annual cash bonus of \$75,000, \$95,000, and \$85,000 as well as an equity grants in the amount of \$50,000, \$52,000, and \$50,000 for the years ended December 31, 2024, 2023, and 2022.

(12) EMPLOYEE BENEFIT PLANS

The Company has a 401(k) Investment Plan, or the 401(k) Plan, which, effective June 1, 2022, covers all full-time and part-time employees of the Company who have attained the age of 18 and have a minimum of thirty (30) days of service. Under the 401(k) Plan, an employee may elect to defer not less than 1% of total annual compensation, up to the applicable limits set forth in the Internal Revenue Code. Employee contributions are invested in various mutual funds according to the directions of the employee. Once eligible full-time employees have completed a minimum of ninety (90) days of service, and part-time employees have worked at least 1,000 hours, the Company matches employee contributions to the 401(k) Plan in an amount per employee equal to fifty percent of the first 8% of the employee's annual contributions, subject to legal limits. Prior to June 1, 2022, the 401(k) Plan covered full- and part-time employees of the Company aged 21 and older that had completed a minimum of thirty (30) days of service, with the Company matching one-third of the first 6% of the contributions of eligible employees that had completed at least one (1) year of service (in the case of full-time employees) or 1,000 hours (in the case of part-time employees). The Company's 401(k) plan expense was approximately \$0.6 million, \$0.5 million, and \$0.3 million for the years ended December 31, 2024, 2023, and 2022.

(13) FAIR VALUE OF FINANCIAL INSTRUMENTS

FASB ASC Topic 825, "Financial Instruments," requires disclosure of fair value information about certain financial instruments, whether assets, liabilities, or off-balance-sheet commitments, if practicable. The following methods and assumptions were used to estimate the fair value of each class of financial instrument. Fair value estimates that were derived from broker quotes cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instrument.

(a) Cash and cash equivalents – Book value equals fair value.

(b) Investment securities – The Company's investments are recorded at the estimated fair value of such investments.

(c) Loans receivable – A discounted cash flow method under the income approach is utilized to estimate the market value of the loan portfolio. The discounted cash flow method relies upon assumptions about the amount and timing of scheduled principal and interest payments, principal prepayments, and current market rates. The loan portfolio is aggregated into categories based on loan type and credit quality. For each loan category, weighted average statistics, such as coupon rate, age, and remaining term are calculated. These are Level 3 valuations. Prior to the second quarter of 2024, fair value was reported as approximating book value.

(d) Loans held for sale – Loans held for sale consist of Recreation loans and Strategic Partnership loans intended to be sold on the secondary market. Loans held for sale are recorded at the lower of amortized cost or fair value.

(e) Accrued interest receivable – Book value equals market value.

(f) Floating rate borrowings – Due to the short-term nature of these instruments, the carrying amount approximates fair value.

(g) Fixed rate borrowings – The fair value for certificates of deposit is estimated by using discounted cash flow analyses, based on market spreads to benchmark rates, and are considered Level 2 valuations. Prior to the second quarter of 2024, fair value was reported as approximating book value.

(h) Fixed rate borrowings – The fair value for certificates of deposit is estimated by using discounted cash flow analyses, based on market spreads to benchmark rates, and are considered Level 2 valuations. Prior to the second quarter of 2024, fair value was reported as approximating book value.

(i) Accrued interest payable – Due to the short-term nature of these instruments, the carrying amount approximates fair value.

(j) Commitments to extend credit – The fair value of commitments to extend credit is estimated using the fees currently charged to enter into similar agreements, taking into account the remaining terms of the agreements and present creditworthiness of the counter parties. For fixed rate loan commitments, fair value also includes a consideration of the difference between the current levels of interest rates and the committed rates. At December 31, 2024 and 2023, the estimated fair value of these off-balance-sheet instruments was not material.

The following tables present the carrying amounts and fair values of the Company's financial instruments as of December 31, 2024 and 2023.

	December 31, 2024				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
Financial assets					
Cash, cash equivalents, and federal funds sold ⁽¹⁾	\$ 169,572	\$ 169,572	\$ 168,322	\$ 1,250	\$ —
Investment securities	54,805	54,805	—	54,805	—
Loans held for investment, net of allowance	2,265,428	2,238,645	—	—	2,238,645
Loans held for sale, at lower of amortized cost or fair value	128,226	133,244	—	—	133,244
Accrued interest receivable ⁽²⁾	15,314	15,314	15,314	—	—
Equity securities	1,732	1,732	1,732	—	—
Financial liabilities					
Funds borrowed ⁽³⁾	2,379,413	2,371,434	—	2,371,434	—
Accrued interest payable	8,231	8,231	8,231	—	—

- (1) Includes federal funds sold and interest bearing deposits in other banks.
(2) Included within other assets on the balance sheet.
(3) Excludes deferred financing costs of \$8.2 million as of December 31, 2024.

	December 31, 2023				
	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
(Dollars in thousands)					
Financial assets					
Cash, cash equivalents, and federal funds sold ⁽¹⁾	\$ 149,845	\$ 149,845	\$ 148,595	\$ 1,250	\$ —
Investment securities	54,282	54,282	—	54,282	—
Loans held for investment, net of allowance	2,131,651	2,131,651	—	—	2,131,651
Accrued interest receivable ⁽²⁾	13,538	13,538	13,538	—	—
Equity securities	1,748	1,748	1,748	—	—
Financial liabilities					
Funds borrowed ⁽³⁾	2,118,689	2,118,689	—	2,118,689	—
Accrued interest payable	6,822	6,822	6,822	—	—

- (1) Includes federal funds sold and interest bearing deposits in other banks.
(2) Included within other assets on the balance sheet.
(3) Excludes deferred financing costs of \$8.5 million as of December 31, 2023.

(14) FAIR VALUE OF ASSETS AND LIABILITIES

The Company follows the provisions of FASB ASC 820, which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and enhances disclosure requirements for fair value measurements.

In accordance with FASB ASC 820, the Company has categorized its assets and liabilities measured at fair value, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The Company's assessment and classification of an investment within a level can change over time based upon maturity or liquidity of the investment and would be reflected at the beginning of the quarter in which the change occurred.

As required by FASB ASC 820, when the inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement in its entirety. For example, a level 3 fair value measurement may include inputs that are observable (levels 1 and 2) and unobservable (level 3). Therefore, gains and losses for such assets and liabilities categorized within the level 3 table below may include changes in fair value that are attributable to both observable inputs (levels 1 and 2) and unobservable inputs (level 3).

Assets and liabilities measured at fair value, recorded on the consolidated balance sheets, are categorized based on the inputs to the valuation techniques as follows:

Level 1. Assets and liabilities whose values are based on unadjusted quoted prices for identical assets or liabilities in an active market that the Company has the ability to access (examples include active exchange-traded equity securities, exchange-traded derivatives, most U.S. Government and agency securities, and certain other sovereign government obligations).

Level 2. Assets and liabilities whose values are based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability. Level 2 inputs include the following:

- a) Quoted prices for similar assets or liabilities in active markets (for example, restricted stock);
- b) Quoted price for identical or similar assets or liabilities in non-active markets (for example, corporate and municipal bonds, which trade infrequently);
- c) Pricing models whose inputs are observable for substantially the full term of the asset or liability (examples include most over-the-counter derivatives, including interest rate and currency swaps); and
- d) Pricing models whose inputs are derived principally from or corroborated by observable market data through correlation or other means for substantially the full term of the asset or liability (examples include certain residential and commercial mortgage-related assets, including loans, securities, and derivatives).

Level 3. Assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect management's own assumptions about the assumptions a market participant would use in pricing the assets or liability (examples include certain private equity investments, and certain residential and commercial mortgage-related assets, including loans, securities, and derivatives).

A review of fair value hierarchy classification is conducted on a quarterly basis. Changes in the observability of valuation inputs may result in a reclassification for certain assets or liabilities. Reclassifications impacting level 3 of the fair value hierarchy are reported as transfers in/out of the level 3 category as of the beginning of the quarter in which the reclassifications occur.

Equity investments were recorded at cost less impairment plus or minus observable price changes. Commencing in 2020, the Company elected to measure equity investments at fair value on a non-recurring basis.

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Level 1	Level 2	Level 3	Total
Assets				
Investment securities ⁽¹⁾	—	54,805	—	54,805
Equity securities	1,732	—	—	1,732
Total	<u>\$ 1,732</u>	<u>\$ 56,055</u>	<u>\$ —</u>	<u>\$ 57,787</u>

(1) Total unrealized gains of less than \$0.1 million, net of tax, was included in comprehensive loss for the year ended December 31, 2024 related to these assets.

December 31, 2023 <i>(Dollars in thousands)</i>	Level 1	Level 2	Level 3	Total
Assets				
Investment securities ⁽¹⁾	\$ —	\$ 54,282	\$ —	\$ 54,282
Interest-bearing deposits	—	1,250	—	1,250
Equity securities	1,748	—	—	1,748
Total	<u>\$ 1,748</u>	<u>\$ 55,532</u>	<u>\$ —</u>	<u>\$ 57,280</u>

Total unrealized losses of \$0.3 million, net of tax, was included in other comprehensive loss for the year ended December 31, 2023 related to these assets.

The following tables present the Company's fair value hierarchy for those assets and liabilities measured at fair value on a non-recurring basis as of December 31, 2024 and 2023.

December 31, 2024 <i>(Dollars in thousands)</i>	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	\$ —	\$ —	\$ 1,374	\$ 1,374
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 1,374</u>	<u>\$ 1,374</u>

December 31, 2023 <i>(Dollars in thousands)</i>	Level 1	Level 2	Level 3	Total
Assets				
Equity investments	\$ —	\$ —	\$ 11,430	\$ 11,430
Nonaccrual loans	—	—	25,974	25,974
Loan collateral in process of foreclosure	—	—	11,772	11,772
Total	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 49,176</u>	<u>\$ 49,176</u>

Significant Unobservable Inputs

ASC Topic 820 requires disclosure of quantitative information about the significant unobservable inputs used in the valuation of assets and liabilities classified as level 3 within the fair value hierarchy. The tables below are not intended to be all-inclusive, but rather to provide information on significant unobservable inputs and valuation techniques used by the Company.

The valuation techniques and significant unobservable inputs used in non-recurring level 3 fair value measurements of assets and liabilities as of December 31, 2024 and 2023.

<i>(Dollars in thousands)</i>	Fair Value at December 31, 2024	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Equity investments	\$ 1,374	Investee financial analysis	Financial condition and operating performance of the borrower ⁽¹⁾	N/A

<i>(Dollars in thousands)</i>	Fair Value at December 31, 2023	Valuation Techniques	Unobservable Inputs	Range (Weighted Average)
Equity investments	\$ 11,157	Investee financial analysis	Financial condition and operating performance of the borrower ⁽¹⁾	N/A
	273	Precedent market transaction	Collateral support	N/A
			Offering price	\$8.73 / share
Nonaccrual loans	25,974	Market approach	Historical and actual loss experience	0.00% - 28.48%
			Transfer prices ⁽²⁾	60% of balance
			Collateral value	\$0.0 - \$79.5
Loan collateral in process of foreclosure	11,772	Market approach	Collateral value	N/A
			Transfer prices ⁽²⁾	\$0.0 - \$79.5
			Collateral value ⁽³⁾	\$2.3 - \$45.0

(1) Includes projections based on revenue, EBITDA, leverage and liquidation amounts. These assumptions are based on a variety of factors, including economic conditions, industry and market developments, market valuations of comparable companies, and company-specific developments, including exit strategies and realization opportunities.

(2) Represents amount net of liquidation costs.

(3) Relates to the recreation loan portfolio.

(15) MEDALLION BANK PREFERRED STOCK (Non-controlling interest)

On December 17, 2019, the Bank closed an initial public offering of 1,840,000 shares of its Fixed-to-Floating Rate Non-Cumulative Perpetual Preferred Stock, Series F, with a \$46.0 million aggregate liquidation amount, yielding net proceeds of \$42.5 million, which were recorded in the Bank's shareholders' equity. Dividends are payable quarterly from the date of issuance to, but excluding April 1, 2025, at a rate of 8% per annum, and from and including April 1, 2025, at a floating rate equal to a benchmark rate (which is expected to be the three-month Secured Overnight Financing Rate, or SOFR) plus a spread of 6.46% per annum.

On July 21, 2011, the Bank issued, and the U.S. Treasury purchased, 26,303 shares of Senior Non-Cumulative Perpetual Preferred Stock, Series E for an aggregate purchase price of \$26.3 million under the Small Business Lending Fund Program, or SBLF, with a liquidation amount of \$1,000 per share. The SBLF is a voluntary program intended to encourage small business lending by providing capital to qualified smaller banks at favorable rates. The Bank pays a dividend rate of 9% on the Series E.

(16) PARENT COMPANY ONLY CONDENSED FINANCIAL STATEMENTS

The following presents the condensed financial information of Medallion Financial Corp. (parent company only).

Condensed Balance Sheets

(Dollars in thousands)	December 31,	
	2024	2023
Assets		
Cash	\$ 26,395	\$ 31,001
Investment in bank subsidiary ⁽¹⁾	552,326	523,189
Investment in non-bank subsidiaries	96,653	88,931
Income tax receivable	21,870	21,951
Net loans	361	2,403
Loan collateral in process of foreclosure	782	795
Other assets	4,933	6,613
Total assets	\$ 703,320	\$ 674,883
Liabilities		
Long-term borrowings ⁽²⁾	\$ 177,169	\$ 166,625
Short-term borrowings	—	3,000
Deferred tax liabilities	38,096	35,719
Intercompany payables	31,435	32,600
Other liabilities	17,662	25,165
Total liabilities	264,362	263,109
Parent company equity	370,170	342,986
Non-controlling interest	68,788	68,788
Total stockholders' equity	438,958	411,774
Total liabilities and equity	\$ 703,320	\$ 674,883

(1) Includes \$169.9 million and \$171.4 million of goodwill and intangible assets of the Company which relate specifically to the Bank and \$68.8 million related to non-controlling interests in consolidated subsidiaries as of December 31, 2024 and 2023.

(2) Includes \$2.3 million and \$2.8 million of deferred financing costs as of December 31, 2024 and 2023.

Condensed Statements of Operations

(Dollars in thousands)	Year Ended December 31,		
	2024	2023	2022
Dividend income	\$ 25,600	\$ 25,125	\$ 24,750
Interest income (loss)	1,260	1,243	(119)
Total Dividend and interest income	26,860	26,368	24,631
Interest expense	14,800	12,771	11,289
Net interest income	12,060	13,597	13,342
Allowance for credit losses	(133)	(310)	(353)
Net interest income after allowance for credit losses	12,193	13,907	13,695
Other income, net ⁽¹⁾	997	2,625	3,939
Other expense, net	18,656	22,781	22,362
Income (loss) before income taxes and undistributed earnings of subsidiaries	(5,466)	(6,249)	(4,728)
Income tax benefit	3,095	5,291	7,940
Income (loss) before undistributed earnings of subsidiaries	(2,371)	(958)	3,212
Undistributed earnings of subsidiaries	38,249	56,037	40,628
Net income attributable to parent company	\$ 35,878	\$ 55,079	\$ 43,840

(1) Includes \$1.0 million, \$3.1 million, and \$4.9 million of net gains on the disposition of taxi medallion assets for the years ended December 31, 2024, 2023, and 2022.

Condensed Statements of Other Comprehensive Income

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
Net income	\$ 35,878	\$ 55,079	\$ 43,840
Other comprehensive loss, net of tax	49	(347)	(4,383)
Total comprehensive income attributable to Medallion Financial Corp.	\$ 35,927	\$ 54,732	\$ 39,457

Condensed Statements of Cash Flow

<i>(Dollars in thousands)</i>	Year Ended December 31,		
	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income/net decrease in net assets resulting from operations	\$ 35,878	\$ 55,079	\$ 43,840
Adjustments to reconcile net income/net decrease in net assets resulting from operations to net cash provided by operating activities:			
Equity in undistributed (earnings) losses of subsidiaries	(63,846)	(81,164)	(64,300)
Benefit for credit losses	(133)	(310)	(353)
Depreciation and amortization	2,252	2,198	2,740
Change in deferred and other tax assets/liabilities, net	2,458	(947)	(1,780)
Net change in loan collateral in process of foreclosure	—	252	64
Stock-based compensation expense	6,053	4,713	3,476
Decrease (increase) in other assets	1,680	990	1,055
Increase in deferred financing costs	(272)	(1,437)	(39)
Decrease in intercompany payables	(1,165)	(778)	(6,325)
(Decrease) increase in other liabilities	(7,614)	(134)	5,430
Net cash used for operating activities	(24,709)	(21,538)	(16,192)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans originated	(110)	(1,612)	(92)
Proceeds from principal receipts, sales, and maturities of loans and investments	1,864	2,057	723
Proceeds from sale and principal payments of loan collateral in process of foreclosure	434	954	3,697
Investment in subsidiaries	—	(5,125)	(4,750)
Dividends from subsidiaries	25,600	25,125	24,750
Net cash provided by investing activities	27,788	21,399	24,328
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from funds borrowed	10,000	51,500	—
Repayments of funds borrowed	(3,000)	(33,000)	—
Treasury stock repurchased	(4,606)	—	(20,619)
Dividends paid to shareholders	(9,394)	(7,703)	(7,543)
Payment of withholding taxes on net settlement of vested stock	(944)	(768)	—
Proceeds from the exercise of stock options	259	442	155
Net cash (used for) provided by financing activities	(7,685)	10,471	(28,007)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(4,606)	10,332	(19,871)
Cash and cash equivalents, beginning of period	31,001	20,669	40,540
Cash and cash equivalents, end of period	\$ 26,395	\$ 31,001	\$ 20,669

(17) SUBSEQUENT EVENTS

The Company has evaluated the effects of events that have occurred subsequent to December 31, 2024, through the date of financial statement issuance for potential recognition or disclosure. As of such date, there were no subsequent events that required recognition or disclosure.



Medallion Financial Corp.

**Code of Ethical Conduct and
Insider Trading Policy**

(as amended on October 25, 2024)

I. Code of Conduct and Ethics

1. PURPOSE

It is vital to the financial success of Medallion Financial Corp. and its wholly-owned subsidiaries (together, the “Company”) that we conduct our business with honesty and integrity and in compliance with all applicable legal and regulatory requirements. This Code of Conduct and Ethics sets out the fundamental standards to be followed by employees in their everyday actions on behalf of the Company and seeks to promote honest and ethical conduct. Further guidance on the Company’s standards in specific areas will be provided through related corporate policies and guidelines.

2. SCOPE

This policy applies to all Company employees.

3. POLICY

Each Company employee must:

Conduct the Company’s business with honesty and integrity and in a professional manner that protects the Company’s good public image and reputation.

Build relationships with customers, vendors, and fellow employees based on trust and treat every individual with respect and dignity in the conduct of Company business.

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.

Avoid actual or potential conflicts of interest with the Company, or the appearance thereof, in all transactions. See the *Conflicts of Interest Policy* for further guidance.

Provide accurate and reliable information in records submitted, safeguard the Company's confidential information, and respect the confidential information of other parties with whom the Company does business or competes.

Promptly report to the Company any violations of law or ethical principles or Company policies that come to the employees' attention, and cooperate fully in any audit, inquiry, review or investigation by the Company.

4. RESPONSIBILITY

All employees must uphold these standards in the conduct of Company business and the Company must handle, in a manner consistent with these standards and related policies, all actual and apparent conflicts of interest between personal and professional relationships and all other matters governed by this Code of Conduct and Ethics and such related policies. If a decision about a particular action is not covered specifically by this Code or related corporate policies, employees are required to seek guidance from their supervisor or appropriate internal resources, such as Human Resources, Legal Department or Chief Compliance Officer.

Senior management should be a role model for these standards by visibly demonstrating support and by regularly encouraging adherence by managers. Managers should ensure all their employees receive guidance, training, and communication on ethical behavior and legal compliance relevant to their duties for the Company.

Failure by any employee to comply with this or any other Company policy will subject employees, including supervisors who ignore prohibited conduct, or have knowledge of the conduct and fail to correct it, to disciplinary action up to and including separation from employment with the Company.

II. Conflicts of Interest Policy

1. PURPOSE

A conflict of interest occurs whenever an employee permits the prospect of direct or indirect personal gain to influence his or her judgment or actions in the conduct of corporate business. This policy establishes requirements for employees to avoid an actual or perceived conflict of interest with the interests of Medallion Financial Corp. or any of its wholly-owned subsidiaries (together, the “Company”).

2. SCOPE

This policy applies to all Company employees.

3. POLICY

3.1. The Company expects all its employees to be free from actual or potential conflicts of interest when dealing with other persons or business entities on behalf of the Company. While the Company desires that its employees be free to make personal investments and to enjoy social and normal business relations, they must not have any personal interest that conflicts with those of the Company, or which might influence or appear to influence their judgment or actions in performing their corporate duties. The key to addressing any conflicts of interests is full disclosure. Often, with prior disclosure, a potential conflict may be resolved.

3.2. This policy acknowledges the general principles that employees: (i) owe a fiduciary obligation to the Company; (ii) have the duty at all times to place the interest of the Company shareholders first; (iii) must conduct all personal securities transactions in such a manner as to avoid any actual or potential conflict of interest or abuse of an individual’s position of trust and responsibility; and (iv) should not take inappropriate advantage of their positions in relation to the Company.

3.3 While it is not practical to describe every circumstance that might lead an employee into conflict with the aims and interest of the Company, the following examples highlight areas in which conflicts may arise. In other cases, employees should seek guidance from the Chief Compliance Officer.

3.3.1 The holding by an employee or any member of his or her immediate family of any substantial financial interest in any enterprise which engages competitively in any field of activity engaged in by the Company or which has, or is seeking, business dealings (e.g. as suppliers or customers) with the Company without the written approval described in Section 4 below.

3.3.2 Acting as a director, officer, employee, consultant, advisor or in any other capacity for any business or other organization with which the Company currently (or potentially) has a competitive or business relationship without the written approval as described in Section 4 below.

3.3.3 Engaging in any outside activity with an individual, business or organization which currently (or potentially) has a competitive or business relationship with the Company where such activity is likely to decrease the impartiality, judgment,

effectiveness, or productivity expected from such employee in his or her job without the written approval as described in Section 4 below.

- 3.3.4 Acceptance, directly or indirectly, from an individual, business or organization which currently (or potentially) has a competitive or business relationships with the Company by an employee or any member of an employee's immediate family of any vacations, cash, cash equivalents, service, payment, loan, discount, gifts, or entertainment except as provided in the Company's *Acceptance of Gifts and Entertainment Policy*.
- 3.3.5 Knowingly competing with the Company in the purchase or sale of any kind of property – tangible or intangible; or diversion from the Company, for the employee's own direct or indirect benefit, of a business opportunity in which the Company has, or is likely to have, and interest.
- 3.3.6 Recommending any securities transactions by the Company without having disclosed his or her interest, if any, in such securities or the issuer thereof, including without limitation (i) any direct or indirect ownership of any securities of such issuer, (ii) any contemplated transaction by such person in such securities, (iii) any position with such issuer or its affiliates, and (iv) any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.

4. PROCEDURE

- 4.1 If an employee has any doubt about whether a conflict of interest exists, the employee must promptly disclose the situation to their supervisor or the Chief Compliance Officer and seek appropriate guidance before taking any action. This includes situations where members of the employee's immediate family hold or assume positions in any business or other organization which may cause the employee to have a conflict with the aims and interests of the Company.
- 4.2 If there is any question or concern regarding a potential conflict of interest, prior review and written approval should be obtained from the Chief Compliance Officer or the Chief Legal Officer.

5. RESPONSIBILITY

- 5.1 All employees are responsible for compliance with this policy.
- 5.2 Senior management of the Company and the Company business units are ultimately responsible for ensuring this policy is communicated to all of their employees and their employees comply with this policy.

III. Acceptance of Gifts and Entertainment Policy

1. PURPOSE

This policy provides the standards and limitations governing the acceptance of entertainment and gifts from any person, organization or agency related to, or associated with the business activities of Medallion Financial Corp. or any of its wholly-owned subsidiaries (together, the “Company”). Inappropriate entertainment and gifts can create conflicts of interest or at least the appearance that employees’ business judgments in decisions on behalf of the Company are being improperly influenced by what they receive from third parties. This can harm the Company’s good reputation and its relationships with external parties.

2. SCOPE

This policy applies to all Company employees.

3. POLICY

3.1. The Company’s reputation and the respect of those with whom it deals are among its most vital assets. These assets must not be jeopardized by acceptance of any entertainment, gift or other favor intended to or perceived by others to influence the business judgment of the recipient. This requires:

- Adherence to high standards of ethical conduct, integrity and legal compliance; and
- Avoidance of conflicts of interest and the perception of impropriety

3.2. Entertainment:

3.2.1 Employees may accept entertainment when it is:

- Lawful and ethical;
- Occasional;
- Customary and reasonable in value; and
- In support of the Company’s business and not just for the employee’s well-being or use.

3.2.2 Costs of travel and overnight accommodation should not be accepted, as these are not considered entertainment, which is reasonable in value.

3.2.3 If you are in doubt, follow the procedure in Section 4, disclose the situation to your supervisor or the Chief Compliance Officer and seek appropriate guidance.

3.3 Gifts:

3.3.1 Employees may not accept any gift of more than a de minimis value (i.e. \$250 or less) from any person or entity that does business with or on behalf of the Company.

3.3.2 Gifts of greater than de minimis value should be politely declined and returned to the sender in a timely manner. In the rare circumstance where it would be awkward to return such a gift, the gift should be handed over to Human Resources for appropriate disposition.

3.3.3 Employees may accept frequent flyer miles awarded by airlines for business travel for the Company, provided that the travel option selected is in accordance with the corporate travel policy and is solely based on the best interest of the Company in terms of cost, timing, and good procurement practices.

3.4 Except as permitted under sections 3.2 and 3.3 above, employees (and members of their immediate family) must not accept or solicit, directly or indirectly, from any vendor or supplier of the Company, current or potential, any entertainment or gifts, including, but not limited to:

- Vacations;
- Cash payments;
- Cash equivalents (e.g., gift certificate);
- Services;
- Loans (except as private individuals from banks or other financial institutions); or
- Discounts (except those offered to employees of the Company generally).

4. PROCEDURE

4.1. If an employee has any doubt about whether it is appropriate to accept entertainment or a gift, you must promptly disclose the situation to your supervisor or the Chief Compliance Officer and seek appropriate guidance before taking any action.

5. RESPONSIBILITY

5.1 All employees are responsible for compliance with this policy.

5.2 Senior management of the Company is ultimately responsible for ensuring that this policy is communicated to all of their employees and that their employees comply with this policy.

IV. Insider Trading Policy

As a public company, the Company is subject to various federal and state laws and regulations governing trading in its securities. It is the Company's policy to comply fully, and to assist its employees in complying fully with these laws and regulations. The Company depends upon the conduct and diligence of its employees, in both their professional and personal capacities, to ensure full compliance with this Policy. This Policy provides procedures and guidelines with respect to transactions in the Company's securities and the securities of Target Companies (as defined below), the protection of material, non-public information and the standard of conduct expected of the Company's employees in this highly sensitive area. It is the personal obligation and responsibility of each employee to act in a manner consistent with this Policy.

The Company is also subject to this Policy when the Company is purchasing or selling the Company's securities. The Company may not conduct or execute any transactions involving the Company's securities while in possession of material non-public information concerning the Company, provided that this restriction does not apply to transactions pursuant to pre-authorized trading plans or arrangements for trading securities that are designed to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended.

The administration of this Insider Trading Policy shall be responsibility of the Chief Compliance Officer. Any questions concerning this Policy should be addressed to the Company's Legal Department.

A. DEFINITIONS

(1) "Access Person" means an officer, director or employee of the Company and its subsidiaries that has investment decision-making power over publicly traded securities and is designated by the Chief Compliance Officer from time to time as an Access Person.

(2) "Control" means the power to exercise a controlling influence over the management or policies of a company (unless such power is the sole result of an official position with such company). Any person who owns beneficially, directly or through one of more controlled companies, more than twenty-five percent (25%) of the voting securities of a company shall be presumed to control such company. Natural persons shall be presumed not to be controlled persons.

(3) "Covered Person" includes any officers or directors of the Company or its subsidiaries, its other employees, consultants, contractors and investment advisors, as well as members of such persons' immediate families and personal households.

(4) "Independent Director" means any Director of the Company who is an "independent director" as defined in the applicable NASDAQ Marketplace Rules.

(5) "Security" includes all stock, debt obligations and other instruments, including any warrant or option to acquire or sell a security and financial futures contracts, but excludes securities issued by the U.S. government or its agencies, bankers, acceptance, bank certificates of deposit, commercial paper, repurchase agreements and shares of a mutual fund.

(6) "Target Company" means a company that the Company is considering acquiring or in which it is considering making an investment.

(7) “Trading Day” shall mean a day on which the NASDAQ National Market is open for trading. A Trading Day begins at the time trading begins on such day.

B. RULE 10b-5 UNDER THE SECURITIES EXCHANGE ACT OF 1934

1. LEGAL BACKGROUND

“Insider trading” is a top enforcement priority of the Securities and Exchange Commission (“SEC”), the Nasdaq Stock Market, Inc. (“NASDAQ”) and the Department of Justice. Criminal prosecutions for insider trading are commonplace and may result in fines and/or imprisonment. *What is insider trading?* While the term “insider trading” is not specifically defined in federal statutes, the prohibition against such trading generally is understood to prohibit any person from (1) trading on the basis of material, non-public information, (2) tipping such information to others or recommending the purchase or sale of securities on the basis of such information or (3) assisting someone who is engaged in any of the above activities.

Who is an insider? The term “insider” applies to anyone who, by virtue of a special relationship with a company, possesses material, non-public information regarding the business of that company.

An individual can be considered an insider for a limited time with respect to certain material, non-public information even though he or she is not a director or officer. For example, an executive assistant who knows that an acquisition is about to occur may be regarded as an insider with respect to that information until the news of such acquisition has been fully disclosed to the public.

What is material, non-public information? An occurrence of “insider trading” involves a breach of a fiduciary duty with respect to, or misappropriation of, information that is both material and non-public. Information is generally deemed to be “material” if a “reasonable investor” would rely on it in deciding to purchase, sell or hold a security to which the information relates. As a practical matter, materiality often is determined after the fact, when it is known that someone has traded on the information and after the information itself has been made public and its effects upon the market are more certain. Examples of information that is generally regarded as material are:

- Financial results;
- Major proposed or pending acquisitions, investments or divestitures;
- Significant project or product developments;
- Changes in key personnel;
- Changes in dividends;
- Stock splits;
- New equity or debt offerings;
- Positive or negative developments in outstanding litigation;
- Significant litigation exposure due to actual or threatened litigation; and
- Any other facts which might cause the Company’s financial results to be substantially affected.

“Non-public” information is any information that has not been previously disclosed and is not otherwise available to investors generally. Filings with the SEC, press reports and analyst reports are generally regarded as public information. Information about undisclosed financial results or a possible merger, acquisition or other material development, whether concerning the Company or otherwise, and obtained in the normal course of employment or through a rumor, tip or just “loose talk”, is not public information. Information should be considered “non-public” until at least two Trading Days after such

information has been disseminated widely to the general public through press releases, news tickers, newspaper items, quarterly or annual reports or other widely disseminated means.

Potential Criminal and Civil Liability

The Securities Exchange Act of 1934, as amended (the “1934 Act”), and specifically Rule 10b-5 of the 1934 Act, makes it unlawful for any person to make false statements or omit to state material facts in connection with the purchase or sale of any security. There are no limits on the size of a transaction that will trigger insider trading liability. In the past, relatively small trades have resulted in SEC investigations and lawsuits.

Individuals found liable for insider trading face penalties of up to three times the profit gained or loss avoided, a criminal fine of up to \$1 million and up to ten years in jail. In addition to the potential criminal and civil liabilities mentioned above, in certain circumstances the Company may be able to recover all profits made by an insider who traded illegally, plus collect other damages. In addition, the Company (and its executive officers and directors) could itself face penalties of the greater of \$1 million or three times the profit gained or loss avoided as a result of an employee’s violation and/or a criminal penalty of up to \$2.5 million for failing to take steps to prevent insider trading.

The procedures regarding securities trading outlined below are designed to deter and, where possible, to prevent such improper trading.

2. POLICIES REGARDING TRANSACTIONS IN THE COMPANY’S SECURITIES

The following policies apply to all transactions, direct or indirect, in all of the Company’s securities, including the Company’s common stock and those shares of common stock that may be held in any Company 401(k) retirement savings plan, pension plan, retirement plan or other similar plan.

No Trading on Material, Non-Public Information. No Covered Person who is aware of any material, non-public information concerning the Company or a third-party with whom the Company does business, shall engage in any transaction involving a purchase or sale of the Company’s or such third-party’s securities, including any offer to purchase or sell, during any period commencing with the date that he or she obtains such material, non-public information and ending at the beginning of the third Trading Day following the date of public disclosure of that information, or at such time as the non-public information is no longer material.

No Tipping. No Covered Person shall disclose (“tip”) material, non-public information to any other person (including family members) where such information may be used by such person to his or her profit by trading in the securities of the company to which such information relates, nor shall an employee make any recommendations or express any opinions on the basis of material, non-public information as to trading the Company’s securities.

No Trading During Black-Out Periods. Covered Persons are subject to a black-out period during which they are prohibited from conducting any transaction involving the purchase or sale of the Company’s securities. The black-out period typically begins at the close of the market on the fourteenth (14th) day prior to the close of any fiscal quarter and ends at the open of the market on the third Trading Day following the release of the Company’s quarterly or annual financial results for that particular quarter (the “Black-Out Period”). The Chief Compliance Officer will send out e-mails alerting the Company’s directors, officers and employees to the start and the end of each Black-Out Period. The prohibition against trading during the Black-Out Period also prohibits the fulfillment of “limit orders” by any broker

for such Covered Person, and the brokers with whom any such “limit order” is placed must be informed of such prohibition at the time such “limit order” is placed.

Notwithstanding the foregoing, a transaction may be exempt from this prohibition if it is made pursuant to a written trading plan that has been approved in advance in writing by the Company’s Chief Compliance Officer and that meets all of the requirements of the SEC’s rules and regulations, including Rule 10b5-1 of the 1934 Act.

The Black-Out Period restriction may be waived in individual cases at the discretion of the Company’s Chief Compliance Officer.

No Short Sales. No Covered Person shall engage in the short sale of the Company’s securities. A short sale is a sale of securities not owned by the seller or, if owned, not delivered against such sale within twenty days thereafter (a “short against the box”).

No Investments in Derivatives of the Company’s Securities. No Covered Person shall invest in Company-based derivative securities. “Derivative Securities” are options, warrants, stock appreciation rights or similar rights whose value is derived from the value of an equity security, such as the Company’s common stock. This prohibition includes, but is not limited to, trading in Company-based put or call option contracts, trading in straddles and the like. However, holding and exercising stock options or other derivative securities granted under the Company’s stock option plans is not prohibited by this Policy.

No Margin Purchases. No Covered Person shall purchase the Company’s securities on margin. This means such persons are prohibited from borrowing from a brokerage firm, bank or other entity in order to purchase the Company’s securities (other than in connection with exercises of stock options under the Company’s equity compensation plans).

Pre-Clearance of Trading by Covered Persons

If a Covered Person is contemplating a transaction in the Company’s securities, the proposed transaction must be pre-cleared with either the Company’s Chief Compliance Officer or his or her designee, even if the proposed transaction is to take place outside of the Black-Out Period.

It should be noted that any person who possesses material, non-public information, regardless of whether or not it is within the Black-Out Period or not, should not engage in any transaction involving the Company’s securities.

Exceptions to the Prohibitions on Trading

The only exceptions to this Policy’s prohibitions of trading in the Company’s securities as outlined above are the following:

- 1) *Stock Option Exercises* – Exercises in stock options granted under the Company’s stock option plans; however, this exception *does not* include the subsequent sale of the shares acquired pursuant to the exercise of a stock option; and
- 2) *Bona Fide Gifts* – Bona fide gifts of securities are not deemed to be transactions for the purposes of this Policy. Whether a gift is truly bona fide will depend on the circumstances surrounding a specific gift. The more unrelated the donee is to the donor, the more likely the gift would be considered “bona fide” and not a “transaction.” For example, gifts to charities, churches or

non-profit organizations would not be deemed to be “transactions.” However, gifts to dependent children followed by a sale of the “gifted securities” in close proximity to the time of the gift may imply some economic benefit to the donor and, therefore, may be deemed to be a “transaction” and not a “bona fide gift.”

Supervisory Personnel

Any person with supervisory authority over any Company personnel promptly shall report to the Company’s Chief Compliance Officer any securities trading by supervised personnel which he or she knows violates this Policy.

Prohibition Against All Trading

From time to time, in unusual circumstances, the Company’s Chief Compliance Officer may issue an advisory prohibiting all trading by all Covered Persons in the securities of the Company or other securities of a company with which the Company has a material relationship.

3. POLICIES REGARDING THE USE, DISCLOSURE AND PROTECTION OF MATERIAL, NON-PUBLIC INFORMATION

All Covered Persons have ethical and legal responsibilities to maintain the confidentiality of material, non-public information.

Use and Disclosure of Material, Non-Public Information. Under no circumstances may a Covered Person use material, non-public information about the Company for his or her personal benefit, or, except as specifically authorized, release to others information that might affect the Company’s securities. Therefore, it is important that a Covered Person not disclose material, non-public information to anyone, including other employees of the Company, unless the other employee has a clear right and need to know such information in order to fulfill his or her job responsibilities. Under no circumstances should such information be disclosed to family, relatives or business or social acquaintances. In maintaining the confidentiality of the information, the individual in possession of such information shall not affirm or deny statements made by others, either directly or through electronic means, if such affirmation or denial would result in the disclosure of material, non-public information.

If a Covered Person has any doubt about whether certain information is non-public or material, such doubt should be resolved in favor of not trading or communicating such information. Questions concerning what is or is not material, non-public information should be directed to the Company’s Legal Department.

Material, Non-Public Information Regarding Other Companies. In the ordinary course of doing business, employees may come into the possession of material, non-public information with respect to other companies. An individual receiving material, non-public information in such a manner has the same duty not to disclose the information to others or to use that information in connection with securities transactions of such other company as such individual has with respect to material, non-public information about the Company.

If the Company is in the process of negotiating a significant transaction or joint venture with another company, employees are cautioned not to trade in the stock of that company if they are in possession of material, non-public information concerning such company.

If an employee is not certain whether it is permissible to trade in the stock of such company, the employee should contact the Company's Legal Department before making any trades.

Unauthorized Disclosure of Internal Information. Unauthorized disclosure of internal information about the Company may create serious problems for the Company whether or not the information is used to facilitate improper trading in securities of the Company. Therefore, it shall be the duty of each person employed or affiliated with the Company to maintain the confidentiality of information relating to the Company or obtained through a relationship of confidence. Company personnel should not discuss internal Company matters or developments with anyone outside the Company, except in the performance of regular corporate duties.

Precautions to Prevent Misuse or Unauthorized Disclosure of Sensitive Information. When an employee is involved in a matter or transaction which is sensitive and, if disclosed, could reasonably be expected to have an effect on the market price of the securities of the Company or any other company involved in the transaction, that individual should consider taking extraordinary precautions to prevent misuse or unauthorized disclosure of such information. Such measures include the following:

- (1) Maintaining the files in a secure (preferably locked) room or office to which access is restricted;
- (2) Avoiding the storage of information on computer systems that can be accessed by other individuals;
- (3) Avoiding the discussion of confidential matters in areas where the conversation could possibly be overheard;
- (4) Not gossiping about Company affairs; and
- (5) Restricting the copying and distribution of sensitive documents within the Company.

Internet Chat Rooms. Because any statement you make in an Internet chat room regarding the Company may be seen as a recommendation to buy or sell the Company's securities, the Company's policy is that none of its employees may participate in Internet chat rooms regarding the Company.

Inadvertent Disclosure of Material, Non-Public Information. If material, non-public information regarding the Company is inadvertently disclosed, no matter what the circumstances, by any employee, the person making or discovering that disclosure should immediately report the facts to the Company's Chief Compliance Officer.

Inquiries Regarding Material, Non-public Information. When an inquiry is received regarding information that may be material, it should be referred to the Company's Legal Department.

C. PERSONAL TRADING

The Company primarily invests in securities of Target Companies which are not publicly traded. From time to time, the Company may invest in securities of Target Companies which may have a class of securities which are publicly traded. This section of the Insider Trading Policy primarily addresses situations involving those officers, directors or employees of the Company who have knowledge of the Company's potential and actual investments in Target Companies.

1. GENERAL PROHIBITIONS

No Covered Person shall use any information concerning the investments or investment intentions of the Company, or his or her ability to influence such investments or investment intentions, for personal gain or in a manner detrimental to the interests of the Company.

In addition, no Covered Person shall, directly or indirectly, in connection with the purchase or sale of a security held or to be acquired by the Company: (i) employ any device, scheme or artifice to defraud the Company; (ii) make to the Company any untrue statement of a material fact or omit to state to the Company a material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading; (iii) engage in any act, practice or course of business that operates or would operate as a fraud or deceit on the Company; or (iv) engage in any manipulative practice with respect to the Company.

2. PROHIBITED TRANSACTIONS

General Prohibition. A Covered Person may not enter into a personal securities transaction without prior approval from the Chief Compliance Officer if he or she knows or should have known at the time of entering into the transaction that the Company has engaged in a transaction in the same security within the last fifteen (15) days, or is engaging in a transaction or is going to engage in a transaction in the same security in the next fifteen (15) days.

Service as a Director. Officers and employees of the Company may not serve on the board of directors of any publicly traded company without prior written approval from the Chief Compliance Officer. The Chief Compliance Officer may approve service on the board of directors of a publicly traded company if it is determined that such service is consistent with the interests of the Company and its shareholders. In the event such board service is approved, officers and employees of the Company must be excluded from making investment decisions on behalf of the Company involving the subject company through the implementation of appropriate procedures.

Interested Transaction. A Covered Person shall not recommend any securities transactions by the Company without having disclosed his or her interest, if any, in such securities or the issuer thereof, including without limitation:

- (1) any direct or indirect ownership of any securities of such issuer;
- (2) any contemplated transaction by such person in such securities;
- (3) any position with such issuer or its affiliates; and
- (4) any present or proposed business relationship between such issuer or its affiliates and such person or any party in which such person has a significant interest.

3. EXEMPT TRANSACTIONS

No Influence or Control. Neither the prohibitions nor the preclearance reporting requirements shall apply to purchases, sales or other acquisitions or dispositions of securities for an account over which the Covered Person has no direct influence or control and does not exercise indirect influence or control.

Involuntary Transaction. Neither the prohibitions nor the preclearance requirements shall apply to involuntary purchases or sales made by a Covered Person.

Automatic Dividend Reinvestment Plans. Neither the prohibitions nor the preclearance requirements shall apply to purchases which are part of an automatic dividend reinvestment plan.

Issuer Distributions. Neither the prohibitions nor the preclearance requirements shall apply to purchases or other acquisitions or dispositions resulting from the exercise of rights acquired from an issuer as part of a pro rata distribution to all holders of a class of securities of such issuer and the sale of such rights.

Approved Transactions. The prohibitions shall not apply to purchases, sales or other acquisitions or dispositions which receive the prior approval of the Chief Compliance Officer.

D. ADMINISTRATION AND RECORDKEEPING

Review by the Board of Directors. At least annually, the Company's Chief Compliance Officer shall provide a written report to the Board of Directors containing:

- (1) Any changes made to existing procedures concerning Access Person's personal trading activities made during the past year;
- (2) Any recommended changes to the Company's Policy or procedures;
- (3) A summary of issues arising under the Policy or procedures since the last report, including information about any material violations with respect to the Policy which occurred during the past year and any sanctions imposed in response to such material violations; and
- (4) A certification that the Company has adopted procedures reasonably necessary to prevent Access Persons from violating the Policy.

Duties of the Chief Compliance Officer. The duties of the Chief Compliance Officer shall include the following:

- (1) Maintaining a list of Access Persons;
- (2) Providing each Covered Person with a copy of this Insider Trading Policy and informing them of their duties and obligations hereunder;
- (3) Maintaining or supervising the maintenance of all records and reports required by this Insider Trading Policy;

- (4) Preparing listings of all transactions effected by any Access Person within fifteen (15) days of the date on which the same Security was held, purchased or sold by the Company;
- (5) Determining whether any particular securities transaction should be exempted;
- (6) Issuing either personally or with the assistance of counsel as may be appropriate, any interpretation of this Insider Trading Policy which may appear consistent with the objectives of this Insider Trading Policy;
- (7) Conducting such inspections or investigations as shall reasonably be required to detect and report, with his or her recommendations, any apparent violations of this Insider Trading Policy to the Board of Directors of the Company or any committee appointed by them to deal with such information; and
- (8) Submitting an annual report to the Board of Directors of the Company.

Recordkeeping Requirements. The Chief Compliance Officer shall maintain, at the Company's principal place of business, the following:

- (1) A copy of each Insider Trading Policy which has been in effect during the past five (5) years;
- (2) A record of any violation of any such Insider Trading Policy and of any action taken as a result of such violation must be maintained in an easily accessible place for at least five (5) years after the end of the fiscal year in which the violation occurs; and
- (3) A copy of each report made by the Chief Compliance Officer to the Board of Directors must be maintained for at least five (5) years after the end of the fiscal year in which the report is made, the first two (2) years in an easily accessible place.

E. CERTIFICATION OF COMPLIANCE

Each director, officer, and employee of the Company is required to certify annually that he or she has read and understood the Company's Policy and recognizes that he or she is subject to such Policy. Further, each director, officer, and employee of the Company is required to certify annually that he or she has complied with all the requirements of the Policy and that he or she has disclosed or reported all personal securities transactions required to be disclosed or reported pursuant to the requirements of the Policy.

F. SANCTIONS

Any violation of this Insider Trading Policy shall be subject to the imposition of such sanctions as the Company may deem appropriate under the circumstances to achieve the purposes of Rule 10b-5 of the 1934 Act, and this Insider Trading Policy, which sanctions may include suspension or termination of employment, a letter of censure and/or restitution of an amount equal to the difference between the price paid or received by the Company and the more advantageous price paid or received by the offending person. Any profits realized on trades in violation of this Insider Trading Policy must be disgorged to the

Company. Sanctions for violation of this Insider Trading Policy by a director of the Company will be determined by a majority vote of its Independent Directors.

G. AMENDMENTS AND MODIFICATION

This Insider Trading Policy may not be amended or modified except in a written form which is specifically approved by majority vote of the Company's Independent Directors.

V. Communications Protected by Law

The Code of Ethical Conduct and Insider Trading Policy is not intended in any way to limit the right or ability for Covered Persons (i) to make any disclosure of information required by law, court order, lawful subpoena or other legal process, or otherwise protected under the whistleblower provisions of any law; (ii) to initiate communications directly with, provide information to, or report a possible violation of any law or regulation to any governmental body, agency or entity or any self-regulatory authority, such as Congress, any agency Inspector General, the Equal Employment Opportunity Commission or the Securities and Exchange Commission (any such body, agency, entity or authority, a “Governmental Authority”); (iii) to initiate, provide information to, testify at, participate in, or otherwise assist any investigation or proceeding brought by any Governmental Authority or by the Company’s legal, compliance, or HR officers relating to an alleged violation of any law, (iv) to utilize the complaint procedures and confidential employee hotline as more fully described in the Company’s Employee Handbook ; (v) to disclose or discuss information lawfully acquired about wages, hours or other terms and conditions of employment if used for purposes protected by Section 7 of the National Labor Relations Act, such as joining or forming a union, engaging in collective bargaining or engaging in other concerted activity for the mutual aid or protection of employees ; or (vi) to make any other disclosures that are protected by any applicable law or regulation. Covered Persons do not need the prior authorization of the Company to make any reports or disclosures contemplated by the foregoing, and are not required to notify the Company that they have made any such reports or disclosures.

This Code of Ethical Conduct and Insider Trading Policy was amended by the Board of Directors of the Company, including a majority of such Directors who are independent directors of the Company, at a meeting held on October 25, 2024.

/s/ Marisa T. Silverman
Marisa T. Silverman
Chief Compliance Officer

LIST OF SUBSIDIARIES OF MEDALLION FINANCIAL CORP.

Name	Jurisdiction of Incorporation or Formation
Medallion Funding LLC	New York
Medallion Capital, Inc.	Minnesota
Freshstart Venture Capital Corp.	New York
Medallion Bank	Utah

**Consent Of Independent Registered
Public Accounting Firm**

We have issued our report dated March 13, 2025, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of Medallion Financial Corp. on Form 10-K for the year ended December 31, 2024. We hereby consent to the incorporation by reference of said reports in the Registration Statements of Medallion Financial Corp. on Form S-8 (File Nos. 333-226130, 333-211788, 333-186533, 333-239476, and 333-266118) and Form S-3 (File No. 333-272806).

/s/ Plante & Moran, PLLC

Chicago, Illinois

March 13, 2025

**Consent Of Independent Registered
Public Accounting Firm**

We hereby consent to the incorporation by reference in the Registration Statements on Form S-8 (File Nos. 333-226130, 333-211788, 333-186533, 333-239476, and 333-266118) and Form S-3 (File No. 333-272806) of our report dated March 7, 2024 relating to the consolidated financial statements of Medallion Financial Corp. and subsidiaries as of December 31, 2023 and for each of the years in the two-year period ended December 31, 2023; which appear in the Annual Report on Form 10-K of Medallion Financial Corp. for the year ended December 31, 2024.

/s/ Mazars USA LLP

New York, New York
March 13, 2025

CERTIFICATIONS
Certification of Alvin Murstein

I, Alvin Murstein, certify that:

1. I have reviewed this annual report on Form 10-K of Medallion Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2025

By: /s/ Alvin Murstein
Alvin Murstein
Chairman and Chief Executive Officer

Certification of Anthony N. Cutrone

I, Anthony N. Cutrone, certify that:

1. I have reviewed this annual report on Form 10-K of Medallion Financial Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations, and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of the annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize, and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 13, 2025

By: /s/ Anthony N. Cutrone
Anthony N. Cutrone
Executive Vice President and
Chief Financial Officer

CERTIFICATION PURSUANT TO
18 USC SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Medallion Financial Corp. (the "Company") for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Alvin Murstein
Chairman and
Chief Executive Officer

Date: March 13, 2025

CERTIFICATION PURSUANT TO
18 USC SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of Medallion Financial Corp. (the "Company") for the year ended December 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned hereby certifies, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/ Anthony N. Cutrone
Executive Vice President and
Chief Financial Officer

Date: March 13, 2025
