

EQUITY RESEARCH · INITIATION OF COVERAGE · FINANCIALS

SoFi Technologies (NASDAQ: SOFI)

The growth is real. The returns are not there yet, and the price already pays for them arriving.

RATING	PRICE (2026-09-17)	FAIR VALUE	IMPLIED RETURN	PRICE / TBV
HOLD	\$16.73	\$15	-10.3%	2.28x

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We are initiating on SoFi Technologies with a **HOLD** and a \$15 fair value.

This is the most genuinely two-sided report we have written, and we want to say so at the top rather than pretend the answer was obvious.

The growth is not a story. Adjusted net revenue grew 40.5 percent year over year, adjusted EBITDA 43.6 percent, and members 35 percent to a record 15.8 million. That is the nineteenth consecutive quarter clearing the Rule of 40.

The problem is what it earns on the equity it holds. On its own guidance SoFi returns **8.7 percent** on tangible common equity against a 11 percent cost of equity, and trades at **2.28 times** tangible book. A bank earning exactly its cost of equity is worth one times.

Solving backwards, the price implies 17.4 percent sustainable ROTCE, which is 2.0 times what the company guides to. Not an improvement. A doubling.

SNAPSHOT	
Market cap	\$21.6B
Shares out	1,292M
Tangible book / share	\$7.34
Book value / share	\$8.59
Price / tangible book	2.28x
P/E on guided adj EPS	27.9x
Guided 2026 ROTCE	8.7%
Cost of equity used	11%
Implied by the price	17.4%
Adj revenue growth	40.5%
Adj EBITDA growth	43.6%
Fee share of revenue	39%
Members	15.8M
Deposits	\$45.5B
52-week range	\$14.88-\$32.73
From 52-wk high	-49%

THE CALL IN ONE PARAGRAPH · SoFi is growing faster than almost any business of its size, its disclosure is unusually clean, and the stock has already fallen 49 percent from its high, so the market is no longer paying for the story it paid for a year ago. Against that, it earns less on its tangible equity than shareholders require, and at today's price the return on that equity has to roughly double for the valuation to make sense. Our fair value credits the company with reaching returns most digital banks never reach, while declining to pay in full today for returns that need another five years of flawless execution and no credit cycle in between. We would own this business. We would want to pay less than the market is asking.

1 · Two businesses, one share price

Why no single framework is honest

SoFi is a chartered bank wrapped in a fee-based fintech, which means a single valuation lens will mislead you in one direction or the other. Both are set out here so a reader can see the answer does not turn on which one we picked.

The lending half is a bank

It funds loans with \$45.5 billion of deposits, holds capital against them, and earns the spread. Net interest income was \$788.2 million in the quarter, up 52 percent, at a net interest margin of 5.98 percent. Deposits rose \$5.3 billion in three months, and the company notes that deposits cost 156 basis points less than the warehouse facilities they replaced, worth roughly \$713 million of annualised interest expense.

For that half the right anchor is price to tangible book against return on tangible common equity, the identity we set out in the JPMorgan initiation: justified price to tangible book equals return on tangible equity minus growth, over cost of equity minus growth. A bank earning exactly its cost of equity is worth exactly one times tangible book.

The other half needs almost no equity

Fee revenue was \$472 million in the quarter, or 39 percent of adjusted net revenue. That is the technology platform and the financial services products, and it consumes very little tangible capital. Valuing it on price to book understates it, and we want to be explicit that the framework below is therefore harsh on roughly two fifths of this business.

Why we still anchored on the bank framework

Because the tangible equity is real, it is there to absorb credit losses, and the return on it is precisely the thing that has to improve for today's price to make sense. A framework that flatters a company by ignoring its balance sheet is not much of a framework. We note in the risks section that a sum-of-the-parts treating the fee business on a revenue multiple lands above our figure, and a reader who prefers that approach should adjust upward.

Quarter	Adjusted net revenue	Adjusted EBITDA
Q2 2026	\$1,205.6M	\$357.8M
Q2 2025	\$858.2M	\$249.1M
Change	+40.5%	+43.6%

Those are not the numbers of a business in trouble, and nothing in this report argues that they are.

2 · What it earns on that equity

The number the multiple has to justify

The company guides to \$825 million of adjusted net income for 2026 against \$9.5 billion of tangible common equity. That is a return on tangible common equity of **8.7 percent**. On second quarter GAAP net income annualised it is 6.6 percent.

Measure	Value
Guided 2026 adjusted net income	\$825M
Tangible common equity	\$9,500M
Return on tangible common equity	8.7%
Cost of equity used	11.0%
Spread	-2.3 pts

The spread is negative. SoFi currently earns 2.3 points less than shareholders require on the equity it holds. That is not a criticism of the business: it is what a company looks like while it is still building scale, and the direction of travel is right. It does mean every dollar of the 2.28 times tangible book paid today is paid for returns that have not arrived.

The assumption doing the most work

We use a 11 percent cost of equity. It is a judgment, it is the single most important number in this report, and it is stated here rather than buried. It is deliberately generous: a deposit-funded bank with a national charter is less risky than SoFi's reported beta of 2.19 implies, and we have given the company credit for that.

A cost of equity derived from that beta, at a 4 percent risk-free rate and a 5 percent equity risk premium, would be 14.9 percent. At that level the current price implies 26.4 percent sustainable return on tangible equity, which is a figure essentially no bank sustains, and this report would be considerably more negative. If you think a consumer lender with this loan book deserves the beta-implied number, we are not bearish enough.

What the price requires

If sustainable ROTCE is	ROTCE	Justified P/TBV	Fair value
guided 2026 adjusted	8.7%	0.54x	\$3.94
12%, a good digital bank	12.0%	1.20x	\$8.81
15%, a very good one	15.0%	1.80x	\$13.21
implied by today's price	17.4%	2.28x	\$16.73
20%, best in class	20.0%	2.80x	\$20.55

Read the top row as the sanity check. On what it earns today, the bank arithmetic alone values SoFi at \$3.94. We do not think that is the right answer, because it ignores 39 percent of revenue that needs no equity and a growth rate few companies have. But it is where a pure bank lens lands, and a reader deserves to see it rather than have it quietly excluded.

3 · Where the book value came from

The bull case's best number, decomposed

Tangible book value per share rose **55.5 percent** year over year, from \$4.72 to \$7.34. It is the strongest single figure in the bull case and it deserves to be understood rather than quoted.

Total tangible book rose about 80 percent while per-share book rose 55.5 percent. The gap between those two numbers is share issuance, and it is large.

Measure	Amount
Tangible book, a year earlier	\$5,278M
Tangible book now	\$9,500M
Added over the year	\$4,222M
Trailing net income	\$636M
Share of the build that was earned	15%
Raised or other	\$3,586M
Share count increase	15.5%

Roughly \$3,586 million of the build came from issuing stock rather than from profits. We want to be careful here, because this is not an accusation. Issuing above tangible book is accretive to book value per share, and it is the correct decision when you need capital to fund loan growth and the market will hand it to you above what the equity is carried at. Management did the right thing.

It is simply not the same thing as compounding book value out of earnings, and the headline growth figure does not distinguish between them. A reader who sees 'tangible book per share up 56 percent' and concludes the business is self-funding has drawn a conclusion the number does not support.

Why the distinction matters for the trajectory

A bank that grows book by retaining profits compounds independently of its share price. A bank that grows it substantially through issuance is buying growth with dilution, which works while the stock trades above tangible book and stops working when it does not. At 2.28 times that option is open. At one times it closes, and the growth rate would have to fall to what retained earnings alone can fund.

Which is why the return on equity matters more than it appears to. It is not only a valuation input. It is the constraint on how fast this company can grow without asking shareholders for more money.

4 · How long the gap takes to close

And what we are willing to pay for it

Today's multiple implies 17.4 percent sustainable return on tangible equity against 8.7 percent guided. That is 2.0 times current returns.

If ROTCE improves by	Years to reach 17.4%
1 points a year	9 years
2 points a year	5 years
3 points a year	3 years

Two points of improvement a year is a good outcome for any bank. On that path the price today is paying for a level of profitability reached five years from now, with no allowance for a credit cycle arriving in between, and this is a consumer loan book that has never been tested at its current scale through a genuine downturn.

Where we land

Our \$15 fair value sits between the 15 percent and 17.4 percent cases. It credits SoFi with reaching a level of profitability most digital banks never reach, while declining to pay in full today for returns that require another five years of flawless execution.

That implies -10.3 percent from the reference price. It is a hold, and the reasoning for not going further in either direction is on the next page.

A cross-check that lands in the same place

A sum-of-the-parts reaches a similar answer by a different route. Value the lending book on tangible equity at a defensible multiple, and the fee business, running at roughly \$1.9 billion annualised, on a revenue multiple appropriate to a fast-growing platform. The range that produces brackets our figure rather than contradicting it, which is the most we would claim for it.

We have not published that calculation as a primary framework because it requires two more assumptions we cannot verify, and stacking unverifiable assumptions to reach a more comfortable number is exactly the habit this publication exists to argue against.

5 · The bull case

Why this is a HOLD and not a sell

We came close to a lower rating and talked ourselves out of it. The reasoning is set out here so it can be argued with.

What the bulls have right

- **The de-rating already happened.** The stock is 49 percent below its 52-week high and nearer the low than the high. Whatever the market believed a year ago, it does not believe now.
- **The fee business is genuinely different.** 39 percent of adjusted net revenue needs almost no tangible equity, so the blended return on capital employed is better than the headline ROTCE suggests, and improves as the mix shifts.
- **The disclosure is clean.** Adjusted net income exceeds GAAP by only 2.2 percent. Having written at length about companies whose adjusted figures flatter a quarter, it is only fair to note when a company's do not.
- **The operating momentum is unusual.** Record originations of \$14.8 billion, deposits up \$5.3 billion in one quarter, cross-buy at 51 percent and a record 1.1 million members added.
- **And our central assumption is soft.** The cost of equity is a judgment, and a more generous one than we used would close most of the gap.

Why not a sell

The gap to our fair value is 10.3 percent. We rated Nike a hold at a wider discount in August. Issuing a sell here would apply a lower bar than one already sitting on our own scoreboard, and a board whose ratings mean different things at different times is not a scoreboard at all.

That constraint is not a matter of our restraint. It is written into the model as an assertion that fails the build if a rating is issued at a narrower discount than a hold already published.

Why not a buy

Every route to today's price requires roughly a doubling of return on tangible equity, and the price pays for it now rather than on arrival. A business we would happily own is not automatically a business we would happily own at any price, and the distance between those two statements is this entire report.

What a hold means here

It is the specific claim that the distribution of outcomes is centred somewhat below \$16.73, with a credible path to \$20.55 if returns reach best-in-class levels, and a credible path to \$8.81 if they stall at the level a good digital bank achieves. We would own this business at a better price and we would say so on this scoreboard if the price got there.

6 · What would change our mind

Stated in advance, in both directions

What would move us to BUY	What would move us to SELL
Return on tangible equity improving faster than two points a year	A credit cycle: net charge-offs rising against reserves
Fee revenue rising above half of adjusted net revenue	Continued heavy share issuance to fund loan growth
Book value growth becoming self-funded from retained earnings	Member growth decelerating, breaking the cross-buy flywheel
Deposit costs falling further against replaced funding	Net interest margin compressing from the current level
The price falling toward the twelve percent ROTCE case	Adjusted and GAAP figures beginning to diverge

The single number we would watch

Return on tangible common equity, quarter by quarter, against the 17.4 percent the current price implies. Everything else in this report is a way of forming a prior about where that series lands. Second only to it: the share count, because a rising one tells you the growth still needs outside money.

The risk that is not in the model at all

Credit. This is a consumer lender whose loan book has never been tested through a genuine downturn at its current scale. Our framework values the equity that exists; it says nothing about how quickly that equity could be consumed if unemployment rose sharply. No amount of growth arithmetic substitutes for watching charge-offs, and a reader who is bullish on everything else in this report should still hold that risk separately in their head.

Risks to our own reasoning

The cost of equity does more work here than in any report we have published. We use 11 percent; a beta-derived figure would be 14.9 percent and would make this report substantially more negative. We chose the generous end deliberately and disclose it rather than let the conclusion rest on a number nobody examined.

The framework is the second soft spot. Applying a bank multiple to a company where 39 percent of revenue is fee-based overstates its capital intensity. A sum-of-the-parts lands above our figure. If you weight the fee business more heavily than we have, you should arrive at a higher fair value, and that is a reasonable place to disagree with us.

7 · The numbers

Second quarter 2026, as filed

\$ millions unless stated	Q2 2026	Q2 2025	Change
Net revenue (GAAP)	1,218.7	854.9	+43%
Adjusted net revenue	1,205.6	858.2	+40%
Adjusted EBITDA	357.8	249.1	+44%
Adjusted EBITDA margin	30%	29%	—
Net income (GAAP)	156.6	97.3	+61%
Adjusted net income	160.0	—	—
Diluted EPS (GAAP)	\$0.12	—	—
Net interest income	788.2	—	+52%
Net interest margin	5.98%	—	+4 bps q/q
Fee-based revenue	472	—	39% of revenue
Loan originations	14,800	—	record
Deposits	45,500	—	+5,300 in quarter
Members (millions)	15.8	—	+35%
Tangible book per share	\$7.34	\$4.72	+56%

Dashes indicate figures not disclosed on a comparable basis in the release we read. We have left them blank rather than estimate them.

Full year 2026 guidance, raised at the second quarter

Measure	Guidance
Adjusted net revenue	\$4,750M to \$4,850M
Adjusted EBITDA	about \$1,600M
Adjusted net income	about \$825M
Adjusted EPS	about \$0.60
Member growth	at least 30%

8 · Valuation summary

The call on one page

Measure	Value
Reference price	\$16.73
Tangible book per share	\$7.34
Price to tangible book	2.28x
Guided 2026 ROTCE	8.7%
Cost of equity used	11%
Implied sustainable ROTCE	17.4%
Fair value	\$15
Implied return	-10.3%

9 · Method, sources, and conflicts

How this report was built

The reference price

The \$16.73 reference price is the close on Thursday, September 17, 2026. It was verified before any modeling against four independent sources: Morningstar, explicitly timestamped, and Yahoo Finance, CNBC and Motley Fool, each reporting it as the previous close on September 18. The September 18 close of \$16.96 was confirmed by two sources but not used, because our convention is the closing price on the trading day before publication and the 17th verifies more strongly.

Sources

Second quarter 2026 results, guidance, segment revenue and the tangible book figures from the Form 8-K and earnings release filed July 29, 2026, read directly from the filing rather than through an aggregator. Guidance and the tangible book per share series were confirmed against the earnings call transcript. The decomposition of the book build on page 4 uses the company's own disclosure that total tangible book rose about 80 percent while per-share book rose 55.5 percent; the difference is issuance, and we have shown the arithmetic rather than asserting it.

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Method

Every figure is computed by a model script rather than typed, and the script runs three self-checks before producing output: that the reverse solve reconciles to the observed multiple, that a bank earning exactly its cost of equity values at one times tangible book, and that this rating does not apply a lower bar than a hold already published on our scoreboard. The primary framework is price to tangible book against return on tangible common equity. We have stated in the body that this framework is harsh on the fee-based share of the business and that a sum-of-the-parts lands above our figure.

Conflicts

The author holds no position in SOFI, has no plans to initiate one, and received no compensation from any party in connection with this report. 2 Comma Investor accepts no payment for coverage, has no banking, advisory or consulting relationships, and does not accept sponsored research of any kind. If that ever changes it will be disclosed on the page and in this section before publication.

Scoring

This call is dated and public. It joins the scoreboard as an open position at \$16.73 and will be scored against the S&P; 500 on September 18, 2027, on the same terms as every other call we have made, whether it works or not. We publish misses with the same prominence as hits. A record this short proves nothing in either direction, which is a point we have made at length elsewhere and which applies to us before it applies to anyone else.

Nature of this publication

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Initiated 2026-09-18 at \$16.73. Rating HOLD. Fair value \$15. Scoring date September 18, 2027.