



SoFi Technologies Inc. (NASDAQ: SOFI)

Recommendation: Short

November 17th, 2025

Target Price: \$21.14

Implied Return: +29.3% Upside

Team Members:

Anderson Harchuck

Daniela Correa

Kyle Domke

Josh Lopez

Company Overview

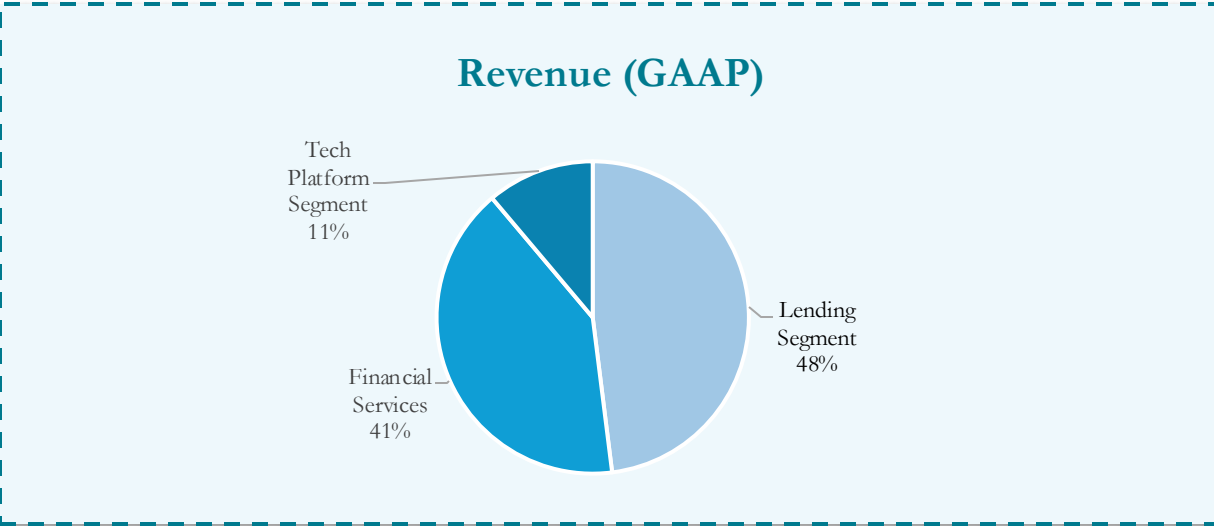


SoFi is a financial institution that operates like a traditional bank with startup fintech valuations

Business Overview

- **Founded in 2011**, SoFi is a fintech and online banking company based out of the United States. SoFi reports roughly **12.6 million customers** (members) trust SoFi to manage money, borrow, save, invest, etc.
- Sofi combines lending, traditional banking, and investing all into one place. They market themselves as a **"one-stop shop"** for personal financial needs.
- Sofi's mission is to **"help people reach financial independence** to realize their ambitions." And "Everything we do is geared toward helping our members get their money right."

Revenue Segments



Ownership Data

Shareholder	Shares Owned (mm)	SoFi Stake
Vanguard	107.1	8.88%
BlackRock	62.38	4.10%
J.P. Morgan	46.79	3.88%
State Street	24.3	2.02%
Jane Street	18.28	1.52%
Other	951.15	79.60%
Total	1210	100.00%

Capitalization Table

	11/29/25
Share Price	\$ 29.72
Outstanding Shares	1,291
Market Cap	\$ 35,840
(+) Debt	2,807
(-) Cash & Equivalents	3,246
Enterprise Value	\$ 35,401

Evaluating SoFi's competitive landscape within digital banking and consumer finance.

Competitive Landscape

- With a forward P/E and high valuations, the **possibility of downside** could be substantial.
- With **big shares of SoFi lending being unsecured loans**, the company could become sensitive to economic downturns.

Tailwinds

- Digital-First Banking Adoption** - There is an increase in preference for mobile-only banking, which created momentum for digital-native platforms.
- Demand for All-in-One Financial Apps** - Consumers now look for a single, integrated ecosystem where they can do lending, banking, investing, and budgeting all in one platform.
- Acceleration of Online Lending**- Digital refinancing, refinancing, and mortgages are gaining mainstream acceptance.
- Viral Fintech Customer Acquisition**- Low-cost, referral-driven, social-media-fueled growth channels reduce CAC and boost scale.

Fintech Growth Chart / Digital Banking Market Size Forecast

1

Tier 1: Mid Caps



2

Tier 2: Small Caps



3

Tier 3: Large Caps



Thesis I: Tech Multiples on a Bank Balance Sheet



A fintech valuation applied to a traditional bank balance sheet creates unsustainable premium and downside risk

Tech Multiples

Our argument is that SoFi is valued like a high-growth tech company, however its economics are those of a regulated bank whose earnings depend on a balance sheet, not software margins.

- **Why Tech Multiples Don't Fit for a Bank**
 - **Tech companies are valued based on:**
 - **High revenue and growth**
 - **Revenue from recurring subscriptions**
 - **High incremental margins**
 - **Low capital**
- As a result, this leads to **high P/E** and high **P/S multiples**.

U.S Regional Banks		P/E
Ticker	Company Name	25
CFG	Citizens Financials Group	14.23x
PNC	The PNC Financial Services Group, Inc	8.35x
USB	U.S. Bancorp	8.21x
TFC	Truist Financial Corporation	12.18x
MTB	M&T BANK Corporation	10.47x
FITB	Fifth Third Bancorp	8.15x
HBAN	Huntington Bancshares Incorporated	10.03x
RF	Regions Financials Corporation	8.31x
FCNCA	First Citizens Bancshares Inc	9.45x
Median		9.45x
Mean		9.93x

Balance Sheet

Market Cap (intraday)	35.056B
Beta (5Y Monthly)	1.94
PE Ratio (TTM)	51.91
EPS (TTM)	0.56

- On the other hand, Banks:**
- Mostly earn net interest income
 - Must hold capital to hedge risks
 - Have significant credit and duration risk.
 - Valued on factors such as **P/E, P/B, and ROE**.
- Banks rarely get multiples similar to tech as earnings are tied to a balance sheet, not software scale.

Tech Multiple's on a Bank Balance Sheet Short Thesis

- Eventually the market will start rating Sofi as they do banks if they continue on this path. Loan driven earnings cannot support high evaluations like tech. Sofi currently is trading at a pe of **51.91**. Sofi's closest competitors in strictly the banking industry have a median **P/E of 9.45x** and a mean **P/E of 9.93x**. This projects an approximately **80.87 %** downside in the P/E ratio from what Sofi currently is at.

Thesis II: Unreasonable Evaluations

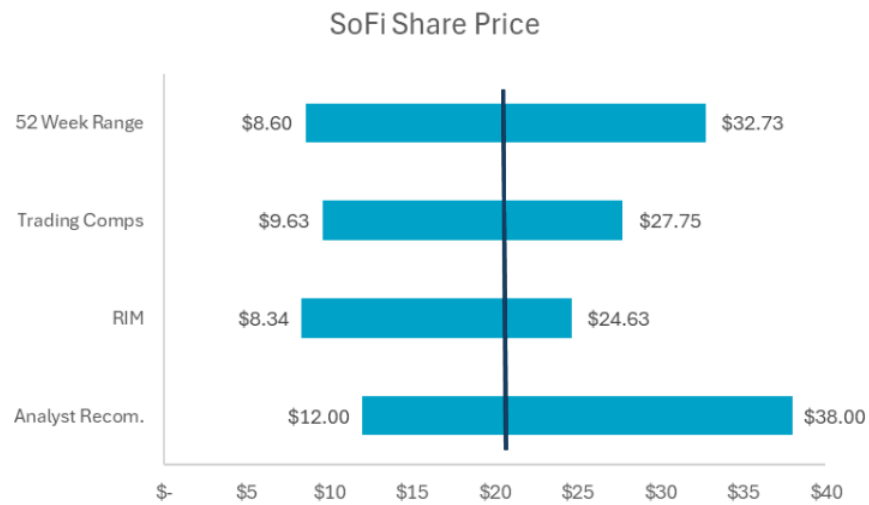


The retail crowd is overhyping the stock and causing valuations to skyrocket past reasonable levels

Unreasonable Retail Valuations for SoFi

- When the narrative becomes “this stock is going to explode,” more people buy **because others are buying**, not because fundamentals changed.
- This can create a **self-reinforcing momentum loop**.
- Herd behavior fuels **FOMO, viral sentiment, options buying**, and even **cult-stock dynamics**.

SoFi Share Pricing Model



Point I Explained

SoFi	Residual Income Model
------	-----------------------

Date	11/25/2025
Currency	USD

Implied Share Price	
Lowest	\$ 8.34
Median	\$ 19.21
Mean	\$ 17.67
highest	\$ 24.63

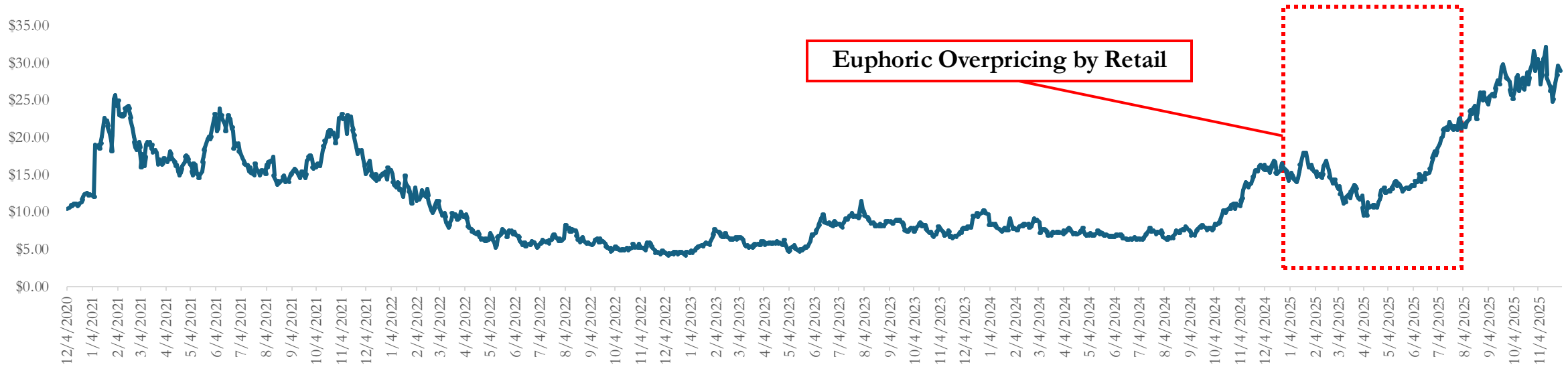
Point II Explained

- With extremely high social media hype, often considered **"momentum buying"** not necessarily grounded in fundamentals.
- As there is the misunderstanding with lending risks, **the beliefs in long-term materialization is slowly disrupting**.
- As competition increases, **growth or mixed signals start to fluctuate**. This growth-rate can also cause a **slowdown in products and/or members**.

Investment Setup: SoFi Technologies



Why does this opportunity exist?



What Retail Thinks

- SoFi is often viewed as a **modern financial services platform that could challenge traditional banks through combining banking, lending, investing, and financial tools in one ecosystem.**
- Many investors turn to strong user growth and believe that over time the **trends of rising membership and product adoption** while also **trusting these trends will translate into big gains over time.**
- With some investors riding volatility, with the idea of eventual success in cross-selling and scaling its services. With hope that macro tailwinds will favor **SoFi's lending, potentially boosting demand, loan originations, and profitability.**

What We Think

- **Against SoFi is a disruptive fintech future that will replace banks**
Traditional banks have structural advantages that fintech / bank-hybrid players like SoFi struggle to match which make true disruption difficult and capital-cost disadvantage real.
- **Against SoFi will sustain rapid growth, user base expansion, cross-sell success**
Cross-selling success depends not just on user growth but on willingness of users to adopt multiple high-margin services long-term something that has historically been challenging in finance given competition and low switching costs.
- **Against Long-term hold ride the volatility, cross-selling will pay off eventually**
Long-term value requires stable profitability and a durable moat; but as SoFi expands, it faces substantial macro risks, regulatory risk, and credit-quality risk all of which can derail long-term earnings.
- **Against Macro tailwinds will favor SoFi's lending & borrowing business**
SoFi's business and profitability are very sensitive to interest-rate cycles and credit environment: favorable rate conditions help but tightening or volatility in rates and credit quality can cause large swings, making the "tailwinds" thesis inherently risky. Regulatory risk and macro uncertainty e.g., policy shifts affecting student loans, consumer credit, or regulatory scrutiny of fintech banks can materially impair growth and profitability regardless of rate cycles.

Trading Comparable

In-depth contrast of the financials sector

Ticker	Company Name	Trading Multiples			
		P/ Revenue	P/E	P/ BV	P / TBV
		2024	2024	2024	2024
SOFI	SoFi Technologies	12.5x	67.3x	5.1x	6.9x
Large-Cap Credit, Financial and Capital Services					
AXP	American Express Company	3.7x	24.3x	8.1x	9.5x
COF	Capital One	3.4x	28.3x	2.2x	3.0x
HOOD	Robinhood	37.4x	78.2x	13.8x	14.2x
Mean		14.9x	43.6x	8.1x	8.9x
Median		3.7x	28.3x	8.1x	9.5x
Mid-Cap Credit, and Financial Services - Software					
PYPL	Paypal Holdings, Inc.	1.8x	14.2x	2.9x	6.4x
XYZ	Block, Inc	1.5x	12.7x	11.1x	14.5x
Mean		1.7x	13.4x	7.0x	10.4x
Median		1.7x	13.4x	7.0x	10.4x
Small-Cap Credit and Financial Services					
Ally	Ally Financial Inc.	1.4x	18.1x	0.9x	0.9x
CHYM	Chime Financial Inc.	4.2x		7.4x	7.4x
LC	LendingClub Corp.	2.5x	38.7x	1.5x	1.6x
Mean		2.7x	28.4x	3.2x	3.3x
Median		2.5x	28.4x	1.5x	1.6x

Total Comps	Trading Multiples				
	Revenue	PPOP	P/E	Book Value	P/TBV
Minimum	1.4x	2.3x	12.7x	0.9x	0.9x
25th Percentile	1.8x	8.4x	16.1x	2.0x	2.6x
Mean	7.0x	38.6x	30.6x	6.0x	7.2x
Median	3.0x	36.5x	24.3x	5.1x	6.9x
75th percentile	3.9x	48.5x	33.5x	8.9x	10.7x
Maximum	37.4x	104.7x	78.2x	13.8x	14.5x

Total Comps	Implied Share Price		
	Net Income	Book Value	Tangible BV
Minimum	\$ 6.73	\$ 4.71	\$ 1.27
25th Percentile	\$ 8.57	\$ 10.97	\$ 3.68
Mean	\$ 16.26	\$ 32.38	\$ 10.06
Median	\$ 12.89	\$ 27.75	\$ 9.63
75th percentile	\$ 17.78	\$ 48.00	\$ 14.96
Maximum	\$ 41.50	\$ 74.89	\$ 20.32

Valuation

Historical Assumption		1	2	3	4		
(\$ in million except per share data)		2024	2025E	2026E	2027E	2028E	
Common Equity		6,525.13	8,780.00	10,332.71	12,160.02	14,310.48	
Shares Outstanding		1,095.36	1,291.00	1,443.88	1,614.87	1,806.10	
Book Value Per Share (BVPS)		\$ 5.96	\$ 6.80	\$ 7.16	\$ 7.53	\$ 7.92	
YoY Increase / (Decrease)		-	14.2%	5.2%	5.2%	5.2%	
Net Income		498.67	640.00	856.27	1,051.13	1,290.34	
Shares Outstanding		1,095.36	1,291.00	1,443.88	1,614.87	1,806.10	
Earnings Per Share (EPS)		0.46	0.50	0.59	0.65	0.71	
% EPS Growth		-	8.9%	19.6%	9.8%	9.8%	
(-) Equity Charge	Cost of Equity (ke)	12.2%	(0.72)	(0.83)	(0.87)	(0.91)	(0.96)
Residual Income Per Share		\$ (0.27)	\$ (0.33)	\$ (0.28)	\$ (0.26)	\$ (0.25)	
Present Value (PV) of Residual Income Per Share		\$ (0.27)	\$ (0.29)	\$ (0.22)	\$ (0.19)	\$ (0.16)	

Implied Stock Price - 2028E

Book Value Per Share (BVPS)	\$ 5.96
(+) Present Value (PV) of Residual Income	\$ (1.13)
Equity Value Per Share	\$ 4.83

SoFi Ratios		Price
Last Year P/B ratio	1.97x	\$ 9.51
This year previous P/B	4.64x	\$ 22.41
Current Re-rate P/B	3.89x	\$ 18.79
Median from Comps	5.10x	\$ 24.63

Statistical Assumption		1	2	3	4		
(\$ in million except per share data)		2024	2025E	2026E	2027E	2028E	
Common Equity		6,525.134	8,780	8,787.005	9,742.761	10,698.516	
Shares Outstanding		1,095.358	1,291	1,367.973	1,480.094	1,592.215	
Book Value Per Share (BVPS)		\$5.96	\$6.80	\$6.42	\$6.58	\$6.72	
YoY Increase		0	14.2%	-5.6%	2.5%	2.1%	
Net Income		498.665	640	994.487	1,312.425	1,630.363	
Shares Outstanding		1,095.358	1,291	1,367.973	1,480.094	1,592.215	
Earnings Per Share (EPS)		0.455	0.496	0.727	0.887	1.024	
% EPS Growth		0	8.9%	46.6%	22.0%	15.5%	
(-) Equity Charge	Cost of Equity (ke)	12.2%	-0.724	-0.826	-0.78	-0.8	-0.816
Residual Income Per Share		-\$0.27	-\$0.33	-\$0.05	\$0.09	\$0.21	
Present Value (PV) of Residual Income Per Share		-\$0.27	-\$0.29	-\$0.04	\$0.06	\$0.13	

Implied Stock Price - 2028E

Book Value Per Share (BVPS)	\$5.96
(+) Present Value (PV) of Residual Income	-\$0.41
Equity Value Per Share	\$5.54

Ratios		Price
Last Year P/B ratio	1.97x	\$10.92
This year previous P/B	4.64x	\$25.72
Current Re-rate P/B	3.89x	\$21.57
Median from Comps	5.10x	\$28.27

Income Statement Assumptions



Switches	
Historical Assumptions	
Revenue	3
Net Income	4

Income Statement	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	984.9	1,573.5	2,122.8	2,674.9	4,443.0	6,517.7	8,212.8	10,348.6
% growth		59.8%	34.9%	26.0%	66.1%	46.7%	26.0%	26.0%
Gross Profit	977.3	1,519.2	2,067.8	2,643.1	-	-		
% of Sales	99.2%	96.5%	97.4%	98.8%				
Operating Income	(481.2)	(318.7)	(301.2)	233.3	502.1	955.2		
% of Sales	-48.9%	-20.3%	-14.2%	8.7%	11.3%	14.7%		
EBT	(481.2)	(318.7)	(301.2)	233.3	511.0	1,017.9		
% of Sales	-48.9%	-20.3%	-14.2%	8.7%	11.5%	15.6%		
- Taxes (Benefits)	2.8	1.7	(0.4)	(265.3)	-	-		
Net Income	(483.9)	(320.4)	(300.7)	498.7	640.0	856.3	1,051.1	1,290.3
% growth		33.8%	6.1%	265.8%	28.3%	33.8%	22.8%	22.8%
% of Sales	-49.1%	-20.4%	-14.2%	18.6%	14.4%	13.1%	12.8%	12.5%

	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	984.9	1,573.5	2,122.8	2,674.9	4,443.0	6,517.7	8,212.8	10,348.6
Lower Value						5,598.5	7,054.5	8,889.1
Median Value						6,546.2	8,248.7	10,393.9
Mean Value						6,517.7	8,212.8	10,348.6
Higher Value						7,379.9	9,299.2	11,717.6

	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Net Income	(483.9)	(320.4)	(300.7)	498.7	640.0	856.3	1,051.1	1,290.3
Lower Value						679.3	833.9	1,023.6
Median Value						838.8	1,029.7	1,264.1
Mean Value						785.6	964.4	1,183.9
Higher Value						856.3	1,051.1	1,290.3

Switches	
Statistical Assumptions	
Revenue	3
Net Income	2

Income Statement	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	984.9	1,573.5	2,122.8	2,674.9	4,443.0	5,988.5	6,848.5	7,707.7
% growth		59.8%	34.9%	26.0%	66.1%	34.8%	14.4%	12.5%
Gross Profit	977.3	1,519.2	2,067.8	2,643.1	-	-		
% of Sales	99.2%	96.5%	97.4%	98.8%				
Operating Income	(481.2)	(318.7)	(301.2)	233.3	502.1	955.2		
% of Sales	-48.9%	-20.3%	-14.2%	8.7%	11.3%	15.9%		
EBT	(481.2)	(318.7)	(301.2)	233.3	511.0	1,017.9		
% of Sales	-48.9%	-20.3%	-14.2%	8.7%	11.5%	17.0%		
- Taxes (Benefits)	2.8	1.7	(0.4)	(265.3)	-	-		
Net Income	(483.9)	(320.4)	(300.7)	498.7	640.0	994.5	1,312.4	1,630.4
% growth		33.8%	6.1%	265.8%	28.3%	55.4%	32.0%	24.2%
% of Sales	-49.1%	-20.4%	-14.2%	18.6%	14.4%	16.6%	19.2%	21.2%

% growth		
2026E	2027E	2028E
Revenue	26.0%	26.0%
Lower Case	47.3%	47.3%
Base Case	46.7%	46.7%
Best Case	66.1%	66.1%

% growth			
2026E	2027E	2028E	
Net Income	6.1%	6.1%	6.1%
Lower Case	31.1%	31.1%	31.1%
Base Case	22.8%	22.8%	22.8%
Best Case	33.8%	33.8%	33.8%

	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Revenue	984.9	1,573.5	2,122.8	2,674.9	4,443.0	5,988.5	6,848.5	7,707.7
Lower Case						3,831.8	4,624.9	5,418.7
Base Case						4,910.1	5,736.7	6,563.2
Best Case						5,988.5	6,848.5	7,707.7

	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Net Income	(483.9)	(320.4)	(300.7)	498.7	640.0	994.5	1,312.4	1,630.4
Lower Case						445.1	746.0	1,047.3
Base Case						994.5	1,312.4	1,630.4
Best Case						1,543.8	1,878.8	2,213.4

% growth		
2026E	2027E	2028E
-13.8%	20.7%	17.2%
10.5%	16.8%	14.4%
34.8%	14.4%	12.5%

2026E			2027E			2028E		
-30.4%			67.6%			40.4%		
55.4%			32.0%			24.2%		
141.2%			21.7%			17.8%		

Balance Sheet Assumptions

Switches

Historical Assumptions

Total Equity	2
Shares Outstanding	3

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total Equity	3,053.6	4,697.7	5,528.5	5,555.0	6,525.1	8,780.0	10,332.7	12,160.0	14,310.5
% of growth		53.8%	17.7%	0.5%	17.5%	34.6%	17.7%	17.7%	17.7%
Shares Outstanding	115.1	828.2	933.9	975.9	1,095.4	1,291.0	1,443.9	1,614.9	1,806.1
% change		619.6%	12.8%	4.5%	12.2%	17.9%	11.8%	11.8%	11.8%
Book Value Per Share	\$ 26.53	\$ 5.67	\$ 5.92	\$ 5.69	\$ 5.96	\$ 6.80	\$ 7.16	\$ 7.53	\$ 7.92
% of growth		-78.6%	4.4%	-3.8%	4.6%	14.2%	5.2%	5.2%	5.2%

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total Equity	3,053.6	4,697.7	5,528.5	5,555.0	6,525.1	8,780.0	10,332.7	12,160.0	14,310.5
Lower Value							8,822.1	10,382.3	12,218.3
Median Value							10,332.7	12,160.0	14,310.5
Mean Value							10,957.9	12,895.8	15,176.4
Higher Value							13,507.4	15,896.1	18,707.3

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Shares Outstanding	115.1	828.2	933.9	975.9	1,095.4	1,291.0	1,443.9	1,614.9	1,806.1
Lower Value							1,349.0	1,508.8	1,687.4
Median Value							1,455.8	1,628.2	1,821.1
Mean Value							1,443.9	1,614.9	1,806.1
Higher Value							1,521.6	1,701.8	1,903.3

% growth

	2026E	2027E	2028E
Total Equity	0.5%	0.5%	0.5%
Lower Case	17.7%	17.7%	17.7%
Base Case	24.8%	24.8%	24.8%
Best Case	53.8%	53.8%	53.8%

	2026E	2027E	2028E
Shares Outstanding	4.5%	4.5%	4.5%
Lower Case	12.8%	12.8%	12.8%
Base Case	11.8%	11.8%	11.8%
Best Case	17.9%	17.9%	17.9%

Switches

Statistical Assumptions

Total Equity	2
Shares Outstanding	2

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total Equity	3,053.6	4,697.7	5,528.5	5,555.0	6,525.1	8,780.0	8,787.0	9,742.8	10,698.5
% of growth		53.8%	17.7%	0.5%	17.5%	34.6%	0.1%	10.9%	9.8%
Shares Outstanding	115.1	828.2	933.9	975.9	1,095.4	1,291.0	1,368.0	1,480.1	1,592.2
% change		619.6%	12.8%	4.5%	12.2%	17.9%	6.0%	8.2%	7.6%
Book Value Per Share	\$ 26.53	\$ 5.67	\$ 5.92	\$ 5.69	\$ 5.96	\$ 6.80	\$ 6.42	\$ 6.58	\$ 6.72
% of growth		-78.6%	4.4%	-3.8%	4.6%	14.2%	-5.6%	2.5%	2.1%

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Total Equity	3,053.6	4,697.7	5,528.5	5,555.0	6,525.1	8,780.0	8,787.0	9,742.8	10,698.5
Lower Case							7,316.9	8,272.6	9,228.4
Base Case							8,787.0	9,742.8	10,698.5
Best Case							10,257.1	11,212.9	12,168.7

	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E
Shares Outstanding	115.1	828.2	933.9	975.9	1,095.4	1,291.0	1,368.0	1,480.1	1,592.2
Lower Case							1,251.2	1,359.7	1,468.3
Base Case							1,368.0	1,480.1	1,592.2
Best Case							1,484.7	1,600.5	1,716.1

% growth

	2026E	2027E	2028E
Total Equity	-16.7%	13.1%	11.6%
Lower Case	0.1%	10.9%	9.8%
Base Case	16.8%	9.3%	8.5%

	2026E	2027E	2028E
Shares Outstanding	-3.1%	8.7%	8.0%
Lower Case	6.0%	8.2%	7.6%
Base Case	15.0%	7.8%	7.2%

Window Dressing Accounting

*Window dressing refers to the practice of companies that might temporarily defer the recognition of expenses to inflate profits. This practice is considered **unethical** if it misleads stakeholders, as it doesn't reflect the true **underlying financial reality***

Income Statement	2020	2021	2022	2023	2024	2025E
Revenue	565.5	984.9	1,573.5	2,122.8	2,674.9	4,443.0
% growth		74.1%	59.8%	34.9%	26.0%	66.1%
Gross Profit	565.5	977.3	1,519.2	2,067.8	2,643.1	-
% growth		74.1%	59.8%	34.9%	26.0%	
% of Sales	100.0%	99.2%	96.5%	97.4%	98.8%	
EBT	(328.5)	(481.2)	(318.7)	(301.2)	233.3	511.0
% of Sales	-58.1%	-48.9%	-20.3%	-14.2%	8.7%	11.5%
Operating Income	(328.5)	(481.2)	(318.7)	(301.2)	233.3	502.1
% of Sales	-58.1%	-48.9%	-20.3%	-14.2%	8.7%	11.3%
Taxes (Benefits)	(104.5)	2.8	1.7	(0.4)	(265.3)	-
+ Current Income Tax	0.04	1.56	5.18	15.41	21.60	
+ Deferred Income Tax	(104.50)	1.20	(3.50)	(0.02)	(286.92)	
+ Tax Valuation Allowance/Credits	—	—	—	(15.81)	—	
Net Income	(224.1)	(483.9)	(320.4)	(300.7)	498.7	640.0
% growth		-116.0%	33.8%	6.1%	265.8%	28.3%
% of Sales	-39.6%	-49.1%	-20.4%	-14.2%	18.6%	14.4%

Risks & Mitigation

Risk 1: Higher-Than-Expected Fed Rate Cuts Over the Next Few Years

A deeper than expected rate cut next week as well as over the next few years could act as a positive catalyst for SoFi by reducing borrowing costs, stimulating loan demand, and improving consumer credit conditions. This could offset near-term margin compression and lead to stronger loan originations, supporting earnings and undermining the short thesis.

Risk 2: Continued Member Growth

If SoFi continues to post strong member growth and accelerating deposit inflows, the company could strengthen its low-cost funding base, expand cross-sell opportunities, and improve operating leverage. Sustained growth in quality deposits would enhance SoFi's structural economics and challenge the view that its banking model is overvalued.

Risk 3: Market Sentiment Favoring Fintech Rebounds

A shift in market sentiment toward risk-on assets, especially fintech or high-growth tech could expand SoFi's trading multiple regardless of fundamentals. If investors rotate back into fintech narratives of all-in-one digital finance platforms, SoFi could outperform on sentiment alone, creating a risk for a market short.

Catalyst 1: Valuation, extremely high downside if growth disappoints- Due to the companies' high expectations, even the smallest miss can trigger a negative impact. With huge sell-offs, the stock can drop significantly as the market reprices it back to a traditional bank multiple.

Catalyst 2: Dilution with capital raising- SoFi has been raising capital through share issuance causing shareholder dilution while Book Value has not been growing at the same pace

Catalyst 3: Window Dressing Accounting- As small changes can artificially boost earnings, the overall short-term net income can become inflated, ultimately reversing and flipping earnings negatively.

Conclusion: Sofi Short



SoFi is a financial institution that operates like a traditional bank with startup fintech valuations

- SoFi appears significantly **overvalued relative to its fundamentals**, despite strong growth momentum and heavy retail-investor hype.
- Current valuation metrics imply the market is **pricing in near-perfect execution**, continued expansion, and minimal risk—effectively treating SoFi as a pure high-growth fintech rather than a bank with typical banking-sector risks.
- Retail enthusiasm driven by user-growth optimism, “fintech disruption” narratives, and hopes for favorable macro tailwinds has **inflated sentiment and pushed the share price higher**.
- These optimistic beliefs rely on **best-case scenarios** that may prove unrealistic.
- Independent valuation analyses indicate the stock may be trading **200–250% above fair value** under conservative assumptions.
- If SoFi fails to hit aggressive growth targets, faces macro headwinds (rates, consumer credit stress), or struggles to scale its banking/fintech operations profitably, **the inflated valuation could unwind quickly**.
- The gap between lofty expectations and underlying business risks creates a **compelling asymmetric downside**, making SoFi a potentially strong short candidate.

Weighted Average Cost of Capital		
WACC		
Market Cap	33,548.00	
% of Equity	91.3%	
Cost of Equity	12.2%	
Risk Free Rate	3.8%	(forecast assumption for December 2025 rate cut)
Beta	1.94	
Market Risk Premium	4.3%	
Debt	3,190.08	
% of Debt	8.7%	
Cost of Debt	34.2%	
Tax Rate	4.2%	
Total	36,738.08	
WACC	13.9%	

