

SoFi Technologies, Inc. (SOFI)

Post-earnings equity research note | Q2 FY2026 reported 29 July 2026 | Prepared 5 August 2026

WATCHLIST

Unchanged from previous report

Last close (4 Aug 2026)	\$18.70
Move since the print (28 Jul close \$16.74)	+11.7%
Forward P/E on FY26 adjusted EPS guidance	31.2x
Price / tangible book value	2.55x
Probability-weighted fair value	\$19.25
Implied upside	+2.9%

What the Quarter Changed

SoFi's second quarter was, on the reported numbers, the strongest in the company's history. Adjusted net revenue of \$1.206 billion rose 40% year over year and came in roughly 7% ahead of the consensus figure of about \$1.13 billion. Diluted GAAP earnings of \$0.12 per share beat the \$0.11 consensus and rose 50% from \$0.08 a year earlier. Adjusted EBITDA of \$357.8 million grew 44% at a 30% margin, and management raised full-year adjusted net revenue guidance to \$4.75-4.85 billion. On the operating metrics the picture is better still: members grew 35% to 15.8 million, products grew 42% to 24.4 million, and for the first time the company added twice as many products as members in a single quarter.

None of that is in dispute. What the quarter changed is narrower and more specific than the headline suggests, and it sits in the gap between two numbers management chose to move differently. Revenue guidance went up by roughly \$100-200 million. Adjusted EBITDA guidance, adjusted net income guidance and adjusted EPS guidance all stayed exactly where they were, at approximately \$1.6 billion, \$825 million and \$0.60 respectively. The incremental revenue the company now expects to earn this year is being guided to drop through at a margin of approximately zero.

That is a deliberate choice rather than a deterioration, and management defended it directly on the call. But it is the single most decision-relevant fact in the release, because it determines whether a business growing revenue at 40% is currently compounding earnings for shareholders or buying future growth with them. The share price reaction across the following four sessions suggests the market took some time to settle on an answer, and arguably has not finished.

Q2 FY2026 reported results

Measure	Q2 FY26	Q2 FY25	Change	vs consensus
Total net revenue (GAAP)	\$1,218.7m	\$854.9m	+43%	—
Adjusted net revenue	\$1,205.6m	\$858.2m	+40%	Beat (~\$1.13bn est.)
GAAP net income	\$156.6m	\$97.3m	+61%	—
Diluted EPS	\$0.12	\$0.08	+50%	Beat (\$0.11 est.)
Adjusted EBITDA	\$357.8m	\$249.1m	+44%	—
Adjusted EBITDA margin	30%	29%	+1pt	—
Net interest income	\$788.2m	\$518.6m	+52%	—
Net interest margin	5.98%	—	+4bp QoQ	—
Fee-based revenue	\$472.3m	—	+22% QoQ	39% of revenue
Total loan originations	\$14,798m	\$8,761m	+69%	Record

Measure	Q2 FY26	Q2 FY25	Change	vs consensus
Members	15.8m	11.7m	+35%	Record
Products	24.4m	17.1m	+42%	Record
Tangible book value per share	\$7.34	\$4.72	+56%	—

Source: SoFi Q2 2026 earnings release, Form 8-K Exhibit 99.1, 29 July 2026. Consensus figures are aggregator estimates and are indicative rather than primary.

Guidance: One Line Raised, Three Held

The full-year outlook is the crux of this report. Management raised only the top line and explicitly reaffirmed every profitability measure below it.

FY2026 measure	Current guidance	Action
Adjusted net revenue	\$4.75bn - \$4.85bn	Raised (implies +32-35% YoY)
Adjusted EBITDA	~\$1.6bn	Maintained (~33-34% margin)
Adjusted net income	~\$825m	Maintained (~17% margin)
Adjusted EPS	~\$0.60	Maintained
Member growth	at least +30% YoY	Maintained
Effective tax rate	~22%	Maintained

Source: SoFi Q2 2026 earnings release, 'Guidance and Outlook' section.

Mizuho's Dan Dolev put the question to CFO Chris Lapointe on the call without softening it, asking for the rationale for not raising EBITDA given the strength of the results. The answer was direct and worth quoting in substance: the company raised revenue guidance by \$100-200 million, and rather than let that fall to the bottom line, it intends to spend it. In Lapointe's framing, there are "too many large attractive growth areas for us to invest versus adding even more profitability," and the profitability opportunity "is not going to go away," whereas the growth opportunity would.

That is a coherent capital-allocation argument and, on the evidence of the last three years, management has earned some benefit of the doubt in making it. It is also, for an investor buying the stock today at 31 times this year's guided adjusted earnings, an argument that the return on those reinvested dollars will show up in a period beyond the one being paid for. The reinvestment case and the valuation case are therefore the same case, and it cannot be settled from this quarter's numbers alone.

Business and Franchise

SoFi operates three segments off a single national bank charter. Lending, at \$724.8 million of net revenue and up 63% year over year, is the profit engine. Financial Services, at \$466.3 million and up 29%, is the deposit, spending, investing and relationship layer. Technology Platform, at \$84.5 million, is the enterprise banking-as-a-service arm, and it is the one part of the company going backwards, down 23% year over year on the departure of a large client that fully transitioned off the platform before the end of 2025, though it did grow 13% sequentially.

The strategic claim management makes is the "financial services productivity loop": acquire a member cheaply through a broadly appealing product such as SoFi Money or Relay, then sell additional products at close to zero incremental acquisition cost. This quarter is the first in which that claim is strongly supported by the disclosed data rather than merely asserted. Cross-buy reached 51% of new products opened by existing members, up from 43% in the prior quarter and 35% a year ago, a 16-percentage-point move in twelve months. Products per member hit an all-time high of 1.54 and, on management's account, has now accelerated for two consecutive quarters.

The two products doing the most work are new. SoFi Plus, relaunched at the start of the quarter as a paid subscription, passed 200,000 paying subscribers, equating to a little over \$24 million of annualised revenue. That is immaterial to a \$4.8 billion revenue base, but the behaviour around it is not: 85% of new Plus members were existing members, and a quarter of those added a further product afterwards. SoFi Coach, a generative-AI financial guide launched in June, has generated close to half a million conversations. Neither yet moves the income statement. Both are cheap tests of whether engagement can be manufactured rather than bought.

Financials, Funding and Credit

The funding story is the most underappreciated part of the franchise. Deposits now make up more than 90% of average total liabilities, and the average rate paid on deposits ran 156 basis points below the rate on warehouse facilities, which the company quantifies as roughly \$712.6 million of annualised interest expense saved. Net interest income grew 52% on a 49% increase in average interest-earning assets, with net interest margin of 5.98% up 4 basis points sequentially. For a lender, a durable funding-cost advantage is a more defensible moat than a product feature, and this one is measurable.

Credit improved rather than deteriorated, which matters because the bear case on SoFi has always been that growth of this speed must be buying adverse selection. The personal loan annualised charge-off rate fell to 2.62% from 3.03% in the prior quarter and 2.83% a year ago. Excluding the effect of late-stage delinquent loan sales, management estimates the all-in annualised net charge-off rate would have been approximately 3.7%, a 70 basis point improvement sequentially. Recent vintages from Q4 2022 through Q3 2025 show cumulative net losses of 4.68% with 35% of principal remaining, against 6.43% at the same point for the 2017 vintage that last approached the company's 7-8% tolerance.

The offsetting concern is structural rather than cyclical. SoFi carries \$46.6 billion of loans at fair value, including \$2.03 billion of cumulative positive fair-value adjustments. Those marks depend on assumptions for default rates, prepayment speeds and discount rates that management sets. The disclosure is unusually detailed and the assumptions moved in a conservative direction this quarter, with the personal loan weighted-average default assumption rising to 4.77% from 4.57% and the discount rate to 4.97% from 4.61%. But a meaningful share of reported book value rests on modelled rather than realised outcomes, and that is a permanent quality-of-earnings discount on this business, not a temporary one.

Credit and capital

Measure	Q2 FY26	Q1 FY26	Q2 FY25
Personal loan annualised charge-off rate	2.62%	3.03%	2.83%
Student loan annualised charge-off rate	0.61%	0.65%	—
PL weighted-average default assumption	4.77%	4.57%	—
PL weighted-average discount rate	4.97%	4.61%	—
Total loans at fair value	\$46.6bn	\$40.7bn	—
Total risk-based capital ratio	18.8%	—	—
Book value per share	\$8.58	—	—
Tangible book value per share	\$7.34	—	\$4.72

Regulatory minimum total risk-based capital ratio is 10.5%. Management stated on the call that a low-to-mid-teens ratio is the appropriate long-term level, implying the current surplus is intended to be deployed into balance-sheet growth.

Management and Guidance Accuracy

Guidance accuracy is one of the few genuinely testable measures of a management team, and SoFi's record here is good. The company has now delivered nineteen consecutive quarters above the Rule of 40, scoring 70 this quarter. Full-year revenue guidance has been raised rather than trimmed. The decision to hold EBITDA guidance flat while raising revenue is, in guidance-integrity terms, the conservative choice: it removes the possibility of an easy beat later in the year and transfers the burden of proof onto management to demonstrate the reinvestment works.

Truist's Matt Coad pressed on the capital position, noting the total risk-based capital ratio has come down quickly. CFO Lapointe confirmed the quarter ended at 18.8% against a 10.5% regulatory minimum, and reiterated that a low-to-mid-teens ratio is appropriate long term, with no need to raise capital under the current operating plan. CEO Anthony Noto's explanation for keeping loans on balance sheet rather than routing everything through the capital-light Loan Platform Business was that on-balance-sheet assets produce visible, controllable net interest income into 2027. That is a defensible answer, and it is also an admission that the company is choosing balance-sheet intensity over capital-light optionality, which raises the sensitivity of the whole model to the consumer credit cycle.

Growth Drivers and Risks

Growth drivers

Driver	Likelihood	Impact	Comment
Cross-buy compounding	High	High	51% of new products from existing members, up 16pts YoY. Near-zero acquisition cost on incremental products roughly doubles lending profitability.
SoFi Plus subscription scaling	Medium	Medium	200k subscribers and ~\$24m annualised. Noto stated he would be disappointed below 1m members and \$120m within a year, an unusually specific commitment.
Funding cost advantage	High	High	Deposits >90% of liabilities; ~\$712.6m annualised interest saved versus warehouse funding.
Loan Platform Business	Medium	Medium	\$3.1bn of Q2 personal loan originations placed for third parties; capital-light fee revenue that does not consume the balance sheet.
Technology Platform recovery	Low	Low	Down 23% YoY on a lost client; 14% contribution margin. Sequential growth of 13% is the only encouraging sign.

Risks

Risk	Probability	Severity	Comment
Consumer credit cycle	Medium	High	\$46.6bn of loans at fair value against a US consumer whose resilience is the core untested assumption. Current data is improving, which is when this risk is cheapest to ignore.
Fair-value mark reversal	Medium	High	\$2.03bn of cumulative positive fair-value adjustments rest on management assumptions. A move in default or discount assumptions flows straight through equity.
Reinvestment fails to convert	Medium	Medium	Guidance holds EBITDA flat while revenue rises. If FY27 guidance again defers profitability, the market's patience is the variable that breaks.
Valuation compression	Medium	High	31x guided adjusted EPS and 2.55x tangible book on a mid-single-digit return on equity leaves no margin for disappointment.

Risk	Probability	Severity	Comment
Rate sensitivity	Medium	Medium	NIM of 5.98% benefits from the current deposit repricing gap. A rapid move in either direction compresses the spread or the fair-value marks.
Regulatory	Low	Medium	Bank charter brings capital and consumer-protection oversight; student lending remains politically exposed.

Valuation

The valuation problem is best stated as a single tension. At \$18.70 the shares trade at roughly 2.18 times book value and 2.55 times tangible book. A bank-like balance sheet earning a return on equity in the mid single digits would conventionally trade at or below book. Annualising this quarter's \$156.6 million of GAAP net income against \$11.1 billion of equity gives approximately 5.6%; using the full-year adjusted net income guidance of \$825 million gives roughly 7.5%. Neither supports a 2.2 times book multiple on current returns.

The multiple is therefore entirely an expression of expected future returns, which is exactly what the reinvestment decision defers. On forward earnings the picture is similar: 31.2 times the \$0.60 adjusted EPS guidance, and about 5.1 times FY26 adjusted revenue. Tangible book value per share compounding 56% year over year is the strongest counter-argument, and it is a real one, because that growth is not an accounting artefact. But an investor paying 2.55 times tangible book is paying for two more years of that compounding before the current price is justified on returns alone.

Metric	Value	Assessment
Price (4 Aug 2026 close)	\$18.70	Up 22.6% from the 29 Jul intraday low of \$14.88
Market capitalisation	~\$24.4bn	~1.305bn diluted shares implied by EPS arithmetic
Forward P/E (FY26 adj. EPS \$0.60)	31.2x	Demanding for guidance that is being held flat
Price / book (\$8.58)	2.18x	Against ~5.6% annualised GAAP ROE
Price / tangible book (\$7.34)	2.55x	TBV/share compounding 56% YoY is the mitigant
Price / FY26 adj. revenue	~5.1x	Reasonable for 32-35% growth in isolation
Probability-weighted fair value	\$19.25	Approximately 3% above the current price

Sentiment and Market Reaction

The four sessions after the release are more informative than any single day. SoFi closed at \$16.74 on 28 July. On the 29th, the day of the pre-market release and 8:00am Eastern call, it fell 8.9% to \$15.25 on 193.6 million shares, roughly 2.2 times the twenty-day average volume. It then recovered to \$16.47 on the 30th, drifted to \$16.31 on the 31st, jumped 10.6% to \$18.03 on 3 August and added a further 3.7% to \$18.70 on 4 August. The net move from the pre-print close is +11.7%.

The initial fall is best read as a reaction to the unchanged EBITDA guidance rather than to the quarter, and the subsequent recovery as the market re-weighting the operating metrics. That said, the 3 August move should not be attributed wholly to earnings digestion: SoFi led gains across crypto-linked equities that session, so a portion of the recovery is sector beta rather than a verdict on the print. Sell-side positioning is mixed, with Citi maintaining a Buy and a \$30 target while Mizuho maintained Outperform but cut its target to \$22. Insider buying has been reported through the period of price weakness.

Technical Position

Indicator (as of 4 Aug 2026)	Value	Reading
Close	\$18.70	Above every computable moving average
SMA20	\$17.37	Price 7.7% above
SMA50	\$17.30	Price 8.1% above
SMA100	\$17.05	Price 9.7% above
SMA200	not computed	Insufficient history in the 100-session series; not estimated
RSI(14)	59.1	Constructive, not yet overbought
MACD / signal / histogram	-0.06 / -0.15 / +0.09	Fresh bullish crossover
ATR(14)	\$0.96	5.1% of price; position sizing must respect this
100-session range	\$14.88 - \$20.13	Price sits in the upper half, 7.1% below the high

Indicators computed from 100 daily OHLCV sessions (12 Mar - 4 Aug 2026). The 200-day average could not be derived from that window and has deliberately not been estimated.

Scorecard

Category		Score	Comment
Business quality		8/10	Everything-app flywheel now evidenced by cross-buy data, not just asserted
Financial strength		7/10	18.8% capital ratio and deposit funding, offset by fair-value dependence
Competitive advantage		7/10	Funding cost and zero-CAC cross-sell are real; lending itself is commoditised
Management		8/10	Nineteen straight Rule-of-40 quarters; conservative guidance choice
Growth potential		9/10	35% member and 42% product growth at \$4.8bn scale is exceptional
Valuation		4/10	31x guided EPS and 2.55x tangible book against mid-single-digit ROE
Risk (higher = safer)		5/10	Consumer credit exposure, modelled marks, 5.1% daily ATR
Technical setup		6/10	Above all moving averages but extended after a 22.6% run off the low

Overall Investment Score: 68/100

Weightings: growth 18, valuation 18, business quality 15, financial strength 12, competitive advantage 12, management 10, risk 10, technicals 5.

Recommendation: Watchlist (reaffirmed)

The rating is unchanged at Watchlist, but the reasoning behind it has changed, and that is worth stating plainly rather than leaving implicit. The previous Watchlist rating rested partly on doubt about whether the everything-app strategy would produce measurable cross-selling. This quarter substantially answers that doubt in the company's favour. Cross-buy at 51%, products per member accelerating for a second consecutive quarter, and credit improving while originations grew 69% are not ambiguous data points.

The rating stays at Watchlist because the price moved further than the business did. The shares are 11.7% above the pre-release close and 22.6% above the 29 July low, which means the entry point available to a new buyer today is materially worse than the one available a week ago, while this year's guided earnings are unchanged. At 31 times guided adjusted EPS and 2.55 times tangible book on a return on equity in the mid single digits, the stock already discounts the reinvestment working. An investor buying here is not being paid to wait for proof.

Two developments would move this to a Buy. The first is price: a retreat into the \$15.50-16.50 region, which corresponds to the 50-day average and the pre-release level, would restore an adequate margin of safety without requiring anything new from the business. The second is evidence: a third-quarter release in which management converts the revenue raise into a raised EBITDA or EPS outlook, demonstrating that the reinvested dollars return to shareholders on a visible timetable rather than an indefinite one. Conversely, a deterioration in the personal loan charge-off trend back above 3.5% on the all-in basis, or a downward revision to the fair-value assumptions, would move this to Avoid regardless of growth.

Scenario analysis

Scenario	Prob.	Earnings path	Fair value	Conditions
Bull	25%	FY27 adj. EPS ~\$0.95	\$26.60	Reinvestment converts, cross-buy compounds, Technology Platform stabilises, multiple holds near 28x
Base	50%	FY26 lands at guidance; FY27 adj. EPS ~\$0.80	\$19.20	Execution continues, profitability improves gradually, multiple compresses toward 24x
Bear	25%	Charge-offs rise, marks reverse	\$12.00	Consumer credit deteriorates, fair-value adjustments unwind, stock de-rates toward 1.5x tangible book

Probabilities sum to 100%. Probability-weighted fair value: \$19.25, approximately 2.9% above the 4 August close of \$18.70.

Final Verdict

SoFi is a better business than it was three months ago and a less attractive share than it was six sessions ago. Both statements are true, and holding them together is the whole of the investment judgement here.

The quarter demonstrated the thing the bear case said would not happen: that a direct-to-consumer financial platform can acquire members at scale and then sell them additional products at negligible incremental cost. Fifty-one per cent cross-buy, up sixteen points in a year, is the number that matters, and it arrived alongside improving credit rather than at its expense. The deposit funding advantage is durable and quantified. Tangible book value per share compounding at 56% is real capital formation, not an accounting effect.

What stops this being a Buy is that the company has told investors, explicitly and on the record, that the upside it now expects to earn this year will be spent rather than banked, while the market has simultaneously raised the price of participating by nearly 12%. That combination compresses the expected return to roughly 3% on a probability-weighted basis, against a share that moves 5% in an average day. The risk-adjusted case is not there at \$18.70. It would be at \$16, and it may well be after a third quarter that converts revenue growth into guided profit. The right position today is a watchful one, with a defined price at which the argument changes.

Sources

SEC EDGAR — SoFi Technologies Form 8-K Exhibit 99.1, Q2 2026 earnings release (29 Jul 2026) • MarketBeat — SoFi Technologies Q2 2026 earnings call transcript • Alpha Vantage — daily OHLCV series, 12 Mar to 4 Aug 2026 • moomoo news search — SoFi Technologies coverage, 29 Jul to 4 Aug 2026 • SoFi Investor Relations — investors.sofi.com

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