



NewtekOne, Inc. Updates Market on Financial Holding Company Transition and Forecasts

March 13, 2023

Will Hold Conference Call to Discuss with Q&A On Wednesday, March 15, 2023 at 8:30am ET

BOCA RATON, Fla., March 13, 2023 (GLOBE NEWSWIRE) -- [NewtekOne, Inc.](#) (NASDAQ: NEWT) (the "Company") today updated the market on its financial holding company transition and forecasts. Barry Sloane, Chief Executive Officer, will hold a conference call with Q&A on Wednesday, March 15, 2023 at 8:30 am ET, to discuss this information in greater detail.

On January 6, 2023, the Company completed the acquisition of National Bank of New York City ("NBNYC"), withdrew its BDC election, and became a financial holding company. On January 13, 2023, Newtek Business Services Corp. changed its name to NewtekOne® and NBNYC, the 59-year-old nationally chartered bank, was renamed Newtek Bank, National Association, a wholly owned subsidiary of NewtekOne. As a result, NewtekOne, a financial holding company, no longer qualifies as a regulated investment company for federal income tax purposes and will no longer qualify for accounting treatment as an investment company. Going forward, Newtek Bank, N.A. and NewtekOne's former portfolio companies and other subsidiaries will be consolidated in the Company's financial statements. As a result, NewtekOne's financial reporting metrics will change beginning with the first quarter 2023 quarterly report.

Barry Sloane, Chairman, President and Chief Executive Officer said, "Given the volatility in capital markets and banking deposit funding, we thought it would be useful to update the market on our transition to a financial holding company. Important to note, neither NewtekOne or its subsidiaries are borrowers or depositories with Silicon Valley Bank or Silvergate Bank. In addition, Newtek Bank, N.A., as a depository, only accepts USD currency and has zero exposure to any depositor or borrower who wants to transact in crypto currency, and does not accept or recognize it as a form of currency or barter."

Mr. Sloane continued, "Newtek Bank, N.A. estimates it will raise up to \$150 million in additional bank deposits in the first quarter of 2023, in addition to the \$120 million in deposits inherited from NBNYC at the close of the acquisition on January 6, 2023. Newtek Bank's cost-of-funds acquisition model assumed the deposits to be raised during its first three quarters of operations to be of a higher-cost nature versus non-interest bearing ([www.newtekbank.com](#)). We believe that Newtek Bank can afford this level of cost of funds as it still has a material cost savings over NewtekOne's legacy BDC cost of funds, and does not invest in low-yielding securities or fixed income investments except for a de minimis amount of securities for liquidity."

Mr. Sloane further commented, "Our current loan fundings in the first quarter of 2023 were adjustable-rate loans with double-digit initial coupons in the SBA 7(a) category, which enables us to have a net interest margin of over 5% even in this higher interest rate environment. Gain-on-sale margins of SBA 7(a) loans have improved by greater than 1.50% to 2.0%, net to Newtek, since the fourth quarter of 2022 due to what we believe is the demand for floating-rate government guaranteed loans which can get favorable mark-to-market treatment even in a rising-rate environment. Lastly, the Company is comfortable to reiterate its recently released first quarter 2023 earnings guidance on a consolidated basis as well as its 2023 and 2024 annual earnings guidance on a consolidated basis in a range of \$1.70 to \$2.00 per share and a range of \$2.80 to \$3.20 per share, respectively, given current trends in the market."

Mr. Sloane concluded, "As a BDC, the Company valued its assets at fair value and had taken the appropriate write-downs as of December 31, 2022, and we believe our assets have the appropriate market value. We believe our recent transition to a financial company leave us very well positioned, different from other bank holding companies whose success depends almost entirely on low-cost deposits and low-margin fixed-rate assets. Our business model is the antithesis of this latter approach and positions us for success in the market. We look forward to our first quarter 2023 earnings report as well as other updates that we will make to analysts and market participants."

To attend the conference call or webcast, participants should register online at <http://investor.newtekbusinessservices.com/events-and-presentations>. To receive a dial-in number, participants are requested to register at a minimum of 15 minutes before the start of the call. A replay of the call with the corresponding presentation will be available on Newtek's website shortly following the live presentation and will be available for a period of 90 days.

[NewtekOne®](#), Your Business Solutions Company®, is a financial holding company, which along with its bank and non-bank consolidated subsidiaries, provides a wide range of business and financial solutions under the Newtek® brand to the small- and medium-sized business ("SMB") market. Since 1999, Newtek has provided state-of-the-art, cost-efficient products and services and efficient business strategies to SMB relationships across all 50 states to help them grow their sales, control their expenses and reduce their risk.

NewtekOne's and its subsidiaries' business and financial solutions include: banking (Newtek Bank, N.A.), [Business Lending](#), [SBA Lending Solutions](#), [Electronic Payment Processing](#), [Technology Solutions \(Cloud Computing, Data Backup, Storage and Retrieval, IT Consulting\)](#), [eCommerce](#), [Accounts Receivable Financing & Inventory Financing](#), [Insurance Solutions](#), [Web Services](#), and [Payroll and Benefits Solutions](#).

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Note Regarding Forward Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the rules and regulations of the Private Securities Litigation and Reform Act of 1995. These statements are based on management's current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors. These factors include, among others: macroeconomic and other challenges and uncertainties related to the U.S. and global economies, as well as the broader impacts to financial markets and the global

macroeconomic and geopolitical environments; higher inflation and its impacts; higher interest rates and the impacts on macroeconomic conditions, and NewtekOne, Inc.'s funding costs; NewtekOne, Inc.'s conversion to a financial holding company, consummation of the acquisition of Newtek Bank, N.A. and NewtekOne's limited experience as a financial holding company and owning and operating a bank; and the precautionary statements included in this release. Factors that could cause NewtekOne, Inc.'s actual results to differ materially from those described in the forward looking statements can be found in NewtekOne, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2021 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022, filed May 9, 2022, August 8, 2022, and November 8, 2022, with the Securities and Exchange Commission and are available on NewtekOne, Inc.'s website (<https://investor.newtekbusinessservices.com/sec-filings>), and on the Securities and Exchange Commission's website (www.sec.gov). Any forward-looking statements made by or on behalf of NewtekOne, Inc. speak only as to the date they are made, and NewtekOne, Inc. does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

SOURCE: NewtekOne, Inc.

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