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Newtek Prices its 9th and Largest S&P-Rated Small Business Loan Securitization

November 5, 2018

LAKE SUCCESS, N.Y., Nov. 05, 2018 (GLOBE NEWSWIRE) -- [Newtek Business Services Corp.](#) ("Newtek") (Nasdaq: NEWT), an internally managed business development company ("BDC"), today announced that it has priced its ninth and largest small business loan securitization, with the offering of \$108,551,000 of Unguaranteed SBA 7(a) Loan-Backed Notes, Series 2018-1, consisting of \$82,876,000 of Class A Notes and \$25,675,000 Class B Notes (collectively, the "Notes"), rated "A" and "BBB-", respectively, by Standard and Poor's Financial Services LLC. The Company anticipates this transaction to close on November 8, 2018. The Notes had an 83.50% advance rate, and were priced at an average initial yield of approximately 4.32% (Note Interest Rates will be floating rate) across both classes.

The Notes are collateralized by the right to receive payments and other recoveries attributable to the unguaranteed portions of SBA 7(a) loans made by Newtek Small Business Finance, LLC ("NSBF") pursuant to Section 7(a) of the Small Business Act, and overcollateralized by NSBF's participation interest in the unguaranteed portions. Deutsche Bank Securities Inc. acted as sole book-running manager and Capital One Securities, Inc. acted as co-manager for the sale of the Notes.

Barry Sloane, Chairman, President and Chief Executive Officer of Newtek Business Services Corp. said, "We are extremely pleased to announce our 9th and largest securitization to date, which garnered strong investor demand, with the bonds three times oversubscribed and ultimately allocated to 12 investors, resulting in the best pricing we have received in any of our securitizations to date. These attractive economics are testament to our 15-year track record of accessing the market, coupled with our continued strong performance. The 2018-1 securitization received an 83.5% advance rate, which represents an approximate 4.0% improvement over the advance rate in our November 2017 securitization, and is the highest advance rate of all our securitizations to date. We also received the best pricing in our securitization history with an approximate 30 basis point reduction in the spread over LIBOR on the Class A Notes compared to our November 2017 securitization."

Mr. Sloane continued, "In addition, we were able to exercise the optional redemption of rated notes in our 2013-1 deal, effectively retiring that deal, adding its seasoned collateral to our current securitization transaction. As a result, we were able to release approximately \$15.0 million in cash from a reserve fund as well as the overcollateralization on the notes, which can be used to further grow our business. We expect to be a more frequent issuer in 2019, with larger deal sizes as we grow our loan platform as well as continue to exercise redemptions of older deals due to the higher prepayment rates we are experiencing. The higher prepayment speeds allow for greater cash flow in our securitizations, which can assist us in cost-effectively financing our growth."

About Newtek Business Services Corp.

[Newtek Business Services Corp.](#), Your Business Solutions Company®, is an internally managed BDC, which along with its controlled portfolio companies, provides a wide range of business services and financial products 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 accounts across all 50 states to help them grow their sales, control their expenses and reduce their risk.

Newtek's and its portfolio companies' products and services include: [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](#), [The Newtek Advantage](#), [Insurance Solutions](#), [Web Services](#), and [Payroll and Benefits Solutions](#).

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Note Regarding Forward Looking Statements

This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," "forecasts," "goal" and "future" or similar expressions are intended to identify forward-looking statements. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions, which could cause Newtek's actual results to differ from management's current expectations, are contained in Newtek's filings with the Securities and Exchange Commission and available through <http://www.sec.gov>. Newtek cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements.

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