Newtek Small Business Finance Announces Restart of its SBA 7(a) Loan Program

June 23, 2020

Will Begin Accepting SBA 7(a) Loan Applications on June 29, 2020

BOCA RATON, Fla., June 23, 2020 (GLOBE NEWSWIRE) -- Newtek Business Services Corp., (NASDAQ: NEWT), an internally managed business development company ("BDC"), today announced that Newtek Small Business Finance ("NSBF"), the Company's nationally licensed lender under the U.S. Small Business Administration ("SBA") Section 7(a) Program, will restart its SBA 7(a) loan program and begin accepting applications on June 29, 2020. NSBF plans to reenter its SBA 7(a) loan program in a cautious and measured manner, and will look to finance businesses based on the health of their balance sheets and income statements, pre-Covid-19 business activity and the business' forward projections. NSBF will, among other things, consider the business activity of each potential borrower over the period of March 2020 through June 2020 to assess their financial position after the period of state and local stay-at-home orders, focusing on companies with a 2- to 3-year operating history, hard collateral assets, pre-Covid-19 cash flows and liquidity to maintain their business.

In April 2020, NSBF temporarily suspended its legacy SBA 7(a) loan program as it became an active lender through the Paycheck Protection Program ("PPP"), which served as the vehicle to enable SBA 7(a) lenders to make PPP loans to help U.S. small businesses maintain their payroll, pay their rent and utilities, and certain other costs. As of the date of this release, NSBF has funded approximately $1.08 billion of its total $1.15 billion of PPP loans with SBA loan (E-Tran) numbers. The PPP program is still ongoing, and NSBF is still accepting PPP loan applications through June 30, 2020. As of Saturday, June 20, 2020, there was approximately $128 billion of appropriation remaining for PPP and SBA 7(a) loans.

Barry Sloane, Chairman, President and Chief Executive Officer said, "We are excited to reestablish our pipeline of funding opportunities in our SBA 7(a) business line. As a lender in this space for over 17 years, and having weathered the 2008-2009 credit crisis, we clearly understand the pitfalls and opportunities of lending through extraordinary times of weakness. We have had direct conversations with our borrowing clientele, and have amassed a valuable database of consumer, geographic, and industry data that will assist us in our decisions of which businesses to finance. Through our experience, we have learned that downturns in business cycles, whatever the cause, tend to eliminate weak borrowers and reward well-run companies, as there tends to be reduced competition for sales, labor and other resources. We believe this economic downturn will provide an attractive opportunity to lend based on re-underwriting of collateral and cash flows during post-Covid-19 market conditions."

Mr. Sloane continued, "As we believe the national stay-at-home policy has transitioned to localized shutdowns, we view this as an opportune time to explore opportunities and make credit decisions based on economic data, such as reemployment trends and retail sales across the U.S. We suspended a major portion of our first quarter SBA 7(a) lending opportunities in March 2020 since we foresaw that Covid-19 would cause shutdowns, and we plan on revisiting these opportunities with the reopening of the economy. Paramount to our decision to lend is the potential borrower's ability to demonstrate that, during the period of shutdown to reopening of the economy, they were taking measures to proactively manage their business through expense reduction, operational improvements, obtaining additional funding and repositioning the company to be successful as the economy reopens. Currently, the secondary market for SBA 7(a) loan sales is open and prepays are expected to slow dramatically. Therefore, we believe that premiums for government-guaranteed obligations will firm up and represent an attractive purchase for investors in guaranteed portions of SBA 7(a) loans, which we sell. We look forward to reporting our second quarter 2020 earnings in early August, and offering forward visibility into our business model for 2020."

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 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.

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, 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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