

# NewtekOne®

NASDAQ:NEWT

## Newtek Closes its 11th S&P-Rated Loan Securitization with the Sale of \$103.4 Million of SBA 7(a) Unguaranteed Loan-Backed Notes Series 2021-1

December 9, 2021

### Company Reaffirms Forecasts Across Several Metrics

BOCA RATON, Fla., Dec. 09, 2021 (GLOBE NEWSWIRE) -- [Newtek Business Services Corp.](#), (NASDAQ: NEWT), an internally managed business development company ("BDC"), today announced that it has closed its eleventh small business loan securitization, with the sale of \$103,430,000 of Unguaranteed SBA 7(a) Loan-Backed Notes, Series 2021-1, consisting of \$79,680,000 of Class A Notes and \$23,750,000 Class B Notes (collectively, the "Notes"), rated "A" and "BBB-", respectively, by S&P Global, Inc. ("S&P"). The Notes had an 82.50% advance rate, and were priced at an average initial yield of approximately 2.02% (Note interest rates are floating rate and adjust monthly), which is equivalent to a spread of 192 basis points over LIBOR, 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 and Capital One Securities acted as joint book running managers for the transaction.

Barry Sloane, Chairman, President and Chief Executive Officer of Newtek Business Services Corp. said, "We are extremely pleased that NSBF was able to issue its eleventh securitization, as we have reestablished our core SBA 7(a) lending business. According to data from the Small Business Administration ("SBA"), NSBF is ranked by dollar origination volume as the largest non-bank SBA lender and the third largest SBA lender, including banks, at SBA's fiscal year end of September 30, 2021. This 2021-1 Securitization has attractive economics for the Company, with the unguaranteed portions of the SBA 7(a) loans having been funded with 100% equity prior to the securitization, raising approximately \$100.3 million of total cash liquidity, which includes \$76.9 million of cash at closing, and a prefunding amount of \$23.3 million, which we expect to draw down within 90 days, and with an advance rate of 82.50% across the A rated and BBB- rated Notes. The proceeds from this 2021-1 Securitization, which is classified as non-recourse financing, can be used to refinance higher-cost debt, fund loan originations, as well as other general corporate purposes. In addition, we are pleased to report that the Class A Notes were 4.7 times oversubscribed and the Class B Notes were 3.4 times oversubscribed with 10 of some of the largest and most sophisticated institutional investors participating in this deal."

Mr. Sloane continued, "We have continued to augment our loan servicing staff and are pleased that we have been able to service our existing loan portfolio, maintaining delinquency and default data that is consistent with pre-pandemic levels. We attribute this solid credit performance to working closely with the SBA and our borrowers on three rounds of PPP financing, payments associated with Section 1112 of the Cares Act, Economic Injury Disaster Loan financing, and the Employee Retention Credit Program, offering our customer base assistance in weathering the pandemic effects."

Mr. Sloane further commented, "We currently have a full pipeline of loans across SBA 7(a), SBA 504, and non-conforming conventional loan categories and, as such, are reaffirming our guidance across several metrics. We are reaffirming our full year 2021 SBA 7(a) loan funding forecast of between \$560 and \$600 million, which would represent record annual SBA 7(a) fundings for Newtek, as well as a 12% increase, at the midpoint of the 2021 forecasted range, over SBA 7(a) loan fundings in 2019. In addition, the Company will pay its fourth quarter 2021 dividend of \$1.05 per share on December 30, 2021 to shareholders of record on December 20, 2021. With that payment, the Company will have paid \$3.15 per share in dividends in 2021, which would represent a 53.7% increase over dividends paid in 2020. The Company is reaffirming its first quarter 2022 dividend of \$0.65 per share<sup>1</sup>, which would represent a 30% increase over the first quarter 2020 dividend. Finally, we are reiterating our earnings guidance and expect 2021 full year 2021 NII of \$0.80 per share and ANII of \$3.40 per share. We look forward to reporting our 2021 full year results during the first quarter of 2022."

Mr. Sloane concluded, "We would like to thank Deutsche Bank Securities and Capital One Securities for their hard-earned efforts, especially during choppy markets, and we appreciate the loyalty of our repeat investors, as well as the interest of new investors, and their faith in our securitization notes, that have consistently maintained their ratings or been upgraded."

<sup>1</sup>Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors.

[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.*

SOURCE: Newtek Business Services Corp.

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