



Newtek Conventional Lending LLC Closes its Securitization with the Sale of \$56.3 Million of Notes Backed by Conventional Commercial Loans

January 28, 2022

Transaction Rated 'A' (sf) by DBRS Morningstar

BOCA RATON, Fla., Jan. 28, 2022 (GLOBE NEWSWIRE) -- [Newtek Business Services Corp.](#), (NASDAQ: NEWT), an internally managed business development company ("BDC"), today announced that Newtek Conventional Lending LLC ("NCL"), a Newtek joint venture, closed its conventional commercial loan securitization with the sale of \$56.3 million Class A Notes ("Notes"), NCL Business Loan Trust 2022-1, Business Loan-Backed Notes, Series 2022-1, secured by a segregated asset pool consisting primarily of conventional commercial business loans ("Business Loans"), including Business Loans secured by liens on commercial or residential mortgaged properties, originated by NCL and Newtek Business Lending, LLC. The Notes were rated "A" (sf) by DBRS Morningstar. The Notes had a 65.0% advance rate, and were priced at a yield of 3.209%.

The Notes are collateralized by, among other things, the Business Loans and the right to receive payments and other recoveries attributable to the Business Loans. Deutsche Bank Securities was the Sole Structuring Advisor and Sole Book Running Manager, and Capital One Securities was Co-Manager, for the transaction.

Barry Sloane, Chairman, President and Chief Executive Officer of Newtek Business Services Corp. said, "The closing of NCL Business Loan Trust 2022-1 this week is a watershed event for our Company. Prior to the onset of the pandemic, we began building a portfolio with our institutional joint venture JV partner to pursue loans that didn't fit our traditional government-guaranteed SBA 7(a) or SBA 504 loan programs. Coupled with the extraordinary reach of our referral system and robust loan pipeline, through JV partnerships, we believe we can cast a wider net to reach and meet the needs of additional types of borrowers with our lending program. Borrowers in our loan portfolio that have outgrown the SBA 7(a) loan amount maximum of \$5.0 million, those that require a fixed-rate loan alternative, or those that are too credit worthy and would fail the SBAs credit elsewhere test, would be ideal candidates for our non-conforming conventional loan program. While our non-conforming conventional loan program had a hiatus due to the effects of the pandemic, we are moving forward by building a pipeline and working on signing on new JV partners. We believe the profitability profile and volume demands for our non-conforming conventional loans has the potential to surpass the performance of our historical and traditional government-guaranteed lending programs. Of course, we are focused on continuing to grow our SBA 7(a) and SBA 504 loan programs, but now we also look forward to leveraging our operational infrastructure, track record and securitization expertise to grow our non-conforming conventional loan program."

Mr. Sloane continued, "We would like to thank Deutsche Bank Securities and Capital One Securities, as well as the efforts of DBRS Morningstar to rate the first of this type of loan securitization transaction, for our Company. We welcome investors to visit the [DBRS Morningstar website](#) to access the presale memo. We are also extremely pleased to have closed the underwriting book after just 24 hours as this transaction was two-times oversubscribed. Newtek is dedicated to continuing to build a comprehensive loan funding program that will meet the maturation cycle of independent business owners, in particular women and minorities that often have difficulty accessing debt financing. We believe our non-conforming conventional loan program not only has the potential to add another cylinder to Newtek's earnings engine, but can enable us to diversify our business further by expanding our reach to satisfy the needs of a broader pool of borrowers, as well as generate additional servicing income."

Mr. Sloane concluded, "The announcement by the Company of its intention to acquire National Bank of New York City, subject to required approvals, is consistent with the Company's goal to provide a full range of business and financial solutions, including government-guaranteed and non-conforming commercial loans, to its customers. We look forward to reporting our full year 2021 results, and our endeavors and progress as we move full force into the 2022 calendar year."

[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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