

# NewtekOne®

NASDAQ:NEWT

## NewtekOne, Inc. Closes ALP Loan Securitization with Sale of \$184 Million of Rated Notes

April 23, 2025

### Transaction Marks NewtekOne's 16th Securitization

BOCA RATON, Fla., April 23, 2025 (GLOBE NEWSWIRE) -- [NewtekOne, Inc.](#) (the "Company") (NASDAQ: NEWT) announced today that it has closed a \$184 million securitization backed by \$216 million of Alternative Loan Program ("ALP") loans. This securitization, NALP Business Loan Trust 2025-1, represents the Company's third asset-backed securitization secured by ALP loans, the first two of which were executed out of NewtekOne joint ventures, and is the Company's 16th rated securitization. All of the Company's prior securitizations have maintained their initial investment-grade ratings or been upgraded.

Pursuant to the securitization, the Company sold \$155,930,000 of Class A Notes, \$23,820,000 of Class B Notes, and \$4,330,000 of a Class C Note (collectively, the "Notes") issued by NALP Business Loan Trust 2025-1. The Notes are backed by \$216,564,700 of collateral, consisting of \$184,414,700 of Company originated ALP loans and a \$32,150,000 prefunding account to acquire additional ALP loans originated by the Company. The securitization was two times oversubscribed.

- The Class A Notes received a Morningstar DBRS rating of "A (low) (sf)" and were priced at a yield of 6.338%.
- The Class B Notes received a Morningstar DBRS rating of "BBB (sf)" and were priced at a yield of 7.838%.
- The Class C Notes received a Morningstar DBRS rating of "BB (sf)" and were priced at a yield of 10.338%.
- The Notes had a weighted average yield of 6.62% and an 85% advance rate, compared to an advance rate of 80% for the 2024 ALP-backed securitization.
- The gross weighted average coupon of the collateralizing portfolio of loans approximates 13.30% with loans floored at their initial rates; after netting out 100 bps of servicing fees, the loans entered the collateral pool at a net weighted average coupon of 12.30%.

The Company underwrites ALP loans with the thesis that the underlying businesses are the primary sources of principal and interest payments of the loans. The Company requires that almost all 20% or greater equity owners of the businesses personally guarantee loans. In addition, all business assets of the borrower, including owner-occupied commercial real estate, accounts receivable and inventory, and machinery and equipment, are pledged as collateral against ALP loans. In many cases, the Company also takes liens on personal assets of the business owners.

Barry Sloane, Chairman, President, and Chief Executive Officer, commented, "We are extremely pleased to have completed a third securitization backed by ALP loans and appreciate the effort from our underwriters, Deutsche Bank, Capital One Securities, and Santander. We intend to continue to issue these securitizations backed by ALP loans and continue to view ALP loans as an important element to the Company's financial performance. Origination of ALP loans allows us to leverage our existing deal flow, software, personnel, operational infrastructure, and securitization expertise. ALP loans add to the existing menu of loan options available to our independent business owner clients; that menu includes SBA 7(a) loans, SBA 504 loans, conventional commercial real estate loans, and conventional commercial and industrial term and revolving loans. With the ALP loan option, we maximize our vast referral system, which generates 600-900 daily referrals, and, more importantly, flexibility for our borrower clients. ALP loans support borrowing needs up to \$15 million, versus government programs that come with size limits and conventional bank loans that have loans-to-one-borrower limitations. Because ALP loans fully amortize over 10-25 years without balloon payments, borrowers benefit from lower monthly payments compared to other options in the market, such as merchant cash advances. ALP borrowers also appreciate that ALP loans do not have typical covenants of conventional bank loans, which provides borrowers with the added flexibility to manage leverage levels, set dividend policies, and execute acquisitions without having to get approval from a lender. To access the benefits of ALP loans, borrowers are willing to pay higher interest rates and to offer personal guarantees, including, in many instances, liens on personal assets, which provide collateral enhancement to the credit."

Mr. Sloane continued, "The gross weighted-average coupon of the collateral pool is expected to be approximately 13.30% following the end of the prefunding period. The Company receives a servicing fee of 100 basis points on the loans, which means NALP Business Loan Trust 2025-1 nets a weighted-average coupon of approximately 12.30% on its assets. With a weighted average coupon to investors in the Notes of 6.62%, there is roughly 570 basis points of margin to support the bond holders' yield. We are very pleased with the execution of this third ALP securitization with 10 institutions purchasing the Notes, which, we believe, demonstrates that we have built and continue to build a loyal investor base of ALP-backed securitization notes that we began issuing in 2021. That investor base includes some of the largest money managers, insurance companies, and financial institutions in the world. Since 2019, when we launched the ALP, we have originated roughly \$480 million of ALP loans and currently have approximately \$400 million outstanding and anticipate being able to grow ALP loans at a healthy pace given that an average ALP approximates \$4 million compared to an average of \$450,000 for an SBA 7(a) loan. NewtekOne originated 2,400 loan units in 2024 and projects it will originate 2,700 units in 2025. From a credit quality perspective, we have only experienced four ALP loan defaults and have yet to experience ALP loan charge offs, although it is unrealistic to expect zero charge offs to continue. We do expect loss rates on ALP loans will be materially lower than those experienced in the SBA 7(a) program given healthier liquidity of ALP businesses and borrowers, substantially larger businesses within the ALP portfolio, and

stronger ALP guarantors. We are also pleased to report, that in a difficult economic environment in which the market sees higher levels of loan loss provisions and non-performing loans, we continue to forecast that 2025 EPS will fall in a range of \$2.10 - \$2.50. Obviously, the last three weeks have changed the economic outlook for almost every company across the globe, in some case dramatically. We continue to believe that organizations with higher margins, lower efficiency ratios, adequate capital and appropriate loan loss reserves will be the winners when macro headwinds shift to tailwinds.”

Mr. Sloane concluded, “We are proud of our track record and believe we are a premier originator of business loans to independent business owners in all 50 states, using all forms of financings and deal structures to achieve our goals and those of our customers. Becoming a financial holding company and owning a nationally chartered bank has enabled us to diversify our funding sources, reduce our financing costs, and provide value to our investors and clients.”

*The Notes were not registered under the Securities Act of 1933, as amended (the “ Securities Act ”), and may not be offered or sold in the United States absent registration or an applicable exemption from the registration requirements. The Notes may only be offered and sold in the United States in accordance with Rule 144A under the Securities Act.*

*This press release does not constitute an offer to sell or the solicitation of any offer to buy the Notes, nor shall there be any sale of the Notes in any jurisdiction in which such offer, solicitation or sale would be unlawful under the laws of such jurisdiction. The offer and sale of the Notes was made solely pursuant to a confidential private placement memorandum.*

#### **About NewtekOne, Inc.**

[NewtekOne®](#), Your Business Solutions Company®, is a financial holding company, which along with its bank and non-bank consolidated subsidiaries (collectively, “NewtekOne”), provides a wide range of business and financial solutions under the Newtek ® brand to independent business owners. Since 1999, NewtekOne has provided state-of-the-art, cost-efficient products and services and efficient business strategies to independent business owners 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, Accounts Receivable Financing & Inventory Financing, Insurance Solutions and Payroll and Benefits Solutions. In addition, NewtekOne offers its clients the Technology Solutions (Cloud Computing, Data Backup, Storage and Retrieval, IT Consulting and Web Services) provided by Intelligent Protection Management Corp. (IPM.com).

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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 are based on the current beliefs and expectations of NewtekOne's management and are subject to significant risks and uncertainties. Actual results may differ materially from those set forth in the forward-looking statements. See “Note Regarding Forward-Looking Statements” and the sections entitled “Risk Factors” in our filings with the Securities and Exchange Commission which are available on NewtekOne's website (<https://investor.newtekbusinessservices.com/sec-filings>) and on the Securities and Exchange Commission's website ([www.sec.gov](http://www.sec.gov)). Any forward-looking statements made by or on behalf of NewtekOne speak only as to the date they are made, and NewtekOne 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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