

NewtekOne[®]

NASDAQ: NEWT

**Fourth Quarter and Full Year 2022 Financial Results & Updated
Earnings Forecast for 2023 and 2024 Conference Call
February 28, 2023 8:30 am ET**

Hosted by:

Barry Sloane, CEO & President and Nicholas Leger, EVP & CAO

Attendees

Nicolas Young, President, Newtek Bank, N.A.

John McCaffery, Chief Financial Officer, Newtek Bank, N.A.

Investor Relations

Jayne Cavuoto

Director of Investor Relations

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Note Regarding Forward-Looking Statements

Certain statements in this presentation are “forward-looking statements” within the meaning of the rules and regulations of the Private Securities Litigation and Reform Act of 1995. These statements are based on management’s current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results or occurrences. Actual results and capital and other financial conditions may differ materially from those included in these statements due to a variety of factors. These factors include, among others: macroeconomic and other challenges and uncertainties related to the COVID-19 pandemic, such as the impacts to the U.S. and global economies, as well as the broader impacts to financial markets and the global macroeconomic and geopolitical environments; higher inflation and its impacts; higher interest rates and the impacts on macroeconomic conditions, and NewtekOne, Inc.’s funding costs; NewtekOne, Inc.’s conversion to a financial holding company, consummation of the acquisition of Newtek Bank, N.A. and Newtek One’s limited experience as a financial holding company and owning and operating a bank; and the precautionary statements included in this release. Factors that could cause NewtekOne, Inc.’s actual results to differ materially from those described in the forward looking statements can be found in NewtekOne, Inc.’s Annual Report on Form 10-K for the year ended December 31, 2021 and Quarterly Reports on Form 10-Q for the quarters ended March 31, 2022, June 30, 2022, and September 30, 2022, filed May 9, 2022, August 8, 2022, and November 8, 2022, with the Securities and Exchange Commission and are available on NewtekOne, Inc.’s website (<https://investor.newtekbusinessservices.com/sec-filings>), and on the Securities and Exchange Commission’s website (www.sec.gov). Any forward-looking statements made by or on behalf of NewtekOne, Inc. speak only as to the date they are made, and NewtekOne, Inc. 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.

- On January 6, 2023, we completed the acquisition of National Bank of New York City and withdrew our BDC election and ceased operating as BDC; we are now a financial holding company
- Newtek Business Services Corp. changed its name to **NewtekOne**[®] and the National Bank of New York City, the 59-year-old nationally chartered bank has been acquired, and is now named **Newtek Bank, National Association**, a wholly owned subsidiary of NewtekOne[®]
- NewtekOne[®] will continue to trade under its existing ticker (Nasdaq: NEWT)
- We are financial holding company that is a leading business and financial solutions provider to the independent business owner
- We are a differentiated financial holding company providing solutions to its customers unlike any other financial holding company

- Conceptually the NewtekOne® name is appropriate as we are the one company that partners with its clients to help them grow their business and make them more efficient
- We believe we can be recognized for providing solutions to our business clientele through the Newtek Advantage®, which we believe will make them more successful
- By offering all of NewtekOne's business and financial solutions, including Newtek Bank's services and solutions, through the Newtek Advantage business portal, our clients will be able to access the full suite of solutions we provide, as well as have access to at least 6 NewtekOne professionals that can help them grow their business, make them more efficient, and reduce their risk
- We expect our clients will see us 3-5 times per week and 12-20 times per month connecting through their own Newtek Advantage business portal
- As NewtekOne, independent business owners will be able to access their depository functions and money movement capabilities multiple times a week, as well as develop a partnership with NewtekOne through which they can cultivate NewtekOne business relationships, as well as access NewtekOne advice, consultation, analytics and transactional capability
- NewtekOne will launch several rebranded product lines under the names of Newtek Bank, Newtek Technology, Newtek Payments, Newtek Lending, Newtek Payroll and Newtek Insurance

- Newtek Small Business Finance, LLC (“NSBF”) funded a record \$775.6 million in SBA 7(a) loans for the twelve months ended December 31, 2022, exceeding its previously stated full year 2022 SBA 7(a) loan funding guidance of \$775 million, which represents an 38.4% increase over \$560.6 million SBA 7(a) loan fundings for the twelve months ended December 31, 2021
- NSBF funded \$188.7 million of SBA 7(a) loans during the three months ended December 31, 2022; a (4.7)% decrease over the \$198.0 million of SBA 7(a) loans funded for the three months ended December 31, 2021
- Annual 2023 lending guidance
 - SBA 7(a): \$875 million (primarily Newtek Bank, N.A. financed)
 - SBA 504: \$175 million (primarily Newtek Bank, N.A. financed)
 - Non-conforming C&I loans: \$600 million (financial holding company and joint venture financed)
 - Conforming C&I and investor CRE loans combined: \$140 million (Newtek Bank, N.A. financed)

- On December 30, 2022, the Company paid a fourth quarter 2022 cash distribution of \$0.70 per share to shareholders of record as of December 20, 2022
- The Company paid \$2.75 per share in dividends and distributions in 2022
- Throughout the Company's tenure as a BDC since 2015, it paid out approximately \$330 million in dividends and distributions

Fourth Quarter 2022 BDC Financial Highlights

- Total investment income of \$23.1 million for the three months ended December 31, 2022; a decrease of (6.9)% compared to total investment income of \$24.8 million for the three months ended December 31, 2021.
- Net investment income (loss) of \$(5.4) million, or \$(0.22) per share, for the three months ended December 31, 2022, which represents a (414.3)% decrease, on a per share basis, compared to net investment income (loss) of \$1.6 million, or \$0.07 per share, for the three months ended December 31, 2021.
- Adjusted net investment income ("ANII")¹ of \$1.5 million, or \$0.06 per share, for the three months ended December 31, 2022; a decrease of (90.9)%, on a per share basis, compared to ANII of \$16.0 million, or \$0.66 per share, for the three months ended December 31, 2021.
- Debt-to-equity ratio of 1.46x at December 31, 2022.
- Total investment portfolio increased by 6.5% to \$808.0 million at December 31, 2022, from \$758.8 million at December 31, 2021.
- Net asset value ("NAV") of \$375.4 million, or \$15.25 per share, at December 31, 2022 compared to NAV of \$16.72 per share at December 31, 2021

¹Please see page 43 or definition of ANII, and pages 44 & 45 for reconciliation of ANII.

BDC Financial Highlights:

Twelve Months Ended December 31, 2022

- Total investment income of \$86.2 million for the twelve months ended December 31, 2022; a decrease of (20.5)% compared to total investment income of \$108.5 million for the twelve months ended December 31, 2021, which included \$50.0 million of fee income from the Paycheck Protection Program ("PPP"), which, as previously disclosed, is not recurring
- Net investment loss of \$(6.5) million, or \$(0.27) per share, for the twelve months ended December 31, 2022, which represents an approximate (123)% decrease, on a per share basis, compared to net investment income of \$25.7 million, or \$1.13 per share, for the twelve months ended December 31, 2021, which included \$50.0 million of fee income from the PPP which, as previously disclosed, is not recurring.
- ANII¹ of \$51.9 million, or \$2.14 per share, for the twelve months ended December 31, 2022; a decrease of (34.5)%, on a per share basis, compared to ANII of \$79.1 million, or \$3.47 per share, for the twelve months ended December 31, 2021, which included \$50.0 million of fee income from the PPP which, as previously disclosed, is not recurring.

¹Please see page 43 for definition of ANII, and pages 44 & 45 for reconciliation of ANII.

Year-to-Date Through 2/24/2023 Loan Closings and Loan Pipeline

Status	Pipeline - Total			
	As of		Variance to Prior Year	
	2/24/2022	2/24/2023	\$	%
Closed (Year to Date)	\$ 87,706,643	\$ 63,383,900	\$ (24,322,743)	-27.73%
Approved Pending Closing	\$ 297,981,990	\$ 226,288,834	\$ (71,693,156)	-24.06%
In Underwriting	\$ 187,919,968	\$ 237,172,350	\$ 49,252,382	26.21%
In Prequal	\$ 552,937,895	\$ 593,946,327	\$ 41,008,432	7.42%
Total	\$1,126,546,496	\$ 1,120,791,411	\$ (5,755,085)	-0.51%

	2022	2023
Total Loans Processed In Dollars – Prequalified or better	\$ 1,729,331,905	\$ 2,123,615,137
Total Loans Processed In Units – Prequalified or better	2,641	3,597
Approval Rate in Dollars	78.09%	63.45%
Average Loan Size	\$ 729,881	\$ 589,623

- On February 27, 2023, NewtekOne's board of directors declared the Company's first quarterly dividend as a financial holding company of \$0.18 per share¹, which exceeds its previously forecasted dividend projection of \$0.16 per share
- The dividend is payable on April 14, 2023 to shareholders of record as of April 4, 2023

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

- Year to date 2023 total return as of February 17, 2023 (including reinvested dividends)
 - **NEWT:** 27.38%
 - **S&P 500:** 6.48%
 - **Russell 2000:**10.65%

Note: Data as per Bloomberg on February 20, 2023.

10-Year Total Return Data Points: Russell 2000 vs S&P BDC Index

- Total returns as of December 31, 2022 (including reinvested dividends)

10-Year Total Return

Russell 2000	136.56%
S&P BDC Index	53.5%

¹Source: total return data from Bloomberg as of January 12, 2023.

Valuation Going Forward

- As a financial holding company, we are subject to the regulation and supervision of the Federal Reserve and the Federal Reserve Bank of Atlanta
- We will no longer qualify as a regulated investment company for federal income tax purposes and will no longer qualify for accounting treatment as an investment company
- Analysis of our final financials as a BDC, in particular with respect to NAV, net investment income and leverage ratios, although important, have diminished relevance in analyzing NewtekOne, Inc. today based on the change in accounting for a financial holding company beginning in the first quarter of 2023 and emphasis going forward on after-tax net income
- We are reiterating our EPS projections to a range of \$1.70 to \$2.00 per share in 2023 and to a range of \$2.80-\$3.20 per share in 2024

Analyzing NewtekOne[®]: Key Considerations

- Capital Ratios
 - NewtekOne’s bank subsidiary, Newtek Bank, N.A., will be starting with much higher capitalization than the average bank
- Newtek-TSO II Conventional Credit Partners, LP (“Newtek-TSO JV”)
 - NewtekOne’s joint venture - Newtek-TSO JV - formed to invest in non-conforming conventional commercial and industrial term loans anticipates investing in \$600 million of non-conforming conventional loans in 2023 and \$1.0 billion of non-conforming conventional loans in 2024; the joint venture investment is held at the financial holding company and anticipated to exit the investments through securitizations
- BDCs are limited to 2:1 leverage ratio
 - As a FHC we can ultimately leverage up to 10:1 over time. This can improve our return on equity and reduce our dependency and need to constantly raise equity in the capital markets.
- We believe we will be able to generate above industry-average industry returns
 - Return on Average Assets (“ROAA”) of approximately 3%-4%
 - Return on Tangible Common Equity (“ROTCE”) of approximately 20%-30%
- We do not originate low-margin, high-volume residential consumer loans, home equity lines of credit, car loans and other consumer loans; instead we focus on generating greater risk-reward parameters on products such as SBA 7(a) loans, SBA 504 loans, non-conforming conventional loans mixed with conforming C&I and conforming CRE lending
- We have specialized in these areas of lending in addition to non-banking revenue-generating business lines like payment processing, technology solutions, insurance, payroll, health and benefits, etc., which have the potential to generate high returns on equity

Summary of Key Projection Assumptions

(\$ in Millions)

Origination Volume

	FY 2023	FY 2024
SBA 7(a)	\$875	\$900
SBA 504	175	200
Conforming C&I	140	165
Non-conforming C&I (FHC/JV)	600	1,000

7(a) Cash Premium

	10.00%	10.50%
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Holding Company Funding Costs

New Financial Holding Company Debt Interest Rate	7.25%	7.25%
Preferred Stock	8.00%	8.00%
New Financial Holding Company Debt Raised (excluding any refinancings)	\$144	\$150
Preferred Stock Raised	20	-
NMS Debt	46	42

NewtekOne® Financial Summary Proforma & Forecasts Fiscal Year End: 2023 & 2024

Newtek One, Inc			
Fiscal Year	FY 2022	FY 2023	FY 2024
NEWT - Pro Forma Company (Consolidated)			
After-tax Net Income (\$mm)		\$45.3	\$73.0
Earnings Per Share		\$1.85	\$2.99
Average Shares Outstanding (mm)		24.4	24.4
Dividends Per Share		\$0.72	\$0.72
Total Assets	\$1,062.9	\$1,696.8	\$2,200.8
Total Net Loans at FMV	772.6	1,171.5	1,459.3
Asset Growth		59.6%	29.7%
Total Equity	\$183.3	\$230.9	\$286.4
Return on Average Assets		3.28%	3.75%
Return on Average TCE		26.5%	34.4%
Net Interest Margin		2.67%	2.57%
Cost of Funds		6.51%	6.19%
Efficiency Ratio		63.6%	54.5%
TCE / TA	15.1%	11.0%	11.0%
Tier 1 Leverage Ratio	13.7%	9.8%	10.1%
CET1 Ratio	16.0%	11.6%	11.7%
Total Risk Based Capital Ratio	16.0%	14.2%	14.0%
SBA 7(a) Originations		\$875	\$900
SBA 504 Originations		175	200
Conforming C&I (Bank only)		140	165
Non-conforming C&I (FHC/ JV)		600	1,000
SBA 7(a) Cash Premium		10.0%	10.5%

- 2023 EPS projection of \$1.70 to \$2.00 per share
- 2024 EPS projection of \$2.80 to \$3.20 per share

Note: Excludes any final closing transaction expenses and accelerated deferred financing costs related to refinancing existing unsecured notes.

Newtek Bank, N.A. Financial Summary Proforma & Forecasts: Fiscal Year End: 2022, 2023 & 2024

Fiscal Year	FY 2022	FY 2023	FY 2024
NEWT - Pro Forma Bank Subsidiary			
After-tax Net Income (\$mm)		\$16.8	\$43.4
Total Assets	\$260.4	\$727.7	\$1,142.6
Total Gross Loans	198.6	560.1	1,187.0
Reserves		17.1	32.1
Reserves/Gross Loans Held for Investment		3.4%	2.9%
Asset Growth		179.4%	57.0%
Total Equity	\$76.7	\$85.1	\$127.8
Return on Average Assets		3.52%	4.83%
Return on Average Equity		21.6%	42.7%
Net Interest Margin		4.76%	4.76%
Cost of Funds		3.99%	4.43%
Cost of Deposits		2.63%	3.68%
Efficiency Ratio		66.8%	52.2%
Deposits/ Total Funding		42.0%	49.3%
TCE / TA	29.1%	11.6%	11.1%
Tier 1 Leverage Ratio	30.7%	10.9%	10.2%
CET1 Ratio	39.8%	13.6%	12.2%
Total Risk Based Capital Ratio	39.8%	14.8%	13.5%

Excludes any final closing transaction expenses.

Excludes any accelerated deferred financing costs associated with refinancing senior notes

NewtekOne® Forecasted Consolidated Income Statement

Proforma Consolidated Income Statement										
(\$ in Millions)	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	FY 2023	FY 2024
Interest Income										
Newtek Bank	\$4.0	\$7.4	\$9.9	\$12.5	\$14.5	\$16.5	\$18.7	\$21.2	\$33.8	\$70.9
Non-Bank Entities	15.0	15.8	16.2	16.1	15.9	15.4	15.2	15.0	63.1	61.4
Total Interest Income	\$19.0	\$23.1	\$26.1	\$28.6	\$30.4	\$31.9	\$33.9	\$36.2	\$96.8	\$132.4
Interest Expense										
Newtek Bank	\$1.7	\$3.2	\$4.9	\$6.4	\$7.5	\$8.4	\$9.6	\$11.2	\$16.2	\$36.6
Non-Bank Entities	11.8	13.0	14.0	14.8	15.0	14.7	15.4	16.1	53.6	61.2
Total Interest Expense	\$13.5	\$16.2	\$18.9	\$21.2	\$22.4	\$23.1	\$25.0	\$27.3	\$69.8	\$97.8
Newtek Bank	\$2.3	\$4.1	\$5.1	\$6.1	\$7.1	\$8.1	\$9.1	\$10.0	\$17.6	\$34.3
Non-Bank Entities	3.2	2.8	2.2	1.3	0.9	0.7	(0.2)	(1.1)	9.5	0.2
NET INTEREST INCOME	\$5.5	\$6.9	\$7.2	\$7.4	\$8.0	\$8.8	\$8.9	\$8.9	\$27.0	\$34.5
PROVISION FOR CREDIT LOSSES										
Newtek Bank	2.3	4.6	5.0	6.3	4.2	4.9	5.2	6.7	18.2	21.1
PROVISION FOR CREDIT LOSSES	\$2.3	\$4.6	\$5.0	\$6.3	\$4.2	\$4.9	\$5.2	\$6.7	\$18.2	\$21.1
Noninterest Income										
Newtek Bank	\$15.8	\$24.3	\$30.3	\$38.9	\$29.3	\$31.4	\$35.2	\$43.7	\$109.4	\$139.6
Non-Bank Entities	39.4	31.8	33.0	35.4	36.8	40.3	41.6	44.9	139.5	163.5
Intercompany Eliminations	(6.7)	(4.0)	(3.8)	(3.7)	(3.5)	(3.4)	(3.3)	(3.2)	(18.1)	(13.6)
TOTAL NONINTEREST INCOME	\$48.5	\$52.2	\$59.6	\$70.6	\$62.5	\$68.2	\$73.4	\$85.4	\$230.8	\$289.6

Note: Excludes any final closing transaction expenses and accelerated deferred financing costs related to refinancing existing unsecured notes.

NewtekOne® Forecasted Consolidated Income Statement Cont.

Proforma Consolidated Income Statement (continued)

(\$ in Millions)	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024	FY 2023	FY 2024
Noninterest Expense										
Newtek Bank	\$21.1	\$21.2	\$21.2	\$21.3	\$21.5	\$22.4	\$23.1	\$23.8	\$84.8	\$90.8
Non-Bank Entities	26.0	24.0	23.3	23.9	24.3	25.2	24.6	25.2	97.3	99.3
Intercompany Eliminations	(6.7)	(4.0)	(3.8)	(3.7)	(3.5)	(3.4)	(3.3)	(3.2)	(18.1)	(13.6)
TOTAL NONINTEREST EXPENSE	\$40.5	\$41.2	\$40.7	\$41.6	\$42.3	\$44.2	\$44.4	\$45.8	\$164.0	\$176.6
Net Realized and Unrealized Losses										
NEWT Bank	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Non-Bank Entities	(4.4)	(3.8)	(4.2)	(4.6)	(4.9)	(5.0)	(5.0)	(5.0)	(17.0)	(19.9)
TOTAL NET REALIZED & UNREALIZED LOSSES	(\$4.4)	(\$3.8)	(\$4.2)	(\$4.6)	(\$4.9)	(\$5.0)	(\$5.0)	(\$5.0)	(\$17.0)	(\$19.9)
PRE-TAX NET INCOME	\$6.7	\$9.5	\$16.9	\$25.6	\$19.1	\$23.1	\$27.7	\$36.8	\$58.7	\$106.6
Income Tax Expense	(3.6)	2.9	5.1	7.7	5.7	6.9	8.3	11.0	12.0	32.0
Preferred Dividends	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4	1.5	1.6
AFTER-TAX NET INCOME	\$10.1	\$6.3	\$11.4	\$17.5	\$12.9	\$15.7	\$19.0	\$25.4	\$45.3	\$73.0
Average Diluted Shares Outstanding	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4	24.4
EARNINGS PER SHARE	\$0.41	\$0.26	\$0.47	\$0.72	\$0.53	\$0.64	\$0.78	\$1.04	\$1.85	\$2.99
Dividend Per Share	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.18	\$0.72	\$0.72

Note: Excludes any final closing transaction expenses and accelerated deferred financing costs related to refinancing existing unsecured notes.

NewtekOne® Proforma & Forecasts: FHC Balance Sheet

Newtek One, Inc Pro Forma Consolidated Balance Sheet (\$ in Millions)											
	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-23	Dec-24	
Assets											
Cash and Securities (Base)	\$ 47	\$ 93	\$ 130	\$ 152	\$ 141	\$ 161	\$ 196	\$ 211	\$ 152	\$ 211	
Investment Securities	7	7	7	7	7	7	7	7	7	7	
Restricted Cash	71	74	73	72	71	71	70	69	72	69	
Gtd Settlement Receivable	16	42	47	61	38	43	48	63	61	63	
Gross Loans HFI (Amortized Cost)	842	981	1,048	1,159	1,216	1,281	1,357	1,456	993	1,270	
Fair Value Adjustment	(24)	(39)	(36)	(33)	(31)	(30)	(30)	(29)	(33)	(29)	
Loan Loss Reserves	2	7	11	17	21	24	28	32	17	32	
Loans Held for Sale (excludes staged)	44	54	63	62	47	60	55	64	62	64	
Net Loans	860	989	1,064	1,172	1,211	1,287	1,355	1,459	1,172	1,459	
Non-Goodwill Intangibles	8	8	8	8	8	8	8	8	8	8	
Goodwill	19	19	19	19	19	19	19	19	19	19	
OREO	0	0	0	0	0	0	0	0	0	0	
Deferred Tax Asset	7	7	7	8	7	8	9	10	8	10	
Servicing Asset	32	33	35	37	38	39	40	42	37	42	
Investment in JV	22	42	74	114	138	185	213	265	114	265	
Other Assets	50	50	50	50	49	49	48	48	50	48	
Total Assets	\$ 1,137	\$ 1,363	\$ 1,512	\$ 1,697	\$ 1,728	\$ 1,876	\$ 2,011	\$ 2,201	\$ 1,697	\$ 2,201	
Liabilities											
Deposits	\$ 228	\$ 371	\$ 472	\$ 591	\$ 624	\$ 719	\$ 796	\$ 916	\$ 591	\$ 916	
Borrowings	639	720	762	816	806	848	893	942	816	942	
Deferred Tax Liability	5	5	5	5	5	5	5	5	5	5	
Other Liabilities	56	56	56	55	54	53	53	52	55	52	
Total Liabilities	\$ 928	\$ 1,152	\$ 1,294	\$ 1,466	\$ 1,488	\$ 1,625	\$ 1,746	\$ 1,914	\$ 1,466	\$ 1,914	
Equity											
Noncontrolling Interest	0	0	0	0	0	0	0	0	0	0	
Perpetual Preferred Equity	20	20	20	20	20	20	20	20	20	20	
Common Equity	189	191	198	211	219	231	245	266	211	266	
Total Equity	\$ 209	\$ 211	\$ 218	\$ 231	\$ 239	\$ 251	\$ 265	\$ 286	\$ 231	\$ 286	
Total Liabilities + Equity	\$ 1,137	\$ 1,363	\$ 1,512	\$ 1,697	\$ 1,728	\$ 1,876	\$ 2,011	\$ 2,201	\$ 1,697	\$ 2,201	

NewtekOne® Proforma & Forecasts: FHC Balance Sheet (continued)

Newtek One, Inc										
Pro Forma Consolidated Ratios										
(\$ in Millions)	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Dec-23	Dec-24
BALANCE SHEET RATIOS:										
Equity / Assets	18.4%	15.5%	14.4%	13.6%	13.9%	13.4%	13.2%	13.0%	13.6%	13.0%
TE / TA	16.4%	13.8%	12.9%	12.2%	12.5%	12.1%	12.0%	12.0%	12.2%	12.0%
TCE / TA	14.6%	12.3%	11.5%	11.0%	11.4%	11.1%	11.0%	11.0%	11.0%	11.0%
Reserves / Loans Held for Investment	0.3%	0.8%	1.2%	1.7%	2.0%	2.2%	2.3%	2.5%	1.7%	2.5%
REGULATORY CAPITAL RATIOS:										
Tier 1 Leverage Ratio	12.7%	10.7%	10.2%	9.8%	10.2%	10.0%	10.0%	10.1%	9.8%	10.1%
CET1 Ratio	14.2%	12.5%	12.0%	11.6%	11.7%	11.5%	11.6%	11.7%	11.6%	11.7%
Tier I Risk Based Ratio	14.2%	12.5%	12.0%	11.6%	11.7%	11.5%	11.6%	11.7%	11.6%	11.7%
Total Risk Based Ratio	16.5%	14.8%	14.4%	14.2%	14.3%	14.0%	14.1%	14.0%	14.2%	14.0%
Profitability Ratios:									2023	2024
Return on Common Equity									23.0%	30.6%
Return on Tangible Common Equity									26.5%	34.4%
Return on Average Assets									3.28%	3.75%
Cost of Funds	6.53%	6.63%	6.50%	6.42%	6.33%	6.16%	6.15%	6.15%	6.51%	6.19%
Cost of Funds (Bank Level)	3.18%	3.88%	4.24%	4.43%	4.50%	4.52%	4.61%	4.73%	3.99%	4.43%
Cost of Deposits (Bank Level)	2.04%	2.17%	2.68%	3.20%	3.56%	3.94%	3.93%	3.86%	2.63%	3.68%

Newtek Bank, N.A. Forecasts: Bank Subsidiary Balance Sheet

Pro Forma Bank Balance Sheet

Period Ended	3/31/2023	6/30/2023	9/30/2023	12/31/2023	3/31/2024	6/30/2024	9/30/2024	12/31/2024
Total Assets								
Cash	\$38.4	\$61.2	\$77.4	\$96.4	\$103.0	\$119.1	\$132.3	\$152.2
Investment Securities	6.5	6.5	6.5	6.5	6.5	6.5	6.5	6.5
Gtd Settlement Receivable	16.0	42.1	46.8	60.8	38.5	43.3	48.1	62.5
Gross Loans HFI (Amortized Cost)	222.9	316.2	398.1	497.7	576.7	660.2	747.3	851.1
Less: Loan Loss Reserves (CECL)	2.2	6.6	11.3	17.1	20.7	24.3	27.8	32.1
Loans Held for Sale	44.3	54.1	62.6	62.4	47.2	60.3	54.8	64.2
Net Loans	265.0	363.7	449.5	543.0	603.2	696.1	774.3	883.2
Non-Goodwill Intangibles	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Goodwill	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Deferred Tax Asset	1.3	2.6	4.0	5.7	6.7	7.8	8.8	10.1
Servicing Asset	1.1	3.5	6.3	9.8	11.9	14.3	16.8	20.2
Other Assets	4.4	6.6	8.6	11.1	12.4	14.2	15.8	17.9
Total Assets	\$ 331.4	\$ 483.5	\$ 595.1	\$ 727.7	\$ 775.6	\$ 893.5	\$ 993.8	\$ 1,142.6
Total Liabilities								
Deposits	\$227.6	\$371.2	\$472.0	\$590.9	\$623.6	\$719.0	\$795.6	\$916.5
Borrowings	28.2	35.5	42.7	50.0	61.4	72.8	84.3	95.7
Other Liabilities	0.8	1.1	1.4	1.7	1.8	2.1	2.3	2.6
Total Liabilities	\$ 256.6	\$ 407.7	\$ 516.1	\$ 642.6	\$ 686.8	\$ 793.9	\$ 882.1	\$ 1,014.8
Total Equity								
Total Equity	\$ 74.8	\$ 75.8	\$ 79.0	\$ 85.1	\$ 88.8	\$ 99.6	\$ 111.7	\$ 127.8
Memo: Equity Contribution from Parent Company	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$6.5	\$6.5	\$8.0
Pro Forma Balance Sheet Ratios								
TE / TA	22.3%	15.5%	13.1%	11.6%	11.3%	11.0%	11.1%	11.1%
TCE / TA	22.3%	15.5%	13.1%	11.6%	11.3%	11.0%	11.1%	11.1%
ACL / Loans HFI	1.0%	2.1%	2.8%	3.4%	3.6%	3.7%	3.7%	3.8%
Tier 1 Leverage Ratio	22.1%	15.1%	12.6%	10.9%	10.6%	10.2%	10.3%	10.2%
CET1 Ratio	26.6%	19.0%	15.6%	13.6%	12.6%	12.2%	12.2%	12.2%
Tier I Risk Based Ratio	26.6%	19.0%	15.6%	13.6%	12.6%	12.2%	12.2%	12.2%
Total Risk Based Ratio	27.4%	20.3%	16.9%	14.8%	13.9%	13.5%	13.5%	13.5%

NewtekOne & Newtek Bank, N.A. Are Well-Capitalized Institutions As of January 2023

Financial Holding Company and Newtek Bank Subsidiary Capital at Closing

NewtekOne[®]

Financial Holding Company- Consolidated

TOTAL ASSETS | ~\$1.1 billion

TCE RATIO¹ | 14% - 15%

CET1 RATIO² | 15.5% - 16.5%

TOTAL CAPITAL RATIO³ | 18% - 19%

Newtek Bank, N.A

Bank Subsidiary

TOTAL ASSETS | ~\$250 million

TCE RATIO | 30% - 35%

CET1 RATIO | 38% - 43%

TOTAL CAPITAL RATIO | 38% - 43%

¹TCE Ratio = Tangible Common Equity /Average Assets

²CET1 = Common Equity Tier 1/ Risk Weighted Assets

³Total Capital Ratio= Total Capital/Risk Weighted Assets

Profitability Forecasts

FY 2023

Profitability Forecasts

FY 2024

ROAA¹

3.00% - 3.50%

3.50% - 4.00%

ROATCE²

23% - 28%

30% - 35%

Bank Cost of Deposits
(DDA Accounts, High Yield Savings & CDs)

2.60% - 3.70%

3.70% - 4.20%

**Deposits /
Total Funding**

35% - 45%

40% - 50%

**Earnings
Per Share**

\$1.70 - \$2.00

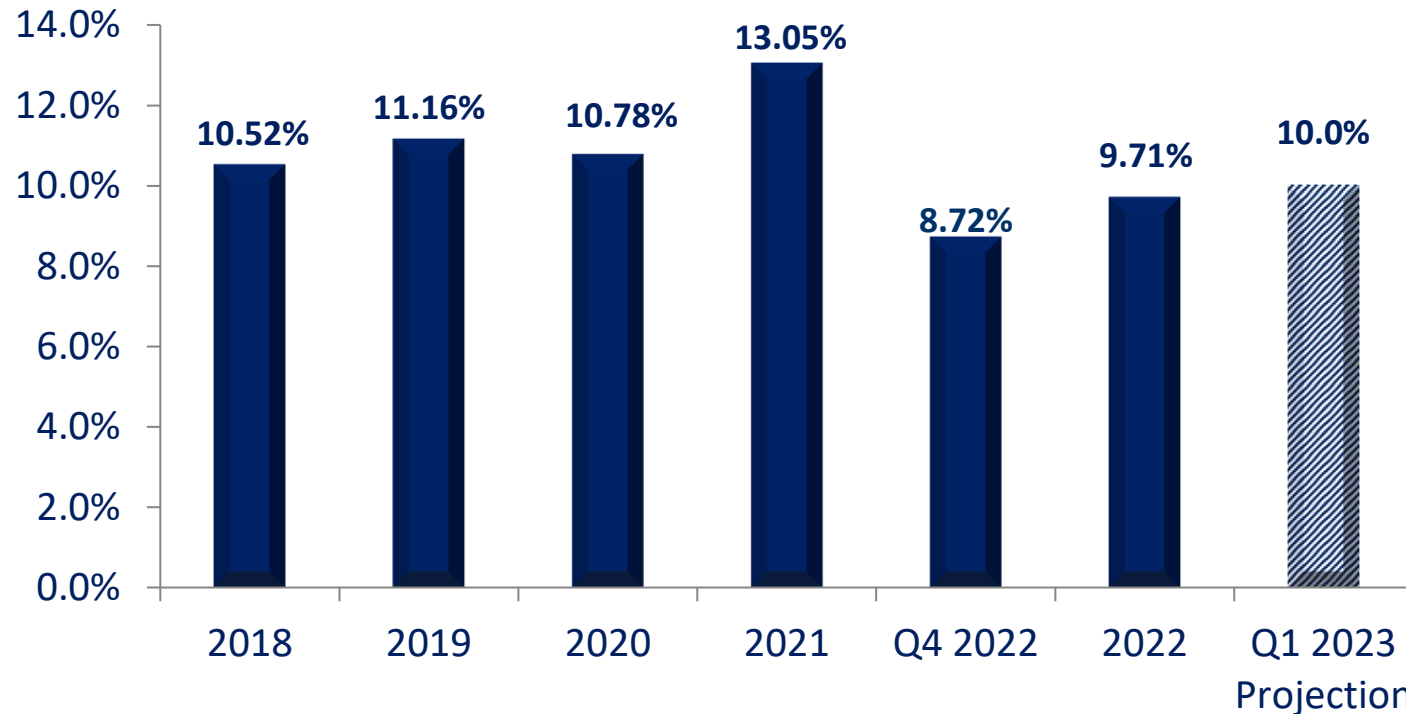
\$2.80 - \$3.20

¹ROAA = Return on Average Assets

²ROATCE= Return on Average Tangible Common Equity Common Equity

- NSBF, the largest non-bank lender (with PLP status) licensed by the SBA under the federal Section 7(a) loan program, based on loan approval dollar volume
- One of 14 Non-Bank SBA Government-Guaranteed Lender Licenses
- National SBA 7(a) lender to small businesses since 2003; 19-year history of loan default frequency and severity statistics
- Issued 12 AA & A S&P-rated securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 3,538 loans
 - Average loan size is approximately \$151,000 of average unguaranteed retained loan balance
- Floating rate at Prime plus 2.75% with no caps and quarterly rate adjust; currently equivalent to 10.50% cost to borrower; pursuant to new SBA 7(a) rules, new NSBF 7(a) loan originations have increased to Prime plus 3.00%
- No origination fees (in addition to the SBA guaranty fee) with 7- to 25-year amortization schedules; receiving a high-quality loan product
- Secondary market established for SBA 7(a) government-guaranteed loans for over 30 years, and Newtek establishes liquidity for unguaranteed portions through securitizations

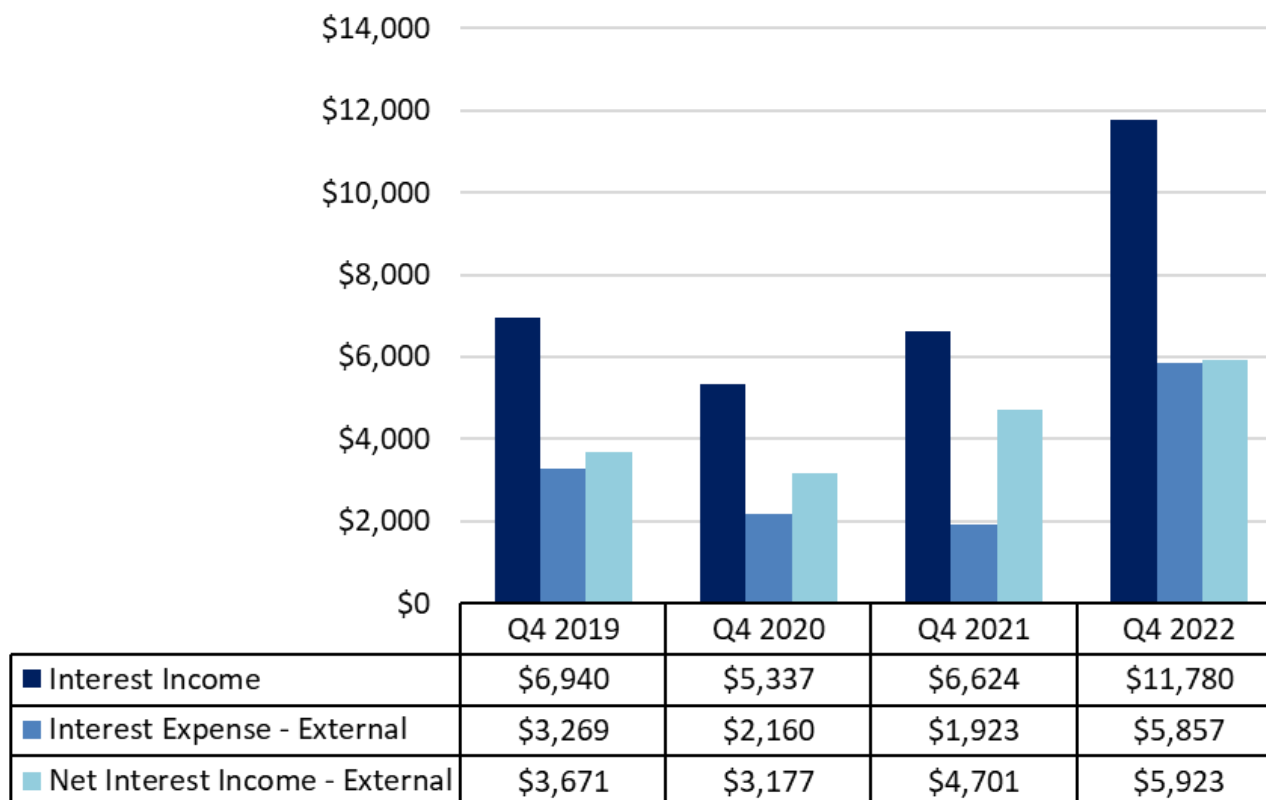
Net Premium Trends



- For the full year ended December 31, 2022, the weighted average net premium received on the sale of guaranteed portions of SBA 7(a) loans was 9.71%. The decline over last year reflects, among other things, the lagging prime rate and other market pressures that we do not believe will exist forever
- We anticipate the weighted average net premium received on the sale of guaranteed portions of SBA 7(a) loans to increase by of 150-200 basis points to approximately 10% from Q4 2022 to Q1 2023
- The Company had \$9.1 million in guaranteed portions of SBA 7(a) loans on its balance sheet as of December 31, 2022 available for sale

Note: Net premiums received on the sale of guaranteed portions of SBA 7(a) loans are recorded as Net realized gains on non-affiliate investments in the consolidated statements of operations. Premiums above 10% are split 50/50 with the SBA as reflected above.

NSBF Net Interest Income Trend



Note: the term 'External' denotes that fact that interest expense and net interest income do not include intercompany interest.

Newtek Small Business Finance Non-Accrual Trends

Period	Non-Accruals	Total Portfolio	% of Total Portfolio
12/31/2022	\$ 34,432,344	\$ 505,267,677	6.81%
12/31/2021	\$ 30,506,767	\$ 424,416,823	7.19%
12/30/2020	\$ 29,418,314	\$ 407,747,706	7.21%
12/31/2019	\$ 34,236,297	\$ 417,221,136	8.21%

Note: The above non-accrual data is for SBA 7(a) loans only. SBA 7(a) loans recorded at fair value.

- NBL originated \$401.1 million SBA 504 loans since 2017, and has not experienced any defaults or charge offs to date
- The Company has originated \$132.5 million non-conforming conventional loans since 2019, and has not experienced any defaults or charge offs to date

Tightened Underwriting Criteria

- We have tightened underwriting criteria due to changing market conditions i.e., rising interest rates, inflation, and a weakening economy:
 - Higher FICO[®] and SBSSSM scores
 - Underwriting with stress tests and higher levels of interest-rate starting points
 - Making sure businesses have 4 to 8 quarters of excess liquidity in the event that historic and future projections are missed
 - Lending to businesses that can liquidate collateral or have unencumbered borrowing power to survive expense increases and revenue declines

Currency Analysis of Unguaranteed Accrual Portfolio

- The following chart shows the SBA 7(a) loan portfolio aging and currency at December 31, 2022, September 30, 2022 and December 31, 2021 **on accrual loans only**¹

12/31/2022				9/30/2022			12/31/2021		
Days Past Due	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio
Current	3,256	\$ 450,540,429	97.28%	3,097	\$ 431,326,434	97.25%	2,509	\$ 359,134,517	96.83%
31 - 60	44	\$ 12,577,984	2.72%	42	\$ 12,195,350	2.75%	58	\$ 11,754,798	3.17%
61 - 90	0	-	0.00%	0	-	0.00%	0	\$ -	0.00%
91 - 120	0	-	0.00%	0	-	0.00%	0	-	0.00%
> 120	0	-	0.00%	0	-	0.00%	0	-	0.00%
Accrual Total	3,300	\$ 463,118,413	100%	3,139	\$ 443,521,784	100%	2,567	\$ 370,889,315	100%

¹ The SBA made principal and interest payments on behalf of eligible borrowers pursuant to Section 1112 of the CARES Act. September 30, 2022, June 30, 2022 and September 30, 2021 data do not include PPP loans.

Note: The table above does not include accrual loans in which NSBF owns 100% as a result of NSBF repurchasing the guaranteed portions from the SBA. The total amortized cost of the 100% NSBF-owned accrual loans at 12/31/2022, 09/30/2022 and 12/31/2021 was \$8.0 million, \$0.153 million and \$7.0 million, respectively, and is included in SBA unguaranteed non-affiliate investments on the consolidated statements of assets and liabilities.

Illustrative SBA 7(a) Loan Sale Transaction

Net Cash Created on SBA 7(a) Loan Sale Transaction An Example Using Q1 2023 Projected Net Premium of 10.5%

Key Variables in Loan Sale Transaction	
Loan Amount	\$1,000,000
Guaranteed Balance (75%)	\$750,000
Unguaranteed Balance (25%)	\$250,000
Realized Gain (Premium) ¹	10.50%
Term	25 years

Illustrative Net Cash Created	
Guaranteed Balance	\$750,000
Realized Gains on Guaranteed Balance ²	\$78,750
Cash Received in Securitization ⁽³⁾	\$208,750
Total	\$1,033,900
Net Cash Created (Post Securitization) ^{4,5}	\$37,500

* There is no assurance that this can occur.

¹Realized gains (premiums on loan sales) above 10% are split 50/50 with the SBA. This example assumes guaranteed balance is sold at a 111.00% premium. The additional 1.00% (11.00% - 10%) is split with SBA. NSBF nets 10.50%.

²Assumes 10.50% of the Guaranteed balance.

³Assumes 83.5% advance rate in securitization on unguaranteed balance.

⁴Assuming the loan is sold in a securitization in 12 months.

⁵Net cash created per \$1 million of loan originations.

Illustrative SBA 7(a) Loan Sale Transaction

Direct Revenue / Expense of an SBA 7(a) Loan Sale Transaction An Example Using Q1 2023 Projected Net Premium of 10.5%

Key Variables in Loan Sale Transaction	
Loan Amount	\$1,000,000
Guaranteed Balance (75%)	\$750,000
Unguaranteed Balance (25%)	\$250,000
Realized Gain (Premium) ¹	10.50%
Term	25 years

Illustrative Resulting Revenue (Expense)	
Associated Premium ²	\$78,750
Servicing Asset ³	<u>\$13,200</u>
Total Realized Gain	\$91,950
Packaging Fee Income	\$2,500
FV Non-Cash Adjustment on Uninsured Loan Participations ⁴	\$(6,250)
Referral Fees Paid to Alliance Partners	<u>\$(7,500)</u>
Total Direct Expenses	<u>\$(13,750)</u>
Net Risk-Adjusted Profit Recognized ⁵	\$80,700

* There is no assurance that this can occur.

¹Realized gains (premiums on loan sales) above 10% are split 50/50 with the SBA. This example assumes guaranteed balance is sold at a 111.00% premium. The additional 1.00% (11.00% - 10%) is split with SBA. NSBF nets 10.50%.

²Assumes 10.50% of the Guaranteed balance.

³Fair value estimate of servicing asset.

⁴Example assumes a 2.5% discount to reflect cumulative estimate of default frequency and severity among other assumptions.

⁵Net risk-adjusted profit recognized per \$1 million of loan originations.

- Primary earnings engines for NewtekOne
 - Newtek Merchant Solutions
 - Newtek Technology Solutions
 - Newtek Insurance Agency
 - Newtek Payroll Solutions
 - Newtek Small Business Finance (current SBLC)
 - Non-conforming Joint Venture Portfolios
 - Newtek Bank, N.A.

Sample SBA 504 Loan Structure

An example of a typical SBA 504 loan structure is detailed below:

Real Estate Acquisition Loan				
	\$ Amount		\$ Amount	Percent of Total
Purchase Price	\$800,000	1st Mortgage Funded by NBL	\$500,000	50%
Renovations	150,000	Bridge Loan Originally Funded by NBL*	400,000	40%
Soft & Closing Costs	50,000	Borrower Equity Injection	100,000	10%
Total	<u>\$1,000,000</u>	Total	<u>\$1,000,000</u>	<u>100%</u>

- Up to 50% first mortgage
- Up to 40% second mortgage provided by CDC (\$250,000 to \$4.0 million)
- At least 10% equity contribution

*Taken out by CDC funded second mortgage of \$400,000 typically within 60-90 days of funding.

Illustrative Loan Sale Transaction - SBA 504 Loan

Net Cash Created in SBA 504 Loan Sale Transaction – An Example*

Key Variables in Loan Sale Transaction	
Total Projected Financing	\$1,000,000
Senior Loan Balance	\$500,000
Junior Bridge Loan Balance ⁽¹⁾	\$400,000
Premium	3.00%
Rate	Fixed
Term	10 Years

Illustrative Net Cash Created Pretax	
Total Senior & Junior Debt	\$900,000
Funded Under Bank Facility	<u>\$630,000</u>
NBL Equity	\$270,000
Net Origination Fees	\$18,000
Interest Earned Before Sale ⁽²⁾	\$22,750
Interest Expense	(\$7,963)
Premium Earned Upon Sale	<u>\$15,000</u>
Total Net Cash Created ⁽³⁾	\$47,788
Return on Investment (Gross Operating Profit/ Equity) ⁽⁴⁾	<u>35.4%</u>

* There is no assurance that this can occur.

- (1) Funded by NBL, to be taken out within 90 days by a junior lender through SBA guaranteed debenture.
- (2) Interest earned on Senior and Junior Bridge loans are outstanding prior to takeout from CDC and loan sale.
- (3) Net cash created equals the addition of Net Premium Earned, Net Interest Earned Before Sale, Origination Fees, less Interest Expense.
- (4) The first year return on investment is based on net cash created of \$48,400 divided by NBL equity of \$270,000. The holding period for the loan is assumed to be 6 months. In this illustrative example, return on investment is shown annualized for the full year and does not account for \$120,000 of equity returned early after 90 days due to the Junior Bridge Loan replacement via SBA

- Newtek Conventional Lending LLC (“NCL”), the Company’s first joint venture, was launched in 2019 to fund non-conforming conventional loans
- Newtek Business Lending originates and closes non-conforming conventional loans funded by joint ventures
- SBL services these portfolios for Newtek entities
- At December 31, 2022, the NCL portfolio of non-conforming conventional loans had a total principal balance of approximately \$80.5 million, consisting of 16 loans, all of which are current with payments
- In January, 2022, NCL closed a conventional commercial loan securitization with the sale of \$56.3 million Class A 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

- During the third quarter of 2022, the Company's wholly owned subsidiary Newtek Commercial Lending, Inc. and TSO II Booster Aggregator, L.P. ("TSO II") entered into a joint venture, Newtek-TSO II Conventional Credit Partners, LP (the "JV")
- TSO II is a fund owned and managed by a \$15 billion asset management company, which will provide up to \$100 million of equity capital to fund non-conforming conventional loans to middle-market companies as well as small businesses
- Newtek Commercial Lending and TSO II each committed to contribute an equal share of equity funding to the JV and each will have equal voting rights on all material matters. The JV intends to deploy capital over the course of time with additional leverage supported by a warehouse line of credit
- The JV closed on a \$150 million leverage facility from a well-known investment bank
- The JV started acquiring loans in the fourth quarter of 2022

- Additional origination fees
- Additional servicing income
- Asset liability match of interest income while loans are in warehouse credit facility and interest expense when in securitization vehicle
- Joint Ventures provide Newtek with greater operating leverage by using Newtek's existing pipeline, systems and portfolio company staff to originate loans with greater balances and higher return on equity
- Joint Ventures can leverage Newtek's existing origination platform
- We anticipate funding \$600 million of non-conforming conventional loans in 2023 and \$1.0 billion of non-conforming conventional loans in 2024 with the expectation that they will be funded through joint venture investments held at the bank holding company and exited through securitizations
- We believe that originating non-conforming loans and financing them creates a consolidated return on equity at the bank and holding company is between 20-30%, net of anticipated loss severity and frequency, between origination fees, servicing fees and capital invested in the loans

NCL Securitization

- On January 28, 2022, NCL closed a 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

- The Notes were rated “A” (sf) by DBRS Morningstar
- The weighted average gross coupon on the loans was approximately 8.2%
- The weighted average net coupon of joint venture was approximately 7.4%
 - Approximate net interest margin was 4%
 - The A-rated coupon was approximately 3.2%
 - Percentage of equity contributed by JV partners was 37%

- Extremely attractive returns on equity for Newtek and JV partners – anticipated double-digit yields
- We believe we can cast a wider net to reach and meet the needs of additional types of borrowers with our non-conforming conventional lending program
- We believe the profitability profile and volume demands for our non-conforming conventional loans has the potential to augment the performance of our historical and traditional government-guaranteed lending programs
- We are leveraging our operational infrastructure, track record and securitization expertise to grow our non-conforming conventional loan program, while also remaining focused on continuing to grow our SBA 7(a) and SBA 504 loan programs

What A Difference 60 Days Makes

- Sixty (60) days ago we were still operating as a BDC
- For the first quarter of 2023, we will report as a financial holding company and our financials will be reported using consolidated accounting treatment
 - Tangible book vs. NAV
 - After tax net income vs. net investment income and adjusted net investment income
 - Deposits vs. commercial bank line
 - Fourth quarter 2022 gain-on-sale premiums vs. current expected prices

Investment Summary

- Financial holding company capital ratios
- Newtek Bank, N.A. capital ratios
- NewtekOne profitability ratios
 - 2023 ROAA projection of 3.0%-3.5%; 2024 ROAA projection of 3.5%-4.0%
 - 2023 ROTCE projection of 23%-28%; 2024 ROTCE projection of 30%-35%
- 2023 EPS projection of \$1.70 to \$2.00 per share
- 2024 EPS projection of \$2.80 to \$3.20 per share
- First quarterly dividend declaration as a financial holding company of \$0.18 per share, exceeding previous projection of \$0.16 per share
- A growth-oriented differentiated technology-enabled financial holding company

Financial Review

Nicholas Leger, Chief Accounting Officer

Consolidated Statements of Operations

NewtekOne, Inc. and Subsidiaries

(in thousands except per share data amounts)

	Three Months Ended December 31,		Year Ended December 31,	
	2022	2021	2022	2021
Investment income:				
Interest income	\$ 12,615	\$ 7,572	\$ 38,617	\$ 28,977
Interest income - PPP loans	—	—	—	49,989
Dividend income	4,606	9,775	24,657	9,896
Servicing income	3,767	2,961	13,698	11,307
Other income	2,101	4,496	9,272	8,325
Total investment income	<u>23,089</u>	<u>24,804</u>	<u>86,244</u>	<u>108,494</u>
Expenses:				
Salaries and benefits	5,806	5,139	20,186	17,866
Interest	8,913	5,298	26,325	20,515
Depreciation and amortization	58	68	239	304
Professional fees	2,812	2,145	7,134	5,610
Origination and loan processing	4,404	(321)	11,606	10,234
Origination and loan processing - related party	4,442	8,442	19,140	19,272
Loss on extinguishment of debt	—	597	417	1,552
Other general and administrative costs	2,054	1,791	7,673	7,454
Total expenses	<u>28,489</u>	<u>23,159</u>	<u>92,720</u>	<u>82,807</u>
Net investment (loss) income	(5,400)	1,645	(6,476)	25,687
Net realized and unrealized gains (losses):				
Net realized gain on investments	6,948	15,034	56,901	53,113
Net realized loss on controlled investments	—	(1,266)	—	(1,266)
Net realized gain on derivatives	—	858	445	590
Net unrealized appreciation (depreciation) on investments, net of deferred taxes	2,361	7,215	(8,464)	12,796
Net unrealized depreciation on servicing assets	(6,131)	(3,456)	(10,095)	(6,778)
Net realized and unrealized gains	<u>3,178</u>	<u>18,385</u>	<u>38,787</u>	<u>58,455</u>
Net (decrease) increase in net assets resulting from operations	<u>\$ (2,222)</u>	<u>\$ 20,030</u>	<u>\$ 32,311</u>	<u>\$ 84,142</u>
Net investment (loss) income per share	<u>\$ (0.22)</u>	<u>\$ 0.07</u>	<u>\$ (0.27)</u>	<u>\$ 1.13</u>
Net (decrease) increase in net assets resulting from operations per share	<u>\$ (0.09)</u>	<u>\$ 0.84</u>	<u>\$ 1.34</u>	<u>\$ 3.69</u>
Weighted average shares outstanding	<u>24,425</u>	<u>23,764</u>	<u>24,198</u>	<u>22,795</u>

Non-GAAP Financial Measures

NewtekOne, Inc. and Subsidiaries

In evaluating its business, Newtek considers and uses ANII as a measure of its operating performance. ANII includes short-term capital gains from the sale of the guaranteed portions of SBA 7(a) loans and conventional loans, and beginning in 2016, capital gain distributions from controlled portfolio companies, which are reoccurring events. The Company defines ANII as Net investment income (loss) plus Net realized gains recognized from the sale of guaranteed portions of SBA 7(a) loan investments, less realized losses on non-affiliate investments, plus the net realized gains on controlled investments, plus or minus the change in fair value of contingent consideration liabilities, plus loss on extinguishment of debt, plus or minus an adjustment for gains or losses on derivative transactions.

We do not designate derivatives as hedges to qualify for hedge accounting and therefore any net payments under, or fluctuations in the fair value of, our derivatives are recognized currently in our GAAP income statement. However, fluctuations in the fair value of the related assets are not included in our income statement. We consider the gain or loss on our hedging positions related to assets that we still own as of the reporting date to be “open hedging positions.” While recognized for GAAP purposes, we exclude the results on the hedges from ANII until the related asset is sold and/or the hedge position is “closed,” whereupon they would then be included in ANII in that period. These are reflected as “Adjustment for realized gain/(loss) on derivatives” for purposes of computing ANII for the period. We believe that excluding these specifically identified gains and losses associated with the open hedging positions adjusts for timing differences between when we recognize changes in the fair values of our assets and changes in the fair value of the derivatives used to hedge such assets.

The term ANII is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. ANII has limitations as an analytical tool and, when assessing the Company’s operating performance, investors should not consider ANII in isolation, or as a substitute for net investment income, or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, ANII does not reflect the Company’s actual cash expenditures. Other companies may calculate similar measures differently than Newtek, limiting their usefulness as comparative tools. The Company compensates for these limitations by relying primarily on its GAAP results supplemented by ANII.

Non-GAAP Financial Measure: Adjusted Net Investment Income

NewtekOne, Inc. and Subsidiaries Adjusted Net Investment Income For the Three Months Ended December 31, 2022 and 2021

<i>(in thousands, except per share amounts)</i>	Three months ended December 31, 2022		Three months ended December 31, 2021	
	Per share	Per share	Per share	Per share
Net investment (loss) income	\$ (5,400)	\$ (0.22)	\$ 1,645	\$ 0.07
Net realized gain on non-affiliate investments - SBA 7(a) loans	6,948	0.28	15,034	0.63
Net realized loss on controlled investments	-	-	(1,266)	(0.06)
Adjustment for realized gain on derivatives (1)	-	-	32	-
Loss on debt extinguishment	-	-	597	0.03
Adjusted Net investment income	<u>\$ 1,548</u>	<u>\$ 0.06</u>	<u>\$ 16,042</u>	<u>\$ 0.66</u>
<i>(in thousands, except per share amounts)</i>	Three months ended December 31, 2022		Three months ended December 31, 2021	
	Per share	Per share	Per share	Per share
Net realized gain on derivatives	\$ -	\$ -	\$ 858	\$ 0.04
Hedging realized result on hedging positions closed during period	-	-	(826)	(0.03)
Adjustment for realized gain on derivatives	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>

(1)The following is a reconciliation of GAAP net realized gain/(loss) on derivative transactions to our adjustment for realized gain/(loss) on derivatives on closed transactions presented in the computation of ANII in the table above: Note: Per share amounts may not foot due to rounding

Non-GAAP Financial Measure: Adjusted Net Investment Income

NewtekOne, Inc. and Subsidiaries Adjusted Net Investment Income For the Twelve Months Ended December 31, 2022 and 2021

<i>(in thousands, except per share amounts)</i>	Year ended		Year ended	
	December 31, 2022	Per share	December 31, 2021	Per share
Net investment (loss) income	\$ (6,476)	\$ (0.27)	\$ 25,687	\$ 1.13
Net realized gain on non-affiliate investments - SBA 7(a) loans	56,901	2.35	53,113	2.33
Net realized loss on controlled investments	-	-	(1,266)	(0.06)
Adjustment for realized gain on derivatives (1)	1,010	0.04	25	-
Loss on extinguishment of debt	417	0.02	1,552	0.07
Adjusted Net investment income	<u>\$ 51,852</u>	<u>\$ 2.14</u>	<u>\$ 79,111</u>	<u>\$ 3.47</u>

<i>(in thousands, except per share amounts)</i>	Year ended		Year ended	
	December 31, 2022	Per share	December 31, 2021	Per share
Net realized gain on derivatives	\$ 445	\$ 0.02	\$ 590	\$ 0.03
Hedging realized result on hedging positions closed during period	565	0.02	(565)	(0.02)
Adjustment for realized gain on derivatives	<u>\$ 1,010</u>	<u>\$ 0.04</u>	<u>\$ 25</u>	<u>\$ -</u>

(1)The following is a reconciliation of GAAP net realized gain/(loss) on derivative transactions to our adjustment for realized gain/(loss) on derivatives on closed transactions presented in the computation of ANII in the table above: Note: Per share amounts may not foot due to rounding