

Newtek Business Services Corp.
NASDAQ: NEWT

**Update on Pending Acquisition
of the National Bank of
New York City**

December 12, 2022

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Note Regarding Forward-Looking Statements

The matters discussed in this Presentation, as well as in future oral and written statements by management of Newtek Business Services Corp., that are forward-looking statements, including statements regarding our ability to close the pending acquisition of National Bank of New York City (“NBNYC” and the “Acquisition”), satisfy remaining closing conditions for the pending Acquisition, the timing of the closing of the Acquisition, the timing of our withdraw of our election as a BDC, as well as earnings targets, projections, estimates and assumptions concerning the pending Acquisition, are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “would,” “allows,” “outlook,” “seeks,” “desires,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential,” “target,” “illustration” or “continue” or the negative of these terms or other similar expressions. Important assumptions include those referenced above and our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a target, projection or other forward-looking statement in this Presentation concerning financial targets and estimates should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this Presentation include statements as to: the pending Acquisition and the benefits thereof, our future operating results; our business prospects and the prospects of our portfolio companies; the impact of investments that we expect to make; the ability to maintain key personnel and hire new personnel; our ability to expand our product offering; our ability and that of our portfolio companies to achieve their objectives; our expected financings and investments; our regulatory structure and tax status; our ability to own and operate a bank and as operate as a bank holding company, the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; the timing, form and amount of any dividend distributions; the impact of fluctuations in interest rates on our business; the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and our ability to recover unrealized losses. The following discussion should be read in conjunction with the section entitled “Risk Factors,” and our consolidated financial statements and related notes and other financial information appearing in our quarterly and annual reports filed with the U.S. Securities and Exchange Commission (“SEC”). We may not actually achieve the plans, intentions or expectations disclosed in forward-looking statements, and you should not place undue reliance on forward looking statements. Actual results or events could differ materially from the plans, intentions and expectations disclosed in forward-looking statements. We do not assume any obligations to update any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

In addition to factors previously disclosed in our reports filed with the SEC and those identified elsewhere in this Presentation, the following factors, among others discussed above, could cause actual results to differ materially from forward-looking statements or historical performance: our ability to meet the remaining closing conditions of the Acquisition, including Office of the Comptroller of the Currency (“OCC”) conditional approval which is subject to NBNYC enter into an operating agreement with the OCC upon the close of the Acquisition, which operating agreement contains customary provisions concerning capital, liquidity and concentration limits and memorializes the business plan submitted to the OCC; Federal Reserve approval which is conditioned on the representations and commitments made by Newtek in connection with its applications, including the discontinuance of Newtek’s election to be regulated under the Investment Company Act of 1940 and to divest activities of certain of Newtek’s technology portfolio companies within two years of becoming a bank holding company; delay in closing the Acquisition; the occurrence of any event, change or other circumstance that could give rise to the right of one or both parties to terminate the Acquisition; the risk that any announcements relating to the proposed Acquisition could have adverse effects on the market price of our common stock; difficulties and delays in integrating the NBNYC business; diversion of management’s attention from ongoing business operations and opportunities; our ability to operate as a bank holding company and the increase in regulatory burden and compliance costs; the attractiveness of our banking products to our existing customer base and our ability to cross-sell; any change in our dividend payout due to no longer operating as a BDC and RIC; our ability to achieve the synergies and value creation contemplated by the proposed Acquisition; the timing of our withdrawal of our election to be a BDC; our status as a RIC; the diversion of management time on Acquisition-related issues; unanticipated increases in costs; and changes in our future cash requirements, capital requirements, results of operations, financial condition and/or cash flows.

These are representative of the factors that could affect the outcome of the forward-looking statements. In addition, such statements could be affected by general industry and market conditions and growth rates, general economic and political conditions, either nationally or in the states in which Newtek or NBNYC does business, including interest rate fluctuations, changes and trends in the securities markets and other factors.

The financial targets and other financial information illustrated herein updates and replaces all such prior illustrations provided by the Company concerning the pending Acquisition of NBNYC, including the August 3, 2022 “Update on Pending Acquisition of the National Bank of New York City” and March 2, 2022 “Update on Pending Acquisition of the National Bank of New York City.”

Financial targets and other information contained herein illustrates the potential effect of Newtek’s acquisition of NBNYC on our financial position and results of operations based upon management’s current assessment of Newtek’s and NBNYC’s respective historical financial positions and results of operations. Financial targets and other illustrative information concerning the combined businesses of Newtek and NBNYC is based on management’s current estimates, assumptions and projections and has not been prepared in conformance with the applicable accounting requirements of Regulation S-X relating to pro forma financial information, and the required pro forma adjustments have not been applied and are not reflected therein. None of this information should be considered in isolation from, or as a substitute for, the historical financial statements of Newtek and NBNYC.

Financial targets and other illustrative information concerning the combined businesses of Newtek and NBNYC is unaudited and presented for illustrative purposes only and does not necessarily indicate the results of operations or the combined financial position that may result from Newtek’s Acquisition of NBNYC. All financial targets and other information is subject to change based upon, among other things, volatile financial conditions, potential capital raises and other assumptions in connection with the pending acquisition of NBNYC.

Newtek to Acquire National Bank of New York City

- Newtek has entered into an agreement to acquire National Bank of New York City (“NBNYC” or the “Bank”), an Office of the Comptroller of the Currency (“OCC”) regulated national bank with approximately \$200 million in total assets (as of December 31, 2021) for a \$20 million purchase price (the “Acquisition”)
- The Acquisition has been conditionally approved by the federal banking regulators and the U.S. Small Business Administration (“SBA”) and remains subject to certain closing conditions
- The Company has received the required regulatory approvals and intends to close the acquisition in January 2023, and become a bank holding company that has elected financial holding company (“FHC”) status

ACQUISITION STRUCTURE	Acquisition of 100% of Equity of NBNYC	DEAL VALUE	\$20 million 1.0x TBV⁽¹⁾
CONSIDERATION	100% Cash	FINANCING	Debt, Equity and Cash on Hand
ANTICIPATED APPROVAL & CLOSING	Received Conditional Regulatory Approvals; Anticipated Closing January 2023	CLOSING CONDITIONS	Customary Closing Conditions; Process Has Begun
OPERATIONS	Bank Subsidiary to Operate as Newtek Bank N.A. (“Newtek Bank”)	MANAGEMENT	Existing Newtek Board and management to remain at the FHC; NBNYC board will resign and will be replaced; NBNYC staff anticipated to remain in place with additional hires

1. “TBV” = Tangible book value; NBNYC to deliver \$20mm of Tangible Common Equity (“TCE”) at closing after special dividend of real estate property and excess capital

Anticipate A Well-Capitalized Institution

Illustrative Holding Company and Newtek Bank Subsidiary Capital Targeted at Closing

Newtek

Holding Company Level - Consolidated

TOTAL
ASSETS

~\$1.1 billion

TCE
RATIO

18-22%

CET1
RATIO

19-21%

TOTAL
CAPITAL
RATIO

20-25%

Newtek Bank

Bank Subsidiary

TOTAL
ASSETS

~\$245 million

TCE
RATIO

30-33%

CET1
RATIO

38-42%

TOTAL
CAPITAL
RATIO

38-42%

“CET1” = Common Equity Tier 1

Capital Targets for illustrative purposes and assumes a January 2023 close of the Acquisition.

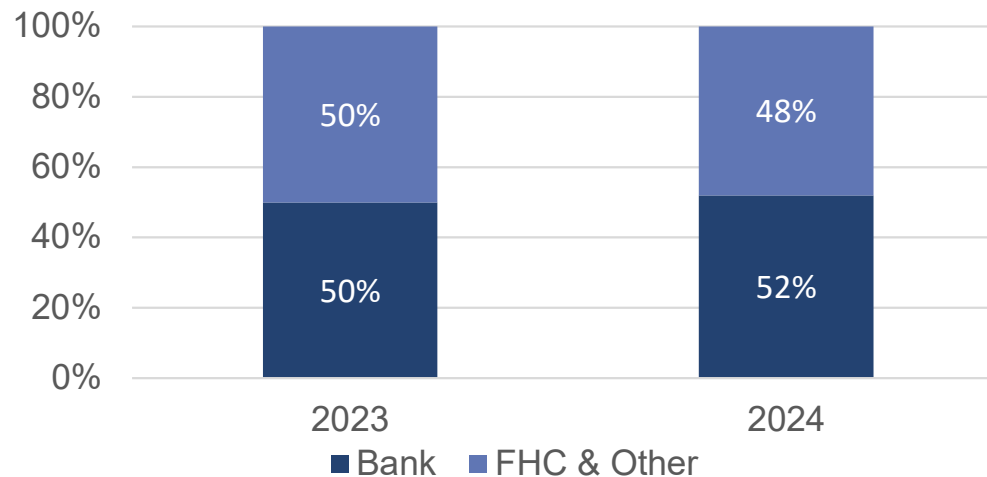
Earnings Targets Illustration: Consolidated Newtek FHC

	Profitability Targets FY 2023	Profitability Targets FY 2024
ROAA	3.0 – 4.0%	3.5 – 4.5%
ROATCE	18 – 22%	25 – 30%
Bank Cost of Deposits (DDA Accounts, High Yield Savings & CDs)	2.75 – 3.50%	3.50 – 4.50%
Deposits / Total Funding	~40%	~50%
Earnings Per Share	\$1.70 – \$2.00	\$2.80 – \$3.20

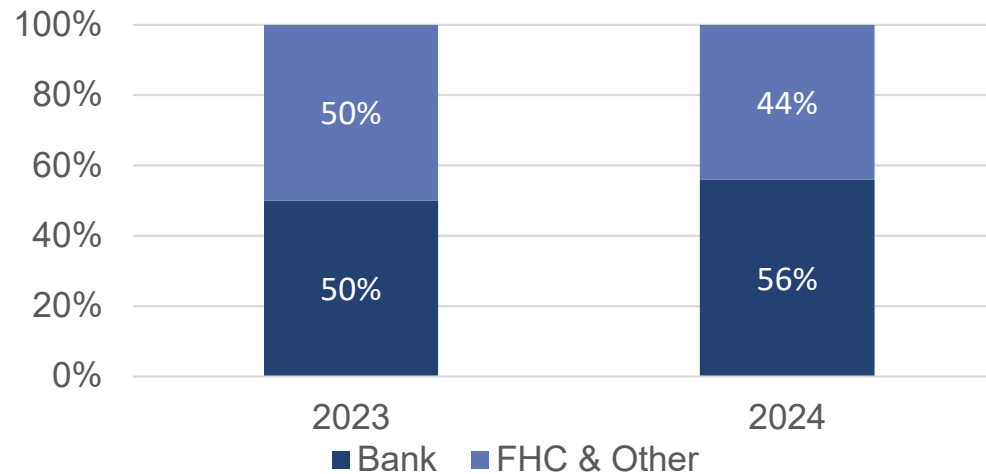
“ROAA” = Return on Average Assets; “ROATCE” = Return on Average TCE.

Note: Earnings targets for illustrative purposes; assumptions include a January 2023 closing date; there can be no assurance of the actual financial results of Newtek FHC and Newtek Bank or attaining the targets illustrated herein; see also Note on Forward-Looking Statements and Special Note Regarding Financial Targets and other Financial Information on pp. 1-2.

Revenue Breakdown



Pre-tax Income Breakdown



Note: Earnings targets for illustrative purposes; assumptions include a January 2023 closing date; earnings targets presented excluding impact of any fair value adjustments; there can be no assurance of the actual results of the FHC and Newtek Bank; see also Note on Forward-Looking Statements and Special Note Regarding Financial Targets and other Financial Information on pp. 1-2

The Newtek Advantage™ (the NewtekOne Dashboard Relationships, Analytics & Transactional Capability



Newtek Advantage DASHBOARD

The one dashboard for all your business needs™

- Home
- Team
- Loans
- Merchants
- Payroll
- Storage
- Analytics

Loan Accounts

\$2,785,373

Next payment due: 11/28/22

Merchant Sales

\$0 Sales this week

0 Transaction [View All](#)

Day	This Week	Last Week
Sun	1000	500
Mon	1500	1000
Tue	1000	500
Wed	500	0
Thurs	1000	500
Fri	500	0
Sat	0	0

Payroll

20 Active Employees

[Go to Payroll Profile](#)
[Go to iSolved](#)

Recent Documents

[View All](#)

- logo.png [Download](#)
- File name.png [Download](#)

Website Traffic

[View All](#)

Month	Traffic
Oct '22	1500
Aug '22	1000
Jun '22	500
Apr '22	1000
Feb '22	500
Dec '21	500

Speak with a specialist

- Loan**
Mona Klein
[Connect](#) | [Chat](#)
- Merchant**
Leone Braun
[Connect](#) | [Chat](#)
- Payroll**
Evelyn Prosacco
[Connect](#) | [Chat](#)
- Storage**
Thurman Bailey
[Connect](#) | [Chat](#)
- Partners**
[Connect](#) | [Chat](#)

Recent Applications

Sample of Current Newtek & Portfolio Company Talent Pool with Lending, Financial Institution and Banking Experience

- **Barry Sloane – Chief Executive Officer, Newtek – 35+ years of commercial lending, financial institution and banking related experience**

Formerly:

- Smith Barney, Inc. – Managing Director
- Donaldson, Lufkin and Jenrette – Senior Vice President
- Bear Stearns, L.F. Rothschild, E.F. Hutton, Paine Webber

- **Nicolas Young – Chief Risk Officer, Newtek (Becomes President of Newtek Bank) – 20+ years of banking experience**

Formerly:

- IBERIABANK – Executive Vice President, Chief Credit Officer
- Banco Sabadell Group – Executive Vice President, Chief Credit Officer

- **Peter Downs – Chief Lending Officer, Newtek; Newtek Small Business Finance, LLC, President - 35+ years of commercial lending, financial institution and banking experience**

Formerly:

- Citibank – National Director SBA Lending
- European American Bank – SVP, Small Business Lending
- Suffolk County National Bank – Credit Officer

- **John McCaffery – EVP, Finance, Newtek (Becomes CFO, Newtek Bank) – 30 years of banking experience**

Formerly:

- Dime Community Bancorp – SVP, Chief Risk Officer
- Bridge Bancorp, Inc. – EVP, Chief Financial Officer/Treasurer
- State Bank of Long Island – Treasurer

Sample of Current Newtek & Portfolio Company Talent Pool with Lending, Financial Institution and Banking Experience

- **David Simon – President & COO - Newtek Merchant Solutions – 20 years of banking experience**

Formerly:

- Visa – SVP, Global Head of Small Business & Medium Enterprises Business
- Banamex USA – Board Member
- TriStar Payments – Chief Executive Officer
- OneWest Bank – Head of Prepaid Cards & Senior Advisor, Payment Solutions
- Citigroup – Executive Vice President

- **Nicholas Leger – EVP, Chief Accounting Officer**

Formerly:

- First Data Corporation
- Price Waterhouse Coopers
- McGladrey & Pullen

- **John Vivona – SVP, Risk Management (Becomes Chief Compliance Officer, Newtek Bank) –32 years of banking experience**

Formerly:

- Alma Bank – SVP, Chief Risk Officer, Interim Chief Compliance Officer
- BNB Bank – SVP, Chief Risk Officer
- New York Community Bank – SVP, Compliance Officer, Fair Lending Officer

- **Brian Moon – Treasurer & SVP, Corporate Development, Newtek – 28+ years of financial institution and banking experience**

Formerly:

- Wells Fargo – Managing Director, Financial Institutions
- Deutsche Bank – Managing Director, Financial Institutions
- Morgan Stanley - Vice President, Financial Institutions

- **Kelvin Lui– SVP, Digital Transformation, Newtek – 1 year of banking experience**

Formerly:

- Zais Group, LLC – Chief Technology Officer
- Securus Insurance Agency – Chief Operating Officer
- JPMorgan – Chief Operating Officer – NA Securitized Products Technology
- Barclays Capital – RMBS Technology/Director
- Merrill Lynch – Co-Head of Mortgage Technology / Vice President

- **Thomas Soucy– Senior Vice President, C&I Lending – 15 years of banking experience**

Formerly:

- IBERIABANK – Executive Vice President, Executive Credit Officer
- Sabadell United Bank – Senior Vice President
- BNY Mellon – Vice President, Risk Officer

- **Brian Lawn – Senior Vice President, Credit & PPP Loan Forgiveness, Small Business Lending – 30 years of banking experience**

Formerly:

- Peoples United Bank – Senior Vice President, NYCRES Portfolio Management Regional Manager
- BNB Bank – Vice President, SBA Portfolio Underwriting Manager
- Community National Bank – Vice President, Commercial Lending
- Capital One Bank, Sovereign Bank, Banco Santander, Independence Community Bank, The Bank of **New York**

- **Michael Ogus – Senior Vice President, Credit Committee Member, Newtek Small Business Finance – 39 years of banking experience**

Formerly:

- BNB Bank fka Bridgehampton National Bank – Director, Small Business Administration Lending
- Astoria Federal Savings & Loan Association – Assistant Director, Small Business Lending
- Chemical Bank/The Chase Manhattan Bank, IBJ Schroder Bank & Trust Company, Lincoln Savings Bank

Investment Summary

- Newtek is progressing towards the operational and financial and shareholder repositioning to prepare for the transformation from a BDC to FHC
- The Company believes it is in all its stakeholders' best interests to acquire NBNYC and position itself as the business solutions company to 30 million independent business owners in the United States and add banking and depository services to its compliment of solutions enabling its clients to become more successful
- Newtek has been a publicly traded company since September 2000 and was established in 1998
- Newtek believes that as a financial holding company it can reduce its cost of capital through greater debt financing possibilities that are limited by the BDC leverage test and utilizing core retail bank deposits to also fund its growth
- As a FHC, Newtek will also be able to retain earnings which were restricted by our RIC requirement as a BDC to distribute between 90-100% of our taxable income
- Newtek expects to pay dividends to its shareholders as a FHC, subject to achieving our operational and financial goals. If Newtek's Board were to declare dividends as a FHC, we believe the dividends would be taxed at a qualified rate to its shareholders unlike the flow through structure taxed at ordinary income as a BDC
- We believe that management's interests are aligned with shareholders; management and Board combined own approximately 5.5% of outstanding shares
- Newtek believes the Newtek Advantage business portal, client dashboard and gateway can foster success for its customers and will enable it to better display and cross-sell the solutions it has developed over the course of 20 years
- Newtek believes the Newtek Advantage will be a primary tool and asset of its clients and anticipates it will become an important part of its customer and client business infrastructure
- Newtek intends to change the name of the publicly traded company to "NewtekOne[®]" to further illuminate its brand and mission to be the One Solution for All Your Business Needs[®], the one company for all your business needs, the one partner that enhances your level of success and the one company to provide you the necessary state of the art solutions to grow your business
- Newtek believes and anticipates it will be able to grow its earnings in its role as a technology enabled solutions provider and be a disruptor for other financial institutions that provide very limited services and solutions to their clients. Newtek believes that it has developed technologies and solutions over 20 years that its new financial structure will help it unlock. Newtek anticipates white-labeling these technologies and offering them to other providers so it can partner with other financial institutions which has been its historic business model over 20 years.
- Newtek looks forward to competing amongst other depositories and non-depositories to be the one company that excels in partnering with independent business owners across the United States