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SBA titan NewtekOne expands its alternative loan portfolio

By John Reosti | June 23, 2025

NewtekOne in Boca Raton, Florida, is leaning into a loan program it believes may one day surpass its industry-leading Small Business Administration 7(a) lending operation in size.

Known for its SBA-lending prowess, Newtek, the holding company for the \$1.25 billion-asset Newtek Bank, began making non-SBA loans in 2019. Small-business borrowers are attracted to the long durations — up to 25 years without balloon payments — Newtek offers through its Alternative Loan Program, but macroeconomic issues have hamstrung its development, CEO Barry Sloane told American Banker.

“In 2019, we had to slow this down for COVID. Then in 2023, we had to slow it down due to the banking crisis and availability of capital,” Sloane said. And while the company is grappling with higher-for-longer interest rates and inflation currently, the pace of business is strong enough for Newtek to depress the accelerator.

“The independent business owner has been challenged, particularly with rates being higher ... but we’re still finding good credits and there’s plenty of business to be done,” Sloane said.

Last week, Newtek announced a \$70 million increase to the Deutsche Bank revolving credit facility it uses to fund the alternative loan program, taking it to \$170 million. Full-year originations, which totaled \$250 million in 2024, are expected to surpass \$400 million and may reach \$500 million. “The performance that we’ve got has been very strong,” Sloane said.

“We’re very thankful that Deutsche Bank had a lot of confidence in our organization and thought this is something that we could do,” Sloane added. “They really jumped into this business early on.”



NewtekOne in Boca Raton, Florida, plans to expand its portfolio of non-SBA alternative loans buoyed by a larger revolving loan facility from Deutsche Bank.

Newtek Bank

As with its SBA production, Newtek makes its alternative loans with an eye toward selling them. It’s completed three securitizations since 2021, the most recent one a \$184 million transaction that closed in April.

According to Sloane, the alternative loan program fits established businesses that are on the verge of outgrowing their SBA eligibility but don't yet qualify for conventional bank funding. For them, longer duration financing offers a means to control expenses and grow revenue.

“When you give a borrower a longer-term ability to repay the principal, you're basically giving them equity, because you're allowing them to retain the cash flows in the business longer, which they can plow back into other things.”

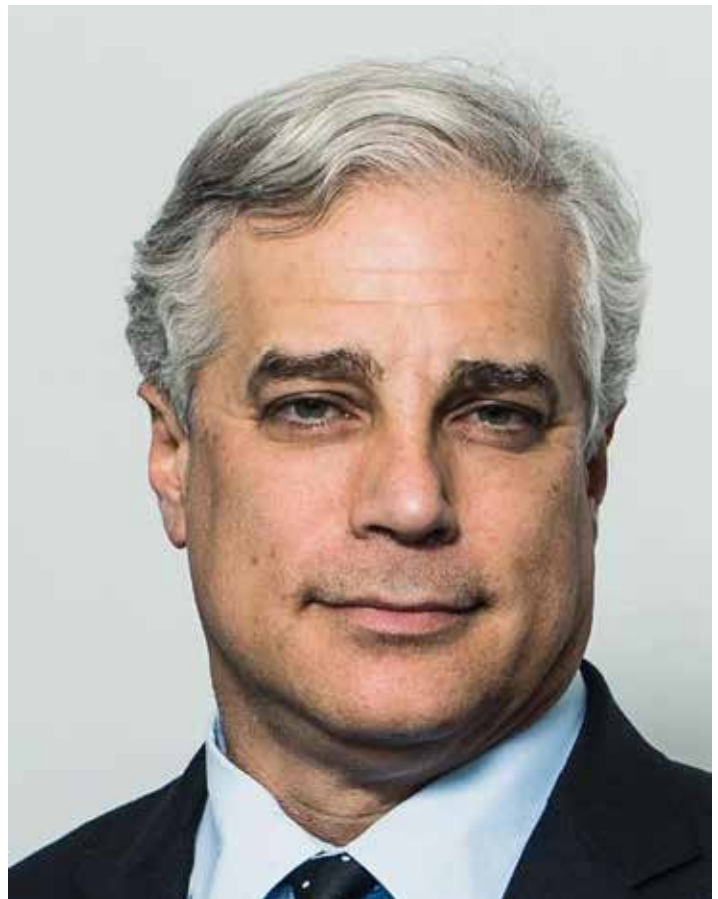
The alternative loan program's expansion is part of a wider growth trend at Newtek, which expects to make 2,700 loans of all types in 2025, up from 2,400 last year. SBA 7(a) loans, Newtek's biggest business line, is also enjoying significant growth, with lending volume in the agency's 2025 fiscal year on pace to surpass fiscal 2024 by a wide margin.

Deposits, too, are growing, with Sloane forecasting that the number of depositors Newtek serves would surpass 17,000 in 2025. “When we took the bank over, we were dealing with a couple hundred,” he said. Deposits totaled \$1 billion on March 31, up from \$513 million a year earlier.

Newtek was founded as a nonbank business development company. It acquired the \$208 million-asset National Bank of New York City in January 2023. Though access to lower-cost deposit funding has spurred growth, investors have responded unenthusiastically. Newtek shares are down about 17% year to date.

In a recent research note, Tim Switzer, who covers Newtek for Keefe Bruyette & Woods, wrote that the company's business plan, pairing extensive involvement in SBA 7(a) lending with a growing portfolio of nonconforming commercial-and-industrial loans “remains a bit complex,” overshadowing what he termed “a fairly robust growth outlook.”

“While the early returns have been notable, there



Barry Sloane

Newtek Bank

is still uncertainty surrounding Newtek's outlook,” Switzer wrote.

For his part, Sloane said investors have been slow to warm to Newtek's business model, which emphasizes loan sales and securitization over steady, recurring noninterest income. “We make loans and we sell them,” Sloane said. “That's a bit of an anomaly in the banking business. Most banks make loans and hold them forever.”

Even so, Sloane has no regrets about the decision to adopt a bank charter. “We're pleased operationally how things are going,” he said.