

# **NewtekOne**<sup>®</sup>

**NASDAQ: NEWT**

**Second Quarter 2024**

**Financial Results Conference Call**

**August 6, 2024**

**Hosted and Presented by:**

**Barry Sloane, CEO & President**

**M. Scott Price, CFO**

**Also Attending**

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

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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. Information regarding the Company’s assets under supervision, capital ratios, risk-weighted assets, supplementary leverage ratio and balance sheet data consists of preliminary estimates and are subject to change with the filing of the Company’s Form 10-Q for the quarterly period ended June 30, 2024. These statements and other forward-looking statements herein are based on the current beliefs and expectations of NewtekOne’s management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements. In addition, earnings per share guidance reflects risks, uncertainties and assumptions with respect to facts and circumstances that are beyond our control, in particular concerning interest rates, monetary policy and prevailing economic conditions during the relevant periods, any of which may differ significantly from our assumptions about the applicable period, causing our actual operating results, including our earnings per share, to differ materially from the stated guidance. 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.

## Significant Events Occurring in Q2 2024

- Second quarter 2024 earnings per share (“EPS”) of \$0.43 per basic and diluted common share
- Reconfirming FY 2024 full year EPS guidance of \$1.85 to \$2.05 per basic and diluted common share
- Second quarter 2024 quarterly deposit growth over last quarter was approximately 17% at Newtek Bank
- Second quarter 2024 total loan growth over last quarter was 13% at Newtek Bank
- Net interest margin was 4.83% for the three months ended June 30, 2024; an increase of 0.2% over 4.82% for the three months ended March 31, 2024, and an increase of 51.9% over 3.18% for the three months ended June 30, 2023
- Approximately 467 basis points of loan loss reserve coverage at June 30, 2024
- Business deposits (checking and business money market) grew by 17% to \$136 million in second quarter 2024 from \$116 million in the first quarter 2024
- Alternative loan program picks up traction and demonstrates a full execution through securitization (see detailed slide later in presentation)
- Credit portfolio experiences default curve aging with realized and unrealized losses
- NewtekOne continues to demonstrate over the past six quarters that higher margins and higher yielding assets can offset current higher cost of deposits and higher expenses for credit losses
- Efficiency ratio at Newtek Bank declined to 42% for the second quarter 2024, validating the benefits of our technology-enabled banking-strategy. In addition, Newtek Bank continues to demonstrate the ability to acquire and process business, emphasizing its unique and internally developed technological platform
- NewtekOne completed a registered public offering of \$71.875 million aggregate principal amount of its 8.50% Fixed Rate Senior Notes due 2029, listed on the Nasdaq Global Market<sup>®</sup> under the trading symbol “NEWTG”

# Newtek Bank, N.A. Summary Financial Highlights

	Financial Performance					
	2Q23	3Q23	4Q23	FY 2023	1Q24	2Q24
<b>ROAA</b>	5.1%	6.0%	9.9%	5.7%	5.8%	6.4%
<b>ROE</b>	32.1%	42.8%	64.8%	34.7%	37.5%	48.3%
<b>ROTCE</b>	33.1%	44.0%	66.3%	35.7%	37.9%	48.8%
<b>Efficiency Ratio</b>	53.1%	40.3%	34.4%	49.9%	49.9%	42.3%

	Growth			
	3Q23	4Q23	1Q24	2Q24
<b>HFI Loans (Ending)</b>	29%	20%	18%	14%
<b>HFI Loans (Average)</b>	78%	72%	24%	12%
<b>Deposits (Ending)</b>	-1%	17%	9%	17%
<b>Deposits (Average)</b>	24%	1%	9%	24%

	Margin					
	2Q23	3Q23	4Q23	FY 2023	1Q24	2Q24
<b>Net Interest Margin (NIM)</b>	3.19%	3.49%	4.43%	3.63%	4.82%	4.83%
<b>Avg Yield on Loans</b>	8.23%	8.49%	9.26%	8.35%	9.48%	9.57%
<b>Avg Rate on Deposits</b>	4.32%	4.44%	4.40%	4.27%	4.48%	4.47%
<b>Avg Rate on Funding</b>	4.22%	4.35%	4.32%	4.17%	4.41%	4.42%

	Capital & Credit			
	3Q23 <sup>1</sup>	4Q23 <sup>1</sup>	1Q24	2Q24
<b>CET 1</b>	23.8%	21.5%	17.6%	17.1%
<b>Total Capital</b>	25.0%	22.8%	18.9%	18.3%
<b>Leverage</b>	14.9%	16.6%	15.5%	13.8%
<b>NPL/Total Loans</b>	1.9%	1.6%	1.2%	2.3%
<b>ACL/Loans HFI</b>	2.9%	3.7%	4.1%	4.7%

- Second quarter returns driven by higher volumes of SBA 7a Guaranteed loan sales
- Increase in Loans HFI driven by higher originations of Unguaranteed SBA 7a loans
- Increases in deposits driven by 6-month CDs originated in April and May 2024
- Rate paid on deposits down 1 basis point due to increases in business deposit products
- Capital Ratios remain strong - Leverage Ratio impacted by increased average cash balances during the quarter
- Reserve coverage increased due to concentration of Unguaranteed SBA loans as compared to prior quarter

<sup>1</sup> Preliminary capital ratios

Note: Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on pages 30 and 31.

# NewtekOne, Inc. Summary Financial Highlights

	Financial Performance					
	2Q23	3Q23	4Q23	FY 2023	1Q24	2Q24
<b>ROAA</b>	2.1%	3.0%	3.1%	3.6%	2.8%	2.8%
<b>ROE</b>	12.0%	18.8%	19.7%	21.3%	16.3%	17.0%
<b>ROTCE</b>	15.4%	20.8%	25.7%	27.6%	20.6%	21.1%
<b>Efficiency Ratio</b>	75.6%	63.8%	66.6%	76.3%	70.6%	66.3%

	Growth			
	3Q23	4Q23	1Q24	2Q24
<b>Total Loans</b>	2%	10%	11%	2%
<b>Total Deposit</b>	-3%	7%	11%	19%
<b>Total Deposits+Borrowings</b>	-6%	2%	6%	7%

	Margin					
	2Q23	3Q23	4Q23	FY 2023	1Q24	2Q24
<b>Net Interest Margin (NIM)</b>	2.01%	2.60%	2.76%	2.37%	2.92%	2.71%
<b>Avg Yield on Loans</b>	8.94%	9.64%	9.52%	9.29%	9.49%	9.34%
<b>Avg Rate on Deposits</b>	4.42%	4.46%	4.62%	4.42%	4.82%	4.85%
<b>Avg Rate on Funding</b>	6.48%	6.53%	6.48%	6.56%	6.63%	6.64%

	Capital			
	3Q23	4Q23	1Q24	2Q24 <sup>1</sup>
<b>CET 1</b>	15.1%	16.2%	17.2%	16.0%
<b>Total Capital</b>	17.7%	19.1%	20.2%	18.8%
<b>Leverage</b>	14.6%	13.6%	13.7%	13.7%

Summary Income Statement	2Q'23	3Q'23	4Q'23	1Q'24	2Q'24	\$ Change	% Change	% Chg
						Q1'24 vs. Q2'24	Q1'24 vs. Q2'24	2Q24 vs 2Q23
Net Interest Income	\$ 5,673	\$ 8,077	\$ 8,301	\$ 8,906	\$ 9,126	\$ 220	2.5%	60.9%
Provision for Credit Losses	2,575	3,446	4,365	4,015	5,799	1,784	44.4%	125.2%
Non-Interest Income	44,285	41,024	49,107	49,367	52,020	2,653	5.4%	17.5%
Non-Interest Expense	37,777	31,320	38,209	41,159	40,564	(595)	-1.4%	7.4%
Earnings Before Tax	9,606	14,337	14,834	13,099	14,783	1,684	12.9%	53.9%
Net Income Available to Common	\$ 6,611	\$ 10,919	\$ 10,444	\$ 9,250	\$ 10,545	\$ 1,295	14.0%	50.4%
Diluted Earnings Per Share	\$ 0.27	\$ 0.43	\$ 0.43	\$ 0.38	\$ 0.43	\$ 0.05	13.2%	59.3%

<sup>1</sup> Preliminary capital ratios

Note: Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on pages 32 and 33.

## Answers to Common Questions About NewtekOne

- We are focused on growing ROTCE, ROAA, and net interest income, however it is important to understand that we have diversified streams of income that are marginally affected by credit or interest rates
- Our business model provides for an outsized amount of non-interest income versus traditional bank net interest income, which has some insulation from credit and interest rates
- Our margins and returns are typically much higher than that of a traditional bank
- We have 20 years of experience in lending to middle market and small- to medium-sized business companies and have experience navigating through the 2008-2009 credit crisis and the pandemic. We use this experience to forecast loan loss default severity in addition to potential recovery
- We have demonstrated deposit-raising capability including increased traction in lower-cost business deposits
- Gain-on-sale realized on the sale of the guaranteed portions of SBA 7(a) loans (75% of loan balance) is reoccurring, and we estimate \$935 million in SBA 7(a) loan fundings for 2024
- Our business model and plan is positioned to make our clients more successful. By owning a nationally chartered bank, whose clients regularly conduct business through the Newtek Advantage™, and by providing multiple services and solutions through our owned and operated subsidiaries, we have strategically positioned NewtekOne as a growth company seeking to acquire a growth multiple on earnings
- What is our alternative loan program (“ALP”) , its history, and its future?

# Alternative Loan Program (ALP) Securitization Details

- July 23, 2024: NewtekOne's joint venture, Newtek-TSO II Conventional Credit Partners, LP ("Newtek-TSO"), closed a \$154,320,000 ALP loan backed securitization
- The securitization was backed by ALP loans, with Newtek-TSO selling \$137,170,000 of Class A Notes and \$17,150,000 of Class B Notes (collectively, the "Notes") issued by NALP Business Loan Trust 2024-1
- The Notes are backed by \$190,520,000 of collateral, consisting of \$159,770,000 of Company originated ALP-loans and a \$30,750,000 prefunding account to acquire additional ALP loans originated by the Company in May 2024
- The Class A and Class B Notes received Morningstar DBRS ratings of "A (sf)" and "BBB (high) (sf)", respectively
- The Notes had an 81.0% advance rate. Newtek-TSO received in excess of \$370 million in requests for approximately \$154 million of Notes
- The Class A Notes were priced at a yield of 6.585%, and the Class B Notes were priced at a yield of 7.835%, for a combined weighted average yield of 6.724%
- This securitization transaction represents the second term asset-backed securitization closed by a Company joint venture and secured by ALP loans - loans which do not conform to the requirements of the Small Business Administration ("SBA") 7(a) loan program
- Historically, the Company has issued fifteen rated securitizations, two of which were with joint ventures and backed by ALP loans. All of the Company's prior securitizations have maintained their investment-grade ratings or been upgraded. For additional detail on this ALP loan backed securitization, please use the following link [NALP Business Loan Trust 2024-1](#)

# Securitization Economics & Details of Our Alternative Lending Program

## Why does this program exist?

- Materially better credits (stronger guarantors, larger businesses and greater liquidity) than the SBA 7(a) program
- To satisfy customer demand for loans greater than \$5 million, with 10-25 year amortization periods, and no loan covenants
- Loans financed at the holding company through joint venture partners and securitization

## Whole Loan Metrics

- Origination points average approximately 3.0% to 3.5%
- Origination expense: approximately 2 points
- Amortization schedule: 10-25 years amortization, without balloon payments
- Origination margin with floor and initial rate: 850 gross basis points on average credit to the 5-year treasury and rolling at the same margin at each five-year anniversary
- Servicing fee: approximately 100 basis points earned by Newtek Bank
- Prepayment penalties: approximately 5%, 5%, 5%, 3% for years 1 through 4

## July 2024 Newtek-TSO Portfolio (ALP loans which went into the securitization)

- Approximately \$191 million in loan collateral with an approximate 12.7% gross note rate to borrower
- Servicing margin is equal to 100 basis points
- Investment-grade bond yield to investors is approximately 6.7%
- Advance rate to investment grade bonds is approximately 80%
- Above metrics do not include servicing or origination fees
- 11.7% collateral yield after servicing sold to special purpose vehicle
- Approximate margin is 500 basis points times 4 debt turns equaling 20%
- 31.7% rough gross yield at inception, not including charge offs, legal fees, all securitization costs, any labor or cost to manage\*

\*Management estimates; not indicative of future performance.



## Growth In Deposits for Newtek Bank, N.A.

- Total deposit growth from March 31, 2024 to June 30, 2024 was 17.4%
- Business account deposit growth March 31, 2024 to June 30, 2024 was 17.2%

### Zero-Fee Bank Accounts

- Business clients and consumers dislike undisclosed fees
- There are few-to-no choices for zero-fee based accounts in the marketplace today, and our clients have the opportunity to choose our depository accounts with lower expenses, higher interest using our deposit calculator and truly knowing the economic benefit of banking with Newtek Bank
- Planned rollout of deposit calculator September 1, 2024

# Loan Pipeline Growth

Total Loans Across All Products	As of		Year-Over-Year % Change
	6/30/2023	6/30/2024	
Prequalified	\$871,198,742	\$957,399,928	9.89%
Underwriting	\$178,943,460	\$280,120,500	56.54%
Approved Pending Closing	\$151,104,962	\$237,738,250	57.33%
<b>Total</b>	<b>\$1,201,247,164</b>	<b>\$1,475,258,678</b>	<b>22.81%</b>

Alternative Loan Program	As of		Year-Over-Year % Change
	6/30/2023	6/30/2024	
Prequalified	\$53,950,000	\$132,212,000	145.06%
Underwriting	-	\$73,180,000	-
Approved Pending Closing	\$14,600,000	\$41,170,000	182%
<b>Total</b>	<b>\$68,550,000</b>	<b>\$246,562,000</b>	<b>259.7%</b>

SBA 7(a)	As of		Year-Over-Year % Change
	6/30/2023	6/30/2024	
Prequalified	\$447,103,125	\$468,724,384	4.84%
Underwriting	\$107,356,600	\$151,517,000	41.13%
Approved Pending Closing	\$104,762,600	\$117,873,000	12.51%
<b>Total</b>	<b>\$659,222,325</b>	<b>\$738,114,384</b>	<b>11.97%</b>

- Year to date through June 30, 2024:
  - SBA 7(a) closings of \$436.9 million
  - ALP closings of \$112.4 million
  - Total loans loan closings across all products and all NewtekOne subsidiaries of \$624.4 million
- Year to date through June 30, 2024:
  - Origination underperformance in: SBA 504 and conforming C&I and CRE

# NewtekOne: Second Quarter 2024 Financial Highlights

- Net income was \$10.9 million, and EPS was \$0.43 per basic and diluted common share, for the three months ended June 30, 2024; a 13.2% increase, on a per share basis, compared to \$9.7 million and \$0.38 per basic and diluted common share, for the three months ended March 31, 2024, and a 59.3% increase, on a per share basis, compared to \$7.0 million and \$0.27 per basic and diluted common share, for the three months ended June 30, 2023
- The Company is confirming its 2024 annual EPS forecast in a range of \$1.85 to \$2.05 per basic and diluted common share
- Net interest income was \$9.1 million for the three months ended June 30, 2024; an increase of 2.2% over \$8.9 million for the three months ended March 31, 2024, and an increase of 59.6% over \$5.7 million for the three months ended June 30, 2023
- Total assets were \$1.6 billion at June 30, 2024; an increase of 14.3% from \$1.4 billion at December 31, 2023
- Total borrowings were \$652.0 million at June 30, 2024; an increase of 1.2% from \$644.1 million at December 31, 2023. Loans held for investment were \$867.7 million at June 30, 2024; an increase of 7.6% over \$806.1 million at December 31, 2023

# NewtekOne: Six Months Ended June 30 2024

## Financial Highlights

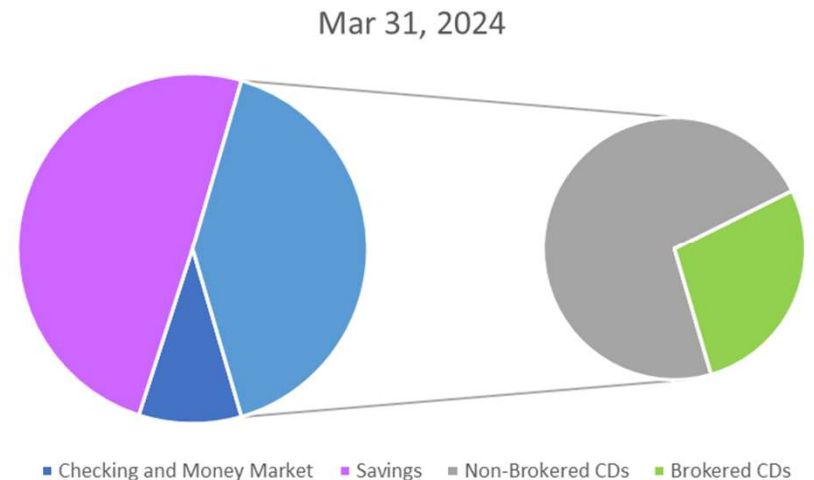
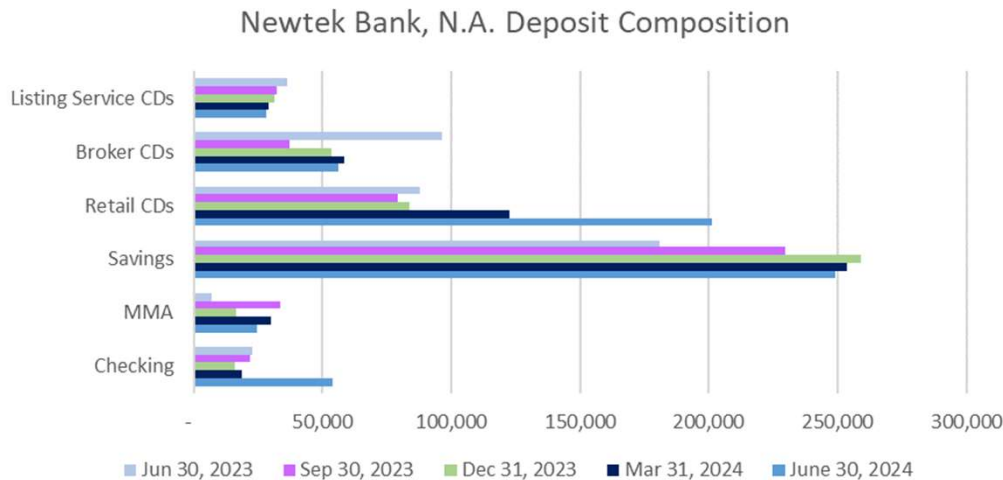
- Net income was \$20.6 million and EPS was \$0.81 per basic and diluted common share, for the six months ended June 30, 2024, compared to \$25.6 million and \$1.03 per basic and diluted common share, for the six months ended June 30, 2023
- Net income for the six months ended June 30, 2023 was positively impacted by an income tax benefit of \$14.2 million, or \$0.59 per basic and diluted share. Excluding this income tax benefit, EPS for the six months ended June 30, 2023 would have been \$0.44 per basic and diluted share<sup>1</sup>
- Second quarter 2024 EPS of \$0.81 per basic and diluted share represents an 84.1% increase over the EPS of \$0.44 per basic and diluted share<sup>1</sup> excluding the tax benefit from first quarter 2023 as detailed in above bullet
- Net interest income was \$18.0 million for the six months ended June 30, 2024, an increase of 74.8% over \$10.3 million for the three months ended June 30, 2023

<sup>1</sup>Non-GAAP; reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on page 29

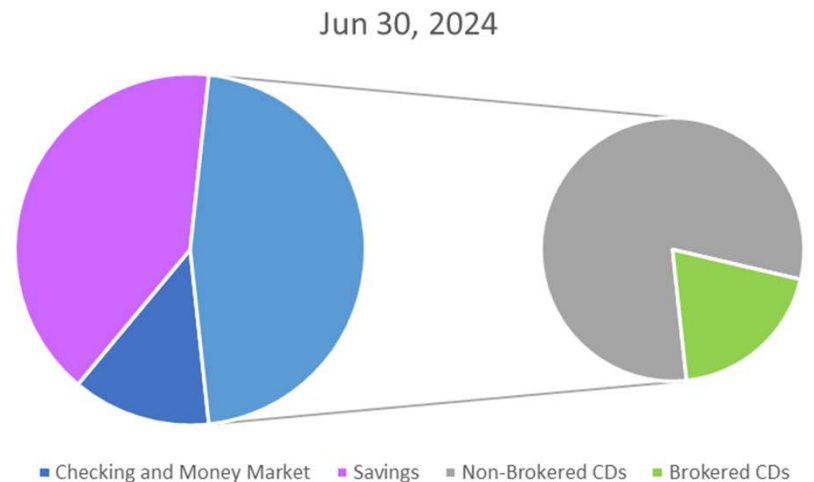
# NewtekOne's Average Earning Assets And Interest-Bearing Liabilities

<i>\$ in millions</i>	3Q23		4Q23		1Q24		2Q24	
	\$	%	\$	%	\$	%	\$	%
<b>Assets</b>								
Interest Earning Cash	238.7	5.10%	173.3	5.21%	128.1	5.22%	171.9	5.16%
Investment Portfolio	36.4	4.75%	35.6	4.85%	38.9	4.76%	32.0	4.65%
Total Loans	956.0	9.64%	985.6	9.52%	1,058.6	9.49%	1,153.0	9.34%
<b>Total Int Earning Assets</b>	<b>1,231.1</b>	<b>8.62%</b>	<b>1,194.5</b>	<b>8.76%</b>	<b>1,225.6</b>	<b>8.88%</b>	<b>1,356.9</b>	<b>8.70%</b>
<b>Liabilities</b>								
<b>Deposits</b>								
Demand	22.4	0.12%	23.8	0.33%	18.7	0.62%	31.1	0.80%
Savings	198.5	5.02%	245.3	5.09%	251.8	5.05%	252.8	5.09%
Money Market	30.1	4.87%	26.3	4.86%	16.9	4.72%	24.6	4.23%
Time	201.7	4.57%	142.9	4.49%	178.0	4.94%	260.8	5.16%
<b>Total Deposits</b>	<b>452.7</b>	<b>4.46%</b>	<b>438.4</b>	<b>4.62%</b>	<b>465.3</b>	<b>4.82%</b>	<b>569.4</b>	<b>4.85%</b>
Borrowings	680.9	7.84%	668.5	7.69%	636.5	7.95%	656.1	8.19%
<b>Total Int Bearing Liabs</b>	<b>1,133.6</b>	<b>6.53%</b>	<b>1,107.0</b>	<b>6.48%</b>	<b>1,101.9</b>	<b>6.63%</b>	<b>1,225.5</b>	<b>6.64%</b>
<b>Net Interest Spread</b>		<b>2.09%</b>		<b>2.28%</b>		<b>2.25%</b>		<b>2.06%</b>
<b>Net Interest Margin</b>		<b>2.60%</b>		<b>2.76%</b>		<b>2.92%</b>		<b>2.70%</b>

# Newtek Bank Deposit Growth and Breakdown



- Deposits have increased mainly in Checking and Retail CD products, while Brokered CDs declined as a percent of total
- CD Campaigns contributed \$79 million of the increase
  - 97% production with 6-month term
- Cost of deposits decreased by 1 basis point from 1Q24 driven by CD campaign and maturities of CDs at similar rates



# The Newtek Advantage™ Is NewtekOne's Proprietary Business Portal For Its Clients

- The Newtek Advantage™, which has a patent pending, provides NewtekOne's clients with analytics, relationships and transactional capability that other financial institutions do not
- Newtek Advantage™ gives our business clients a management asset that can enhance their business operations
- What a Client Receives When they Open a Newtek Advantage™ Account
  - Free unlimited document storage
  - Free real-time updated traffic analytics
  - Free real-time credit card processing and chargeback batch information for merchant solutions clients
  - Ability for Newtek Payroll clients to make payroll directly from business portal
- Six NewtekOne professional relationships available on camera
  - Deposits
  - Newtek Lending
  - Newtek Insurance
  - Newtek Payroll & Health Benefits
  - Newtek Technology
  - Newtek Payments
- We believe the Newtek Advantage™ can become (and should become) a market-recognized tool and solution that NewtekOne's clients ultimately will not want to be without

<b>Newtek Small Business Finance</b>					
<i>Non-Accrual Historical</i>					
	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Cost Basis</b>	\$ 66,583,340	\$ 70,247,026	\$ 70,970,523	\$ 70,575,265	\$ 85,023,354
<b>FV Adjustment</b>	\$ (31,786,200)	\$ (31,983,823)	\$ (31,914,353)	\$ (33,494,586)	\$ (38,430,032)
<b>FV</b>	<b>\$ 34,797,140</b>	<b>\$ 38,263,203</b>	<b>\$ 39,056,170</b>	<b>\$ 37,080,679</b>	<b>\$ 46,593,322</b>
<b>Price</b>	<b>52.26%</b>	<b>54.47%</b>	<b>55.03%</b>	<b>52.54%</b>	<b>54.80%</b>

- Newtek Small Business Finance's ("NSBF") (our non-bank SBA 7(a) lending subsidiary) is in rundown mode and hitting the sweet spot of the default curve with 2021, 2022 and 2023 cohort years of SBA 7(a) loans originated in 3%, 4% and 5% prime rate environments
- NSBF's performing loan portfolio has a weighted-average coupon of 11.25% that partially absorbs these charge offs
- NSBF has \$292 million in shareholder capital

<b>Newtek Bank, N.A</b>					
<i>At Amortized Cost</i>					
	Q2'23	Q3'23	Q4'23	Q1'24	Q2'24
<b>Past Due 31-89 Days loans HF</b>	\$ 1,271,048	\$ 1,401,341	\$ 4,895,991	\$ 12,088,148	\$ 7,464,199
<b>Nonaccrual loans HF</b>	\$ 3,349,954	\$ 5,256,290	\$ 5,373,193	\$ 8,014,707	\$ 13,588,126
<b>Charge-offs</b>	\$ -	\$ -	\$ -	\$ 369,670	\$ 799,960
<b>Allowance for credit losses</b>	\$ 4,764,000	\$ 8,209,000	\$ 12,574,000	\$ 16,126,000	\$ 21,098,000
<b>Allowance for credit losses/Total Loans at Amortized</b>	2.2%	2.9%	3.7%	4.1%	4.7%

- On August 1, 2024, Newtek Bank sold \$3.0 million of past due and non-accrual loans acquired through the acquisition of National Bank of New York City. These loans accounted for 17% of the Bank's nonaccrual portfolio at June 30, 2024



- Newtek Bank has 467 basis points, or 4.7%, of a CECL reserve against its loan portfolio
  - As the Bank adds more conforming C&I and CRE loans, this reserve will balance is expected to move towards 350 basis points, or 3.5%
  - As the Bank's loan portfolio seasons, these reserves will be utilized as non-accrual loans increase based on the default curve
- We believe that we can generate well above-average coupons at the Bank and holding company that can absorb these losses
- Although NewtekOne and Newtek Bank experienced charge offs and losses in the second quarter 2024, as any typical lending institution would, we were able to absorb the impacts-and still generate EPS of \$0.43 per basic and diluted share in the second quarter 2024, due to high capital levels and high levels of income generation and lucrative business margins

## Newtek Payments:

## Newtek Merchant Solutions, Mobil Money & POS on Cloud

**NewtekOne**  
NASDAQ:NEWT

	Revenue	Pre-tax Income	EBITDA
Q1 '23	\$10,566	\$2,795	\$3,422
Q2 '23	\$10,841	\$2,831	\$3,458
Q3 '23	\$11,393	\$3,777	\$4,494
Q4 '23	\$11,240	\$3,577	\$3,986
Q1 '24	\$11,260	\$3,395	\$3,749
Q2 '24	\$13,279	\$4,272	\$4,521

NMS, Mobil Money, POS on Cloud (in thousands)			
	Revenue	Pre-tax Income	EBITDA
FY' 22	\$43,261	\$13,314	\$16,100
FY '23	\$44,040	\$12,980	\$15,360
FY '24 Forecast	\$47,145	\$16,000	\$16,600

Note: Financial metrics in the chart above include the elimination of certain intercompany revenues and expenses within the consolidated group

## Diversification of Earnings

- **Newtek Bank**
  - Benefits from lower-cost business accounts
  - Continued growth in SBA 7(a) lending
  - Diversified bank assets with lower-margin conforming bank loans
  - Continued automation to improve client experience
- **ALP**
  - Gain on sale
  - Net interest income
  - Servicing income (capitalized at bank)
- **Payment Processing and Merchant Services (non-bank subsidiary)**
- **NTS (non-bank subsidiary) divestiture**
  - Expect to provide an update shortly
- **Insurance and payroll solutions growth engine ((non-bank subsidiaries) business held at holding company)**

## Newtek Bank Opened New Office Enabling Us To Scale & Grow Commercial Deposit Functions

- Newtek Bank hired Jennifer Merritt in November 2023 as Chief Operating Officer of the digital bank
- Newtek Bank opened Wilmington, North Carolina office July 2024
- Newtek Bank hired 25 professionals in 2024 to service commercial bank accounts with the highest level of technological efficiency and human interaction
- Since January 6, 2023, Newtek Bank opened, services and manages over 8,000 distinct bank accounts

# Key Financial Metrics: Q4 2023, FY2023 and FY2024E

Summary of Key Projection Assumptions					
(in millions)	2Q23A	1Q24A	2Q24A	FY 2023A	FY 2024E
<b>Origination Volumes</b>					
SBA 7(a) <sup>1</sup>	\$196	\$211	\$226	\$815	\$935
SBA 504 <sup>2</sup>	\$16	\$34	\$16	\$99	\$175
Alternative Lending Program	\$31	\$54	\$59	\$70	\$325
Conforming Bank Loans	\$9	\$13	\$12	\$31	\$80
SBA 7(a) Cash Premium	10.15%	11.23%	11.02%	10.16%	11.08%

Q2 2024 EPS of \$0.43 per basic and diluted common share

FY 2024 EPS projection of \$1.85 to \$2.05 per basic and diluted common share:

	<u>Low</u>		<u>High</u>
<b>3Q'24</b>	\$0.37	--	\$0.48
<b>4Q'24</b>	\$0.68	--	\$0.76

### Year-End 2024 Key Projections:

- HFI Loans \$1.1 Billion
- Total Deposits \$755 Million
- Net Interest Margin 3.00% - 3.25%

<sup>1</sup> SBA 7(a) Loans Funded

<sup>2</sup> SBA 504 Loans Closed

## **M. Scott Price, CFO Presents MD&A**

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# NewtekOne Invested in 2023 & 2024 for Growth

## 2023 Investments:

- NBNYC, a 61-year-old bank that had virtually no digital and transactional deposit acquisition capability
- NBNYC primarily purchased loans from brokers
- In 2023, we overcame the operational and software challenges in establishing our business model and strategy
- The launch of The Newtek Advantage™
- Major enhancements to accounting staff and regulatory compliance
- Process automation for loan originations
- Digital account opening for retail depositors

## 2024 Initiatives:

- Newtek Advantage™ growth and increased impressions
- Business deposit gathering
- Enhanced data and business performance reporting
- Expanded payment processing; leveraging Newtek Bank
- NetSuite®, a new financial reporting platform
- Further expansion and enhancement of continued regulatory compliance, as well as policy and procedure functionality

## How Do We Grow Investor Interest

- Attended investor conferences, hosted by institutions such as Keefe, Bruyette & Woods and B. Riley Securities and will attend others such as Piper Sandler, and Raymond James, among others
- Hosted an analyst day in June 2024 in Company headquarters in Boca Raton, and virtually, of which the replay can be found on our corporate website under 'Investor Relations' in the 'Events and Presentations' section
- Our year-over-year second quarter comparisons are very strong and now able to show normalized year-over-year comparisons as a bank and financial holding company to demonstrate growth over 2023 in this new corporate structure
- Continuing to educate and familiarize the six sell side analysts that have coverage on NewtekOne
- Engage in regular conference calls with institutional investors
- Anticipate maintaining NewtekOne's quarterly dividend policy
- Continue to execute on our business plan and model to provide high-quality financial and business solutions to our growing database of clients

<sup>1</sup>Non-GAAP; reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on page 29



# Live Oak Bank is Our Closest Single Bank Comparable

<i>\$ in 000s</i>	2Q 2024		2Q 2024	
	Live Oak Bancshares	NewtekOne, Inc	Live Oak Bank	Newtek Bank
ROAA	0.93%	2.80%	0.98%	6.40%
ROTCE	11.39%	21.10%	12.55%	48.80%
Efficiency Ratio	61.89%	66.30%	59.25%	42.30%
Asset Size	\$11,868,570	\$1,617,004	\$11,787,005	\$818,451,902
Net Income	\$26,963	\$10,945	\$28,512	\$12,453
P/E Ratio <sup>1</sup>	17.0x	6.6x	--	--

<sup>1</sup> P/E = Price to next twelve months earnings

Note: Live Oak Bank has monetized and spun out its technology and records gain on sale. We aspire, similar to Live Oak Bank, to be analyzed as a differentiated company solving our client's business and financial problems, and evolving for the future.

## Why We Believe NewtekOne's Future is Bright

- Business model that projects and delivers high returns due to higher margins offsetting a higher deposit cost and charge offs typically found in a business in the same industry
- Acquired and modernized a 61-year-old bank that lacked current software, policies, procedures, digital capability, and any scalable capacity for deposits or loans
- Established a new Bank Management Team
- Well-capitalized bank
- Current rate movements in 2023 & 2024 and yield curve shape were and are not favorable to small-cap bank holding companies, but this appears to be changing
- Acquired book of low-risk, low-margin, duration-matched balance sheet
- Effective shelf registration statement for holding-company growth
- Alternative lending program growth
- Newtek Advantage™ development
- Raising commercial business core deposits will increase margins and lower cost of funds
- Adding higher-margin SBA loans to bank vs. low-margin acquired book of loan business
- Newtek Advantage™ becomes the gold standard™ in banking for deposit gathering and generating reoccurring fee income based non-banking revenues
- New hires announced, and will continue to be announced
- Have overcome difficult hurdles and, while there are a few left, the finish line is in sight

## Investment Summary

- Financial holding company capital ratios remain strong
- Newtek Bank profitability ratios
  - Q2 2024 ROAA: 6.4%
  - Q2 2024 ROTCE: 48.8%
  - Q2 2024 Efficiency ratio: 42.3%
- NewtekOne profitability ratios
  - Q2 2024 ROAA: 2.8%
  - Q2 2024 ROTCE: 21.1%
  - Q2 2024 Efficiency ratio: 66.3%
- Q2 2024 EPS of \$0.43 per basic and diluted common share
- Reconfirmed 2024 EPS forecast range of \$1.85 to \$2.05 per basic and diluted common share
- On July 19, 2024, the Company paid its quarterly cash dividend of \$0.19 per share on the outstanding common stock of NewtekOne to shareholders of record as of July 9, 2024
- Current dividend yield of 5.8% as of August 2, 2024
- A growth-oriented differentiated technology-enabled business solutions company that is also a depository

Note: Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on pages 30 and 31.

## Appendix

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# Consolidated Statements of Operations (unaudited)

## NewtekOne, Inc. and Subsidiaries

**NewtekOne**<sup>®</sup>  
NASDAQ:NEWT

(in thousands except per share data amounts)

	Three Months Ended			Six Months Ended	
	June 30, 2024	March 31, 2024	June 30, 2023 (as restated)	June 30, 2024	June 30, 2023 (as restated)
<b>Interest income</b>					
Debt securities available-for-sale	\$ 374	\$ 460	\$ 415	\$ 834	\$ 647
Loans and fees on loans	26,773	24,985	19,607	51,758	37,109
Other interest earning assets	2,206	1,622	2,531	3,828	3,512
Total interest income	29,353	27,067	22,553	56,420	41,268
<b>Interest expense</b>					
Deposits	6,865	5,576	4,051	12,441	5,526
Notes and securitizations	11,118	10,827	9,083	21,945	17,801
Bank and FHLB borrowings	2,244	1,758	3,746	4,002	7,685
Total interest expense	20,227	18,161	16,880	38,388	31,012
Net interest income	9,126	8,906	5,673	18,032	10,256
Provision for credit losses	5,799	4,015	2,575	9,814	3,893
Net interest income after provision for credit losses	3,327	4,891	3,098	8,218	6,363
<b>Noninterest income</b>					
Dividend income	368	386	505	754	1,009
Loan servicing asset revaluation	(1,861)	(1,735)	(534)	(3,596)	385
Servicing income	4,606	5,357	4,299	9,963	8,702
Net gains on sales of loans	22,564	20,292	13,364	42,856	19,731
Net gain (loss) on loans under the fair value option	(2,894)	2,798	4,363	(96)	10,268
Technology and IT support income	5,174	5,770	6,371	10,944	13,080
Electronic payment processing income	12,645	10,987	10,676	23,632	21,004
Other noninterest income	11,418	5,512	5,241	16,930	12,462
Total noninterest income	52,020	49,367	44,285	101,387	86,641
<b>Noninterest expense</b>					
Salaries and employee benefits expense	20,790	20,506	18,374	41,296	37,447
Technology services expense	3,420	3,408	3,466	6,828	7,269
Electronic payment processing expense	5,693	4,846	4,838	10,539	9,342
Professional services expense	2,743	4,565	3,156	7,308	6,596
Other loan origination and maintenance expense	3,015	2,244	2,313	5,259	5,094
Depreciation and amortization	521	532	750	1,053	1,541
Other general and administrative costs	4,382	5,058	4,880	9,440	9,511
Total noninterest expense	40,564	41,159	37,777	81,723	76,800
<b>Net income before taxes</b>	14,783	13,099	9,606	27,882	16,204
Income tax expense (benefit)	3,838	3,449	2,595	7,287	(9,357)
<b>Net income</b>	10,945	9,650	7,011	20,595	25,561
Dividends to preferred shareholders	(400)	(400)	(400)	(800)	(649)
Net income available to common shareholders	\$ 10,545	\$ 9,250	\$ 6,611	\$ 19,795	\$ 24,912
<b>Earnings per share:</b>					
Basic	\$ 0.43	\$ 0.38	\$ 0.27	\$ 0.81	\$ 1.03
Diluted	\$ 0.43	\$ 0.38	\$ 0.27	\$ 0.81	\$ 1.03

# Reconciliation of GAAP to Non-GAAP Financial Measures-Newtek Bank, N.A.

## Reconciliation of Core EPS to GAAP EPS

	Six Months Ended June 30, 2023			Three Months Ended June 30, 2023		
	GAAP EPS Based on Net Income	Adjustments Discrete Tax Benefits on Reorg	Core EPS Based on Adjusted Net Income	GAAP EPS Based on Net Income	Adjustments Discrete Tax Benefits on Reorg	Core EPS Based on Adjusted Net Income
<b>Net income before taxes</b>	\$ 16,204	\$ -	\$ 16,204	\$ 9,606	\$ -	\$ 9,606
Income tax expense (benefit)	(9,357)	14,244	4,887	2,595	-	2,595
<b>Net income</b>	25,561	(14,244)	11,317	7,011	-	7,011
Preferred dividends	(649)	-	(649)	(400)	-	(400)
Net income available to common shareholders	<u>\$ 24,912</u>	<u>\$ (14,244)</u>	<u>\$ 10,668</u>	<u>\$ 6,611</u>	<u>\$ -</u>	<u>\$ 6,611</u>
<b>Basic:</b>						
Income available to common shareholders	\$ 24,912	\$ (14,244)	\$ 10,668	\$ 6,611	\$ -	\$ 6,611
Weighted-average basic shares outstanding	24,223	-	24,223	24,264	-	24,264
Basic	<u>\$ 1.03</u>	<u>\$ 0.59</u>	<u>\$ 0.44</u>	<u>\$ 0.27</u>	<u>\$ -</u>	<u>\$ 0.27</u>
<b>Diluted:</b>						
Income available to common shareholders	\$ 24,912	\$ (14,244)	\$ 10,668	\$ 6,611	\$ -	\$ 6,611
Total weighted-average diluted shares outstanding	24,298	-	24,298	24,306	-	24,306
Diluted	<u>\$ 1.03</u>	<u>\$ 0.59</u>	<u>\$ 0.44</u>	<u>\$ 0.27</u>	<u>\$ -</u>	<u>\$ 0.27</u>

# Reconciliation of GAAP to Non-GAAP Financial Measures-Newtek Bank, N.A.

The information provided below presents a reconciliation of each of our non-GAAP financial measures to the most directly comparable GAAP financial measure.

<i>(in thousands)</i>	As of and for the three months ended			As of and for the six months ended	
	June 30, 2024	March 31, 2024	June 30, 2023 (as restated)	June 30, 2024	June 30, 2023 (as restated)
<b>Return on Average Tangible Common Equity</b>					
Numerator: Net Income (Loss) (GAAP)	\$ 12,453	\$ 9,402	\$ 6,179	\$ 21,855	\$ 4,258
Average Total Shareholders' Equity <sup>1</sup>	103,678	100,792	77,176	102,235	75,072
Deduct: Average Goodwill and Intangibles <sup>1</sup>	1,052	1,100	2,195	1,076	2,193
Denominator: Tangible Average Common Equity <sup>1</sup>	\$ 102,626	\$ 99,692	\$ 74,981	\$ 101,159	\$ 72,879
<i>Return on Average Tangible Common Equity</i> <sup>1</sup>	48.8%	37.9%	33.1%	43.4%	11.8%
<b>Return on Average Assets</b>					
Numerator: Net Income (GAAP)	\$ 12,453	\$ 9,402	\$ 6,179	\$ 21,855	\$ 4,258
Denominator: Average Assets <sup>1</sup>	782,138	652,609	485,963	717,374	386,512
<i>Return on Average Assets</i> <sup>1</sup>	6.4%	5.8%	5.1%	6.1%	2.2%
<b>Efficiency Ratio</b>					
Numerator: Non-Interest Expense (GAAP)	\$ 17,308	\$ 17,433	\$ 13,844	\$ 34,741	\$ 27,066
Net Interest Income (GAAP)	9,310	7,722	3,771	17,032	5,782
Non-Interest Income (GAAP)	31,641	27,226	21,865	58,867	31,725
Denominator: Total Income	\$ 40,951	\$ 34,948	\$ 25,636	\$ 75,899	\$ 37,507
<i>Efficiency Ratio</i> <sup>1</sup>	42.3%	49.9%	54.0%	45.8%	72.2%

# Reconciliation of GAAP to Non-GAAP Financial Measures-NewtekOne, Inc.

The information provided below presents a reconciliation of each of our non-GAAP financial measures to the most directly comparable GAAP financial measure.

<i>(dollars and number of shares in thousands)</i>	As of and for the three months ended			As of and for the six months ended	
	June 30, 2024	March 31, 2024	June 30, 2023 (as restated)	June 30, 2024	June 30, 2023 (as restated)
<b>Return on Average Tangible Common Equity</b>					
Numerator: Net Income (GAAP)	\$ 10,945	\$ 9,650	\$ 7,011	\$ 20,595	\$ 25,561
Average Total Shareholders' Equity <sup>1</sup>	258,326	237,831	234,018	248,079	214,014
Deduct: Preferred Stock (GAAP)	19,738	19,738	19,738	19,738	19,738
Average Common Shareholders' Equity <sup>1</sup>	238,588	218,093	214,280	228,341	194,276
Deduct: Average Goodwill and Intangibles <sup>1</sup>	29,883	30,060	31,879	29,972	31,971
Denominator: Average Tangible Common Equity <sup>1</sup>	\$ 208,705	\$ 188,033	\$ 182,401	\$ 198,369	\$ 162,305
<i>Return on Tangible Common Equity</i> <sup>1</sup>	21.1%	20.6%	15.4%	20.9%	31.8%
<b>Return on Average Assets</b>					
Numerator: Net Income (GAAP)	\$ 10,945	\$ 9,650	\$ 7,011	\$ 20,595	\$ 25,561
Denominator: Average Assets <sup>1</sup>	1,551,009	1,401,554	1,355,410	1,476,284	1,240,052
<i>Return on Average Assets</i> <sup>1</sup>	2.8%	2.8%	2.1%	2.8%	4.2%
<b>Efficiency Ratio</b>					
Numerator: Non-Interest Expense (GAAP)	\$ 40,564	\$ 41,159	\$ 37,777	\$ 81,723	\$ 76,800
Net Interest Income (GAAP)	9,126	8,906	5,673	18,032	10,256
Non-Interest Income (GAAP)	52,020	49,367	44,285	101,387	86,641
Denominator: Total Income	\$ 61,146	\$ 58,273	\$ 49,958	\$ 119,419	\$ 96,897
<i>Efficiency Ratio</i> <sup>1</sup>	66.3%	70.6%	75.6%	68.4%	79.3%



### **SBA 7(a) Loans**

- SBA 7(a) loan closings of \$229.8 million for the three months ended June 30, 2024; an increase of 18.06% over \$194.7 million of SBA 7(a) loans closings for the three months ended June 30, 2023
- The Company forecasts \$935.0 million in total SBA 7(a) loan fundings for 2024, which would represent a 14.7% increase over loan fundings in 2023

### **SBA 504 Loans**

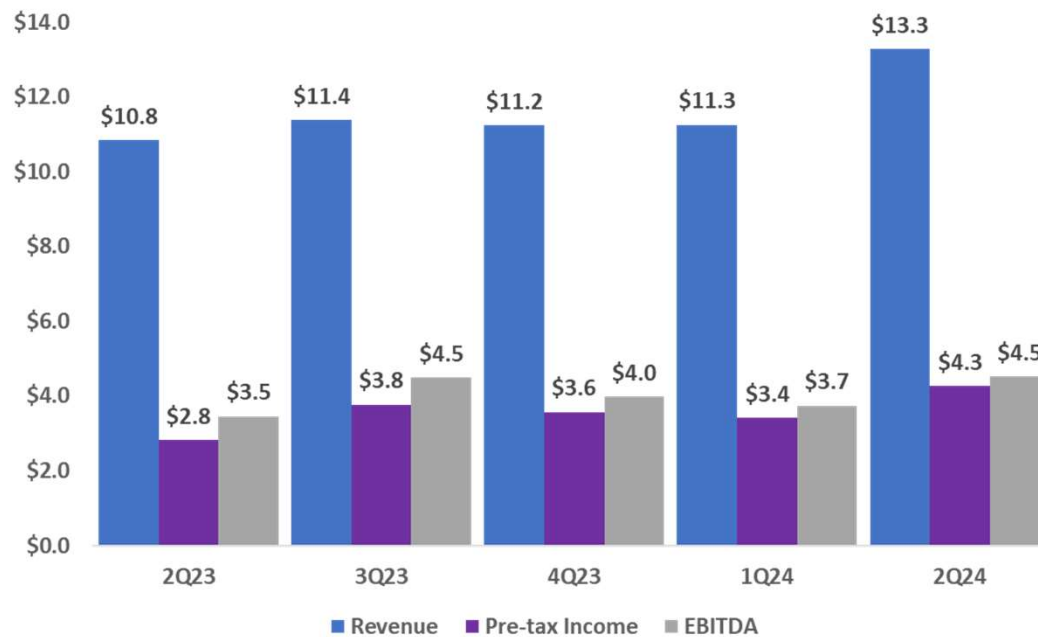
- Newtek Bank closed \$16.4 million of SBA 504 loans for the three months ended June 30, 2024; an increase of 3.94% over \$15.8 million SBA 504 loans closed for the three months ended June 30, 2023

### **Total Loans**

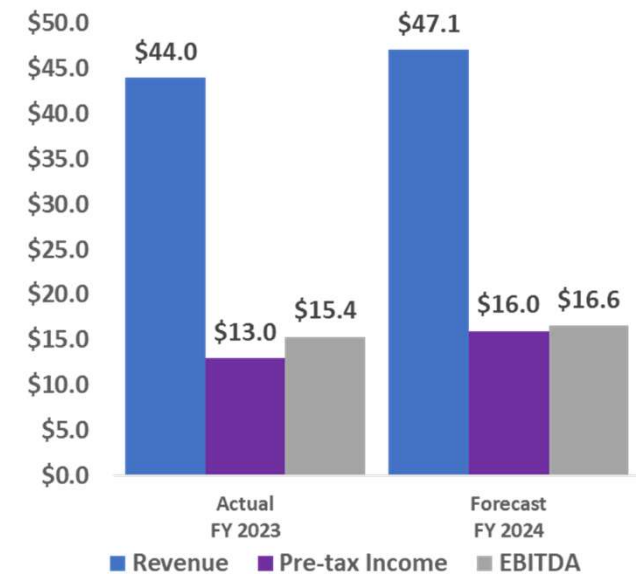
- Newtek Bank and the Company's non-bank lending subsidiaries closed \$316.5 million of loans across all loan products for the three months ended June 30, 2024; a 26.33% increase over \$250.5 million of loans closed for the same period in 2023

# Newtek Payments: Newtek Merchant Solutions, Mobil Money & POS on Cloud

## NMS Quarterly Trend



## NMS Actual FY 2023 and Forecast FY 2024

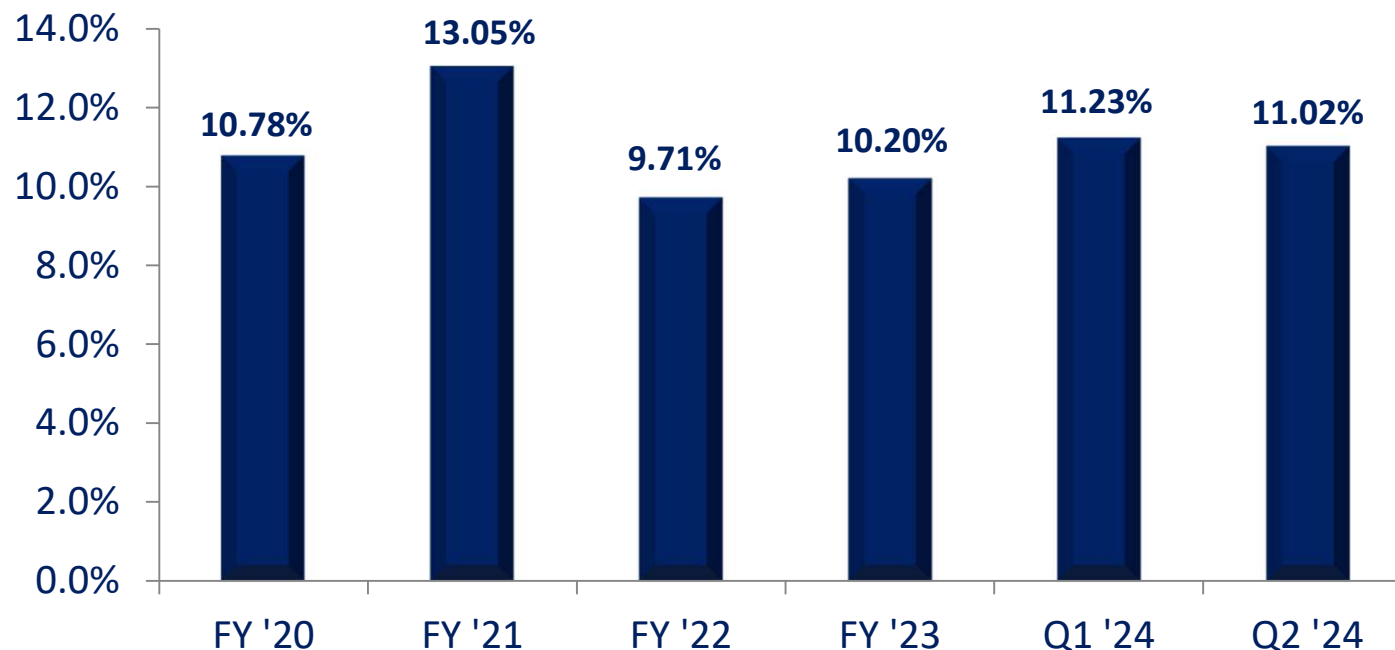


Note: Financial metrics in the chart above include the elimination of certain intercompany revenues and expenses within the consolidated group

## Accounting, Finance & Compliance Team Enhancements

- M. Scott Price, CFO, NewtekOne & Newtek Bank, Principal Financial Officer
  - Joined May 2023
- Frank DeMaria, EVP, Chief Accounting Officer, NewtekOne
  - Joined May 2023
- Nick Leger, SVP and Treasurer, NewtekOne and Newtek Bank
  - Joined in 2015
- Jonathan Shanfield, SVP, Managing Director, Performance Management and Reporting, NewtekOne
  - Joined January 2024
- Julio Hernandez, SVP, Compliance Officer, Newtek Bank
  - Joined December 2023
- Matthew Sauli, VP, Director of Finance & Accounting Operations, NewtekOne
  - Joined January 2024
- Taylor Quinn, Chief Risk Officer, NewtekOne & Newtek Bank
  - Joined April 1, 2024

## Net Premium Trends



- For the three months ended June 30, 2024, the weighted average net premium received on the sale of guaranteed portions of SBA 7(a) loans was 11.02%

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

# Public Market Comparables

## Market Comparables <sup>(1)</sup>

Ticker	Company	P/E CY 2024E	P/E CY 2025E <sup>(2)</sup>	Dividend Yield <sup>(3)</sup>	24 over 23 EPS Growth Rate <sup>(2)</sup>
AX	Axos Financial, Inc.	7.7x	7.8x	0.0%	-1.3%
BY	Byline Bancorp, Inc.	9.1x	9.3x	1.5%	-2.6%
LC	LendingClub Corporation	32.0x	12.1x	0.0%	164.1%
LOB	Live Oak Bancshares, Inc.	17.3x	12.5x	0.3%	38.7%
CASH	Pathward Financial, Inc.	8.8x	0.0x	0.0%	NM
SOFI	SoFi Technologies, Inc.	NM	28.3x	0.0%	175.7%
TBBK	The Bancorp, Inc.	8.5x	7.2x	0.0%	17.8%
TFIN	Triumph Financial, Inc.	73.3x	35.3x	0.0%	107.9%
<i>Average</i>		22.4x	14.1x	0.2%	71.5%
<i>Median</i>		9.1x	10.7x	0.0%	38.7%
<b>NewtekOne</b>		<b>6.6x</b>	<b>5.9x</b>	<b>6.0%</b>	<b>11.7%</b>

(1) Source: S&P Capital IQ as of 6/30/2024.

(2) Based upon consensus EPS average estimates.

(3) Most recent quarters dividend annualized.