

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 8-K
CURRENT REPORT**

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 2, 2023

Date of Report (date of Earliest Event Reported)

NEWTEKONE, INC.

(Exact Name of Company as Specified in its Charter)

Maryland

(State or Other Jurisdiction of Incorporation or Organization)

814-01035

(Commission File No.)

46-3755188

(I.R.S. Employer Identification No.)

4800 T Rex Avenue, Suite 120, Boca Raton, Florida 33431

(Address of principal executive offices and zip code)

(212) 356-9500

(Company's telephone number, including area code)

(Former name or former address, if changed from last report)

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of each class</u> | <u>Trading Symbol(s)</u> | <u>Name of each exchange on which registered</u> |
|--|--------------------------|--|
| Common Stock, par value \$0.02 per share | NEWT | Nasdaq Global Market LLC |
| 5.75% Notes due 2024 | NEWTL | Nasdaq Global Market LLC |
| 5.50% Notes due 2026 | NEWTZ | Nasdaq Global Market LLC |

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Forward-Looking Statements

Statements in NewtekOne, Inc.'s ("NewtekOne" or the "Company") Current Report on Form 8-K (including the exhibit) contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements 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. Factors that could cause NewtekOne's actual results to differ materially from those described in the forward-looking statements can be found in NewtekOne's Annual Report on Form 10-K for the year ended December 31, 2022, which has been filed with the Securities and Exchange Commission and are available on NewtekOne'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 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.

Item 2.02. Results of Operations and Financial Condition.

On August 2, 2023, NewtekOne issued a press release entitled "NewtekOne, Inc. Reports Second Quarter 2023 Financial Results" (the "Press Release"). A copy of the Press Release is furnished as Exhibit 99.1 to this Current Report on Form 8-K. The information in this report shall be deemed "filed" for purposes of the Securities Exchange Act of 1934, as amended.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

| <u>Exhibit Number</u> | <u>Description</u> |
|-----------------------|--|
| 99.1 | Press Release dated August 2, 2023, entitled "NewtekOne, Inc. Reports Second Quarter 2023 Financial Results" |

SIGNATURES

In accordance with the requirements of the Securities Exchange Act of 1934, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: August 2, 2023

NEWTEKONE, INC.

By:

/S/ BARRY SLOANE

Barry Sloane

Chief Executive Officer, President and Chairman of the Board



Your Business Solutions Company

NewtekOne, Inc. Reports Second Quarter 2023 Financial Results; Conference Call Tomorrow 8:30 AM ET

Newtek Bank, N.A. Achieves Record Deposit Growth and Loan Fundings

Boca Raton, Fla., August 2, 2023 - NewtekOne, Inc. (Nasdaq: NEWT), announced today its financial and operating results for the three and six months ended June 30, 2023.

This is NewtekOne's second quarter reporting, and first full quarter reporting, as a financial holding company following the Company's completion of its acquisition of National Bank of New York City ("NBNYC") (renamed Newtek Bank, N.A.) and the withdrawal of its BDC election, on January 6, 2023. NewtekOne now consolidates the results of its former portfolio companies (now subsidiaries) and no longer uses investment company accounting. As a result, some prior-period comparisons on both a sequential and year-over-year basis are difficult. When analyzing NewtekOne, we believe it is important to consider the Company's time-tested differentiated business model which can provide multiple streams of income from its various businesses, as well as its operating structure which does not use brokers or business development officers to source loan originations.

NewtekOne Second Quarter 2023 Financial Highlights

- Net income was \$6.9 million, or \$0.26 per basic common share, for the three months ended June 30, 2023, which met the Company's previously issued forecast.
- Net interest income was \$5.7 million for the three months ended June 30, 2023, compared to \$4.6 million at March 31, 2023.
- Total assets were \$1.4 billion at June 30, 2023, compared to \$1.2 billion at March 31, 2023.
- Total borrowings were \$697.4 million at June 30, 2023, which was unchanged from March 31, 2023.
- Loans held for investment were \$730.7 million at June 30, 2023, compared to \$699.6 million at March 31, 2023.
- Cash and cash equivalents were \$256.3 million, including \$66.7 million of restricted cash at June 30, 2023, compared to \$197.1 million, including \$72.6 million of restricted cash at March 31, 2023.
- Total risk-based capital ratio was 16.4% at June 30, 2023.
- Tier-1 leverage ratio was 12.8% at June 30, 2023.
- On July 21, 2023, the Company paid its second quarterly cash dividend as a financial holding company of \$0.18 per share to shareholders of record as of July 10, 2023.
- The Company is reiterating its previously issued earnings forecast for the full year 2023 in a range of \$1.70 to \$2.00 of earnings per share, and has met or exceeded its previously issued 2023 quarterly earnings forecasts.

NewtekOne Financial Highlights Six Months Ended June 30, 2023

- Net income was \$18.6 million, or \$0.72 per basic common share, for the six months ended June 30, 2023.
- Net interest income was \$10.3 million for the six months ended June 30, 2023.

ewtek Bank, N.A.

- Total deposits were \$447.4 million at June 30, 2023, which represents a 220.6% increase in deposits, compared to \$140 million in deposits at NBNYC at December 31, 2022.
- Insured deposits represented approximately 90.3% of total deposits at June 30, 2023.
- Return on average tangible common equity ("ROTCE")¹ of 32.1% for the three months ended June 30, 2023.
- Return on average assets ("ROAA")¹ of 4.9% for the three months ended June 30, 2023.
- Efficiency ratio¹ of 58.7% for the three months ended June 30, 2023.
- Total risk-based capital ratio was 29.4% at June 30, 2023.
- Tier-1 leverage ratio was 16.9% at June 30, 2023.

nding Highlights

- Total commercial loan closings were \$251.2 million for the three months ended June 30, 2023; a 6.4% increase over the three months ended June 30, 2022.
- As of April 2023, the Company began funding SBA 7(a) loans out of Newtek Bank with Preferred Lenders Program (PLP) status.
- Total SBA 7(a) loan fundings of \$195.9 million for the three months ended June 30, 2023; a 2.3% decrease over the \$200.6 million of SBA 7(a) loans funded by Newtek Small Business Finance, LLC ("NSBF") for the three months ended June 30, 2022.
- Total SBA 7(a) loan fundings of \$344.3 million for the six months ended June 30, 2023; a 5.4% decrease over the \$363.9 million of SBA 7(a) loans funded by NSBF for the six months ended June 30, 2022.
- The Company forecasts \$875 million in total SBA 7(a) loan fundings in 2023, which would represent a 12.8% increase over 2022.
- Newtek Bank closed \$16.4 million of SBA 504 loans for the three months ended June 30, 2023; an increase of 7.4% over \$15.3 million of SBA 504 loans closed by Newtek Business Lending ("NBL") during the same period in 2022.
- Total SBA 504 loan fundings of \$65.3 million for the six months ended June 30, 2023; an increase of 39.8% over \$46.7 million of SBA 504 loans closed by NBL during the same period in 2022.

Barry Sloane, President, Chairman and CEO commented, "We couldn't be more thrilled to report such a successful first six months of our transition to a financial holding company, owning Newtek Bank, a nationally chartered technologically enabled bank. It is important to note, that we view ourselves as distinct from our peers in the bank holding company space as we position NewtekOne as the One Company for all of Your Business Needs®, the one company that can make you more successful, and the one company that provides independent business owners with business and financial solutions, all in addition to offering depository services to its clients. We pride ourselves on the level of our 24/7/365 customer service, the ability to offer our clients access to multiple experienced professional service providers through the Newtek Advantage®, and to receive state-of-the-art business and financial solutions that are not readily available at typical financial and business solutions companies. We are extremely excited about the beginning of our journey as a financial holding company and building on our over 20-year history of being able to deliver business and financial solutions to our client base of independent business owners, as well as providing returns to our shareholders. Furthermore, we are very pleased to be able to deliver results for the first and second quarters of 2023 that meet or exceed previously forecasted metrics from the management team. We are maintaining our 2023 earnings guidance of a \$1.70 to \$2.00 earnings per share, and anticipate our results for the second half of 2023 to exceed our results of the first six months of 2023; a trend that we have historically experienced."

¹ Non-GAAP, reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on the last page of the financial information accompanying this press release.

Discussing Newtek Bank, Mr. Sloane said, "Newtek Bank has been able to achieve very strong metrics through the first six months of 2023, that we believe sets it apart in the banking sector, as well as can help foster the investment community's understanding that Newtek Bank is unique and has been established to be a disruptor as a technology-oriented organization that serves its business clientele without the use of brokers and business development officers. In fact, Newtek Bank achieved what we believe to be above-average industry returns for the second quarter of 2023 with ROAA of approximately 4.9%, ROTCE of approximately 32.1%, and an efficiency ratio of 58.7%. Additionally, Newtek Bank grew its deposits from \$140.0 million at December 31, 2022 to \$447.4 million at June 30, 2023, and we feel very comfortable that we will be able to continue to maintain this level of deposits to finance our business lending platform, and if needed, grow the deposit base from levels at end of the second quarter. We also increased our deposit base by 4,500 client accounts through our digital-account-opening initiatives through the first six months of this year, of which the vast majority were opened between March 2023 and June 2023. We believe we will be able to further grow our deposit account openings, albeit at a slower pace going forward, as we have an ample amount of liquidity on hand to fund our lending business and balance sheet growth throughout 2023. Specifically, we currently have in excess of \$250 million invested at the Federal Reserve as well as ample capital at Newtek Bank, both of which are earning a diminished spread and represent a potential drag on our earnings ability. However, we plan on deploying this capital in the future, which we believe will enable us to further grow our earnings per share."

Mr. Sloane further commented, "In the second quarter, we accomplished another important milestone when we shifted our lending operation from NSBF, our legacy non-bank SBA lender, into Newtek Bank. Newtek Bank was granted PLP status by the SBA, enabling it to originate SBA 7(a) loans under PLP-delegated authority without having to go to the SBA for approvals. When combining Newtek Bank and NSBF, we ranked as the second largest SBA 7(a) lender based on dollar volume of loans approved as of June 30, 2023, according to the SBA, through the first nine months of the SBA's fiscal year, which ends September 30, 2023. In addition to SBA 7(a) loans and SBA 504 loans, we have started funding conforming commercial and industrial business loans and non-owner-occupied conforming investor-owned commercial real estate loans. Newtek Bank aims to have a portfolio of these loans to a diversified borrower pool across all 50 states."

Mr. Sloane continued, "Our subsidiaries Newtek Merchant Solutions, Newtek Technology Solutions, Newtek Insurance Agency and Newtek Payroll Solutions all contributed cash flow and earnings to NewtekOne during the second quarter 2023, and we have tremendous growth aspirations for our non-bank subsidiaries. We also continued to build out our senior management team, announcing the key hires of M. Scott Price as Chief Financial Officer of NewtekOne and Newtek Bank, and Burt Chandler as Director of Operations for Newtek Bank, among other executives. Finally, the investment community has assigned bank research coverage from Keefe, Bruyette & Woods, B. Riley Securities, and Ladenburg Thalmann, which along with Piper Sandler, results in four analysts in the banking space currently covering NewtekOne as a technology-enabled financial holding company."

Mr. Sloane concluded, "When analyzing the quarterly results from NewtekOne and Newtek Bank, we believe that it is critical to understand that we were able to achieve strong second quarter 2023 results during an overall difficult operating market environment as well as operational challenges that came with our very recent change in structure. We believe the market environment will improve and operational challenges will diminish over the next several quarters and years, which we believe will result in further growth. Specifically, the following factors detail some of what we have encountered and persevered through during the first six months of 2023, including but not limited to the repositioning of a 59-year old bank for future deposit and loan growth, having underutilized capital and liquidity at Newtek Bank to reduce risk due to current market conditions, staff and policy and procedure changes as a result of shifting loan fundings from NSBF to Newtek Bank, new hires at executive levels in the C-suite over the past 12 months, the full build out of digital account opening and online banking, repositioning of Newtek Bank's manual deposit gathering and adaptation to new loan offerings, and capital markets headwinds affecting most financial institutions. Our strong results in the face of what we view as a challenging environment is a true testament to our fortitude, acumen and adaptability that has served us well throughout our entire operating history and we believe will continue to do as we continue to build and grow NewtekOne and Newtek Bank. That said, we are extremely pleased with the shape and direction our new structure is taking, and believe the best is yet to come. We look forward to providing more detail on the quarter and our growth initiatives during our earnings conference call tomorrow morning, which we welcome you all to attend."

Second Quarter 2023 Conference Call and Webcast

A conference call to discuss the second quarter 2023 financial results will be hosted by Barry Sloane, President, Chairman and Chief Executive Officer, M. Scott Price, Chief Financial Officer, and Nicholas Leger, Chief Accounting Officer, tomorrow, Thursday, August 3, 2023, 8:30 a.m. ET.

Please note, to attend the conference call or webcast, participants should register online at NewtekOne, Inc. Q2 2023 Financial Results Conference Call. To receive a dial-in number, participants are requested to register at a minimum 15 minutes before the start of the call. The corresponding presentation will be available in the 'Events & Presentations' section of the Investor Relations portion of NewtekOne's website at NewtekOne, Inc. Q2 2023 Financial Results Conference Call. A replay of the call with the corresponding presentation will be available on NewtekOne's website shortly following the live presentation and will be available for a period of 90 days.

Note Regarding Dividend Payments

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

NewtekOne[®], Your Business Solutions Company[®], is a financial holding company, which along with its bank and non-bank consolidated subsidiaries, provides a wide range of business and financial solutions under the Newtek[®] brand to the small- and medium-sized business ("SMB") market. Since 1999, NewtekOne has provided state-of-the-art, cost-efficient products and services and efficient business strategies to SMB relationships across all 50 states to help them grow their sales, control their expenses and reduce their risk.

NewtekOne's and its subsidiaries' business and financial solutions include: banking (Newtek Bank, N.A.), Business Lending, SBA Lending Solutions, Electronic Payment Processing, Technology Solutions (Cloud Computing, Data Backup, Storage and Retrieval, IT Consulting), eCommerce, Accounts Receivable Financing & Inventory Financing, Insurance Solutions, Web Services, and Payroll and Benefits Solutions.

Newtek[®], NewtekOne[®], Newtek Bank, National Association[™], Your Business Solutions Company[®], Newtek Advantage[®] and One Solution for All Your Business Needs[®] are registered trademarks of NewtekOne, Inc.

Note Regarding Forward-Looking Statements

Certain statements in this press release are "forward-looking statements" within the meaning of the rules and regulations of the Private Securities Litigation and Reform Act of 1995. These statements 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. Factors that could cause NewtekOne's actual results to differ materially from those described in the forward-looking statements can be found in NewtekOne's Annual Report on Form 10-K for the year ended December 31, 2022, which has been filed with the Securities and Exchange Commission and are available on NewtekOne'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 speak only as to the date they are made, and NewtekOne does not undertake to update forward-looking statements to reflect the impact of circumstances or events that arise after the date the forward-looking statements were made.

SOURCE: NewtekOne, Inc.

Investor Relations & Public Relations

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NEWTEKONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL CONDITION
(In Thousands, except for Per Share Data)

| ASSETS | June 30, 2023 | December 31, 2022 |
|--|--|----------------------------------|
| | Financial Holding Company Accounting (Unaudited) | Investment Company Accounting |
| Cash and due from banks | \$ 48,673 | \$ 53,692 |
| Restricted cash | 66,741 | 71,914 |
| Interest bearing deposits in banks | 140,920 | — |
| Total cash and cash equivalents | 256,334 | 125,606 |
| Debt securities available-for-sale, at fair value | 32,907 | — |
| Loans held for sale, at fair value | 106,231 | 19,171 |
| Loans held for sale, at amortized cost | 41,641 | — |
| Loans held for investment, at fair value | 512,418 | 505,268 |
| Loans held for investment, at amortized cost, net of deferred fees and costs | 218,265 | — |
| Allowance for credit losses | (4,764) | — |
| Loans held for investment, at amortized cost, net | 213,501 | — |
| Federal Home Loan Bank and Federal Reserve Bank stock | 3,012 | — |
| Settlement receivable | 119,857 | — |
| Joint ventures, at fair value (cost of \$25,315 and \$23,314), respectively | 27,722 | 23,022 |
| Controlled investments (cost of \$0 and \$131,495), respectively | — | 259,217 |
| Non-control investments (cost of \$1,360 and \$1,360), respectively | 1,360 | 1,360 |
| Goodwill and intangibles | 27,595 | — |
| Right of use assets | 7,002 | 6,484 |
| Derivative instruments | 562 | — |
| Deferred tax asset, net | 4,622 | — |
| Servicing assets | 35,754 | 30,268 |
| Other assets | 48,593 | 28,506 |
| Total assets | <u>\$ 1,439,111</u> | <u>\$ 998,902</u> |
| LIABILITIES AND NET ASSETS | | |
| Liabilities: | | |
| Deposits: | | |
| Noninterest-bearing | \$ 38,233 | \$ — |
| Interest-bearing | 409,124 | — |
| Total deposits | 447,357 | — |
| Borrowings | 697,387 | 539,326 |
| Dividends payable | 4,766 | — |
| Lease liabilities | 8,552 | 7,973 |
| Deferred tax liabilities | — | 19,194 |
| Due to participants | 19,820 | 35,627 |
| Accounts payable, accrued expenses and other liabilities | 40,501 | 21,424 |
| Total liabilities | <u>1,218,383</u> | <u>623,544</u> |
| Shareholders' Equity: | | |
| Preferred stock (par value \$0.02 per share; authorized 20,000 shares, 20,000 shares issued and no shares outstanding) | 19,738 | — |

| | | |
|--|---------------------|-------------------|
| Common stock (par value \$0.02 per share; authorized 199,980 shares, 24,609 and 24,609 issued and outstanding, respectively) | 491 | 492 |
| Additional paid-in capital | 192,114 | 354,243 |
| Retained earnings | 9,075 | 20,623 |
| Accumulated other comprehensive loss, net of income taxes | (203) | — |
| Total NewtekOne shareholders' equity | <u>221,215</u> | <u>375,358</u> |
| Non-controlling interest | (487) | — |
| Total shareholders' equity | <u>220,728</u> | <u>375,358</u> |
| Total liabilities and shareholders' equity | <u>\$ 1,439,111</u> | <u>\$ 998,902</u> |

NEWTEKONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In Thousands, except for Per Share Data)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|--|--|---|--|---|
| | 2023 Financial Holding Company Accounting | 2022 Investment Company Accounting | 2023 Financial Holding Company Accounting | 2022 Investment Company Accounting |
| Interest income | | | | |
| Loans and fees on loans | \$ 19,607 | \$ 8,032 | \$ 37,109 | \$ 15,111 |
| Debt securities available-for-sale | 415 | — | 647 | — |
| Interest from affiliates | — | 670 | — | 1,334 |
| Other interest earning assets | 2,531 | — | 3,512 | — |
| Total interest income | 22,553 | 8,702 | 41,268 | 16,445 |
| Interest expense | | | | |
| Notes and securitizations | 9,083 | 4,809 | 17,801 | 8,945 |
| Bank and FHLB borrowings | 3,746 | 939 | 7,685 | 1,364 |
| Notes payable related party | — | 80 | — | 186 |
| Deposits | 4,051 | — | 5,526 | — |
| Total interest expense | 16,880 | 5,828 | 31,012 | 10,495 |
| Net interest income | 5,673 | 2,874 | 10,256 | 5,950 |
| Provision for loan credit losses | 2,575 | — | 3,893 | — |
| Net interest income after provision for loan credit losses | 3,098 | 2,874 | 6,363 | 5,950 |
| Noninterest income | | | | |
| Dividend income | 505 | 4,981 | 1,009 | 12,827 |
| Loan servicing asset revaluation | (534) | (781) | 385 | (2,340) |
| Servicing income | 4,299 | 3,175 | 8,702 | 6,356 |
| Net gains on sales of loans | 13,208 | 19,891 | 19,734 | 35,186 |
| Net gain on derivative transactions | 674 | — | 179 | 628 |
| Net gain (loss) on loans accounted for under the fair value option | 4,363 | (5,789) | 10,268 | (8,507) |
| Net unrealized appreciation (depreciation) on joint ventures | 698 | (11) | 2,700 | (2,333) |
| Net unrealized appreciation on controlled investments | — | 1,577 | — | 1,875 |
| Technology and IT support income | 6,459 | — | 13,168 | — |
| Electronic payment processing income | 10,676 | — | 21,004 | — |
| Other noninterest income | 6,080 | 2,368 | 12,066 | 3,947 |
| Total noninterest income | 46,428 | 25,411 | 89,215 | 47,639 |
| Noninterest expense | | | | |
| Technology services expense | 3,466 | — | 7,269 | — |
| Electronic payment processing expense | 4,838 | — | 9,342 | — |
| Salaries and employee benefits expense | 19,418 | 4,499 | 38,537 | 9,608 |
| Professional services expense | 3,156 | 1,512 | 6,596 | 2,813 |
| Other loan origination and maintenance expense | 3,559 | 7,121 | 6,386 | 13,604 |
| Depreciation and amortization | 832 | 60 | 1,705 | 123 |
| Loss on extinguishment of debt | — | 417 | — | 417 |
| Other general and administrative costs | 4,911 | 2,043 | 9,542 | 3,796 |
| Total noninterest expense | 40,180 | 15,652 | 79,377 | 30,361 |

NEWTEKONE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)
(In Thousands, except for Per Share Data)

| | | | | |
|---|----------|-----------|-----------|-----------|
| Net income before taxes | 9,346 | 12,633 | 16,201 | 23,228 |
| Income tax expense (benefit) | 2,524 | (886) | (2,339) | 57 |
| Net income | 6,822 | 13,519 | 18,540 | 23,171 |
| Less: Net loss attributable to noncontrolling interests | (31) | — | (31) | — |
| Net income attributable to NewtekOne, Inc. | 6,853 | 13,519 | 18,571 | 23,171 |
| Dividends to preferred shareholders | (400) | — | (649) | — |
| NewtekOne net income available to common shareholders | \$ 6,453 | \$ 13,519 | \$ 17,922 | \$ 23,171 |
| Earnings per share: | | | | |
| Basic | \$ 0.26 | \$ 0.56 | \$ 0.72 | \$ 0.96 |
| Diluted | \$ 0.26 | \$ 0.56 | \$ 0.72 | \$ 0.96 |

Reconciliation of GAAP to Non-GAAP Financial Measures

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

(dollars and number of shares in thousands)

Newtek Bank, N.A.**As of and for the three months ended**

June 30, 2023 March 31, 2023

Return on Average Tangible Common Equity

| | | |
|--|----------|-----------|
| Numerator: Net Income (Loss) (GAAP) | \$5,974 | \$(1,817) |
| Average Total Shareholders' Equity (non-GAAP) | 76,838 | 75,813 |
| Deduct: Average Goodwill and Intangibles (non-GAAP) | 2,195 | 2,190 |
| Denominator: Tangible Average Common Equity (non-GAAP) | \$74,643 | \$73,623 |
| <i>Return on Average Tangible Common Equity (non-GAAP)</i> | 32.1% | (10.0)% |

Return on Average Assets

| | | |
|--|---------|-----------|
| Numerator: Net Income (GAAP) | \$5,974 | \$(1,817) |
| Denominator: Average Assets (non-GAAP) | 485,633 | 285,455 |
| <i>Return on Average Assets (non-GAAP)</i> | 4.9% | (2.6)% |

Efficiency Ratio

| | | |
|--|----------|----------|
| Numerator: Non-Interest Expense (GAAP) | \$16,243 | \$13,314 |
| Net Interest Income (GAAP) | 3,771 | 2,011 |
| Non-Interest Income (GAAP) | 23,920 | 10,101 |
| Denominator: Total Income | \$27,691 | \$12,112 |
| <i>Efficiency Ratio (non-GAAP)</i> | 58.7% | 109.9% |

measure.