UPDATE -- NewtekOne, Inc. Reports First Quarter 2023 Net Income of $11.7 million, or $0.46 per Basic Share

May 9, 2023

Reiterated Previously Issued Earnings Forecast for the Full Year 2023 in a Range of $1.70 to $2.00 of Earnings per Share

The purpose of the amended press release is to correct two bullets containing balance sheet amounts for Loans Held for Investment and Total Deposits. The amounts disclosed in the bullets were amended to agree to the balance sheet exhibit included with the press release. There were no changes made to the financial statements included with the press release. We apologize for the formatting error.

BOCA RATON, Fla., May 09, 2023 (GLOBE NEWSWIRE) -- NewtekOne, Inc. (Nasdaq: NEWT), announced today its financial and operating results for the three months ended March 31, 2023.

This is NewtekOne's first 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. As a result, prior-period comparisons on both a sequential and year-over-year basis are difficult. NewtekOne now consolidates its results and no longer uses investment company accounting. 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 business.

NewtekOne First Quarter 2023 Financial Highlights

- The Company is reiterating previously issued earnings forecast for the full year 2023 in a range of $1.70 to $2.00 of earnings per share.
- Net Income was $11.7 million, or $0.46 per basic common share, for the three months ended March 31, 2023, which exceeded its previously stated forecast of $0.41 per basic common share.
- Net interest income was $4.6 million for the three months ended March 31, 2023.
- Total assets were $1.2 billion at March 31, 2023.
- Total borrowings were $697.4 million at March 31, 2023.
- Cash and cash equivalents was $197.1 million, including $72.6 million of restricted cash at March 31, 2023.
- Loans held for investment were $699.6 million at March 31, 2023.
- Total risk-based capital ratio was 17.7% at March 31, 2023.
- Tier-1 leverage ratio was 14.0.% at March 31, 2023.
- On April 14, 2023, the Company paid its first quarterly cash dividend as a financial holding company of $0.18 per share to shareholders of record as of April 4, 2023, which exceeded the Company’s previously forecast dividend projection of $0.16 per share.

Newtek Bank, N.A.

- Total deposits were $247.6 million at March 31, 2023.
- Total deposits as of April 28, 2023 were approximately $310 million, which represents a 121% increase in deposits, compared to $140 million in deposits at NBNYC at December 31, 2022.
- The amount of insured deposits was approximately 94.5% at March 31, 2023.
- Total risk-based capital ratio was 35.1% at March 31, 2023.
- Tier-1 leverage ratio was 27.4% at March 31, 2023.

Lending Highlights

- Total commercial loan closings were $228.9 million for the three months ended March 31, 2023; a 12.5% increase over the three months ended March 31, 2022.
- Newtek Small Business Finance, LLC (“NSBF”) and Newtek Bank funded $147.9 million of SBA 7(a) loans during the three months ended March 31, 2023; a 9.1% decrease over the $163.3 million of SBA 7(a) loans funded for the three months ended March 31, 2022.
- The Company forecasts $875 million in SBA 7(a) loan fundings in 2023, which would represent a 12.8% increase over

2022.
- Newtek Bank closed $48.9 million of SBA 504 loans for the three months ended March 31, 2023; an increase of 55.7% over $31.4 million of SBA 504 loans closed by Newtek Business Lending during the same period in 2022.
- As of April 2023, SBA 7(a) loans are being funded by Newtek Bank with Preferred Lenders Program (PLP) status.

Barry Sloane, President, Chairman and CEO commented, “We are pleased to report our first quarter 2023 financial results - our first quarterly report as a financial holding company that owns Newtek Bank, a nationally chartered technology-enabled bank. Despite extremely volatile industry and market conditions in the first quarter of 2023, the Company was able to successfully navigate its business plan and model. We delivered basic earnings per share of $0.46, which exceeded our previous forecast of $0.41. We are reiterating our previously issued earnings forecast for the full year 2023 in a range of $1.70 per share to $2.00 per share. We are particularly proud to have been able to accomplish all of this at a time when financial institutions were losing deposits, facing difficulties with asset and liability management and pressure on their net interest margins. We believe that our first quarter 2023 results help demonstrate that the problems that are currently plaguing the banking industry do not exist within our business model and strategic plan. Credit risk and duration risk are exceptionally well managed in our business model and strategy, and we look forward to explaining this in detail during our earnings conference call tomorrow morning. In addition, the types of assets that we are able to generate, and have done so for over two decades, can produce generous risk-adjusted margins on a floating-rate basis (for example Prime plus 3.00% on SBA 7(a) originations as of today is approximately 11.25%, floating-rate quarterly adjusting). We look forward to continuing to execute our business plan and goals.”

Mr. Sloane continued, “We are particularly proud of the growth Newtek Bank has accomplished in its deposit base. Newtek Bank increased its deposit base by 121% from December 31, 2022 to approximately $310 million year to date through April 28, 2023, and, since the January 6, 2023 close of the acquisition, has gained over 3,300 new client relationships as of April 28, 2023. We believe this is a significant achievement as many financial institutions have lost or had stagnant deposit growth during this period. Moreover, when other lenders may be scaling back on loan originations, we have increased our total commercial loan originations by 12.5% to $228.9 million in the first quarter of 2023, compared to the first quarter of 2022, on a consolidated basis. In addition, and a critical part of NewtekOne’s differentiated financial holding company business model, is our diversified streams of income that can emanate from our consolidated non-bank subsidiaries, which offer business and financial solutions, including Newtek Merchant Solutions, Newtek Technology Solutions, Newtek Insurance Solutions, and non-bank C&I lending, all of which can provide cash flows to the financial holding company. These diversified streams of income can be viewed in our segment reporting on a going-forward basis, as the new financial structure, despite being taxable, offers greater transparency to our subsidiaries operations and cash flows, as well as the business and financial solutions that we provide to our clients and all stakeholders.”

Mr. Sloane further commented, “We firmly believe operating our legacy businesses in this new structure marks the beginning of our ability to demonstrate to the marketplace what NewtekOne has built over the course of 20 years in the way of offering multiple business and financial solutions to business clientele, which is aptly demonstrated through the Newtek Advantage™, our state-of-the-art technology solutions platform for business clients. Developing and growing an organization of this size and scope takes time, energy, effort, and exceptional devotion and patience to be able to get the software and operational performance to work in tandem, which enables us to offer what we believe to be the highest level of quality service to our clients. The Newtek Advantage™, which exists today on our website, will be further polished and positioned and will be aggressively rolled out during the third and fourth quarters of 2023, to deliver the type of asset that our business clients deserve and expect from the newly positioned, technologically enabled bank and financial holding company of the future.”

Mr. Sloane concluded, “We couldn’t be more excited about the opportunity to explain and demonstrate why we believe NewtekOne is well positioned and has a completely different business model and approach to clients than what analysts and investors have become familiar with over the last 30 to 40 years. Simply put, the market has changed, and client behavior has changed. A 40-year decline in interest rates has been reversed and we believe that the same business model of low-cost deposits, fostered by bankers, brokers and branches with assets that aren't matched by duration will not work well going forward. We prefer to be viewed and analyzed as a business and financial solutions company that owns a depository institution, and delivers, what we believe to be, the highest-quality solutions for businesses to be more successful and enhance their future with a partnership and business relationship with NewtekOne. Our newly launched website and branding strategy clearly depicts this strategy, and we welcome you to visit our sites at www.newtekone.com and www.newtekbank.com. We pride ourselves on the ability to originate loans on a scalable basis without the use of brokers and business development officers, but rather through a model that predicates itself on relationship and solutions specialists available in real-time, on camera, 24 hours a day, seven days a week, 365 days a year. In addition, we would like to call attention to our net interest margins, which have been stable and we believe can expand based upon our business model, which is in contrast to the traditional banking model, which appears to be experiencing headwinds due to increasing deposit costs. Our model has been purposefully developed over the span of two decades, and we are now excited to showcase it in our new financial and operational structure. We greatly look forward to our earnings conference call tomorrow morning at 8:30 am ET, and welcome your participation.”

First Quarter 2023 Conference Call and Webcast

A conference call to discuss the first 2023 financial results will be hosted by Barry Sloane, President, Chairman and Chief Executive Officer, and Nicholas Leger, Chief Accounting Officer, tomorrow, Tuesday, May 9, 2023, 8:30 a.m. ET.

Please note, to attend the conference call or webcast, participants should register online at http://investor.newtekbusinessservices.com/events-and-presentations. 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 http://investor.newtekbusinessservices.com /events-and-presentations. 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.

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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.

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

ASSETS	March 31, 2023 Financial Holding Company Accounting (Unaudited)	December 31, 2022 Investment Company Accounting
Cash and due from banks	$ 27,349	$ 53,692
Restricted cash	72,599	71,914
Interest bearing deposits in banks	97,196	—
Total cash and cash equivalents	197,144	125,606
Debt securities available-for-sale, at fair value	32,905	—
Loans held for sale, at fair value	125,639	19,171
Loans held for investment, at fair value	532,788	505,268
Loans held for investment, at amortized cost, net of deferred fees and costs	166,828	—
Allowance for credit losses	(2,189)	—
Total loans held for investment, at amortized cost, net	164,639	—
Federal Home Loan Bank and Federal Reserve Bank stock	1,288	—
Joint ventures (cost of $23,314 and $23,314), respectively	25,022	23,822
Controlled investments (cost of $0 and $131,495), respectively	—	258,417
Non-control investments (cost of $1,360 and $1,360), respectively	1,360	1,360
Goodwill and Intangibles	28,101	—
Settlement receivable	41,438	—

Right of use assets	7,492	6,484
Deferred tax asset	8,225	—
Servicing assets	33,351	30,268
Other assets	50,350	28,506
Total assets	$ 1,249,742	$ 998,902

LIABILITIES AND NET ASSETS

Liabilities:		
Deposits:		
Noninterest-bearing	$ 22,878	$ —
Interest-bearing	224,696	—
Total deposits	247,574	—
Borrowings	697,395	515,076
Derivative instruments	624	—
Lease liabilities	9,144	7,973
Deferred tax liabilities	3,519	19,194
Due to participants	28,188	35,627
Notes payable - related parties	—	24,250
Accounts payable, accrued expenses and other liabilities	43,980	21,424
Total liabilities	1,030,424	623,544
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 200,000 shares, 24,609 and 24,609 issued and outstanding, respectively)	488	492
Additional paid-in capital	193,330	354,243
Retained earnings	6,313	20,623
Accumulated other comprehensive loss, net of income taxes	(79)	—
Total NewtekOne shareholders’ equity	219,790	375,358
Non-controlling interest	(472)	—
Total shareholders' equity	219,318	375,358
Total liabilities and shareholders' equity	$ 1,249,742	$ 998,902

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

	Three Months Ended March 31,	
	2023 Financial Holding Company Accounting	2022 Investment Company Accounting
Interest income		
Loans and fees on loans	$ 17,502	$ 7,079
Debt securities available-for-sale	232	—
Interest from affiliates	—	664
Other interest earning assets	981	—
Total interest income	18,715	7,743
Interest expense		
Notes and securitizations	8,718	4,136
Bank and FHLB borrowings	3,939	425
Notes payable related party	—	106
Deposits	1,475	—
Total interest expense	14,132	4,667
Net interest income	4,583	3,076

Provision for loan credit losses	1,318	—
Net interest income after provision for loan credit losses	3,265	3,076
Noninterest income		
Dividend income	504	7,846
Loan servicing asset revaluation	919	(1,559)
Servicing income	4,403	3,181
Net gains on sales of loans	6,526	15,295
Net (loss) gain on derivative transactions	(495)	628
Net gain (loss) on loans accounted for under the fair value option	5,905	(2,718)
Net unrealized appreciation (depreciation) on joint ventures	2,002	(2,321)
Net unrealized appreciation on controlled investments	—	297
Technology and IT support income	6,709	—
Electronic payment processing income	10,328	—
Other noninterest income	5,986	1,579
Total noninterest income	42,787	22,228
Noninterest expense		
Technology services expense	3,803	—
Electronic payment processing expense	4,504	—
Salaries and employee benefits expense	19,119	5,109
Professional services expense	3,440	1,301
Other loan origination and maintenance expense	2,827	6,483
Depreciation and amortization	873	63
Other general and administrative costs	4,631	1,753
Total noninterest expense	39,197	14,709
Income before taxes	6,855	10,595
Income tax (benefit) expense	(4,828)	943
Net income	$ 11,683	$ 9,652
Less dividends to preferred shareholders	(249)	—
Net income available to common shareholders	11,434	9,652
Earnings per share:		
Basic	$ 0.46	$ 0.40
Diluted	$ 0.45	$ 0.40