# Newtek Business Services Corp. Reports Record SBA 7(a) Loan Fundings for the Second Quarter 2022

July 5, 2022

**Company Reaffirms Financial Forecasts for the First Half of 2022**

BOCA RATON, Fla., July 05, 2022 (GLOBE NEWSWIRE) -- Newtek Business Services Corp., (NASDAQ: NEWT), an internally managed business development company ("BDC"), announced today that Newtek Small Business Finance, LLC ("NSBF") has funded a record amount of SBA 7(a) loans for the three and six months ended June 30, 2022. For the three months ended June 30, 2022, NSBF funded a record $200.6 million in SBA 7(a) loans, which represents a 112.7% increase over $94.3 million SBA 7(a) loan fundings for the three months ended June 30, 2021. For the six months ended June 30, 2022, NSBF funded a record $363.9 million in SBA 7(a) loans, which represents an 83.2% increase over $198.6 million SBA 7(a) loan fundings for the six months ended June 30, 2021. In addition, for the six months ended June 30, 3022, the Company reaffirmed its forecasts for net investment income (loss) ("NII") in a range ( $0.01) per share to $0.00 per share and adjusted net investment income ("ANII") in a range of $1.40 per share to $1.50 per share.

Barry Sloane, Chairman, President and Chief Executive Officer said, "We couldn't be more pleased to announce record SBA 7(a) fundings for the second quarter 2022. We believe these record fundings are testament to a seasoned management team and staff, and it is quite clear that the people, process, and software that we have been able to put in place has given us strong momentum in the second quarter and we believe will continue in the many quarters ahead. Additionally, we look forward to reporting a growing and robust pipeline of lending opportunities on our second quarter earnings conference call. Furthermore, and important to note, is that the year-over-year increase in second quarter 2022 loan fundings was not driven by any reduction in the credit quality of the borrowers we closed and funded loans for, as we do not believe in sacrificing credit quality for the sake of growth. In fact, during the second quarter 2022, the approval rate of all loan requests submitted and decisioned at the loan-committee level was lower than it has been in previous quarters which indicates a modest tightening of loan approvals."

Mr. Sloane continued, "We previously forecasted that we expected to realize some margin compression in 2022 compared to the higher margins in 2021 during which we realized record gain-on-sale and margins. While we did experience margin compression in the second quarter of 2022, we want to note we were still able to meet our forecasts. We believe the decline in price margin we are seeing in the sales of guaranteed portions of SBA 7(a) loan is primarily driven by the Federal Reserve Bank ("Fed") lagging behind the Treasury market in short-term rates, which has caused a lag in price adjustment on the floating-rate Prime, adjusted quarterly based coupon of SBA 7(a) loans, which impacts the pricing on government guaranteed loan sales and in the unguaranteed portions of SBA 7(a) loans held in our portfolio. However, based on commentary provided by the Fed, we believe the Fed will raise interest rates, which we believe should translate into more normalized pricing during the third quarter 2022, holding all else constant."

Mr. Sloane further stated, "Based upon improvements in our process and people, we expect that going forward we will continue to realize greater productivity in our SBA 7(a) and SBA 504 lending, as well as our non-conforming conventional lending program. In addition, we also are hopeful to receive regulatory approval to convert to a bank holding company as well as approval to acquire the National Bank of New York City during the third quarter 2022, which we believe will assist us in building bank lending products and round out our lending menu, increasing productivity in conforming C&I lending and well as conforming CRE lending."

Mr. Sloane concluded, "We are extremely proud that even with the increased market instability and changes, we continue to be able to deliver dividends to our shareholders which always have been and continue to be paid out of taxable income. We continue to focus on creating a diversified stream of income from our portfolio companies which can help support our overall business model with the goal of providing reoccurring streams of revenue and income without the associated capital investment in the payments, technology, payroll and insurance agency businesses. We look forward to reporting our full second quarter 2022 earnings in the first or second week of August. We hope to continue to demonstrate that our 24-year-old organization, publicly traded for 22 years, which has been through the 2008-2009 credit crisis and the pandemic, during strong and weak credit environments, and high and low interest rate environments, has been able to navigate all market environments and deliver above-average results to shareholders, will continue to do so. We thank our shareholders for their continued support and most importantly, thank all Newtek employees and the Newtek management team for delivering on our strategy and great results to all stakeholders."

Newtek Business Services Corp., Your Business Solutions Company®, is an internally managed BDC, which along with its controlled portfolio companies, provides a wide range of business and financial solutions under the Newtek® brand to the small- and medium-sized business ("SMB") market. Since 1999, Newtek 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.

Newtek's and its portfolio companies' products and services include: 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***

*This press release contains certain forward-looking statements. Words such as "believes," "intends," "expects," "projects," "anticipates," "forecasts," "goal" and "future" or similar expressions are intended to identify forward-looking statements. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, include our ability to close the pending acquisition of the National Bank of New York City (the "Acquisition"), obtain required regulatory approvals for the pending Acquisition, as well as projections concerning or considering the pending Acquisition, our ability to originate new investments, achieve certain margins and levels of profitability, the availability of additional capital and the ability to maintain certain debt to asset ratios, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions, which could cause Newtek's actual results to differ from management's current expectations, are contained in Newtek's filings with the Securities and Exchange Commission and available through http://www.sec.gov/. Newtek cautions you that forward-looking statements are not guarantees of future performance and that actual results or developments may differ materially from those projected or implied in these statements.*

SOURCE: Newtek Business Services Corp.

**Investor Relations & Public Relations**
Contact: Jayne Cavuoto
Telephone: (212) 273-8179 / jcavuoto@newtekone.com

Source: Newtek Business Services Corp.