

# NewtekOne<sup>®</sup>

**NASDAQ: NEWT**

**Third Quarter 2023 Financial Results Conference Call  
November 8, 2023 8:30 am ET**

**Third Quarter Reporting as a Financial Holding Company**

**Hosted and Presented by:**

**Barry Sloane, CEO & President**

**Nicholas Leger, EVP & CAO**

**M. Scott Price, CFO, NewtekOne, Inc. and Newtek Bank, N.A.**

**Attendee**

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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. 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 (including the impacts from a government shutdown ) 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 and 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.

# Newtek Bank, N.A. Summary Financial Highlights

Metrics <sup>1</sup>	1Q23	2Q23	3Q23	YTD
NIM	2.92%	3.19%	3.49%	3.26%
ROAA	-2.58%	4.93%	5.32%	3.54%
ROE	-9.7%	31.2%	38.3%	20.5%
ROTCE	-9.8%	32.1%	39.8%	21.2%
Efficiency Ratio	109.9%	58.7%	49.1%	77.5%
<b>Capital</b>				
CET 1	33.8%	28.1%	23.8%	
Total Capital	34.8%	29.4%	25.0%	
Leverage	27.1%	16.9%	14.9%	
Average Yield on Loans	6.20%	8.23%	8.50%	7.88%
Average Rate Paid on Deposits	3.37%	4.32%	4.45%	4.21%
Average Rate Paid on Funding	3.28%	4.22%	4.35%	4.10%
ACL/Loans HFI	1.31%	2.18%	2.92%	
Deposit Growth (Ending)		81%	-3%	
Deposit Growth (Average)		112%	24%	
Loan Growth (Ending)		23%	27%	
Loan Growth (Average)		41%	31%	
Premium on 7(a) Loan Sales (Net)		10.15%	9.76%	
Servicing Rights as a Percent of Loans Sold		1.90%	1.99%	

<sup>1</sup>Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on page 49 and 50. Assets under supervision, capital ratios, risk-weighted assets and, supplementary leverage ratio are preliminary data and subject to change prior to filings with applicable regulatory agencies and our Form 10-Q, or the quarter ended September 30, 2023.

# NewtekOne, Inc. Summary Financial Highlights

Summary Income Statement	1Q23	2Q23	3Q23	\$ Change	% Change	YTD
				2Q23 vs. Q323	2Q23 vs. Q323	
Net Interest Income	4,583	5,673	8,078	2,405	42.4%	18,333
Provision for Credit Losses	1,318	2,575	3,446	871	33.8%	7,339
Non-Interest Income	42,787	46,428	42,896	(3,532)	-7.6%	132,113
Non-Interest Expense	39,197	40,149	34,545	(5,604)	-14.0%	113,891
Earnings Before Tax	6,855	9,377	12,983	3,606	38.5%	29,216
Net Income Available to Common	11,469	6,453	9,572	3,119	48.3%	27,496

Metrics <sup>1</sup>	1Q23	2Q23	3Q23	YTD
NIM	2.13%	2.09%	2.71%	2.31%
ROAA	4.24%	2.04%	2.76%	2.96%
ROE	26.3%	13.0%	17.8%	18.0%
ROTCE	28.1%	15.7%	22.8%	21.3%
Efficiency Ratio	82.7%	77.1%	67.8%	75.7%
Capital				
CET 1	18.3%	12.7%	15.1%	
Total Capital	20.4%	15.1%	17.7%	
Leverage	16.5%	10.5%	14.6%	
Average Yield on Loans	8.95%	8.99%	9.64%	9.07%
Average Rate Paid on Total Interest-Bearing Liabilities	6.69%	6.53%	6.47%	6.55%
Deposit Growth		81%	-3%	
Deposits+Borrowings Growth		21%	-6%	
Loan Growth		6%	2%	

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- This is our third quarter, and second full quarter, reporting as a financial holding company under consolidated accounting treatment
- On January 6, 2023, we completed the acquisition of National Bank of New York City (renamed Newtek Bank, N.A.) and withdrew our BDC election and ceased operating as a BDC
- Important points of focus for this presentation
  - Quarter-over-quarter sequential comparisons
  - Increased bank analyst coverage on NewtekOne, Inc.
  - Demonstrated ability to raise insured deposits quickly with a high growth rate and through digital account opening
  - We do not have interest rate risk issues that are currently present in the industry. Many financial institutions have long-duration fixed-rate bond and/or loan portfolios not matched by time deposits. We do not have this issue
  - We believe our return on average assets (“ROAA”) and return on average tangible common equity (“ROTCE”), and capital ratios can exceed industry norms, which differentiates NewtekOne as a business and financial solutions provider to independent businesses that also owns a depository

- Primary earnings engines for NewtekOne
  - Newtek Bank
  - Newtek Small Business Finance (“NSBF,” legacy portfolio of SBA 7(a) loans)
  - Newtek Payments:
    - Newtek Merchant Solutions
    - Mobil Money
    - Newtek Payment Solutions
  - Newtek Technology Solutions
  - Other:
    - Non-conforming Joint Venture Portfolios
    - Newtek Insurance Agency
    - Newtek Payroll Solutions

## Financial Comparisons

- Some year-over-year comparisons are difficult
  - Up until January 5, 2023, we were a business development company using investment company accounting. On January 6, 2023, we completed the acquisition of National Bank of New York City (renamed Newtek Bank, N.A.) and withdrew our BDC election and ceased operating as a BDC
  - The third quarter 2023 represents the Company's second full quarter operating as a financial holding company
  - We believe it is important to analyze many of our financial metrics on a linked-quarter basis.
  - Additionally, when analyzing NewtekOne, we also 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 branches, traditional bankers, brokers or business development officers to source business opportunities and instead relies upon the NewTracker<sup>®</sup> system which provides approximately 1,000 unique business referrals each day

- Deposit gathering
- Loan originations
- Staffing and recruiting talent
- Replacing branches, brokers, and traditional bank BDOs
- Providing a superior service and product to clients
- We give our customers an asset on day one by becoming a client through the Newtek Advantage<sup>®</sup>



# The Newtek Advantage<sup>®</sup>

- The Newtek Advantage<sup>®</sup> provides Newtek's clients analytics, relationships and transactional capability that other banks do not
- Newtek Advantage<sup>®</sup> gives our business clients a management asset that can enhance their business operations
- We believe the Newtek Advantage<sup>®</sup> is unique because each of our clients will be assigned a NewtekOne relationship manager, and specialist in each Newtek business line
  - For example, our clients will have a NewtekOne lending specialist or a payments specialist and a Newtek Bank depository specialist. This could give our clients 6 relationships to connect with at any time
- Our clients are able to go into the Newtek Advantage<sup>®</sup> and communicate via video with a NewtekOne specialist
- We believe the Newtek Advantage<sup>®</sup> can become a market-recognized tool and solution that NewtekOne's clients ultimately will not want to be without
- Future potential Newtek Advantage<sup>®</sup> additions: Newtek Accounting

# What a Client Receives When they Open a Newtek Advantage® Account

- Free unlimited document storage
- Free real-time updated traffic analytics
- If a merchant solutions client, they will receive free real-time chargeback batch information
- If also a payroll client, they will receive the ability to make payroll directly from business portal
- Six NewtekOne professional relationships on camera
  - Deposits
  - Newtek Lending
  - Newtek Insurance
  - Newtek Payroll & Health Benefits
  - Newtek Technology
  - Newtek Payments

# Newtek Advantage<sup>®</sup> Distribution Capability

- At the end of October 2023, we rolled out the Newtek Advantage<sup>®</sup>, unveiling this offering to 5,000 existing NewtekOne clients that are now aware of the multiple ways in which NewtekOne can help independent business owner customers become more successful by reducing their risk, growing their revenue, and reducing expenses by partnering with NewtekOne in the many ways to process their business
- We had approximately 5,000 monthly active users, meaning that there are 5,000 clients that login at least once within a month
- Note that we have changed all NewTracker<sup>®</sup> customer accounts to Newtek Advantage<sup>®</sup>, so any user who had a NewTracker<sup>®</sup> login is now able to see Newtek Advantage<sup>®</sup>
  - There are more than 325,000 users that have the ability to see Newtek Advantage<sup>®</sup>
- In the past 36 months, 295,000 NewTracker<sup>®</sup> users have logged in at least once

# Why NewtekOne's Differentiated Business Model Requires Different Valuation Metrics

- NewtekOne has a unique business model that generates new business referrals without the use of brokers, traditional bankers, branches or business development officers. This cost-effective model has been in place for over 20 years and utilizes technology, people and processes to deliver solutions to its core commercial clientele, with effective efficiency ratios and level of service
- We use our patented web-based referral system, NewTracker<sup>®</sup>, to exponentially outperform our competitors with respect to client acquisition
- Well-managed asset/liability strategy
- Full understanding that most deposits have zero duration, and what might cause them to be 'sticky'
- Net interest margins that can exceed your typical bank and financial institution
- ROAA and ROTCE metrics that can exceed your typical bank and financial institution
- Demonstrated ability to gather and grow deposits
- Expect to demonstrate the ability to attract lower-cost deposits from multiple sources including:
  - Merchant processing
  - Payroll
  - Lending
  - The Newtek Advantage<sup>®</sup>
- We will grow cross-selling and cross-marketing opportunities using the Newtek Advantage<sup>®</sup> in an integrated manner to offer multiple solutions to customers without recreating data acquisitions tasks

# NewtekOne: Third Quarter 2023 Financial Highlights

- Net income was \$10.0 million, or \$0.38 per basic common share, for the three months ended September 30, 2023; an increase of 46.2% on a per share basis over net income of \$6.9 million, or \$0.26 per basic common share, for the three months ended June 30, 2023
- Net interest income was \$8.1 million for the three months ended September 30, 2023; an increase of 42.1% over \$5.7 million for the three months ended June 30, 2023
- Total assets were \$1.4 billion at September 30, 2023, unchanged compared to \$1.4 billion at June 30, 2023
- Total borrowings were \$648.7 million at September 30, 2023; a decrease of 7.0% from \$697.4 million at June 30, 2023
- Loans held for investment were \$773.9 million at September 30, 2023; an increase of 5.9% over \$730.7 million at June 30, 2023
- Cash and cash equivalents were \$223.7 million, including \$68.7 million of restricted cash, at September 30, 2023; a decrease of 12.7% from to \$256.3 million, including \$66.7 million of restricted cash, at June 30, 2023

# NewtekOne®: Financial Highlights

## Nine Months Ended September 30, 2023

- Net income was \$28.5 million, or \$1.10 per basic common share, for the nine months ended September 30, 2023
- Net interest income was \$18.3 million for the nine months ended September 30, 2023

# Why Newtek Bank's Efficiency Ratio Could Trend Downward & Become Even More Competitive

- Efficiency ratio<sup>1</sup> of 49.1% for the three months ended September 30, 2023; a decrease of 16.4% from 58.7% for the three months ended June 30, 2023
- We believe:
  - Operational leverage will improve
  - Financial leverage will improve
  - There will be further technological innovation
  - We will be able to capture additional revenue growth from non-bank businesses and activities

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## Newtek Bank Growth Goals

- ROTCE<sup>1</sup> of 39.8% for the three months ended September 30, 2023; an increase of 24.0% over 32.1% for the three months ended June 30, 2023
- ROAA<sup>1</sup> of 5.3% for the three months ended September 30, 2023; an increase of 8.2% over 4.9% for the three months ended June 30, 2023
- We believe these types of metrics will lead to further growth in cumulative earnings per share

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## Financial Highlights Continued

- SBA 7(a) loans, historically funded at the Company's non-bank lender NSBF, are now being funded at Newtek Bank as of April 2023
- Newtek Bank has received preferred lender program (PLP) status from the SBA
- In Q1 2023, Newtek Bank began funding SBA 504 and C&I loans
- Capital infusion at the close of the acquisition of Newtek Bank raised Newtek Bank's TCE to \$79 million
- Newtek Bank launched digital account opening in March 2023
- NewtekOne raised \$70 million of capital by selling \$50 million of debt and \$20 million of convertible preferred shares in January 2023
- August 31, 2023: Completed \$40 million aggregate principal amount, 8.00% Fixed Rate Senior Notes due 2028
  - Traded on Nasdaq Global Market<sup>®</sup> under ticker NEWTI

# Adjustment to Common Book Value at September 30, 2023 due to De-Conversion Adjustments

- Tangible common book value<sup>1</sup> was \$7.31 per share
- Upon the de-conversion from investment company accounting at March 31, 2023, the fair value of the “asset light” portfolio companies was removed from book value and replaced through consolidation accounting with a modest negative tangible book value contribution
- For example, at December 31, 2022 Newtek Merchant Solutions, Newtek Technology Solutions, Newtek Insurance Agency, and Newtek Payroll Solutions had a total fair value of \$166.7 million
  - Following de-conversion adjustments, at September 30, 2023, those portfolio companies now consolidate with negative \$5.7 million of tangible book value

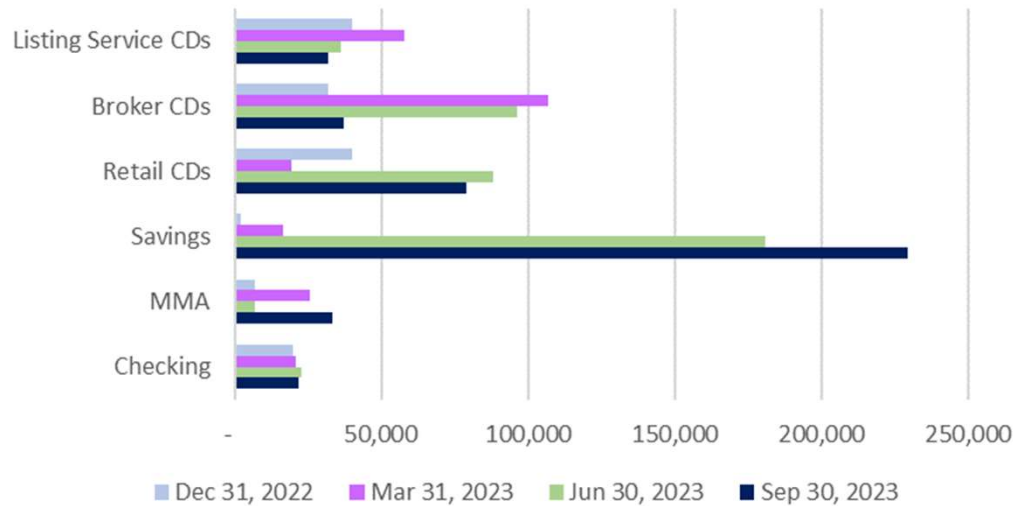
<sup>1</sup>Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on page 51.

# Successes Achieved by Newtek Bank Year to Date Through September 30, 2023

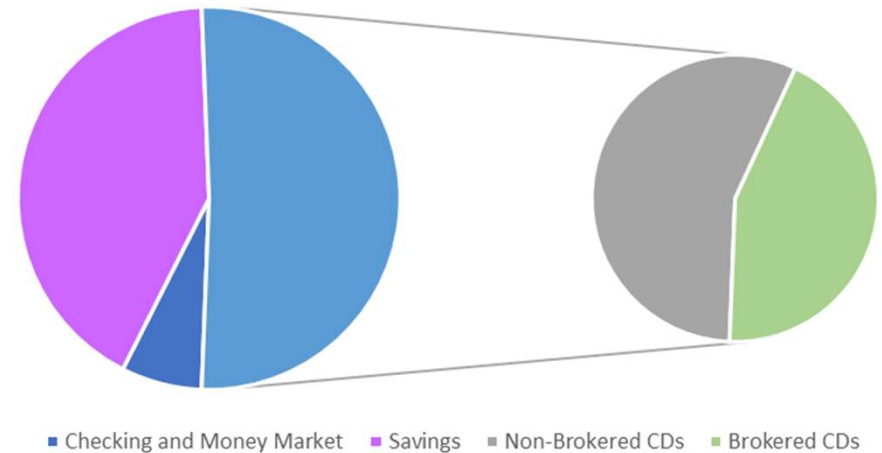
- Newtek Bank is well capitalized
- Total deposits were \$432.6 million at September 30, 2023; a 217.4% increase over \$141.6 million in deposits at December 31, 2022
- The amount of insured deposits was approximately 83.7% of total deposits at September 30, 2023
- Newtek Bank's new digital account opening platform contributed approximately \$275 million in digital deposits adding over 5,000 new digital client relationships
- In April 2023, Newtek Bank began funding NSBF's SBA 7(a) loan origination pipeline
  - NSBF will remain a non-bank subsidiary of NewtekOne while NSBF continues to service and wind-down its legacy SBA 7(a) loan portfolio in securitization structures
- Newtek Bank has been granted PLP status by the SBA, and now originates SBA 7(a) loans under PLP-delegated authority
  - This delegated authority is an honor granted only to the most experienced SBA loan originators and underwriters
- Total risk-based capital ratio was 25.0% at September 30, 2023; a decrease of 15.0% from 29.4% at June 30, 2023
- Tier-1 leverage ratio was 14.9% at September 30, 2023; a decrease of 11.8% from 16.9% at June 30, 2023

# Newtek Bank Deposit Growth and Breakdown

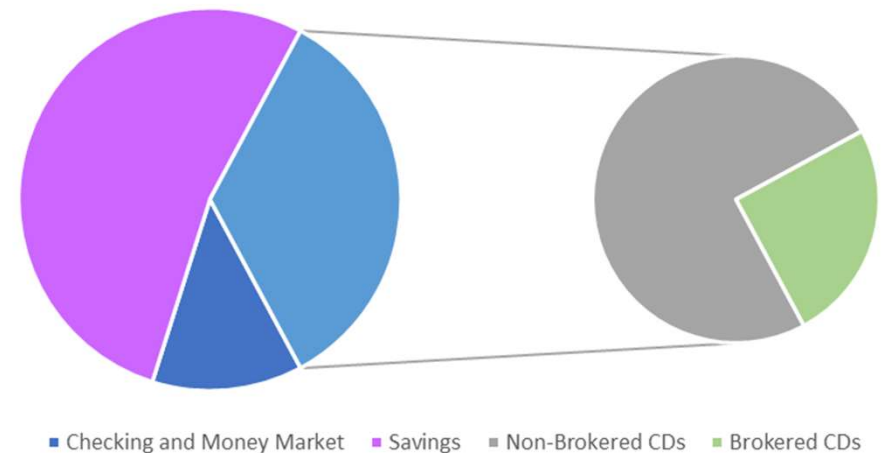
Newtek Bank, N.A. Deposit Composition



Jun 30, 2023



Sep 30, 2023



- Re-opened the high-yield savings product to the market in August 2023, generating steady net inflows through September
- Repaid \$59.4 million of brokered CDs during the third quarter of 2023
- Weighted average cost of deposits of 4.45% for third quarter, up from 4.35% in the second quarter

# Five Loan Programs

- Newtek Bank, N.A.
  - SBA 7(a)
  - SBA 504
  - Conforming commercial and industrial business loans
  - Conforming investor-owned commercial real estate loans
- NewtekOne, Inc.
  - Note: Non-conforming commercial and industrial loans are funded at the holding company

- December 31, 2022 \$140 million CRE portfolio:
  - Average loan size \$1.5 million to \$2.0 million
  - 65% LTV
  - Personal guaranty
  - NYC-based loans maturing over the next 12-48 months
  - One non-performing loan
  - Portfolio marked-to-market during purchase accounting adjustment in Q1 2023

# Newtek Bank and NSBF SBA 7(a) Statistics

- Newtek Bank, N.A. and NSBF, combined were the third largest SBA lender as of September 30, 2023 by loan approval dollar volume
- NewtekOne has been a national SBA 7(a) lender to small businesses since 2003; 20-year history of loan default frequency and severity statistics
- With Newtek Bank receiving PLP status, all SBA 7(a) loans are now made by Newtek Bank
- Utilizes technology, processes and people to expeditiously originate and build a great lending platform for independent business owners
- NSBF Issued 13 AA & A S&P-rated securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 4,436 SBA 7(a) loans at September 30, 2023
  - Average loan size is approximately \$133,483 of average unguaranteed retained loan balance at September 2023
- Floating rate at Prime plus 3.00% with no caps and quarterly rate adjust; currently equivalent to 11.50% cost to borrower
- No origination fees (in addition to the SBA guaranty fee) with 7- to 25-year amortization schedules; receiving a high-quality loan product
- Secondary market established for SBA 7(a) government-guaranteed loans for over 30 years, and NewtekOne has historically established liquidity for unguaranteed portions through securitizations

## Lending Activity

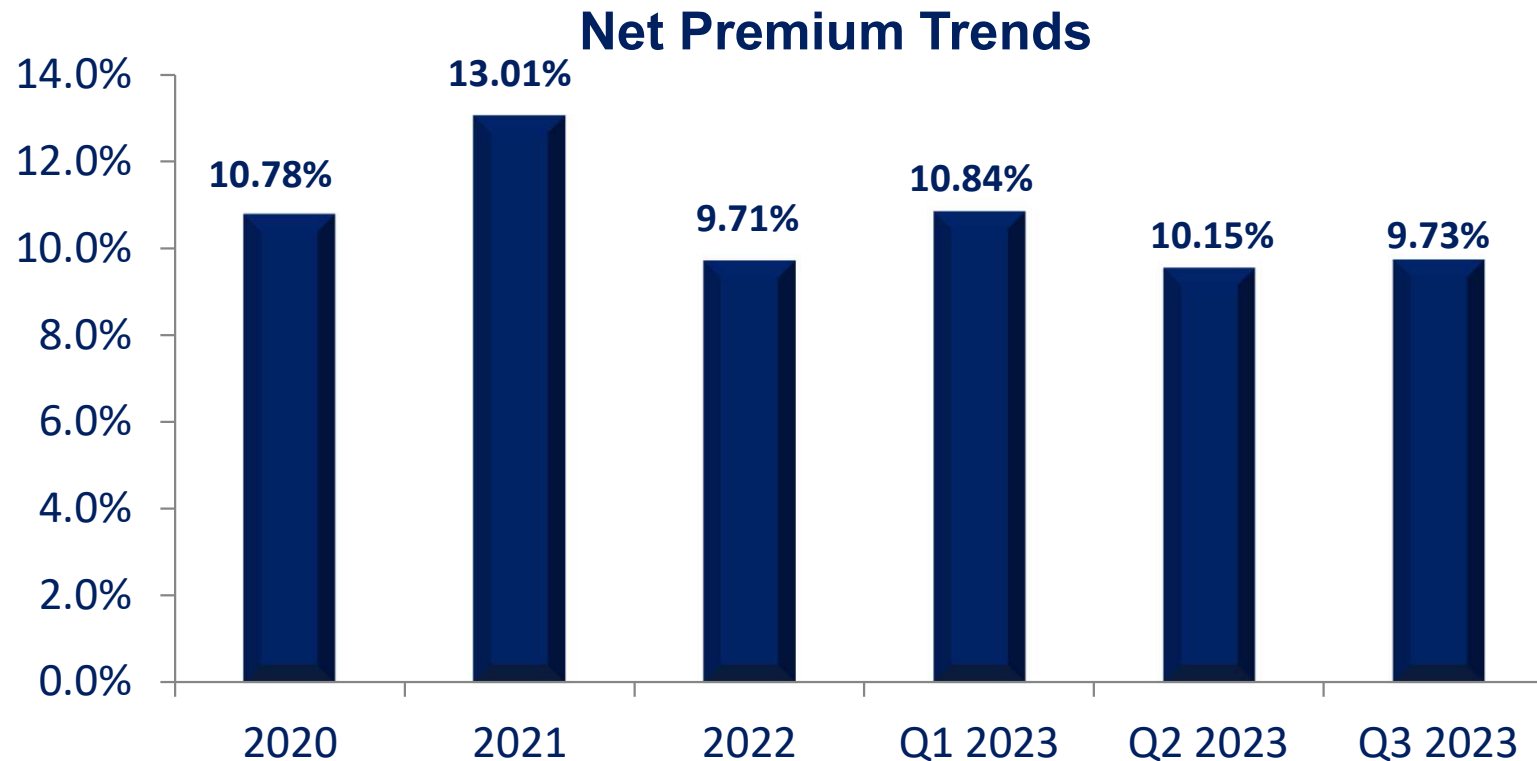
### SBA 7(a) Loans

- Total SBA 7(a) loan fundings of \$209.9 million for the three months ended September 30, 2023; an increase of 7.1% over \$195.9 million of SBA 7(a) loan funded for the three months ended June 30,
- Total SBA 7(a) loan fundings of \$554.3 million for the nine months ended September 30, 2023
- SBA 7(a) loan portfolio in Newtek Bank reached \$106.0 of million at September 30, 2023
- The Company forecasts \$830 million in total SBA 7(a) loan fundings in 2023, which would represent a 7.0% increase over 2022

### SBA 504 Loans

- Newtek Bank closed \$17.7 million of SBA 504 loans for the three months ended September 30, 2023; an increase of 7.9% over \$16.4 million SBA 504 loans closed for the three months ended June 30, 2023
- Total SBA 504 loan closings of \$82.4 million for the nine months ended September 30, 2023





- For the three months ended September 30, 2023, the weighted average net premium received on the sale of guaranteed portions of SBA 7(a) loans was 109.73%

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.

- Lead goes into NewTracker<sup>®</sup> (8 data points to create a referral)
- Instant, automated fact finder sent to business owner which allows Newtek to gather information for a soft pull credit score and Five C's credit (5-minute completion time)
- Once the fact finder is complete, instant feedback to business owner is given, allowing them to schedule a remote, on-camera phone interview with a business service specialist to assist in the loan application process and assess eligibility
- The business owner also receives a quote for both workers' compensation and business owner's policy insurance, along with a live, actionable quote for Newtek Payroll services upon completion of the fact finder
- Upon completion of the loan application, without being asked for additional documentation, the business owner can receive a BSA, AML, KYC approved commercial demand deposit account and/or commercial money market account
- Most of these features were instituted in September 2023

**HEREIN LIES THE NEWTEK ADVANTAGE**

# Public Market Comparables

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

Ticker	Company	P/E CY 2023E <sup>(2)</sup>	P/E CY 2024E <sup>(2)</sup>	Dividend Yield <sup>(3)</sup>	24 over 23 EPS Growth Rate <sup>(2)</sup>
AX	Axos Financial, Inc.	7.2x	7.2x	0.0%	0.2%
BY	Byline Bancorp, Inc.	7.2x	7.7x	1.8%	-6.6%
LC	LendingClub Corporation	18.5x	13.1x	0.4%	41.2%
LOB	Live Oak Bancshares, Inc.	25.9x	19.9x	0.0%	30.3%
CASH	Pathward Financial, Inc.	7.4x	7.4x	0.4%	0.7%
SOFI	SoFi Technologies, Inc.	NM	152.2x	0.0%	117.6%
TBBK	The Bancorp, Inc.	10.8x	9.0x	0.0%	19.4%
TFIN	Triumph Financial, Inc.	40.7x	31.0x	0.0%	31.2%
<i>Average</i>		16.8x	30.9x	0.3%	29.2%
<i>Median</i>		10.8x	11.1x	0.0%	24.9%

(1) Source: S&P Capital IQ as of November 4, 2023.

(2) Based upon consensus EPS average estimates.

(3) Most recent quarters dividend annualized.

- NMS was established in 2002 and is considered a super ISO and is estimated to process \$5.0 billion in merchant processing volume in 2023
- With items like same day funding, Newtek payment systems, eCommerce solutions, zero-cost processing, NMS and Mobil Money will be future deposit gathering sources for Newtek Bank
- NMS, Mobil Money and POS are consolidated subsidiaries of NewtekOne
- Products like electronic billing, same-day funding, and payment processing and payroll become valuable solutions to our clients and NewtekOne

# Newtek Merchant Solutions & Mobil Money

- Consolidated pre-tax income for Newtek Merchant Solutions (“NMS”), Mobil Money, and POS on Cloud”
  - Q1 2023: \$3.0 million
  - Q2 2023: \$3.1 million
  - Q3 2023: \$4.1 million
  - 9 months ended September 30, 2023: \$10.2 million
- NMS, Mobil Money, and POS on Cloud forecast consolidated pretax income as follows:
  - Q4 2023: \$3.9 million
  - FY 2023: \$14.1 million
- Consolidated EBITDA for NMS, Mobil Money, and POS on Cloud:
  - Q1 2023: \$3.4 million
  - Q2 2023: \$3.5 million
  - Q3 2023: \$4.5 million
  - 9 months ended September 30, 2023: \$11.4 million
- NMS, Mobil Money, and POS on Cloud forecast consolidated EBITDA as follows:
  - Q4 2023: \$4.1 million
  - FY 2023: \$15.5 million

# Why Payment Business is Extremely Important to NewtekOne

- Newtek Bank will be issuing the “Newtek Bank Debit Card” with the ability to access the Visa and Mastercard direct payment rails and allowing its clients to receive payments through Visa and Mastercard’s direct payment platforms and ACH payments
- Newtek Bank will look to grow these recurring fee businesses that can benefit NMS and Newtek Bank
- NewtekOne realizes that most banks do not provide tools to independent business owners to electronically invoice customers or pay its vendors cost effectively. NewtekOne currently has those tools to help Newtek Bank grow ancillary income that is currently not available in the business model but will be present in 2024 and 2025 projections
- Electronic payments are and should be a vital solution and service that companies like ours provide for its clients that today is only provided by top-tier banks through treasury functions to large depositors
- Products like Fed Now, electronic billing, same-day funding and payment processing and payroll can become valuable solutions to our clients and NewtekOne

# Newtek Technology Solutions

- Pretax Income for Newtek Technology Solutions (“NTS”):
  - Q1 2023: \$262,000
  - Q2 2023: \$265,000
  - Q3 2023: \$420,000
  - 9 months ended September 30, 2023: \$947,000
- NTS forecasts consolidated pretax income as follows:
  - Q4 2023: \$1.1 million
  - FY 2023: \$2.1 million
- EBITDA for NTS:
  - Q1 2023: \$970,000
  - Q2 2023: \$718,000
  - Q3 2023: \$873,000
  - 9 months ended September 30, 2023: \$2.6 million
- NTS forecasts consolidated EBITDA as follows:
  - Q4 2023: \$1.5 million
  - FY 2023: \$4.1 million

- NBL and Newtek Bank originated \$502.0 million SBA 504 loans since 2017, and have not experienced any charge offs to date
- The Company and its joint ventures have originated \$194.4 million non-conforming conventional loans since 2019, and has not experienced any charge offs to date



# Illustrative SBA 7(a) Loan Sale Transaction

## Net Cash Created on SBA 7(a) Loan Sale Transaction

Key Variables in Loan Sale Transaction	
Loan Amount	\$1,000,000
Guaranteed Balance (75%)	\$750,000
Unguaranteed Balance (25%)	\$250,000
Realized Gain (Premium) <sup>1</sup>	9.73%
Term	25 years

Illustrative Net Cash Created	
Guaranteed Balance	\$750,000
Realized Gains on Guaranteed Balance <sup>2</sup>	\$72,975
Cash Received in Securitization <sup>(3)</sup>	\$208,750
<b>Total</b>	<b>\$1,031,725</b>
Net Cash Created (Post Securitization) <sup>4,5</sup>	\$31,725

\* There is no assurance that this can occur.

<sup>1</sup>Realized gains (premiums on loan sales) above 10% are split 50/50 with the SBA. This example assumes guaranteed balance is sold at a 109.73% premium.

<sup>2</sup>Assumes 9.73% of the Guaranteed balance.

<sup>3</sup>Assumes 83.5% advance rate in securitization on unguaranteed balance.

<sup>4</sup>Assuming the loan is sold in a securitization in 12 months.

<sup>5</sup>Net cash created per \$1 million of loan originations.

# Illustrative SBA 7(a) Loan Sale Transaction

## Direct Revenue / Expense of an SBA 7(a) Loan Sale Transaction

Key Variables in Loan Sale Transaction	
Loan Amount	\$1,000,000
Guaranteed Balance (75%)	\$750,000
Unguaranteed Balance (25%)	\$250,000
Realized Gain (Premium) <sup>1</sup>	9.73%
Term	25 years

Illustrative Resulting Revenue (Expense)	
Associated Premium <sup>2</sup>	\$72,975
Servicing Asset <sup>3</sup>	<u>\$13,200</u>
Total Realized Gain	\$86,175
Packaging Fee Income	\$2,500
FV Non-Cash Adjustment on Uninsured Loan Participations <sup>4</sup>	\$(6,250)
Referral Fees Paid to Alliance Partners	<u>\$(7,500)</u>
Total Direct Expenses	<u>\$(13,750)</u>
Net Risk-Adjusted Profit Recognized <sup>5</sup>	<b>\$74,925</b>

\* There is no assurance that this can occur.

<sup>1</sup>Realized gains (premiums on loan sales) above 10% are split 50/50 with the SBA. This example assumes guaranteed balance is sold at a 109.73% premium.

<sup>2</sup>Assumes 9.73% of the Guaranteed balance.

<sup>3</sup>Fair value estimate of servicing asset.

<sup>4</sup>Example assumes a 2.5% discount to reflect cumulative estimate of default frequency and severity among other assumptions.

<sup>5</sup>Net risk-adjusted profit recognized per \$1 million of loan originations.

# Sample SBA 504 Loan Structure

An example of a typical SBA 504 loan structure is detailed below:

Real Estate Acquisition Loan				
	\$ Amount		\$ Amount	Percent of Total
Purchase Price	\$800,000	1st Mortgage Funded	\$500,000	50%
Renovations	150,000	Bridge Loan Originally Funded*	400,000	40%
Soft & Closing Costs	50,000	Borrower Equity Injection	100,000	10%
<b>Total</b>	<b>\$1,000,000</b>	<b>Total</b>	<b>\$1,000,000</b>	<b>100%</b>

- Up to 50% first mortgage
- Up to 40% second mortgage provided by CDC (\$250,000 to \$4.0 million)
- At least 10% equity contribution

\*Taken out by CDC funded second mortgage of \$400,000 typically within 60-90 days of funding.

# Illustrative Loan Sale Transaction - SBA 504 Loan

## Net Cash Created in SBA 504 Loan Sale Transaction – An Example\*

Key Variables in Loan Sale Transaction	
Total Projected Financing	\$1,000,000
Senior Loan Balance	\$500,000
Junior Bridge Loan Balance <sup>(1)</sup>	\$400,000
Premium	3.00%
Rate	Fixed
Term	10 Years

Illustrative Net Cash Created Pretax	
Total Senior & Junior Debt	\$900,000
Funded Under Bank Facility	<u>\$630,000</u>
Newtek Equity	\$270,000
Net Origination Fees	\$18,000
Interest Earned Before Sale <sup>(2)</sup>	\$22,750
Interest Expense	(\$7,963)
Premium Earned Upon Sale	<u>\$15,000</u>
Total Net Cash Created <sup>(3)</sup>	\$47,788
Return on Investment (Gross Operating Profit/ Equity) <sup>(4)</sup>	<u>35.4%</u>

\* There is no assurance that this can occur.

- (1) Funded by Newtek to be taken out within 90 days by a junior lender through SBA guaranteed debenture.
- (2) Interest earned on Senior and Junior Bridge loans are outstanding prior to takeout from CDC and loan sale.
- (3) Net cash created equals the addition of Net Premium Earned, Net Interest Earned Before Sale, Origination Fees, less Interest Expense.
- (4) The first year return on investment is based on net cash created of \$48,400 divided by Newtek equity of \$270,000. The holding period for the loan is assumed to be 6 months. In this illustrative example, return on investment is shown annualized for the full year and does not account for \$120,000 of equity returned early after 90 days due to the Junior Bridge Loan replacement via SBA

Key Assumptions	
Illustrative Loan Amount	\$ 1,000,000
Gross Yield	12.75%
Servicing Fees	1.00%
Net Yield After Servicing	11.75%
Servicing Margin	40%
Net Origination Fees	2.83%
JV Participation (excl. Origination Fees)	50%
Advance Rate	70%
Estimated Financing Spread to 5 Yr T	3.00%
5 Yr Treasury Yield	4.60%
Total Cost of Securitization Financing	7.60%

GAAP Earnings	Year 1	Subsequent Years
	Total Loan Funding	\$ 1,000,000
Securitization Financing	700,000	
JV Required Equity	300,000	
NewtekOne Equity	150,000	150,000
<b><u>NewtekOne 50% Participation</u></b>		
Interest Earned	58,750	58,750
Interest Expense After Securitization	(26,600)	(26,600)
<b><u>NewtekOne 100% Participation</u></b>		
Net Origination Fee	28,300	-
Servicing Fee Margin	4,000	4,000
<b>Total GAAP Pre-tax Income</b>	<b>\$ 64,450</b>	<b>\$ 36,150</b>
<b>Pre-tax Return on Equity</b>	<b>43.0%</b>	<b>24.1%</b>

- Additional origination fees
- Additional servicing income
- Asset liability match of interest income while loans are in warehouse credit facility and interest expense when in securitization vehicle
- Joint Ventures provide NewtekOne with greater operating leverage by using Newtek's existing pipeline, systems and subsidiary staff to originate loans with greater balances and higher return on equity
- Joint Ventures can leverage NewtekOne's existing origination platform
- We anticipate funding approximately \$110 million of non-conforming conventional loans in 2023 with the expectation that they will be funded through non-bank subsidiaries and sold to joint ventures and exited through securitizations in 2024
- We believe that originating non-conforming loans and financing them can create a consolidated ROE between 20-30%, net of anticipated loss severity and frequency, between origination fees, servicing fees and capital invested in the loans

# NewtekOne Quarterly Dividend Declaration

- On September 27, 2023, NewtekOne's board of directors declared the Company's third quarterly dividend as a financial holding company of \$0.18 per share<sup>1</sup>
- The dividend was paid on October 20, 2023 to shareholders of record as of October 10, 2023

<sup>1</sup>Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors.

## Summary of Key Projection Assumptions

(\$ in Millions)	4Q 23E	FY 2023E	FY 2024E
<b>Origination Volume</b>			
SBA 7(a)	\$278	\$830	\$900
SBA 504	75	155	225
Non-conforming C&I (FHC/JV)	60	110	400
<b><u>7(a) Cash Premium</u></b>	10.00%	10.12%	10.00%

2023 EPS projection of \$1.60 to \$1.80 per share

2024 EPS projection of \$1.80 to \$2.00 per share



# NewtekOne® Actual and Forecast Consolidated Income Statement

Consolidated Income Statement (\$ in Millions)	Actual			Forecast	
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	FY 2023E
<b>Interest Income</b>					
Newtek Bank	\$3.7	\$8.0	\$10.5	\$11.8	\$34.0
Non-Bank Entities	15.0	14.6	16.3	14.4	60.4
<b>Total Interest Income</b>	<b>\$18.7</b>	<b>\$22.6</b>	<b>\$26.7</b>	<b>\$26.3</b>	<b>\$94.3</b>
<b>Interest Expense</b>					
Newtek Bank	\$1.7	\$4.2	\$5.4	\$5.2	\$16.4
Non-Bank Entities	12.4	12.7	13.2	13.4	51.7
<b>Total Interest Expense</b>	<b>\$14.1</b>	<b>\$16.9</b>	<b>\$18.6</b>	<b>\$18.6</b>	<b>\$68.2</b>
Newtek Bank	\$2.0	\$3.8	\$5.1	\$6.7	\$17.6
Non-Bank Entities	2.6	1.9	3.1	1.0	8.6
<b>NET INTEREST INCOME</b>	<b>\$4.6</b>	<b>\$5.7</b>	<b>\$8.1</b>	<b>\$7.7</b>	<b>\$26.2</b>
Newtek Bank	1.3	2.6	3.5	5.3	12.7
<b>PROVISION FOR CREDIT LOSSES <sup>(1)</sup></b>	<b>\$1.3</b>	<b>\$2.6</b>	<b>\$3.5</b>	<b>\$5.3</b>	<b>\$12.7</b>
<b>Noninterest Income</b>					
Newtek Bank	\$10.1	\$23.9	\$25.0	\$35.4	\$94.4
Non-Bank Entities	40.8	23.2	22.4	26.2	112.6
Intercompany Eliminations	(8.2)	(0.7)	(4.5)	(3.1)	(16.5)
<b>TOTAL NONINTEREST INCOME</b>	<b>\$42.7</b>	<b>\$46.4</b>	<b>\$42.9</b>	<b>\$58.4</b>	<b>\$190.4</b>

# NewtekOne® Actual and Forecast Consolidated Income Statement Cont.

Consolidated Income Statement (continued) (\$ in Millions)	Actual			Forecast	FY 2023E
	3/31/2023	6/30/2023	9/30/2023	12/31/2023	
<b>Noninterest Expense</b>					
Newtek Bank	\$13.3	\$16.2	\$14.7	\$17.0	\$61.2
Non-Bank Entities	34.0	24.7	24.4	27.1	110.2
Intercompany Eliminations	(8.2)	(0.7)	(4.5)	(3.1)	(16.5)
<b>TOTAL NONINTEREST EXPENSE</b>	<b>\$39.2</b>	<b>\$40.2</b>	<b>\$34.5</b>	<b>\$41.0</b>	<b>\$154.9</b>
<i>Memo: Pre-tax Income NEWT Bank</i>	<i>(\$2.5)</i>	<i>\$8.9</i>	<i>\$11.9</i>	<i>\$19.8</i>	<i>\$38.1</i>
<b>PRE-TAX NET INCOME</b>	<b>\$6.9</b>	<b>\$9.3</b>	<b>\$13.0</b>	<b>\$19.9</b>	<b>\$49.0</b>
Income Tax Expense	(4.9)	2.5	3.0	5.1	5.7
Preferred Dividends	0.2	0.4	0.4	0.4	1.4
<b>AFTER-TAX NET INCOME</b>	<b>\$11.5</b>	<b>\$6.4</b>	<b>\$9.6</b>	<b>\$14.4</b>	<b>\$41.9</b>
<b>EARNINGS PER SHARE</b>	<b>\$0.47</b>	<b>\$0.26</b>	<b>\$0.38</b>	<b>\$0.59</b>	<b>\$1.70</b>
<b>Dividend Per Share</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.18</b>	<b>\$0.72</b>

# NewtekOne® Actual & Forecast: FHC Balance Sheet

Newtek One, Inc Consolidated Balance Sheet (\$ in Millions)	Actual		Forecast	
	3/31/2023	6/30/2023	9/30/2023	12/31/2023
<b>Assets</b>				
Cash and Securities	\$ 157	\$ 226	\$ 192	\$ 129
Restricted Cash	73	67	69	53
Settlement Receivable	41	120	64	67
<b>Net Loans</b>	<b>823</b>	<b>874</b>	<b>885</b>	<b>1,017</b>
Non-Goodwill Intangibles	7	7	7	7
Goodwill	21	20	20	20
Deferred Tax Asset	8	5	9	10
Servicing Asset	33	36	37	38
Investment in JV	25	28	41	45
Other Assets	61	58	59	60
<b>Total Assets</b>	<b>\$ 1,250</b>	<b>\$ 1,439</b>	<b>\$ 1,382</b>	<b>\$ 1,446</b>
<b>Liabilities</b>				
Deposits	\$ 248	\$ 447	\$ 433	\$ 460
Borrowings	697	697	649	679
Other Liabilities	87	73	73	69
<b>Total Liabilities</b>	<b>\$ 1,032</b>	<b>\$ 1,218</b>	<b>\$ 1,154</b>	<b>\$ 1,209</b>
<b>Total Equity</b>	<b>\$ 218</b>	<b>\$ 221</b>	<b>\$ 227</b>	<b>\$ 237</b>
<b>Total Liabilities + Equity</b>	<b>\$ 1,250</b>	<b>\$ 1,439</b>	<b>\$ 1,381</b>	<b>\$ 1,446</b>

# Newtek Bank, N.A. Forecast: Bank Subsidiary Balance Sheet

Newtek Bank, N.A. Pro Forma Bank Balance Sheet				
Period Ended	Actual			Forecast
	3/31/2023	6/30/2023	9/30/2023	12/31/2023
<b>Total Assets</b>				
Cash	\$104.2	\$143.0	\$137.2	\$36.2
Investment Securities	34.2	35.9	39.3	39.3
Restricted Cash	0.0	4.8	0.0	0.0
Settlement Receivable	0.0	116.6	60.5	67.0
Net Loans	210.7	255.1	321.2	433.5
Servicing Asset	0.0	2.6	5.5	8.6
Other Assets	8.8	10.2	11.4	13.4
<b>Total Assets</b>	<b>\$ 357.9</b>	<b>\$ 568.2</b>	<b>\$ 575.2</b>	<b>\$ 598.1</b>
<b>Total Liabilities</b>				
Deposits <sup>(1)</sup>	\$247.6	\$447.4	\$444.3	\$460.3
Borrowings	24.5	24.1	23.6	23.2
Other Liabilities	7.2	12.2	16.9	13.4
<b>Total Liabilities</b>	<b>\$ 279.2</b>	<b>\$ 483.7</b>	<b>\$ 484.9</b>	<b>\$ 496.8</b>
<b>Total Equity</b>	<b>\$ 78.6</b>	<b>\$ 84.6</b>	<b>\$ 90.4</b>	<b>\$ 101.4</b>

Note: (1) Includes affiliate deposits

# Why NewtekOne's Future is Bright

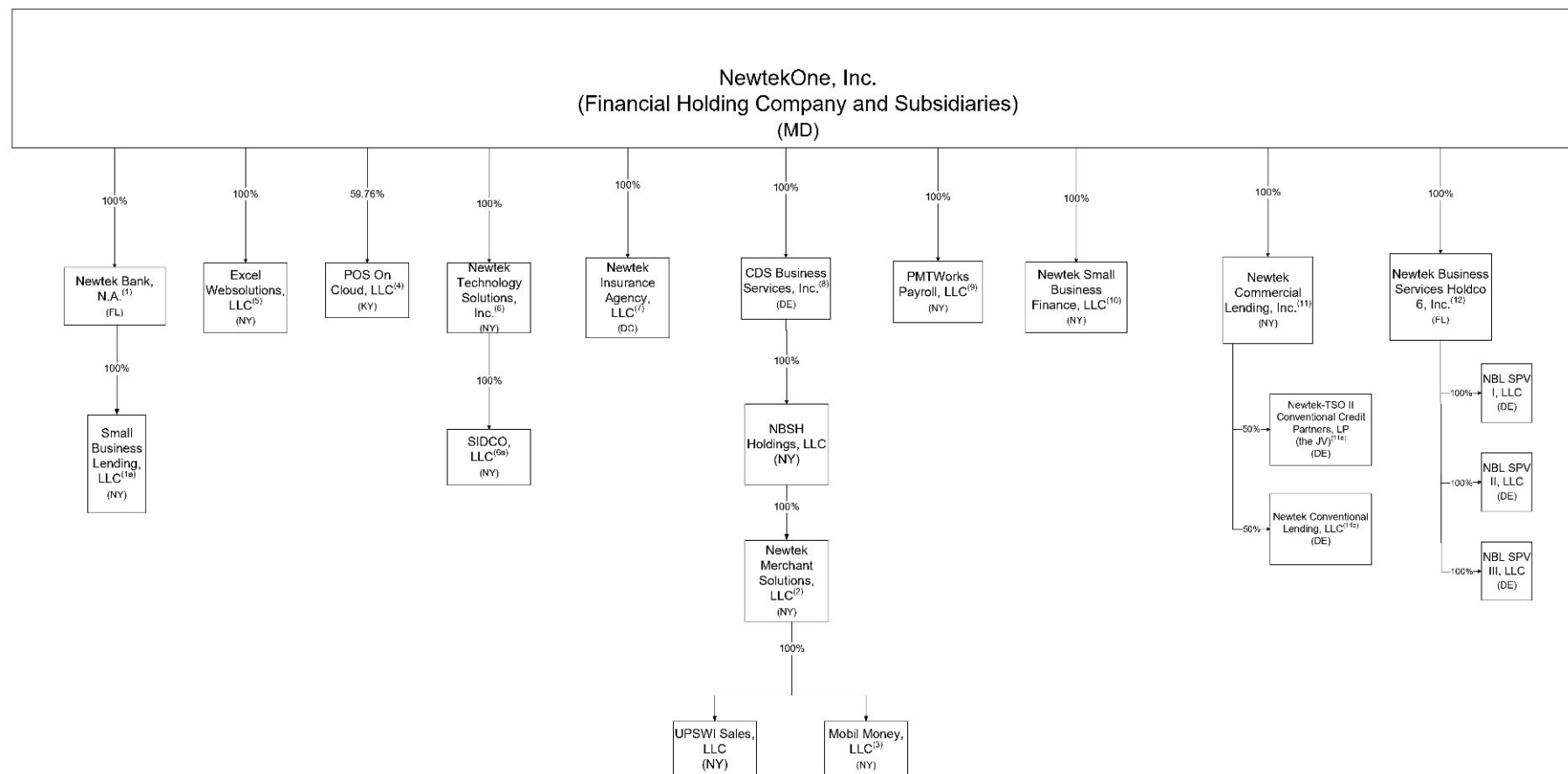
- Business model that projects and performs high returns
- Acquired 59-year old bank lacking current software, policies, procedures, digital capability, and any scalable capacity for deposits or loans
- Established new Banking Management Team
- Well capitalized bank
- Current rate movements in 2023 and yield curve shape are not favorable
- Acquired book of low-risk, low-margin, duration-matched balance sheet
- Registration statement became effective in July of 2023 for Holdco growth
- Industry environment in 2023 creates caution for 2024 and beyond
- Non-confirming loan growth
- Newtek Advantage<sup>®</sup> development
- Creation of 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<sup>®</sup> becomes the gold standard in banking for deposition gathering and generating reoccurring fee income based non-banking revenues
- New hires to be announced soon
- We plowed through the difficult hurdles and have a few left but the end zone is in near sight

# Investment Summary

- Financial holding company capital ratios remain strong
- Newtek Bank, N.A. profitability ratios
  - Q3 2023 ROAA<sup>1</sup>: 5.3%
  - Q3 2023 ROTCE<sup>1</sup>: 39.8%
  - Q3 2023 Efficiency ratio<sup>1</sup>: 49.1%
- NewtekOne profitability ratios
  - Q3 2023 ROAA<sup>1</sup>: 2.8%
  - Q3 2023 ROTCE<sup>1</sup>: 22.8%
  - Q3 2023 Efficiency ratio<sup>1</sup>: 67.8%
- 2023 EPS projection of \$1.60 to \$1.80 per share
- 2024 EPS projection of \$1.80 to \$2.00 per share
- Historically, our second half of the year results have exceeded the first half of the year's results
- Third quarterly dividend declaration as a financial holding company of \$0.18 per share paid on October 20, 2023 to shareholders of record October 10, 2023
- Dividend yield of 4.3%
- A growth-oriented differentiated technology-enabled financial holding company

<sup>1</sup>Reconciliations of non-GAAP financial measures to the most comparable GAAP measures are set forth on page 51. Assets under supervision, capital ratios, risk-weighted assets and, supplementary leverage ratio are preliminary data and subject to change prior to filings with applicable regulatory agencies and our Form 10-Q, or the quarter ended September 30, 2023.

# Organizational Chart



## Financial Review

Nicholas Leger, Chief Accounting Officer

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# Consolidated Statements of Operations

## NewtekOne, Inc. and Subsidiaries

(in thousands except per share data amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2023 Financial Holding Company	2022 Investment Company	2023 Financial Holding Company	2022 Investment Company
<b>Interest income</b>				
Loans and fees on loans	\$ 23,232	\$ 8,804	\$ 60,341	\$ 23,915
Debt securities available-for-sale	437	-	1,083	-
Interest from affiliates	-	753	-	2,087
Other interest earning assets	3,068	-	6,580	-
Total interest income	26,737	9,557	68,004	26,002
<b>Interest expense</b>				
Notes and securitizations	11,005	5,488	28,806	14,433
Bank and FHLB borrowings	2,443	1,331	10,127	2,695
Notes payable related party	-	98	-	284
Deposits	5,211	-	10,738	-
Total interest expense	18,659	6,917	49,671	17,412
Net interest income	8,078	2,640	18,333	8,590
Provision for credit losses	3,446	-	7,339	-
Net interest income after provision for credit losses	4,632	2,640	10,994	8,590
<b>Noninterest income</b>				
Dividend income	388	7,224	1,397	20,051
Loan servicing asset revaluation	(1,951)	(1,624)	(1,566)	(3,964)
Servicing income, net of amortization	4,604	3,575	13,304	9,931
Net gains on sales of loans	12,718	14,767	32,452	49,953
Net gain (loss) on loans under the fair value option	2,802	(3,908)	13,069	(12,415)
Technology and IT support income	5,495	-	18,667	-
Electronic payment processing income	11,192	-	32,196	-
Other noninterest income	7,648	5,264	22,594	9,381
Total noninterest income	42,896	25,298	132,113	72,937
<b>Noninterest expense</b>				
Technology services expense	2,738	-	10,007	-
Electronic payment processing expense	4,816	-	14,159	-
Salaries and employee benefits expense	15,300	4,772	53,837	14,380
Professional services expense	3,168	1,509	9,766	4,322
Other loan origination and maintenance expense	3,403	8,296	9,791	21,900
Depreciation and amortization	812	58	2,517	181
Loss on extinguishment of debt	-	-	-	417
Other general and administrative costs	4,308	1,823	13,814	5,619
Total noninterest expense	34,545	16,458	113,891	46,819
<b>Net income before taxes</b>	12,983	11,480	29,216	34,708
Income tax expense	3,011	118	671	175
<b>Net income</b>	9,972	11,362	28,545	34,533
Dividends to preferred shareholders	(400)	-	(1,049)	-
Net income available to common shareholders	\$ 9,572	\$ 11,362	\$ 27,496	\$ 34,533
<b>Earnings per share:</b>				
Basic	\$ 0.38	\$ 0.47	\$ 1.10	\$ 1.43
Diluted	\$ 0.38	\$ 0.47	\$ 1.10	\$ 1.43

# 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.

*(dollars and number of shares in thousands)*

## **NewtekOne, Inc.**

### **Return on Average Tangible Common Equity**

	<b>As of and for the three months ended</b>	
	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Numerator: Net Income (GAAP)	\$ 9,972	\$ 6,853
Average Total Shareholders' Equity (non-GAAP)	222,390	224,956
Deduct: Preferred Stock (GAAP)	19,738	19,738
Average Common Shareholders' Equity (non-GAAP)	202,652	205,218
Deduct: Average Goodwill and Intangibles (non-GAAP)	27,445	27,889
Denominator: Average Tangible Common Equity (non-GAAP)	\$ 175,207	\$ 177,329
<i>Return on Tangible Common Equity (non-GAAP)</i>	22.6%	15.5%

### **Return on Average Assets**

Numerator: Net Income (GAAP)	\$ 9,972	\$ 6,853
Denominator: Average Assets (non-GAAP)	1,435,365	1,341,534
<i>Return on Average Assets (non-GAAP)</i>	2.8%	2.0%

### **Efficiency Ratio**

Numerator: Non-Interest Expense (GAAP)	\$ 34,545	\$ 40,149
Net Interest Income (GAAP)	8,078	5,673
Non-Interest Income (GAAP)	42,896	46,428
Denominator: Total Income	\$ 50,974	\$ 52,101
<i>Efficiency Ratio (non-GAAP)</i>	67.8%	77.1%

# 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.

*(dollars and number of shares in thousands)*

## **Newtek Bank, N.A.**

**As of and for the three months ended**

**September 30, 2023      June 30, 2023**

### **Return on Average Tangible Common Equity**

Numerator: Net Income (Loss) (GAAP)	\$	7,831	\$	5,974
Average Total Shareholders' Equity (non-GAAP)		81,043		76,838
Deduct: Average Goodwill and Intangibles (non-GAAP)		2,146		2,195
Denominator: Tangible Average Common Equity (non-GAAP)	\$	78,897	\$	74,643
<i>Return on Average Tangible Common Equity (non-GAAP)</i>		39.8%		32.1%

### **Return on Average Assets**

Numerator: Net Income (GAAP)	\$	7,831	\$	5,974
Denominator: Average Assets (non-GAAP)		584,182		485,633
<i>Return on Average Assets (non-GAAP)</i>		5.3%		4.9%

### **Efficiency Ratio**

Numerator: Non-Interest Expense (GAAP)	\$	14,759	\$	16,243
Net Interest Income (GAAP)		5,089		3,771
Non-Interest Income (GAAP)		24,984		23,920
Denominator: Total Income	\$	30,073	\$	27,691
<i>Efficiency Ratio (non-GAAP)</i>		49.1%		58.7%

# 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.

*(dollars and number of shares in thousands)*

## **NewtekOne, Inc.**

### **Tangible Book Value Per Share**

	<b>As of and for the three months ended</b>	
	<b>September 30, 2023</b>	<b>June 30, 2023</b>
Total Shareholders' Equity (GAAP)	\$ 227,033	\$ 221,215
Deduct: Goodwill and Intangibles (GAAP)	27,157	27,595
Numerator: Total Tangible Book Value (non-GAAP)	\$ 199,876	\$ 193,620
Denominator: Total Number of Shares Outstanding	24,645	24,615
<i>Tangible Book Value Per Share (non-GAAP)</i>	\$ 8.11	\$ 7.87

### **Tangible Book Value Per Common Share**

Total Tangible Book Value (non-GAAP)	\$ 199,876	\$ 193,620
Deduct: Preferred Stock (GAAP)	19,738	19,738
Numerator: Tangible Book Value Per Common Share (non-GAAP)	\$ 180,138	\$ 173,882
Denominator: Total Number of Shares Outstanding	24,645	24,615
<i>Tangible Book Value Per Common Share (non-GAAP)</i>	\$ 7.31	\$ 7.06