



NewtekOne, Inc. (NEWT)

Updated March 11th, 2025 by Nikolaos Sismanis

Key Metrics

Current Price:	\$11.93	5 Year CAGR Estimate:	15.2%	Market Cap:	\$311.7 M
Fair Value Price:	\$17.25	5 Year Growth Estimate:	3.0%	Ex-Dividend Date:	03/28/2025 ¹
% Fair Value:	69%	5 Year Valuation Multiple Estimate:	7.7%	Dividend Payment Date:	04/15/2025
Dividend Yield:	6.4%	5 Year Price Target	\$20.00	Years Of Dividend Growth:	1
Dividend Risk Score:	D	Retirement Suitability Score:	B	Rating:	Buy

Overview & Current Events

NewtekOne, previously a business development company focused on financial services and SBA lending for small- and medium-sized businesses, became a financial holding company in January 2023 after acquiring the National Bank of New York City. Today, it primarily operates as a bank holding company, providing traditional banking services such as deposits and lending, alongside business solutions such as payment processing, payroll management, technology, and insurance services. NewtekOne's financial reporting now consolidates results from its banking operations and various subsidiaries, reflecting a fully integrated financial services platform. The company generated \$81.1 million in net interest income last year.

On February 26th, 2025, Newtek released its Q4 and full-year results for the period ending December 31st, 2024. For the quarter, Newtek reported net income of \$18.3 million, or diluted earnings per share (EPS) of \$0.69, representing a 62.8% increase over the prior year. Net interest income increased to \$11.3 million, up 36.1% from Q4 2023. Its total assets reached \$2.1 billion, marking a 50% rise year-over-year, with loans held for investment growing 23% to \$991.4 million. Newtek's net interest margin was 2.80%, a slight increase from the prior year.

Additionally, the company's Alternative Loan Program loan closings skyrocketed by 199% to \$91.4 million. Newtek also achieved significant improvements in return on tangible common equity (ROTCE) and return on average assets (ROAA), reaching 31.8% and 4.1%. For the year, EPS was \$1.96. For fiscal 2025, management expects EPS to be between \$2.10 and \$2.30, which we have applied in our estimates.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
NIA²/share	\$3.32	\$1.88	\$2.25	\$1.91	\$2.13	\$1.59	\$3.69	\$1.34	\$1.88	\$1.96	\$2.30	\$2.67
DPS	\$1.76	\$1.53	\$1.64	\$1.80	\$2.15	\$2.05	\$3.15	\$2.75	\$0.72	\$0.76	\$0.76	\$0.88
Shares³	10.8	14.5	17.3	18.7	19.3	21.1	22.7	24.2	24.3	25.2	25.2	30.0

Newtek's financial results from 2015 to 2022 were influenced by its core operations as a BDC, specifically driven by SBA 7(a) loan origination volumes, fluctuating loan sale premiums, and the broader economic environment. Notably, 2021 saw exceptional growth with a record \$3.69 NII/share, driven by substantial fee income from the Paycheck Protection Program (PPP) amid COVID-19 pandemic relief efforts, which greatly increased earnings but proved temporary.

In contrast, 2022 registered a sharp drop to \$1.34 NII/share, mainly due to the absence of PPP-related income and rising interest rates affecting loan volumes. After its conversion into a financial holding company in early 2023, EPS stabilized (\$1.88 in 2023, and \$1.96 in 2024), mainly due to benefits from an expanded business model, the integration of banking services after acquiring National Bank of New York City, and diversified revenue streams from broader financial products and enhanced technology-driven platforms.

¹ Estimated dates based on past dividend dates.

² Net increase in assets per shares

³ Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



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We now expect that Newtek’s EPS and dividend will grow at a CAGR of 3% through 2030 backed by steady expansion of its banking operations, increased cross-selling opportunities across its diversified business services, and disciplined cost management.

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	4.2	6.9	7.5	8.8	10.5	11.3	7.3	16.6	9.0	6.9	5.2	7.5
Avg. Yld.	10.6%	10.7%	9.6%	10.3%	9.7%	9.7%	11.6%	12.3%	4.7%	5.6%	6.4%	4.4%

NewtekOne’s valuation has historically been very close to the industry average, with its P/NII around the high single-digit to low double-digits. The stock’s valuation has plummeted recently, with investors likely being wary of the prospects of the BDC’s transition to a holding company. The stock’s valuation is opaque given the lack of future cash flow visibility. Thus, we have set our fair P/E at 7.5. Still that implies a potential valuation tailwind from here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

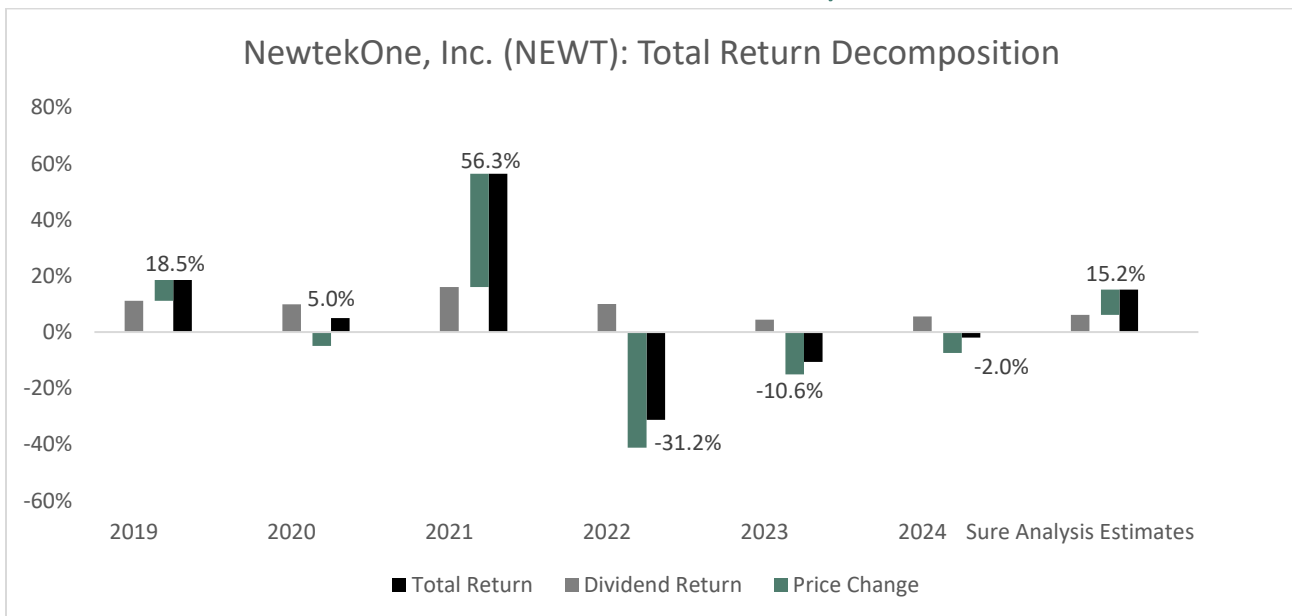
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	53%	81%	73%	94%	101%	129%	85%	205%	38%	39%	33%	33%

We believe that NewtekOne’s dividend is safe, supported by its successful transition to a financial holding company and continued resilience despite recent economic challenges. The company's solid deposit growth, expanding loan portfolio, and increased cross-selling opportunities across its diversified financial services platform reinforce its dividend stability. Additionally, its specialized SBA lending capabilities provide a unique competitive advantage, maintaining profitability amid limited competition. Although its payout policy has changed due to the recent structural transition, NewtekOne continues to exhibit strong recession resiliency and consistent management guidance.

Final Thoughts & Recommendation

NewtekOne is a genuinely unique company, benefiting greatly from its internal structure, management, stability, and safety from the governmentally sourced SBA loans. We forecast annualized returns of 15.2%, powered by the stock’s dividend yield, our growth estimates, and the possibility of a valuation tailwind. We rate the stock as a buy.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenue	---	62	64	77	78	89	75	140	105	185
SG&A Exp.	---	13	16	16	18	29	28	6	15	88
Net Profit	---	36	27	39	36	41	34	84	32	47
Net Margin	---	57.3%	42.5%	50.9%	45.9%	46.3%	45.3	60.0%	30.5%	25.4%
Free Cash Flow	---	(38)	(14)	(73)	(74)	(89)	18	141	(62)	(170)
Income Tax	---	1	5	2	1	3	(1)	1	6.5	(2)

Balance Sheet Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Assets	---	352	401	520	653	797	841	1057	999	1430
Cash & Equivalents	---	4	2	2	2	2	2	2	54	153
Total Liabilities	---	148	192	241	366	475	502	653	624	1180
Accounts Payable	---	15	14	17	25	21	28	---	---	37
Long-Term Debt	---	133	171	216	332	442	460	481	547	644
Shareholder's Equity	---	204	209	278	287	322	339	404	375	229
LTD/E Ratio	---	0.65	0.82	0.78	1.15	1.37	1.36	1.19	1.46	2.59

Profitability & Per Share Metrics

Year	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Assets	---	13.0%	7.2%	8.5%	6.1%	5.7%	4.1%	8.9%	3.1%	3.9%
Return on Equity	---	19.3%	13.2%	16.0%	12.6%	13.5%	10.2%	22.6%	8.3%	15.2%
ROIC	---	13.8%	7.6%	8.9%	6.4%	5.9%	4.3%	10.0%	3.6%	5.2%
Shares Out.	---	10.8	14.5	17.3	18.7	19.3	21.2	22.8	24.2	24.4
Revenue/Share	---	5.79	4.42	4.42	4.15	4.59	3.55	6.16	4.35	7.60
FCF/Share	---	(3.53)	(1.00)	(4.24)	(3.97)	(4.61)	0.84	6.18	(2.58)	(6.97)

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

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