

Newtek Business Services Corp. NASDAQ: NEWT

Second Quarter 2017
Financial Results Conference Call
August 3, 2017 8:30 am ET

Hosted by:

Barry Sloane, CEO & President Jennifer Eddelson, EVP & CAO

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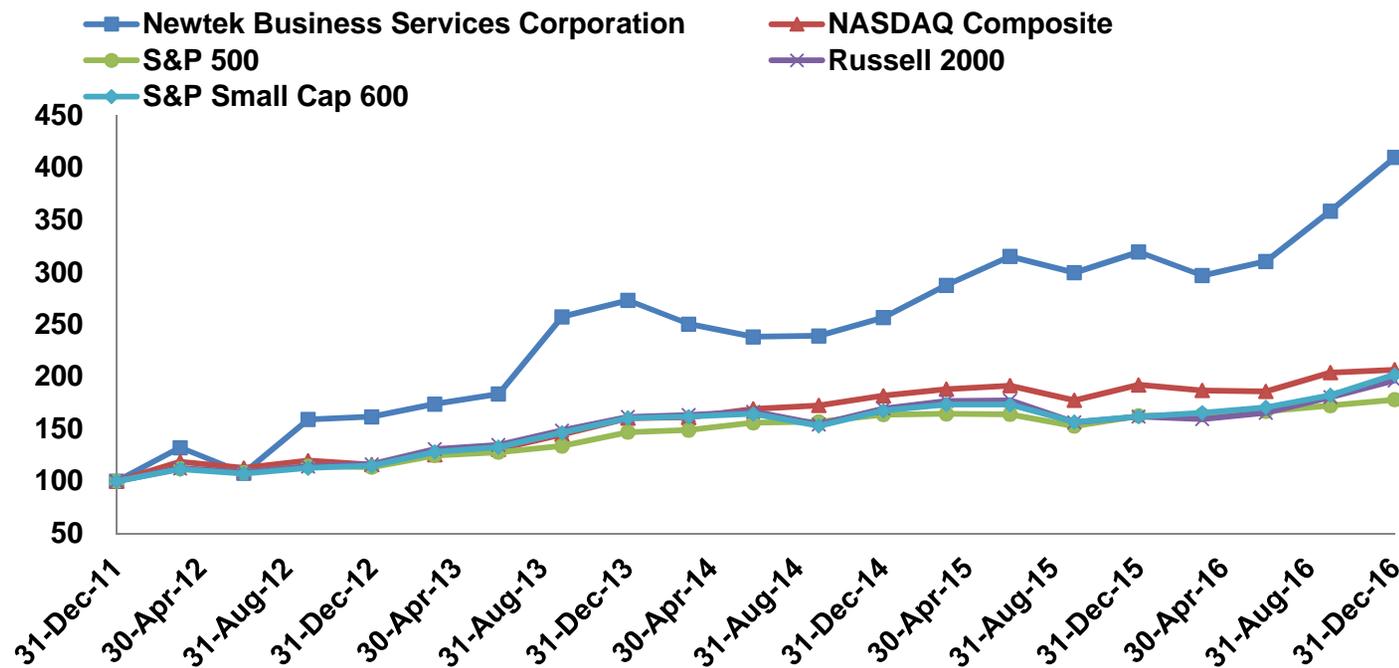
Note Regarding Forward-Looking Statements

The matters discussed in this Presentation, as well as in future oral and written statements by management of Newtek Business Services Corp., that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements relate to future events or our future financial performance. We generally identify forward-looking statements by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “could,” “intends,” “target,” “projects,” “contemplates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of these terms or other similar expressions. Important assumptions include 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. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this Presentation should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this Presentation include statements as to: our future operating results; our business prospects and the prospects of our prospective portfolio companies; the impact of investments that we expect to make; our informal relationships with third parties; the dependence of our future success on the general economy and its impact on the industries in which we invest; our ability to access debt markets and equity markets; the ability of our portfolio companies to achieve their objectives; our expected financings and investments; our regulatory structure and tax status; our ability to operate as a BDC and a RIC; the adequacy of our cash resources and working capital; the timing of cash flows, if any, from the operations of our portfolio companies; the timing, form and amount of any dividend distributions; the impact of fluctuations in interest rates on our business; the valuation of any investments in portfolio companies, particularly those having no liquid trading market; and our ability to recover unrealized losses. The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing in our quarterly and annual reports filed with the U.S. Securities and Exchange Commission.

Newtek's Historical Stock Performance



- Newtek's 12-month total return at June 30, 2017, including reinvested dividends, was **41.5%**
- Newtek's total year-to-date return through June 30, 2017, including reinvested dividends, was **7.1%**
- As of December 31, 2016, including reinvested dividends in NEWT:
 - Newtek's 5-year total return was **307.2%**
 - Newtek's 3-year total return was **49.1%**
 - Newtek's 1-year total return was **27.7%**



*Note: Total returns as per Bloomberg. Newtek converted to a business development company in November 2014, and therefore the 3-year and 5-year total returns include pre-BDC returns. Historical performance is not indicative of future performance.

Second Quarter 2017 Financial Highlights

- Net asset value (“NAV”) of \$250.2 million, or \$14.36 per share, at June 30, 2017:
 - An increase of 22.4%, on a dollar basis, over NAV of \$204.4 million, or 1.7% on a per share basis, over \$14.11 per share, at June 30, 2016
 - An increase of 19.7%, on a dollar basis, over NAV of \$209.1 million, or 0.4% on a per share basis, over \$14.30 per share, at December 31, 2016
- Net investment loss of \$(1.7) million, or \$(0.10) per share, for the three months ended June 30, 2017, compared to a net investment loss of \$(4.1) million, or \$(0.28) per share, for the three months ended June 30, 2016
- Adjusted Net Investment Income (“ANII”)¹ of \$7.2 million, or \$0.41 per share, for the three months ended June 30, 2017; an increase of 44.9% over ANII of \$4.9 million, or \$0.34 per share, for the three months ended June 30, 2016
- Total investment income of \$9.9 million; a 37.1% increase over total investment income of \$7.2 million for the three months ended June 30, 2016
- Debt-to-equity ratio of 81.4% at June 30, 2017
- Total investment portfolio increased by 13.6% to \$392.3 million at June 30, 2017, from \$345.2 million at December 31, 2016

*See slide 35 for definition of ANII.

Six Months Ended June 30, 2017: Financial Highlights



- Net investment loss of \$(3.8) million, or \$(0.22) per share, for the six months ended June 30, 2017, compared to a net investment loss of \$(5.5) million, or \$(0.38) per share, for the six months ended June 30, 2016
- ANII of \$13.7 million, or \$0.81 per share, for the six months ended June 30, 2017; an increase of 38.6% over ANII of \$9.8 million, or \$0.68 per share, for the six months ended June 30, 2016
- Total investment income of \$18.9 million for the six months ended June 30, 2017; an increase of 34.8% over total investment income of \$14.0 million for the six months ended June 30, 2016

Additional Second Quarter Highlights

- The Company closed its investment in a new wholly owned controlled portfolio company, IPM, an information technology consulting company
- S&P Global Ratings raised its rating on the Company's SBA 7(a) loan securitization Class A Notes issued by Newtek Small Business Loan Trust 2014-1 from A to A+
- Newtek Small Business Finance, LLC's ("NSBF") servicing portfolio was approximately \$1.1 billion at June 30, 2017, an increase of 24.8% over the same period one year ago
- The Company launched its newly redesigned website, www.newtekone.com, with enhanced user experience, expanded content, new features and improved navigation

Dividend Payments and 2017 Forecast

- Paid second quarter 2017 dividend of \$0.40 per share on June 30, 2017 to shareholders of record as of May 31, 2017
 - The second quarter 2017 dividend of \$0.40 per share represented a 14% increase over the dividend of \$0.35 per share in the second quarter of 2016
 - The total of the first quarter and second quarter dividends in 2017 equal \$0.76 per share; an increase of 8.6% over the total of the first quarter and second quarter dividends in 2016 of \$0.70 per share
- Forecast paying an annual cash dividend of \$1.57¹ per share in 2017
- Note: Approximately 47% of total quarterly cash dividends paid in 2016 qualified for preferential tax treatment
 - We expect a percentage of our 2017 dividends to qualify for preferential tax treatment as well²

¹ Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors. ²The determination of the tax attributes of the Company's distributions is made annually as of the end of the Company's fiscal year based upon its taxable income for the full year and distributions paid for the full year. Therefore, a determination made on a quarterly basis may not be representative of the actual tax attributes of the Company's distributions for a full fiscal year. Prior year tax determinations do not guarantee similar tax determinations in following years.

2017 SBA Lending Highlights

- NSBF originated \$159.2 million of SBA 7(a) loans during the six months ended June 30, 2017; an increase of 20.7% compared to \$131.9 million of SBA 7(a) loans originated during the six months ended June 30, 2016
- Newtek Business Credit Solutions (“NBC”), a controlled portfolio company, originated \$4.8 million of SBA 504 loans during the six months ended June 30, 2017
- Received \$4.7 billion in loan referrals for the six months ended 2017; a 25.7% increase over the six months ended June 30, 2016
- Throughout the Company’s 14-year lending history, approved over 3,000 SBA 7(a) loans totaling over \$2.0 billion
- Increased total SBA loan origination guidance for 2017
 - Anticipate funding approximately \$415 million in SBA 7(a) loans (by NSBF) and SBA 504 loans (by NBC) in 2017, which would represent an approximate 31% increase in total SBA loan originations over 2016

Lowering Cost of Capital

- Certain of Newtek's wholly owned controlled portfolio companies increased the aggregate principal amount of the term loan facility with Goldman Sachs Bank USA to \$50.0 million from \$38.0 million and received a reduction in the interest rate of between 1.0% and 2.0%
- NSBF increased its existing revolving credit facility through Capital One, National Association, by \$50.0 million to \$100.0 million and received a reduction in the interest rate of 1.125% to fund the unguaranteed portion of SBA loans and 1.25% to fund the guaranteed portion of SBA loans
- Sold shares of Newtek common stock through at-the-money ("ATM") equity offerings at a 2-point underwriting discount during Q2 2017

Newtek's Differentiated BDC Business Model

- Why we believe our model is better
 - We do not pay a 4% external management fee to an external advisor; we are an internally managed BDC
 - We invest in (and originate) primarily senior-secured loans, and in operating businesses as portfolio companies which are wholly owned, most for over 10 years, by Newtek
 - Portfolio company cash flows tend to be less sensitive to credit risk, interest rates and inflation, and could potentially benefit with such increases
 - Potential net asset value (“NAV”) upside as portfolio companies grow versus a portfolio of debt securities
 - Small balance, industry and geographically diversified portfolio of 1,373 loans with an average loan size of approximately \$180K of average unguaranteed retained loan balance
 - Floating rate notes without a cap, tied to Prime and with a quarterly rate adjust
 - Forecast paying an annual cash dividend of \$1.57 per share in 2017
 - President & CEO owns approximately 5.8% of outstanding shares at June 30, 2017; management’s interests aligned with shareholder interests
 - Have historically not invested in loans with 10%-14% interest rates with an equity kicker which tend to be a higher risk
 - **NO** equity investments in collateralized debt obligations (“CDOs”), **NO** SBIC leverage
 - **NO** derivative securities in our BDC, **NO** 2nd lien or mezzanine financing as a business line, **NO** direct lending exposure to oil and gas industry

Investments Within Business Solutions Footprint

- Since Newtek's conversion to a BDC, the Company has made four controlled portfolio company investments:
 - On July 23, 2015, completed investment in Premier Payments LLC
 - On June 24, 2016, completed investment in banc-serv Partners, LLC
 - On May 20, 2016, the Company's wholly owned controlled portfolio company, Newtek Technology Solutions ("NTS"), acquired the assets of ITAS, LLC and Deer Valley Data, LLC
 - On April 6, 2017, completed investment in IPM, an information technology consulting company
 - Anticipated to help expand position as 'the company that manages your technology'
 - IPM's staff of 45 IT professionals will help portfolio companies craft a more competitive cloud-computing strategy
- Newtek's strategy of returns predicated on:
 - Continued growth in loan originations
 - Organic growth in portfolio companies
 - Strategic investments within the business solutions footprint

Current Investment Pipeline*

- Currently targeting the following investments:
 1. Two Professional Employer Organization (“PEO”) Companies
 2. Business-to-business outbound call center
 3. Merchant processing portfolio, technological platform and operation
 4. Value added reseller and professional service provider

*As of August 2, 2017. Newtek makes no representation or assurances that these investments will close.

Potential Washington Effects on Newtek & BDCs

- BDC Leverage Bill
 - If passed, could allow BDCs to increase leverage from 1:1 to 1.5:1* (The Choice Act)
- Acquired Funds and Expenses (“AAFE”)
 - Inclusion of AAFE for 1940’s Act companies has resulted in BDCs being excluded from Russell Indices
 - SEC could exclude 1940’s Act companies from AAFE with regulatory action
 - BDCs potentially could be re-indexed
- Current administration’s tax reform initiative
 - Could lead to cost reduction in tax reporting preparation for small businesses, which may stimulate their economic growth
- Linda McMahon, Small Business Administration Chief, is a proponent of reducing regulation on small businesses

*Subject to the terms and conditions of the Company’s existing credit facilities.

Newtek Small Business Finance Overview: SBA 7(a) Loans



- Currently the largest non-bank lender licensed by the SBA under the federal Section 7(a) loan program based on annual origination volume (national PLP status)
- One of 14 Non-Bank SBA Government-Guaranteed Lender Licenses (new licenses are presently no longer being issued)
- 8th largest SBA 7(a) lender including banks¹
- National SBA 7(a) lender to small business since 2003; 14-year history of loan default frequency and severity statistics
- Issued 7 S&P-rated AA & A securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 1,373 loans
 - Average loan size is approximately \$180K of average unguaranteed retained loan balance
- Floating rate at Prime plus 2.75% with no caps and quarterly rate adjust; currently equivalent to 7.00% cost to borrower
- No origination fees 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 61 years and Newtek establishes liquidity for unguaranteed portions through securitizations

¹As of June 30, 2017

SBA 7(a) Loan Originations & Pipeline Comparisons

SBA 7(a) Loan Originations Six Months Ended June 30, 2016 vs. 2017

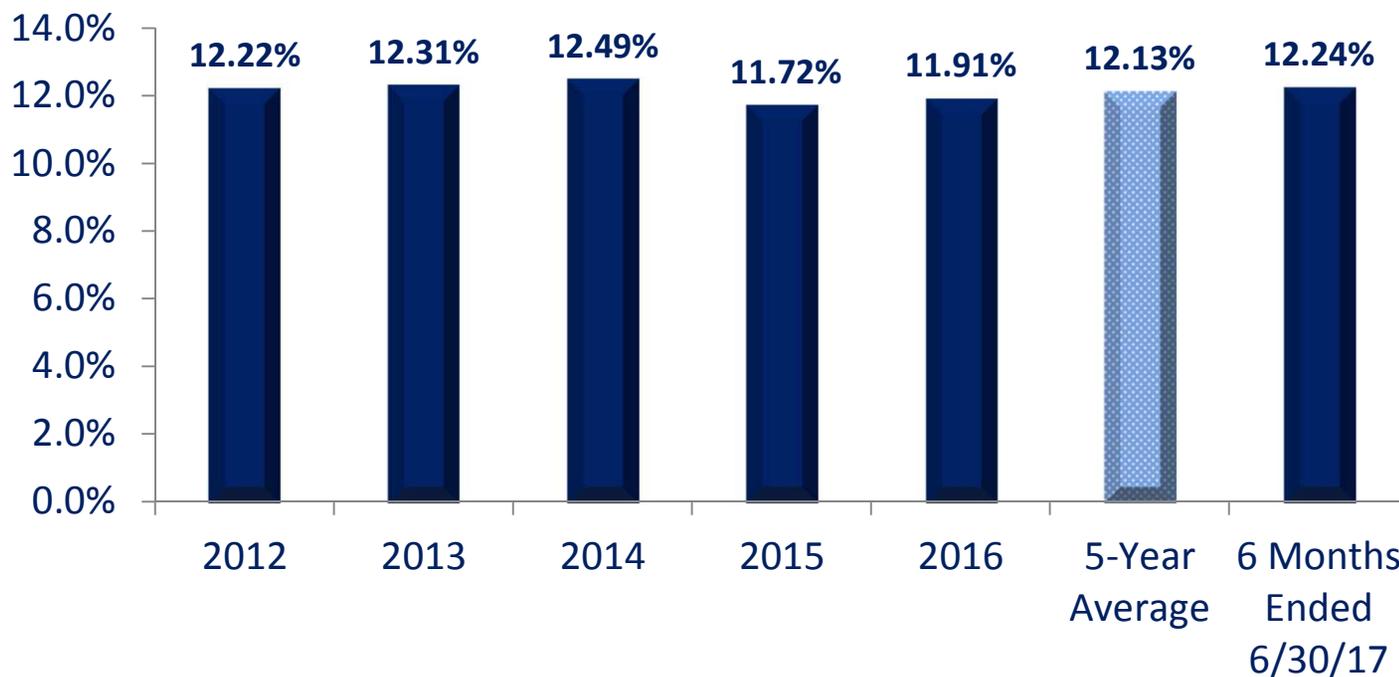
\$ in millions



SBA 7(a) Loan Pipeline		
	<u>June 30, 2017</u>	<u>June 30, 2016</u>
Prequalified Loans	\$133,096,450	\$79,490,004
Loans In Underwriting	\$52,437,000	\$106,916,300
Approved Pending Closing	\$49,449,140	\$31,734,100
Total Loan Pipeline	\$234,982,590	\$218,140,404

- For the six months ended June 30, 2017, SBA 7(a) loan originations increased year over year by 20.7%
- Received \$4.7 billion in loan referrals in the six months ended June 30, 2017; a 25.7% increase over the six months ended June 30, 2016

Net Premium Trends



Weighted Average Term	17.29	18.84	18.79	17.74	18.04	18.14	17.98
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- For the three months ended June 30, 2017, the net premium received on the sale of guaranteed portions of SBA loans was 12.44%

Note: Post conversion to a BDC in November 2014, amounts are recorded as Net realized gains on non-affiliate investments in the consolidated statements of operations.

Non-Performing 7(a) Portfolio as a Percentage of Total Outstanding 7(a) Loan Portfolio

<i>(in thousands)</i>	<u>6/30/2014</u>	<u>6/30/2015</u>	<u>6/30/2016</u>	<u>6/30/2017</u>
SBA 7(a) Unguaranteed Non- Performing Investments, at amortized cost	\$ 9,472	\$ 8,966	\$ 12,311	\$ 17,329
Fair Value Adjustment	(2,794)	(3,845)	(5,694)	(8,950)
SBA 7(a) Unguaranteed Non-Performing Investments, at fair value	\$ 6,679	\$ 5,121	\$ 6,617	\$ 8,506
Total Outstanding Loan Portfolio - Fair Value	\$ 94,728	\$ 136,883	\$ 179,895	\$ 239,757
Non-Performing Portfolio (at fair value) as a Percentage of Total Outstanding Loan Portfolio	7.1%	3.7%	3.7%	3.5%

Realized Losses (Loan Charge Offs) as a Percentage of Average Outstanding 7(a) Loan Portfolio

	<u>As of June 30, 2016</u>		<u>As of June 30, 2017</u>	
Average 12-Month Outstanding Loan Balance	\$	168,172,941	\$	217,794,276
Charge Off Rolling 12 Months	\$	784,429	\$	982,572
Realized Losses (Loan Charge Offs) as a Percentage of Average Outstanding Loan Portfolio		0.47%		0.45%

- For the 12 months ended June 30, 2017, experienced 0.45% of charge offs as a percentage of the average 12-month outstanding loan balance

SBA 7(a) Loan Sale Transaction

Net Cash Created in SBA 7(a) Loan Sale Transaction – An Example

Key Variables in Loan Sale Transaction	
Loan Amount	\$1,000,000
Guaranteed Balance (75%)	\$750,000
Unguaranteed Balance (25%)	\$250,000
Realized Gain (Premium) ¹	12.4%
Term	25 years

Net Cash Created	
Guaranteed Balance	\$750,000
Realized Gains on Guaranteed Balance ²	\$93,000
Cash Received in Securitization ⁽³⁾	\$177,500
Total	\$1,020,500
Net Cash Created (Post Securitization) ^{4,5}	\$20,500

¹Realized gains (premiums on loan sales) above 10% split 50/50 with SBA. This example assumes guaranteed balance is sold at 14.80%. The additional 4.8% (14.8% - 10%) is split with SBA. Newtek nets 12.4%.

²Assumes 12.4% of the Guaranteed balance.

³Assumes 71% advance rate in securitization on unguaranteed balance.

⁴Assuming the loan is sold in a securitization in 12 months.

⁵Net cash created per \$1 million of loan originations.

SBA 7(a) Loan Sale Transaction

Direct Revenue / Expense of an SBA 7(a) Loan Sale Transaction – An Example

Key Variables in Loan Sale Transaction		Resulting Revenue (Expense)	
Loan Amount	\$1,000,000	Associated Premium ²	\$93,000
Guaranteed Balance (75%)	\$750,000	Servicing Asset ³	<u>\$18,000</u>
Unguaranteed Balance (25%)	\$250,000	Total Realized Gain	\$111,000
Realized Gain (Premium) ¹	12.4%	Packaging Fee Income	\$2,500
Term	25 years	FV Non-Cash Adjustment on Uninsured Loan Participations ⁴	\$(6,250)
		Referral Fees Paid to Alliance Partners	<u>\$(7,500)</u>
		Total Direct Expenses	<u>\$(13,750)</u>
		Net Risk-Adjusted Profit Recognized ⁵	\$99,750

¹Realized gains (premiums on loan sales) above 10% split 50/50 with SBA. This example assumes guaranteed balance is sold at 14.8%. The additional 4.8% (14.8% - 10%) is split with SBA. Newtek nets 12.4%.

²Assumes 12.4% of the Guaranteed balance.

³Value determined by GAAP servicing value; a present value of future servicing income.

⁴Unguaranteed portion gets immediately written down at origination to reflect cumulative estimate of default frequency and severity. This example assume a 2.5% discount.

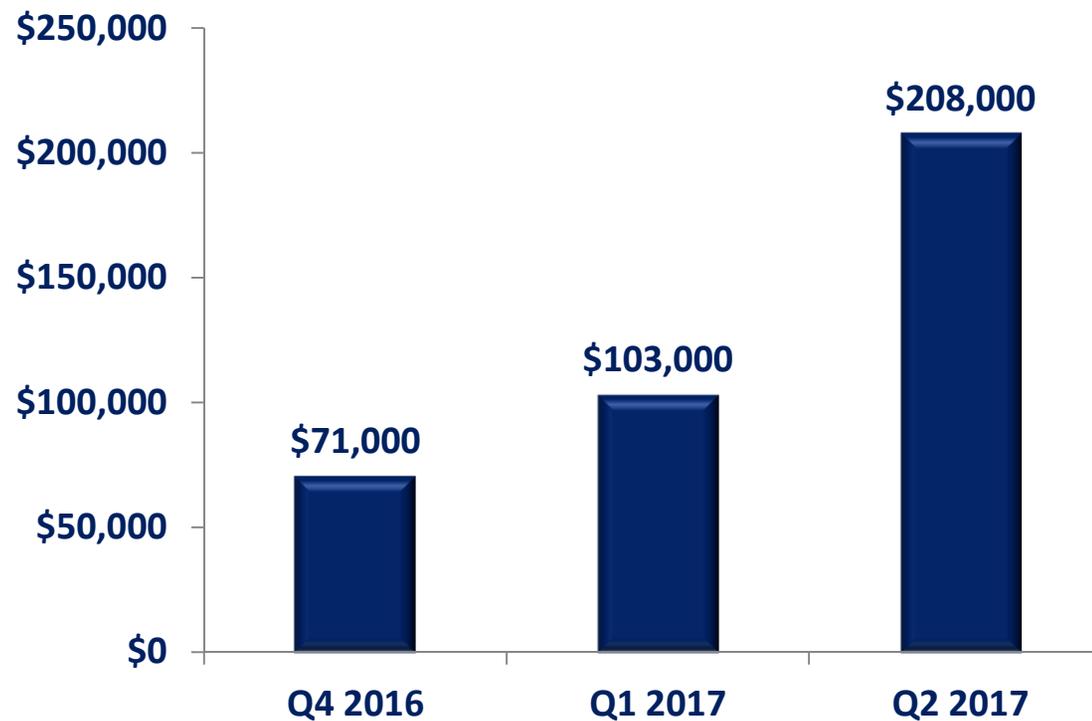
⁵Net risk-adjusted profit recognized per \$1 million of loan originations.

Portfolio Company Review

Portfolio Company Newtek Business Credit Solutions (“NBC”)

- Quarterly sequential increase in pre-tax income for NBC

NBC Pre-tax Income Trend



SBA 504 Loans: Focus for Portfolio Company – Newtek Business Credit Solutions (“NBC”)



- The Certified Development Company (“CDC”)/504 Loan Program is a long-term financing tool that provides growing businesses with fixed-rate financing to acquire assets such as land, buildings, and sizeable purchases of equipment
- NBC funded \$4.8 million of SBA 504 loans during the six months ended June 30, 2017
- As of June 30, 2017, there were \$32.6 million SBA 504 loans in the pipeline
- SBA 504 Loans:
 - Cannot be used for working capital or purchasing inventory (allowed uses under the 7(a) program)
 - Loan-to-value (“LTV”) ratio for the borrower of 90%; borrowers contribute 10% equity
 - Give borrowers a fixed-rate alternative
- Portfolio company has a first lien on collateral with a 50% LTV
- U.S. Government has second lien on collateral subordinate to the portfolio Company’s lien
- Portfolio company intends to sell the senior loan participations at anticipated 3-5 point premiums

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 by NBC	\$500,000	50%
Renovations	\$150,000	Bridge Loan Originally Funded by NBC*	\$400,000	40%
Soft & Closing Costs	\$50,000	Borrower Equity Injection	\$100,000	10%
Total	\$1,000,000	Total	\$1,000,000	100%

- 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 within 60-90 days of funding.

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	\$2,682,274
Senior Loan Balance	\$1,342,274
Junior Bridge Loan Balance ⁽¹⁾	\$1,040,000
Borrower Equity	\$300,000
Premium ⁽²⁾	5.00%
Rate	Fixed
Term	10 Years

Net Cash Created Pretax	
Total Senior & Junior Debt	\$2,382,274
Funded Under Bank Facility	\$2,144,047
NBC Equity	\$238,227
Net Premium Earned ⁽³⁾	\$50,335
Interest Earned Before Sale ⁽⁴⁾	\$39,592
Origination Fees	\$26,000
Interest Expense	(\$17,420)
SBA Servicing Fee (One-time)	(\$6,711)
Total	\$2,474,070
Net Cash Created⁽⁶⁾	\$91,796
Return on Investment (Gross Operating Profit/ Equity) ⁽⁷⁾	38.5%

- (1) Funded by NBC to be taken out in 90 days by a junior lender through SBA guaranteed debentures.
- (2) Assumes 5.00% gross premium with 25% paid to referral source.
- (3) Assumes 3.75% net premium paid on Senior Loan Balance.
- (4) Assumes Senior and Junior Bridge loans are outstanding for 90 days.
- (5) Servicing fee generated over six months.
- (6) Net cash created equals the addition of Net Premium Earned, Net Interest Earned Before Sale, Origination Fees, Servicing Fee Income less Interest Expense.
- (7) The first year return on investment is based on net cash created of \$91,796 divided by NBC equity of \$238,227. The holding period for the loan is assumed to be 3 months in this example, but the return is based on the full year.

Portfolio Companies – Electronic Payment Processing (“EPP”)



- EPP includes Newtek Merchant Solutions and Premier Payments LLC (Newtek Payment Solutions)
- We have owned and operated Newtek Merchant Solutions for 10+ years
- Processed \$5.8 billion in electronic payment volume in 2016

2017 Forecast

- Revenue: \$115.0 million
- Adjusted EBITDA*: \$13.5 million

Valuation & Financial Performance

- Payment processing businesses combined fair market value of \$85.0 million, net of debt as of 6/30/17, which equates to approximately 6.3x FY 2017 forecasted Adjusted EBITDA*

Publicly Traded Comparable Companies

Name (Symbol)	2016 Enterprise Value / 2017 Forecasted EBITDA ¹
▪ Vantiv, Inc. (VNTV)	15.0x
▪ Global Payments (GPN)	14.3x
▪ CardConnect Corp. (CCN)	11.7x
▪ First Data Corporation (FDC)	10.6x

Note: See Form 10-K, for the year ended December 31, 2016, for specific valuation methodologies for controlled portfolio companies. ¹Multiples calculated using Bloomberg as of July 28, 2017. *See page 38 for definition of Adjusted EBITDA.

EPP's Opportunities

- Additional alliance partners
- American Express[®] OptBlue[®]
- Tablet and mobile-based cloud computing
- Europay, MasterCard and Visa (“EMV”) compliance solutions
- Clients want:
 - Security
 - eCommerce backup
 - Robust reporting
 - Mobile applications
 - EMV compliance
 - One provider vs. multiple

Technology Portfolio Companies

- Newtek’s technology portfolio companies include Newtek Technology Solutions (“NTS”) and IPM
- Recent investment in IPM anticipated to help expand position as technology solutions provider

2017 Forecast

- Revenue: \$49.3 million

Valuation & Financial Performance

- NTS and IPM combined fair market value of \$28.7 million³, net of debt as of 6/30/17, which equates to approximately 1.7x 2017 forecasted combined revenue

Publicly Traded Comparable Companies

Name (Symbol)	2016 Enterprise Value / 2017 Forecasted Revenue ¹
▪ Endurance (EIGI)	2.8x
▪ Web.com Group Inc. (WWWV)	2.3x
▪ CDW Corp. (CDW) (IPM Comparison)	0.80x

Note: See Form 10-K, for the year ended December 31, 2016, for specific valuation methodologies for controlled portfolio companies *See page 38 for definition of Adjusted EBITDA. ¹Multiples calculated using Bloomberg as of July 28, 2017. ²Results for IPM are for the period April 7, 2017 (date of investment) through June 30, 2017. ³Represents NTS and IPM valued at \$17.5 and \$11.2 million, respectively at 6/30/17

Newtek Technology Solutions (“NTS”)

- Managed technology & cloud computing business, wholly owned and managed for 10+ years
- Host and manage SMBs computer hardware, software and their technology solutions in our Level-3, 5,000 square foot data center in Phoenix, Arizona; additional space, including in the U.K. and New Jersey
- Offers services to approximately 99,000 business accounts and over 70,000 domain names
- This business is being transformed to take advantage of shift to cloud-based business trends including eCommerce, Payroll and Insurance; additional cloud offerings in the pipeline

NTS & IPM Manage Your Technology Solutions

- NTS & IPM's 5-Point Plan

1. Consulting

2. Strategy / Professional Services

3. Procurement – Hardware & Software

4. Implementation and Deployment

5. Managed Services – Cloud, Hybrid, On-Premise

- Comprehensive approach to tackling enterprise-technology demands; differentiates Newtek's portfolio companies in the marketplace
- Deep expertise and resources at each step of the technology life cycle allow NTS & IPM to address areas of specific need or deliver a holistic solution

NTS' Opportunities in Cloud Computing

- Dedicated server migration to the Cloud
- 24-7 outsourced managed service solutions
- Hot back-up and live redundancy globally
- HIPAA-compliant solutions under the Affordable Care Act
- Independent business owners will flock to the Cloud
- Independent business owners will ask
 - Where is your server?
 - Where is your data?
- Counterparty must offer a strong balance sheet, reps and warranties, high level of security and guaranteed uptime or backup
- Revamped comprehensive internally offered web services and eCommerce solution

Continued Expansion of Senior Management Team

- Added talent to the senior management team of Newtek and controlled portfolio companies
- Recent key hires:
 - **Jesse H. Davis**, Director of Information Technology, Newtek Business Services Corp.
 - 30+ years of information technology experience
 - Co-founder, President of Creative Mobile Technologies, the Country's leading taxi technology company, which developed a suite of technological enhancements for taxi passengers
 - Throughout his career, employed at Metlife, Merrill Lynch, US Life Insurance, ADP, Paine Webber and Bessemer Trust
 - **Tom Wesner**, Chief Operating Officer, Newtek Technology Solutions
 - 20+ years of technology and product delivery experience
 - 10 years executive-level experience at Xerox Corporation where he led strategic operations and business system optimization planning for the Entry Products Business Group
 - Holds a BS in Computer Science from Oregon State University and MBA from University of Oregon.

Investment Summary

- Newtek Business Services Corp. has a differentiated BDC model
- Newtek is an **internally managed BDC**; does not pay a 4% management fee to an external manager
- Portfolio companies are wholly owned, most for over 10 years
- Portfolio company dividends tend to be less sensitive to credit risk, interest rates and inflation, and could potentially benefit with such increases
- Forecast paying an annual cash dividend of \$1.57 per share in 2017
- Proven track record; Established in 1998; publically traded since September 2000
- Over 14-year lending history through multiple lending cycles; great depth and breadth of experience
- NSBF does not purchase repackaged loans; instead, originates on a true retail basis leading to strong credit quality and loan performance
- Small balance, industry and geographically diversified portfolio of 1,373 loans with an average loan size of approximately \$180K of average unguaranteed retained loan balance
- Floating rate notes without a cap, tied to Prime and with a quarterly rate adjust
- Management's interests aligned with shareholders; management and Board combined, own approximately 6.6% of outstanding shares as of June 30, 2017
- **No** derivative securities in BDC; **No** SBIC leverage; **Do not invest in** CDOs or loans with equity kickers, **No** 2nd lien or mezzanine financing as a business line
- **No** direct lending exposure to oil and gas industry

Financial Review

Jennifer C. Eddelson, Chief Accounting Officer

Consolidated Statements of Operations

Newtek Business Services Corp. and Subsidiaries



(*n thousands except per share data amounts*)

	Three Months June 30, 2017	Three Months June 30, 2016
Investment income:		
From non-affiliate investments:		
Interest income	\$ 4,635	\$ 2,370
Servicing income	1,723	1,659
Other income	896	624
Total investment income from non-affiliate investments	7,254	4,653
From controlled investments:		
Interest income	121	77
Dividend income	2,475	2,493
Other income	54	—
Total investment income from controlled investments	2,650	2,570
Total investment income	9,904	7,223
Expenses:		
Salaries and benefits	4,980	3,629
Interest	2,617	1,975
Depreciation and amortization	96	85
Professional fees	602	954
Origination and servicing	1,269	1,392
Other general and administrative costs	2,020	3,269
Total expenses	11,584	11,304
Net investment loss	(1,680)	(4,081)
Net realized and unrealized gains (losses):		
Net realized gains on non-affiliate investments	8,914	7,534
Net unrealized (depreciation) appreciation on SBA guaranteed non-affiliate investments	(63)	706
Net unrealized appreciation on SBA unguaranteed non-affiliate investments	1,817	478
Net unrealized (depreciation) appreciation on controlled investments	(2,674)	2,034
Provision for deferred taxes on unrealized appreciation on controlled investments	976	(833)
Net unrealized depreciation on non-control/non-affiliate investments	—	(27)
Net unrealized depreciation on servicing assets	(360)	(438)
Net unrealized depreciation on credits in lieu of cash and notes payable in credits in lieu of cash	—	(1)
Net realized and unrealized gains	8,610	9,453
Net increase in net assets	\$ 6,930	\$ 5,372
Net increase in net assets per share	\$ 0.40	\$ 0.37
Net investment loss per share	\$ (0.10)	\$ (0.28)
Dividends declared per common share	\$ 0.40	\$ 0.35
Weighted average shares outstanding	17,345	14,481

Non-GAAP Financial Measures

Newtek Business Services Corp. and Subsidiaries

In evaluating its business, Newtek considers and uses Adjusted Net Investment Income (“ANII”) as a measure of its operating performance. ANII includes short-term capital gains from the sale of the guaranteed portions of SBA 7(a) loans, and beginning in 2016, capital gain distributions from controlled portfolio companies, which are reoccurring events. The Company defines ANII as Net investment income (loss) plus Net realized gains (losses) recognized from the sale of guaranteed portions of SBA 7(a) loan investments, plus or minus Loss on lease adjustment, plus the net realized gains on controlled investments (beginning in 2016 as it is anticipated this will be reoccurring income).

The term Adjusted Net Investment Income is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Adjusted net investment income has limitations as an analytical tool and, when assessing the Company’s operating performance, investors should not consider ANII in isolation, or as a substitute for net investment income (loss), or other consolidated income statement data prepared in accordance with U.S. GAAP. Among other things, Adjusted net investment income does not reflect the Company’s actual cash expenditures. Other companies may calculate similar measures differently than Newtek, limiting their usefulness as comparative tools. The Company compensates for these limitations by relying primarily on its GAAP results supplemented by ANII.

Non-GAAP Financial Measure: Adjusted Net Investment Income



Newtek Business Services Corp. and Subsidiaries

Adjusted Net Investment Income Reconciliation				
(in thousands, except per share amounts)	Three Months ended June 30, 2017		Three Months ended June 30, 2016	
		Per share		Per share
Net investment loss	\$ (1,680)	\$ (0.10)	\$ (4,081)	\$ (0.28)
Net realized gain on non-affiliate debt investments	8,914	0.51	7,534	0.52
Loss on lease	(74)	-	1,487	0.10
Adjusted net investment income	<u>\$ 7,160</u>	<u>\$ 0.41</u>	<u>\$ 4,940</u>	<u>\$ 0.34</u>

Note: amounts may not foot due to rounding

Non-GAAP Financial Measure: Adjusted Net Investment Income



Newtek Business Services Corp. and Subsidiaries

Adjusted Net Investment Income Reconciliation				
(in thousands, except per share amounts)	Six Months ended June 30, 2017		Six Months ended June 30, 2016	
		Per share		Per share
Net investment loss	\$ (3,773)	\$ (0.22)	\$ (5,461)	\$ (0.38)
Net realized gain on non-affiliate debt investments	17,599	1.04	13,820	0.95
Loss on lease	(175)	(0.01)	1,487	0.10
Adjusted net investment income	<u>\$ 13,651</u>	<u>\$ 0.81</u>	<u>\$ 9,846</u>	<u>\$ 0.68</u>

Note: amounts may not foot due to rounding

Non-GAAP Financial Measures

Newtek's Controlled Portfolio Company Investments

The Company's controlled portfolio company investments define Adjusted EBITDA as earnings before interest expense, taxes, depreciation and amortization, tradename impairment, managerial assistance fees, loss on lease and stock compensation expense (added back in the third quarter of 2016 only and will not be included prospectively as it's anticipated to be a reoccurring expense). Adjusted EBITDA is used as a supplemental measure to review and assess the operating performance of the controlled portfolio companies. The Company's controlled portfolio companies also present Adjusted EBITDA because the Company believes it is frequently used by securities analysts, investors and other interested parties as a measure of financial performance.

The term Adjusted EBITDA is not defined under U.S. generally accepted accounting principles, or U.S. GAAP, and is not a measure of operating income, operating performance or liquidity presented in accordance with U.S. GAAP. Adjusted EBITDA has limitations as an analytical tool and, when assessing the portfolio company's operating performance, investors should not consider Adjusted EBITDA in isolation, or as a substitute for net income, or other income statement data prepared in accordance with U.S. GAAP. Among other things, Adjusted EBITDA does not reflect the controlled portfolio companies' actual cash expenditures. Other companies may calculate similar measures differently than the controlled portfolio company, limiting their usefulness as comparative tools. The Company compensates for these limitations by relying primarily on its GAAP results supplemented by Adjusted EBITDA.

2017 Projected Adjusted EBITDA Reconciliation – Electronic Payment Processing (Newtek Merchant Solutions and Premier Payments LLC combined)

	Year Ended	
<i>(in millions)</i>	December 31, 2017	
Pretax income	\$	9.7
Interest expense, net		1.2
Depreciation and amortization		1.9
Managerial assistance fees		0.7
Adjusted EBITDA	\$	13.5