Newtek
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Newtek Business Services Corp.
NASDAQ: NEWT

Second Quarter 2018
Financial Results Conference Call
August 2, 2018 8:30 am ET

Hosted by:
Barry Sloane, CEO & President   Jennifer Eddelson, EVP & CAO

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Note Regarding Forward-Looking Statements

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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 portfolio companies; the impact of investments that we expect to make; our 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

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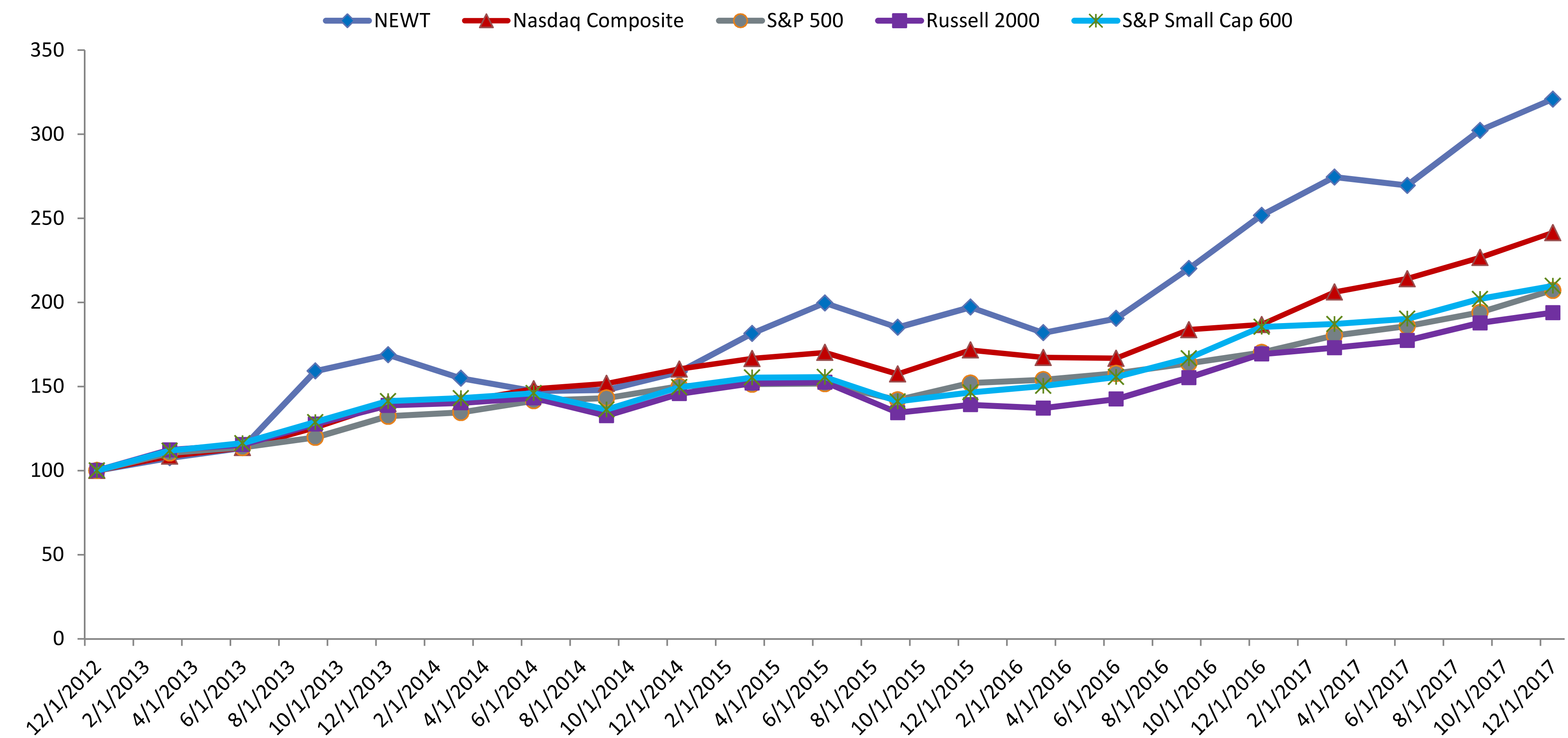
- As of December 31, 2017, including reinvested dividends in NEWT:
  - Newtek's 5-year total return was **220.9%**
  - Newtek's 3-year total return was **102.2%**
  - Newtek's 1-year total return was **27.5%**
  - Newtek's total return year to date through July 27, 2018, including reinvested dividends, was 17.6%



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

NEWT: Above Average Total Return in BDC Sector

- According to a report issued by Ladenburg Thalmann on July 11, 2018, Newtek tied with two other BDCs for top performing BDC, with a total return of 36% over the last 12 months, outperforming the returns of the following key indices:
  - S&P 500: 17%
  - S&P 600 Financials: 20%
  - Russell 2000: 22%
- The report included 45 BDCs in its analysis, both internally and externally managed, whose mean total return over the last 12 months was 3%
- The Company recently announced its third increase this year in its 2018 annual dividend forecast to $1.80[1] per share, which would represent a 9.8% increase over the Company's 2017 annual dividend of $1.64 per share
- We believe Newtek's returns set us apart in the BDC sector as we believe many BDCs are struggling to maintain their dividends, and in some cases reducing their dividends
- Newtek is one of the few publicly traded BDCs that trades at a premium to NAV at 1.40x[2] NAV

[1] Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors. [2] Multiple of 1.40x NAV calculated using Newtek's closing price as of 7/31/2018 of $21.05 per share and NAV of $15.05 per share at 3/31/2018.

Continued Growth in Key Metrics

- Year-over-year percentage increase in SBA loan volume
- Growth in loan referral volume
- Significant improvement in our ability to process loans utilizing our proprietary technology
- Growth in net interest income in a rising rate environment with a floating rate loan portfolio.
  - Net interest income increased by 48.5% in the second quarter of 2018 as compared to the second quarter of 2017 when excluding $852,000 in non-recurring interest recognized during the second quarter of 2017
- Relatively stable government-guaranteed loan pricing along with an increase in guaranteed loan sales quarter over quarter
- Steady performance and growth in payments business portfolio company
- Growth in our portfolio company line of credit business
- Reduced cost of capital in borrowing lines
- Increased capacity in lending lines for portfolio company SBA 504 loans

Second Quarter 2018 Financial Highlights

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- Total investment income of $11.4 million for the three months ended June 30, 2018; an increase of 15.1% over total investment income of $9.9 million for the three months ended June 30, 2017
- Net investment loss of $(2.1) million, or $(0.11) per share, for the three months ended June 30, 2018, compared to a net investment loss of $(1.7) million, or $(0.10) per share, for the three months ended June 30, 2017
  - Net investment loss in Q2 2017 included interest income of $852,000 that we recognized related to non-performing interest owed by one borrower who paid their balance in full. If we exclude this non-recurring item, our net investment loss for second quarter of 2018 would have improved by $397,000, or 15.7%, over the second quarter of 2017
- Adjusted net investment income ("ANII") of $8.2 million, or $0.44 per share, for the three months ended June 30, 2018; an increase of 7.3% on a per share basis compared to ANII of $7.2 million, or $0.41 per share, for the three months ended June 30, 2017
  - Beat analysts' ANII consensus estimates by $0.02[1] per share
- Net asset value ("NAV") of $282.3 million, or $15.06 per share, at June 30, 2018; an increase of 4.9% over NAV of $14.36 per share at June 30, 2017 and a decrease of 0.13% over NAV of $15.08 per share at December 31, 2017
- Debt-to-equity ratio of 90.8% at June 30, 2018
- Total investment portfolio increased by 24.3% to $487.7 million at June 30, 2018, from $392.3 million at June 30, 2017, and increased 6.8% from $456.7 million at December 31, 2017

*See page 36 for definition of ANII [1]Analyst consensus estimates as per Bloomberg on July 30, 2018

Significance of Legislative Changes for BDCs

- New Section 61(a)(2) of the Investment Company Act of 1940, as amended by The Small Business Credit Availability Act (formerly the BDC Leverage Bill)
  - Allows BDCs to increase leverage from 1:1 to 2:1
  - Newtek's shareholders approved the Company's ability to reduce its asset coverage requirements for senior securities from 200% to 150%, effective July 27, 2018
- Acquired Funds, Fees and Expenses ("AFFE") Rule
  - Inclusion of AFFE for 1940 Act companies has resulted in their exclusion from Russell and S&P Indices
  - Expense ratio calculation makes it difficult for mutual funds to invest in BDCs
  - The House Appropriations Committee included language in its FY 2019 Financial Services and Government Appropriations Bill recommending the SEC make regulatory or guidance changes needed to address its AFFE rule
  - BDCs potentially could be re-indexed
- New Prospective Tax Legislation
  - If passed, would treat BDCs like REITS or MLPs from a tax perspective

Special Meeting of Shareholder Results

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- On July 26, 2018, The Company held a Special Meeting of Shareholders
- The Company's shareholders approved a proposal to reduce the Company's required minimum asset coverage ratio from 200% to 150%, effective July 27, 2018
- The Company's shareholders approved a proposal to authorize flexibility for the Company, with approval of its Board of Directors, to sell shares of its common stock (during the next 12 months) at a price below its then current NAV per share subject to certain conditions

Significance & Implementation of Reduction in Asset Coverage Requirements

- We believe we will be able to more effectively utilize our lines of credit and securitizations to grow the balance sheet and fund business growth with less reliance on selling equity that dilutes ANII per share
- We intend on increasing our leverage in a prudent manner over time with a goal to remain at or below 1.2x debt to equity over the next six months

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SBA 7(a) Lending

- Newtek Small Business Finance, LLC ("NSBF") has a $100.0 million revolving credit facility for SBA 7(a) loans with Capital One, National Association, ("Capital One"), and recently negotiated a 50 basis point rate reduction for guaranteed and unguaranteed loans
  - The rate for the unguaranteed loans is Prime plus 25 basis points and the rate for the guaranteed loans is Prime minus 75 basis points

SBA 504 Lending

- Newtek Business Lending, LLC ("NBL"), closed a new $75.0 million SBA 504 credit facility with Capital One, with a $75.0 million accordion feature to increase borrowing capacity to $150 million, which will be available to the newly formed wholly owned portfolio company, to originate loans under the SBA 504 loan program
- Newtek Business Credit Solutions ("NBC"), a controlled portfolio company, has entered into a term sheet to increase its existing line of credit used to finance SBA 504 loans with Sterling Bank from $25.0 million to $40.0 million, subject to final documentation, which contains a $60 million accordion feature to increase borrowing capacity to $100.0 million

Inventory & Receivables

- Sterling Bank increased its credit facility to NBC for line of credit for inventory and account receivables line of credit from $15.0 million to $22.5 million

New Program:
Non-Conforming Conventional Loans

- Term sheet being negotiated for $100 million line of credit with an accordion feature to increase borrowing capacity to $200 million
- Term sheet being negotiated by $10 billion money manager for equity capital in joint venture to be matched by Newtek
- Loans to be originated, funded and securitized out of NBL

Dividend Payments and 2018 Forecast

- The Company paid a second quarter 2018 cash dividend of $0.42 per share on June 29, 2018 to shareholders of record as of June 15, 2018
- The Company increased its annual cash dividend forecast to $1.80 per share in 2018
  - Would represent an increase of $0.11 over the original 2018 annual cash dividend forecast of $1.69 per share, which was issued on November 20, 2017
  - Would represent a 9.8% increase over the 2017 cash dividend of $1.64 per share
- For the past three years as a BDC, our annual dividend payout has exceeded our initial annual dividend forecast:
  - 2016: Original annual dividend forecast of $1.50 per share; paid $1.53 per share
  - 2017: Original annual dividend forecast of $1.57 per share; paid $1.64 per share
- Historically, our annual cash dividends paid have been between 90% to 100% of taxable income. We anticipate our annual dividend payout to continue to be between 90% to 100% of our taxable income, with the goal of 95%, the midpoint of the range
- We encourage the investment community to view the dividend on an annual basis rather than a quarterly basis due to potential quarterly fluctuations that can occur with our business

[1] Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors.

Second Quarter 2018 SBA Lending Highlights & 2018 Forecast

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- NSBF funded $106.5 million of SBA 7(a) loans during the three months ended June 30, 2018; an increase of 32.2% over $80.5 million of SBA 7(a) loans funded for the three months ended June 30, 2017
- NSBF forecasts full year 2018 SBA 7(a) loan fundings of between $465 million and $485 million, which would represent an approximate 23% increase, at the midpoint of the range, over SBA 7(a) loan fundings for the twelve months ended December 31, 2017
- NBC, a controlled portfolio company, closed $7.5 million of SBA 504 loans for the three months ended June 30, 2018; as compared to $1.4 million of SBA 504 loans closed during the three months ended June 30, 2017
- NBC funded $9.6 million of SBA 504 loans for the three months ended June 30, 2018; as compared to $1.4 million of SBA 504 loans funded during the three months ended June 30, 2017
- NBC forecasts full year 2018 SBA 504 loan closings of between $75 million and $100 million
- We are optimistic regarding our portfolio Company SBA 504 loan program due to:
  – Growth in referral volume
  – Pipeline growth
  – Further establishing growth through loan processing offices in Orlando, FL and Boca Raton, FL

SBA 7(a) Loan Originations & Pipeline Comparisons

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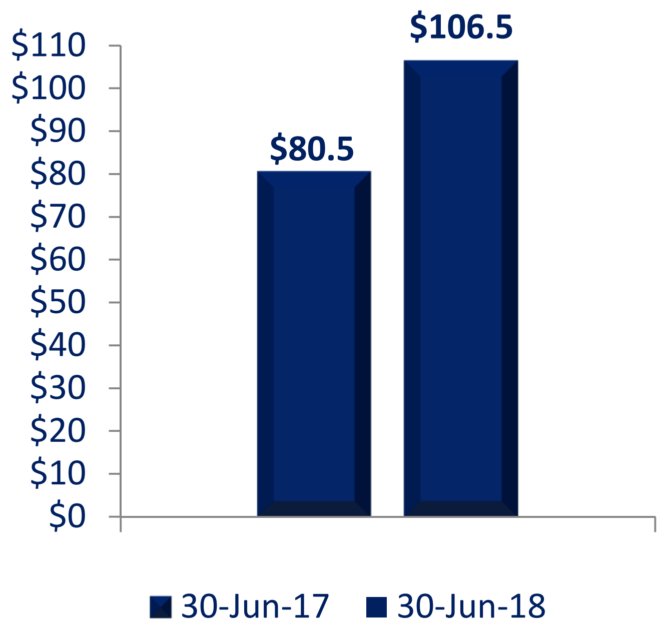
SBA 7(a) Loan Fundings
Three Months Ended
June 30, 2017 vs. 2018

$ in millions



SBA 7(a) Loan Pipeline	June 30, 2018	June 30, 2017
Prequalified Loans	$180,329,900	$141,574,400
Loans In Underwriting	140,612,400	56,062,000
Approved Pending Closing	86,324,100	49,139,140
Total Loan Pipeline	**$407,266,400**	**$246,775,540**

- For the three months ended June 30, 2018, SBA 7(a) loan fundings increased year over year by 32.2%
- For the three months ended June 30, 2018, total SBA 7(a) loan pipeline increased year over year by 65%

SBA 504 & Conventional Loans Closed & Pipeline

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- NBC closed $7.5 million of SBA 504 loans for the three months ended June 30, 2018; as compared to $1.4 million of SBA 504 loans closed during the three months ended June 30, 2017
- NBC funded $9.6 million of SBA 504 loans for the three months ended June 30, 2018; as compared to $1.4 million of SBA 504 loans funded during the three months ended June 30, 2017
- Year to date through August 1, 2018, NBC funded $14.5 million of SBA 504 loans, and NBSC funded a $5.7 million conventional loan for a total of $20.2 million SBA 504 loans and a conventional loans
- As of June 30, 2018, there were $158.2 million of SBA 504 loans in NBC's pipeline; as compared to $18.6 million in the same period last year

NBC's SBA 504 Loan Pipeline

	June 30, 2018	June 30, 2017
Prequalified Loans	$83,506,004	$3,220,000
Loans In Underwriting	49,741,561	7,115,500
Approved Pending Closing	24,930,302	8,310,632
Total Loan Pipeline	**$158,177,867**	**$18,646,132**

Investment in Staff to Support Growth

- Newtek and its portfolio companies have invested in several new seasoned employees across multiple disciplines to support the continued growth
  - Natasha Gordon – Chief Revenue Officer, NBSC
  - Josiah Meurer – Chief Technology Officer, NTS
  - Joseph Vuica – VP, Business Development, NTS
  - Michael Hempel – SVP, Technology Operations, NTS
  - Jim O'Halloran – SVP, Inbound/Outbound Telemarketing Communications, NBSC
  - Scott Haynes – SVP, Merchant Partner Relationships, NMS
  - Marc Seligson – BSS, Life Insurance, NIA
  - William Franey – Controller, NBL
  - Martha Williams – Director of Marketing & Business Development IPM

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

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- Currently the largest non-bank lender licensed by the SBA under the federal Section 7(a) loan program based on annual origination volume
- One of 14 Non-Bank SBA Government-Guaranteed Lender Licenses (new licenses are presently no longer being issued)
- 6th largest SBA 7(a) lender (including banks[1]) with PLP status
- National SBA 7(a) lender to small businesses since 2003; 15-year history of loan default frequency and severity statistics
- Issued 8 S&P-rated AA & A securitizations since 2010
  - On July 10, 2018, S&P Global Ratings raised its rating on the Class A Notes from Newtek Small Business Loan Trust 2010-1 from AA to AAA
- Small balance, industry and geographically diversified portfolio of 1,740 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 7.75% 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

[1]As of June 30, 2018

Growth in Loan Referrals

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Loan Referrals ($ in millions)		
Q2 2017	Q2 2018	Year-over-Year % Change
$ 1,868	$ 4,638	148.3%

- Q2 2018 loan referrals were $4.6 billion; a 148.3% year-over-year increase over $1.9 billion in Q2 2017

Loan Units Referred		
Q2 2017	Q2 2018	Year-over-Year % Change
3,782	15,074	298.6%

- Q2 2018 loan units referred were 15,074; a 298.6% year-over-year increase over 3,782 in Q2 2017

NSBF Lending Referral Growth in Dollars & Units: 2007 vs. 2008 vs. 2017

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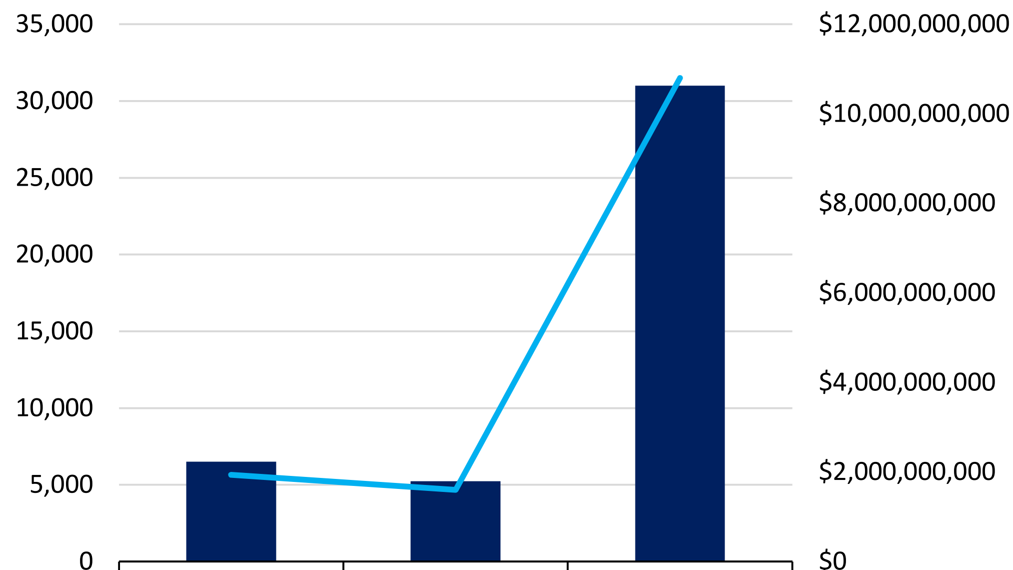
- The graph below represents SBA 7(a) loan referrals from all sources, in both dollars and units



	2007	2008	2017
Lending Referrals (#)	6,511	5,223	31,006
Lending Referrals ($)	$1,938,734,500	$1,600,127,243	$10,797,975,640

- Lending referrals have increased significantly in both units (376%) and gross referral dollars (457%) over the past 10 years
- Referral growth year over year is broad based and not from any one particular referral source

NSBF Lending Referral Alliance Growth: 2007 vs. 2008 vs. 2017

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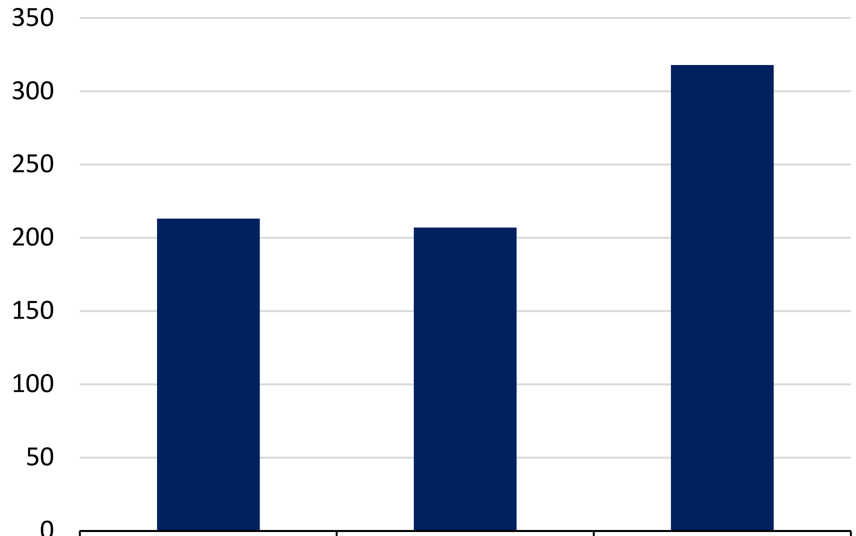
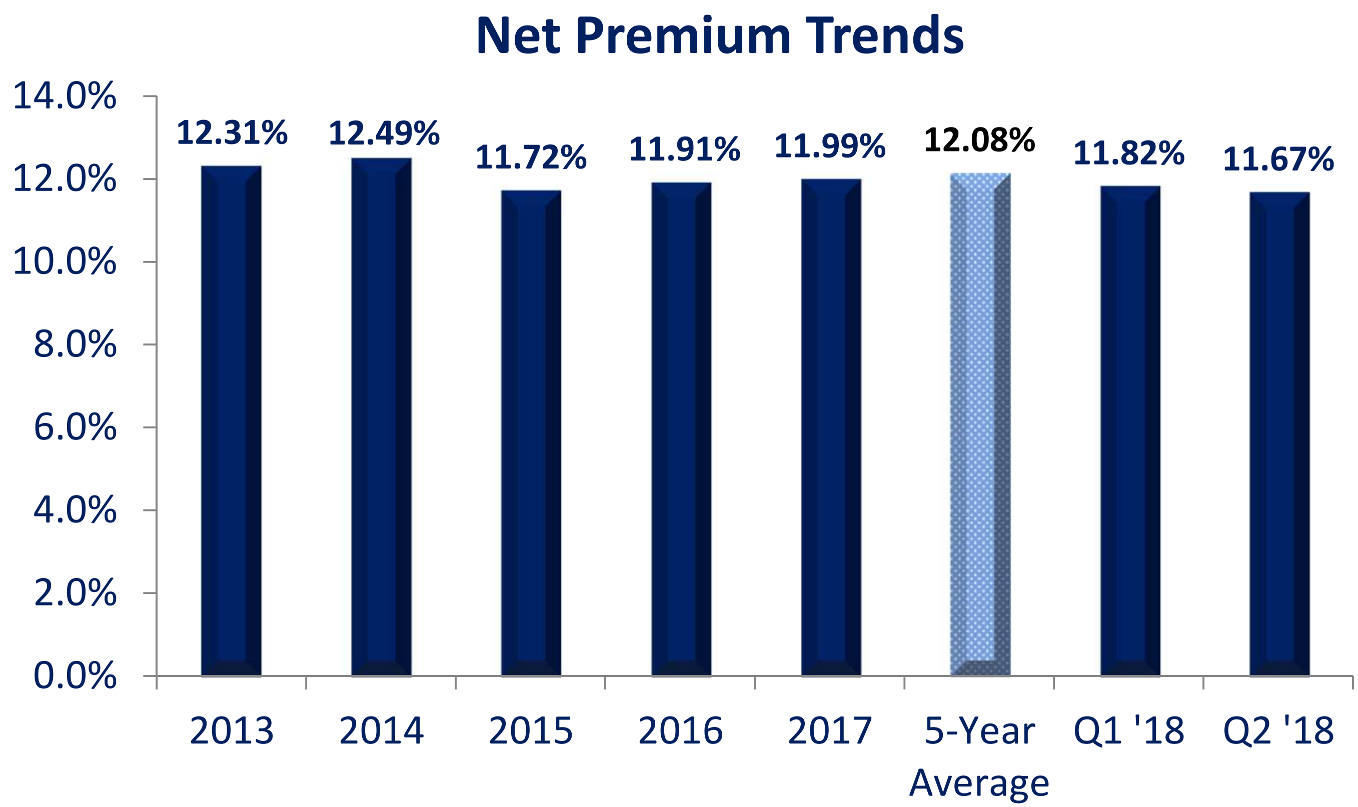
- The graph below represents SBA 7(a) loan referrals from all sources



	2007	2008	2017
# of Referral Partners Submitting a Referral	213	207	318

- Lending referrals are primarily received from referral alliance partners
- During the 10-year period, referrals submitted by a referral partner increased by approximately 49%
- NSBF generates loan referrals from strategic relationships with referral partners, direct-to-business-owner messaging and existing client relationships

Average Net Premium From SBA Guaranteed Loan Sales



- For the three months ended June 30, 2018, the net premium received on the sale of guaranteed portions of SBA loans was 11.67%

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. Premiums above 10% are split 50/50 with the SBA as reflected above.

SBA 7(a) Loan Portfolio Performance

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

SBA 7(a) Unguaranteed Non-Performing Investments, at amortized cost	$ 8,966	$ 12,311	$ 17,457	$ 28,445
Net Unrealized Depreciation on Non-Performing SBA 7(a) Loans	(3,845)	(5,694)	(8,950)	(14,322)
SBA 7(a) Unguaranteed Non-Performing Investments, at fair value	$ 5,121	$ 6,617	$ 8,507	$ 14,123
Total Outstanding Loan Portfolio - Fair Value	$ 136,924	$ 179,915	$ 239,757	$ 305,478
SBA 7(a) Non-Performing Loan Portfolio, at fair value, as a Percentage of Total Outstanding SBA 7(a) Loan Portfolio	**3.7%**	**3.7%**	**3.5%**	**4.6%**

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

	As of June 30, 2017	As of June 30, 2018
Average 12-Month Outstanding Loan Balance	$ 217,794,276	$ 264,200,081
Charge Offs - Rolling 12 Months	$ 982,572	$ 1,314,106
Realized Losses (Loan Charge Offs) as a Percentage of Average Outstanding Loan Portfolio	**0.45%**	**0.50%**

- Realized losses represent amounts charged off at the end of liquidation that had been previously written down through fair value depreciation adjustments

NSBF Collateral Type for Originations in: 2007 vs. 2008 vs. 2017

- Represents percentage of collateral type of loan originations in each of: 2007, 2008, and 2017
- NSBF seeks to secure all loans with business and personal assets until a loan is adequately secured or all available collateral is secured
- Most loans have a personal guaranty
- Real property assets tend to have better stability in liquidation values vs. other asset types which can depreciate in value with use i.e. machinery and equipment

Machinery and Equipment

	# of Loans	Balance ($)	% of Balance
2007	31	3,723,865	36.79%
2008	18	2,027,900	30.64%
2017	76	11,766,350	13.23%

Commercial Real Estate

	# of Loans	Balance ($)	% of Balance
2007	21	2,960,395	29.25%
2008	10	1,404,049	21.21%
2017	195	44,944,643	50.52%

Residential Real Estate

	# of Loans	Balance ($)	% of Balance
2007	55	2,550,375	25.20%
2008	25	1,567,350	23.68%
2017	97	8,795,435	9.89%

Note: In each year, 2007, 2008 and 2017 loans were originated and funded in the calendar year.

NSBF Loan Purpose for Originations in: 2007 vs. 2008 vs. 2017

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- Represents percentage of loan purpose of loan originations in each of: 2007, 2008, and 2017
- During underwriting, loans are classified into one of three categories based on their loan purpose
- Loans to existing business are often times debt refinance which reduces monthly debt payments increasing debt coverage or funding for new equipment, which is needed for business growth
- Loans for a start-up business are primarily made to franchises and rely on financial projections, management experience, brand awareness and profitability
- Over the past 10 years, our loans to start-up businesses have significantly declined

Existing Business

	# of Loans	Balance ($)	% of Balance
2007	37	3,530,955	34.89%
2008	20	2,940,800	44.43%
2017	394	77,704,537	87.34%

Business Acquisition

	# of Loans	Balance ($)	% of Balance
2007	26	3,408,325	33.67%
2008	12	1,835,749	27.74%
2017	41	8,076,275	9.08%

Start-up Business

	# of Loans	Balance ($)	% of Balance
2007	65	3,182,000	31.44%
2008	34	1,841,672	27.83%
2017	34	3,185,035	3.58%

Note: In each year, 2007, 2008 and 2017 loans were originated and funded in the calendar year.

NSBF Loan Origination Geography in: 2007 vs. 2008 vs. 2017

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- Represents percentage of geography of loan originations in each of: 2007, 2008, and 2017
- Growth in the number of referrals and growth in the number of referral partners has generated referrals over a larger footprint of the United States
- The resulting portfolio is more diversified by industry and geographic location, which could provide insulation from a regional recession or a larger regional weather event such as a hurricane

2007

State	# of Loans	Balance ($)	% of Balance
FL	24	2,316,955	22.89%
NJ	7	1,327,325	13.11%
VA	7	609,475	6.02%
NY	10	545,950	5.39%
KY	1	500,000	4.94%

2008

State	# of Loans	Balance ($)	% of Balance
FL	22	1,737,045	26.25%
NY	8	1,582,400	23.91%
TX	7	879,000	13.28%
PA	2	557,700	8.43%
NJ	3	254,375	3.84%

2017

State	# of Loans	Balance ($)	% of Balance
NY	58	10,777,975	12.11%
CA	40	7,752,169	8.71%
FL	52	7,073,540	7.95%
IL	18	4,522,750	5.08%
NC	20	4,178,325	4.70%

Note: In each year, 2007, 2008 and 2017 loans were originated and funded in the calendar year.

SBA 7(a) Loan Sale Transaction

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Net Cash Created on 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]	12.0%
Term	25 years

Net Cash Created		
Guaranteed Balance	$750,000	
Realized Gains on Guaranteed Balance[2]	$90,000	
Cash Received in Securitization[(3)]	$198,750	
Total		$1,038,750
Net Cash Created (Post Securitization) [4,5]	$38,750	

[1]Realized gains (premiums on loan sales) above 10% are split 50/50 with the SBA. This example assumes guaranteed balance is sold at a 14.0% premium. The additional 4.0% (14.0% - 10%) is split with SBA. NSBF nets 12.0%.
[2]Assumes 12.0% of the Guaranteed balance.
[3]Assumes 79.5% advance rate in securitization on unguaranteed balance.
[4]Assuming the loan is sold in a securitization in 12 months.
[5]Net cash created per $1 million of loan originations.

SBA 7(a) Loan Sale Transaction

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Direct Revenue / Expense of an 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]	12.0%
Term	25 years

Resulting Revenue (Expense)		
Associated Premium[2]	$90,000	
Servicing Asset[3]	$17,100	
Total Realized Gain		$107,100
Packaging Fee Income		$2,500
FV Non-Cash Adjustment on Uninsured Loan Participations[4]	$(6,250)	
Referral Fees Paid to Alliance Partners	$(7,500)	
Total Direct Expenses		$(13,750)
Net Risk-Adjusted Profit Recognized [5]		**$95,850**

[1]Realized gains (premiums on loan sales) above 10% are split 50/50 with theSBA. This example assumes guaranteed balance is sold at a14.0% premium. The additional 4.0% (14.0% - 10%) is split with SBA. NSBF nets 12.0%.
[2]Assumes 12.0% of the Guaranteed balance.
[3]Fair value of servicing asset.
[4]Example assumes a 2.5% discount to reflect cumulative estimate of default frequency and severity among other assumptions.
[5]Net risk-adjusted profit recognized per $1 million of loan originations.

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Portfolio Company Review

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

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- 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
- 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 typically within 60-90 days of funding.

Loan Sale Transaction - SBA 504 Loan

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

Key Variables in Loan Sale Transaction	
Total Projected Financing	$2,769,300
Senior Loan Balance	$1,538,500
Junior Bridge Loan Balance(1)	$1,230,800
Premium	3.00%
Rate	Fixed
Term	10 Years

Net Cash Created Pretax	
Total Senior & Junior Debt	$2,769,300
Funded Under Bank Facility	$2,492,370
NBC Equity	$276,930
Premium Earned	$46,040
Interest Earned Before Sale(2)	$45,632
Origination Fees	$27,693
Interest Expense	($30,985)
Total	$2,857,680
Net Cash Created(3)	$88,379
Return on Investment (Gross Operating Profit/ Equity)(4)	31.91%

(1) Funded by NBC, to be taken out within 90 days by a junior lender through SBA guaranteed debentures.
(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 $88,379 divided by NBC equity of $276,930. 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")

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- EPP includes Newtek Merchant Solutions and Premier Payments LLC (Newtek Payment Solutions)
- We have owned and operated Newtek Merchant Solutions for 10+ years
- Processed approximately $6.1 billion in electronic payments volume in 2017

2018 Forecast

- 2018 Revenue: $118.0 million
- 2018 Adjusted EBITDA*: $15.0 million

Valuation & Financial Performance

- Payment processing businesses combined fair market value of $108.0 million[2], net of debt as of 06/30/18, which equates to approximately 7.2x FY 2018 forecasted Adjusted EBITDA*

Publicly Traded Comparable Companies

Name (Symbol)	2017 Enterprise Value / 2018 Forecasted EBITDA[1]
Worldpay Inc. (WP)	18.7x
Global Payments (GPN)	16.3x
First Data Corporation (FDC)	13.0x

Note: See Form 10-Q, for the quarter ended June 30, 2018, for specific valuation methodologies for controlled portfolio companies. [1]Multiples calculated using Bloomberg as of July 30, 2018. [2] Represents Newtek Merchant Solutions and Newtek Payment Solutions valued at $85.0 million and $23.0 million, respectively, at 6/30/18. *See page 39 for definition of Adjusted EBITDA.

Technology Portfolio Companies

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- Newtek's technology portfolio companies include Newtek Technology Solutions ("NTS"), IPM and Sidco, LLC, d/b/a Cloud Nine Services ("C9")
- NTS, IPM and C9 combined fair market value of $22.3 million, net of debt as of 6/30/18
- NTS is a managed technology & cloud computing business, wholly owned and managed for 10+ years
- IPM provides professional technology solutions and consulting services
- C9 provides white-labeled professional services for the largest software companies in world

Investment Summary

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- 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 $1.80 per share in 2018
- Proven track record; Established in 1998; publically traded since September 2000
- Over 15-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 1,740 loans with an average loan size of approximately $180K of the 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 6.3% of outstanding shares as of June 30, 2018
- **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

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Financial Review

Jennifer C. Eddelson, Chief Accounting Officer

Consolidated Statements of Operations
Newtek Business Services Corp. and Subsidiaries

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(in thousands except per share data amounts)

	Three Months Ended June 30, 2018	Three Months Ended June 30, 2017	Six Months Ended June 30, 2018	Six Months Ended June 30, 2017
Investment income:				
From non-affiliate investments:				
Interest income	$ 5,503	$ 4,635	$ 10,677	$ 8,870
Servicing income	2,008	1,723	4,073	3,369
Other income	1,108	896	2,163	1,561
Total investment income from non-affiliate investments	8,619	7,254	16,913	13,800
From non-control/affiliate investments:				
Dividend income	10	—	10	—
Total investment income from non-control/affiliate investments	10	—	10	—
From controlled investments:				
Interest income	200	121	349	268
Dividend income	2,575	2,475	5,200	4,775
Other income	—	54	—	54
Total investment income from controlled investments	2,775	2,650	5,549	5,097
Total investment income	11,404	9,904	22,472	18,897
Expenses:				
Salaries and benefits	5,212	4,980	10,090	9,631
Interest	3,792	2,617	7,304	5,147
Depreciation and amortization	116	96	236	185
Professional fees	587	602	1,527	1,449
Origination and servicing	2,168	1,269	3,773	2,653
Change in fair value in contingent consideration liabilites	7	—	17	—
Loss on extinguishment of debt	—	—	1,059	—
Other general and administrative costs	1,656	2,020	3,373	3,605
Total expenses	13,538	11,584	27,379	22,670
Net investment loss	(2,134)	(1,680)	(4,907)	(3,773)
Net realized and unrealized gains (losses):				
Net realized gain on non-affiliate investments	10,319	8,914	20,200	17,599
Net realized gain on controlled investments	52	—	52	—
Net unrealized appreciation (depreciation) on SBA guaranteed non-affiliate investments	105	(63)	(175)	50
Net unrealized appreciation on SBA unguaranteed non- affiliate investments	1,702	1,817	2,694	1,261
Net unrealized depreciation on controlled investments	(1,250)	(2,674)	(80)	(1,743)
Change in deferred taxes	326	976	27	410
Net unrealized depreciation on servicing assets	(1,499)	(360)	(2,078)	(969)
Net realized and unrealized gains	9,755	8,610	20,640	16,608
Net increase in net assets resulting from operations	$ 7,621	$ 6,930	$ 15,733	$ 12,835
Net investment loss per share	$ (0.11)	$ (0.10)	$ (0.26)	$ (0.22)
Net increase in net assets resulting from operations per share	$ 0.41	$ 0.40	$ 0.85	$ 0.76
Weighted average shares outstanding	18,680	17,345	18,588	16,867

Non-GAAP Financial Measures

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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), plus or minus the change in fair value of contingent consideration liabilities, plus loss on extinguishment of debt.

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.

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Newtek Business Services Corp. and Subsidiaries
Adjusted Net Investment Income
For the Three Months Ended June 30, 2018 and 2017

(in thousands, except per share amounts)	Three months ended June 30, 2018	Per share	Three months ended June 30, 2017	Per share
Net investment loss	$ (2,134)	$ (0.11)	$ (1,680)	$ (0.10)
Net realized gain on non-affiliate debt investments	10,319	0.55	8,914	0.51
Net realized gain on controlled investments	52	0.00	-	-
Loss on lease	(76)	(0.00)	(74)	(0.00)
Change in fair value of contingent consideration liabilities	7	0.00	-	-
Adjusted Net investment income	$ 8,168	$ 0.44	$ 7,160	$ 0.41

Note: Per share amounts may not foot due to rounding

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Newtek Business Services Corp. and Subsidiaries
Adjusted Net Investment Income
For the Six Months Ended June 30, 2018 and 2017

(in thousands, except per share amounts)	Six months ended June 30, 2018	Per share	Six months ended June 30, 2017	Per share
Net investment loss	$ (4,907)	$ (0.26)	$ (3,773)	$ (0.22)
Net realized gain on non-affiliate debt investments	20,200	1.09	17,599	1.04
Net realized gain on controlled investments	52	0.00	-	-
Loss on lease	(152)	(0.01)	(175)	(0.01)
Change in fair value of contingent consideration liabilities	17	0.00	-	-
Loss on debt extinguishment	1,059	0.06	-	-
Adjusted Net investment income	$ 16,269	$ 0.88	$ 13,651	$ 0.81

Note: Per share amounts may not foot due to rounding

Non-GAAP Financial Measures

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Newtek's Controlled Portfolio Company Investments

The Company's controlled portfolio company investments define Adjusted EBITDA as earnings before net interest expense, taxes, depreciation and amortization, impairment and managerial assistance fees. 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.

2018 Projected Adjusted EBITDA Reconciliation – Electronic Payment Processing (Newtek Merchant Solutions and Premier Payments LLC combined)

(in millions)	Year Ended December 31, 2018
Pretax income	$ 11.5
Interest expense, net	1.4
Depreciation and amortization	1.5
Managerial assistance fees	0.6
Adjusted EBITDA	**$ 15.0**