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Newtek Business Services Corp.
NASDAQ: NEWT

Third Quarter 2020
Financial Results Conference Call
November 5, 2020 8:30 am ET

Hosted by:

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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 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.

Third Quarter 2020 Financial Highlights

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- Net investment income of $1.7 million, or $0.08 per share, for the three months ended September 30, 2020 compared to net investment loss of $(0.53) million, or $(0.03) per share, for the three months ended September 30, 2019
- Adjusted net investment income ("ANII")[1] of $0.95 million, or $0.04 per share, for the three months ended September 30, 2020, compared to ANII of $12.2 million, or $0.63 per share, for the same period last year
  – ANII exceeded third quarter 2020 analyst consensus estimates[2] of ($0.015) per share
- Net asset value ("NAV") was $324.4 million, or $15.13 per share, at September 30, 2020 a decrease of 3.4%, on a per share basis, compared to NAV of $15.70 per share at December 31, 2019.
- Debt-to-equity ratio of 1.21x at September 30, 2020
- Total investment income of $14.9 million for the three months ended September 30, 2020; a decrease of 6.9% over total investment income of $16.0 million for the three months ended September 30, 2019
- Total investment portfolio increased by 4.4% to $637.6 million at September 30, 2020, from $610.9 million at September 30, 2019

[1]Please see page 35 for definition of ANII
[2]ANII analyst consensus estimates as per Bloomberg.

Third Quarter 2020 Net Investment Income & ANII

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- For the three months ended September 30, 2020, net investment income increased significantly over the same period in 2019 primarily due to the funding of $82.5 million of PPP loans during the third quarter of 2020
- For the three months ended September 30, 2020, ANII decreased significantly over the same period last year due to the suspension of lending activities of the Company's SBA 7(a) loan program from March 2020 through June 2020 while it focused on funding PPP loans as a result of the pandemic, as well as re-establishing a post-pandemic credit thesis

Financial Highlights:
Nine Months Ended September 30, 2020

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- Net investment income of $31.1 million, or $1.49 per share, for the nine months ended September 30, 2020, compared to net investment loss of $(2.6) million, or $(0.14) per share, for the nine months ended September 30, 2019
- ANII of $33.8 million, or $1.61 per share, for the nine months ended September 30, 2020; a decrease of 2.4% on a per share basis, compared to ANII of $31.5 million, or $1.65 per share, for the nine months ended September 30, 2019
- Total investment income of $77.4 million for the nine months ended September 30, 2020; an increase of 76.2% over total investment income of $43.9 million for the nine months ended September 30, 2019

Paycheck Protection Program (PPP)

- Pursuant to the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), Congress tasked the SBA and U.S. Treasury with implementing the PPP
- The PPP enabled authorized lenders, including NSBF, to make PPP loans to U.S. small businesses for the purposes of maintaining their payroll, paying their rent and utilities, and certain other costs
  - PPP loans are 100% federally guaranteed and are forgivable to borrowers if they comply with the PPP
  - The second round of PPP concluded on August 8, 2020
- We are hopeful there will be a third round of PPP funding, which we believe could provide the Company with the opportunity to generate additional income from the continued origination of PPP loans, however there is no guarantee that Congress will compromise on a new stimulus package post election, and therefore our current dividend forecast does not include revenue from a potential third round of PPP funding
- Should a third round of PPP funding get approved by the government during the fourth quarter of 2020, we could realize additional income and potentially distribute this income as a special dividend in the fourth quarter of 2020 or in 2021

PPP Loans

- Newtek Small Business Finance, LLC (“NSBF”) funded $82.5 million of PPP loans during the three months ended September 30, 2020
- NSBF funded a total of $1.19 billion of PPP loans for the nine months ended September 30, 2020
- NSBF received $3.1 million in fees from the origination of PPP loans for the three months ended September 30, 2020
- Through the nine months ended September 30, 2020, NSBF funded 10,500 new borrowers through the first two rounds of the PPP
- Over 130,000 PPP borrowers’ employees were retained with the funding of the $1.19 billion in PPP loans
- NSBF funded 2 years’ worth of loan production in slightly over 6 months’ time
- NSBF was able to offer 100% of its current SBA borrowers a PPP loan
- NSBF partnered with several banks to sell them up to 100% participations in the PPP loans NSBF originated

Third Quarter 2020 SBA 7(a) Lending Highlights

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- NSBF restarted its SBA 7(a) loan business and began accepting applications on June 29, 2020
- NSBF funded $13.0 million of SBA 7(a) loans during the three months ended September 30, 2020; a decrease over $114.3 million of SBA 7(a) loans funded for the three months ended September 30, 2019
- In the second quarter of 2020, NSBF renewed its existing $150.0 million line of credit for SBA 7(a) lending with Capital One Bank N.A. for a period of three years
- NSBF forecasts funding $135 million in SBA 7(a) loans in the fourth quarter of 2020

Third Quarter 2020 Portfolio Company Lending Highlights

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- Newtek Business Lending ("NBL"), Newtek's wholly owned portfolio company which originates SBA 504 loans, funded and/or closed $50.6 million in SBA 504 loans through October 31, 2020
- NBL forecasts full year 2020 SBA 504 loan fundings and/or closings of approximately $100 million
- NBL closing on the renewal, subject to documentation, of its existing $75.0 million line of credit with Capital One Bank N.A. for SBA 504 lending for a period of three years
- NBL is negotiating a term sheet with a new lender for an additional $75.0 million for SBA 504 financing
- The Company forecasts that NBL could contribute between $1.0 and $3.0 million in dividend income to the Company in 2020, primarily based on SBA 504 lending in the fourth quarter or 2020
- The Company is currently negotiating term sheets with prospective joint venture partners that could create up to $150 million of additional third-party capital to originate up to $1.0 billion of non-conforming conventional loans and restart this program which was curtailed due to the pandemic

2020 & 2021 Dividends

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- The Company paid a third quarter 2020 cash dividend of $0.58 per share on September 30, 2020 to shareholders of record as of September 21, 2020
- The Company paid a total of $1.58 per share for the first three quarters of 2020, which represents a 9.7% increase over the dividends paid in the first three quarters of 2019 of $1.44 per share
- The Company revised its 2020 annual dividend forecast to a range of $1.90 and $2.20[1] per share, tightened from the previous range of $1.80 and $2.30[1] per share
- The Company paid a 2019 annual cash dividend of $2.15 per share
- The company anticipates that its Board will declare a fourth quarter 2020 dividend around Thanksgiving that will be payable before December 31, 2020
- The Company forecasts paying an annual cash dividend between $2.00 and $2.50[2] per share in 2021
- The revised dividend forecast for 2020 and the dividend forecast for 2021 do not include any potential impact of any possible future authorization of an additional PPP
- If an additional PPP is approved during the fourth quarter of 2020, additional earnings from a potential future PPP may be paid in a form of a special dividend, which could occur in the fourth quarter of 2020 or in 2021

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

Future Opportunities in Challenging Markets

- Newtek's management team has historically emphasized the adaptability and flexibility of its business model which afforded the entire Company a seamless transition to working remotely
- Newtek's business model is ideal for the post-coronavirus economy, without the use of branches, brokers, business development officers, and limited salesforce contact with end customers
- Most prefer not to go into a financial institution's branch, or see a sales person; remote business is the future of the market
- Newtek portfolio companies' IT solutions' products and why they are timely, vital, and important
- PPP loans have made payroll a core functionality for businesses, and Newtek Payroll and Benefits Solutions has been able to help these businesses immediately when other leading players have failed to perform
- Newtek Insurance Agency (NIA) insurance solutions for health, and property and causality insurance is extremely timely as NIA can help businesses check their coverage and its cost effectiveness in their downtime and help them obtain rebates on their auto insurance during this Covid-19 pandemic
- Newtek Payment Processing has emphasized, now more than ever, the value of its fully integrated ecommerce platform
- Due to Covid-19, the utilization of paper currency and coin will become less prevalent with tap-and-go, or contactless, payments becoming more widely used
  - Please see slide 26 on our POS on Cloud investment explaining how we are positioned in this space on a go-forward basis

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

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- Currently the largest non-bank lender (with PLP status) 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
- 6th largest SBA 7(a) lender as of September 30, 2020[1] (including banks)
- National SBA 7(a) lender to small businesses since 2003; 17-year history of loan default frequency and severity statistics
- Issued 10 AA & A S&P-rated securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 2,294 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 6.00% 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 30 years and Newtek establishes liquidity for unguaranteed portions through securitizations

[1]The SBA's fiscal year ends on September 30.

Growth in Loan Referrals

- Historical metrics used for growth in loan referrals are currently not relevant due to the PPP and COVID-19
- We have received in excess of 150,000 loan referrals in units for the nine months ended September 30, 2020
- We have received approximately 110,000 loan referrals in units for the three months ended September 30, 2020
  - We received approximately 1,200 loan referrals in units per day on average for the three months ended September 30, 2020
- Newtek's database of customer opportunities is very deep
- Cross-selling efforts are being realized as we have integrated our sales and marketing efforts as well as began to invest in training of Newtek's and its portfolio companies' solutions providers
- Newtek has 17 years of loan assembly, underwriting and technological expertise making it a leader in this area of lending, and it looks forward to returning to a more normalized process
- Other fintech companies that are claiming to enter this lending market do not have the depth and breadth of experience of Newtek
- Newtek is significantly different than other fintech companies like OnDeck Capital, Kabbage, and Lendio

Loan Portfolio Weighted Average Seasoning

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- The following shows the loan portfolio's weighted average seasoning at September 30, for the past three years:
  - At September 30, 2018: 27.8 Months
  - At September 30, 2019: 28.9 Months
  - At September 30, 2020: 35.1 Months
- Defaults tend to accelerate between 18 and 40 months, and flatten thereafter
- See Standard and Poor's Global Ratings risk analysis report from April 28, 2020 titled 'Small Business ABS Credit Quality Hinges on Pandemic Duration and Stimulus Efficacy' through the following link:
  - https://www.spglobal.com/ratings/en/research/articles/200428-small-business-abs-credit-quality-hinges-on-pandemic-duration-and-stimulus-efficacy-11467182

Portfolio Currency Analysis of Unguaranteed Portfolio

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- The following chart shows the SBA 7(a) loan portfolio aging and currency at September 30, 2020, June 30, 2020 and December 31, 2019 **on accrual loans only**

	9/30/2020			6/30/2020			12/31/2019		
Days Past Due	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio	# of Loans	Retained Principal Balance	% of Portfolio
Current	2,103	$ 346,777,441	98.50%	2,156	$354,141,554	99.05%	2,085	$ 338,830,058	92.21%
31 - 60	19	$ 5,236,832	1.49%	1	$1,338	0.00%	48	$ 14,458,727	3.93%
61 - 90	0	-	0.00%	2	$1,326,252	0.37%	0	$ -	0.00%
91 - 120	1	$ 28,750	0.01%	0	-	0.00%	26	$ 8,749,888	2.38%
> 120	0	-	0.00%	4	$2,076,803	0.58%	20	$ 5,410,029	1.47%
Accrual Total	2,123	$ 352,043,023	100%	2,163	$357,545,947	100%	2,179	$ 367,448,702	100%

[1] September 30, 2020 and June 30, 2020 reflect principal and interest payments made by the SBA pursuant to Section 1112 of the CARES Act. September 30, 2020 and June 30, 2020 data do not include PPP loans.

Note: The table above does not include accrual loans in which NSBF owns 100% as a result of NSBF repurchasing the guaranteed portions from the SBA. The total of 100% NSBF-owned accrual loans at 09/30/20 and 6/30/2020 was $4.4 million and $4.4 million, respectively, and is included in SBA unguaranteed non-affiliate investments on the consolidated statements of assets and liabilities.

Non-Accrual Loan that Paid Off

Modern Manhattan, LLC

- Modern Manhattan, LLC was an upscale furniture retailer that had been in business for approximately 19 years
- Over the course of the last 10 years, NSBF provided them three SBA 7(a) loans totaling $3.4 million to finance 4 retail outlets that expanded across New York, Pennsylvania and Florida
- The loans were primarily secured by a residential property in Kintnersville, PA valued at $2.37 million behind a 1st lien of $793 million
- The combined LTNMV at the time of default was 52.1% while the combined LTLV was 67.3%
- Borrower became delinquent as of February 2020 after closing its 3 remaining locations (the FL store closed in 2017)
- The debtor was subsequently able to close on a refi for the secured RRE on 9/4/20 to pay off the 3 non-accrual loans in full totaling - $868,604.01 This included:
  - Principal: $822,392.82 (Unguaranteed retained balance - $183,710.84)
  - Interest: $41,357.29
  - Late fees: $3,983,90
  - Miscellaneous fees & expenses: $515

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]	11.79%
Term	25 years

Net Cash Created		
Guaranteed Balance	$750,000	
Realized Gains on Guaranteed Balance[2]	$88,425	
Cash Received in Securitization[(3)]	$208,750	
Total		$1,047,175
Net Cash Created (Post Securitization) [4,5]	$47,175	

[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 113.58% premium. The additional 3.58% (13.58% -10%) is split with SBA. NSBF nets 11.79%.
[2]Assumes 11.79% of the Guaranteed balance.
[3]Assumes 83.5% 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

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]	11.79%
Term	25 years

Resulting Revenue (Expense)		
Associated Premium[2]	$88,425	
Servicing Asset[3]	$13,200	
Total Realized Gain		$101,625
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]		**$90,375**

[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 113.58% premium. The additional 3.58% (13.58% - 10%) is split with SBA. NSBF nets 11.79%.
[2]Assumes 11.79% of the Guaranteed balance.
[3]Fair value estimate 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

Sample SBA 504 Loan Structure

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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 NBL	$500,000	50%
Renovations	150,000	Bridge Loan Originally Funded by NBL*	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
NBL 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 NBL, 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 NBL 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.

Newtek's Conventional Loan Portfolio

- Newtek Conventional Lending ("NCL"), the Company's joint venture, funds non-conforming conventional loans
- Newtek Small Business Lending services non-conforming conventional loans originated by NCL
- At September 30, 2020, the portfolio of closed and committed non-conforming conventional loans had a total principal balance of approximately $91 million, consisting of 19 loans, all of which are current with payments except for one, which is expected to become current by the first quarter of 2021

Prospective Joint Ventures

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- The Company is currently negotiating term sheets with prospective joint venture partners that could create up to $150.0 million of additional third-party capital to originate up to $1.0 billion of non-conforming conventional loans and restart this program which was curtailed due to the pandemic

SBA 504 Loan Program

- Portfolio company Newtek Business Lending, LLC (“NBL”) originates and funds SBA 504 loans; and originates non-conforming conventional loans on behalf of NCL
- Newtek Small Business Lending services SBA 504 loans originated by NBL
- Funded and/or closed $21.7 million in SBA 504 loans for the nine months ended September 30, 2020
- NBL forecasts full year 2020 SBA 504 loan fundings and/or closings of approximately $100 million
- The Company forecasts that NBL could contribute between $1.0 and $3.0 million in dividend income to the Company in 2020

Portfolio Companies: Newtek Payment Processing Companies

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- Newtek Merchant Solutions' ("NMS") has an equity fair market value of $115.0 million at September 30, 2020
- NMS has materially improved its run rate of EBITDA and cash flows as seen in the third quarter of 2020, and we expect to see improvement in the fourth quarter of 2020 and in 2021
- NMS is forecasting adjusted EBITDA of $1.1 to $1.2 million per month for the remainder of 2020
- Newtek Merchant Solutions' equity fair market value of $115.0 million; Total enterprise value of $126.4 million, including debt and excess cash, equates to a total enterprise value multiple of 9.4x 2020 forecasted adjusted EBITDA excluding extraordinary non-recurring items

Market Comparables		
Ticker	**Company**	**2020 TEV/EBITDA**
IIIV	i3 Verticals, Inc.	17.7x
EVOP	EVO Payments, Inc.	14.2x
GPN	Global Payments Inc.	20.3x
EVTC	EVERTEC, Inc.	13.4x

NMS Points to Consider for 2020

- NMS' payment processing business has been recovering sequentially month over month, with August 2020 to October 2020 processing volumes recovering from previous levels
- We believe this is a result of increased consumer spending as local and state economies continued to reopen across the U.S.
- NMS forecasts that adjusted EBITDA will decrease by 10% to 15% in 2020 over 2019
- Covid-19 impact on Mobil Money

Newtek Payment Systems – POS on Cloud

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- In Q3 2019, NBSC acquired a 51% interest in POS on Cloud d/b/a Newtek Payment Systems which owns a cloud-based Point of Sale (POS) system for a variety of restaurant, retail, assisted living, parks and golf course businesses providing not only payments and purchase technology solutions but also inventory, customer management, reporting, employee time clock, table and menu layouts, and ecommerce solutions as the central operating system for an SMB
- Provides NMS with its own branded POS system
- NMS is offering the Newtek Payment Systems POS system to its clients and is in the process of updating and further commercializing the software
- Several major clients include a state government and a large assisted-living company
- POS on Cloud has been co-branded Newtek Payment Systems and will be white labeled for our alliance partners so they will be able to offer POS payment systems to their clients including credit unions, banking institutions, trade associations and investment banking clientele
- POS on Cloud is an all-encompassing system that can:
  - Process payments
  - Integrate with ecommerce
  - Integrate with all food delivery services like Uber Eats, Grubhub, DoorDash etc.
  - Integrate with general ledger accounting software
  - Include the Newtek Payroll Solutions payroll product to provide payroll solutions, workman's compensation, health insurance, and a window into 401K
- Our depository alliance partners will be able to manage and operate accounts for payroll and payments and distribute and sell their own 401K

Technology Portfolio Companies

- **We continue to see a dramatic turnaround in NTS, our Phoenix-based cloud-computing portfolio company that primarily provides managed services**
- Newtek's technology portfolio companies include Newtek Technology Solutions ("NTS"), IPM and Sidco, LLC, d/b/a Cloud Nine Services ("C9"), which have a combined fair market value of $32.1 million, net of debt as of September 30, 2020
- **NTS enhanced its data center presence moving into a new data center at an annualized savings of $2.4 million per year**
- NTS estimates **$2.5 to $3.0 million of adjusted EBITDA** in 2020; an increase from $203,000 in 2019
- In the fourth quarter of 2020, Newtek will merge its technology portfolio companies, IPM, which was acquired in 2017, and NTS, our core portfolio company, which we have developed and owned since 2004
  - Will present as one branded solution, Newtek Technology Solutions, to our core customer base
  - The combination of these two portfolio companies should eliminate between $1.0 to $2.0 million of operating expense
  - You can visit our website at https://www.newtekone.com and view the very robust offerings of technology solutions our portfolio companies offer
- NTS forecasts 2021 revenue between $45 and $50 million, and 2021 adjusted EBITDA between $5.5 and $6.0 million

Cloud Services: Significant Market Opportunity

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- Significant opportunity exists in the cloud services space
- NTS has a full suite of IT infrastructure services
- Existing and potential clients can leverage NTS' existing data centers in lieu of building their own data center which is costly and time consuming
- NTS can provide cost effective and timely cloud solutions to its clients providing a significant market opportunity for NTS
- ITaaS, DaaS, DRaaS, SaaS, secure email, hybrid cloud, private cloud and public cloud

Newtek Payroll & Benefits Solutions & Newtek Insurance Solutions

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- Expanded Newtek's Payroll & Benefits Solutions offering with its revamped management and iSolved® software in 2021
  - Samantha Razon, Director of Payroll Operations, has joined Shannon Vestal, Senior Vice President of Newtek Payroll Solutions, to enhance, grow and develop our state-of-the-art payroll, health and benefits offerings
- Expanded Newtek's Insurance Solutions offering with its revamped management in 2021
  - New additions to our team as part of the core management team for their expertise in the property and casualty arena include:
    - Rick Carpenter, Director of Property & Casualty Insurance
    - Kathryn Ingram, Senior Vice President, Property and Casualty Insurance – Commercial Lines Specialist, have joined Newtek Insurance Agency
- On October 28, 2020, Newtek CEO Barry Sloane, hosted a webinar to address the future of payroll and benefits discussing timely, important topics in the areas of payroll, tax, health insurance, benefits and human resource concerns brought about by the COVID-19 pandemic and the changing economic landscape that will follow in the post-pandemic world
  - The replay of this webinar can be found through the following link: https://www.youtube.com/watch?v=_SbzM1WnWwA

Risk Vs. Reward

- We believe our loan portfolio and balance sheet have less leverage than our BDC peers
- Historically, we have successfully managed our assets during challenging economic landscapes, like the 2008-2009 credit crisis
- The loans that NSBF and Newtek's portfolio companies originate are personally guaranteed and collateralized
- Newtek's diversified business model allows for alternate streams of reoccurring income
- Newtek's business model utilizes technology to acquire clients and process business remotely without brokers, bankers, branches or business development officers, which we believe creates value, particularly in the current environment
- We believe shareholders can realize long-term rewards due to Newtek's unique infrastructure and business methodology

Newtek's Catalysts Going Forward

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- Renewed engines of growth post-pandemic
  - Renewed SBA 7(a) loan efforts
  - SBA 504 dividend income contribution to the BDC from increased loan fundings and gain-on-sale income
  - Resumed joint venture lending activity in the non-conforming conventional loan market
- NTS forecasts 2021 revenue between $45.0 and $50.0 million and 2021 adjusted EBITDA of $6.0 million, with forecasted continued growth in both metrics from the 2021 forecasted levels
- NMS forecasts 2021 Adjusted EBITDA of between $14.5 and $15.0 million
- We will work to manage credit, which may be challenging, but believe a new stimulus package as well as additional fee income will assist our efforts
- The August 5, 2020 SEC-endorsed proposal to modify AFFE is still in proposal stage. To date, the SEC has not adopted any changes for the AFFE requirement as it applies to BDCs. The pending proposal would allow funds to exclude AFFE from the bottom-line expense figures if the fund invests less than 10% of its assets in other funds; and could positively impact BDCs in that it could open more institutional interest in the BDC space

Investment Summary

- Newtek Business Services Corp. has a differentiated and diversified BDC model
- Diversified business model provides multiple streams of revenue
- Newtek is an **internally managed BDC;** does not pay a management fee to an external manager
- Proven track record; Established in 1998; publically traded since September 2000
- Over 18-year lending history through multiple lending cycles; great depth and breadth of experience
- Management's interests aligned with shareholders; management and Board combined own approximately 6.3% of outstanding shares as of May 2020
- **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

Chris Towers, Chief Accounting Officer

Consolidated Statements of Operations
Newtek Business Services Corp. and Subsidiaries

Newtek® Your Business Solutions Company®

(in thousands except per share data amounts)

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Investment income:				
Interest income	$ 6,464	$ 7,691	$ 20,912	$ 22,178
Interest income - PPP loans	3,085	—	37,742	—
Dividend income	2,265	4,555	8,955	10,564
Servicing income	2,875	2,542	8,367	7,473
Other income	240	1,233	1,449	3,720
Total investment income	14,929	16,021	77,425	43,934
Expenses:				
Salaries and benefits	3,669	3,587	10,856	10,659
Interest	3,939	5,476	13,727	14,923
Depreciation and amortization	93	125	312	378
Professional fees	651	1,215	2,822	2,842
Origination and servicing	1,120	2,134	5,666	5,915
Origination and servicing - related party	2,705	2,060	8,438	6,719
Change in fair value in contingent consideration liabilites	—	9	54	64
Loss on extinguishment of debt	—	251	—	251
Other general and administrative costs	1,082	1,697	4,415	4,782
Total expenses	13,259	16,554	46,290	46,532
Net investment loss	1,670	(533)	31,135	(2,598)
Net realized and unrealized gains (losses):				
Net realized gain on investments	(722)	12,465	2,577	33,860
Net unrealized (depreciation) appreciation on investments, net of deferred taxes	(194)	707	(14,652)	605
Net unrealized depreciation on servicing assets	(1,207)	(2,002)	(1,299)	(3,469)
Net realized and unrealized gains	(2,123)	11,170	(13,374)	30,996
Net increase in net assets resulting from operations	$ (453)	$ 10,637	$ 17,761	$ 28,398
Net investment loss per share	$ 0.08	$ (0.03)	$ 1.49	$ (0.14)
Net increase in net assets resulting from operations per share	$ (0.02)	$ 0.55	$ 0.85	$ 1.49
Weighted average shares outstanding	21,192	19,228	20,942	19,115

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 a non-conforming conventional loan, 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) loans and conventional loan investments, plus or minus loss on lease adjustment, plus the net realized gains on controlled investments, 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 September 30, 2020 and 2019

(in thousands, except per share amounts)	Three months ended September 30, 2020	Per share	Three months ended September 30, 2019	Per share
Net investment income (loss)	$ 1,600	$ 0.08	$ (533)	$ (0.03)
Net realized gain (loss) on non-affiliate investments - SBA 7(a) loans	(722)	(0.03)	10,865	0.57
Net realized gain on controlled investments	-	-	1,600	0.08
Change in fair value of contingent consideration liabilities	-	-	9	0.00
Loss on debt extinguishment	-	-	251	0.01
Adjusted Net investment income	$ 948	0.04	$ 12,192	0.63

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 Nine Months Ended September 30, 2020 and 2019

(in thousands, except per share amounts)	Nine months ended September 30, 2020	Per share	Nine months ended September 30, 2019	Per share
Net investment income (loss)	$ 31,135	$ 1.49	$ (2,598)	$ (0.14)
Net realized gain on non-affiliate investments - SBA 7(a) loans	2,577	0.12	32,260	1.69
Net realized gain on controlled investments	-	-	1,600	0.08
Loss on lease	-	-	(105)	(0.01)
Change in fair value of contingent consideration liabilities	54	0.00	64	0.00
Loss on debt extinguishment	-	-	251	0.01
Adjusted Net investment income	$ 33,766	$ 1.61	$ 31,472	$ 1.65

Note: Per share amounts may not foot due to rounding