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May 15, 2019

To My Fellow Newtek Shareholders:

It is with great pleasure that I write this letter as we have had another momentous year in 2018, marking our four-year anniversary as an internally managed business development company ("BDC"), realizing continued growth and expansion of our differentiated business model through increased recognition and demand for our business and financial solutions. And while 2018 was a challenging year for most publicly traded companies, with respect to stock performance, we continued to deliver what we believe are attractive returns to our shareholders, including reinvested dividends, and outperformed several key indices including the S&P 500 and the Russell 2000 over the past one-year, three-year and five-year periods. Additionally, we are proud to share that year to date through April 22, 2019, Newtek's total return, including reinvested dividends, was 20.6%¹.

We continued to provide our investors with dividend growth in 2018, paying cash dividends totaling \$1.80 per share in 2018, an increase of 9.8% over 2017 cash dividends of \$1.64 per share. For the past four years as a BDC, our annual dividend payout has exceeded our initial annual dividend forecast. So far in 2019, we have increased our 2019 dividend forecast, which we increased on April 4, 2019 to a range of \$1.85² to \$1.86 per share from the initial forecast of \$1.84 per share issued on November 7, 2018. The current dividend forecast, if achieved, would represent a 3.3% increase at the top end of the range over the 2018 cash dividend of \$1.80 per share. Dividend growth is clearly one of our primary objectives as we look to add additional lines of business at the portfolio company level, as well as growing our SBA 7(a) loan business.

Since our inception, the cornerstone of our business model, and what management believes has been the key to success, has been our patented proprietary web-based customer referral, tracking and processing software, NewTracker®, driving Newtek and its portfolio companies ability to grow in a cost-effective manner, and we believe lending Newtek a distinct advantage in the market. Through our robust and growing network of alliance partnerships, NewTracker® received record dollar volume of referrals in 2018 of \$18.7 billion and referral units of 64,614, a respective 74.0% and 108.4% increase over 2017. This unprecedented referral volume enables us to selectively choose the loans with the best credit quality and maintain a 2.5% to 3.0% close rate. The technological and operational efficiencies in our lending process enable us to reject 97.0% to 97.5% of all referrals cost effectively while allowing for scalable growth in referrals and closes.

In 2018, Newtek Small Business Finance, LLC ("NSBF"), our wholly owned subsidiary, funded a record \$469.2 million of SBA 7(a) loans, representing a 21.6% increase over 2017. As a result of these record loan fundings, NSBF maintained its position as the #1 ranked non-bank SBA 7(a) lender, and advanced its position to the 4th largest SBA 7(a) lender, including banks, from the position of 6th in 2017. We have been successful in managing the SBA 7(a) business for over 16 years, and we believe controlled growth, with the best staff following policies and procedures to correctly manage the risk versus reward parameters is extremely important. With our ever-increasing technological advances in our loan process, and use of the 'five C's of credit' underwriting, we are able to efficiently move loans through our pipeline without compromising any facet of the underwriting process, thus enabling us to review and process large quantities of referrals. We are a true retail-based originator, leveraging our strategic alliance relationships, and do not buy pre-packaged loans. Our average loan balance of \$181,000 in our unguaranteed SBA 7(a) loan portfolio demonstrates diversification and distribution of risk throughout our portfolio by geography, loan type, and loan use.

In 2018, the market continued to reward us for the strong performance of our collateral. On November 8, 2018, we closed our 9th and largest S&P-rated SBA 7(a) loan securitization, and sold \$108.6 million of Unguaranteed SBA 7(a) Loan-Backed Notes. Importantly, in this transaction, we witnessed strong investor demand, with the Notes three times oversubscribed, and some of the best economics in

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Newtek's loan securitization history. We realized an 83.5% advance rate, which represents an approximate 4.0% improvement over the advance rate in our November 2017 securitization, and is the highest advance rate of all our securitizations to date. We also received the best pricing in our securitization history with an approximate 30 basis point reduction in the spread over LIBOR on the Class A Notes compared to our November 2017 securitization.

In addition, on July 12, 2018, S&P raised its rating on the Class A Notes from Newtek Small Business Loan Trust 2010-1 securitization from AA to AAA. According to S&P Global Ratings, these rating actions reflect the improved credit support for the notes due to the transactions' turbo principal payment structure and the portfolios' stable performance.

Finally, on June 4, 2018, NSBF received a 50 basis point reduction in the interest rate for its existing \$100.0 million revolving credit facility through Capital One, National Association, used to fund the unguaranteed and guaranteed portions of SBA 7(a) loans NSBF originates, demonstrating what we believe to be the market's recognition of the strong performance of the loans we originate.

We expect to continue to experience growth in loan referrals in 2019, and aim to continue to grow our loan portfolio adhering to our underwriting guidelines and originating high quality loans. The expansion of our Boca Raton and Orlando Florida offices, as well as our Irvine, CA office, will support the continued growth of our lending platform. Additionally, we are forming new alliance relationships on a regular basis that will we believe will add to our number of referrals. As such, at the date of this letter, NSBF forecasts full year 2019 SBA 7(a) loan fundings of between \$580 million and \$620 million, which would represent an approximate 27.9% increase, at the midpoint of the range, over SBA 7(a) loan fundings for the year ended December 31, 2018.

We endeavor to continue to invest in and grow our portfolio companies, with the goal of increasing their ability to make distributions to the Company. In 2018, our portfolio companies continued to experience growth in SBA 504 and non-conforming conventional loan programs. In 2018, Newtek Business Credit Solutions ("NBC"), and Newtek Business Lending ("NBL"), wholly owned portfolio companies, funded \$36.3 million of SBA 504 and non-conforming conventional loans, and NBSC funded a \$5.7 million non-conforming conventional loan, for a total of \$42.0 million of SBA 504 loans and conventional loans as compared to \$18.0 million of SBA 504 loans funded during the year ended December 31, 2017. As of January 1, 2019, all SBA 504 loans will be originated by NBL, and as such, NBL forecasts loan fundings of \$100 million in SBA 504 loans in 2019. During 2018, NBL increased its warehouse line capacity for 504 loans with a new \$75.0 million SBA 504 credit facility with Capital One, containing a \$75.0 million accordion feature with the ability to increase borrowing capacity to \$150 million. In addition, NBL is in negotiations with Sterling Bank to increase its warehouse line to \$35 million for SBA 504 originations. We are bullish on the SBA 504 loan component as a growth segment at the portfolio company level in 2019 and beyond.

Our newest product initiative is our non-conforming conventional loan program, and in 2018 we made significant strides towards the continued growth of this product offering. Specifically, in November 2018, we entered into an investment joint venture ("JV") with Conventional Lending TCP Holdings, LLC, a wholly owned affiliate of Blackrock TCP Capital Corp., through which Newtek and BlackRock TCP will each commit to each contribute up to \$100 million in equity to the JV. On April 25, 2019, the JV closed a \$100 million warehouse financing, with a \$100 million accordion feature, with Deutsche Bank AG allowing the JV to further leverage and expand its non-conforming conventional loan platform. We believe that of the \$18.7 billion in loan referrals in 2018, there could be several hundred million that could fit the conventional non-conforming loan program, and we believe that the JV could be additive to our business over the following 12 months.

On November 8, 2018, Newtek Merchant Solutions, our wholly owned payment processing portfolio company, closed \$50.0 million in financing arranged by Webster Bank, which retired the Goldman Facility

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and reduced interest cost by 350 basis points, to LIBOR plus 250 basis points, on approximately \$40 million in debt.

In mid-2018, a significant and favorable piece of legislation passed, allowing BDCs to increase their debt to equity ratio from 1:1 to 2:1. Upon Newtek shareholder approval at the Special Meeting of Shareholders on July 26, 2018, we were thereby able to increase our debt levels in accordance with the new rule. With this increased flexibility to access debt capital and to further grow our balance sheet, we believe it will reduce our dependence on equity capital raises and raise growth capital in a newer balanced approach, taking greater advantage of the use of lines of credit and cost-effective securitization transactions. We believe that the continued traction in our business model and our shareholders adoption of the application of the modified asset coverage requirement will enable us to continue to grow our business and continue to achieve strong financial results. We also believe that the Securities and Exchange Commission is looking at more favorable treatment for institutional investors to purchase BDCs through changes in how Acquired Fund Fees and Expenses ("AFFE") ratios are calculated and removing the 3.0% investor cap on institutional BDC ownership. These and other potential regulatory and legislative changes may create a more favorable investment path for all BDCs including Newtek Business Services Corp.

It has been and continues to be our goal to grow our business and financial solutions platform, and expand our offerings to meet the ever-increasing demand we experience through our referrals. Over the past four years as BDC, we have carved out a distinct position leveraging our over 20 years of depth and breadth of experience to create a business model that we believe is inherently advantageous compared to our peers. We do not invest in derivative securities or lend money with equity kickers, we do not have SBIC leverage, we are not a second-lien or mezzanine lender and have zero direct exposure to volatile industries like oil and gas. We prefer to invest in stable businesses, and our portfolio companies have been owned and operated by us most for over 10 years. In addition, as an internally managed BDC, our interests are aligned with shareholders, and we do not pay 3.0% to 3.5% in external fees for management; therefore all of our expenses are factored into our business model. We aim to continue to generate attractive returns without assuming the amount of risk inherent to the typical BDC model.

2018 was a productive year and we are excited about the many initiatives we have underway to support the expansion and growth of our business in 2019 and beyond. As always, we thank our shareholders for their investment in Newtek, and are excited to share our progress as 2019 continues to unfold.

Sincerely,

A handwritten signature in black ink, appearing to read "Barry Sloane". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Barry Sloane
Founder, Chairman, President and Chief Executive Officer

¹As per Bloomberg. Total returns include dividends reinvested in Newtek common stock.

²Amount and timing of dividends, if any, remain subject to the discretion of the Company's Board of Directors.