

Newtek Business Services Corp.

Investor & Analyst Day

September 28, 2016

Newtek's Independent Analyst Coverage

JMP Securities LLC
Ladenburg & Thalmann & Co. Inc.
Raymond James & Associates
Keefe, Bruyette & Woods
Compass Point Research & Trading, LLC
D.A. Davidson & Co.
Singular Research

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"Your Business Solutions Company™"
NASDAQ: NEWT

Note Regarding Forward Looking Statements

This presentation contains certain forward-looking statements. Words such as “plan,” “believes,” “expects,” “plans,” “anticipates,” “forecasts” and “future” or similar expressions are intended to identify forward-looking statements. All forward-looking statements involve a number of risks and uncertainties that could cause actual results to differ materially from the plans, intentions and expectations reflected in or suggested by the forward-looking statements. Such risks and uncertainties include, among others, intensified competition, operating problems and their impact on revenues and profit margins, anticipated future business strategies and financial performance, anticipated future number of customers, business prospects, legislative developments and similar matters. Risk factors, cautionary statements and other conditions, which could cause Newtek’s actual results to differ from management’s current expectations, are contained in Newtek’s filings with the Securities and Exchange Commission and available through <http://www.sec.gov/>.

Newtek Business Services Corp. Overview

- September 23, 2016 closing price of \$14.03
- Net asset value (“NAV”) of \$14.11 per share at June 30, 2016
 - As of September 23, 2016, NEWT was trading at 0.99x June 30, 2016 NAV
- 2016 annual cash dividend forecast of \$1.53¹ per share
- Year to date through August 31, 2016, SBA 7(a) loan fundings increased year over year by **48.1%** to \$178.3 million
- Debt-to-equity ratio was approximately 76.3% at June 30, 2016

¹Amount and timing of dividends, if any, remain subject to the discretion of the Company’s Board of Directors. 2016 dividend forecast based on the number of shares outstanding at 6/30/16.

Independent Analyst Coverage of Newtek

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Newtek: A Differentiated BDC Model

Client Acquisition Strategy; Newtek's Core Competency

- Continued goal to disrupt the sales and marketing process of how to acquire a small- to medium-sized business client by providing a cost-effective client-acquisition strategy through disintermediation of human function; no “feet on the street” sales force
- We are in the center of the digitization of the world and believe we are strategically positioned to build the ‘best-in-breed’ business with a model that acquires clients cost effectively and significantly improves the client experience
- NewTracker[®] is Newtek's patented proprietary web-based customer referral, tracking and processing software
- Demonstration on how NewTracker[®] works
 - <https://www.youtube.com/watch?v=yIp0ztHhtbk>

Dividend Distributions: Qualified vs. Non-Qualified

- Of the regular quarterly cash dividends paid in 2015, 35.8% were reported as qualified dividends with a preferential tax rate with the remaining 63.6% reported as ordinary

Record date	Payment date	Distribution amount	Ordinary dividends	Qualified Dividends	Long term capital gain	Total
3/30/2015	4/13/2015	\$ 0.39	74.9%	23.4%	1.7%	100.0%
6/29/2015	7/15/2015	\$ 0.47	64.6%	35.4%	0.0%	100.0%
10/22/2015	11/3/2015	\$ 0.50	51.3%	48.7%	0.0%	100.0%
11/18/2015	12/31/2015	\$ 2.69	0.0%	100.00%	0.0%	100.0%

<u>2015 Summary:</u>	<u>Ordinary Dividends</u>	<u>Qualified dividends</u>	<u>Long term capital gains</u>	<u>Total</u>
Quarterly cash dividends	<u>63.60%</u>	<u>35.84%</u>	<u>0.56%</u>	<u>100.0%</u>
Special dividend	<u>0.0%</u>	<u>100.0%</u>	<u>0.0%</u>	<u>100.0%</u>

- We believe the Company's 2016 annual dividend forecast of \$1.53 per share should be viewed advantageously as we expect a percentage of the 2016 annual dividend will be qualified and will have a preferential 20% tax rate

Note: The 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 its distributions for a full fiscal year. Prior year tax allocations do not guarantee similar tax allocations in following years.

Discussion of Quantifiable Leverage

- In many cases, leverage can be hidden
- What does this mean?
 - Subordinated debt is leveraged debt in a capital structure
 - Mezzanine or preferred stock is leveraged debt in a capital structure
 - Equity in a collateralized debt obligation (“CDO”) is a leveraged equity investment
 - SBIC debt, which does not count for BDC leverage debt, is real debt and must be repaid
- Newtek’s business model **DOES NOT** incorporate any of these leveraged assets or liabilities

Risk vs. Reward

- Sharpe Ratio calculates risk-adjusted return
- The BDC industry needs to develop a measure similar to the Sharpe Ratio specifically for the BDC universe in order to more accurately compare BDCs
- Newtek is an internally managed BDC, and is currently trading at 0.99x* NAV as of September 23, 2016
- Newtek's internally managed BDC public comparables currently trade at a median price to NAV of approximately 1.35x**
- Effect of BDC size and longevity of dividend history

Internally Managed BDCs	IPO Date as BDC	Market	Stock Price/NAV
		Capitalization** (in millions)	Multiple**
Triangle Capital Corporation (NASDAQ: TCAP)	February-07	\$ 766.5	1.31x
Main Street Capital (NASDAQ:MAIN)	January-10	\$ 1,780.0	1.61x
Hercules Technology Growth Capital (NASDAQ: HTGC)	June-05	\$ 996.6	1.38x
KCAP Financial (NASDAQ: KCAP)	December-06	\$ 177.3	0.86x
Newtek Business Services Corp.(NASDAQ: NEWT)	November-14	\$ 202.2	0.99x

*Closing price of \$14.03 as of September 23, 2016.

**Closing prices as of September 23, 2016 and most recently publicly reported NAVs. Market capitalization as of September 23, 2016.

Operational Risk vs. Credit Risk

- Newtek was founded in 1998 and has been publicly traded since 2000; longstanding operating history
- Newtek is an asset allocator
- Newtek's model embodies the flexibility to make adjustments versus making a long-term loan with non-adjustable covenants or flexibility

Factors for NAV Appreciation or Depreciation

- Standard BDC asset appreciation comes from:
 - Credit tightening
 - Interest rate declines
 - Equity kickers becoming more valuable
- Newtek is different!
 - Small balance, industry and geographically diversified portfolio of 1,099 loans
 - At June 30, 2016, Newtek's average loan size was \$172K of average unguaranteed retained loan balance
- BDC average loan size* comparison:
 - Ares Capital (ARCC): \$41.6 million
 - Triangle Capital (TCAP) is \$10.6 million
 - Main Street Capital (MAIN): \$2.9 million

*Calculated by taking the fair value of the total investment portfolio/ # disclosed portfolio companies

Potential Leverage Upside for Portfolio Companies

- Newtek's Goldman Sachs credit facility of \$38.0 million is currently underdrawn
- Current amount drawn is \$22.0 million which leaves \$16.0 million available to be drawn from this facility
- Drawn amount limited to 2.5x EBITDA of certain portfolio companies

Current Investment Targets*

- Factoring company with \$2.0 million in EBITDA
- Factoring company with \$1.0 million in EBITDA
- IT staffing company with \$2.0 million in EBITDA
- PEO with \$2.0 million in EBITDA
- Technology consulting company with \$3.0 million in EBITDA
- Insurance agency with \$2.0 million in revenue

*As of September 28, 2016. Newtek makes no representation that these investments will close

Potential Upside to Newtek's Business

- SBA 504 line of business at Newtek's portfolio company
- Investment in technology will:
 - Improve operational efficiencies across all segments
 - Improve management information and reporting
 - Create a master central database for selling, marketing and cross selling
- Lake Success headquarters
- Sublet of West Hempstead office
- Cost reduction in Wisconsin and Brownsville facilities

Newtek Senior Management Team

Jennifer C. Eddelson, CPA

- Chief Accounting Officer of Newtek Business Services Corp.
- Has been with Newtek for 12 years, since 2004
- Goals for 2017:
 - Work with Chief Information Officer to further automate accounting procedures thereby increasing efficiencies and enhancing business reporting
 - Continued expense reduction
 - Reduction of legacy CAPCO business with the decrease of lease and operating expenses of West Hempstead, Brownsville and Wisconsin offices

Peter Downs

- President, Newtek Small Business Finance; Chief Lending Officer, Newtek Business Services Corp.
- Has been with Newtek for 13 years, since 2003
- Goals for 2017:
 - Continue to grow alliance and referral relationships
 - Continue to grow loan referrals and loan closes by 25% to 30%, and improve operating margins
 - Create robust P&L for SBA 504 lending
 - Significantly grow banc-serv Partners business model and third-party servicing portfolio
 - Develop additional lending products that offer a high rate of return on capital on a risk-reward basis

Jordan Stein

- President of Newtek Payment Solutions
- Joined Newtek Payment Solutions in July 2015
- Goals for Newtek Payment Solutions in 2017:
 - Increase size of payments business
 - Grow business organically in target markets
 - Grow through acquisitions and transform private market and size multiple to a public market and larger multiple

Andrew Cohen

- Senior Vice President of Business Development, Newtek Payment Solutions
- Joined Newtek Payment Solutions in August 2016
- Goals for Newtek Payment Solutions in 2017
 - Emphasize the importance of eCommerce in payment processing to improve Newtek's technological offering to customers by offering the best technological solution instead of "feet on the street" pricing discounts
 - Continue to grow alliance channel

John Raven

- President and Chief Operating Officer, Newtek Technology Solutions
- Chief Information Security Officer & Chief Technology Officer, Newtek Business Services Corp.
- Joined Newtek in April 2015
- Goals for 2017:
 - Reduce downward trend from legacy businesses
 - Compete as #1 provider of managed technology solutions, managing hardware and software remotely in the Company's Tier-3 data center
 - We **DO** what Microsoft, Google and Amazon **DO NOT** do for small businesses

Nilesh Joshi

- Executive Vice President & Chief Information Officer, Newtek Business Services Corp.
- Joined Newtek in April of 2016
- Goals for 2017:
 - Improve operating systems with technological advances and efficiencies
 - Utilize software technology to better bundle and position Payroll and Insurance offerings
 - Utilize software enhancements to improve client experience in the payments and managed tech solutions space
 - Create an enhanced master central data base for marketing, selling and cross selling

Q&A
