Newtek Business Services Corp.
NASDAQ: NEWT

Third Quarter 2017
Financial Results Conference Call
November 2, 2017 8:30 am ET

Hosted by:

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

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Note Regarding Forward-Looking Statements

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

SBA Lending Highlights

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- Newtek Small Business Finance ("NSBF") funded a record $103.6 million of SBA 7(a) loans during the three months ended September 30, 2017; an increase of 20.6% compared to $85.9 million of SBA 7(a) loans funded for the three months ended September 30, 2016
- Newtek Business Credit Solutions ("NBC"), a controlled portfolio company, funded $4.8 million of SBA 504 loans for the three months ended September 30, 2017
- Anticipate funding $415.0 million in SBA 7(a) loans (by NSBF) and SBA 504 loans (by NBC) in 2017, which would represent an approximate 31% increase in total SBA loan fundings over 2016

Third Quarter 2017 Financial Highlights

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- Net asset value ("NAV") of $255.6 million, or $14.40 per share, at September 30, 2017
  - An increase of 0.7% over $14.30 per share at December 31, 2016
- Net investment loss of $(1.2) million, or $(0.07) per share, for the three months ended September 30, 2017, an improvement of 53.3% on a per share basis, compared to a net investment loss of $(2.1) million, or $(0.15) per share, for the three months ended September 30, 2016
- Adjusted Net Investment Income ("ANII")* of $7.9 million, or $0.45 per share, for the three months ended September 30, 2017; as compared to ANII of $6.7 million, or $0.46 per share, for the three months ended September 30, 2016
- Total investment income of $9.6 million for the three months ended September 30, 2017; an increase of 22.3% over total investment income of $7.9 million for the three months ended September 30, 2016
- Debt-to-equity ratio of 89.6% at September 30, 2017
  - As of September 30, 2017, proforma debt-to-equity ratio was 81.7% as a result of balance sheet reduction due to post September 30, 2017 settlement of government-guaranteed loans sold prior to September 30, 2017 (see slide 4 for detail)
- Total investment portfolio increased by 21.1% to $418.2 million at September 30, 2017, from $345.2 million at December 31, 2016

*See slide 34 for definition of ANII.

Debt-to-Equity Ratio Explanation

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Newtek Business Services Corp. and Subsidiaries Debt to equity ratio, actual as of September 30, 2017	
Actual Debt to Equity ratio at September 30, 2017:	
Total senior debt	$ 229,005
Total equity	$ 255,612
Debt to equity ratio - actual at September 30,2017	89.6%

- Newtek funds both the unguaranteed and guaranteed portions of loans through its credit facility. The guaranteed portions of our SBA 7(a) loans are levered until the loans are sold and settled, typically within 10-14 days of origination
- Based on timing of when loans are sold and settled, our debt-to-equity ratio will fluctuate
- As of September 30, 2017, proforma debt-to-equity ratio was 81.7% as a result of balance sheet reduction due to post September 30, 2017 settlement of government-guaranteed loans sold prior to September 30, 2017

Newtek Business Services Corp. and Subsidiaries Debt to equity ratio - proforma at September 30, 2017 *(in thousands):*	
Broker receivable, including premium income receivable	$ 25,003
Less: premium income included in broker receivable	(2,672)
Broker receivable	22,331
90% advance rate on SBA guaranteed non-affiliate portions of loans sold, not settled	$ 20,098

Proforma debt adjustments:	
Total Senior Debt as of September 30, 2017	$ 229,005
Proforma adjustment for broker receivable as of September 30, 2017, as calculated above	(20,098)
Total proforma debt at September 30, 2017	$ 208,907

Proforma Debt to Equity ratio at September 30, 2017:	
Total proforma debt	$ 208,907
Total equity	$ 255,612
Debt to equity ratio - proforma at September 30, 2017	81.7%

Nine Months Ended September 30, 2017: Financial Highlights

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- Net investment loss of $(5.0) million, or $(0.29) per share, for the nine months ended September 30, 2017, improved by 44.2% on a per share basis, compared to a net investment loss of $(7.6) million, or $(0.52) per share, for the nine months ended September 30, 2016
- ANII of $21.6 million, or $1.26 per share, for the nine months ended September 30, 2017; an increase of 10.5% on a per share basis, over ANII of $16.5 million, or $1.14 per share, for the nine months ended September 30, 2016
- Total investment income of $28.5 million for the nine months ended September 30, 2017; an increase of 30.3% over total investment income of $21.9 million for the nine months ended September 30, 2016

Dividend Payments and 2017 Forecast

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- The Company maintains its 2017 annual dividend guidance of $1.64[1] per share, which represents an approximate 7.2% increase over the 2016 annual cash dividend of $1.53 per share
- Paid a third quarter 2017 cash dividend of $0.44 per share on September 29, 2017 to shareholders of record as of September 22, 2017

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

Progress on Recent Investments

- Since Newtek's conversion to a BDC, the Company has made five controlled portfolio company investments:
  - On July 23, 2015, completed investment in Premier Payments LLC
  - On June 24, 2016, completed investment in banc-serv Partners, LLC
  - On May 20, 2016, the Company's wholly owned controlled portfolio company, Newtek Technology Solutions ("NTS"), acquired the assets of ITAS, LLC and Deer Valley Data, LLC
  - On April 6, 2017, completed investment in IPM, an information technology consulting company
  - October 25, 2017, completed investment in United Capital Source, a lead generator for commercial financing companies (see following slide)

New Portfolio Company Investment: United Capital Source

- October 25, 2017: completed investment in United Capital Source ("UCS"), a national lead generator for commercial financing companies; a new wholly owned portfolio company
- Newtek and its portfolio companies will work with UCS' management team, and current base of 12 full-time equivalent telemarketers to grow the business' capability and enhance its current and future cashflows as well as the sales and marketing competency of all Newtek portfolio companies
- Operations will be relocated to Newtek's Lake Success, NY office
- UCS' management team will work closely with Newtek and its controlled portfolio companies in lending, electronic payment processing, technology solutions, insurance agency, and payroll and benefits staff to offer Newtek's financial and business services solutions to Newtek's cumulative database of referrals, new referral business, alliance partner database and independent commercial enterprises
- Newtek Business Services Corp. paid total consideration of $3,050,000, which consisted of $500,000 in restricted shares of Newtek common stock and $1,950,000 in cash, with the $600,000 balance to be paid in cash and Newtek common stock, in two equal installments in 2018 and 2019 based on UCS attaining specific EBITDA targets for 2019 and 2020

Current Investment Pipeline*

- Currently targeting the following investments with the goal to capture the opportunity to offer ‘Payments as a Service’ (PaaS)

  1. Payment Processor with zero-cost technology fee software
  2. Software Point-of-Sale (“POS”) Vendor

*As of November 1, 2017. Newtek makes no representation or assurances that these investments will close.

New Alliance Partnerships

- Major wealth management firm (Insurance Agency)
- Two major software vendors and one major hardware vendor (Technology Solutions)
- Major wealth management firm (Payroll, Health and Benefits-changed to iSolved software solutions)
- Additional financing solution partners

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 (national PLP status)
- One of 14 Non-Bank SBA Government-Guaranteed Lender Licenses (new licenses are presently no longer being issued)
- 7th largest SBA 7(a) lender including banks[1]
- National SBA 7(a) lender to small businesses since 2003; 14-year history of loan default frequency and severity statistics
- Issued 7 S&P-rated AA & A securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 1,455 loans
  - Average loan size is approximately $182K of average unguaranteed retained loan balance
- Floating rate at Prime plus 2.75% with no caps and quarterly rate adjust; currently equivalent to 7.00% cost to borrower
- No origination fees with 7- to 25-year amortization schedules; receiving a high-quality loan product
- Secondary market established for SBA 7(a) government-guaranteed loans for over 61 years and Newtek establishes liquidity for unguaranteed portions through securitizations

[1]As of September 30, 2017

SBA 7(a) Loan Originations & Pipeline Comparisons

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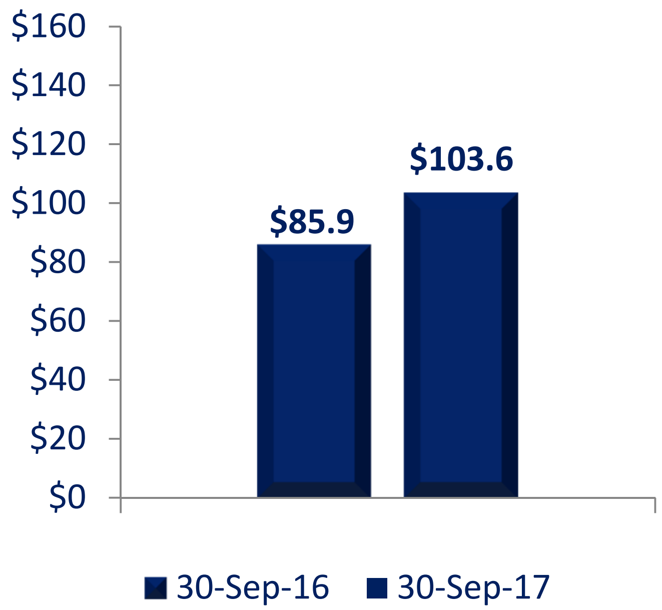
SBA 7(a) Loan Fundings
Three Months Ended
September 30, 2016 vs. 2017

$ in millions



SBA 7(a) Loan Pipeline		
	September 30, 2017	September 30, 2016
Prequalified Loans	$118,079,320	$90,059,002
Loans In Underwriting	$65,901,600	$45,118,176
Approved Pending Closing	$54,359,700	$55,379,850
Total Loan Pipeline	**$238,340,620**	**$190,557,028**

- For the three months ended September 30, 2017, SBA 7(a) loan fundings increased year over year by 20.6%

Growth in Loan Referrals

Loan Referrals ($ in millions)		
Q3 2016	**Q3 2017**	**Year-over-Year % Change**
$ 1,966	$ 2,568	**30.7%**

- Q3 2017 loan referrals were $2.6 billion; a 30.7% year-over-year increase over $2.0 billion in Q3 2016
- Month-to-date through October 28, 2017, loan referrals were $1.2 billion
- Year-to-date through October 28, 2017, loan referrals were $8.2 billion; a 25.8% year-over-year increase from $6.6 billion for the same period one year ago

Loan Units Referred		
Q3 2016	**Q3 2017**	**Year-over-Year % Change**
3,353	7,900	**135.6%**

- Q3 2017 loan units referred were 7,900; a 135.6% year-over-year increase over 3,353 in Q3 2016
- Month-to-date through October 28, 2017, loan units referred were 4,232
- Year-to-date through October 28, 2017, loan referrals were 20,189; a 71.5% year-over-year increase from 11,773 loan units referred for the same period one year ago

Average Net Premium From SBA Guaranteed Loan Sales

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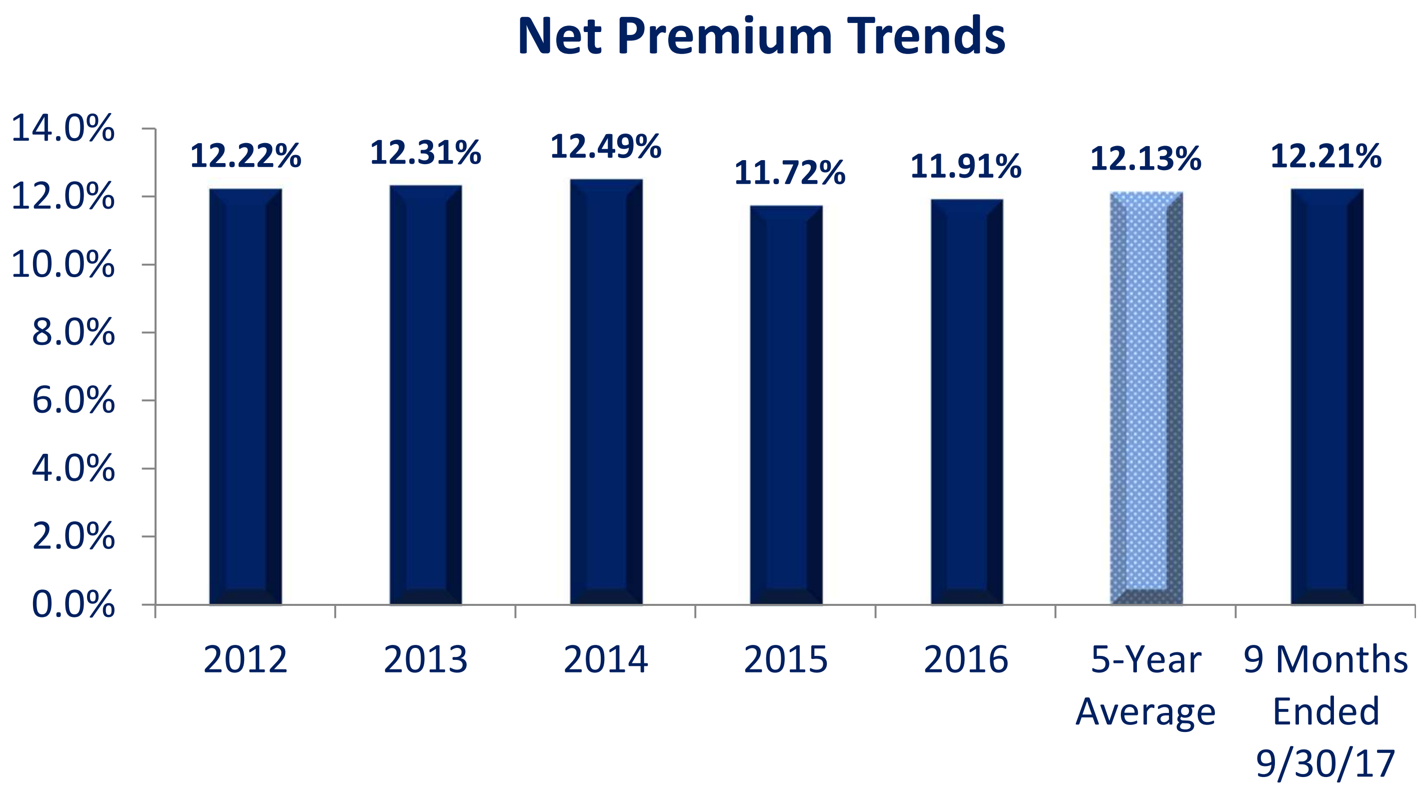

Weighted Average Term	17.29	18.84	18.79	17.74	18.04	18.14	17.88

- For the three months ended September 30, 2017, the net premium received on the sale of guaranteed portions of SBA loans was 12.31%

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.

SBA 7(a) Loan Portfolio Performance

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

(in thousands)	9/30/2014	9/30/2015	9/30/2016	9/30/2017
SBA 7(a) Unguaranteed Non-Performing Investments, at amortized cost	$ 9,651	$ 9,529	$ 14,973	$ 19,459
Fair Value Adjustment	(1,999)	(4,222)	(6,128)	(9,670)
SBA 7(a) Unguaranteed Non-Performing Investments, at fair value	$ 7,652	$ 5,307	$ 8,845	$ 9,789
Total Outstanding Loan Portfolio - Fair Value	$ 108,410	$ 144,290	$ 196,624	$ 257,136
Non-Performing Portfolio (at fair value) as a Percentage of Total Outstanding Loan Portfolio	**7.1%**	**3.7%**	**4.5%**	**3.8%**

SBA 7(a) Loan Portfolio Performance

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

	As of September 30, 2016	As of September 30, 2017
Average 12-Month Outstanding Loan Balance	$ 179,974,522	$ 234,788,928
Charge Off Rolling 12 Months	$ 1,324,193	$ 292,572
Realized Losses (Loan Charge Offs) as a Percentage of Average Outstanding Loan Portfolio	**0.74%**	**0.12%**

- For the 12 months ended September 30, 2017, experienced 0.12% of charge offs as a percentage of the average 12-month outstanding loan balance

SBA 7(a) Loan Sale Transaction

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

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

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

[1]Realized gains (premiums on loan sales) above 10% split 50/50 with SBA. This example assumes guaranteed balance is sold at 14.80%. The additional 4.8% (14.8% - 10%) is split with SBA. NSBF nets 12.4%.
[2]Assumes 12.4% of the Guaranteed balance.
[3]Assumes 71% 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]	12.4%
Term	25 years

Resulting Revenue (Expense)		
Associated Premium[2]	$93,000	
Servicing Asset[3]	$18,000	
Total Realized Gain		$111,000
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]		**$99,750**

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

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

NBC: Growth in SBA 504 Loan Platform

- Funded $4.8 million of SBA 504 loans during the three months ended September 30, 2017
- Funded $9.6 million of SBA 504 loans during the nine months ended September 30, 2017
- Sold $3.1 million of SBA 504 loans during the three months ended September 30, 2017
- As of September 30, 2017, there were $43.9 million SBA 504 loans in the pipeline
- Anticipate funding between $20 to $40 million SBA 504 loans in 2017

Sample SBA 504 Loan Structure

An example of a typical SBA 504 loan structure is detailed below:

Real Estate Acquisition Loan				
	$ Amount		**$ Amount**	**Percent of Total**
Purchase Price	$800,000	1st Mortgage Funded by NBC	$500,000	50%
Renovations	$150,000	Bridge Loan Originally Funded by NBC*	$400,000	40%
Soft & Closing Costs	$50,000	Borrower Equity Injection	$100,000	10%
Total	$1,000,000	Total	$1,000,000	100%

- Up to 50% first mortgage
- Up to 40% second mortgage provided by CDC ($250,000 to $4.0 million)
- At least 10% equity contribution

*Taken out by CDC funded second mortgage of $400,000 within 60-90 days of funding.

Loan Sale Transaction - SBA 504 Loan

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

Key Variables in Loan Sale Transaction	
Total Projected Financing	$2,682,274
Senior Loan Balance	$1,342,274
Junior Bridge Loan Balance(1)	$1,040,000
Borrower Equity	$300,000
Premium(2)	5.00%
Rate	Fixed
Term	10 Years

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

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

Continued Expansion of Senior Management Team

- **Tony Zara,** Executive Vice President, Credit and Risk Management, Newtek Business Credit ("NBC")
  - 15+ years strategic planning, business development and SBA loan credit evaluation with expertise in SBA 504 loan products
  - Most recently Mr. Zara was Executive Vice President, National Sales and Director at Mercantile Capital Corporation, a wholly owned subsidiary of Iberiabank Corporation, where he helped develop a national lending business that specialized in providing fixed-asset acquisition and construction financing to small business owners through the SBA 504 loan program
  - Oversaw and was part of a national sales team that funded over $2.2 billion in SBA 504 loans
  - Holds a Bachelor of Science in Economics with a concentration in Finance from the University of Pennsylvania's Wharton School of Business Undergraduate Program
  - Believe he will help improve and augment policies and procedures, credit underwriting, transactional deal flow and funding in NBC's SBA 504 program
  - Will serve on the credit committee for NBC
  - Will be located in Newtek's Orlando, FL office

Portfolio Companies – Electronic Payment Processing ("EPP")

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

2017 Forecast

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

Valuation & Financial Performance

- Payment processing businesses combined fair market value of $87.0 million, net of debt as of 9/30/17, which equates to approximately 6.4x FY 2017 forecasted Adjusted EBITDA*

Publicly Traded Comparable Companies

Name (Symbol)	2016 Enterprise Value / 2017 Forecasted EBITDA[1]
Vantiv, Inc. (VNTV)	16.1x
Global Payments (GPN)	16.3x
First Data Corporation (FDC)	11.5x

Note: See Form 10-K, for the year ended December 31, 2016, for specific valuation methodologies for controlled portfolio companies. [1]Multiples calculated using Bloomberg as of October 25, 2017. *See page 37 for definition of Adjusted EBITDA.

EPP’s Opportunities

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

Technology Portfolio Companies

- Newtek's technology portfolio companies include Newtek Technology Solutions ("NTS"), IPM and Sidco, LLC, d/b/a Cloud Nine Services ("C9")
- Recent investment in IPM anticipated to help expand position as technology solutions provider

2017 Forecast
▪ Revenue: $49.3 million

Valuation & Financial Performance
▪ NTS, IPM and C9 combined fair market value of $27.1 million[2], net of debt as of 9/30/17, which equates to approximately 1.8x 2017 forecasted combined revenue

Publicly Traded Comparable Companies

Name (Symbol)	2016 Enterprise Value / 2017 Forecasted Revenue[1]
▪ Endurance (EIGI)	2.7x
▪ Web.com Group Inc. (WWWW)	2.5x

Note: See Form 10-K, for the year ended December 31, 2016, for specific valuation methodologies for controlled portfolio companies *See page 37 for definition of Adjusted EBITDA. [1]Multiples calculated using Bloomberg as of October 25, 2017. [2]Represents NTS, IPM and C9 valued at $16.0, $8.8 million and $2.3 million, respectively at 9/30/17

Newtek Technology Solutions ("NTS")

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- Managed technology & cloud computing business, wholly owned and managed for 10+ years
- Host and manage SMBs computer hardware, software and their technology solutions in its Level-3, 5,000 square foot data center in Phoenix, Arizona; additional space, including in the U.K. and New Jersey
- Offers services to approximately 99,000 business accounts and over 70,000 domain names
- This business is being transformed to take advantage of shift to cloud-based business trends including eCommerce, Payroll and Insurance; additional cloud offerings in the pipeline
- NTS invested approximately $2.0 million in hardware and software technologies to meet the growing demand for Enterprise Cloud Solutions

NTS, IPM & C9 Manage Your Technology Solutions

- NTS,IPM & C9's 5-Point Plan

1. Consulting
2. Strategy / Professional Services
3. Procurement – Hardware & Software
4. Implementation and Deployment
5. Managed Services – Cloud, Hybrid, On-Premise

- Comprehensive approach to tackling enterprise-technology demands; differentiates Newtek's portfolio companies in the marketplace
- Deep expertise and resources at each step of the technology life cycle allow NTS, IPM and C9 to address areas of specific need or deliver a holistic solution

NTS' Opportunities in Cloud Computing

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

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 $1.64 per share in 2017
- Proven track record; Established in 1998; publically traded since September 2000
- Over 14-year lending history through multiple lending cycles; great depth and breadth of experience
- NSBF does not purchase repackaged loans; instead, originates on a true retail basis leading to strong credit quality and loan performance
- Small balance, industry and geographically diversified portfolio of 1,455 loans with an average loan size of approximately $182K 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 6.4% of outstanding shares as of September 30, 2017
- **No** derivative securities in BDC; **No** SBIC leverage; **Do not invest in** CDOs or loans with equity kickers, **No** 2nd lien or mezzanine financing as a business line
- **No** direct lending exposure to oil and gas industry

Financial Review

Jennifer C. Eddelson, Chief Accounting Officer

Consolidated Statements of Operations
Newtek Business Services Corp. and Subsidiaries

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(n thousands except per share data amounts)

	Three Months September 30, 2017	Three Months September 30, 2016
Investment income:		
From non-affiliate investments:		
Interest income	$ 4,363	$ 2,583
Servicing income	1,794	1,551
Other income	705	692
Total investment income from non-affiliate investments	6,862	4,826
From controlled investments:		
Interest income	188	92
Dividend income	2,551	2,933
Other income	—	—
Total investment income from controlled investments	2,739	3,025
Total investment income	9,601	7,851
Expenses:		
Salaries and benefits	4,776	3,665
Interest	2,986	2,341
Depreciation and amortization	107	84
Professional fees	605	807
Origination and servicing	1,433	1,537
Change in fair value of contingent consideration liabilities	(748)	—
Other general and administrative costs	1,634	1,542
Total expenses	10,793	9,976
Net investment loss	(1,192)	(2,125)
Net realized and unrealized gains (losses):		
Net realized gains on non-affiliate investments	9,938	8,716
Net unrealized appreciation (depreciation) on SBA guaranteed non-affiliate investments	1,151	(78)
Net unrealized (depreciation) appreciation on SBA unguaranteed non-affiliate investments	(1,023)	1,418
Net unrealized (depreciation) appreciation on controlled investments	(500)	4,638
Change in provision for deferred taxes on unrealized depreciation (appreciation) on controlled investments	335	(2,028)
Net unrealized depreciation on servicing assets	(632)	(500)
Net unrealized depreciation on credits in lieu of cash and notes payable in credits in lieu of cash and notes payable in credits in lieu of cash	—	(1)
Net realized and unrealized gains	9,269	12,165
Net increase in net assets	$ 8,077	$ 10,040
Net increase in net assets per share	$ 0.46	$ 0.69
Net investment loss per share	$ (0.07)	$ (0.15)
Dividends declared per common share	$ 0.44	$ 0.43
Weighted average shares outstanding	17,487	14,556

Non-GAAP Financial Measures

Newtek Business Services Corp. and Subsidiaries

In evaluating its business, Newtek considers and uses Adjusted Net Investment Income ("ANII") as a measure of its operating performance. ANII includes short-term capital gains from the sale of the guaranteed portions of SBA 7(a) loans, and beginning in 2016, capital gain distributions from controlled portfolio companies, which are reoccurring events. The Company defines ANII as Net investment income (loss) plus Net realized gains (losses) recognized from the sale of guaranteed portions of SBA 7(a) loan investments, plus or minus Loss on lease adjustment, plus the net realized gains on controlled investments (beginning in 2016 as it is anticipated this will be reoccurring income), plus or minus the change in fair value of contingent consideration liabilities, plus stock-based compensation expense (added back in third quarter of 2016 only and is not included prospectively as it is anticipated to be a reoccurring expense).

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.

Newtek Business Services Corp. and Subsidiaries
Adjusted Net Investment Income

(in thousands, except per share amounts)	Three months ended September 30, 2017	Per share	Three months ended September 30, 2016	Per share
Net investment loss	$ (1,192)	$ (0.07)	$ (2,125)	$ (0.15)
Net realized gain on non-affiliate debt investments	9,938	0.57	8,712	0.60
Loss on lease	(74)	(0.00)	(152)	(0.01)
Stock-based compensation	-	-	226	0.02
Change in fair value of contingent consideration liabilities	(748)	(0.04)	-	-
Adjusted Net investment income	$ 7,924	$ 0.45	$ 6,661	$ 0.46

Note: Per share amounts may not foot due to rounding

Newtek
Your Business Solutions Company®

Newtek Business Services Corp. and Subsidiaries
Adjusted Net Investment Income

(in thousands, except per share amounts)	Nine months ended September 30, 2017	Per share	Nine months ended September 30, 2016	Per share
Net investment loss	$ (4,965)	$ (0.29)	$ (7,586)	$ (0.52)
Net realized gain on non-affiliate debt investments	27,537	1.61	22,536	1.55
Loss on lease	(249)	(0.01)	1,335	0.09
Stock-based compensation	-	-	226	0.02
Change in fair value of contingent consideration liabilities	(748)	(0.04)	-	-
Adjusted Net investment income	$ 21,575	$ 1.26	$ 16,511	$ 1.14

Note: Per share amounts may not foot due to rounding

Non-GAAP Financial Measures

Newtek's Controlled Portfolio Company Investments

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

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

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

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