NEWSTAR FINANCIAL

Q1 2016 Overview

May 4, 2016

Forward Looking Statements

This presentation contains “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding future performance, including expectations regarding credit performance and origination, expected growth and anticipated benefits from a strategic relationship with GSO and Franklin Square. All statements other than statements of historical fact included in this release are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, strategic plans, the market price for NewStar’s stock prevailing from time to time, the nature of other investment opportunities presented to NewStar from time to time, objectives, future performance, financing plans and business. As such, they are subject to material risks and uncertainties, including our limited operating history; the general state of the economy; our ability to compete effectively in a highly competitive industry; and the impact of federal, state and local laws and regulations that govern non-depository commercial lenders and businesses generally.

More detailed information about these and other risk factors can be found in NewStar's filings with the Securities and Exchange Commission (the "SEC"), including Item 1A ("Risk Factors") of our 2015 Annual Report on Form 10-K as may be updated or supplemented by any Risk Factors contained in our subsequent Quarterly Reports on Form 10-Q. NewStar is under no obligation to (and expressly disclaims any such obligation to) update or alter its forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Q1 2016 HIGHLIGHTS

Q1 2016 Highlights

Market Conditions	■ Uncertainty about the economic outlook and financial market volatility continued to weigh on investor sentiment in Q1, resulting in slower deal activity and broad-based declines in loan values. ■ US MM sponsored issuance volumes were down 45% from Q4. ■ Impact of market conditions on the Company's operating performance was reflected in slower investment activity, lower capital markets fees and losses recognized from mark-to-market adjustments on loans held-for-sale and loans referenced by a total return swap.
Growth	■ Originated $300 million of new funded credit investments in Q1, down from $705 million in the prior quarter and $609 million in Q1 2015 due primarily to a slowdown in overall market activity and greater selectivity. ■ Managed loans and investments decreased by $0.3 billion to $6.6 billion in the first quarter due primarily to the sale of asset-based lending business. ■ Excluding the sale, managed loans and investments were stable.
Credit Performance	■ Credit costs exceeded expected ranges, increasing by $14.0 million to $17.7 million in Q1 2016 compared to $3.7 million last quarter. ■ Increase in provision expense reflected a rapidly developing credit event that led to a $5 million charge-off as well as specific provision for several legacy loans in connection with accelerated restructuring strategies. ■ Three impaired loans totaling $10.2 million were placed on non-accrual status.
Capital Management	■ Repaid approximately $237 million of debt in connection with the sale of asset-based lending business. ■ Issued final $25 million of subordinated notes under existing commitment and added $375 million credit facility to support launch of new Arch Street fund. ■ Book value per share decreased by $0.33 to $13.84 at March 31, 2016 due primarily to a 1.1 million increase in shares outstanding driven by exercises of financial crisis era grants that expired during the quarter.
Strategic Initiatives	■ Sold asset-based lending subsidiary for $112 million, or approximately $1.27x book value ■ Sale added more than $117 million to liquidity and generated a $22.5 million gain on sale in Q1 2016 ■ Launched new managed fund (Arch Street) on NewStar Capital asset management platform ■ Reduced commercial real estate exposure further after quarter-end through sale of three loans totaling $34 million

Sale of asset-based lending subsidiary

Overview

- On March 31, 2016, NewStar announced the sale of its asset-based lending subsidiary, NewStar Business Credit LLC ("NSBC") to Sterling National Bank for approximately $112 million in cash, net of debt repayment, fees and expenses.
- NSBC was acquired in late 2010 from American Capital (ACAS) and expanded significantly over the last five years.

Summary Transaction Terms

- The transaction was structured as a sale of NewStar's ownership interests in NSBC and generated net proceeds to NewStar of more than $117 million, including the retention of excess cash.
- The purchase price was approximately 1.27x book value and reflected a premium of approximately 6% of gross loan receivables.

Strategic Rationale

- The sale demonstrates a continuation of the Company's transformation from a bank-styled, diversified commercial finance company into a more specialized middle market direct lender with a focus on managing assets for institutional investors.
- Reflects a decision to exit lending platforms with economic models increasingly challenged by competition from banks and other lenders with access to lower cost funding.
- Cash proceeds from the transaction add significantly to the Company's liquidity position and enhance its flexibility to pursue other strategic priorities, including continued share repurchases.
- Additional liquidity also allows the Company to re-invest in its higher-margin, core lending and asset management businesses, which the Company believes are positioned to capitalize on favorable market trends, including a reduction in banks' leveraged lending activity and growing interest among institutional investors in middle market private debt.

Financial Impact

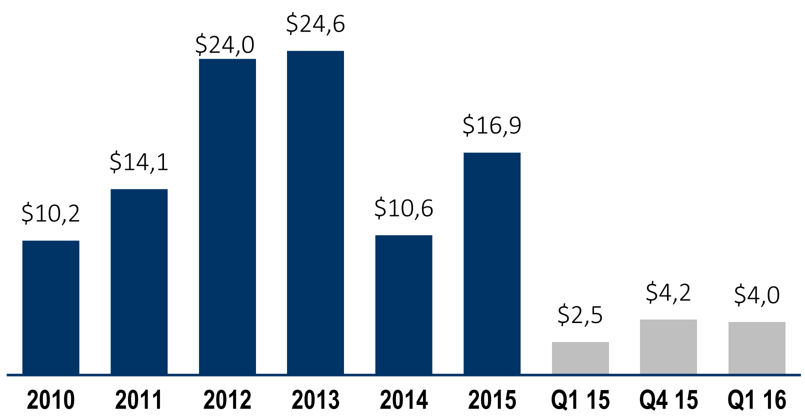
- Sale of NSBC generated $22.5 million gain in the first quarter of 2016 excluding transaction costs and expenses totaling approximately $2.5 million.
- Sale reduced loans and investment by approximately $331 million as of March 31, 2016.
- NSBC employed 26 FTE and had a run-rate expense base of approximately $7.2 million in Q1 2016.
- NSBC contributed approximately $3.7 million of earnings, or $0.08 per diluted share, in FY 2015.

Operating performance trends

Net Income

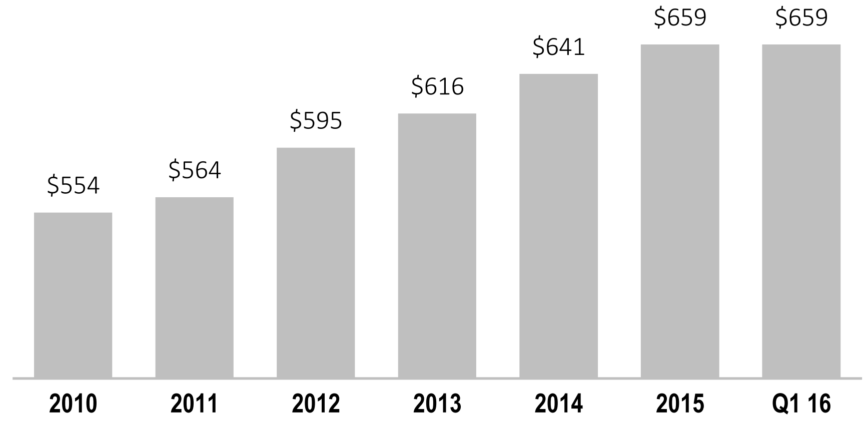
$MM

Q1 2016 EPS: $0.09 per fully diluted share



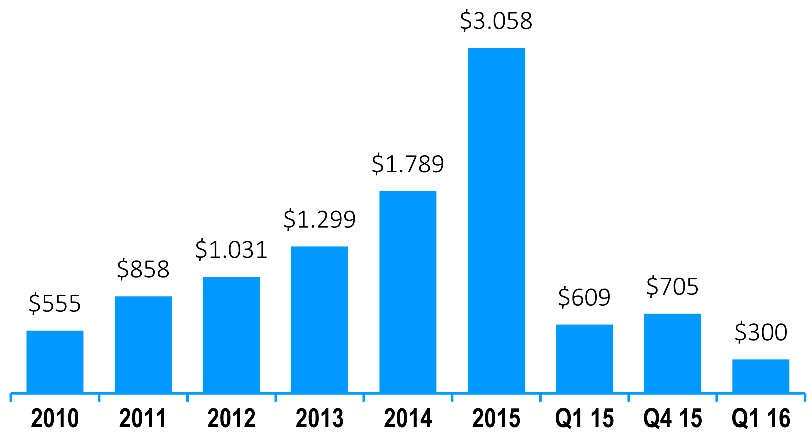
Equity

$MM

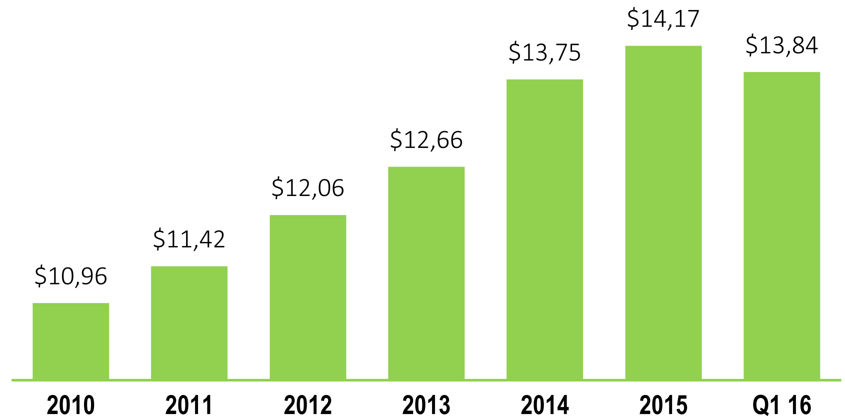


Origination Volume

$MM



Book Value per Share



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Financial Results

Summary of Q1 2016 financial results

Q1 2016 *($ in thousands, except per share amounts)*	Three months ended March 31, 2016	 December 31, 2015	 March 31, 2015
Net Income	$4,009	$4,209	$2,539
Net Income per share:			
Basic	$0.09	$0.09	$0.05
Diluted	$0.09	$0.09	$0.05
Weighted average shares outstanding:			
Basic	46,447,008	45,601,534	46,769,864
Diluted	46,447,008	46,954,059	49,406,234

- Change in average basic share count reflects an increase in outstanding shares resulting from the exercise of option grants that expired in March 2016.
- In prior periods, those options were reflected in the average diluted share counts.

Q1 2016 Financial highlights

Financial Highlights

$ in Millions	Q1 2016	Q4 2015	Q3 2015	Q2 2015	Q1 2015	FY 2015	FY 2014
Balance sheet							
Loans and leases, net	$3,029	$3,134	$2,991	$2,689	$2,497	$3,134	$2,306
Total assets	4,008	4,092	3,869	3,507	3,120	4,092	2,811
Warehouse, repo and term debt	2,678	2,750	2,624	2,257	2,002	2,750	1,722
Senior notes	373	372	300	300	--	379	--
Corporate debt	--	--	--	--	234	--	234
Subordinated notes	236	210	184	132	131	210	151
Equity	659	659	660	657	656	659	641
Income statement							
Interest income	$62.0	$60.6	$54.6	$46.9	$39.7	$201.8	$136.2
Net interest income	22.5	24.4	23.2	15.8	17.4	80.8	78.4
Total revenue	41.7	27.7	26.7	23.2	21.5	99.2	89.6
Operating expenses	17.1	16.9	13.4	11.4	10.2	51.9	45.5
Provision expense	17.7	3.7	4.5	3.2	7.0	18.4	27.1
Net income	4.0	4.2	5.1	5.0	2.5	16.9	10.6
Key ratios							
Portfolio yield	6.28%	6.33%	6.32%	6.31%	6.00%	6.27%	6.09%
Net interest margin	2.21%	2.45%	2.57%	1.99%	2.51%	2.39%	3.17%
Expense ratio	1.68%	1.68%	1.45%	1.39%	1.44%	1.51%	1.80%
Net charge off rate	0.76%	-0.06%	0.00%	0.56%	0.00%	0.11%	1.10%
Pre-tax return on average equity	4.23%	4.28%	5.31%	5.23%	2.67%	4.38%	2.93%

Summary

- Generated a $22.5 million gain on sale of asset-based lending business
- Originated new loan volume of $300 million for Q1 2016, down from $705 in Q4 2015 and $609 in Q1 2015.
- Managed assets decreased by $0.3 billion in Q1 2016 to $6.6 billion due to sale of ABL business. Total assets held by managed funds were approximately $3 billion.
- Issued $25 million of subordinated notes and repaid approximately $237 million of debt in connection with sale of ABL.
- Launched new managed fund supported by new $375 million credit facility
- Margin narrowed to 2.21% in Q1 2016 from 2.45% in Q4 2015 due primarily the issuance of higher cost long-term debt in November 2015 and during the first quarter of 2016.
- Credit costs increased to 180 bps on average loans and investments in Q1 2016.
- Book value per share decreased $0.33 to $13.84 due primarily to an increase in outstanding shares from option exercises.

Net interest margin analysis

Q4 2015 NIM
2.45%

Base Rate Impact	+	Interest Income	+	Interest Expense	+	Deferred Fee Income	+	Other	=	NIM
-0.01%	+	-0.02%	+	-0.24%	+	-0.10%	+	+0.13%	=	-0.24%

Base Rate Impact
- Changes in LIBOR

Interest Income
- Net increase in average spread offset by other adjustments

Interest Expense
- Higher average warehouse borrowings
- Higher long term corporate debt
- Higher CLO debt

Deferred Fee Income
- Lower amortization of deferred loan fees due to a decrease in prepayment rate

Other
- Increase in loans as a percentage of interest earning assets

Q1 2016 NIM
2.21%

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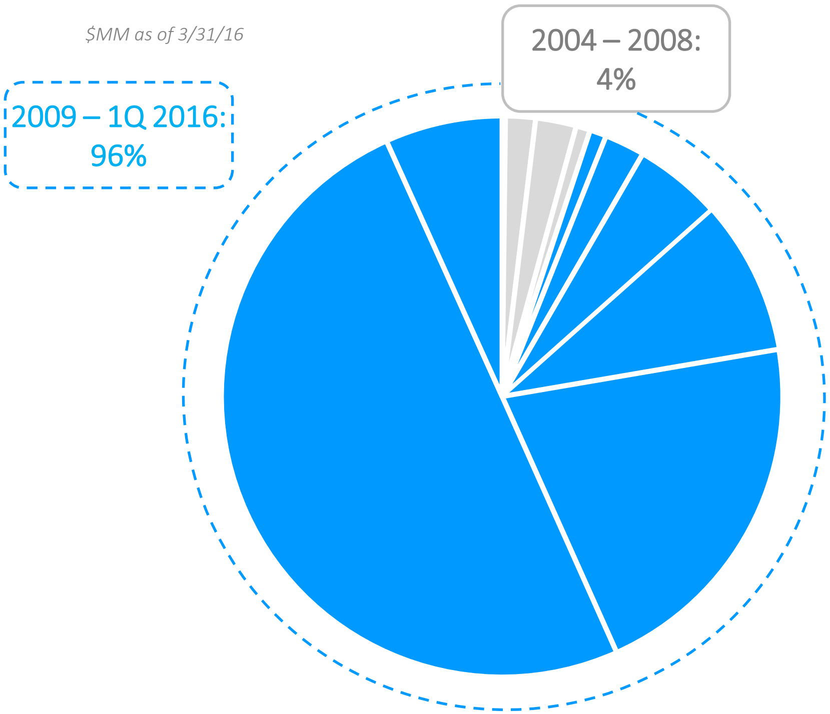
Loan and investment portfolio

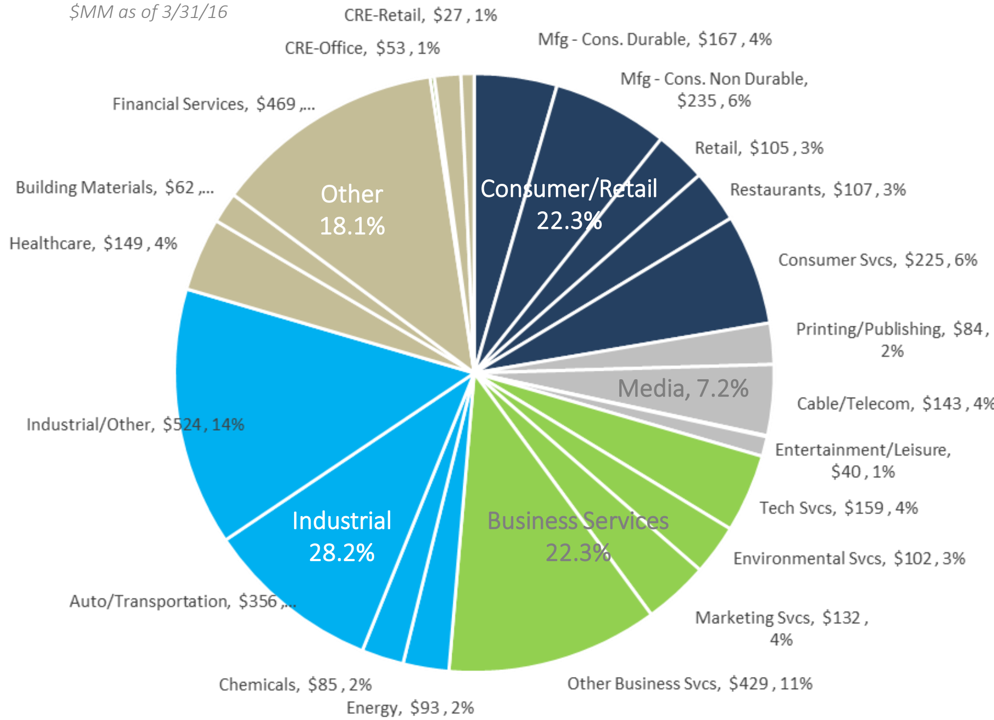
Loan Portfolio by Vintage

$MM as of 3/31/16



Loan Portfolio by Industry

$MM as of 3/31/16



High quality portfolio; more than 96% of loans originated post-crisis

Highly diversified portfolio; largest single obligor represents only 1.2% of total loans

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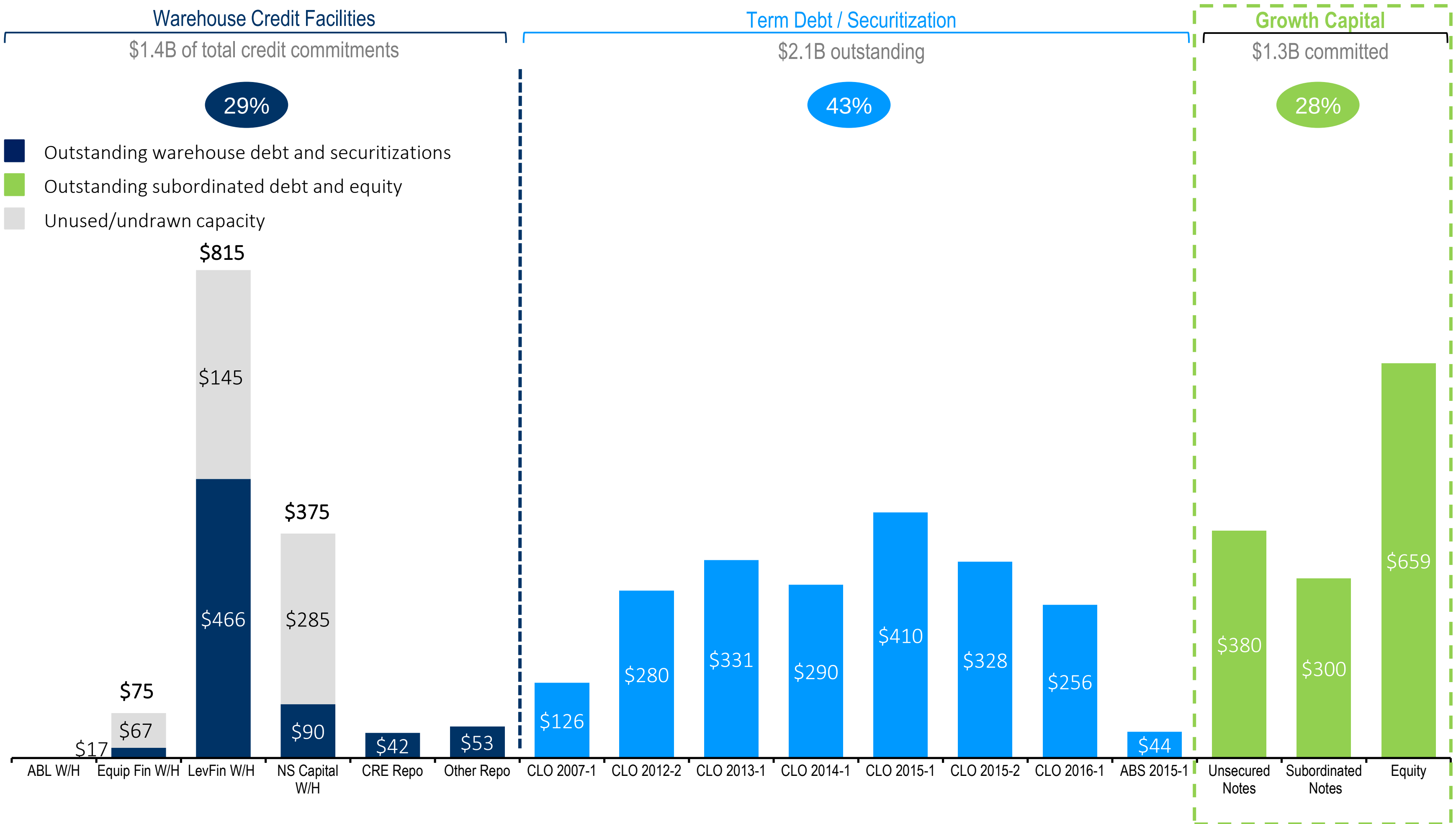
Capital structure

Capital Structure in Place to Support Growth

$MM, as of 3/31/2016

Total Capital Commitments: $4.4B



Diversified funding and strong capital base with ability to build equity through retained earnings

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Note: *CLO balances include all classes of notes, net of retained notes and equity interests, as well as repurchases. Reinvestment period for CLO 2007-1 and 2012-2 has expired and the trusts are amortizing.*

Q1 2016 Credit performance

Credit Costs

- Credit costs exceeded expected ranges
- Provision expense increased by $14.0 million in Q1 2016 compared to Q4 2015 due primarily to a rapidly developing credit event and additional reserves established on two legacy loans in connection with accelerated restructuring strategies and related activity
- Specific provision increased by $14.2 million to $16.6 million in Q1 2016 from $2.4 million in the prior quarter

Non-performing assets

- NPAs increased to 3.63% in Q1 from 3.44% in Q4 due primarily to new loans being classified as non-accruing, which were partially offset by $6.1 million of charge-offs
- Three loans totaling $10.2 million were placed on non-accruing status in the first quarter

Allowance for loan losses

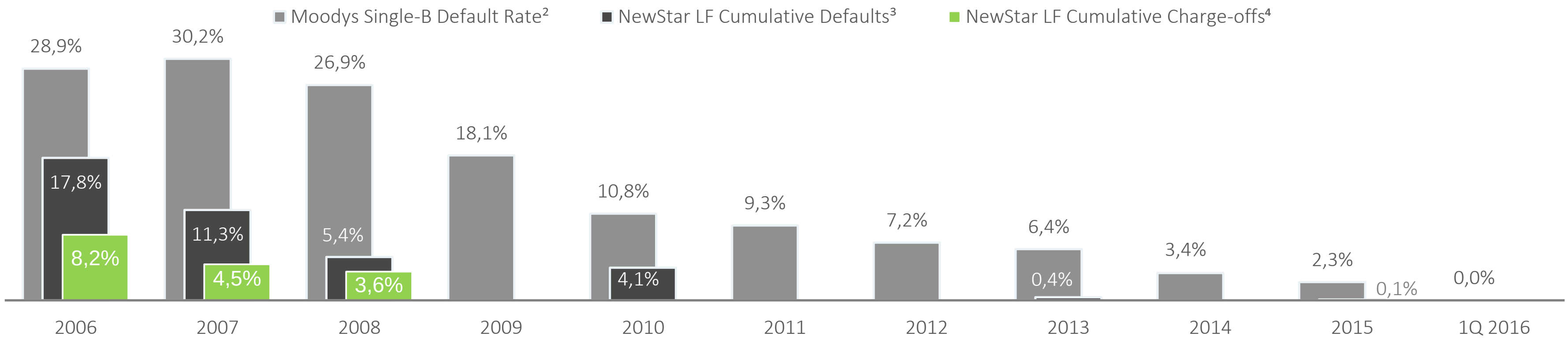
- The allowance for credit losses increased by $8.6 million to $67.3 million, or 2.19% of loans as of March 31, 2016 from $58.7 million, or 1.81% of loans, as of December 31, 2015 due primarily to $16.6 million of specific provision expense, which was partially offset by charge-offs.
- Net charge-offs in the first quarter totaled $7.3 million.

($ in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Credit quality ratios:			
Delinquent loan rate (at period end)	0.60%	0.84%	1.64%
Non-accrual loan rate (at period end)	3.62%	3.43%	3.90%
Non-performing asset rate (at period end)	3.63%	3.44%	4.01%
Annualized net charge-off rate (end of period loans)	0.93%	(0.07)%	--
Allowance for credit losses ratio (at period end)	2.19%	1.81%	1.97%
Allowance for credit losses activity:			
Balance as of beginning of period	$58,726	$54,481	$43,693
General provision for credit losses	1,071	1,244	3,997
Specific provision for credit losses	16,642	2,422	2,981
Net (charge-offs) recoveries	(7,327)	579	68
Reversal due to sale of Business Credit	(1,819)	--	--
Balance as of end of period	$67,293	$58,726	$50,739

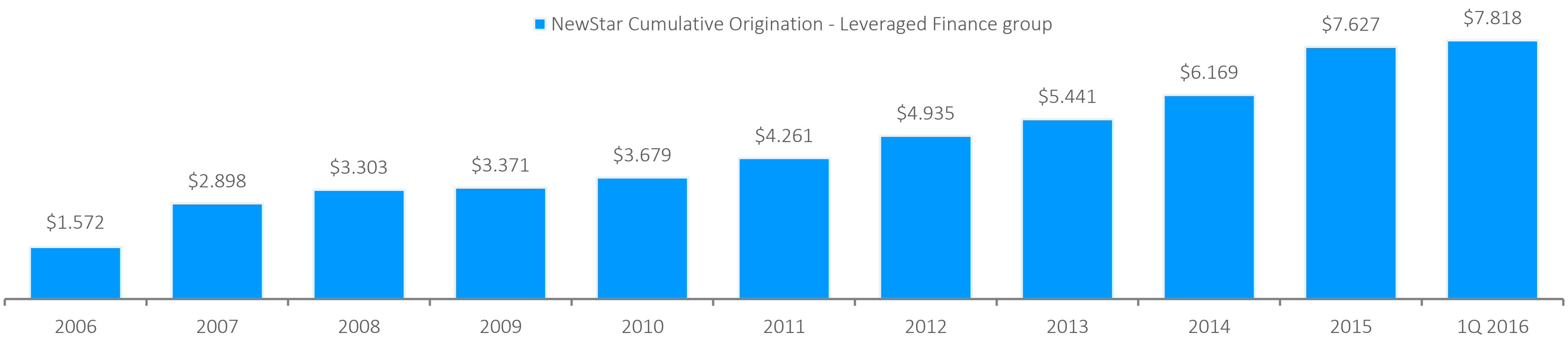
Historical credit performance

0.23% of cumulative origination charge-offs on average per year since inception[1]

Cumulative Default and Charge-off % by Origination Vintage Year[1]



Cumulative Middle Market Loan Origination[1]



1 Cumulative origination reflects amount of new funded leveraged loans recorded in NewStar 's books and records, excluding add-ons to existing loans and refinancing of existing loans to avoid double counting
2 Moody's market data from "2015 Moody's Annual Default Study: Corporate Default and Recovery Rates,1920-2015"
3 Cumulative defaults are defined as the dollar amount of all defaulted leveraged loans divided by the dollar amount of cumulative loan originations as defined. Defaulted loans are defined as loans that have been placed on non-accrual status regardless of whether the borrower is in payment default. Defaulted loans do not include all loans that may have been restructured because the debtor could not meet the terms of the original agreement. To obtain a more complete understanding of NewStar's track record, additional relevant information about NewStar's other lending groups and disclosures of asset quality metrics at various points in time may be found by reviewing its filings with the SEC.
4 Charge-offs defined as defaults less recoveries
5 There can be no assurance that default and charge-off levels as a percentage of originations will remain at past levels.

Balance sheet as of March 31, 2016

($ in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Assets:			
Cash and cash equivalents	$150,657	$35,933	$28,666
Restricted cash	155,346	153,992	214,853
Cash collateral on deposit with custodian	19,442	61,081	49,082
Investments in debt securities, available-for-sale	89,687	94,177	79,891
Loans held-for-sale, net	468,443	478,785	149,609
Loans and leases, net	3,029,315	3,134,072	2,496,564
Deferred financing costs, net	[See note]	[See note]	[See note]
Interest receivable	13,269	13,932	8,394
Property and equipment, net	405	638	613
Deferred income taxes, net	33,653	33,133	30,376
Income tax receivable	6,398	5,342	103
Goodwill	17,884	17,884	–
Identified intangible asset, net	822	910	–
Other assets	22,623	21,504	32,712
Total assets	$4,007,944	$4,051,383	$3,090,863

Note: Deferred financing costs have been reclassified as contra accounts of related debt liabilities to reflect the adoption of ASU 2015-03

Balance sheet as of March 31, 2016 (Cont'd)

($ in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Liabilities:			
Repurchase agreements	$94,785	$96,224	$78,942
Credit facilities, net	538,512	832,686	365,074
Term debt securitizations, net	2,044,931	1,821,519	1,558,522
Senior notes, net	372,560	372,153	–
Corporate debt, net	–	–	234,438
Senior secured debt	3,050,788	3,122,582	2,236,976
Subordinated notes, net	235,855	209,509	156,831
Total debt	$3,286,643	$3,332,091	$2,367,619
Accrued interest payable	30,333	18,073	10,656
Income tax payable	–	–	–
Other liabilities	31,552	41,741	32,712
Total liabilities	**3,348,528**	**3,391,905**	**2,434,575**
Total stockholders' equity	**659,416**	**659,478**	**656,288**
Total liabilities and stockholders' equity	**4,007,944**	**4,051,383**	**$3,090,863**
Secured debt / equity	4.6x	4.7x	3.4x
Total debt / equity	5.0x	5.1x	3.6x

Note: Deferred financing costs have been reclassified as contra accounts of related debt liabilities to reflect the adoption of ASU 2015-03

Q1 2016 Income statement

($ in thousands, except per share amounts)	Three Months Ended March 31, 2016	December 31, 2015	March 31, 2015
Net interest income:			
Interest income	$61,952	$60,591	$39,749
Interest expense	39,433	36,222	22,334
Net interest income	22,519	24,369	17,415
Provision for credit losses	17,713	3,667	6,978
Net interest income after provision for credit losses	4,806	20,702	10,437
Non-interest income:			
Fee income	1,193	2,999	1,158
Asset management income	3,441	3,707	920
Loss on derivatives	(7)	(5)	(9)
Gain / (Loss) on sale of loans	(107)	154	(15)
Other miscellaneous income	1,850	3,144	869
Realized/unrealized (loss) gain on total return swap	(6,062)	(4,121)	1,203
Loss on loans held-for-sale	(3,667)	(2,568)	--
Gain on sale of Business Credit	22,511	--	--
Total non-interest income	19,152	3,310	4,126
Operating expenses			
Compensation and benefits	10,638	11,905	6,733
General and administrative expenses	6,430	4,967	3,499
Total operating expenses	17,068	16,872	10,232
Income before income taxes	6,890	7,140	4,331
Income tax expense	2,881	2,931	1,792
Net income	**$4,009**	**$4,209**	**$2,539**
Net income per share:			
Basic	$0.09	$0.09	$0.05
Diluted	$0.09	$0.09	$0.05
Weighted average shares outstanding:			
Basic	46,447,008	45,601,534	46,769,864
Diluted	46,447,008	46,954,059	49,406,234

Conclusion

FY 2016 Outlook

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	*Original* 2016 Guidance lo	hi	*Revised* 2016 Guidance lo	hi
Funded loan volume	$609	$1,021	$723	$705	$3,058	$300	$2,500	$3,500	$2,000	$2,500
New loan yields	6.07%	6.56%	6.66%	6.80%	6.54%	7.37%	6.50%	7.00%	6.75%	7.25%
Run-off rate	20%	60%	27%	45%	45%	18%	30%	40%	30%	35%
Net loan growth	29%	59%	50%	23%	46%	-10%	10%	30%	5%	15%
Portfolio yield	6.00%	6.31%	6.32%	6.33%	6.27%	6.28%	6.25%	6.75%	6.25%	6.75%
Cost of funds	4.11%	4.80%	4.31%	4.32%	4.35%	4.56%	4.00%	4.35%	4.00%	4.50%
Net interest margin	2.51%	1.99%	2.57%	2.45%	2.39%	2.21%	2.25%	2.75%	2.25%	2.75%
Non-interest income	0.62%	1.00%	0.40%	0.35%	0.57%	1.94%	0.75%	1.00%	0.75%	1.00%
Provision expense	1.05%	0.43%	0.53%	0.38%	0.57%	1.80%	0.50%	1.00%	0.50%	1.00%
Operating expenses	1.44%	1.39%	1.45%	1.68%	1.51%	1.68%	1.25%	1.75%	1.25%	1.75%
Leverage	3.6x	4.1x	4.7x	5.1x	5.1x	5.0x	5.0x	6.0x	5.0x	6.0x
Loans	2811.0	$3,225	$3,623	$3,830	$3,830	$3,734	$4,250	$5,000	$4,000	$4,500
AuM	$3,745	$4,158	$4,604	$6,949	$6,949	$6,620	$7,500	$9,000	$7,000	$7,500
Pre-tax ROE	2.7%	5.2%	5.5%	4.3%	4.4%	4.2%	7.5%	10.0%	7.5%	10.0%

Credit Platform

NewStar Credit Platform

- **More than $6.6 billion of assets under management[1]**
- Founded in 2004 and publicly-traded since 2006 (Nasdaq: NEWS)
- Established national middle market direct lending franchise
- Over 95 employees with more than 63 credit and investment professionals
- Top-performing broadly syndicated loan business
- Leading middle market loan securitization platform
- Strategic relationship with Blackstone's GSO Capital and Franklin Square funds

Commercial Lending	Asset Management		
Middle Market Direct Lending		Liquid/tradeable credit	
Internally-managed commercial finance company	Private credit	Broadly syndicated loans	Other Credit Funds/Accounts
Over $3.5 billion of loans and credit investments[1] - 1st lien 'cashflow' loans - Unitranche loans - 2nd lien loans - Equipment loans and leases - Revolving credit facilities - Capital markets capabilities - $660 million of permanent equity capital - >$1.3 billion of long-term capital	**$0.9 billion under management[1]** - 1st lien 'cashflow' loans - Unitranche loans - 2nd lien loans - CLO notes - Direct, proprietary loans - Co-investment strategies	**$2.0 billion under management[1]** - 1st lien loans - Liquid/rated loans	**$0.2 billion under management[1]** - Long/short credit hedge strategies - Long-only SMAs - Retail fund sub-advisory

Note(s):
[1] *As of March 31, 2015*

Appendix

Non-GAAP financial measures

References to “operating expenses, excluding non-cash equity compensation” mean operating expenses as determined under GAAP, excluding compensation expense related to restricted stock grants and option grants. GAAP requires that these items be included in operating expenses. NewStar management uses “operating expenses, excluding non-cash equity compensation” to make operational and investment decisions, and NewStar believes that they provide useful information to investors in their evaluation of our financial performance and condition. Excluding the financial results and expenses incurred in connection with the compensation expense related to restricted stock grants and option grants eliminates unique amounts that make it difficult to assess our core performance and compare our period-over-period results. A reconciliation of operating expenses, excluding non-cash equity compensation to operating expenses is included below.

	Three Months Ended		
($ in thousands)	March 31, 2016	December 31, 2015	March 31, 2015
Performance Ratios:			
Adjusted operating expenses as a percentage of average total assets	1.59%	1.60%	1.33%
Consolidated Statement of Operations Adjustments (1):			
Operating expenses	$ 17,068	$ 16,872	$ 10,232
Less: non-cash equity compensation expense (2)	951	823	730
Adjusted operating expenses	$ 16,117	$ 16,049	$ 9,502
Average Balances:			
Equity	$ 655,442	$ 661,339	$ 657,090
Adjusted equity	$ 655,422	$ 661,339	$ 657,090

	Three Months Ended		
	March 31, 2016	December 31, 2015	March 31, 2015
Risk-adjusted revenue			
Net interest income after provision for credit losses	$ 4,806	$ 20,702	$ 10,437
Non-interest income	19,152	3,310	4,126
Risk-adjusted revenue	$ 23,958	$ 24,012	$ 14,563

(1) Adjustments are pre-tax, unless otherwise noted.

(2) Non-cash compensation charge related to restricted stock grants and option grants.