NEWSTAR FINANCIAL

Q2 2016 Overview

August 3, 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.

Q2 2016 HIGHLIGHTS

Q2 2016 Highlights

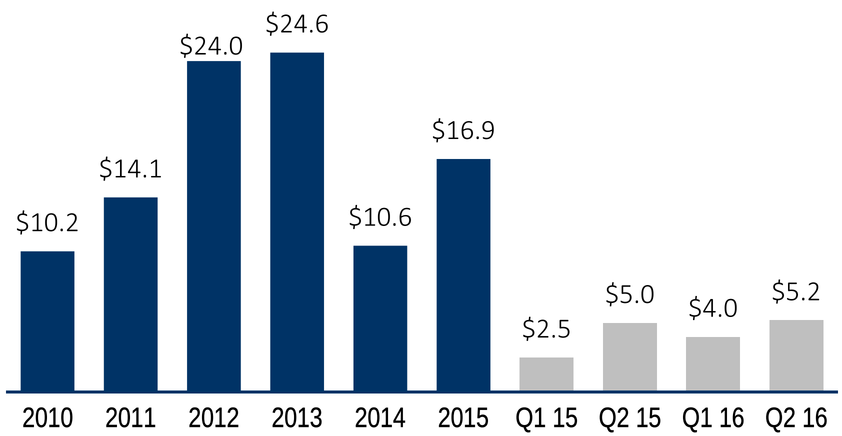
Market Conditions	■ Economic uncertainty continued to weigh on investor sentiment in Q2, resulting in slower deal activity and pressure on loan values. ■ US mid-market, sponsored issuance volumes were up slightly from Q1, but remained at relatively low levels, while institutional issuance was down 25% from Q1 and 70% from Q2 2015. ■ US mid-market institutional yields tightened to 6.3% from 7.3% as lenders competed for limited deal flow
Growth	■ Originated $476 million of new funded credit investments in Q2, up from $300 million in the prior quarter and $1 billion in Q2 2015 ■ Year over year decrease was due primarily to a slowdown in overall market activity and greater selectivity. ■ Managed loans and investments were stable at approximately $6.6 billion.
Credit Performance	■ Credit costs normalized, decreasing by $14.1 million to $3.6 million in Q2 2016 compared to $17.7 million last quarter. ■ Decrease in provision expense reflected a return to expected ranges after higher than normal credit costs in the prior period driven primarily by accelerated restructuring strategies and a rapidly developing credit event. ■ NPAs decreased by 16% to $96.2 million in Q2 2016, or 2.98% of loans and lease assets.
Capital Management	■ Increased credit facility supporting leveraged finance lending activity by $50 million through addition of a new lender to the syndicate agented by Wells Fargo. ■ Book value per share increased by $0.28 to $14.12 at June 30, 2016 due primarily to earnings retention, 1.1 million of share repurchases at an average cost of $7.12 and 0.9 million of other comprehensive income from unrealized gains on securities held for sale.
Strategic Initiatives	■ Reduced expenses by 25% through sale of ABL business and other cost saving initiatives. ■ Reduced commercial real estate exposure to approximately $42 million through sale of three loans totaling $34 million ■ Identified other opportunities targeting significant run-rate cost savings expected to be achieved by end of 2016. ■ Ramped assets for new managed fund (Arch Street) on NewStar Capital asset management platform and launched other new fund formation initiatives focused on growing asset under management.

Operating performance trends

Net Income

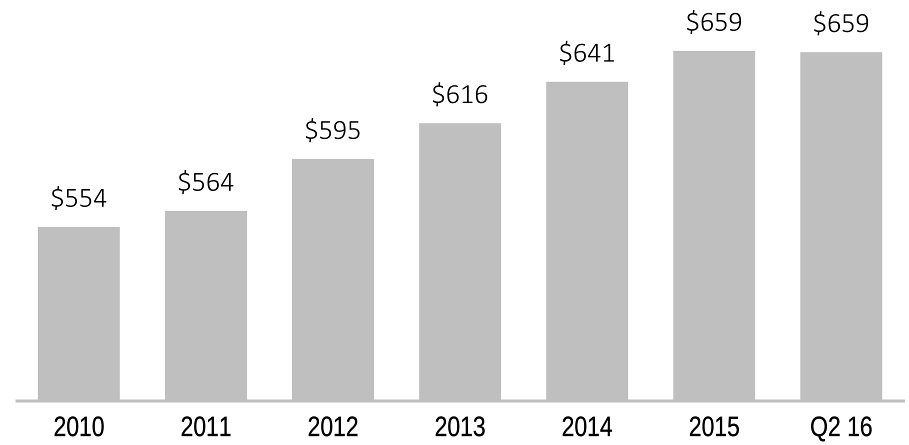
$MM

Q2 2016 EPS: $0.11 per fully diluted share



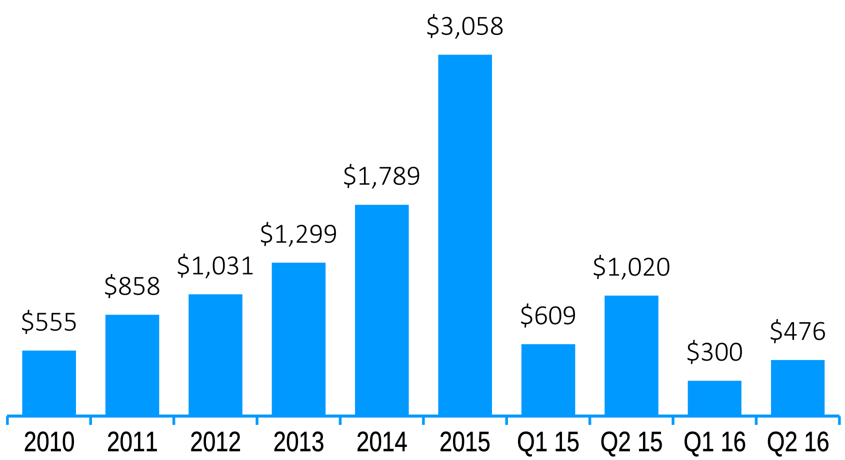
Equity

$MM

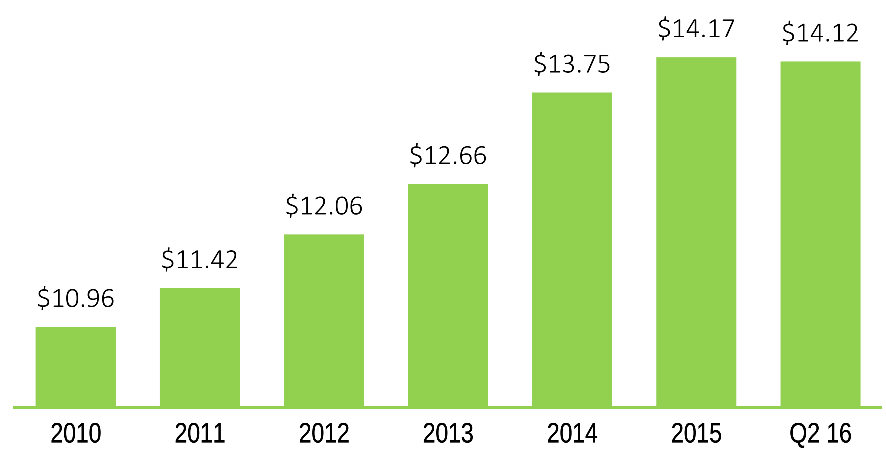


Origination Volume

$MM



Book Value per Share



NEWSTAR FINANCIAL

Financial Results

Summary of Q2 2016 financial results

Q2 2016 *($ in thousands, except per share amounts)*	Three months ended June 30, 2016	 March 31, 2016	 December 31, 2015	 June 30, 2015
Net Income	$5,241	$4,009	$4,209	$5,000
Net Income per share:				
Basic	$0.11	$0.09	$0.09	$0.11
Diluted	$0.11	$0.09	$0.09	$0.10
Weighted average shares outstanding:				
Basic	46,010,918	46,447,008	45,601,534	45,912,304
Diluted	46,010,918	46,447,008	46,954,059	48,535,763

- Change in average basic share count reflects a decrease of 1.1 million in outstanding shares at June 30, 2016 resulting from stock repurchases

Q2 2016 Financial highlights

Financial Highlights

$ in Millions	Q2 2016	Q1 2016	Q4 2015	Q2 2015	FY 2015
Balance sheet					
Loans and leases, net	$3,113	$3,029	$3,134	$2,689	$3,134
Loans held-for-sale, net	440	468	479	108	479
Total assets	3,992	4,008	4,051	3,473	4,051
Warehouse, repo and term debt	2,640	2,678	2,750	2,257	2,750
Senior notes	373	373	372	294	372
Subordinated notes	238	236	210	132	210
Equity	659	659	659	657	659
Income statement					
Interest income	$59.4	$62.0	$60.6	$46.9	$201.8
Net interest income	20.9	22.5	24.4	15.8	80.8
Total revenue	25.3	41.7	27.7	23.2	99.2
Operating expenses	12.8	17.1	16.9	11.4	51.9
Provision expense	3.6	17.7	3.7	3.2	18.4
Net income	5.2	4.0	4.2	5.0	16.9
Key ratios					
Portfolio yield	6.28%	6.28%	6.33%	6.31%	6.27%
Net interest margin	2.10%	2.21%	2.45%	1.99%	2.39%
Expense ratio	1.29%	1.68%	1.68%	1.39%	1.51%
Net charge off rate	0.75%	0.76%	-0.06%	0.56%	0.11%
Pre-tax return on average equity	5.36%	4.23%	4.28%	5.23%	4.38%

Summary

- Originated new loan volume of $476 million for Q2 2016, up from $300 million in Q1 2016 and down from $1 billion in Q2 2015.
- Managed assets were stable at $6.6 billion. Total assets held by managed funds were approximately $3 billion.
- Ramped new managed fund supported by $350 million credit facility and launched other initiatives to grow assets under management.
- Margin narrowed to 2.10% in Q2 2016 from 2.21% in Q1 2016 due primarily to the impact of the ABL sale, a shift in the mix of debt and issuance of higher cost long-term debt during the first quarter of 2016.
- Expenses decreased by $4.2 million, or 25%, from the prior quarter due to the sale of the ABL business and other cost savings initiatives.
- Credit costs normalized to 38 bps on average loans and investments in Q2 2016.
- Book value per share increased $0.28 to $14.12 due primarily to accretion from 1.1 million of share repurchases at a weighted average cost of $7.12 and $0.9 million of other comprehensive income.

Net interest margin analysis

Q1 2016 NIM
2.21%

Base Rate Impact	+	Interest Income	+	Interest Expense	+	Deferred Fee Income	+	Other	=	NIM
-0.01%	+	-0.18%	+	0.12%	+	0.16%	+	-0.20%	=	-0.11%

Base Rate Impact
- Changes in LIBOR

Interest Income
- Net impact of strategies related to ramp-up of lower yielding broadly syndicated loans for Arch Street and transfer of assets from total return swap
- Partly offset by increase in yields in commercial lending activities

Interest Expense
- Cash proceeds from sale of ABL business reduced average warehouse borrowings

Deferred Fee Income
- Higher amortization of deferred loan fees due to increase in prepayment rate

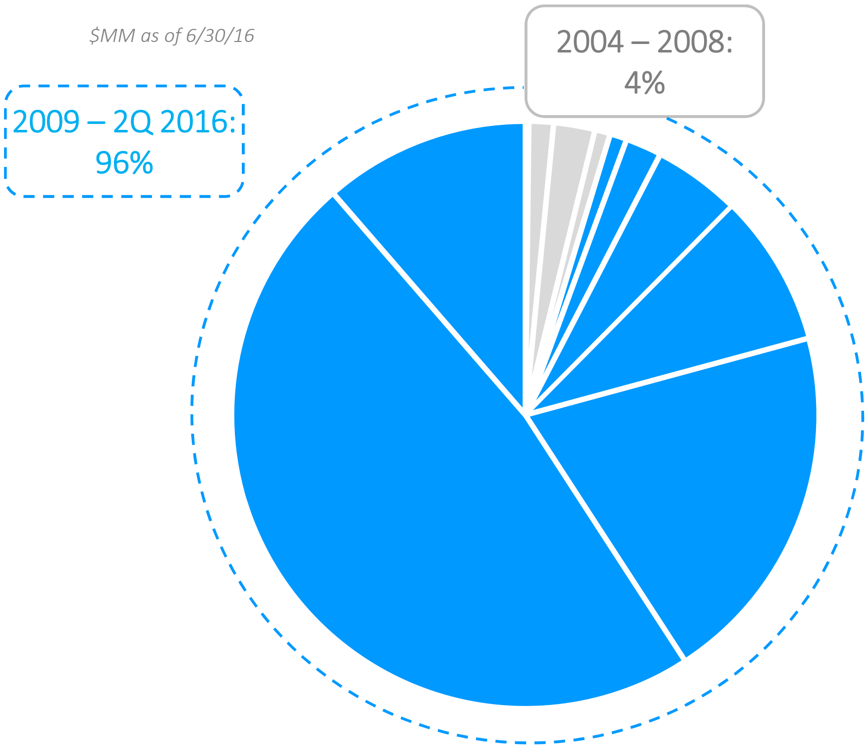
Other
- Sale of ABL business
- Decrease in loans as a percentage of interest earning assets

Q2 2016 NIM
2.10%

Loan and investment portfolio

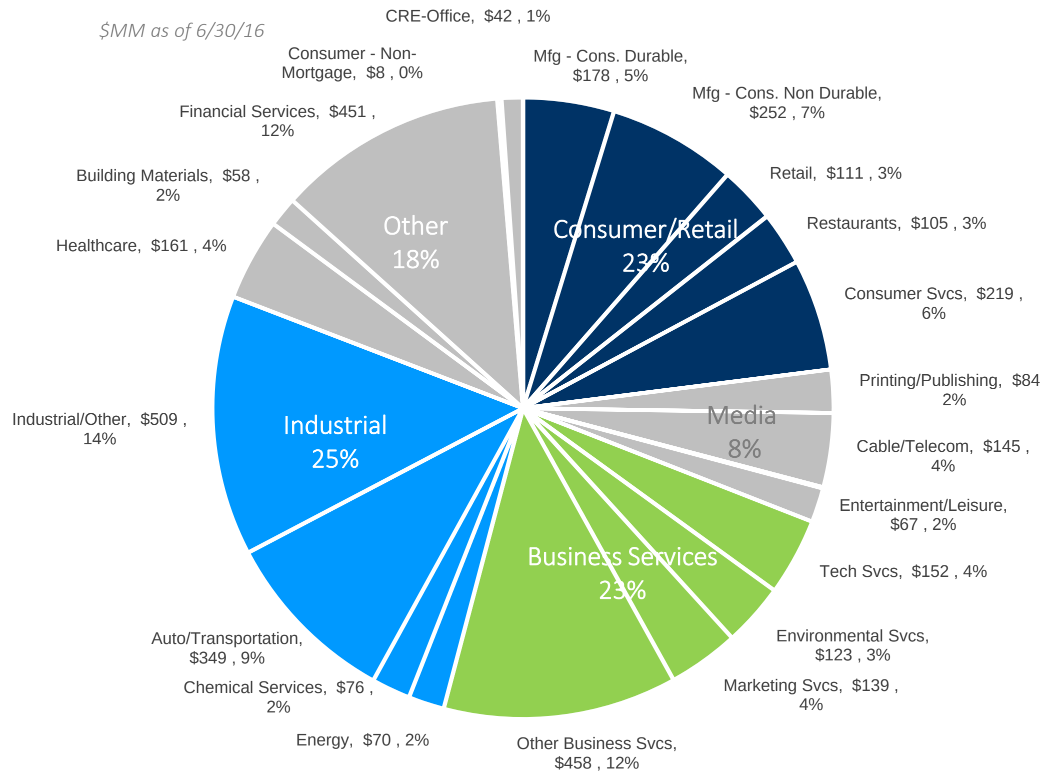
Loan Portfolio by Vintage

$MM as of 6/30/16



Loan Portfolio by Industry

$MM as of 6/30/16



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

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

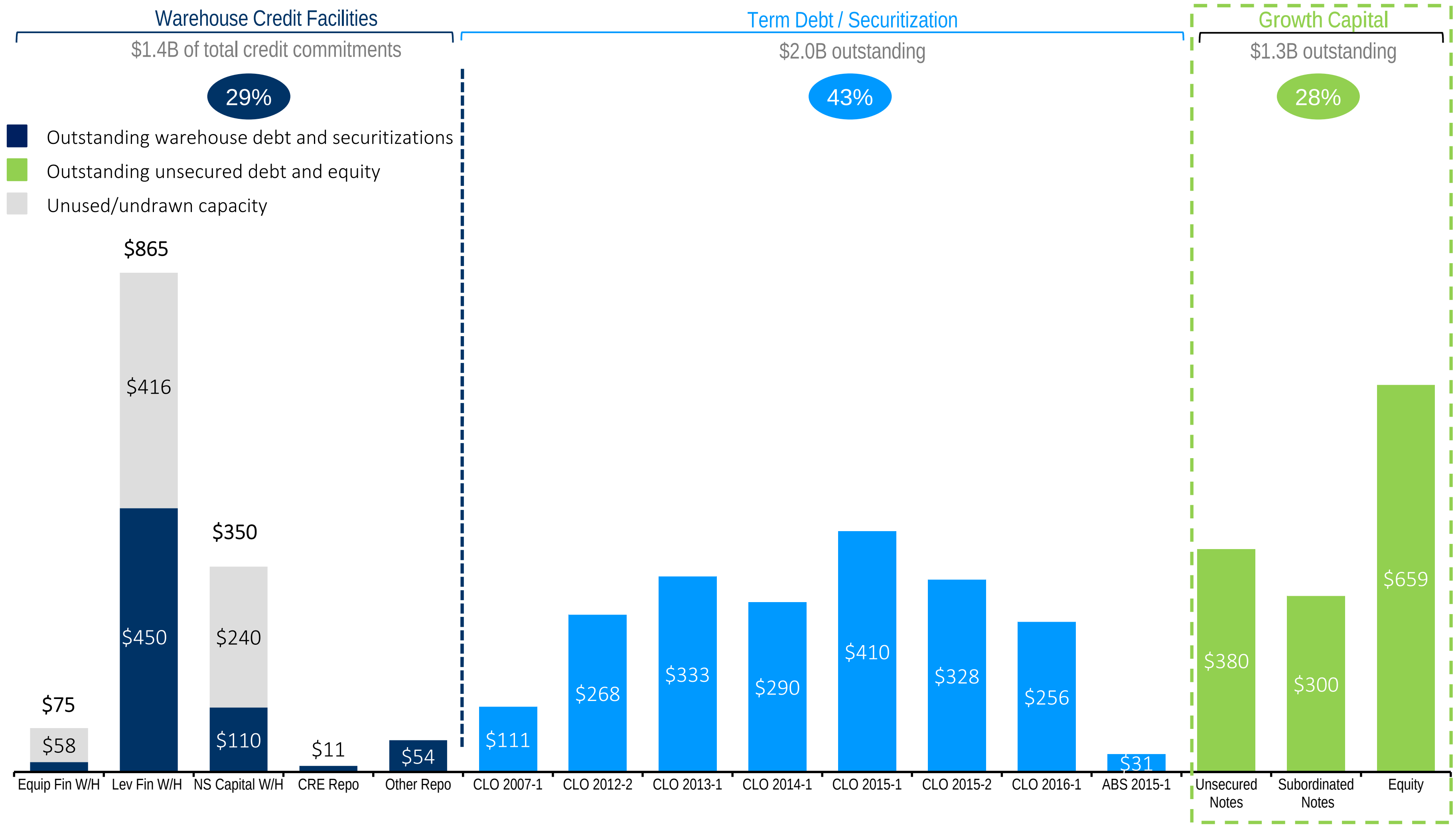
NEWSTAR FINANCIAL

Capital structure

Capital Structure in Place to Support Growth

$MM, as of 6/30/2016

Total Capital Commitments: $4.7B



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

NEWSTAR FINANCIAL

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.*

Q2 2016 Credit performance

Credit Costs

- Credit costs normalized within expected ranges
- Provision expense decreased by $14.1 million in Q2 2016 compared to Q1 2016 as credit performance normalized relative to elevated credit costs last quarter which were driven by a rapidly developing credit event accelerated restructuring strategies
- Specific provision decreased by $14.2 million to $2.4 million in Q2 2016 from $16.6 million in the prior quarter

Non-performing assets

- NPAs decreased 16% to 2.98% in Q2 from 3.63% in Q1 due primarily to a $12 million repayment and charge-offs, as well as the reclassification of a non-accruing loan to loans held for sale in connection with an accelerated workout strategy.
- Two loans totaling $9.2 million were placed on non-accruing status in the second quarter

Allowance for loan losses

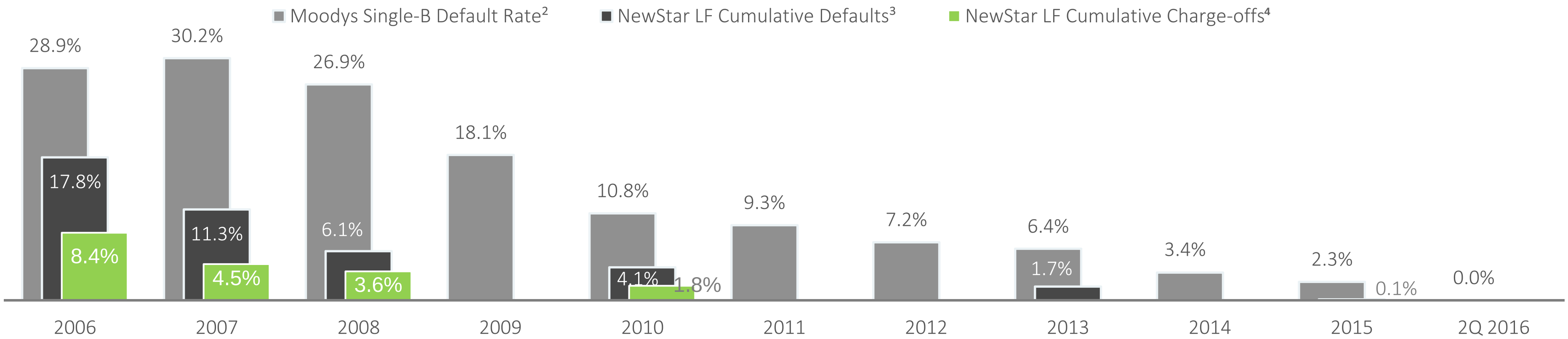
- The allowance for credit losses decreased by $3.2 million to $64.0 million, or 2.09% of loans as of June 30, 2016 from $67.3 million, or 2.19% of loans, as of March 31, 2016 due primarily as charge-offs totaling $6.9 million exceeded provision expense.
- Net charge-offs in the second quarter were $6.9 million, or 0.75% of average loans , compared to $7.3 million in the first quarter.

($ in thousands)	June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Credit quality ratios:				
Delinquent loan rate (at period end)	0.07%	0.60%	0.84%	1.67%
Non-accrual loan rate (at period end)	2.97%	3.62%	3.43%	3.69%
Non-performing asset rate (at period end)	2.98%	3.63%	3.44%	3.79%
Annualized net charge-off rate (avg period loans)	0.75%	0.76%	(0.06)%	0.56%
Allowance for credit losses ratio (at period end)	2.09%	2.19%	1.81%	1.81%
Allowance for credit losses activity:				
Balance as of beginning of period	$67,292	$58,726	$54,481	$50,739
General provision for credit losses	1,207	1,071	1,244	725
Specific provision for credit losses	2,416	16,642	2,422	2,483
Net (charge-offs) recoveries	(6,872)	(7,328)	579	(4,000)
Reversal due to sale of Business Credit	--	(1,819)	--	--
Balance as of end of period	$64,043	$67,292	$58,726	$49,947

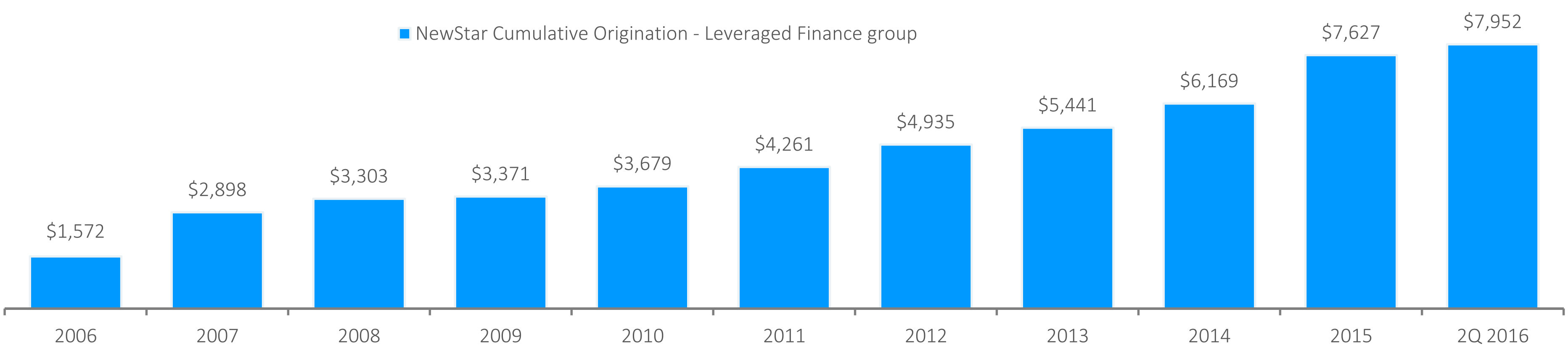
Historical credit performance

0.22% 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 June 30, 2016

($ in thousands)	June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Assets:				
Cash and cash equivalents	$34,634	$150,657	$35,933	$25,308
Restricted cash	207,394	155,346	153,992	189,529
Cash collateral on deposit with custodian	7,564	19,442	61,081	42,552
Investments in debt securities, available-for-sale	91,400	89,687	94,177	108,454
Loans held-for-sale, net	440,099	468,443	478,785	338,304
Loans and leases, net	3,113,061	3,029,315	3,134,072	2,688,971
Deferred financing costs, net	[See note]	[See note]	[See note]	[See note]
Interest receivable	15,059	13,269	13,932	10,590
Property and equipment, net	366	405	638	652
Deferred income taxes, net	30,443	33,653	33,133	29,762
Income tax receivable	8,346	6,398	5,342	218
Goodwill	17,884	17,884	17,884	–
Identified intangible asset, net	738	822	910	–
Other assets	24,873	22,623	21,504	
Total assets	$3,991,861	$4,007,944	$4,051,383	$3,473,072

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 June 30, 2016 (Cont'd)

($ in thousands)	June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Liabilities:				
Repurchase agreements	$64,625	$94,785	$96,224	$98,483
Credit facilities, net	565,799	538,512	832,686	627,586
Term debt securitizations, net	2,009,184	2,044,931	1,821,519	1,530,769
Senior notes, net	373,006	372,560	372,153	–
Corporate debt, net	–	–	–	293,546
Senior secured debt	3,012,614	3,050,788	3,122,582	2,550,384
Subordinated notes, net	237,696	235,855	209,509	132,434
Total debt	3,250,310	$3,286,643	$3,332,091	$2,682,818
Accrued interest payable	19,664	30,333	18,073	13,940
Income tax payable	–	–	–	–
Other liabilities	63,164	31,552	41,741	118,937
Total liabilities	3,333,138	3,348,528	3,391,905	2,815,695
Total stockholders' equity	658,723	659,416	659,478	657,377
Total liabilities and stockholders' equity	3,991,861	4,007,944	4,051,383	$3,473,072
Secured debt / equity	4.6x	4.6x	4.7x	3.9x
Total debt / equity	4.9x	5.0x	5.1x	4.1x

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

Q2 2016 Income statement

($ in thousands, except per share amounts)	Three Months Ended June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Net interest income:				
Interest income	59,392	$61,952	$60,591	$46,871
Interest expense	38,486	39,433	36,222	31,085
Net interest income	20,906	22,519	24,369	15,786
Provision for credit losses	3,623	17,713	3,667	3,208
Net interest income after provision for credit losses	17,283	4,806	20,702	12,578
Non-interest income:				
Fee income	1,697	1,193	2,999	1,015
Asset management income	3,543	3,441	3,707	4,777
Loss on derivatives	(11)	(7)	(5)	(10)
Gain / (Loss) on sale of loans	162	(107)	154	(31)
Other miscellaneous income	1,114	1,850	3,144	817
Realized/unrealized (loss) gain on total return swap	--	(6,062)	(4,121)	861
Unrealized loss on loans held-for-sale	(2,146)	(3,667)	(2,568)	--
Gain on sale of Business Credit	--	22,511	--	--
Total non-interest income	4,359	19,152	3,310	7,429
Operating expenses				
Compensation and benefits	8,827	10,638	11,905	7,710
General and administrative expenses	4,013	6,430	4,967	3,734
Total operating expenses	12,840	17,068	16,872	11,444
Income before income taxes	8,802	6,890	7,140	8,563
Income tax expense	3,561	2,881	2,931	3,563
Net income	5,241	$4,009	$4,209	$5,000
Net income per share:				
Basic	$0.11	$0.09	$0.09	$0.11
Diluted	$0.11	$0.09	$0.09	$0.10
Weighted average shares outstanding:				
Basic	46,010,918	46,447,008	45,601,534	45,912,304
Diluted	46,010,918	46,447,008	46,954,059	48,535,763

NEWSTAR FINANCIAL

CONCLUSION

FY 2016 Outlook

	Q1 2015	Q2 2015	Q3 2015	Q4 2015	FY 2015	Q1 2016	Q2 2016	*Previous* 2016 Guidance lo	*Previous* 2016 Guidance hi	*Updated* 2016 Guidance lo	*Updated* 2016 Guidance hi
Funded loan volume	$609	$1,021	$723	$705	$3,058	$300	$476	$2,000	$2,500	$1,500	$2,000
New loan yields	6.07%	6.56%	6.66%	6.80%	6.54%	7.37%	6.99%	6.75%	7.25%	6.75%	7.25%
Run-off rate	20%	60%	27%	45%	45%	18%	38%	30%	35%	30%	35%
Net loan growth	29%	59%	50%	23%	46%	-10%	-3%	5%	15%	5%	10%
Portfolio yield	6.00%	6.31%	6.32%	6.33%	6.27%	6.28%	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%	4.65%	4.00%	4.50%	4.25%	4.75%
Net interest margin	2.51%	1.99%	2.57%	2.45%	2.39%	2.21%	2.10%	2.25%	2.75%	2.00%	2.50%
Non-interest income	0.62%	1.00%	0.40%	0.35%	0.57%	1.94%	0.46%	0.75%	1.00%	0.75%	1.00%
Provision expense	1.05%	0.43%	0.53%	0.38%	0.57%	1.80%	0.38%	0.50%	1.00%	0.50%	1.00%
Operating expenses	1.44%	1.39%	1.45%	1.68%	1.51%	1.68%	1.29%	1.25%	1.75%	1.25%	1.75%
Leverage	3.6x	4.1x	4.7x	5.1x	5.1x	5.0x	4.9x	5.0x	6.0x	5.0x	6.0x
Loans	2811.0	$3,225	$3,623	$3,830	$3,830	$3,734	$3,772	$4,000	$4,500	$4,000	$4,250
AuM	$3,745	$4,158	$4,604	$6,949	$6,949	$6,620	$6,583	$7,000	$7,500	$7,000	$7,250
Pre-tax ROE	2.7%	5.2%	5.5%	4.3%	4.4%	4.2%	5.4%	7.5%	10.0%	5.0%	7.5%

NEWSTAR FINANCIAL

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.

($ in thousands)	Three Months Ended June 30, 2016	March 31, 2016	December 31, 2015	June 30, 2015
Performance Ratios:				
Adjusted operating expenses as a percentage of average total assets	1.20%	1.59%	1.60%	1.28
Consolidated Statement of Operations Adjustments (1):				
Operating expenses	$ 12,840	$ 17,068	$ 16,872	$ 11,444
Less: non-cash equity compensation expense (2)	913	951	823	881
Adjusted operating expenses	$ 11,927	$ 16,117	$ 16,049	$ 10,563
Core revenue				
Net interest income	$ 20,906	$ 22,519	$ 24,369	$ 15,786
Non-interest income	4,359	19,152	3,310	7,429
Less: Gain on sale of Business Credit	—	(22,511)	—	—
Add back: Loss (gain) on total return swap	—	6,062	4,121	(861)
Core revenue	$ 25,265	$ 25,222	$ 31,800	$ 22,354
Risk-adjusted revenue				
Net interest income after provision for credit losses	$ 17,283	$ 4,806	$ 20,702	$ 12,578
Non-interest income	4,359	19,152	3,310	7,429
Risk-adjusted revenue	$ 21,642	$ 23,958	$ 24,012	$ 20,007

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

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

NEWSTAR FINANCIAL