

Newtek Business Services Corp.  
*“Your Business Solutions Company<sup>®</sup>”*  
NASDAQ: NEWT

9th Annual LD Micro Main Event

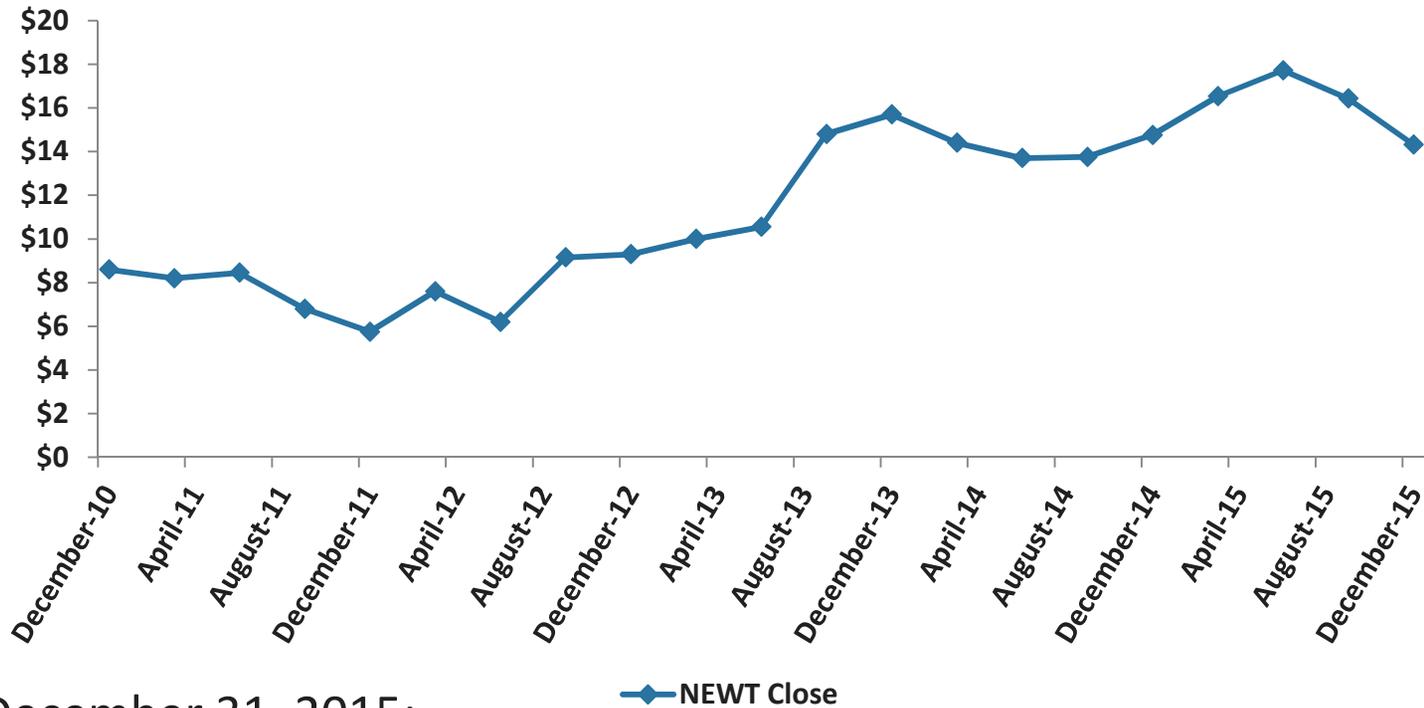
Barry Sloane, President & CEO  
December 7, 2016

## 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 condensed 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. In addition to historical information, the following Presentation contains forward-looking information that involves risks and uncertainties. Our actual results could differ materially from those anticipated by such forward-looking information due to the factors discussed in our quarterly reports on Form 10-Q and our annual report on Form 10-K, filed with the SEC.

## Newtek's Historical Stock Performance

### Newtek 5-Year Stock Performance



■ As of December 31, 2015:

- Newtek's 5-year total return, including dividends, was **113%**
- Newtek's 3-year total return, including dividends, was **97.5%**
- Newtek's 1-year total return, including dividends, was **24.5%**

## About Newtek Business Services Corp. (NASDAQ: NEWT)

- An **internally managed Business Development Company (“BDC”)**, which along with its controlled portfolio companies, is a direct distributor of a wide-range of business services and financial products to the small- and medium-sized business market (“SMB”)
- Newtek converted to an internally managed BDC on November 12, 2014 and has been publically traded for 16 years, since September 2000
- Once a BDC elects to be treated as a regulated investment company (“RIC”), the RIC must distribute **at least 90%** of its annual taxable income to shareholders
  - The Company’s 2016 annual cash dividend forecast is \$1.53<sup>1</sup> per share and 2017 annual cash dividend forecast is \$1.57<sup>1</sup> per share
- Newtek and its controlled portfolio companies provide state-of-the-art, cost-efficient products and business solutions to over 100,000 SMB accounts across all 50 States including:
  - SBA 7(a) Lending
  - SBA 504 Lending
  - Receivable and Inventory Line of Credit Financing
  - Electronic Payment Processing
  - Payroll and Benefits Solutions
  - eCommerce and Mobile Processing
  - Commercial / Personal Insurance / Health & Benefits
  - Cloud Computing Products
  - Web Services – Hosting/Design Development

<sup>1</sup>Amount and timing of dividends, if any, remain subject to the discretion of the Company’s Board of Directors.

## Newtek Positioned As *THE* Business Solutions Company

- Positioned to be the business solutions company of choice for independent business owners
- One Newtek, One Brand
- Satisfy the business needs of small- and medium-sized businesses across many products and services from ONE brand
- [www.newtekone.com](http://www.newtekone.com)
- Drive traffic to product pages as The Business Solutions Company
  - Newtek Business Finance Solutions - [Newtekone.com/loans](http://Newtekone.com/loans)
  - Newtek Payment Solutions - [Newtekone.com/payments](http://Newtekone.com/payments)
  - Newtek Technology Solutions - [Newtekone.com/technology](http://Newtekone.com/technology)
  - Newtek Payroll and Benefits Solutions - [Newtekone.com/payrollbenefits](http://Newtekone.com/payrollbenefits)
  - Newtek Insurance Agency Solutions - [Newtekone.com/insurance](http://Newtekone.com/insurance)

## Client Acquisition Strategy Through NewTracker<sup>®</sup>

- NewTracker<sup>®</sup> is Newtek's patented web-based customer referral, tracking and processing software
- Provides a cost-effective client-acquisition strategy through disintermediation of human function; no "feet on the street" sales force
- Newtek has built a robust network of nationally recognized alliance partners that refer businesses to Newtek through NewTracker<sup>®</sup>
  - Alliance partners refer their customers to Newtek for one or more of our product solutions, to enhance and/or expand their core product menus
  - Alliance partner examples include *UBS, The Hartford, Morgan Stanley, Amalgamated Bank, Credit Union National Association (CUNA), Valley National Bank, AIG, JCC, and True Value Company*
- Have received over 570,000 business referrals to date through NewTracker<sup>®</sup>

## Newtek's Differentiated BDC Business Model

- Why we think our model is better
  - We do not pay management fees and incentive fees as a percentage of profits, after a certain rate-of-return “hurdle” rate has been reached, to an external manager
  - Forecast paying an annual cash dividend of \$1.57 per share in 2017; a 2.6% increase over the 2016 annual dividend forecast of \$1.53 per share
  - We believe our dividend yield per level of risk is more attractive because our invested asset quality has less leverage embedded in it
  - We invest in (and originate) primarily senior-secured loans, and in operating businesses as portfolio companies which are wholly owned, most for over 10 years, by Newtek
  - Have historically not invested in loans with 10%-14% interest rates with an equity kicker which tend to be a higher risk
  - **NO** derivative securities in BDC; **NO** 2<sup>nd</sup> lien or mezzanine financing as a business line; **NO** equity investment in collateralized debt obligations (“CDOs”); **NO** direct lending exposure to oil and gas industry
  - **NO** SBIC leverage
  - Inside ownership at approximately 15%; management’s interests aligned with shareholder interests
  - Potential net asset value (“NAV”) upside as operating businesses grow, versus a portfolio of debt securities

## Internally Managed vs. Externally Managed BDCs

| Internally Managed BDCs  | Externally Managed BDCs  |
|--|--|
| No base or incentive fees paid to an external manager                              | Pay expense and incentive fees to a management company             |
| Generally a greater percent of revenue becomes dividend income for the shareholder | Not required to provide shareholders with compensation information |
| Lower operating expense ratios than externally managed                             | Higher operating expense ratios than internally managed BDCs       |
| Typically trade at a premium to NAV/share  | Typically trade at a discount to NAV/share                         |

- Newtek is an internally managed BDC, and is currently trading at 1.06x\* NAV as of December 2, 2016
- Newtek's internally managed BDC public comparables currently trade at a median price to NAV of approximately 1.31x\*\*
- Effect of BDC size and longevity of dividend history

| Internally Managed BDCs                           | IPO Date as BDC | Market Capitalization**<br>(in millions) | Stock Price/NAV Multiple** |
|---|-----------------|--|----------------------------|
| Triangle Capital Corporation (NASDAQ: TCAP)       | February-07     | \$ 770.1                                 | 1.24x                      |
| Main Street Capital (NASDAQ:MAIN)                 | January-10      | \$ 1,827.3                               | 1.67x                      |
| Hercules Technology Growth Capital (NASDAQ: HTGC) | June-05         | \$ 1,050.0                               | 1.37x                      |
| KCAP Financial (NASDAQ: KCAP)                     | December-06     | \$ 146.5                                 | 0.73x                      |
| Newtek Business Services Corp.(NASDAQ: NEWT)      | November-14     | \$ 222.2                                 | 1.06x                      |

\*Closing price of \$15.15 as of December 2, 2016, and NAV as of September 30, 2016 of \$14.26.

\*\*Closing prices as of December 2, 2016 and most recently publicly reported NAVs. Market capitalization as of December 2, 2016.

## Third Quarter 2016 Financial Highlights

- Forecast paying an annual cash dividend of \$1.57 per share in 2017; a 2.6% increase over the 2016 annual dividend forecast of \$1.53 per share
  - November 16, 2016: Newtek’s Board declared the fourth quarter 2016 cash dividend of \$0.40 per shares payable on December 30, 2016 to shareholders of record on December 15, 2016
- Net asset value (“NAV”) of \$208.2 million, or \$14.26 per share, at September 30, 2016, which represents:
  - an increase of 1.9% over NAV of \$204.4 million, or \$14.11 per share, at June 30, 2016
  - an increase of 2.2% over NAV of \$203.9 million, or \$14.06 per share, at December 31, 2015
- Total investment income of \$7.9 million; a 11.6% increase over \$7.0 million for the quarter ended September 30, 2015
- Total investment portfolio increased by 22.5% to \$326.9 million at September 30, 2016, from \$266.9 million at December 31, 2015
- Paid third quarter 2016 dividend of \$0.43 per share on September 30, 2016 to shareholders of record as of September 20, 2016
- Net investment loss was \$(2.1) million, or \$(0.15) per share, compared to \$(1.5) million, or \$(0.14) per share, for the three months ended September 30, 2015
- Adjusted net investment income\* was \$6.7 million, or \$0.46 per share, compared to \$5.1 million, or \$0.49 per share, for the three months ended September 30, 2015
- Debt-to-equity ratio was approximately 85.3% at September 30, 2016

\*See slide 29 for definition of Adjusted net investment income.

## Debt-to-Equity Ratio Explanation

| Newtek Business Services Corp. and Subsidiaries           |              |
|---|--------------|
| Debt-to-equity ratio, actual as of September 30, 2016     |              |
| <b>Actual Debt to Equity ratio at September 30, 2016:</b> |              |
| Total senior debt   | \$ 177,521   |
| Total equity  | \$ 208,172   |
| Debt-to-equity ratio - actual at September 30, 2016       | <u>85.3%</u> |

- 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 they are sold, or until the sale settles, typically within 10-14 days of origination
- Based on timing of when loans are sold, our debt-to-equity ratio will fluctuate
- As of September 30, 2016, we had approximately \$24.4 million of loans held for sale and broker receivables against our line of credit that were sold and settled subsequent to quarter end

| Newtek Business Services Corp. and Subsidiaries   |                   |
|---|-------------------|
| Debt-to-equity ratio, proforma at September 30, 2016  |                   |
| Broker receivable   | 21,495            |
| Less: realized gains included in broker receivable  | <u>(2,273)</u>    |
|   | 19,222            |
| SBA guaranteed non-affiliate investments  | <u>7,849</u>      |
|   | <u>\$ 27,071</u>  |
| 90% advance rate on SBA guaranteed non-affiliate portions of loans  | <u>\$ 24,364</u>  |
| <b>Proforma debt adjustments:</b>   |                   |
| Total Senior Debt as of September 30, 2016  | \$ 177,521        |
| Proforma adjustment for debt attributable to loans held for sale, or traded but not settled, as of September 30, 2016 | <u>(24,364)</u>   |
| Total proforma debt at September 30, 2016   | <u>\$ 153,157</u> |
| <b>Proforma Debt to Equity ratio at September 30, 2016:</b>   |                   |
| Total senior debt, less debt attributable to SBA guaranteed loans held for sale, or traded but not settled            | <u>\$ 153,157</u> |
| Total equity  | <u>\$ 208,172</u> |
| Debt-to-equity ratio, proforma at September 30, 2016  | <u>73.6%</u>      |

## 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% |

| <b>2015 Summary:</b>     | <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 determinations do not guarantee similar tax determinations in following years.

## Newtek Small Business Finance Originates SBA 7(a) Loans

- Currently the largest non-bank institution 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 (these licenses are presently no longer being issued)
- 7<sup>th</sup> largest SBA 7(a) lender including banks<sup>1</sup>
- National SBA 7(a) lender to small business since 2003; 13-year history of loan default frequency and severity statistics
- Issued 7 S&P Rated Securitizations since 2010
- Small balance, industry and geographically diversified portfolio of 1,157 loans
  - Average loan size is \$177K of average unguaranteed retained loan balance
- Floating rate at Prime plus 2.75% with no caps; currently equivalent to 6.25% 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

<sup>1</sup>As of September 30, 2016

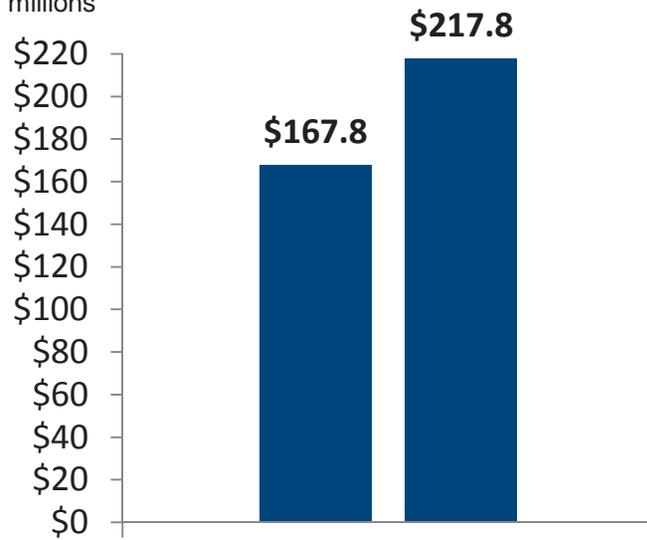
## Third Quarter 2016 SBA Lending Highlights

- Funded \$85.9 million of SBA 7(a) loans in the third quarter of 2016; an increase of 33.7% over the same period one year ago
  - Third quarter of 2016 represented a record amount of quarterly loan fundings in the Company's history
- For the nine months ended September 30, 2016, SBA 7(a) loan fundings increased by 29.8% to \$217.8 million, compared to \$167.8 million for the same period one year ago

## SBA 7(a) Loan Fundings & Year-Over-Year Pipeline Comparison

Nine Months Ended  
September 30, 2015 vs. 2016

\$\$ in millions



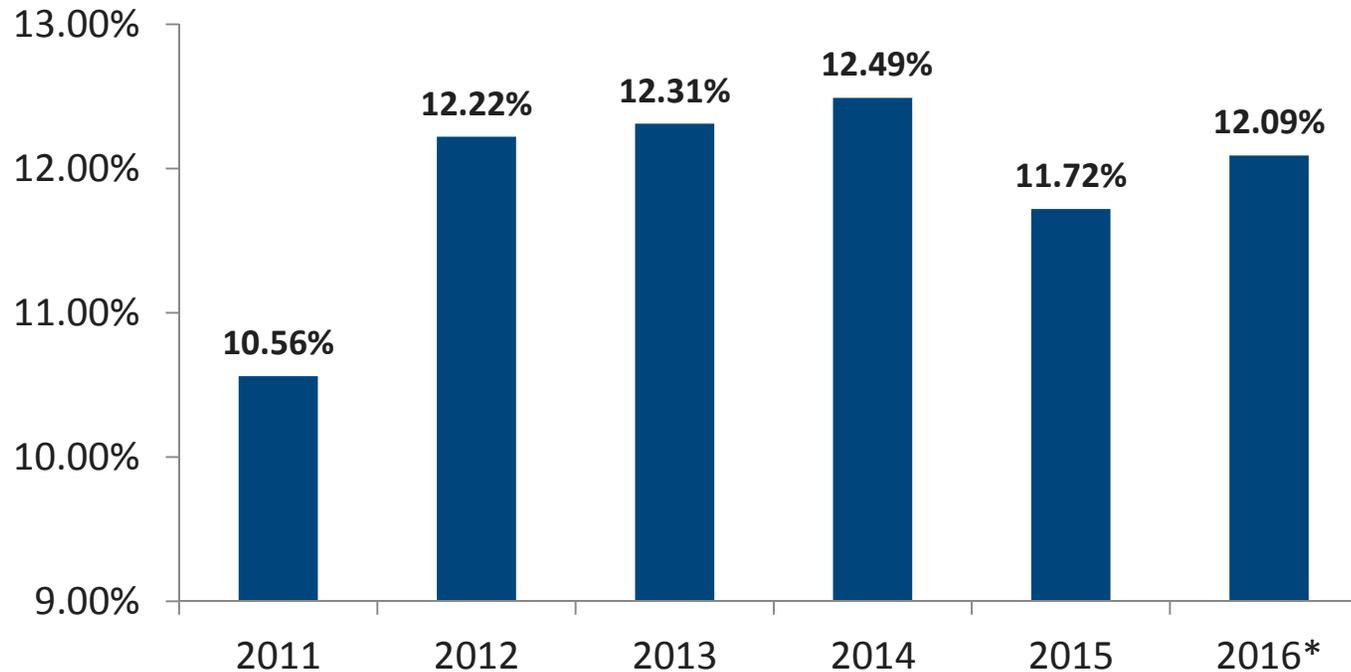
■ 30-Sep-15 ■ 30-Sep-16

| 2016 SBA 7(a) Loan Pipeline |                                     |                                     |
|-----------------------------|-------------------------------------|-------------------------------------|
|                             | <u>September 30,</u><br><u>2016</u> | <u>September 30,</u><br><u>2015</u> |
| Prequalified Loans          | \$77,118,002                        | \$45,737,125                        |
| Loans In Underwriting       | \$42,423,176                        | \$56,451,199                        |
| Approved Pending Closing    | \$57,424,850                        | \$42,376,700                        |
| <b>Total Loan Pipeline</b>  | <b>\$176,966,028</b>                | <b>\$144,565,024</b>                |

- For the 9 months ended September 30, 2016, SBA 7(a) loan fundings increased year over year by **29.8%**
- At September 30, 2016, SBA 7(a) loans in the pipeline increased by 22.4% to approximately \$177.0 million compared to \$144.6 million at September 30, 2015

## Average Net Premium From SBA Guaranteed Loan Sales

### Net Premium Trends



| Year  | Weighted Average Term |
|-------|-----------------------|
| 2011  | 15.99                 |
| 2012  | 17.29                 |
| 2013  | 18.84                 |
| 2014  | 18.79                 |
| 2015  | 17.74                 |
| 2016* | 18.42                 |

■ Net Premium%

- For the nine months ended September 30, 2016, have seen an increase in the net premium received on the sale of guaranteed SBA loans to 12.09%, over the 2015 net premium of 11.72%

\*For the nine months ended September 30, 2016, received a weighted average net premium of 112.09% with a weighted average term of 18.42 years

## Strong Loan Portfolio Performance

- Continue to employ strict underwriting guidelines and attention to credit quality of the loans originated

### Non-Performing Portfolio as a Percentage of Total Outstanding Loan Portfolio

(in thousands)

|  | 12/31/2013 | 12/31/2014 | 12/31/2015 | 9/30/2016  |
|--|------------|------------|------------|------------|
| SBA 7(a) Unguaranteed Non- Performing Investments, at amortized cost | \$ 7,653   | \$ 9,510   | \$ 10,772  | \$ 14,973  |
| Fair Value Adjustment  | \$ (3,441) | \$ (3,208) | \$ (4,575) | \$ (6,128) |
| SBA 7(a) Unguaranteed Non-Performing Investments, at fair value      | \$ 4,212   | \$ 6,302   | \$ 6,197   | \$ 8,845   |
| Total Outstanding Loan Portfolio - Fair Value                        | \$ 89,640  | \$ 121,426 | \$ 158,305 | \$ 196,624 |

|   |       |       |       |       |
|---|-------|-------|-------|-------|
| <b>Non-Performing Portfolio (at fair value) as a Percentage of Total Outstanding Loan Portfolio</b> | 4.70% | 5.19% | 3.91% | 4.50% |
|---|-------|-------|-------|-------|

## Strong Loan Portfolio Performance

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

|   | As of September 30, 2015 |              | As of September 30, 2016 |              |
|---|--------------------------|--------------|--------------------------|--------------|
| Average 12-Month Outstanding Loan Balance   | \$                       | 137,249,954  | \$                       | 179,974,522  |
| Charge Off Rolling 12 Months  | \$                       | 889,443      | \$                       | 1,324,193    |
| <b>Realized Losses (Loan Charge Offs) as a Percentage of Average Outstanding Loan Portfolio</b> |                          | <b>0.65%</b> |                          | <b>0.74%</b> |

- For the 12 months ended September 30, 2016, experienced 0.74% of charge offs as a percentage of the average 12-month outstanding loan balance

## Comparative Loan Portfolio Data

12/31/2010 vs. 09/30/2016

- Since 2010, the credit quality and diversification of the loan portfolio has steadily improved

| Loan Characteristic                 | As of<br>12/31/10 | As of<br>09/30/16 |
|-------------------------------------|-------------------|-------------------|
| <b>Business Type:</b>               |                   |                   |
| Existing Business                   | 53.9%             | 80.2%             |
| Business Acquisition                | 25.9%             | 14.5%             |
| Start-Ups                           | 20.2%             | 5.3%              |
| <b>Primary Collateral:</b>          |                   |                   |
| Commercial RE                       | 45.3%             | 60.5%             |
| Machinery & Equipment               | 22.8%             | 17.2%             |
| Residential RE                      | 22.3%             | 9.4%              |
| Other                               | 9.6%              | 6.3%              |
| <b>Percentage First Lien on RE:</b> |                   |                   |
| Commercial RE                       | 84.8%             | 95.5%             |
| Residential RE                      | 9.9%              | 21.4%             |

| Loan Characteristic            | As of<br>12/31/10 | Loan Characteristic    | As of<br>09/30/16 |
|--------------------------------|-------------------|------------------------|-------------------|
| <b>Industry:</b>               |                   |                        |                   |
| Restaurant                     | 10.6%             | Restaurant             | 8.8%              |
| Hotels & Motels                | 7.6%              | Amusement & Recreation | 7.5%              |
| <b>State Concentration:</b>    |                   |                        |                   |
| Florida                        | 21.6%             | Florida                | 14.6%             |
| New York                       | 12.7%             | New York               | 10.3%             |
| Georgia                        | 14.1%             | Connecticut            | 6.7%              |
| <b>Other:</b>                  |                   |                        |                   |
| Total Portfolio at Cost (\$mm) | \$31              |                        | \$204             |
| Avg. Balance (\$mm)            | \$0.076           |                        | \$0.177           |
| Wtd. Avg. Mean FICO            | 675               |                        | 700               |
| Wtd. Avg. Current LTV          | 78.2%             |                        | 81.2%             |

## 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   |
| Premium <sup>(1)</sup>                 | 12.4%       |
| Term                                   | 25 years    |

| Net Cash Created Pretax   |                    |
|---|--------------------|
| Guaranteed Balance  | \$750,000          |
| Realized Gains on Guaranteed Balance <sup>(2)</sup>             | \$93,000           |
| Cash Received in Securitization <sup>(3)</sup>                  | \$177,500          |
| <b>Total</b>  | <b>\$1,020,500</b> |
| Net Cash Created Pre-Tax (Post Securitization) <sup>(4,5)</sup> | \$20,500           |

**(1) Premiums 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. Newtek 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 pre-tax 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 |             | Resulting Revenue (Expense)  |                   |
|--|-------------|--|-------------------|
| Loan Amount                            | \$1,000,000 | Associated Premium <sup>(2)</sup>                                      | \$93,000          |
| Guaranteed Balance (75%)               | \$750,000   | Servicing Asset <sup>(3)</sup>   | <u>\$18,000</u>   |
| Unguaranteed Balance (25%)             | \$250,000   | Total Realized Gain  | \$111,000         |
| Premium <sup>(1)</sup>                 | 12.4%       | Packaging Fee Income   | \$2,500           |
| Term                                   | 25 years    | FV Non-Cash Adjustment on Uninsured Loan Participations <sup>(4)</sup> | \$(6,250)         |
|  |             | Referral Fees Paid to Alliance Partners                                | <u>\$(7,500)</u>  |
|  |             | Total Direct Expenses  | <u>\$(13,750)</u> |
|  |             | Net Risk-Adjusted Profit Recognized <sup>(5)</sup>                     | <b>\$99,750</b>   |

- (1) Premiums 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. Newtek nets 12.4%.
- (2) Assumes 12.4% of the Guaranteed balance.
- (3) Value determined by GAAP servicing value; a present value of future servicing income.
- (4) Unguaranteed portion gets immediately written down at origination to reflect cumulative estimate of default frequency and severity. This example assume a 2.5% discount.
- (5) Net risk-adjusted profit recognized per \$1 million of loan originations.

## SBA 504 Loans: Focus for Portfolio Company – Newtek Business Credit Solutions (NBC)

- 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
- NBC funded second SBA 504 loan in October 2016
- 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
- Portfolio company has exposure on only 50% of the LTV
- U.S. Government has exposure on 40% of the LTV
- Portfolio company will sell the senior loan participation at an anticipated 3-5 point premium
- SBA 504 loans give borrowers a fixed-rate alternative

## 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%              |
| <b>Total</b>                 | <b>\$1,000,000</b> | <b>Total</b>                          | <b>\$1,000,000</b> | <b>100%</b>      |

- 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 <sup>(1)</sup> | \$1,040,000 |
| Borrower Equity                           | \$300,000   |
| Premium <sup>(2)</sup>                    | 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 <sup>(3)</sup>  | \$50,335           |
| Interest Earned Before Sale <sup>(4)</sup>                                 | \$39,592           |
| Origination Fees   | \$26,000           |
| Interest Expense   | (\$17,420)         |
| SBA Servicing Fee (One-time)   | (\$6,711)          |
| <b>Total</b>   | <b>\$2,474,070</b> |
| <b>Net Cash Created<sup>(6)</sup></b>                                      | <b>\$91,796</b>    |
| <b>Return on Investment (Gross Operating Profit/ Equity)<sup>(7)</sup></b> | <b>38.5%</b>       |

(1) Funded by NBC, Newtek's portfolio company, 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 actually 3 months but the return is based on the full year

## Comparable Company Statistics

- **Live Oak Bancshares, Inc. (NASDAQ: LOB)**
  - Currently trading at 2.72x book value\*
  - \$530 million market capitalization
  - Online platform for small business lending
  - Raised \$81.6 million in IPO on 7/23/15
- **BankUnited, Inc. (NYSE: BKU)**
  - Small Business Finance Unit primarily originates SBA guaranteed commercial and commercial real estate loans, generally selling the guaranteed portion in the secondary market and retaining the unguaranteed portion in portfolio
  - Small Business Finance recorded investment in loans totaled approximately \$220 million as of June 30, 2016

\*Tangible book value of \$6.26 per common share as reported by Live Oak Bancshares, Inc. for quarter ended September, 30 2016. <http://investor.liveoakbank.com/phoenix.zhtml?c=253224&p=irol-newsArticle&ID=2216269> Closing price of \$17.00 as of December 2, 2016.

## 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
- For the three months ended September 30, 2016 vs. September 30, 2015
  - Revenue was \$27.4 million; an increase of 9.4% over \$25.0<sup>1</sup> million
  - Adjusted EBITDA\* was \$3.0 million; a 20.6% increase over \$2.5<sup>1</sup> million
- In August 2016, FinTech Acquisition Corp. acquired CardConnect<sup>®</sup> LLC, a payment processing and technology solutions company, for a total consideration of \$350 million in stock and cash which equates to 0.8x and 14.5x CardConnect’s revenue and EBITDA, respectively, for full year ended 12/31/2015

### 2016 Forecast

- Revenue: \$107.3 million
- Adjusted EBITDA\*: \$12.3 million

### Valuation & Financial Performance

- Valued at 6.7x FY 2016 Forecasted Adjusted EBITDA\*
- Payment Processing business valued at \$82.5 million, net of debt as of 9/30/16

### Publicly Traded Comparable Companies

| Name (Symbol)                  | Enterprise Value /<br>2016 Estimated<br>EBITDA <sup>2</sup> |
|--------------------------------|---|
| ▪ Vantiv, Inc. (VNTV)          | 16.0x   |
| ▪ Global Payments (GPN)        | 14.4x   |
| ▪ First Data Corporation (FDC) | 10.9x   |

Note: See 2015 Form 10-K for specific valuation methodology for controlled portfolio companies.

<sup>1</sup>Premier Payments LLC was acquired on July 23, 2015 and therefore prior-year results include the full third quarter Revenue and EBITDA from Premier Payments LLC for the 2015 comparable period.

<sup>2</sup>Estimates via Bloomberg as of October 27, 2016. Global Payments (GPN) 2016 fiscal year ended May 31, 2016 therefore calculation for GPN uses 2017 estimated EBITDA \*See page 31 for definition of Adjusted EBITDA.

## EPP's Opportunities in Payment Processing

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

## Portfolio Company - Newtek Technology Solutions (“NTS”)

- Managed technology & cloud computing business, wholly owned and managed for 10+ years
- Host and manage SMBs computer hardware, software and their technology solutions in our Level-4, 5,000 square foot data center in Phoenix, Arizona; additional space in the U.K., New Jersey and Phoenix, Arizona
- 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
- Restructured IO data center lease in 2015, which we anticipate will save between \$200K - \$250K per year
- For the three months ended September 30, 2016 vs. the three months ended September 30, 2015:
  - Revenue of \$3.7 million; flat compared to the same period one year ago
  - Adjusted EBITDA\* of \$0.8 million; a decrease of 20.8% from \$0.9 million

### 2016 Forecast

- Revenue: \$14.5 million
- Adjusted EBITDA\*: \$2.9 million

### Valuation & Financial Performance

- Valued at approximately 1.4x 2016 forecasted revenue
- Valued at \$20.1 million as of 09/30/16

### Publicly Traded Comparable Companies

| Name (Symbol)                    | Enterprise Value /<br>2016 Estimated<br>Revenue <sup>1</sup> |
|----------------------------------|--|
| ▪ Endurance (EIGI)               | 2.8x   |
| ▪ Rackspace Holdings, Inc. (RAX) | 2.0x   |
| ▪ Web.com Group Inc. (WWW)       | 2.0x   |

Note: See 2015 Form 10-K for specific valuation methodology for controlled portfolio companies.

<sup>1</sup>Estimates calculated using Bloomberg as of October 27, 2016.

\*See page 31 for definition of Adjusted EBITDA.

## 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 Healthcare 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

- Newtek Business Services Corp. has a differentiated BDC model
- Do not pay management fees and incentive fees as a percentage of profits, after a certain rate-of-return “hurdle” rate has been reached, to an external manager
- Portfolio companies (controlled investments) are wholly owned, most for over 10 years
- Forecast paying an annual cash dividend of \$1.57 per share in 2017; a 2.6% increase over the 2016 annual dividend forecast of \$1.53 per share
- We believe our dividend yield per level of risk is more attractive because our invested asset quality has less leverage embedded in it
- Proven track record; established in 1998; publically traded since September 2000
- Over 13-year lending history through multiple lending cycles; great depth and breadth of experience
- We do not purchase repackaged loans; instead, originates on a true retail basis leading to strong credit quality and loan performance
- Management’s interests aligned with shareholders; founders, management and Board combined, own approximately 15% of outstanding shares
- **NO** derivative securities in BDC; **NO** SBIC leverage; **NO** equity investment in collateralized debt obligations (“CDOs”); **NO** 2<sup>nd</sup> lien or mezzanine financing as a business line; **NO** direct lending exposure to oil and gas industry

## Non-GAAP Financial Measures

### **Newtek Business Services Corp. and Subsidiaries**

In evaluating its business, Newtek considers and uses adjusted net investment income as a measure of its operating performance. Adjusted net investment income includes short-term capital gains from the sale of the guaranteed portions of SBA 7(a) loans, which is a reoccurring event. The Company defines Adjusted net investment income (loss) as Net investment income (loss) plus Net realized gains (losses) recognized from the sale of guaranteed portions of SBA 7(a) loan investments, plus Loss on lease expense and stock-based compensation 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 Adjusted net investment income 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 Adjusted net investment income.

## Non-GAAP Financial Measure – Newtek Business Services Corp. and Subsidiaries – Adjusted Net Investment Income

| (in thousands, except per share amounts)            | Three Months ended<br>September<br>30, 2016 |            | Three Months ended<br>September<br>30, 2015 |            |
|---|---|------------|---|------------|
|   | Per share                                   |            | Per share                                   |            |
| Net investment loss                                 | \$ (0.15)                                   | \$ (2,125) | \$ (0.15)                                   | \$ (1,491) |
| Net realized gain on non-affiliate debt investments | 0.60  | 8,712      | 0.65  | 6,620      |
| Loss on lease                                       | (0.01)                                      | (152)      | (0.01)                                      | (74)       |
| Stock-based compensation                            | 0.02  | 226        | -   | -          |
| Adjusted net investment income                      | \$ 0.46                                     | \$ 6,661   | \$ 0.49                                     | \$ 5,055   |

## 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, managerial assistance fees, loss on lease and stock compensation 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.

## Non-GAAP Financial Measures - Newtek's Controlled Portfolio Company Investments

### Adjusted EBITDA Reconciliation – Electronic Payment Processing

| <i>(in millions)</i>          | Three Months<br>Ended September<br>30, 2016 | Three Months<br>Ended September<br>30, 2015 |
|-------------------------------|---|---|
| Pretax income                 | \$ 2.0                                      | \$ 1.8                                      |
| Interest expense, net         | 0.4   | -   |
| Depreciation and amortization | 0.4   | 0.6   |
| Managerial assistance fees    | 0.2   | 0.1   |
| <b>Adjusted EBITDA</b>        | <b>\$ 3.0</b>                               | <b>\$ 2.5</b>                               |

Note: Adjusted EBITDA for the three months ended September 30, 2015 does not include results for Premier Payments, LLC, prior to acquisition on July 23, 2015.

## Non-GAAP Financial Measures - Newtek's Controlled Portfolio Company Investments

### Adjusted EBITDA Reconciliation – Newtek Technology Solutions

|                               | Three Months                |                             |
|-------------------------------|-----------------------------|-----------------------------|
|                               | Ended September<br>30, 2016 | Ended September<br>30, 2015 |
| <i>(in millions)</i>          |                             |                             |
| Pretax income                 | \$ 0.1                      | \$ 0.5                      |
| Interest expense, net         | 0.1                         | -                           |
| Depreciation and amortization | 0.4                         | 0.3                         |
| Managerial assistance fees    | 0.2                         | 0.1                         |
| <b>Adjusted EBITDA</b>        | <b>\$ 0.8</b>               | <b>\$ 0.9</b>               |

## Non-GAAP Financial Measures - Newtek's Controlled Portfolio Company Investments

### Forecasted Full Year 2016 Adjusted EBITDA Reconciliation

|                               | Electronic Payment Processing |             | Managed Technology Solutions |                        | Newtek Small Business Finance |
|-------------------------------|-------------------------------|-------------|------------------------------|------------------------|-------------------------------|
| <i>(in millions)</i>          |                               |             |                              | <i>(in millions)</i>   |                               |
| Pretax income                 | \$                            | 8.4         | \$                           | 0.3                    | \$ 21.8                       |
| Interest expense, net         |                               | 1.6         |                              | 0.4                    | 6.9                           |
| Depreciation and amortization |                               | 1.8         |                              | 1.5                    | 0.2                           |
| Managerial assistance fees    |                               | 0.5         |                              | 0.7                    | 0.6                           |
| <b>Adjusted EBITDA</b>        | <b>\$</b>                     | <b>12.3</b> | <b>\$</b>                    | <b>2.9</b>             | <b>0.2</b>                    |
|                               |                               |             |                              | <b>Adjusted EBITDA</b> | <b>\$ 29.7</b>                |