

# Small Business Investment Company (SBIC) Program Overview

as of September 30, 2017

## --- PROGRAM COMPOSITION ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	FY End 2017
<b>--- Program Composition of Operating SBICs ---</b>					
<b>Total Number of Licensees</b>	<b>292</b>	<b>294</b>	<b>303</b>	<b>313</b>	<b>315</b>
Debenture	175	187	205	216	227
Participating Security	63	53	46	41	33
Bank-Owned/Non-Leveraged	43	45	43	47	47
Specialized SBICs	11	9	9	9	8
<b>--- Private Capital of Operating SBICs by Fund Type (\$ in millions) ---</b>					
<b>a. Regulatory Private Capital</b>	<b>\$10,333.2</b>	<b>\$11,789.5</b>	<b>\$12,995.0</b>	<b>\$14,115.3</b>	<b>\$15,014.7</b>
Debenture	7,504.4	8,923.4	10,414.2	11,357.7	12,259.3
Participating Security	1,316.2	1,096.1	887.8	716.8	504.6
Other	1,512.6	1,770.1	1,693.0	2,040.8	2,250.8
<b>b. Leveragable Private Capital</b>	<b>\$6,416.5</b>	<b>\$7,070.2</b>	<b>\$7,930.5</b>	<b>\$8,897.1</b>	<b>\$9,565.1</b>
Debenture	4,467.6	5,292.8	6,413.4	7,309.8	7,974.6
Participating Security	1,079.2	874.8	684.7	571.7	383.5
Other	869.7	902.6	832.4	1,015.5	1,207.1
<b>c. Unfunded Private Commitments</b>	<b>\$3,916.7</b>	<b>\$4,719.3</b>	<b>\$5,064.4</b>	<b>\$5,218.2</b>	<b>\$5,449.6</b>
Debenture	3,036.9	3,630.6	4,000.8	4,047.9	4,284.8
Participating Security	237.0	221.3	203.1	145.0	121.2
Other	642.8	867.4	860.6	1,025.3	1,043.7
<b>--- Leverage from SBA of Operating SBICs by Fund Type (\$ in millions) ---</b>					
<b>d. SBA Capital at Risk (e+f)</b>	<b>\$9,483.7</b>	<b>\$10,947.1</b>	<b>\$12,351.2</b>	<b>\$13,696.7</b>	<b>\$13,996.5</b>
Debenture	8,400.3	10,211.9	11,883.6	13,356.3	13,810.2
Participating Security	1,019.7	693.2	392.6	249.5	96.8
Other	63.8	42.0	75.0	90.9	89.4
<b>e. Outstanding SBA Leverage</b>	<b>\$6,950.6</b>	<b>\$7,921.4</b>	<b>\$9,157.2</b>	<b>\$10,330.4</b>	<b>\$10,708.9</b>
Debenture	5,919.4	7,209.9	8,712.0	10,010.8	10,525.3
Participating Security	1,002.2	681.2	384.6	244.6	96.8
Other	29.0	30.3	60.6	75.0	86.8
<b>f. Outstanding SBA Commitments</b>	<b>\$2,533.2</b>	<b>\$3,025.7</b>	<b>\$3,194.0</b>	<b>\$3,366.3</b>	<b>\$3,287.6</b>
Debenture	2,480.9	3,002.0	3,171.6	3,345.5	3,285.0
Participating Security	17.4	12.0	8.0	4.9	0.0
Other	34.9	11.7	14.4	15.9	2.6
<b>g. Unreimbursed Prioritized Payments</b>	<b>\$238.3</b>	<b>\$201.7</b>	<b>\$142.2</b>	<b>\$113.1</b>	<b>\$55.5</b>
<b>--- Combined Private Capital and SBA Capital at Risk of Operating SBICs (\$ in millions) ---</b>					
<b>h. Total Capital at Risk (a+d)</b>	<b>\$19,816.9</b>	<b>\$22,736.6</b>	<b>\$25,346.1</b>	<b>\$27,812.0</b>	<b>\$29,011.2</b>
Debenture	15,904.7	19,135.2	22,297.8	24,714.0	26,069.5
Participating Security	2,335.8	1,789.3	1,280.4	966.3	601.5
Other	1,576.4	1,812.1	1,768.0	2,131.7	2,340.2
<b>--- Program Composition in Liquidation (\$ in Millions) ---</b>					
DRAFT					
<b>Total Number of Licensees</b>	<b>123</b>	<b>121</b>	<b>115</b>	<b>104</b>	<b>100</b>
Participating Security	84	83	81	76	75
Other	39	38	34	28	25
<b>Leverage Balance</b>	<b>\$1,354.2</b>	<b>\$1,137.6</b>	<b>\$959.2</b>	<b>\$810.5</b>	<b>\$720.0</b>
Participating Security	1,011.1	785.2	697.5	571.1	479.3
Other	343.1	352.4	261.7	239.4	240.7
<b>--- Program Funding (\$ in millions) ---</b>					
Debenture Authorization (\$ in Millions)	\$3,000.0	\$4,000.0	\$4,000.0	\$4,000.0	\$4,000.0
Annual Charge	0.760%	0.355%	0.742%	0.672%	0.347%
Average Debenture Pooled Interest Rate	2.83%	3.10%	2.68%	2.29%	2.70%

**Small Business Investment Company (SBIC) Program Overview**  
as of September 30, 2017

**--- ECONOMIC IMPACT: SBIC FINANCINGS TO SMALL BUSINESS REPORTED \* ---**

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	FY End 2017	Chg. from FY 2016
<b>--- Total SBIC Program ---</b>						
<b>Financing Amount Reported (\$ in millions)</b>	<b>\$3,498.3</b>	<b>\$5,464.6</b>	<b>\$6,285.5</b>	<b>\$5,991.7</b>	<b>\$5,727.3</b>	<b>(4%)</b>
Type of Financing (\$ in millions)						
Straight Debt	2,095.7	3,478.5	3,810.5	3,791.7	3,720.2	(2%)
Debt with Equity Features	834.1	1,030.4	1,351.2	1,157.9	859.8	(26%)
Equity Only	568.5	955.6	1,124.8	1,042.9	1,147.4	10%
<b>Number of Companies Financed</b>	<b>1,068</b>	<b>1,085</b>	<b>1,210</b>	<b>1,201</b>	<b>1,077</b>	<b>(10%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>260</b>	<b>281</b>	<b>288</b>	<b>332</b>	<b>308</b>	<b>(7%)</b>
Businesses Located in LMI Areas*	213	229	229	284	262	(8%)
Women, Minority, Veteran Owned*	67	70	73	61	68	11%
<b>Number of Jobs Created or Sustained**</b>	<b>73,585</b>	<b>113,022</b>	<b>129,749</b>	<b>122,382</b>	<b>112,865</b>	<b>(8%)</b>
<b>--- Debenture SBICs ---</b>						
<b>Financing Amount Reported (\$ in millions)</b>	<b>\$3,256.3</b>	<b>\$5,217.6</b>	<b>\$5,939.6</b>	<b>\$5,653.8</b>	<b>\$5,353.8</b>	<b>(5%)</b>
Type of Financing (\$ in millions)						
Straight Debt	2,042.4	3,418.1	3,701.8	3,665.5	3,617.6	(1%)
Debt with Equity Features	794.6	978.6	1,265.9	1,110.6	835.4	(25%)
Equity Only	419.3	820.9	971.9	877.7	900.9	3%
<b>Number of Companies Financed</b>	<b>856</b>	<b>908</b>	<b>1,010</b>	<b>986</b>	<b>904</b>	<b>(8%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>206</b>	<b>232</b>	<b>226</b>	<b>260</b>	<b>245</b>	<b>(6%)</b>
Businesses Located in LMI Areas*	170	191	182	232	212	(9%)
Women, Minority, Veteran Owned*	51	56	51	35	47	34%
<b>Number of Jobs Created or Sustained**</b>	<b>68,493</b>	<b>107,913</b>	<b>122,608</b>	<b>115,481</b>	<b>105,505</b>	<b>(9%)</b>
<b>--- Non-Leveraged, Bank-Owned, and Specialized SBICs ---</b>						
<b>Financing Amount Reported (\$ in millions)</b>	<b>\$166.1</b>	<b>\$195.7</b>	<b>\$300.1</b>	<b>\$307.0</b>	<b>\$357.7</b>	<b>16%</b>
Type of Financing (\$ in millions)						
Straight Debt	38.4	51.3	98.8	116.5	94.1	(19%)
Debt with Equity Features	18.3	41.5	72.6	38.2	23.4	(39%)
Equity Only	109.4	102.9	128.8	152.3	240.1	58%
<b>Number of Companies Financed</b>	<b>110</b>	<b>102</b>	<b>147</b>	<b>203</b>	<b>189</b>	<b>(7%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>35</b>	<b>36</b>	<b>48</b>	<b>70</b>	<b>67</b>	<b>(4%)</b>
Businesses Located in LMI Areas*	27	24	34	50	54	8%
Women, Minority, Veteran Owned*	13	15	21	26	22	(15%)
<b>Number of Jobs Created or Sustained**</b>	<b>3,495</b>	<b>4,047</b>	<b>6,196</b>	<b>6,271</b>	<b>7,048</b>	<b>12%</b>
<b>--- Participating Security SBICs ---</b>						
<b>Financing Amount Reported (\$ in millions)</b>	<b>\$75.9</b>	<b>\$51.3</b>	<b>\$45.8</b>	<b>\$30.9</b>	<b>\$15.8</b>	<b>(49%)</b>
Type of Financing (\$ in millions)						
Straight Debt	14.9	9.1	9.9	9.7	8.6	(12%)
Debt with Equity Features	21.2	10.4	12.8	8.3	0.9	(89%)
Equity Only	39.8	31.8	24.1	12.9	6.3	(51%)
<b>Number of Companies Financed</b>	<b>125</b>	<b>93</b>	<b>53</b>	<b>40</b>	<b>23</b>	<b>(43%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>24</b>	<b>16</b>	<b>14</b>	<b>9</b>	<b>6</b>	<b>(33%)</b>
Businesses Located in LMI Areas*	21	16	13	9	6	(33%)
Women, Minority, Veteran Owned*	3	0	1	0	0	0%
<b>Number of Jobs Created or Sustained**</b>	<b>1,597</b>	<b>1,062</b>	<b>945</b>	<b>630</b>	<b>312</b>	<b>(51%)</b>

\* The Office of Investment and Innovation reports financing information based on data collected on the SBA Form 1031. Information is aggregated, by fiscal year, based on the date of the submission of the form and not on the date of the financing to the small business.

\*\* SBA estimates jobs created or sustained using "The 1999 Arizona Venture Capital Impact Study" (confirmed by the DRI-WEFA study of 2001) indicating that 1 job is created for every \$36,000 of SBIC Program investment (adjusted for inflation).

# Small Business Investment Company (SBIC) Program Overview

as of September 30, 2017

<b>PROGRAM OFFICE ACTIVITIES</b>						
	<b>FY End 2013</b>	<b>FY End 2014</b>	<b>FY End 2015</b>	<b>FY End 2016</b>	<b>FY End 2017</b>	<b>Chg. from FY 2016</b>
<b>--- New Licensees ---</b>						
<b>New Licensees by Fund Type</b>	<b>34</b>	<b>30</b>	<b>25</b>	<b>21</b>	<b>15</b>	<b>(29%)</b>
Debenture	29	24	22	17	11	(35%)
Bank-Owned/Non-Leveraged	5	6	3	4	4	0%
<b>Initial Private Capital (\$ in millions)</b>	<b>\$1,259.0</b>	<b>\$1,319.0</b>	<b>\$1,236.4</b>	<b>\$1,188.0</b>	<b>\$831.7</b>	<b>(30%)</b>
Debenture	1,111.5	1,131.2	1,204.1	893.0	656.5	(26%)
Bank-Owned/Non-Leveraged	147.4	187.8	32.3	295.0	175.2	(41%)
<b>--- Licensing Pipeline* ---</b>						
<b>Total in Pipeline</b>	<b>51</b>	<b>43</b>	<b>37</b>	<b>49</b>	<b>67</b>	<b>37%</b>
In Applicant Review/Program Development	12	9	13	20	27	35%
In Capital Raising	20	17	14	21	26	24%
In Licensing	19	17	10	8	14	75%
<b>--- Program Development and Licensing Activity** ---</b>						
<b>Applicant Initial Review/Program Development</b>						
<b>Received during FY</b>	<b>75</b>	<b>45</b>	<b>48</b>	<b>57</b>	<b>59</b>	<b>4%</b>
1st Time SBIC Applicants	59	35	24	30	32	7%
Subsequent Fund Applicants	16	10	24	27	27	0%
<b>Processed in FY</b>	<b>74</b>	<b>48</b>	<b>44</b>	<b>50</b>	<b>52</b>	<b>4%</b>
<b>Green Light Letters Issued</b>	<b>34</b>	<b>28</b>	<b>25</b>	<b>32</b>	<b>32</b>	<b>0%</b>
<i>% of Processed Receiving Green Light</i>	<i>46%</i>	<i>58%</i>	<i>57%</i>	<i>64%</i>	<i>62%</i>	<i>(3%)</i>
1st Time SBIC Applicants	21	17	11	10	19	90%
Subsequent Fund Applicants	13	11	14	22	13	(41%)
Number Denied -- 1st Time and Subsequent	34	15	17	15	15	0%
Number Withdrawn -- 1st Time and Subsequent	6	5	2	3	5	67%
<b>Raising Capital in Process</b>						
<b>Green Light Letters Expired</b>	<b>8</b>	<b>7</b>	<b>10</b>	<b>0</b>	<b>1</b>	<b>100%</b>
<b>Licensing Applications Submitted</b>	<b>44</b>	<b>32</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>(8%)</b>
Total in the Capital Raising Process	52	39	35	24	23	(4%)
<i>% in Capital Raising Submitting Applications</i>	<i>85%</i>	<i>82%</i>	<i>71%</i>	<i>100%</i>	<i>96%</i>	<i>(4%)</i>
<b>Licensing</b>						
<b>Received during FY</b>	<b>44</b>	<b>32</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>(8%)</b>
1st Time SBIC Applicants	28	13	15	2	9	350%
Subsequent Fund Applicants	16	19	10	22	13	(36%)
Otherwise Resolved During FY	5	4	7	5	1	(80%)
<b>FY Number of New Licensees</b>	<b>34</b>	<b>30</b>	<b>25</b>	<b>21</b>	<b>15</b>	<b>(29%)</b>
1st Time SBIC Applicants	15	18	12	13	1	(92%)
Subsequent Fund Applicants	19	12	13	8	14	75%
Average Months to Process	6.8	7.4	8.4	5.8	5.1	(12%)
<i>% Completed in Goal (6 months)</i>	<i>50%</i>	<i>37%</i>	<i>36%</i>	<i>66%</i>	<i>80%</i>	<i>21%</i>

\* The Office of Investment and Innovation re-evaluated the data collection in the Office of Program Development. Consequently, the content of Licensing Pipeline, for previous years, was updated and therefore may not be consistent with previously issued Program Overview reports.

\*\* The Office of Investment and Innovation identified several historical discrepancies in data. Consequently, the content of Program Development and Licensing Activity, for previous years, was updated and therefore may not be consistent with previously issued Program Overview reports.

# Small Business Investment Company (SBIC) Program Overview

as of September 30, 2017

## --- PROGRAM OFFICE ACTIVITIES ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	FY End 2017	Chg. from FY 2016
<b>--- Leverage Activities in Operations ---</b>						
<b>Debenture Leverage</b>						
Commitments Issued	\$2,155.7	\$2,548.9	\$2,553.0	\$2,514.3	\$1,959.8	(22%)
Draws	\$1,737.0	\$2,064.6	\$2,337.4	\$2,157.6	\$1,901.8	(12%)
Redemptions (Pre-Paid and at Maturity)	\$567.1	\$660.8	\$806.1	\$807.8	\$1,372.0	70%
Transfers to Liquidation	\$118.8	\$127.8	\$26.5	\$38.6	\$42.4	10%
<i>% of Beginning Leverage Transferred</i>	2%	2%	<1%	<1%	<1%	0%
<b>Participating Securities Leverage</b>						
Prioritized Payments (PP) Advanced	\$66.2	\$43.9	\$28.4	\$15.5	\$8.9	(42%)
<b>SBA Distributions</b>	<b>\$292.8</b>	<b>\$264.3</b>	<b>\$201.6</b>	<b>\$137.4</b>	<b>\$73.1</b>	<b>(47%)</b>
Prioritized Payments	\$52.9	\$37.0	\$24.8	\$13.1	\$1.8	(86%)
Adjustments and Annual Fees	\$18.8	\$10.2	\$3.7	\$4.0	\$0.4	(90%)
Profit Participation	\$23.6	\$11.1	\$13.3	\$5.1	\$11.3	122%
PS Redemptions--Operating SBICs	\$197.5	\$206.1	\$159.8	\$115.2	\$59.6	(48%)
Transfers to Liquidation	\$296.8	\$129.3	\$109.2	\$22.8	\$49.3	116%
<i>% of Beginning Leverage Transferred</i>	21%	14%	18%	7%	25%	261%
Prioritized Payments at Transfer	\$119.1	\$49.7	\$42.8	\$11.1	\$49.6	347%

## --- SBIC Examination Activities ---

<b>Exam Reports Issued</b>	<b>244</b>	<b>200</b>	<b>222</b>	<b>186</b>	<b>167</b>	<b>(10%)</b>
Exam Cycle (months)	12.4	12.7	12.7	13.0	16.3	25%
<i>% of Reports with Findings</i>	17%	11%	19%	19%	17%	(11%)
<b>Licensees with Leverage</b>	<b>206</b>	<b>163</b>	<b>173</b>	<b>137</b>	<b>126</b>	<b>(8%)</b>
Exam Cycle (months)	11.6	11.5	11.2	11.5	15.4	34%
<i>% of Reports with Findings</i>	15%	9%	21%	19%	19%	0%
<b>Licensees without Leverage</b>	<b>38</b>	<b>37</b>	<b>49</b>	<b>49</b>	<b>41</b>	<b>(16%)</b>
Exam Cycle (months)	16.5	18.2	18.1	17.1	19.2	12%
<i>% of Reports with Findings</i>	26%	19%	8%	18%	12%	(33%)

## --- Surrenders and Transfers to Liquidation ---

<b>SBIC License Surrenders</b>	<b>27</b>	<b>18</b>	<b>13</b>	<b>7</b>	<b>7</b>	<b>0%</b>
Debenture	9	9	4	3	0	(100%)
Participating Security	11	3	4	4	3	(25%)
Bank-Owned/Non-Leveraged	6	5	5	0	4	100%
Specialized SBICs	1	1	0	0	0	0%
<b>SBIC Licensee Transfers to Liquidation</b>	<b>16</b>	<b>11</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>200%</b>
Debenture and Specialized SBICs	4	4	0	1	1	0%
Participating Security	12	7	3	1	5	400%

## --- Activities in the Office of Liquidation ---

						Draft
<b>Participating Security Leverage</b>						
<b>Total Leverage Collections</b>	<b>\$227.0</b>	<b>\$273.3</b>	<b>\$170.7</b>	<b>\$98.6</b>	<b>\$118.5</b>	<b>21%</b>
<i>Collections as % of Beginning Leverage</i>	20%	27%	22%	14%	21%	50%
Leverage Write-offs	\$178.2	\$87.7	\$34.4	\$52.5	\$25.7	(51%)
Prioritized Payments Collections	\$7.1	\$0.8	\$14.1	\$2.7	\$0.4	(85%)
Prioritized Payments Write-offs	\$106.6	\$20.7	\$55.9	\$15.7	\$10.7	(32%)
<b>Debenture Leverage</b>						
<b>Total Leverage Collections</b>	<b>\$39.7</b>	<b>\$77.3</b>	<b>\$83.6</b>	<b>\$54.0</b>	<b>\$30.2</b>	<b>(44%)</b>
<i>Collections as % of Beginning Leverage</i>	13%	23%	24%	21%	13%	(38%)
Leverage Write-offs	\$47.9	\$42.2	\$36.0	\$7.1	\$10.5	48%