

## Small Business Investment Company (SBIC) Program Overview

as of September 30, 2019

### PROGRAM COMPOSITION

#### Program Composition of Operating SBICs

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019
<b>Total Number of Licensees</b>	303	313	315	305	300
Debenture	205	216	227	227	224
Participating Security	46	41	33	25	22
Bank-Owned/Non-Leveraged	43	47	47	47	48
Specialized SBICs	9	9	8	6	6

#### Private Capital of Operating SBICs by Fund Type (\$ in millions)

<b>a. Regulatory Private Capital</b>	<b>\$12,995.0</b>	<b>\$14,115.3</b>	<b>\$ 15,014.7</b>	<b>\$15,808.2</b>	<b>\$16,717.9</b>
Debenture	10,414.2	11,357.7	12,259.3	13,252.8	13,500.0
Participating Security	887.8	716.8	504.6	352.3	323.8
Other	1,693.0	2,040.8	2,250.8	2,203.1	2,894.1
<b>b. Leverageable Private Capital</b>	<b>\$ 7,930.5</b>	<b>\$ 8,897.0</b>	<b>\$9,565.2</b>	<b>\$10,015.0</b>	<b>\$10,231.2</b>
Debenture	6,413.4	7,309.8	7,974.6	8,533.4	8,564.9
Participating Security	684.7	571.7	383.5	262.5	234.4
Other	832.4	1,015.5	1,207.1	1,219.1	1,431.9
<b>c. Unfunded Private Commitments</b>	<b>\$5,064.5</b>	<b>\$ 5,218.2</b>	<b>\$5,449.7</b>	<b>\$ 5,793.1</b>	<b>\$6,486.7</b>
Debenture	4,000.8	4,047.9	4,284.8	4,719.4	4,935.1
Participating Security	203.1	145.0	121.2	89.8	89.4
Other	860.6	1,025.3	1,043.7	983.9	1,462.2

#### Leverage from SBA of Operating SBICs by Fund Type (\$ in millions)

<b>d. SBA Capital at Risk (e+f)</b>	<b>\$12,351.2</b>	<b>\$13,696.7</b>	<b>\$13,996.4</b>	<b>\$14,280.7</b>	<b>\$13,827.4</b>
Debenture	11,883.6	13,356.3	13,810.2	14,203.4	13,785.0
Participating Security	392.6	249.5	96.8	18.0	4.0
Other	75.0	90.9	89.4	59.3	38.4
<b>e. Outstanding SBA Leverage</b>	<b>\$ 9,157.2</b>	<b>\$10,330.4</b>	<b>\$10,708.9</b>	<b>\$10,860.5</b>	<b>\$10,780.5</b>
Debenture	8,712.0	10,010.8	10,525.3	10,785.8	10,740.7
Participating Security	384.6	244.6	96.8	18.0	4.0
Other	60.6	75.0	86.8	56.7	35.8
<b>f. Outstanding SBA Commitments</b>	<b>\$ 3,194.0</b>	<b>\$3,366.3</b>	<b>\$3,287.6</b>	<b>\$3,420.2</b>	<b>\$3,046.9</b>
Debenture	3,171.6	3,345.5	3,285.0	3,417.6	3,044.3
Participating Security	8.0	4.9	0.0	0.0	0.0
Other	14.4	15.9	2.6	2.6	2.6
<b>g. Unreimbursed Prioritized Payments</b>	<b>\$142.2</b>	<b>\$113.1</b>	<b>\$55.5</b>	<b>\$0.1</b>	<b>\$0.0</b>

#### Combined Private Capital and SBA Capital at Risk of Operating SBICs (\$ in millions)

<b>h. Total Capital at Risk (a+d)</b>	<b>\$25,346.2</b>	<b>\$27,812.0</b>	<b>\$29,011.1</b>	<b>\$30,088.9</b>	<b>\$30,545.3</b>
Debenture	22,297.8	24,714.0	26,069.5	27,456.2	27,285.0
Participating Security	1,280.4	966.3	601.4	370.3	327.8
Other	1,768.0	2,131.7	2,340.2	2,262.4	2,932.5

as of September 30, 2019

**Program Composition in Liquidation (\$ in Millions)**

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019
<b>Total Number of Licensees</b>	115	104	97	87	79
Participating Security	81	76	72	66	57
Other	34	28	25	21	22
<b>Leverage Balance</b>	<b>\$959.2</b>	<b>\$810.5</b>	<b>\$671.7</b>	<b>\$413.1</b>	<b>\$498.4</b>
Participating Security	697.5	571.1	451.8	257.1	215.7
Other	261.7	239.4	219.9	156.0	282.7

**Program Funding (\$ in millions)**

<b>Debenture Authorization (\$ in Millions)</b>	<b>\$4,000.0</b>	<b>\$4,000.0</b>	<b>\$4,000.0</b>	<b>\$4,000.0</b>	<b>\$4,000.0</b>
<i>Annual Charge</i>	0.742%	0.672%	0.347%	0.222%	0.094%
<i>Average Debenture Pooled Interest Rate</i>	2.68%	2.29%	2.70%	3.35%	2.70%

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

**Total SBIC Program**

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019	Chg. from FYE 2018
<b>Financing Amount Reported (\$ in millions)</b>	\$6,285.5	\$5,991.7	\$5,727.3	\$5,502.6	\$5,865.7	7%
<b>Type of Financing (\$ in millions)</b>						
Straight Debt	3,810.5	3,791.7	3,720.2	3,543.0	3,594.4	1%
Debt with Equity Features	1,351.2	1,157.1	859.8	807.3	792.0	(2%)
Equity Only	1,123.8	1,042.9	1,147.4	1,152.2	1,479.3	28%
<b>Number of Companies Financed</b>	<b>1,210</b>	<b>1,201</b>	<b>1,077</b>	<b>1,151</b>	<b>1,191</b>	<b>3%</b>
<b>Special Competitive Opportunity Gap</b>	<b>288</b>	<b>332</b>	<b>308</b>	<b>315</b>	<b>292</b>	<b>(7%)</b>
Businesses Located in LMI Areas*	229	284	262	265	245	(8%)
Women, Minority, Veteran Owned*	73	61	68	66	59	(11%)
<b>Number of Jobs Created or Sustained**</b>	<b>129,749</b>	<b>122,382</b>	<b>112,865</b>	<b>106,021</b>	<b>111,201</b>	<b>5%</b>

**Debenture SBICs**

<b>Financing Amount Reported (\$ in millions)</b>	<b>\$5,939.6</b>	<b>\$5,653.8</b>	<b>\$5,353.8</b>	<b>\$5,159.0</b>	<b>\$5,450.4</b>	<b>6%</b>
<b>Type of Financing (\$ in millions)</b>						
Straight Debt	3,701.8	3,665.5	3,617.6	3,422.1	3,464.1	1%
Debt with Equity Features	1,265.9	1,110.6	835.4	791.8	760.3	(4%)
Equity Only	971.9	877.7	900.9	945.0	1,226.0	30%
<b>Number of Companies Financed</b>	<b>1,010</b>	<b>986</b>	<b>904</b>	<b>940</b>	<b>987</b>	<b>5%</b>
<b>Special Competitive Opportunity Gap</b>	<b>226</b>	<b>260</b>	<b>245</b>	<b>238</b>	<b>227</b>	<b>(5%)</b>
Businesses Located in LMI Areas*	182	232	212	206	192	(7%)
Women, Minority, Veteran Owned Businesses*	51	35	47	39	41	5%

as of September 30, 2019

<b>Number of Jobs Created or Sustained**</b>	122,608	115,481	105,505	99,400	103,326	4%
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**Non-Leveraged, Bank-Owned, and Specialized SBICs**

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019	Chg. from FYE 2018
<b>Financing Amount Reported (\$ in millions)</b>	\$300.1	\$307.0	\$357.7	\$328.0	\$397.3	21%
Type of Financing (\$ in millions)						
Straight Debt	98.8	116.5	94.1	111.9	120.4	8%
Debt with Equity Features	72.6	38.2	23.4	13.4	27.6	106%
Equity Only	128.8	152.3	240.1	202.6	249.3	23%
<b>Number of Companies Financed</b>	<b>147</b>	<b>203</b>	<b>189</b>	<b>236</b>	<b>244</b>	<b>3%</b>
<b>Special Competitive Opportunity Gap</b>	<b>48</b>	<b>70</b>	<b>67</b>	<b>84</b>	<b>70</b>	<b>(17%)</b>
Businesses Located in LMI Areas*	34	50	54	66	58	(12%)
Women, Minority, Veteran Owned*	21	26	22	27	17	(37%)
<b>Number of Jobs Created or Sustained**</b>	<b>6,196</b>	<b>6,271</b>	<b>7,048</b>	<b>6,319</b>	<b>7,532</b>	<b>19%</b>

**Participating Security SBICs**

<b>Financing Amount Reported (\$ in millions)</b>	\$46.8	\$30.9	\$15.8	\$15.7	\$18.1	15%
Type of Financing (\$ in millions)						
Straight Debt	9.9	9.7	8.6	9.0	9.9	10%
Debt with Equity Features	12.8	8.3	0.9	2.0	4.1	105%
Equity Only	24.1	12.9	6.3	4.6	4.1	(11%)
<b>Number of Companies Financed</b>	<b>53</b>	<b>40</b>	<b>23</b>	<b>15</b>	<b>14</b>	<b>(7%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>14</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>0%</b>
Businesses Located in LMI Areas*	13	9	6	3	3	0%
Women, Minority, Veteran Owned*	1	0	0	0	1	100%
<b>Number of Jobs Created or Sustained**</b>	<b>945</b>	<b>630</b>	<b>312</b>	<b>302</b>	<b>342</b>	<b>(13%)</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).

**PROGRAM OFFICE ACTIVITIES**

**New Licensees**

<b>New Licensees by Fund Type</b>	<b>25</b>	<b>21</b>	<b>15</b>	<b>25</b>	<b>18</b>	<b>(28%)</b>
Debenture	22	17	11	21	15	(29%)
Bank-Owned/Non-Leveraged	3	4	4	4	3	(25%)
<b>Initial Private Capital (\$ in millions)</b>	<b>\$1,236.4</b>	<b>\$1,188.0</b>	<b>\$831.7</b>	<b>\$1,224.1</b>	<b>\$1,234.0</b>	<b>1%</b>
Debenture	1,204.1	893.0	656.5	1,137.9	986.5	(13%)
Bank-Owned/Non-Leveraged	32.3	295.0	175.2	86.2	247.5	187%

**Licensing Pipeline \***

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019	Chg. from FYE 2018
<b>Total in Pipeline</b>	37	49	62	53	46	(13%)
In Applicant Review/Program Development	13	20	22	20	15	(25%)
In Capital Raising	14	22	26	23	25	9%
In Licensing	10	7	14	10	6	(40%)

**Program Development and Licensing Activity \*\***

**Applicant Initial Review/Program Development**

<b>Received during FY</b>	48	57	55	39	26	(33%)
1st Time SBIC Applicants	24	30	27	17	8	(53%)
Subsequent Fund Applicants	24	27	28	22	18	(18%)
<b>Processed in FY</b>	44	50	52	41	31	(24%)
<b>Green Light Letters Issued</b>	25	32	31	28	24	(14%)
<i>% of Processed Receiving Green Light</i>	57%	64%	60%	68%	77%	14%
1st Time SBIC Applicants	11	10	18	10	11	10%
Subsequent Fund Applicants	14	22	13	18	13	(28%)
Number Denied -- 1st Time and Subsequent	17	15	15	7	3	(57%)
Number Withdrawn -- 1st Time and Subsequent	2	3	6	6	4	(33%)

**Capital Raising Completed/Terminated**

<b>Green Light Letters Expired/Other Licensing Applications Submitted</b>	10	0	5	7	7	0%
Total, Capital Raising Completed/Terminated	25	24	22	24	14	(42%)
<i>% in Capital Raising Completed/Terminated Submitting Applications</i>	35	24	27	31	21	(32%)
	71%	100%	81%	77%	67%	(13%)

**Licensing \*\*\***

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019	Chg. from FY 2018
<b>Received during FY</b>	<b>25</b>	<b>24</b>	<b>22</b>	<b>24</b>	<b>14</b>	<b>(42%)</b>
1st Time SBIC Applicants	15	2	9	8	5	(38%)
Subsequent Fund Applicants	10	22	13	16	9	(44%)
Otherwise Resolved During FY	7	6	0	3	1	(67%)
<b>FY Number of New Licensees</b>	<b>25</b>	<b>21</b>	<b>15</b>	<b>25</b>	<b>18</b>	<b>(28%)</b>
1st Time SBIC Applicants	12	8	1	11	4	(64%)
Subsequent Fund Applicants	13	13	14	14	14	0%
Average Months to Process	8.4	5.8	5.1	8.2	6.8	(17%)

\* OII 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.

\*\* OII identified several historical data discrepancies. 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.

\*\*\* FY2019 Licensing data has been adjusted for the lapse in appropriations.

**Leverage Activities in Operations**

**Debenture Leverage**

Commitments Issued	\$2,553.0	\$2,514.3	\$1,959.8	\$2,521.9	\$1,614.1	(36%)
Draws	\$2,337.4	\$2,157.6	\$1,901.8	\$2,118.7	\$1,927.2	(9%)
Redemptions (Pre-Paid and at Maturity)	\$806.1	\$807.8	\$1,372.0	\$1,893.5	\$1,816.4	(4%)
Transfers to Liquidation	\$ 26.5	\$38.6	\$42.4	\$0.0	\$179.9	100%
<i>% of Beginning Leverage Transferred</i>	<1%	<1%	<1%	0%	2%	100%

**Participating Securities Leverage**

Prioritized Payments (PP) Advanced	\$28.4	\$15.5	\$8.9	\$3.3	\$0.3	(91%)
<b>SBA Distributions</b>	<b>\$201.6</b>	<b>\$137.4</b>	<b>\$73.1</b>	<b>\$56.6</b>	<b>\$12.1</b>	<b>(79%)</b>
Prioritized Payments	\$24.8	\$13.1	\$1.8	\$4.0	\$0.5	(88%)
Adjustments and Annual Fees	\$3.7	\$4.0	\$0.4	\$17.0	\$0.2	(99%)
Profit Participation	\$13.3	\$5.1	\$11.3	\$13.6	\$3.1	(77%)
PS Redemptions--Operating SBICs	\$159.8	\$115.2	\$59.6	\$21.9	\$11.0	(50%)
Transfers to Liquidation	\$109.2	\$22.8	\$49.3	\$51.7	\$1.2	(98%)
<i>% of Beginning Leverage Transferred</i>	18%	7%	25%	60%	10%	(83%)
Prioritized Payments at Transfer	\$42.8	\$11.1	\$49.6	\$59.2	\$0.3	(99%)

**SBIC Examination Activities**

	FY End 2015	FY End 2016	FY End 2017	FY End 2018	FY End 2019	Chg. from FYE 2018
<b>Exam Reports Issued</b>	222	186	167	177	206	16%
Exam Cycle (months)	12.7	13.0	16.3	17.3	15.2	(12%)
% of Reports with Major Findings	19%	19%	17%	24%	17%	(29%)
<b>Licensees with Leverage</b>	173	137	126	139	151	9%
Exam Cycle (months)	11.2	11.5	15.4	16.9	14.2	(16%)
% of Reports with Major Findings	21%	19%	19%	26%	19%	(27%)
<b>Licensees without Leverage</b>	49	49	41	38	55	45%
Exam Cycle (months)	18.1	17.1	19.2	18.8	18.1	(4%)
% of Reports with Major Findings	8%	18%	12%	16%	15%	(6%)

**Surrenders and Transfers to Liquidation**

<b>SBIC License Surrenders</b>	13	9	7	31	18	(42%)
Debenture	4	5	0	21	14	(33%)
Participating Security	4	4	3	5	2	(60%)
Bank-Owned/Non-Leveraged	5	0	4	4	2	(50%)
Specialized SBICs	0	0	0	1	0	(100%)
<b>SBIC Licensee Transfers to Liquidation</b>	3	2	6	4	4	0%
Debenture and Specialized SBICs	0	1	1	1	3	200%
Participating Security	3	1	5	3	1	(67%)

**Activities in the Office of Liquidation**

<b>Participating Security Leverage</b>						
<b>Total Leverage Collections</b>	\$170.7	\$98.6	\$118.4	\$200.0	\$12.8	(94%)
Collections as % of Beginning Leverage	22%	14%	21%	44%	5%	(89%)
Leverage Write-offs	\$34.4	\$52.5	\$51.4	\$89.9	\$31.6	(65%)
Prioritized Payments Collections	\$14.1	\$2.7	\$0.4	\$50.7	\$1.4	(97%)
Prioritized Payments Write-offs	\$55.9	\$15.7	\$14.0	\$14.6	\$3.6	(75%)
<b>Debenture Leverage</b>						
<b>Total Leverage Collections</b>	\$83.6	\$54.0	\$37.8	\$9.2	\$32.4	252%
Collections as % of Beginning Leverage	24%	21%	16%	4%	21%	425%
Leverage Write-offs	\$36.0	\$7.1	\$24.7	\$12.7	\$18.8	48%

\* Figures for 09/30/2019 Activities in the Office of Liquidation are subject to adjustment upon final SBA accounting reconciliation