

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
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--- Program Composition of Operating SBICs ---

Total Number of Licensees	292	294	303	313	315
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

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

a. Regulatory Private Capital	\$10,333.2	\$11,789.5	\$12,995.0	\$14,115.3	\$15,014.7
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. Leveragable Private Capital	\$6,416.5	\$7,070.2	\$7,930.5	\$8,897.1	\$9,565.1
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
c. Unfunded Private Commitments	\$3,916.7	\$4,719.3	\$5,064.4	\$5,218.2	\$5,449.6
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

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

d. SBA Capital at Risk (e+f)	\$9,483.7	\$10,947.1	\$12,351.2	\$13,696.7	\$13,996.5
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
e. Outstanding SBA Leverage	\$6,950.6	\$7,921.4	\$9,157.2	\$10,330.4	\$10,708.9
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
f. Outstanding SBA Commitments	\$2,533.2	\$3,025.7	\$3,194.0	\$3,366.3	\$3,287.6
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
g. Unreimbursed Prioritized Payments	\$238.3	\$201.7	\$142.2	\$113.1	\$55.5

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

h. Total Capital at Risk (a+d)	\$19,816.9	\$22,736.6	\$25,346.1	\$27,812.0	\$29,011.2
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

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

Total Number of Licensees	123	121	115	104	100
Participating Security	84	83	81	76	75
Other	39	38	34	28	25
Leverage Balance	\$1,354.2	\$1,137.6	\$959.2	\$810.5	\$710.6
Participating Security	1,011.1	785.2	697.5	571.1	477.2
Other	343.1	352.4	261.7	239.4	233.4

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

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%

* Figures for FY2017 Program Composition in Liquidation (\$ in Millions) are subject to adjustment upon final SBA accounting reconciliation.

Information developed and maintained by Office of the Business Operations Officer, Office of Investment and Innovation

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
--- Total SBIC Program ---						
Financing Amount Reported (\$ in millions)	\$3,498.3	\$5,464.6	\$6,285.5	\$5,991.7	\$5,727.3	(4%)
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%
Number of Companies Financed	1,068	1,085	1,210	1,201	1,077	(10%)
Special Competitive Opportunity Gap	260	281	288	332	308	(7%)
Businesses Located in LMI Areas*	213	229	229	284	262	(8%)
Women, Minority, Veteran Owned*	67	70	73	61	68	11%
Number of Jobs Created or Sustained**	73,585	113,022	129,749	122,382	112,865	(8%)
--- Debenture SBICs ---						
Financing Amount Reported (\$ in millions)	\$3,256.3	\$5,217.6	\$5,939.6	\$5,653.8	\$5,353.8	(5%)
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%
Number of Companies Financed	856	908	1,010	986	904	(8%)
Special Competitive Opportunity Gap	206	232	226	260	245	(6%)
Businesses Located in LMI Areas*	170	191	182	232	212	(9%)
Women, Minority, Veteran Owned*	51	56	51	35	47	34%
Number of Jobs Created or Sustained**	68,493	107,913	122,608	115,481	105,505	(9%)
--- Non-Leveraged, Bank-Owned, and Specialized SBICs ---						
Financing Amount Reported (\$ in millions)	\$166.1	\$195.7	\$300.1	\$307.0	\$357.7	17%
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%
Number of Companies Financed	110	102	147	203	189	(7%)
Special Competitive Opportunity Gap	35	36	48	70	67	(4%)
Businesses Located in LMI Areas*	27	24	34	50	54	8%
Women, Minority, Veteran Owned*	13	15	21	26	22	(15%)
Number of Jobs Created or Sustained**	3,495	4,047	6,196	6,271	7,048	12%
--- Participating Security SBICs ---						
Financing Amount Reported (\$ in millions)	\$75.9	\$51.3	\$46.8	\$30.9	\$15.8	(49%)
Type of Financing (\$ in millions)						
Straight Debt	14.9	9.1	9.9	9.7	8.6	(11%)
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%)
Number of Companies Financed	125	93	53	40	23	(43%)
Special Competitive Opportunity Gap	24	16	14	9	6	(33%)
Businesses Located in LMI Areas*	21	16	13	9	6	(33%)
Women, Minority, Veteran Owned*	3	0	1	0	0	0%
Number of Jobs Created or Sustained**	1,597	1,062	945	630	312	(50%)

* 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

--- PROGRAM OFFICE ACTIVITIES ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	FY End 2017	Chg. from FY 2016
--- New Licensees ---						
New Licensees by Fund Type	34	30	25	21	15	(29%)
Debenture	29	24	22	17	11	(35%)
Bank-Owned/Non-Leveraged	5	6	3	4	4	0%
Initial Private Capital (\$ in millions)	\$1,259.0	\$1,319.0	\$1,236.4	\$1,188.0	\$831.7	(30%)
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%)
--- Licensing Pipeline* ---						
Total in Pipeline	51	43	37	49	62	27%
In Applicant Review/Program Development	12	9	13	20	22	10%
In Capital Raising	20	17	14	22	26	18%
In Licensing	19	17	10	7	14	100%
--- Program Development and Licensing Activity** ---						
Applicant Initial Review/Program Development						
Received during FY	75	45	48	57	55	(4%)
1st Time SBIC Applicants	59	35	24	30	27	(10%)
Subsequent Fund Applicants	16	10	24	27	28	4%
Processed in FY	74	48	44	50	52	4%
Green Light Letters Issued	34	28	25	32	31	(3%)
<i>% of Processed Receiving Green Light</i>	46%	58%	57%	64%	60%	(6%)
1st Time SBIC Applicants	21	17	11	10	18	80%
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	6	100%
Capital Raising Completed/Terminated						
Green Light Letters Expired/Other	8	7	10	0	5	100%
Licensing Applications Submitted	44	32	25	24	22	(8%)
Total, Capital Raising Completed/Terminated	52	39	35	24	27	13%
<i>% in Capital Raising Completed/Terminated Submitting Applications</i>	85%	82%	71%	100%	81%	(19%)
Licensing						
Received during FY	44	32	25	24	22	(8%)
1st Time SBIC Applicants	28	13	15	2	9	350%
Subsequent Fund Applicants	16	19	10	22	13	(41%)
Otherwise Resolved During FY	5	4	7	6	0	(100%)
FY Number of New Licensees	34	30	25	21	15	(29%)
1st Time SBIC Applicants	15	18	12	8	1	(88%)
Subsequent Fund Applicants	19	12	13	13	14	8%
Average Months to Process	6.8	7.4	8.4	5.8	5.1	(12%)
<i>% Completed in Goal (6 months)</i>	50%	37%	36%	66%	80%	21%

* 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.

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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
--- Leverage Activities in Operations ---						
Debenture Leverage						
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%
Participating Securities Leverage						
Prioritized Payments (PP) Advanced	\$66.2	\$43.9	\$28.4	\$15.5	\$8.9	(43%)
SBA Distributions	\$292.8	\$264.3	\$201.6	\$137.4	\$73.1	(47%)
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%	257%
Prioritized Payments at Transfer	\$119.1	\$49.7	\$42.8	\$11.1	\$49.6	347%
--- SBIC Examination Activities ---						
Exam Reports Issued	244	200	222	186	167	(10%)
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%)
Licensees with Leverage	206	163	173	137	126	(8%)
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%
Licensees without Leverage	38	37	49	49	41	(16%)
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 ---						
SBIC License Surrenders	27	18	13	7	7	0%
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%
SBIC Licensee Transfers to Liquidation	16	11	3	2	6	200%
Debenture and Specialized SBICs	4	4	0	1	1	0%
Participating Security	12	7	3	1	5	400%
--- Activities in the Office of Liquidation * ---						
Participating Security Leverage						
Total Leverage Collections	\$227.0	\$273.3	\$170.7	\$98.6	\$119.3	21%
<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%)
Debenture Leverage						
Total Leverage Collections	\$39.7	\$77.3	\$83.6	\$54.0	\$38.2	(29%)
<i>Collections as % of Beginning Leverage</i>	13%	23%	24%	21%	16%	(24%)
Leverage Write-offs	\$47.9	\$42.2	\$36.0	\$7.1	\$11.0	55%

* Figures for FY2017 Activities in the Office of Liquidation are subject to adjustment upon final SBA accounting reconciliation.

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