

Small Business Investment Company (SBIC) Program Overview
as of March 31, 2017

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--- PROGRAM COMPOSITION ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	As of 03/31/17
--- Program Composition of Operating SBICs ---					
Total Number of Licensees	292	294	303	313	316
Debenture	175	187	205	216	223
Participating Security	63	53	46	41	39
Bank-Owned/Non-Leveraged	43	45	43	47	46
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	\$12,994.9	\$14,115.3	\$14,625.2
Debenture	7,504.4	8,923.4	10,414.2	11,357.7	11,913.1
Participating Security	1,316.2	1,096.1	887.8	716.8	629.7
Other	1,512.6	1,770.1	1,693.0	2,040.8	2,082.5
b. Leveragable Private Capital	\$6,416.5	\$7,070.2	\$7,930.5	\$8,897.1	\$9,221.1
Debenture	4,467.6	5,292.8	6,413.4	7,309.8	7,677.7
Participating Security	1,079.2	874.8	684.7	571.7	500.3
Other	869.7	902.6	832.4	1,015.5	1,043.1
c. Unfunded Private Commitments	\$3,916.7	\$4,719.3	\$5,064.4	\$5,218.2	\$5,404.1
Debenture	3,036.9	3,630.6	4,000.8	4,047.9	4,235.3
Participating Security	237.0	221.3	203.1	145.0	129.4
Other	642.8	867.4	860.6	1,025.3	1,039.4

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

The FY End 2016 Outstanding SBA Leverage figures will be revised after the reconciliation with the LAS system is completed.

d. SBA Capital at Risk (e+f)	\$9,483.7	\$10,947.1	\$12,351.2	\$13,715.1	\$14,592.7
Debenture	8,400.3	10,211.9	11,883.6	13,374.7	14,287.9
Participating Security	1,019.7	693.2	392.6	249.5	213.9
Other	63.8	42.0	75.0	90.9	90.9
e. Outstanding SBA Leverage	\$6,950.6	\$7,921.4	\$9,157.2	\$10,348.8	\$10,717.9
Debenture	5,919.4	7,209.9	8,712.0	10,029.2	10,415.7
Participating Security	1,002.2	681.2	384.6	244.6	213.9
Other	29.0	30.3	60.6	75.0	88.3
f. Outstanding SBA Commitments	\$2,533.2	\$3,025.7	\$3,194.0	\$3,366.3	\$3,874.8
Debenture	2,480.9	3,002.0	3,171.6	3,345.5	3,872.2
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	\$104.9

--- 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	\$27,830.3	\$29,217.9
Debenture	15,904.7	19,135.2	22,297.8	24,732.4	26,200.9
Participating Security	2,335.8	1,789.3	1,280.4	966.2	843.6
Other	1,576.4	1,812.1	1,768.0	2,131.7	2,173.4

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

					DRAFT
Total Number of Licensees	123	121	115	104	101
Participating Security	84	83	81	76	73
Other	39	38	34	28	28
Leverage Balance	\$1,354.2	\$1,137.6	\$959.2	\$810.5	\$772.2
Participating Security	1,011.1	785.2	697.5	571.1	541.8
Other	343.1	352.4	261.7	239.4	230.4

--- 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%	n/a

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

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	As of 03/31/17	Chg. from 03/31/16
--- Total SBIC Program ---						
Financing Amount Reported (\$ in millions)	\$3,498.3	\$5,464.6	\$6,285.5	\$5,991.7	\$3,105.2	6%
Type of Financing (\$ in millions)						
Straight Debt	2,095.7	3,478.5	3,810.5	3,791.7	2,090.2	7%
Debt with Equity Features	834.1	1,030.4	1,351.2	1,157.9	395.2	(21%)
Equity Only	568.5	955.6	1,124.8	1,042.9	619.8	30%
Number of Companies Financed	1,068	1,085	1,210	1201	660	(4%)
Special Competitive Opportunity Gap	260	281	288	332	180	(51%)
Businesses Located in LMI Areas*	213	229	229	284	151	(52%)
Women, Minority, Veteran Owned*	67	70	73	61	41	11%
Number of Jobs Created or Sustained**	73,585	113,022	129,749	122,382	62,708	3%
--- Debenture SBICs ---						
Financing Amount Reported (\$ in millions)	\$3,256.3	\$5,217.5	\$5,939.6	\$5,653.8	\$2,888.0	4%
Type of Financing (\$ in millions)						
Straight Debt	2,042.4	3,418.1	3,701.8	3,665.5	2,026.5	7%
Debt with Equity Features	794.6	978.6	1,265.9	1,110.6	380.1	(19%)
Equity Only	419.3	820.9	971.9	877.7	481.5	18%
Number of Companies Financed	856	908	1,010	986	555	0%
Special Competitive Opportunity Gap	206	232	226	260	146	(51%)
Businesses Located in LMI Areas*	170	191	182	232	126	(53%)
Women, Minority, Veteran Owned*	51	56	51	35	28	22%
Number of Jobs Created or Sustained**	68,493	107,913	122,608	115,481	58,322	2%
--- Non-Leveraged, Bank-Owned, and Specialized SBICs ---						
Financing Amount Reported (\$ in millions)	\$166.1	\$195.7	\$300.1	\$307.0	\$208.9	46%
Type of Financing (\$ in millions)						
Straight Debt	38.4	51.3	98.8	116.5	58.6	6%
Debt with Equity Features	18.3	41.5	72.6	38.2	14.6	(43%)
Equity Only	109.4	102.9	128.8	152.3	135.6	120%
Number of Companies Financed	110	102	147	203	113	(2%)
Special Competitive Opportunity Gap	35	36	48	70	38	(33%)
Businesses Located in LMI Areas*	27	24	34	50	29	(29%)
Women, Minority, Veteran Owned*	13	15	21	26	13	(7%)
Number of Jobs Created or Sustained**	3,495	4,047	6,196	6,271	4,218	45%
--- Participating Security SBICs ---						
Financing Amount Reported (\$ in millions)	\$75.9	\$51.3	\$45.8	\$30.9	\$8.3	(40%)
Type of Financing (\$ in millions)						
Straight Debt	14.9	9.1	9.9	9.7	5.1	30%
Debt with Equity Features	21.2	10.4	12.8	8.3	0.5	(85%)
Equity Only	39.8	31.8	24.1	12.9	2.7	(58%)
Number of Companies Financed	125	93	53	40	17	(45%)
Special Competitive Opportunity Gap	24	16	14	9	3	(70%)
Businesses Located in LMI Areas*	21	16	13	9	3	(70%)
Women, Minority, Veteran Owned*	3	0	1	0	0	0%
Number of Jobs Created or Sustained**	1,597	1,062	945	630	168	(41%)

* 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).

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

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--- PROGRAM OFFICE ACTIVITIES ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	As of 03/31/17	Chg. from 03/31/16
--- New Licensees ---						
New Licensees by Fund Type	34	30	25	21	9	29%
Debenture	29	24	22	17	7	40%
Bank-Owned/Non-Leveraged	5	6	3	4	2	0%
Initial Private Capital (\$ in millions)	\$1259.0	\$1,319.0	\$1,236.4	\$1,188.0	\$512.8	15%
Debenture	1,111.5	1,131.2	1,204.1	893.0	414.9	112%
Bank-Owned/Non-Leveraged	147.4	187.8	32.3	295.0	98.0	(61%)
--- Licensing Pipeline* ---						
Total in Pipeline	51	43	37	49	62	121%
In Applicant Review/Program Development	12	9	13	20	24	380%
In Capital Raising	20	17	14	21	25	56%
In Licensing	19	17	10	8	13	86%
--- Program Development and Licensing Activity** ---						
Applicant Initial Review/Program Development						
Received during FY	75	45	48	57	37	32%
1st Time SBIC Applicants	59	35	24	30	19	46%
Subsequent Fund Applicants	16	10	24	27	18	20%
Processed in FY	74	48	44	50	33	57%
Green Light Letters Issued	34	28	25	32	21	91%
% of Processed Receiving Green Light	46%	58%	57%	64%	64%	21%
1st Time SBIC Applicants	21	17	11	10	11	120%
Subsequent Fund Applicants	13	11	14	22	10	67%
Number Denied -- 1st Time and Subsequent	34	15	17	15	10	11%
Number Withdrawn -- 1st Time and Subsequent	6	5	2	3	2	100%
Raising Capital in Process						
Green Light Letters Expired	8	7	10	0	0	0%
Licensing Applications Submitted	44	32	25	24	12	50%
Total in the Capital Raising Process	52	39	35	24	12	50%
% in Capital Raising Submitting Applications	85%	82%	71%	100%	100%	0%
Licensing						
Received during FY	44	32	25	24	12	50%
1st Time SBIC Applicants	28	13	15	2	3	200%
Subsequent Fund Applicants	16	19	10	22	9	29%
Otherwise Resolved During FY	5	4	7	5	0	(100%)
FY Number of New Licensees	34	30	25	21	9	29%
1st Time SBIC Applicants	15	18	12	13	0	(100%)
Subsequent Fund Applicants	19	12	13	8	9	350%
Average Months to Process	6.8	7.4	8.4	6.0	4.7	(48%)
% Completed in Goal (6 months)	50%	37%	36%	62%	88%	105%

* 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.

--- PROGRAM OFFICE ACTIVITIES ---

	FY End 2013	FY End 2014	FY End 2015	FY End 2016	As of 03/31/17	Chg. from 03/31/16
--- Leverage Activities in Operations ---						
Debenture Leverage						
Commitments Issued	\$2,155.7	\$2,548.9	\$2,553.0	\$2,514.3	\$1,467.3	36%
Draws	\$1,737.0	\$2,064.6	\$2,337.4	\$2,157.6	\$972.9	(12%)
Redemptions (Pre-Paid and at Maturity)	\$567.1	\$660.8	\$806.1	\$807.8	\$549.8	64%
Transfers to Liquidation	\$118.8	\$127.8	\$26.5	\$38.6	\$0.0	0%
% of Beginning Leverage Transferred	2%	2%	<1%	<1%	0%	0%
Participating Securities Leverage						
Prioritized Payments (PP) Advanced	\$66.2	\$43.9	\$28.4	\$15.5	\$5.3	(41%)
SBA Distributions	\$292.8	\$264.3	\$201.6	\$137.4	\$41.8	(48%)
Prioritized Payments	\$52.9	\$37.0	\$24.8	\$13.1	\$0.6	(94%)
Adjustments and Annual Fees	\$18.8	\$10.2	\$3.7	\$4.0	\$0.2	(78%)
Profit Participation	\$23.6	\$11.1	\$13.3	\$5.1	\$8.0	90%
PS Redemptions--Operating SBICs	\$197.5	\$206.1	\$159.8	\$115.2	\$33.1	(50%)
Transfers to Liquidation	\$296.9	\$129.3	\$109.2	\$22.8	\$2.5	100%
% of Beginning Leverage Transferred	21%	14%	18%	7%	1%	100%
Prioritized Payments at Transfer	\$119.1	\$49.7	\$42.8	\$11.1	\$11	100%
--- SBIC Examination Activities ---						
Exam Reports Issued	244	200	222	186	43	(30%)
Exam Cycle (months)	12.4	12.7	12.7	13.0	14.5	11%
% of Reports with Findings	17%	11%	19%	19%	12%	(25%)
Licensees with Leverage	206	163	173	137	28	(38%)
Exam Cycle (months)	11.6	11.5	11.2	11.5	12.8	11%
% of Reports with Findings	15%	9%	21%	19%	14%	(22%)
Licensees without Leverage	38	37	49	49	15	(6%)
Exam Cycle (months)	16.5	18.2	18.1	17.1	17.8	5%
% of Reports with Findings	26%	19%	8%	18%	7%	(46%)
--- Surrenders and Transfers to Liquidation ---						
SBIC License Surrenders	27	18	13	7	4	0%
Debenture	9	9	4	3	0	(100%)
Participating Security	11	3	4	4	1	(50%)
Bank-Owned/Non-Leveraged	6	5	5	0	3	100%
Specialized SBICs	1	1	0	0	0	0%
SBIC Licensee Transfers to Liquidation	16	11	3	2	2	100%
Debenture and Specialized SBICs	4	4	0	1	1	100%
Participating Security	12	7	3	1	1	100%
--- Activities in the Office of Liquidation ---						
Participating Security Leverage						
Total Leverage Collections	\$227.0	\$273.3	\$170.7	\$98.6	\$34.6	276%
Collections as % of Beginning Leverage	20%	27%	22%	17%	6%	500%
Leverage Write-offs	\$178.2	\$87.7	\$34.4	\$52.5	(\$0.3)	(123%)
Prioritized Payments Collections	\$7.1	\$0.8	\$14.1	\$2.7	\$0.3	(89%)
Prioritized Payments Writte-offs	\$106.6	\$20.7	\$55.9	\$15.7	\$0	(100%)
Debenture Leverage						
Total Leverage Collections	\$39.7	\$77.3	\$83.6	\$54.0	\$8.8	26%
Collections as % of Beginning Leverage	13%	23%	24%	21%	4%	(43%)
Leverage Write-offs	\$47.9	\$42.2	\$36.0	\$7.1	(\$0.1)	(95%)