

## Small Business Investment Company (SBIC) Program Overview

as of March 31, 2020

PROGRAM COMPOSITION					
Program Composition of Operating SBICs					
	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20
<b>Total Number of Licensees</b>	313	315	305	300	295
Debenture	216	227	227	224	223
Participating Security	41	33	25	22	17
Bank-Owned/Non-Leveraged	47	47	47	48	49
Specialized SBICs	9	8	6	6	6
Private Capital of Operating SBICs by Fund Type (\$ in millions)					
<b>a. Regulatory Private Capital</b>	<b>\$14,115.3</b>	<b>\$15,014.7</b>	<b>\$ 15,808.2</b>	<b>\$16,717.9</b>	<b>\$17,501.3</b>
Debenture	11,357.7	12,259.3	13,252.8	13,500.0	13,673.1
Participating Security	716.8	504.6	352.3	323.8	274.9
Other	2,040.8	2,250.8	2,203.1	2,894.1	3,553.3
<b>b. Leverageable Private Capital</b>	<b>\$ 8,897.0</b>	<b>\$ 9,565.2</b>	<b>\$10,015.0</b>	<b>\$10,231.2</b>	<b>\$10,527.3</b>
Debenture	7,309.8	7,974.6	8,533.4	8,564.9	8,871.9
Participating Security	571.7	383.5	262.5	234.4	192.3
Other	1,015.5	1,207.1	1,219.1	1,431.9	1,463.1
<b>c. Unfunded Private Commitments</b>	<b>\$5,218.2</b>	<b>\$ 5,449.7</b>	<b>\$5,793.1</b>	<b>\$ 6,486.7</b>	<b>\$6,974.0</b>
Debenture	4,047.9	4,284.8	4,719.4	4,935.1	4,801.2
Participating Security	145.0	121.2	89.8	89.4	82.7
Other	1,025.3	1,043.7	983.9	1,462.2	2,090.1
Leverage from SBA of Operating SBICs by Fund Type (\$ in millions)					
<b>d. SBA Capital at Risk (e+f)</b>	<b>\$13,696.7</b>	<b>\$13,996.4</b>	<b>\$14,280.7</b>	<b>\$13,827.4</b>	<b>\$13,665.9</b>
Debenture	13,356.3	13,810.2	14,203.4	13,785.0	13,626.7
Participating Security	249.5	96.8	18.0	4.0	4.0
Other	90.9	89.4	59.3	38.4	35.2
<b>e. Outstanding SBA Leverage</b>	<b>\$ 10,330.4</b>	<b>\$10,708.9</b>	<b>\$10,860.5</b>	<b>\$10,780.5</b>	<b>\$10,640.7</b>
Debenture	10,010.8	10,525.3	10,785.8	10,740.7	10,604.1
Participating Security	244.6	96.8	18.0	4.0	4.0
Other	75.0	86.8	56.7	35.8	32.6
<b>f. Outstanding SBA Commitments</b>	<b>\$ 3,366.3</b>	<b>\$3,287.6</b>	<b>\$3,420.2</b>	<b>\$3,046.9</b>	<b>\$3,025.2</b>
Debenture	3,345.5	3,285.0	3,417.6	3,044.3	3,022.6
Participating Security	4.9	0.0	0.0	0.0	0.0
Other	15.9	2.6	2.6	2.6	2.6
<b>g. Unreimbursed Prioritized Payments</b>	<b>\$113.1</b>	<b>\$55.5</b>	<b>\$0.1</b>	<b>\$0.0</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>\$27,812.0</b>	<b>\$29,011.1</b>	<b>\$30,088.9</b>	<b>\$30,545.3</b>	<b>\$31,167.2</b>
Debenture	24,714.0	26,069.5	27,456.2	27,285.0	27,299.8
Participating Security	966.3	601.4	370.3	327.8	278.9
Other	2,131.7	2,340.2	2,262.4	2,932.5	3,588.5

as of March 31, 2020

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

	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20
<b>Total Number of Licensees</b>	104	97	87	79	78
Participating Security	76	72	66	57	57
Other	28	25	21	22	21
<b>Leverage Balance</b>	\$810.5	\$671.7	\$413.1	\$499.0	\$476.9
Participating Security	571.1	451.8	257.1	216.3	202.3
Other	239.4	219.9	156.0	282.7	274.6

## 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>
Annual Charge	0.672%	0.347%	0.222%	0.094%	0.275%
Average Debenture Pooled Interest Rate	2.29%	2.70%	3.35%	2.70%	n/a

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

### Total SBIC Program

	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20	Chg. from 03/31/19
<b>Financing Amount Reported (\$ in millions)</b>	\$5,991.7	\$5,727.3	\$5,502.6	\$5,865.7	\$2,847.5	(1%)
<b>Type of Financing (\$ in millions)</b>						
Straight Debt	3,791.7	3,720.2	3,543.0	3,594.4	1,728.8	(4%)
Debt with Equity Features	1,157.1	859.8	807.3	792.0	356.9	(12%)
Equity Only	1,042.9	1,147.4	1,152.2	1,479.3	761.8	12%
<b>Number of Companies Financed</b>	<b>1,201</b>	<b>1,077</b>	<b>1,151</b>	<b>1,191</b>	<b>703</b>	<b>0%</b>
<b>Special Competitive Opportunity Gap</b>	<b>332</b>	<b>308</b>	<b>315</b>	<b>292</b>	<b>174</b>	<b>2%</b>
Businesses Located in LMI Areas*	284	262	265	245	147	4%
Women, Minority, Veteran Owned*	61	68	66	59	43	19%
<b>Number of Jobs Created or Sustained**</b>	<b>122,382</b>	<b>112,865</b>	<b>106,021</b>	<b>111,201</b>	<b>53,658</b>	<b>(4%)</b>

### Debenture SBICs

<b>Financing Amount Reported (\$ in millions)</b>	\$5,653.8	\$5,353.8	\$5,159.0	\$5,450.4	\$2,565.4	(3%)
<b>Type of Financing (\$ in millions)</b>						
Straight Debt	3,665.5	3,617.6	3,422.1	3,464.1	1,657.1	(5%)
Debt with Equity Features	1,110.6	835.4	791.8	760.3	345.2	(11%)
Equity Only	877.7	900.9	945.0	1,226.0	563.1	9%
<b>Number of Companies Financed</b>	<b>986</b>	<b>904</b>	<b>940</b>	<b>987</b>	<b>553</b>	<b>(6%)</b>
<b>Special Competitive Opportunity Gap Businesses</b>	<b>260</b>	<b>245</b>	<b>238</b>	<b>227</b>	<b>136</b>	<b>(4%)</b>
Businesses Located in LMI Areas*	232	212	206	192	113	(3%)
Women, Minority, Veteran Owned Businesses*	35	47	39	41	34	10%

as of March 31, 2020

<b>Number of Jobs Created or Sustained**</b>	115,481	105,505	99,400	103,326	48,342	(5%)
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## Non-Leveraged, Bank-Owned, and Specialized SBICs

	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20	Chg. from 03/31/19
<b>Financing Amount Reported (\$ in millions)</b>	\$307.0	\$357.7	\$328.0	\$397.3	\$275.4	20%
Type of Financing (\$ in millions)						
Straight Debt	116.5	94.1	111.9	120.4	67.9	20%
Debt with Equity Features	38.2	23.4	13.4	27.6	11.7	(25%)
Equity Only	152.3	240.1	202.6	249.3	195.8	25%
<b>Number of Companies Financed</b>	<b>203</b>	<b>189</b>	<b>236</b>	<b>244</b>	<b>177</b>	<b>37%</b>
<b>Special Competitive Opportunity Gap</b>	<b>70</b>	<b>67</b>	<b>84</b>	<b>70</b>	<b>46</b>	<b>44%</b>
Businesses Located in LMI Areas*	50	54	66	58	41	41%
Women, Minority, Veteran Owned*	26	22	27	17	12	140%
<b>Number of Jobs Created or Sustained**</b>	<b>6,271</b>	<b>7,048</b>	<b>6,319</b>	<b>7,532</b>	<b>5,191</b>	<b>18%</b>

## Participating Security SBICs

<b>Financing Amount Reported (\$ in millions)</b>	<b>\$30.9</b>	<b>\$15.8</b>	<b>\$15.7</b>	<b>\$18.1</b>	<b>\$6.6</b>	<b>(60%)</b>
Type of Financing (\$ in millions)						
Straight Debt	9.7	8.6	9.0	9.9	3.8	(33%)
Debt with Equity Features	8.3	0.9	2.0	4.1	0	(100%)
Equity Only	12.9	6.3	4.6	4.1	2.8	(71%)
<b>Number of Companies Financed</b>	<b>40</b>	<b>23</b>	<b>15</b>	<b>14</b>	<b>6</b>	<b>(40%)</b>
<b>Special Competitive Opportunity Gap</b>	<b>9</b>	<b>6</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>0%</b>
Businesses Located in LMI Areas*	9	6	3	3	1	0%
Women, Minority, Veteran Owned*	0	0	0	1	0	0%
<b>Number of Jobs Created or Sustained**</b>	<b>630</b>	<b>312</b>	<b>302</b>	<b>342</b>	<b>125</b>	<b>(61%)</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>21</b>	<b>15</b>	<b>25</b>	<b>18</b>	<b>6</b>	<b>20%</b>
Debenture	17	11	21	15	4	33%
Bank-Owned/Non-Leveraged	4	4	4	3	2	0%
<b>Initial Private Capital (\$ in millions)</b>	<b>\$1,188.0</b>	<b>\$831.7</b>	<b>\$1,224.1</b>	<b>\$1,234.0</b>	<b>\$749.7</b>	<b>53%</b>
Debenture	893.0	656.5	1,137.9	986.5	264.1	5%
Bank-Owned/Non-Leveraged	295.0	175.2	86.2	247.5	485.6	104%

Licensing Pipeline *						
	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20	Chg. from 03/31/19
<b>Total in Pipeline</b>	49	62	53	46	53	0%
In Applicant Review	20	22	20	15	13	(41%)
In Capital Raising	22	26	23	25	18	(14%)
In Licensing	7	14	10	6	22	120%
Licensing Activity **						
<b>Applicant Initial Review</b>						
<b>Received during FY</b>	57	55	39	26	16	45%
1st Time SBIC Applicants	30	27	17	8	6	20%
Subsequent Fund Applicants	27	28	22	18	10	67%
<b>Processed in FY</b>	50	52	41	31	23	156%
<b>Green Light Letters Issued</b>	32	31	28	24	21	200%
<i>% of Processed Receiving Green Light</i>	64%	60%	68%	77%	91%	(99%)
1st Time SBIC Applicants	10	18	10	11	6	50%
Subsequent Fund Applicants	22	13	18	13	15	400%
Number Denied -- 1st Time and Subsequent	15	15	7	3	2	0%
Number Withdrawn -- 1st Time and Subsequent	3	6	6	4	0	0%
<b>Capital Raising Completed/Terminated</b>						
<b>Green Light Letters Expired/Other Licensing Applications Submitted</b>	0	5	7	7	2	(50%)
Total, Capital Raising Completed/Terminated	24	22	24	14	23	360%
<i>% in Capital Raising Completed/Terminated Submitting Applications</i>	24	27	31	21	25	178%
	100%	81%	77%	67%	92%	(98%)

as of March 31, 2020

## Licensing \*\*\*

	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20	Chg. from 03/31/19
<b>Received during FY</b>	<b>24</b>	<b>22</b>	<b>24</b>	<b>14</b>	<b>23</b>	<b>360%</b>
1st Time SBIC Applicants	2	9	8	5	9	100%
Subsequent Fund Applicants	22	13	16	9	14	180%
Otherwise Resolved During FY	6	0	3	1	1	100%
<b>FY Number of New Licensees</b>	<b>21</b>	<b>15</b>	<b>25</b>	<b>18</b>	<b>6</b>	<b>20%</b>
1st Time SBIC Applicants	8	1	11	4	4	300%
Subsequent Fund Applicants	13	14	14	14	2	(50%)
Average Months to Process	5.8	5.1	8.2	6.8	5.3	(31%)

\* \*OII re-evaluated the data collection and also identified several historical data discrepancies. Consequently, some data was updated and therefore may not be consistent with previously issued Program Overview reports.

\*\*\*FY 2019 activity reflects a lapse in appropriation.

## Leverage Activities in Operations

## Debenture Leverage

Commitments Issued	\$2,514.3	\$1,959.8	\$2,521.9	\$1,614.1	\$1,118.5	62%
Draws	\$2,157.6	\$1,901.8	\$2,118.7	\$1,927.2	\$1,013.3	11%
Redemptions (Pre-Paid and at Maturity)	\$807.8	\$1,372.0	\$1,893.5	\$1,816.4	\$1,138.1	24%
Transfers to Liquidation	\$ 38.6	\$42.4	\$0.0	\$179.9	\$0.0	(100%)
% of Beginning Leverage Transferred	<1%	<1%	0%	2%	0%	(100%)

## Participating Securities Leverage

Prioritized Payments (PP) Advanced	\$15.5	\$8.9	\$3.3	\$0.3	\$0.0	(100%)
<b>SBA Distributions</b>	<b>\$137.4</b>	<b>\$73.1</b>	<b>\$56.6</b>	<b>\$12.1</b>	<b>\$0.0</b>	<b>(100%)</b>
Prioritized Payments	\$13.1	\$1.8	\$4.0	\$0.5	\$0.0	0%
Adjustments and Annual Fees	\$4.0	\$0.4	\$17.0	\$0.2	\$0.0	0%
Profit Participation	\$5.1	\$11.3	\$13.6	\$3.1	\$0.0	(100%)
PS Redemptions--Operating SBICs	\$115.2	\$59.6	\$21.9	\$11.0	\$0.0	0%
Transfers to Liquidation	\$22.8	\$49.3	\$51.7	\$1.2	\$0.0	(100%)
% of Beginning Leverage Transferred	7%	25%	60%	10%	0%	(100%)
Prioritized Payments at Transfer	\$11.1	\$49.6	\$59.2	\$0.3	\$0.0	(100%)

as of March 31, 2020

## SBIC Examination Activities

	FY End 2016	FY End 2017	FY End 2018	FY End 2019	as of 03/31/20	Chg. from 03/31/19
<b>Exam Reports Issued</b>	<b>186</b>	<b>167</b>	<b>177</b>	<b>206</b>	<b>88</b>	<b>63%</b>
Exam Cycle (months)	13.0	16.3	17.3	15.2	13.7	(22%)
% of Reports with Major Findings	19%	17%	24%	17%	15%	(99%)
<b>Licensees with Leverage</b>	<b>137</b>	<b>126</b>	<b>139</b>	<b>151</b>	<b>70</b>	<b>59%</b>
Exam Cycle (months)	11.5	15.4	16.9	14.2	13.1	(19%)
% of Reports with Major Findings	19%	19%	26%	19%	17%	(99%)
<b>Licensees without Leverage</b>	<b>49</b>	<b>41</b>	<b>38</b>	<b>55</b>	<b>18</b>	<b>80%</b>
Exam Cycle (months)	17.1	19.2	18.8	18.1	16.4	(22%)
% of Reports with Major Findings	18%	12%	16%	15%	7%	100%

## Surrenders and Transfers to Liquidation

<b>SBIC License Surrenders</b>	<b>9</b>	<b>7</b>	<b>31</b>	<b>18</b>	<b>11</b>	<b>175%</b>
Debenture	5	0	21	14	6	200%
Participating Security	4	3	5	2	5	400%
Bank-Owned/Non-Leveraged	0	4	4	2	0	(100%)
Specialized SBICs	0	0	1	0	0	0%
<b>SBIC Licensee Transfers to Liquidation</b>	<b>2</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>0</b>	<b>(100%)</b>
Debenture and Specialized SBICs	1	1	1	3	0	(100%)
Participating Security	1	5	3	1	0	(100%)

## Activities in the Office of Liquidation

## Participating Security Leverage

<b>Total Leverage Collections</b>	<b>\$98.6</b>	<b>\$118.4</b>	<b>\$200.0</b>	<b>\$11.3</b>	<b>\$11.2</b>	<b>(90%)</b>
Collections as % of Beginning Leverage	14%	21%	44%	4%	5%	(98%)
Leverage Write-offs	\$52.5	\$51.4	\$89.9	\$31.3	<\$1	100%
Prioritized Payments Collections	\$2.7	\$0.4	\$50.7	\$1.4	\$0.0	(100%)
Prioritized Payments Write-offs	\$15.7	\$14.0	\$14.6	\$3.6	\$0.0	0%

## Debenture Leverage

<b>Total Leverage Collections</b>	<b>\$54.0</b>	<b>\$37.8</b>	<b>\$9.2</b>	<b>\$36.3</b>	<b>\$3.8</b>	<b>9%</b>
Collections as % of Beginning Leverage	21%	16%	4%	23%	1%	(100%)
Leverage Write-offs	\$7.1	\$24.7	\$12.7	\$14.9	\$4.3	100%