Small Business Investment Company (SBIC) Program Overview

as of March 31, 2016

--- PROGRAM COMPOSITION ---

	FY End 2012	FY End 2013	FY End 2014	FY End 2015	As of 03/31/16
--- Program Composition of Operating SBICs ---					
Total Number of Licensees	**301**	**292**	**294**	**303**	**306**
Debenture	158	175	187	205	208
Participating Security	86	63	53	46	44
Bank-Owned/Non-Leveraged	44	43	45	43	45
Specialized SBICs	13	11	9	9	9
--- Private Capital of Operating SBICs by Fund Type ($ in millions) ---					
a. Regulatory Private Capital	**$9,376.6**	**$10,333.2**	**$11,789.5**	**$12,994.9**	**$13,545.1**
Debenture	6,114.4	7,504.4	8,923.4	10,414.2	10,811.0
Participating Security	1,881.5	1,316.2	1,096.1	887.8	800.8
Other	1,380.8	1,512.6	1,770.1	1693.0	1,933.3
b. Leveragable Private Capital	**$6,187.0**	**$6,416.5**	**$7,070.2**	**$7,930.5**	**$8,513.8**
Debenture	3,795.2	4,467.6	5292.8	6413.4	6,974.6
Participating Security	1,457.6	1,079.2	874.8	684.7	641.6
Other	934.2	869.7	902.6	832.4	897.5
c. Unfunded Private Commitments	**$3,189.6**	**$3,916.7**	**$4,719.3**	**$5,064.4**	**$5,031.3**
Debenture	2,319.2	3,036.9	3,630.6	4,000.8	3,836.3
Participating Security	423.8	237.0	221.3	203.1	159.2
Other	446.6	642.8	867.4	860.6	1,035.8
--- Leverage from SBA of Operating SBICs by Fund Type ($ in millions) ---					
d. SBA Capital at Risk (e+f)	**$8,823.6**	**$9,483.7**	**$10,947.1**	**$12,351.2**	**$12,956.5**
Debenture	7,230.6	8,400.3	10,211.9	11,883.6	12,555.4
Participating Security	1,574.2	1,019.7	693.2	392.6	326.1
Other	18.9	63.8	42.0	75.0	75.0
e. Outstanding SBA Leverage	**$6,435.7**	**$6,950.6**	**$7,921.4**	**$9,157.2**	**$9,834.5**
Debenture	4,870.6	5,919.4	7,209.9	8,712.0	9,439.7
Participating Security	1,549.3	1,002.2	681.2	384.6	319.7
Other	15.9	29.0	30.3	60.6	75.0
f. Outstanding SBA Commitments	**$2,387.8**	**$2,533.2**	**$3,025.7**	**$3,194.0**	**$3,122.1**
Debenture	2,360.0	2,480.9	3,002.0	3,171.6	3,115.7
Participating Security	24.8	17.4	12.0	8.0	6.4
Other	3.0	34.9	11.7	14.4	0.0
g. Unreimbursed Prioritized Payments	**$358.9**	**$238.3**	**$201.7**	**$142.2**	**$128.9**
--- Combined Private Capital and SBA Capital at Risk of Operating SBICs ($ in millions) ---					
h. Total Capital at Risk (a+d)	**$18,200.2**	**$19,816.9**	**$22,736.6**	**$25,346.1**	**$26,501.6**
Debenture	13,344.9	15,904.7	19,135.2	22,297.8	23,366.3
Participating Security	3,455.9	2,335.8	1,789.3	1,280.4	1,127.0
Other	1,399.6	1,576.4	1,812.1	1,768.0	2,008.3
--- Program Composition in Liquidation ($ in Millions) ---					
				DRAFT	DRAFT
Total Number of Licensees	**117**	**123**	**121**	**116**	**115**
Participating Security	80	84	83	82	81
Other	37	39	38	34	34
Leverage Balance	**$1,422.5**	**$1,354.2**	**$1,137.6**	**$950.6**	**$923.7**
Participating Security	1,111.7	1,011.1	785.2	691.6	682.0
Other	310.8	343.1	352.4	259.0	241.7
--- Program Funding ($ in millions) ---					
Debenture Authorization ($ in Millions)	$3,000.0	$3,000.0	$4,000.0	$4,000.0	$4,000.0
Annual Charge	0.804%	0.760%	0.355%	0.742%	0.672%
Average Debenture Pooled Interest Rate	2.46%	2.83%	3.10%	2.68%	2.51%

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as of March 31, 2016

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

	FY End 2012	FY End 2013	FY End 2014	FY End 2015	As of 03/31/16	Chg. from 03/31/15
--- Total SBIC Program ---						
Financing Amount Reported ($ in millions)	**$3,227.4**	**$3,498.3**	**$5,464.6**	**$6,285.5**	**$2,923.0**	**(2%)**
Type of Financing ($ in millions)						
Straight Debt	1,927.7	2,095.7	3,478.5	3,810.5	1,948.4	7%
Debt with Equity Features	723.3	834.1	1,030.4	1,351.2	498.3	(24%)
Equity Only	576.4	568.5	955.6	1,124.8	476.3	(3%)
Number of Companies Financed	**1,094**	**1,068**	**1,085**	**1,210**	**688**	**(2%)**
Special Competitive Opportunity Gap	290	260	281	288	0	-
Businesses Located in LMI Areas	216	213	229	229	0	-
Women, Minority, Veteran Owned	108	67	70	73	37	(3%)
Number of Jobs Created or Sustained*	**68,918**	**73,585**	**113,022**	**129,749**	**60,644**	**(3%)**
--- Debenture SBICs ---						
Financing Amount Reported ($ in millions)	**$2,950.3**	**$3,256.3**	**$5,217.5**	**$5,939.6**	**$2,766.6**	**(2%)**
Type of Financing ($ in millions)						
Straight Debt	1,855.1	2,042.4	3,418.1	3,701.8	1,889.0	5%
Debt with Equity Features	671.7	794.6	978.6	1,265.9	469.3	(24%)
Equity Only	423.6	419.3	820.9	971.9	408.3	(2%)
Number of Companies Financed	**795**	**856**	**908**	**1,010**	**557**	**(5%)**
Special Competitive Opportunity Gap	192	206	232	226	0	-
Businesses Located in LMI Areas	153	170	191	182	0	-
Women, Minority, Veteran Owned	50	51	56	51	23	(26%)
Number of Jobs Created or Sustained*	**63,001**	**68,493**	**107,913**	**122,608**	**57,400**	**(3%)**
--- Non-Leveraged, Bank-Owned, and Specialized SBICs ---						
Financing Amount Reported ($ in millions)	**$175.2**	**$166.1**	**$195.7**	**$300.1**	**$142.7**	**20%**
Type of Financing ($ in millions)						
Straight Debt	57.3	38.4	51.3	98.8	55.4	108%
Debt with Equity Features	23.1	18.3	41.5	72.6	25.6	(8%)
Equity Only	94.8	109.4	102.9	128.8	61.7	(4%)
Number of Companies Financed	**166**	**110**	**102**	**147**	**115**	**21%**
Special Competitive Opportunity Gap	83	35	36	48	0	-
Businesses Located in LMI Areas	48	27	24	34	0	-
Women, Minority, Veteran Owned	58	13	15	21	14	133%
Number of Jobs Created or Sustained*	**3,742**	**3,495**	**4,047**	**6,196**	**2,960**	**19%**
--- Participating Security SBICs ---						
Financing Amount Reported ($ in millions)	**$101.8**	**$75.9**	**$51.3**	**$45.8**	**$13.7**	**(32%)**
Type of Financing ($ in millions)						
Straight Debt	15.3	14.9	9.1	9.9	3.9	129%
Debt with Equity Features	28.5	21.2	10.4	12.8	3.5	(40%)
Equity Only	58.0	39.8	31.8	24.1	6.3	(50%)
Number of Companies Financed	**157**	**125**	**93**	**53**	**31**	**(16%)**
Special Competitive Opportunity Gap	20	24	16	14	0	-
Businesses Located in LMI Areas	19	21	16	13	0	-
Women, Minority, Veteran Owned	1	3	0	1	0	(100%)
Number of Jobs Created or Sustained*	**2,175**	**1,597**	**1,062**	**945**	**284**	**(32%)**

** 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).*

The Office of Investment and Innovation is in the process of re-evaluating the methodology used to determine Special Competitive Opportunity Gap as well as Businesses located in LMI areas. These figures, which are currently listed at -- 0 -- will be updated in the next quarterly report.

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Small Business Investment Company (SBIC) Program Overview

as of March 31, 2016

--- PROGRAM OFFICE ACTIVITIES ---

	FY End 2012	FY End 2013	FY End 2014	FY End 2015	As of 03/31/16	Chg. from 03/31/15
--- New Licensees ---						
New Licensees by Fund Type	**30**	**34**	**30**	**25**	**7**	**(22%)**
Debenture	27	29	24	22	5	(38%)
Bank-Owned/Non-Leveraged	3	5	6	3	2	100%
Initial Private Capital ($ in millions)	**$973.9**	**$1259.0**	**$1,319.0**	**$1,236.4**	**$445.4**	**49%**
Debenture	892.6	1,111.5	1,131.2	1,204.1	195.4	(34%)
Bank-Owned/Non-Leveraged	81.3	147.4	187.8	32.3	250.0	4900%
--- Licensing Pipeline ---						
Total in Pipeline	**52**	**51**	**43**	**45**	**28**	**(39%)**
In Applicant Review/Program Development	8	12	9	21	5	(62%)
In Capital Raising	30	20	17	14	16	(11%)
In Licensing	14	19	17	10	7	(53%)

The Office of Investment and Innovation re-evaluated the data collection in the Office of Program Development. Consequently, the Licensing Pipeline content has been updated this quarter and may change in subsequent reports.

--- Program Development and Licensing Activity ---

Applicant Initial Review/Program Development						
Received during FY	**61**	**72**	**45**	**47**	**13**	**(43%)**
1st Time SBIC Applicants	43	59	35	24	13	18%
Subsequent Fund Applicants	18	13	10	23	0	(100%)
Processed in FY	**63**	**74**	**48**	**35**	**13**	**(32%)**
Green Light Letters Issued	**38**	**34**	**28**	**16**	**5**	**(50%)**
% of Processed Receiving Green Light	*60%*	*46%*	*58%*	*46%*	*38%*	*(39%)*
1st Time SBIC Applicants	21	21	17	11	5	(29%)
Subsequent Fund Applicants	17	13	11	5	0	(100%)
Number Denied -- 1st Time and Subsequent	20	30	15	15	7	(13%)
Number Withdrawn -- 1st Time and Subsequent	5	5	5	4	1	0%
Raising Capital in Process						
Green Light Letters Expired	**9**	**8**	**7**	**10**	**0**	**0%**
Licensing Applications Submitted	**38**	**44**	**32**	**25**	**8**	**(33%)**
Total in the Capital Raising Process	47	52	39	35	8	(33%)
% in Capital Raising Submitting Applications	*81%*	*85%*	*82%*	*72%*	*100%*	*0%*
Licensing						
Received during FY	**38**	**44**	**32**	**25**	**8**	**(33%)**
1st Time SBIC Applicants	20	28	13	15	1	(88%)
Subsequent Fund Applicants	18	16	19	10	7	75%
Otherwise Resolved During FY	10	5	4	7	4	100%
FY Number of New Licensees	**30**	**34**	**30**	**25**	**7**	**(22%)**
1st Time SBIC Applicants	19	15	18	12	5	0%
Subsequent Fund Applicants	11	19	12	13	2	(50%)
Average Months to Process	5.8	6.8	7.4	8.4	9.0	(8%)
% Completed in Goal (6 months)	*56%*	*50%*	*37%*	*36%*	*43%*	*95%*

The Office of Investment and Innovation is in the process of re-evaluating data collection in the Office of Program Development. Consequently, the content of Program Development and Licensing Activity has been updated this quarter and may change in subsequent reports.

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Small Business Investment Company (SBIC) Program Overview
as of March 31, 2016

--- PROGRAM OFFICE ACTIVITIES ---

	FY End 2012	FY End 2013	FY End 2014	FY End 2015	As of 03/31/16	Chg. from 03/31/15
--- Leverage Activities in Operations ---						
Debenture Leverage						
Commitments Issued	$1,924.1	$2,155.7	$2,548.9	$2,553.0	$1,082.3	6%
Draws	$1,421.7	$1,737.0	$2,064.6	$2,337.4	$1,107.9	0%
Redemptions (Pre-Paid and at Maturity)	$651.8	$567.1	$660.8	$806.1	$335.8	(19%)
Transfers to Liquidation	$144.4	$118.8	$127.8	$26.5	$0.0	(100%)
% of Beginning Leverage Transferred	*3%*	*2%*	*2%*	*0.4%*	*0%*	*0%*
Participating Securities Leverage						
Prioritized Payments (PP) Advanced	$99.3	$66.2	$43.9	$28.4	$8.9	(45%)
SBA Distributions	**$560.1**	**$292.8**	**$264.3**	**$201.6**	**$80.8**	**(32%)**
Prioritized Payments	$86.8	$52.9	$37.0	$24.8	$9.3	(14%)
Adjustments and Annual Fees	$25.4	$18.8	$10.2	$3.7	$0.9	80%
Profit Participation	$44.2	$23.6	$11.1	$13.3	$4.2	(42%)
PS Redemptions--Operating SBICs	$403.7	$197.5	$206.1	$159.8	$66.5	(34%)
Transfers to Liquidation	$220.1	$296.9	$129.3	$109.2	$0.0	(100%)
% of Beginning Leverage Transferred	*11%*	*21%*	*14%*	*18%*	*0%*	*(100%)*
Prioritized Payments at Transfer	$50.8	$119.1	$49.7	$42.8	$0	(100%)
--- SBIC Examination Activities ---						
Exam Reports Issued	**233**	**244**	**200**	**222**	**61**	**(22%)**
Exam Cycle (months)	12.6	12.4	12.7	12.7	12.9	4%
% of Reports with Findings	*9%*	*17%*	*11%*	*19%*	*16%*	*(38%)*
Licensees with Leverage	**182**	**206**	**163**	**173**	**45**	**(29%)**
Exam Cycle (months)	11.7	11.6	11.5	11.2	11.5	6%
% of Reports with Findings	*7%*	*15%*	*9%*	*21%*	*18%*	*(33%)*
Licensees without Leverage	**51**	**38**	**37**	**49**	**16**	**7%**
Exam Cycle (months)	15.6	16.5	18.2	18.1	17.0	(11%)
% of Reports with Findings	*18%*	*26%*	*19%*	*8%*	*13%*	*(35%)*
--- Surrenders and Transfers to Liquidation ---						
SBIC License Surrenders	**17**	**27**	**18**	**13**	**4**	**(20%)**
Debenture	8	9	9	4	2	0%
Participating Security	4	11	3	4	2	100%
Bank-Owned/Non-Leveraged	5	6	5	5	0	(100%)
Specialized SBICs	0	1	1	0	0	0%
SBIC Licensee Transfers to Liquidation	**11**	**16**	**11**	**3**	**0**	**(100%)**
Debenture and Specialized SBICs	4	4	4	0	0	(100%)
Participating Security	7	12	7	3	0	0%
--- Activities in the Office of Liquidation ---						
Participating Security Leverage				Draft	Draft	
Total Leverage Collections	**$211.4**	**$227.0**	**$273.3**	**$183.7**	**$9.2**	**(89%)**
Collections as % of Beginning Leverage	*15%*	*20%*	*27%*	*23%*	*1%*	(91%)
Leverage Write-offs	$308.0	$178.2	$87.7	$27.4	$1.3	(24%)
Prioritized Payments Collections	$0.5	$7.1	$0.8	$14.2	$2.7	(81%)
Prioritized Payments Writte-offs	$38.3	$106.6	$20.7	$56.5	($2.7)	(119%)
Debenture Leverage						
Total Leverage Collections	**$50.5**	**$39.7**	**$77.3**	**$67.2**	**$19.2**	**140%**
Collections as % of Beginning Leverage	*23%*	*13%*	*23%*	*19%*	*7%*	(13%)
Leverage Write-offs	$6.5	$47.9	$42.2	$57.5	($1.9)	(100%)

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