

U.S. Small Business Administration

Recovery Report Card

August 2010

- In October 2008, credit markets, including SBA's, froze, and the SBA secondary market slowed dramatically.
- On March 16, 2009, SBA implemented two critical Recovery Act provisions:
 - 90% guarantees on 7(a) loans, and
 - Fee reductions in both the 7(a) and 504 programs.
- Due to the success of these programs, SBA has received additional funding to continue some Recovery Act loan provisions through May.
- The Recovery Act provisions have helped drive significantly improved loan volumes from the depths of the crisis.
 - **Expanded access to capital:** As of August 31, SBA approved¹ \$22.2 billion in Recovery loans, and supported \$29.5 billion in lending to small businesses².
 - **Recovered volumes:** From February 17, 2009, to July 16, 2010, weekly loan dollar volumes rose more than 90% in the 7(a) and 504 programs, compared to the weeks preceding the Recovery Act's passage³.
 - **Broad-based support:** A significant share of loans supported by Recovery Act funding and subsequent extensions has gone to rural (24%), minority-owned (21%), women-owned (18%), and veteran-owned (8%) businesses⁴
 - **ARC loan program:** As of August 31, SBA approved 8,363 loans totaling over \$270.6 million⁵.
- The secondary market has also recovered.
 - **Improved secondary market volume:** Over the past sixteen months (June 2009 – August 2010), the average monthly loan volume settled from lenders to broker-dealers in the 7(a) secondary market has been \$334 million and \$279 million settled in June 2010
 - **Recovering premiums:** In August 2010, 92% of the loans settled, representing 95% of total dollars, were sold at or above premiums of 106 – a return to 2007 premium levels. By comparison, in January and February 2009, zero loans sold at premiums above 106.

¹ This is the total gross value of Recovery loans approved since February 17. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed. Including 7(a) and 504 loans not funded by the Recovery Act and subsequent extensions, SBA approved \$24.8 billion in loans and supported \$33 billion in lending since February 17, 2009.

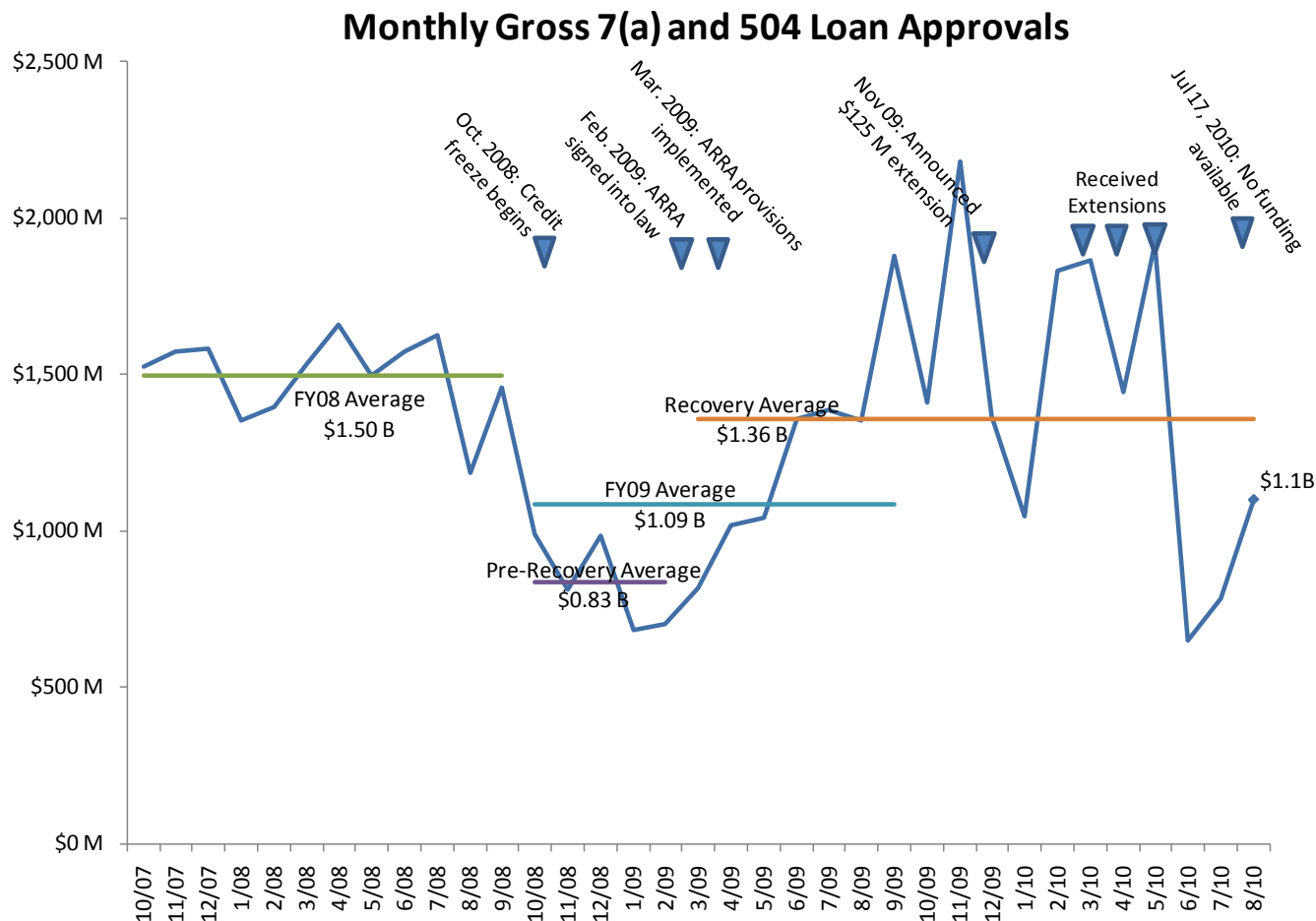
² Includes estimate of 504 third-party first mortgages (calculated as 125% of SBA 504 debenture portion due to typical 50/40 split between third-party and SBA portion of 504 loan)

³ Compares average weekly gross approvals in the 7 weeks prior to Recovery Act to the average weekly gross approvals since the Recovery Act was signed. Normalized for market holidays as well as disruptions caused by Washington, DC water outage (August 7, 2009). Due to lack of available funds, requests for Recovery loans are being queued as of July 17, 2010.

⁴ Demographic data is self-reported.

⁵ See Footnote 1.

Grow Businesses and Create Jobs – Capital Monthly 7(a) and 504 Loan Volume: FY2007 – 2010



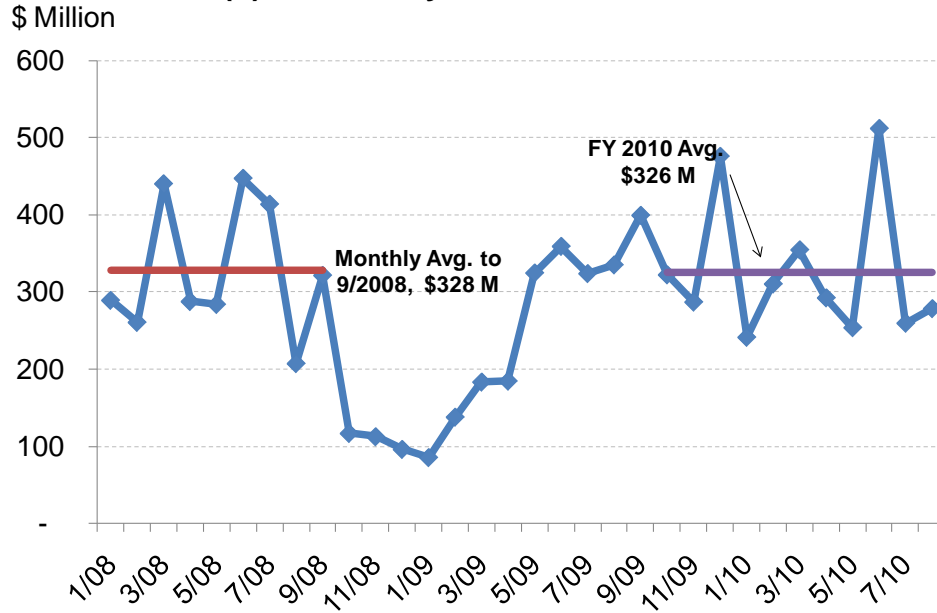
- August 2010's gross 7(a) and 504 approval volume was:
 - 27 percent below the monthly average for FY 2008
 - 1 percent above the monthly average for FY 2009
- Uptick in November 2009, February, March 2010, and May 2010 was driven by notification to lenders that Recovery Act funds for loans and subsequent extensions was nearly exhausted. Authority for higher guarantees expired May 31, 2010 and funding ran out July 2010.

NOTE: All loan volumes are gross loan value approved. Typically, due to cancellations and loan size reductions, 15 – 20% of gross approval value does not get disbursed.

Monthly Secondary Market Metrics: August 31, 2010

Volume

7(a) Secondary Market Settled Value

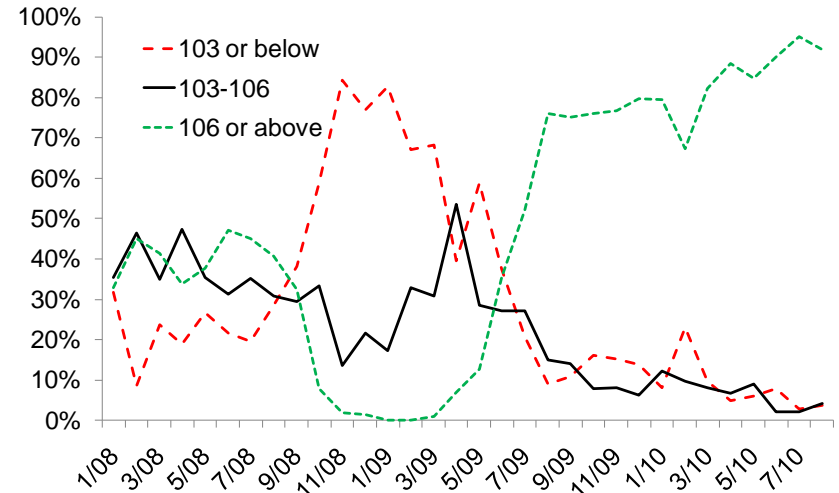


Recovery Continuing: Over the past sixteen months, the average monthly loan volume settled from lenders to broker-dealers in the 7(a) secondary market has been \$334 million, which is above pre-recession averages.

In August 2010, \$279 million settled in this market.

Pricing

7(a) Secondary Market Premium Ranges



Premiums Recovered: Premiums recovered in the 7(a) secondary market, and for the past 11 months have been at 2007 levels.

Pricing Improved: In August, 92% of the loans settled, representing 95% of the total dollars, were sold at or above premiums of 106. In fact, 70% of the loans settled at 109.1 or more. By comparison, in January and February, 2009, zero loans sold at premiums at or above 106.

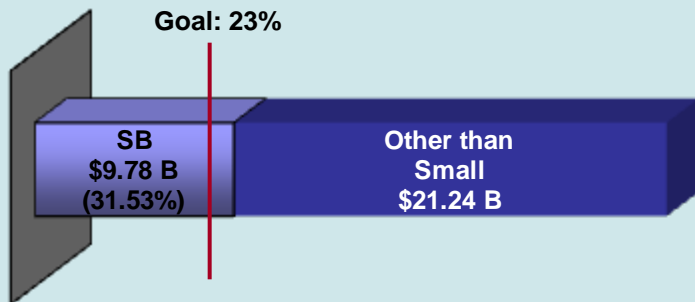
Recovery Act contracts are getting into the hands of small and disadvantaged businesses

ARRA contracts are getting into the hands of small businesses

- SBA is responsible for ensuring that 23% of all federal government contracts go to small businesses
- As of August 31, 2010, 32.5% of federal agency Recovery Act contracting dollars have gone into the hands of small businesses

Prime Contracting to Small Businesses

ARRA, August 31, 2010, % of Federal Contract Dollars



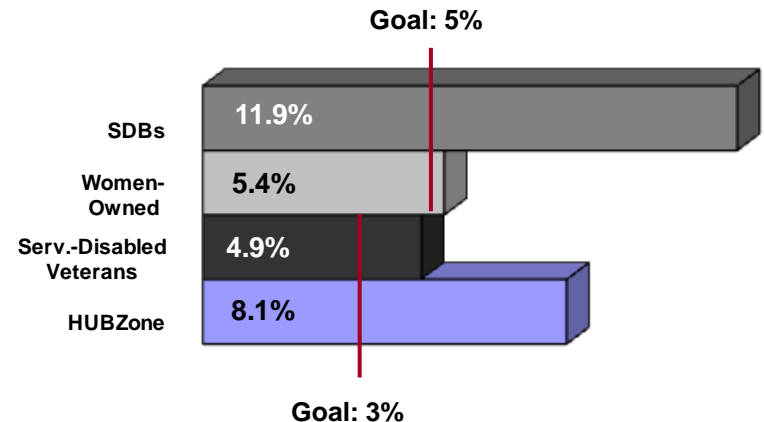
The SBA is taking steps to support disadvantaged small businesses in government contracting

Stakeholder Outreach Initiative

- Vice President Biden, SBA and the Department of Commerce are co-leading a Recovery Act contracting outreach initiative for small and disadvantaged businesses

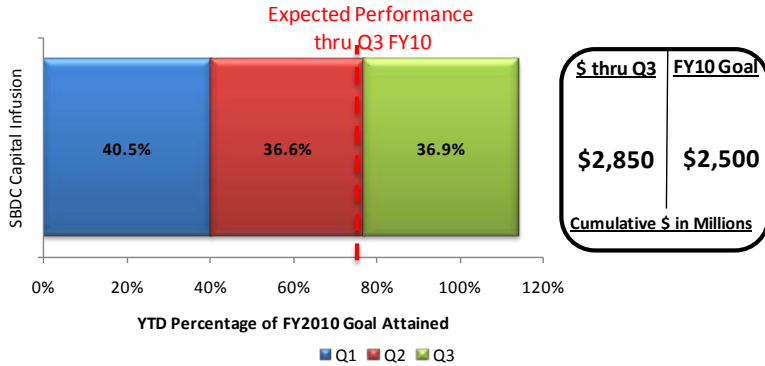
Prime Contracting to Disadvantaged Businesses

ARRA, August 31, 2010, % of Federal Contract Dollars



SBDCs Surpassed Annual Capital Infusion Goal of \$2.5 Billion

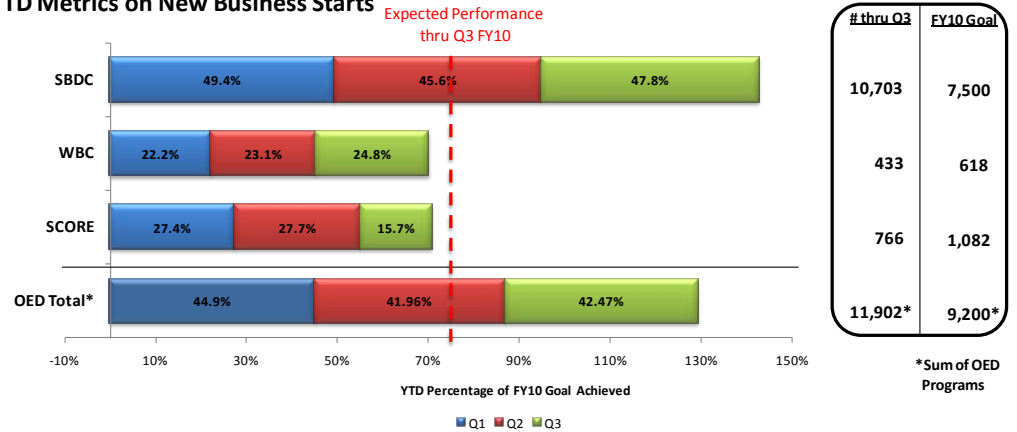
As of June 30, 2010, SBDCs assisted clients in obtaining \$2.85 Billion Dollars



OED Programs are Driving Business Creation

As of June 30, 2010, OED Programs together helped to create 11,902 new businesses.

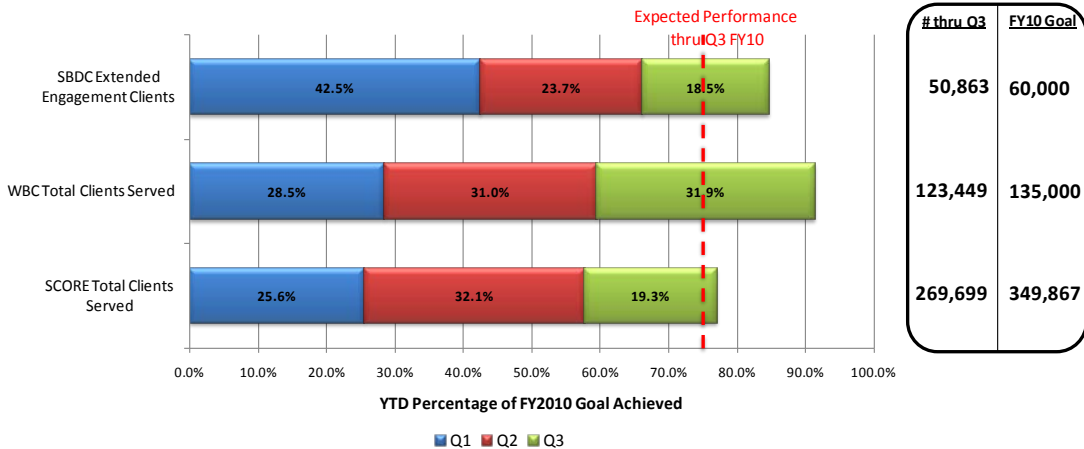
YTD Metrics on New Business Starts



OED Programs Annual Performance Metrics for Client Activity

Based on Data as of June 30, 2010

Cumulative External Performance Metrics



OED Programs are on Pace to Serve over 1 Million Clients in FY2010

OED Programs have served 853,572 clients through Q31 of FY2010

