Fiscal Year 2020 Issuance Summary

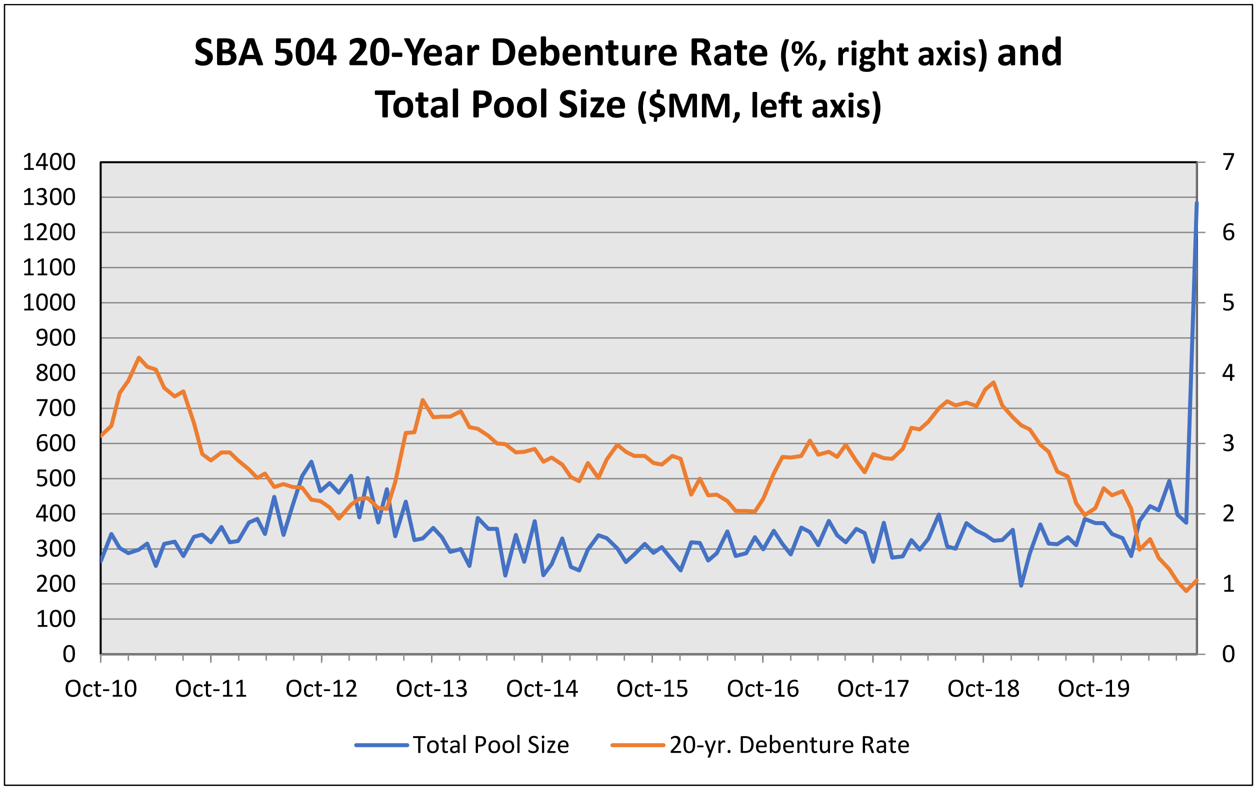
COVID-19
FY2020 was fairly benign until February when hints of a corona virus in China began to surface, and lockdowns and quarantines were aggressively put in place in Italy and South Korea. Market reaction was cautious until stocks wobbled, eventually declining 34% in March, catching the attention of the Fed. On March 3, the bank cut rates by 50 bps, with little impact. On March 15 they cut another 100 bps and stocks still could not find a bottom until one week later when they hit their low water mark. It has been seven-months since then and the S&P 500 index just closed out the quarter basically unchanged from its February high of 3338. While this trauma was happening to people's IRA accounts benchmark Treasuries reacted, asserting their role as a safe-haven asset in addition to benefitting from stimulus programs that were announced by the Fed. In addition to resuming a Quantitative Easing program to buy Treasury and Mortgage Backed Securities, the Fed also provided support to Mutual Funds and Primary Dealers. In particular, Primary Dealers were aided by an expansive Repurchase Agreement facility as well as a Credit facility that lent them money with loans secured by collateral. The SBA 504 program benefitted by the inclusion of Development Company Participation Certificates in the reintroduction of the Term Asset-Backed Securities Lending Facility that provided funds to investors using the securities as collateral on a three-year loan, a mechanism that enhanced the yield on their investment. The Selling Agent for the program, Steve Van Order, was able to lend his experience from the original TALF protocol and has reported on the percentage of TALF buyers that have participated in sales over the last six-months, adding to existing investor demand.

This table shows the record issuance thanks to Section 1112 that culminated in the historic September debenture sale of almost $1.284 billion with debenture rates declining y/y to almost match the 150 bps in rate cuts by the Federal Reserve Bank.

In a positive note looking forward approved loans in FY2020 show an 18% increase over the previous year.

Category	**FY2020**	**FY2019**
20 year %	1.65%	3.01%
25 year %	1.77%	3.18%
20 year Swaps spread	52.5 bps	54.5 bps
25 year Swaps spread	68.5 bps	71.6 bps
Total Loans	6,676	4,935
Total Issuance	$5,459,927,000	$3,850,608,000
Approved Loans	7,119/$5.827B	6,099/$4.595B

The chart below shows the impact of debt forgiveness and the size of the September sale while the rate component reflects how the market moved to lower rates ahead of the Fed with the March debenture pricing 83 bps lower than in January.



Debt Refinance

With interest rates having remained at relatively low levels Debt Refinance volume has been subdued relative to its original phase. The unexpected reversal in Fed policy has returned the market to lower rates and volume increased in Q4 as this program represented 6% of the September sale.

Period	# of Loans	$ Amount
FY2020	243	$258,588,000
FY2019	147	$126,700,600