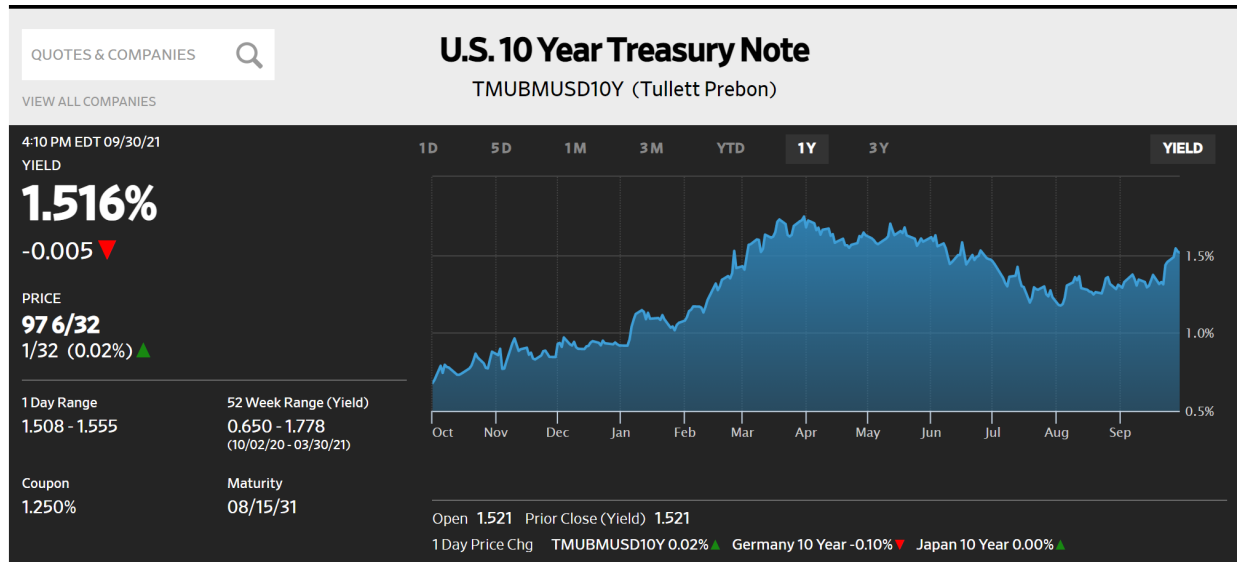


FY2021 Issuance Summary

Covid-19 Still Reigns

Twenty months after signs of this virus became apparent it and its Delta variant continue to have a great impact on individual lives, corporate activity, and economic performance. Failure to inoculate more than 70% of our domestic population, skepticism over mask mandates, and a yet to be fully implemented return to the office policy have left the country in an uncertain state with more questions than answers.

GDP has recovered to 6.7%, inflation remains elevated from pre-pandemic levels and eight million people remain unemployed, even with more than eleven million jobs available. That last item touches on two concerns – are the unemployed concerned about contracting the virus by working and do they have the skills required for many of the posted jobs? With supplemental federal benefits having expired those who have left the workforce will need to decide if the risk of returning is worth it or hope that a proposed \$3.5 trillion proposal can provide more aid. The Federal Reserve Bank is maintaining its near zero interest rate policy, yet this WSJ chart shows how the market's benchmark ten-year Note has risen 84 bps this Fiscal Year with the 2/10 Treasury curve at 123 bps, 68 bps steeper than its 9/30/2020 spread. This move is an indication of how many corporations and government agencies have used this environment to access cheap money with long-term financing.

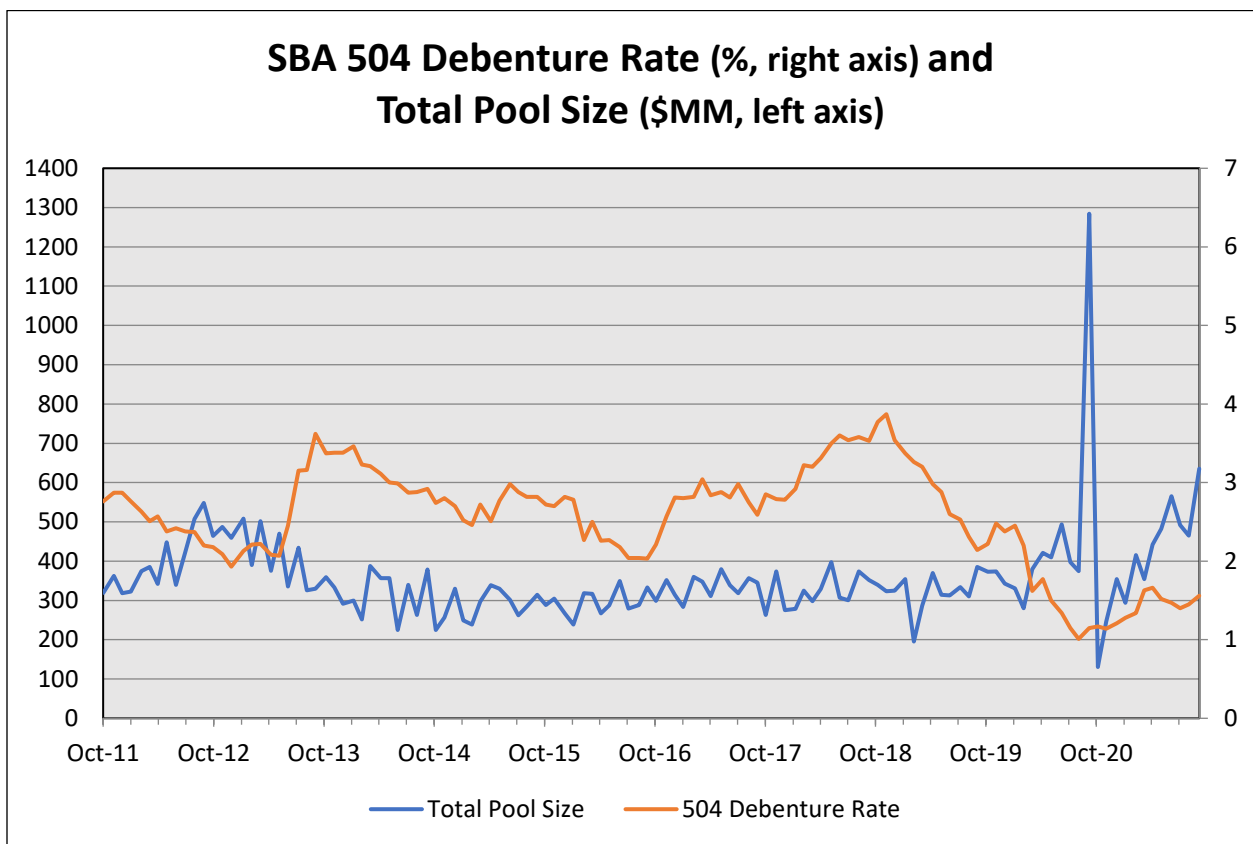


The 504 loan program has been part of that trend, funding \$4,875,216,000 in FY2020 at an average 25-year effective rate of 2.82%, 43 bps below Prime.

Issuance

In the annual Underwriters review Steve Van Order will provide more detail but the program did experience a reduction from FY2020 issuance of 10.7%, in recognition of the impact from the record sale in September 2020.

This chart identifies that sale of \$1.3 billion that benefitted from P&I forgiveness for small business borrowers and how the program recovered from the ensuing October sale of just \$130,538,000 that was significantly below average. Issuance size continued to increase through the period, ending the year at \$4,875,216,00.



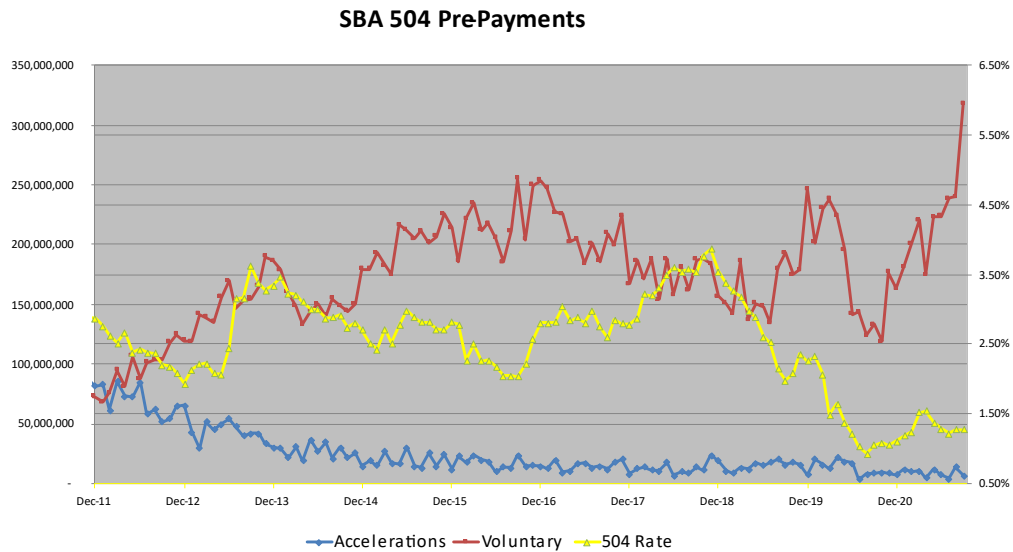
Trending

Even though we saw the average 25-year debenture rate decline to 1.40% from 1.77% in FY2020 the trend is rising as the market deals with increased issuance, an expected tapering of monthly purchases by the Fed, and projections of an earlier than expected tightening of Fed policy in 2022. Much of the FY2021 rate average was influenced by \$2.8 trillion government aid that saw rates drop sharply in March 2020 only to resume a higher path this fiscal year.

Prepayments

As seen in this table and the chart below, voluntary prepayments are trending higher in the absence of P&I forgiveness from the Cares Act while Accelerations also trend, at much lower levels, averaging 0.38% for the year.

Period	Voluntary Prepayments	Accelerations
FY2021	\$2,478,480,036	\$105,963,240
FY2020	\$2,236,684,006	\$166,554,216



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Debt Refinance

Continuing the theme of trends, the second installment of Debt Refinance saw a 55% increase in activity this fiscal year.

Period	# of Loans	\$ Amount
FY2021	423	\$405,153,060
FY2020	180	\$258,588,000

Approved Loans

It is this category that places the 504 program on target to set issuance records in FY2022 as it more than doubled the gains achieved the previous year and pushed the program through its authorized cap of \$7.5 billion. Loans increased by 36% with the dollar amount greater by 41% and average loan size equaling \$849,329.

Period	# of Loans	\$ Amount of Loans
FY 2021	9,676	\$8,218B
FY2020	7,119	\$5.827B
Y/Y	+2,557	+\$2.391B