NOTICE: SBA has revised its Lender Risk Rating System. To view the March 1, 2010 Federal Register Notice that implements the changes to the SBA's Lender Risk Rating System please visit:
http://www.sba.gov/aboutsba/sbaprograms/olo/olo_portal.html

DATE All Data is 'As-Of' at SBA -- All of the data used in the Lender Portal is as of the quarter-end indicated. (Note that the balances and loan statuses being used are those reported in SBA's Loan Accounting System which reflect 7(a) or 504 lender reported information from one month earlier).

PORTFOLIO (7(a) or 504 Program) -- Identifies if the SBA guaranteed portfolio described below is either 7(a) or 504.

Lender FIRS ID Number -- Each lender is identified by its FIRS number as included in SBA's Partner Information Management System (PIMS). For 504 lenders or CDCs there is only one corresponding FIRS number in PIMS. All 7(a) lender loan data is rolled-up to the Main Bank level (level two FIRS, the legally authorized lending entity) in the Lender Portal.

Lender Name -- The current (or surviving entity of a merger or sale) 7(a) lender name or 504 Certified Development Company (CDC) name, on SBA's Loan Account System at quarter end, that corresponds to Main Bank Lender FIRS ID Number.

Number of SBA Loans Outstanding -- To be considered outstanding, a loan must have an outstanding status, an outstanding balance, and must not have been purchased by SBA. Note that for both 7(a) and 504 lenders, the Number of SBA Loans Outstanding includes loans the lender approved, AND loans the lender did not approve but is now servicing.

Gross Dollars Outstanding -- The overall dollar amount corresponding to the Number of SBA Loans Outstanding.

SBA Share Dollars Outstanding -- The SBA Guaranteed portion (share) of the Gross Dollars Outstanding above.

Lender PEER GROUP -- The following peer groups are used to segment lenders by portfolio size and are based on SBA Share Dollars Outstanding. (The 7(a) Inactive Peer Group is for lenders with a small sized portfolio who have not disbursed a loan in the previous 12 months.)

<u>Six 7(a) Peer Groups</u>
$100.0MM+
$010.0MM-$099.9MM
$004.0MM-$009.9MM
$001.0MM-$003.9MM
$000.0MM-<000.9MM B: ACTIVE
$000.0MM-<000.9MM A: INACTIVE

<u>Five 504 Peer Groups</u>
$100.0MM+
$030.0MM-$099.9MM
$010.0MM-$029.9MM
$005.0MM-$009.9MM
$000.0MM-004.9MM

SBA LENDER RISK RATING -- SBA's assessment of a lender's potential risk to SBA based on quantitative and qualitative factors. The components of the risk rating are described below. Ratings are scaled 1 through 5; with 1 representing the lowest risk and 5 representing the highest risk.

<u>RATING COMPONENTS</u>

6 Month Liquidation Rate (7(a) only) -- This is the liquidation rate (loans in liquidation but not yet purchased by SBA) calculated over the past 6 months. This component provides a measure of 7(a) Lender performance and risk as indicated by dollars in liquidation over the past 6 months, as placed in that status by SBA at the request of the Lender. SBA calculates this ratio by dividing the sum of the total gross dollars of the 7(a) Lender's SBA loans in liquidation status in each of the 6 months prior to the rating date (numerator), by the sum of total gross dollars of the 7(a) Lender's SBA loans outstanding in each of the 6 months prior to the rating date (denominator).

6 Month Net Flow Indicator (7(a) only) -- This indicator measures net flows, or dollars-in and dollars-out, over the last 6-months preceding the rating date. Dollars-in includes guarantee fee payments and recoveries by SBA from a 7(a) Lender; dollars-out reflects guarantee purchases made by SBA. The net flow indicator is calculated by summing up all guarantee fees, and recoveries submitted by the 7(a) Lender to SBA over the 6-months prior to the rating date. From the 6 month total, all of the purchases paid out by SBA to the 7(a) Lender over the same 6 months are subtracted. If the net flow of dollars is positive, the component value is a 1; if the net flow of dollars is negative, the component value is 0.

Dollar Weighted Average Financial Stress Score (FSS) (7(a) only) -- The FSS predicts the likelihood that a small business borrower will experience one or more of the following conditions over the next 12 months, based on the information in D&B's files: obtaining legal relief from creditors; ceasing business operations without paying all creditors in full; voluntarily withdrawing from business operation, leaving unpaid obligations; going into receivership or reorganization; or making an arrangement for the benefit of creditors. FSS uses statistical probabilities to classify businesses into a score range, where the lowest score has the highest likelihood of business failure. The score includes D&B data related to payment trends, business financial statements, industry position, business size and age, and public filings.

Gross Delinquency Rate (7(a) and 504) -- This is the delinquency rate (loans 60 days past due or more, but not in liquidation) as of the rating date. This component provides a measure of SBA Lender performance and risk as indicated by SBA dollars in delinquency status as reported by the lender. SBA calculates this ratio by dividing the sum of the total gross dollars of the Lender's SBA loans in delinquency status as of the rating date (numerator), by the sum of total gross dollars of the Lender's SBA loans outstanding as of the rating date (denominator).

Gross Past Due Rate (7(a) and 504) -- This is the past-due rate (30 to 59 days past-due) as of the rating date. This component provides a measure of SBA Lender performance and risk as indicated by SBA loan dollars in past-due status as reported by the Lender. SBA calculates this rate by dividing the sum of the total gross dollars of the Lender's SBA loans in past due status as of this date (numerator), by the sum of the total gross dollars of their SBA loans outstanding as of this date (denominator).

Past 12-Months Actual Purchase Rate (7(a) and 504) -- The Past 12-Months Actual Purchase Rate is a historical measure of SBA loan guarantee purchases from the Lender in the 12 months preceding the rating date. Thus, this component provides a measure of Lender performance and risk reflective of actual SBA guarantee purchases. SBA calculates this rate by dividing the sum of total gross dollars of the Lender's loans purchased during the past 12 months (numerator), by the sum of total grossdollars of the Lender's SBA loans outstanding at the end of the 12-month period. Gross dollars purchased in the last 12 months are added to the denominator, as they are not included in the outstanding figure.

PLP Percent (7(a) only) -- This is the percent of the 7(a) Lender's active PLP loan dollars outstanding (disbursed but not purchased or paid-in-full), compared to the 7(a) Lender's total outstanding sba portfolio as of the rating date. This variable is reflective of the fact that there is a strong correlation among various SBA delivery methods and loan risk, with PLP loans generally providing the least risk. This component is calculated by taking the sum of the 7(a) Lender's total PLP loan gross dollars outstanding (numerator), and dividing it by the sum of the total gross dollars outstanding for the 7(a) Lender (denominator).

Projected Purchase Rate (PPR) (7(a) only) -- The PPR is a predictive measure of the relative future riskiness of the 7(a) Lender's SBA loans over the next 12-months, calculated as of the rating date. This is a credit quality, leading indicator, predictive factor. The PPR is derived from the annual and quarterly statistical validations of SBPS credit scores on the entire SBA 7(a) portfolio. As part of this validation process, Dun & Bradstreet and FICO compare the SBPS credit scores by delivery method to all outstanding 7(a) loans at the beginning of the validation period to the actual purchases observed over the next 12-months. From this comparison, a projected purchase rate is developed for each 7(a) loan based on the loan's delivery method and current SBPS credit score. A 7(a) Lender's PPR is then determined by calculating the dollar-weighted average PPR of the 7(a) loans in the Lender's portfolio. SBA calculates this rate by dividing the sum of the PPRs for each loan (multiplied by the guaranteed dollars outstanding for each loan)by the total guaranteed dollars outstanding for all the lender's loans.

SBA Express Percent (7(a) only) -- This is the percent of the 7(a) Lender's SBA Express loan dollars outstanding (disbursed but not purchased, charged off or paid-in-full), compared to the 7(a) Lender's total outstanding SBA portfolio as of the rating date. This variable is reflective of the fact that there is a strong correlation among various SBA delivery methods and loan risk, with SBA Express loans being among those delivery methods with generally greater risk. This component is calculated by taking the sum of the 7(a) Lender's total SBA Express loan gross dollars outstanding (numerator), and dividing it by the sum of the total gross dollars outstanding for the 7(a) Lender (denominator).

Average Small Business Predictive Score (SBPS) (7(a) and 504) -- The SBPS is a portfolio management (not origination) credit score based upon a borrower's business credit report and principal's consumer credit report. SBPS is a proprietary calculation provided by Dun & Bradstreet, under contract with SBA, and is compatible with FICO's "Liquid Credit" origination score. This component provides an indication of the relative credit quality of the loans in a Lender's SBA portfolio. The score is calculated from the average SBPS score of the loans in a Lender's portfolio, weighted by each loan's guaranteed dollars outstanding.

Low Month on Book Indicator (504 only) -- This component is triggered for a CDC if that CDC has a month-on-book age (average age) of 30 months or less. CDCs with a portfolio with less than 30 months on book or exactly 30 months on book, generally have portfolios that are growing rapidly. The modeling process showed that there is a marked difference in these CDC's performance compared to those with more established portfolios. If a CDC has a portfolio with an average age of more than 30 months on book, this component has a zero weight in its rating.

6 Month Delinquency Rate (504 only) –The 6 month Delinquency rate is the delinquency rate calculated over the past 6 months. It is calculated by dividing the sum of the total gross dollars of the CDC's loans in delinquency status in each of the 6 months prior to the rating date (numerator) by the sum of total gross outstanding dollars of the CDC's SBA loans outstanding in each of the 6 months prior to the rating date.

ADDITIONAL RATING FACTOR(S) -- In addition to the quantitative Rating Components, qualitative judgmental factors can also affect the overall SBA Lender Risk Rating. The Additional Rating Factor(s) will be listed here ONLY if they were considered in assigning this SBA Lender Risk Rating.

NOTE: SBA does an annual validation of the Lender Risk Ratings, SBPS score and Projected Purchase Rate to assess the performance of these metrics. Typically, the relevant coefficients are updated for the September data refresh cycle.

Additional Performance Ratios

[Not Rating Components]

Past 12 Month Actual Charge-Off Rate -- Calculated using a numerator of total gross dollars charged-off during the past 12 months. The denominator is total gross dollars outstanding plus gross dollars charged-off during the past 12 months.

Deferment Rate -- Calculated using a numerator of total gross dollars in Deferment status. The denominator is total gross dollars outstanding.

Adjusted 12-Month Purchase Rate -- Calculated using a numerator of total gross dollars purchased during the past 12 months, excluding purchases from loans originated in the last 12 months; and a denominator of total gross dollars outstanding, excluding loans originated in the last 12 months, plus gross dollars purchased during the past 12 months, excluding purchases from loans originated in the last 12 months. . (Gross dollars purchased in the past 12 months are added to the denominator, as they are not included in the outstanding figure.)

SBPS Score Breakdown

[Not Rating Components]

Lower Risk - Scores of 200 or Higher for 7(a) (170 or Higher for 504) -- Percentage of the number of loans outstanding that have an SBPS score in the ranges indicated.

Moderate Risk - Scores of 160 through 199 for 7(a) (or scores of 140 through 169 for 504) -- Percentage of the number of loans outstanding that have an SBPS score in the ranges indicated.

Higher Risk - Scores of 159 or Below for 7(a) (or Scores of 139 or Below for 504) -- Percentage of the number of loans outstanding that have an SBPS score in the ranges indicated.

NOTE **–** Any significant difference between the sum of the three score groupings and 100% are loans that were not scored due to insufficient information available.

Net Flow Information
[Not Rating Components]

Fees – The sum of upfront and annual fees for all of the loans associated with a given lender for the current quarter.

Purchases – The sum of purchases for all of the loans associated with a given lender for the current quarter.

Recoveries – The sum of recoveries for all of the loans associated with a given lender for the current quarter.

Net Flow (Current) - The sum of fees, minus purchases plus recoveries for all of the loans associated with a given lender for the current quarter.

Net Flow (Cumulative) **-** Life-to-date net flow. Life-to-date is cumulative since disbursement.

Net Yield (Cumulative) - Cumulative net flow divided by SBA Share dollars disbursed.

PPR Calculation Changes:

The validation process indicated that the difference in performance for various 7(a) and 504 delivery methods (PLP, Express, etc.) has become relevant enough to warrant assessment of the Projected Purchase Rate on a delivery method basis (i.e., PLP, SBAExpress). This will enable SBA to perform additional analysis at the loan and lender level, with even greater precision.

Differences between the Projected and Actual Purchase Rates

Some confusion has arisen regarding comparisons between the Projected Purchase Rate and the 12 Month Purchase Rate. In short, since the Projected Purchase Rate of loans in the 7(a) portfolio was different from the actual purchase rate 12 months later, it has been assumed that the PPR was not very predictive of actual future purchases. However, this presumption is based upon a misunderstanding of the two figures. In actuality, the PPR is actually very predictive of future purchases.

The PPR is a projection of the next 12 month actual purchase rate for loans disbursed ("on the books") and scored as of a specific point in time. So, for example, for the September 30, 2006 PPR rate projected purchases for the October 1, 2006-September 30, 2007 period based upon the outstanding SBA share of loans disbursed as of September 30, 2006. On the other hand, while the Actual 12 Month Purchase Rate as of September 30, 2007 measures the same 12 month period, it is based upon the outstanding SBA share of loans disbursed as of September 30, 2007, which was a much higher balance than the September 2006 outstanding SBA share.

LOAN LEVEL FIELD DEFINITIONS

Lender ID -- also referred to as Lender FIRS Number. Each lender is identified by its FIRS number as included in SBA's Partner Information Management System (PIMS). For 504 lenders or CDCs there is only one corresponding FIRS number in PIMS. All 7(a) lender loan data is rolled-up to the Main Bank level (level two FIRS, the legally authorized lending entity) in the Lender Portal.

CDC/Bank Name -- also referred to as Lender Name. The current (or surviving entity of a merger or sale) 7(a) lender name or 504 Certified Development Company (CDC) name, on SBA's Loan Accounting System at the end of the current quarter end that corresponds to Main Bank Lender FIRS ID Number.

SBPS Score Range

The Small Business Predictive Score (SBPS) is a credit score used by SBA to predict the likelihood of purchase at the loan level. These scores rank order loans based on the probability of purchase within a range between 0 – 300. As the scores increase for a given set of loans, the probability of purchase for those loans decreases. Loans with scores in a higher range can be considered to have less risk of purchase than those with scores in a lower range. The scores are validated quarterly against the 7(a) and 504 portfolios independently. All active loans in a Lender's portfolio that have sufficient information to be credit scored have been provided in score bands correlating to Low, Medium and High Risk scores, as defined below:

Lower Risk - Scores of 200 or Higher (170 or Higher for 504) -- Using the SBPS, the loan has scored at 200 or above for 7(a) loans and 170 or above for 504 loans for the current quarter and is considered to have a lower risk or probability of purchase

Moderate Risk - Scores of 160 through 199 for 7(a) (or scores of 140 through 169 for 504) -- Using the SBPS, the loan has scored between 160 and 199 for 7(a) between 140 and 169 for 504 for the current quarter and is considered to have a medium probability of purchase.

Higher Risk - Scores of 159 or below for 7(a) (or Scores of 139 or below for 504) -- On the SBPS scale, the loan has scored at 159 or below for 7(a) and 139 or below for 504 for the current quarter and is considered to have a high risk or probability of purchase.

SBA As of Date -- All of the data used in the Lender Portal is as of the quarter-end indicated. Note that the balances and loan statuses being used are those reported in SBA's Loan Accounting System which reflect 7(a) or 504 lender-reported information from one month earlier.

Loan Number -- Each loan is identified by a unique loan number assigned by SBA.

Borrower -- Name of Borrower for each loan

Total Outstanding Balance -- The Gross Outstanding balance for each loan based on the 'SBA As of Date'