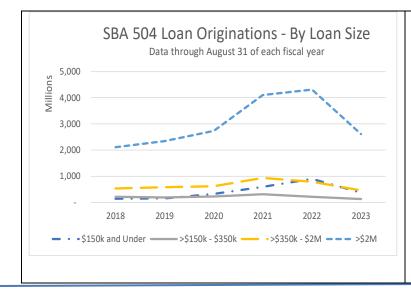


With just one month remaining in the SBA fiscal year 2023, loan originations under the 504 loan program remain well below the level of the prior two years. Through August 31, 2023, 504 loan originations are down 33.4% compared to the same point in FY2022, though this is a modest improvement from the 33.5% decline as of July 31, 2023. We still believe this slowdown is primarily due to the rapidly rising interest rate environment and fears of a recession. Unpaid Principal Balance of SBA 504 loans stood at \$32.00 billion as of December 31, 2022, up 3.7% compared to the \$30.87 billion figure at year-end FY2022. Unlike SBA 504 loans, SBA 7(a) loan originations are doing well so far in FY2023. Though the pace of originations has slowed compared to the 3.0% rise as of July 31, 2023, originations are still up 2.6% at August 31, 2023 compared to the same period in FY2022. The unpaid principal balance of 7(a) loans is \$108.43 billion at December 31, 2022, up 1.2% compared to year-end FY2022.



The 7(a) program has shown steady growth in loans outstanding in recent years that continued into FY2023 (up 1.2% year-to-date in FY2023, 3.1% in FY2022, and 6.8% in FY2021). 504 loans have shown accelerating growth, rising 3.7% year-to-date in FY2023, 6.7% to \$30.9 billion at year-end FY2022, and 6.4% in FY2021. Of course, the published 504 loan figures in the chart above include only the CDC/SBA second lien portion of a 504 loan package, If we include the private lender portion of the same loan projects, which typically accounts for roughly 50% of 504 projects, The total for SBA 504 loan outstandings (1<sup>st</sup> and 2<sup>nd</sup> liens combined) would be somewhere in the neighborhood of \$72 billion, still below 7(a) totals, but equal to approximately 67% of the 7(a) balance.



Loan originations in the 504 program have slowed noticeably, due to rising interest rates and fears of a recession. Total originations in FY2023 through August 31st are down 33.4% vs the torrid pace set in FY2022. In dollar terms, most of the decline is being led by large size loans. In percentage terms, all loan size groups are experiencing significant declines. The largest size loan group, loans greater than \$2.0M, posted a 39.6% drop in originations YTD in FY 2023, while the three other size groupings have registered declines of 59.2% (loans \$150k and under), 41.6% (loans between \$150k and \$350k), and 42.2% (loans between \$350k and \$2.0M)compared to last year

The information presented herein is not an offer, or the solicitation of an offer, to buy or sell any of the products described herein. Any terms or conditions contained herein are indicative and are provided for discussion purposes only. This is intended as an outline only and does not purport to list or summarize all of the terms and conditions of a particular transaction, nor to identify or define all of the risks that would be associated with the purchase or sale of the products described herein. All information contained herein is qualified in its entirety by the information that would be contained in the final documentation for any transaction. The information contained herein should not be construed as investment advice or a recommendation to purchase any of the referenced securities described herein.

## News Blurb(s) of the Month — Bank groups urge regulators to delay CRA revamp, Annu Hrushka, Banmking Dive.

August 28, 2023 – Two banking trade groups are calling for regulators to hold off on implementing a final rule on the Community Reinvestment Act, arguing the revised proposal should be delayed until the impact of increased capital requirements and a Consumer Financial Protection Bureau court case is known.

	Top SBA 504 Lenders							
	FY2022 (Through Sep. 30, 2022)	Volume (\$Millions)	FY2023 (Through Jun. 30, 2023)	Volume (\$Millions)				
CDCs	Mortgage Capital Development C	\$623.4	Mortgage Capital Development C	\$442.1				
2nd Liens	CDC Small Business Finance Cor	\$538.9	Florida Business Development C	\$299.8				
	Empire State Certified Develop	\$426.6	Empire State Certified Develop	\$252.2				
	Florida Business Development C	\$419.1	Florida First Capital Finance	\$249.5				
	Business Finance Capital	\$414.0	Business Finance Capital	\$218.1				
	Florida First Capital Finance	\$372.8	California Statewide Certified	\$186.7				
	California Statewide Certified	\$301.7	Small Business Growth Corporat	\$154.2				
	Mountain West Small Business F	\$292.0	Mountain West Small Business F	\$145.7 \$125.2 \$125.1				
	WBD, Inc.	\$270.1	Capital Certified Development					
	Small Business Growth Corporat	\$259.4	CDC Small Business Finance Cor					
	Total	\$9,208.0	Total	\$4,778.9				
Banks/	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$434.2	BANK FIVE NINE	\$212.2				
TPLs	BANK FIVE NINE	\$261.6	JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	\$193.2				
1st liens	BANK OF AMERICA, NATIONAL ASSOCIATION	\$247.0	BANK OF AMERICA, NATIONAL ASSOCIATION	\$169.4				
	U.S. BANK, NATIONAL ASSOCIATION	\$199.9	POPPY BANK	\$128.6				
	CITY NATIONAL BANK	\$197.2	ZIONS BANK, A DIVISION OF	\$106.5				
	ZIONS BANK, A DIVISION OF	\$189.6	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$105.2				
	POPPY BANK	\$182.5	U.S. BANK, NATIONAL ASSOCIATION	\$102.7				
	WELLS FARGO BANK, NATIONAL ASSOCIATION	\$180.4	CALPRIVATE BANK	\$93.7				
	FIRST CITIZENS BANK	\$117.0	HARVEST COMMERCIAL CAPITAL, LLC	\$87.0				
	HARVEST COMMERCIAL CAPITAL, LLC	\$113.6	CELTIC BANK CORPORATION	\$85.4				
	Total	\$12,208.1	Total	\$6,674.5				

https://www.bankingdive.com/news/bank-groups-cra-revamp-capital-requirements/692001/

Top States for SBA 504 Loan Approvals								
	FY2022 (Through Sep. 30, 2022)		FY2023 (Through Jun. 30, 2023)					
CA	\$2,234,541,000	CA	\$1,082,775,00					
FL	732,352,000	FL	494,764,000					
ТХ	489,889,000	ТХ	312,890,000					
IL	430,463,000	IL	226,546,000					
NY	394,153,000	NY	193,290,000					
UT	371,026,000	UT	181,713,000					
MN	326,931,000	GA	161,984,000					
WI	287,098,000	MN	129,039,000					
GA	267,306,000	WI	127,404,000					
AZ	258,938,000	MA	125,505,000					
Source: SBA			SBA Fiscal Years end on September 30					

## About Us

Equalize Capital LLC is an SEC-registered investment adviser that provides investment management services to the Equalize Community Development Fund (EQCDX) and is responsible for the management of the Fund's portfolio of investments.

Full Yields & Rates Table									
Asset Yields	Current	1-month ago	1 month change	3-months ago	1-year ago	3-years ago			
1m US T-Bill (BEY)	5.52%	5.54%	-0.02%	5.25%	2.57%	0.10%			
3m US T-Bill (BEY)	5.55%	5.57%	-0.02%	5.38%	3.06%	0.13%			
6m US T-Bill (BEY)	5.49%	5.53%	-0.04%	5.39%	3.44%	0.14%			
1y US T-Bill	5.42%	5.35%	0.07%	5.12%	3.60%	0.15%			
2y US T-Note	4.98%	4.74%	0.24%	4.52%	3.48%	0.14%			
3y US T-Note	4.68%	4.36%	0.32%	4.17%	3.54%	0.17%			
5y US T-Note	4.39%	4.10%	0.29%	3.87%	3.39%	0.28%			
10y US T-Note	4.26%	4.02%	0.24%	3.73%	3.29%	0.69%			
20y US T-Bond	4.52%	4.35%	0.17%	4.05%	3.69%	1.22%			
30y US T-Bond	4.32%	4.20%	0.13%	3.91%	3.42%	1.41%			
Federal Funds	5.33%	5.33%	0.00%	5.08%	2.33%	0.09%			
Fed Discount Rate	5.50%	5.50%	0.00%	5.25%	2.50%	0.25%			
Prime Rate	8.50%	8.50%	0.00%	8.25%	5.50%	3.25%			
TED Spread	0.14%	0.07%	0.07%	0.09%	0.12%	0.13%			
Swap Rates									
2 Year Swap	5.27%	5.12%	0.15%	4.86%	3.99%	0.30%			
5 Year Swap	4.59%	4.36%	0.24%	4.09%	3.59%	0.44%			
10 Year Swap	4.40%	4.18%	0.22%	3.92%	3.51%	0.81%			
SBA 504 2nd Lien Loan Rates									
10 Yr	7.05%	7.06%	-0.01%	6.04%	5.32%	2.47%			
20 Yr	6.86%	6.60%	0.26%	6.38%	5.34%	2.52%			
25 Yr	6.81%	6.55%	0.26%	6.33%	5.44%	2.56%			
Average Prime Rate Offer (APOR) Rates									
10 Yr Fixed	7.11%	6.63%	0.48%	6.33%	5.10%	2.53%			
10 Yr Variable	7.27%	7.02%	0.25%	6.69%	5.07%	3.18%			
Depository Rates									
1 Mon. CD - Non Jumbo	0.22%	0.20%	0.02%	0.26%	0.06%	0.05%			
3 Mon. CD - Non Jumbo	1.33%	1.11%	0.22%	0.62%	0.12%	0.09%			
6 Mon. CD - Non Jumbo	1.34%	1.30%	0.04%	1.19%	0.27%	0.13%			
1 Yr CD - Non Jumbo	1.76%	1.72%	0.04%	1.59%	0.46%	0.20%			
2 Yr CD - Non Jumbo	1.50%	1.47%	0.03%	1.45%	0.51%	0.26%			
3 Yr CD - Non Jumbo	1.40%	1.37%	0.03%	1.36%	0.54%	0.31%			
Savings	0.43%	0.42%	0.01%	0.40%	0.13%	0.06%			
Checking	0.07%	0.07%	0.00%	0.07%	0.03%	0.04%			
Money Market - Non Jumbo	0.62%	0.63%	-0.01%	0.59%	0.14%	0.08%			
Regulatory & Interbank Rates									
Secured Overnight Financing Rate (SOFR)	5.31%	5.30%	0.01%	5.05%	2.28%	0.09%			
FHLB Fixed Advances (30 day, < \$15m)	5.50%	5.52%	-0.02%	5.40%	3.01%	0.40%			

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