



Solomon Hess SBA Loan Fund

2022 IMPACT REPORT

SOLOMON|HESS
Capital
Management

Dear Investors,

Thank you for your investment in the Solomon Hess SBA Loan Fund (SBA Loan Fund), a Community Development Entity (CDE) that supports small business loans in areas targeted for economic revitalization. 2022 witnessed rapid price growth and high inflation rates as the economy continued in its recovery from the pandemic recession two years ago. Small business owners faced supply chain disruptions, labor shortages, and increased material costs. Borrowing costs also soared as the Federal Reserve raised the federal funds rate seven times in 2022 in an attempt to bring inflation under control. According to the National Federation of Independent Business (NFIB), U.S. small business confidence fell to a six-month low in December. In this particularly challenging environment, the Solomon Hess SBA Loan Fund continued to support the small business sector by providing greater financial liquidity and a lower cost of capital within the Small Business Administration (SBA) 7(a) loan market.

We are pleased to present the SBA Loan Fund 2022 Impact Report, now in its seventh year, where quantitative metrics and loan profile stories are used to highlight the impact of your investments. Since inception in 2004, the SBA Loan Fund has invested more than \$2.8 billion to fund over 4,900 small business loans that supported the creation and/or retention of over 73,000 jobs nationwide.

As we look forward, the SBA Loan Fund is dedicated to supporting investor banks in promoting job creation, retention, and advancement for low- and moderate-income individuals working in small businesses throughout the United States. We are honored to partner with 125 investor banks in contributing to the growth of a vital sector of the American economy.

With our thanks and best regards,

The Solomon Hess Team



Solomon Hess team (L to R): Isaac Fradin, Michelle Lai, Bill Einstein, Mike Fallon, Catherine Mathew, Salvador Hutira, Mary Tucker and Rich Franchini.

FUND PROFILE

About Solomon Hess SBA Loan Fund

Fund Mission

To promote permanent job creation, retention, and/or improvement in LMI areas or of LMI persons who are employed by small businesses by creating greater financial liquidity and a lower cost of capital within the SBA 7(a) secondary market.

Investment Asset Class

Equity: member ownership in a limited liability company

Investment Holdings

Federally guaranteed portion of US SBA 7(a) loans

Federally guaranteed portion of US Department of Agriculture (USDA) loans

SBA 504 loan pools

Target Beneficiaries

Economically distressed and underserved areas and individuals

Geographic Areas Served

United States

Certifications

Community Development Entity, certified by the Community Development Financial Institutions Fund

Certified for Impact Management by Aeris Insight

California Organized Investment Network Qualified Investment Fund

Solomon Hess Principals



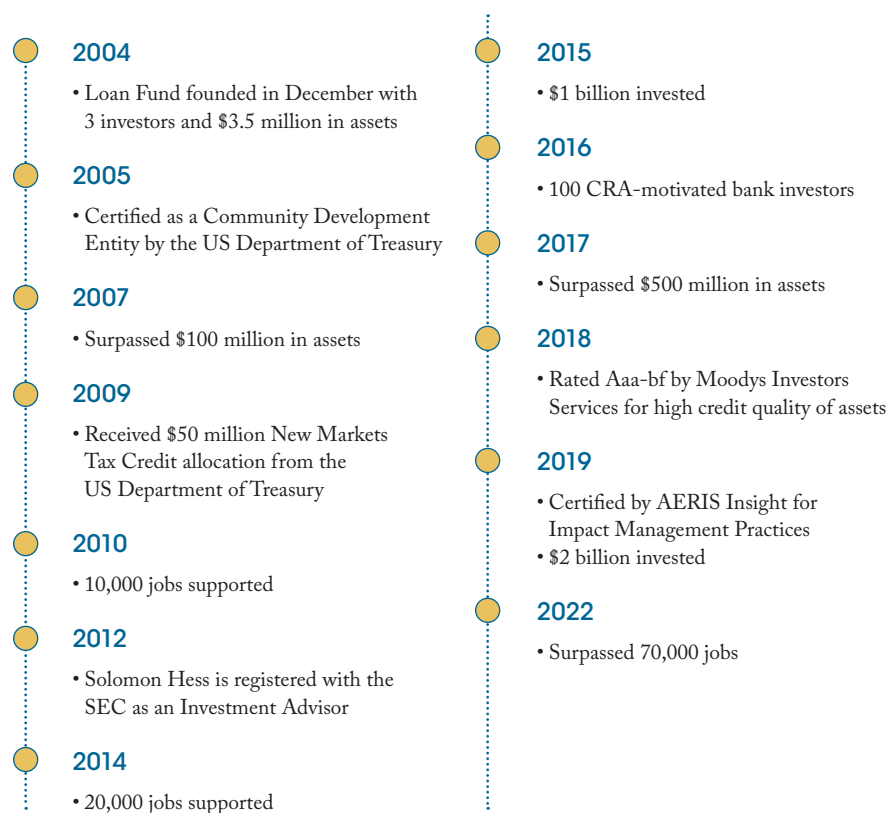
Bill Einstein is a founding partner of Solomon Hess Capital Management and serves as its Chief Financial Officer and Chief Compliance Officer. He is responsible for overseeing the financial controls, compliance and administrative functions of the firm and its funds. He holds a Bachelor of Arts Degree from the College of William & Mary.



Mike Fallon is a partner and Chief Investment Officer at Solomon Hess Capital Management. He is responsible for overseeing the firm's portfolio management, trading, and risk management functions. He holds a Bachelor of Science Degree in Analytical Finance from Wake Forest University and a Master of Business Administration from the University of Virginia's Darden School of Business. Mike served four years as an officer in the United States Marine Corps.

Firm History

In 2004, Solomon Hess Capital Management was founded with a mission to provide investors access to investment in small business loans made under the SBA 7(a) program.

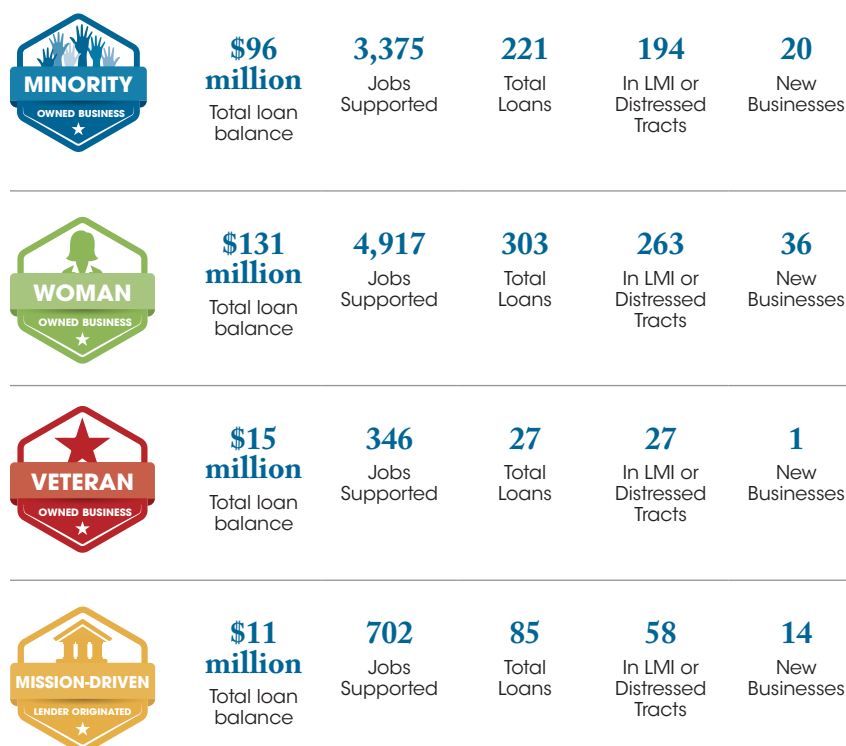


FUND IMPACT

The SBA Loan Fund has been helping clients invest for both return and impact potential since 2004. We are intentional about investing for positive community impact and tracking the results.

Community and Economic Development Impact

It has been proven that the underserved segments of the population and low- and moderate-income neighborhoods are disproportionately impacted by the negative effects of economic disruptions and high inflation in the United States.



Impact Metrics as of December 31, 2022. Loan characteristics are not mutually exclusive.



As of December 31, 2022, the SBA Loan Fund had **\$795 million** in assets and capital from **125 bank investors**.

Creating Big Impact Through Small Business

Within the impact investing sphere, the small business category represents tremendous impact potential, based on the sector's size and the ripple effect small businesses have across their communities.

There are 33 million small businesses in the United States. They directly contribute to the strength of local economies by¹:



Employing **61.7 million** employees or almost half (46.4%) of the nation's workforce



Generating **8.7 million** new jobs



Promoting diversity, with **women** making up **43%** of businesses and racial **minorities** making up **19%**

In terms of investment opportunity, the small business sector represents a sizable universe. According to the SBA, in FY 22, nearly \$26 billion was approved through its 7(a) lending program. The SBA continues to streamline and improve access to its loan program for small loans and emerging communities, delivering nearly \$82.7 million in new loans at \$50,000 and under.²

1. 2022 United States Small Business Economic Profile, US Small Business Administration, Office of Advocacy.

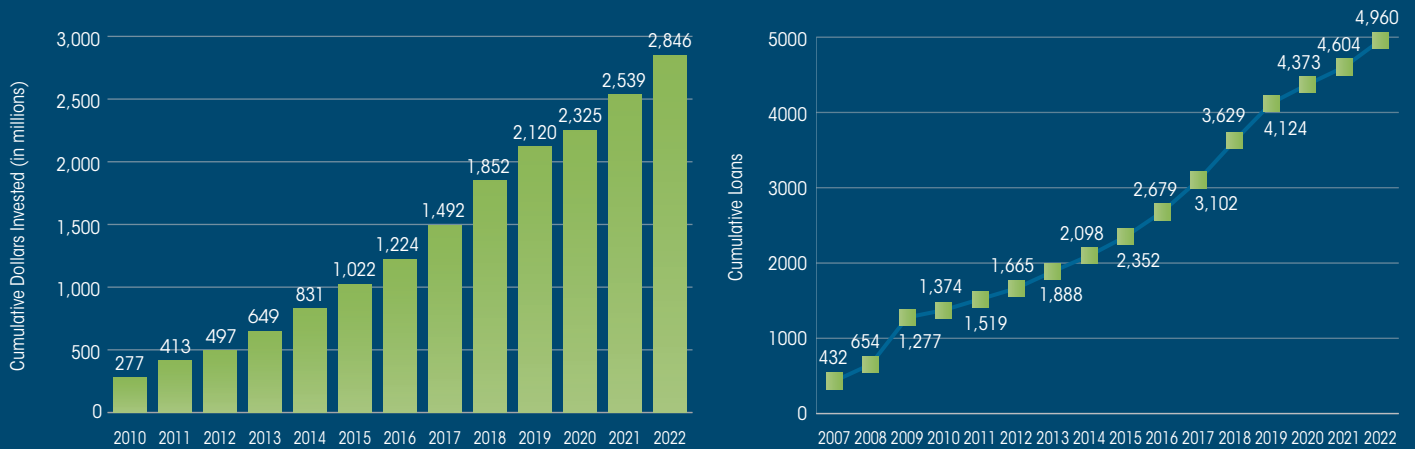
2. Small Business Administration Agency Financial Report - FY 2022.

LOAN FUNDING

During 2022, equity and assets under management in the SBA Loan Fund increased by 9% and 10%, respectively. This growth meant the Fund was able to invest in **350 small business loans** this year.

SBA Loan Fund Growth

Dollar Amount of Loan Investments and Number of Loans Funded (cumulative since inception)



GEOGRAPHIC DISTRIBUTION OF LOANS

The Fund primarily invests in small business loans located in LMI or otherwise distressed economic regions across the country.



LOAN PROFILES

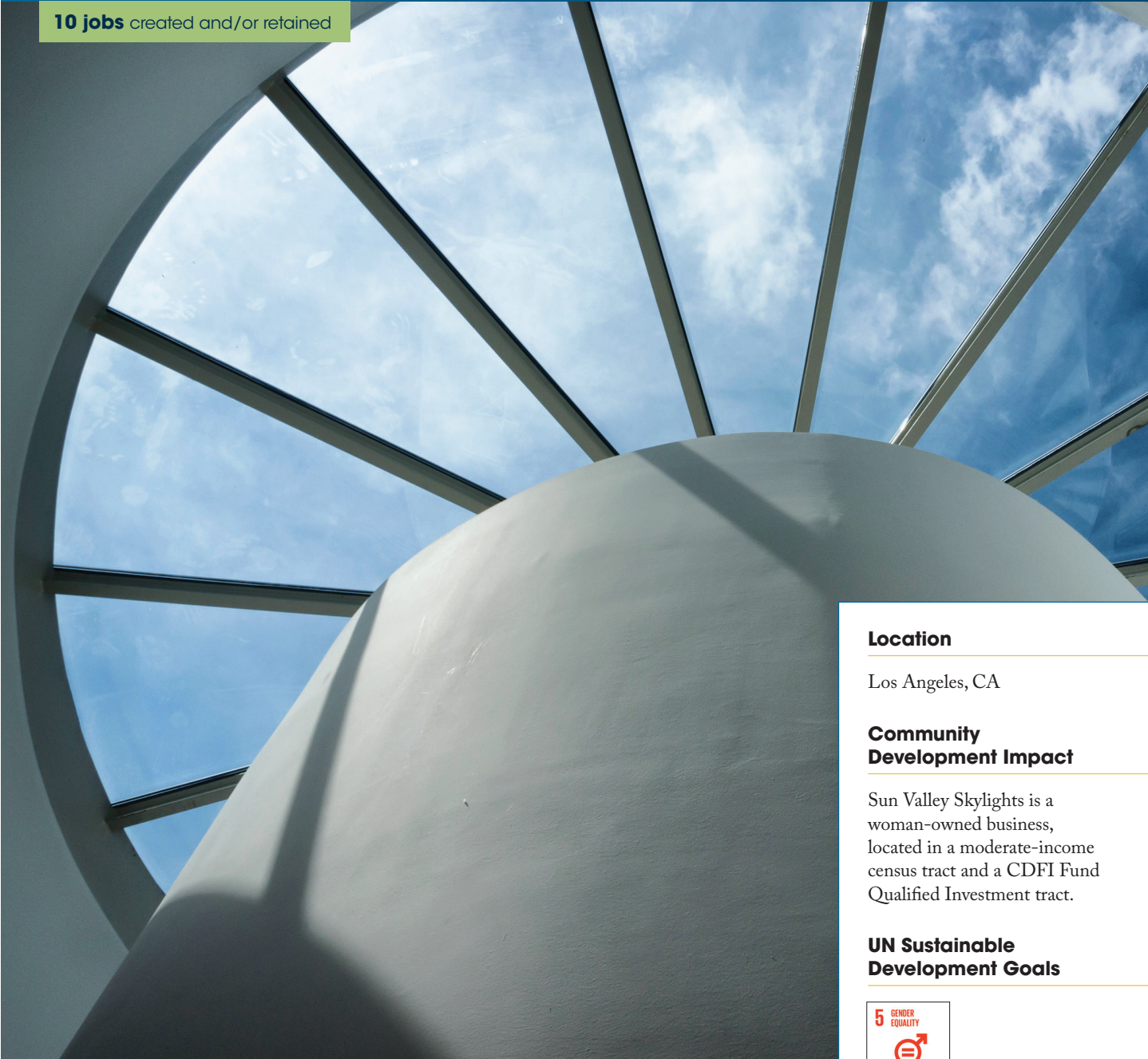
The following pages include a sampling of the Solomon Hess SBA Loan Fund portfolio acquisitions and represent the Fund and the impact the loans have on their respective communities.

Sun Valley Skylights

Full-service skylight, window, and door contractor



10 jobs created and/or retained



Location

Los Angeles, CA

Community Development Impact

Sun Valley Skylights is a woman-owned business, located in a moderate-income census tract and a CDFI Fund Qualified Investment tract.

UN Sustainable Development Goals



Location

New York, NY

Community Development Impact

Brisas Del Mar Seafood Market is a minority and woman-owned business, located in a low-income census tract and a CDFI Fund Qualified Investment tract.

UN Sustainable Development Goals**Brisas Del Mar Seafood Market**

Locally owned seafood market and restaurant



12 jobs created and/or retained

**Location**

Hampden, MA

Community Development Impact

A Better Life Homecare is a minority-owned business, located in a low-income census tract and CDFI Fund Qualified Investment tract. This business helps to meet the healthcare needs of the community.

UN Sustainable Development Goals**A Better Life Homecare**

Local senior home care agency established with a mission to ensure that low-income elderly individuals receive compassionate care at home with their families.

230 jobs created and/or retained



LOAN PROFILES



Riseability

Provider of vocational rehabilitation services that works with adult and student clients who are survivors of brain and spinal cord injury to find jobs in the community

8 jobs created and/or retained



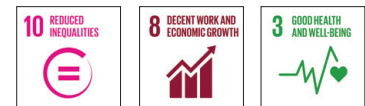
Location

Maricopa, AZ

Community Development Impact

Riseability is a minority-owned business, located in a moderate-income census tract and a CDFI Fund Qualified Investment tract. This business supports human capital development, including adult education, job training and temporary staffing services.

UN Sustainable Development Goals



Location

Janesville, WI

Community Development Impact

Lloyd's True Value Hardware is a woman-owned business, located in a moderate-income census tract and a CDFI Fund Qualified Investment tract. This new business promotes economic development.

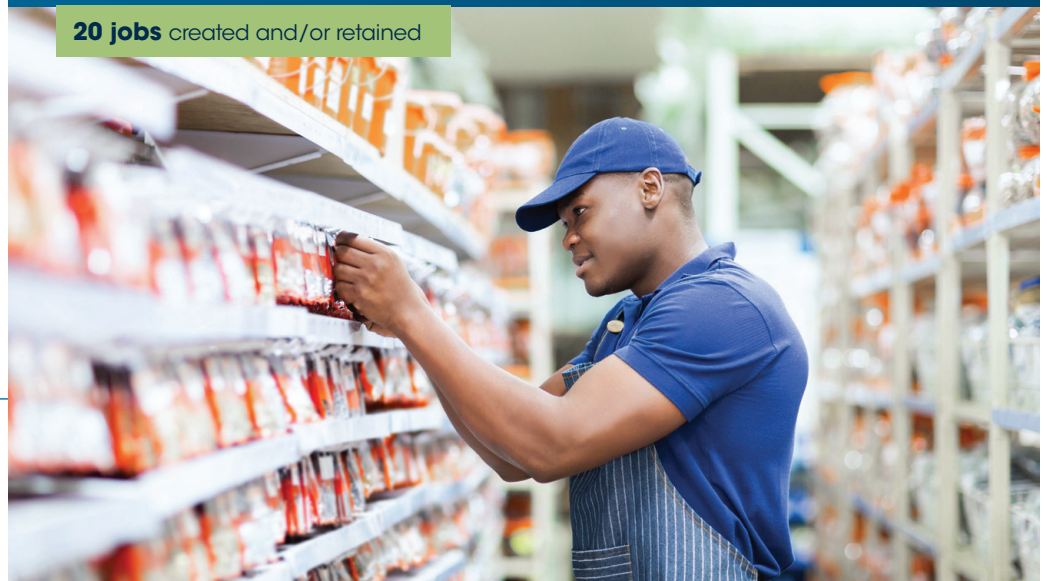
UN Sustainable Development Goals



Lloyd's True Value Hardware

Hardware store that is the first new retail business to be built from the ground up on the city's west side since before the COVID-19 pandemic in 2020

20 jobs created and/or retained



Location

Middlesex, MA

Community Development Impact

Little Love Bug Day Care and Learning Center is a woman-owned business, located in a low-income census tract and a CDFI Fund Qualified Investment tract. This new business focuses on children's welfare, including childcare and education. The loan was originated by a Mission Driven Lender.

UN Sustainable Development Goals

Little Love Bug Day Care and Learning Center

Preschool center for up to 45 children opened by first-time small business owners



12 jobs created and/or retained

**Location**

Virginia Beach City, VA

Community Development Impact

BMK Ventures is located in a CDFI Fund Qualified Investment tract. This business is a Certified Service-Disabled Veteran Owned Small Business.

UN Sustainable Development Goals

BMK Ventures

Provider of medical simulation equipment and devices to enhance the operational safety and survivability of military, law enforcement, and first responder personnel

27 jobs created and/or retained



LOAN PROFILES



Brooklyn Tea

Local tea house located in historically black neighborhood that supports an annual community scholarship program

2 jobs created and/or retained



Location

Kings, NY

Community Development Impact

Brooklyn Tea is a minority and woman-owned business, located in a CDFI Fund Qualified Investment tract. This loan was originated by a Mission Driven Lender.

UN Sustainable Development Goals



Location

Oklahoma City, OK

Community Development Impact

Ciara Medical is a woman and minority-owned business, located in a moderate-income census tract and a CDFI Fund Qualified Investment tract. This business helps to meet the healthcare needs of the community.

UN Sustainable Development Goals



Ciara Medical

Medical supply store that carries durable medical equipment and provides services to long term care facilities and hospices

15 jobs created and/or retained



OUR TEAM

We are proud of our team, who are dedicated to the Fund's mission and providing our investors with the best in class service. Together, we have over 125 years of financial services industry experience.

LEADERSHIP



BILL EINSTEIN

*Founding Partner,
Chief Financial Officer,
Chief Compliance Officer*

47+ years' experience

Former President of Meridian Capital Investments, Inc.

Former Vice President at Fannie Mae and Host Marriott

BA from College of William & Mary



MIKE FALLON

*Partner,
Chief Investment Officer*

15+ years' experience

Former Institutional Sales at Bank of America Merrill Lynch

Officer in the U.S. Marine Corps

MBA from Darden School of Business, UVA

PORTFOLIO MANAGEMENT



ISAAC FRADIN

*Senior Associate,
Portfolio Management*

9+ years' experience

BS from George Mason University

MBA from McDonough School of Business, Georgetown University



SALVADOR HUTIRA

*Associate,
Portfolio Management*

6+ years' experience

BS from the Wharton School, University of Pennsylvania

CLIENT SERVICES & CRA REPORTING



MICHELLE LAI

Senior Vice President

16+ years' experience

Former Senior Associate at Oliver Wyman and Associate at AT Kearney

MBA from Sloan School of Management, MIT

OPERATIONS



CATHERINE MATHEW

Senior Vice President

15+ years' experience

MA from George Mason University



RICH FRANCHINI

*Manager, Financial
Accounting and Reporting*

10+ years' experience

Former Senior Associate at US Bancorp

BS from The College of New Jersey



MARY TUCKER

Operations Associate

8+ years' experience

BBA from Valdosta State University



SOLOMON HESS CAPITAL MANAGEMENT is an alternative asset manager specializing in fixed-income investing. Founded in 2004, Solomon Hess has \$1.186 billion in assets under management (as of 12/31/22). The firm's mission is to provide investors with community and economic development-focused investment solutions that generate both competitive, risk-adjusted returns and positive, quantifiable community impact. Solomon Hess serves accredited individuals and institutional investors, including banking institutions seeking to satisfy Community Development Investment or Lending requirements within the Community Reinvestment Act rules. The firm manages two distinct strategies within the community development asset class: a community development impact strategy and an absolute return strategy. These strategies are available as funds or separate accounts.

Learn more about the Solomon Hess SBA Loan Fund or our other investment opportunities by contacting Investor Services at (703) 466-0483 or by visiting us online at www.SolomonHess.com.

This communication is for informational purposes only and is not an offer to sell or a solicitation of an offer to buy any investments offered by Solomon Hess, nor shall any such investments be offered or sold to any person in any jurisdiction in which such offer, solicitation, purchase, or sale would be unlawful under the securities laws of such jurisdiction.

The loans discussed in this communication are current holdings of the Solomon Hess SBA Loan Fund. The loans we have highlighted may not be the highest performing loans in the Fund, but a sampling of small business loans with an impact story. The loans mentioned do not necessarily represent all of the loans held in the Fund and the reader should not assume that the loans identified and discussed were or will be profitable. A complete list of holdings for the Fund can be provided by contacting Solomon Hess Capital Management.

The Solomon Hess SBA Loan Fund LLC attempts to provide its investors with CRA credit related to their participation in the Fund. Investment decisions are not always exclusively based on the economic characteristics or investment merit of a specific asset. Certain CRA eligible securities sought by the Fund in specific geographies may not provide as great an economic benefit to the Fund as the same securities located in non-CRA geographies. The Fund may engage in transactions at times for reasons related to CRA considerations that may not be desirable from an investment standpoint. If one or multiple federal banking regulators, such as the OCC, FDIC or the Federal Reserve Board, were to deem an investment in the Fund as not qualifying for CRA credit, the impact to Fund investors could be material. The SBA Loan Fund is only for qualified institutional buyers or accredited investors.

SOLOMON HESS CAPITAL MANAGEMENT

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