Presale Report
Equify ABS 2023-1, LLC

DBRS Morningstar
September 27, 2023

Contents

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Ratings

Class	Amount ($)	Initial Credit Enhancement (%)	Coupon (%)	Rating*	Rating Action
A	115,497,000	37.90	[TBD]	AA (sf)	New Rating–Provisional
B	13,256,000	30.60	[TBD]	A (sf)	New Rating–Provisional
C	29,238,000	14.50	[TBD]	BBB (sf)	New Rating–Provisional
Total	**157,991,000**				

*See Appendix C for Scope and Meaning of Financial Obligations.

Executive Summary

DBRS, Inc. (DBRS Morningstar) assigned provisional ratings to the classes of asset-backed notes (the Notes or the Series 2023-1) to be issued by Equify ABS 2023-1, LLC (the Issuer) as listed above. This transaction represents the inaugural term asset-backed securitization (ABS) sponsored by Equify Financial, LLC (Equify or the Company). The pledged assets securing the Notes include a pool of equipment contracts and related assets, the majority of which are secured by, or a lease of, mid- and large-ticket equipment, originated and underwritten by Equify and transferred to the Issuer. The Issuer's interest in a portion of the contracts and related assets will be held indirectly through the ownership of a beneficial interest in the Origination Trust. The Series 2023-1 transaction does not include a prefunding period.

The obligor base primarily consists of companies primarily engaged in transportation and construction businesses. These industries accounted for approximately 90.2% of the Aggregate Securitization Value of collateral as of the Initial Cut-Off Date of August 31, 2023.

Hard credit enhancement for the Notes is provided through overcollateralization (OC), subordination, and a cash reserve. The transaction is also expected to benefit from the excess spread available at closing to service the payments on the Notes. The transaction is structured to amortize the Notes on a sequential basis and will allow for the release of extra funds to the Issuer on a limited basis, subject to maintenance of the OC target at 14.50% of the initial Aggregate Securitization Value. Initial OC will be equal to 13.00%. The replenishable cash reserve account will be sized to at least 1.50% of the Aggregate Securitization Value as of the initial Cut-Off Date and will be nondeclining. The reserve account will be available to cover interest shortfalls as well as to reduce the outstanding amount of the Notes to at least equal the Aggregate Securitization Value and to pay down the remaining principal balance of the Notes on the last payment date. The Securitization Value for each Contract will be calculated using the Discount Rate equal to 12.377%.

The principal payments on the Class B Notes and Class C Notes are subordinate to the Class A Notes, while the Class C Notes are subordinate to the Class A Notes and Class B Notes. Each subordinated class of Notes will not receive principal payments until the more senior classes of Notes are paid in full. Payments of interest on the subordinate classes of the Notes on any Payment Date will be made only if available funds remain after making all distributions of interest on the more senior classes of Notes; paying fees, expenses, and indemnities due to the Transaction's parties (subject to a cap, as applicable); and reducing the principal amount of the more senior classes of Notes to the amount at least equal to the Aggregate Securitization Value of the collateral pool on such Payment Date.

Transaction Parties and Relevant Dates

Issuer:	Equify ABS 2023-1, LLC
Originator, Sponsor, Servicer and Administrator:	Equify Financial, LLC
Depositor:	Equify ABS Funding, LLC
Indenture Trustee, Note Registrar and Paying Agent:	U.S. Bank Trust Company, National Association (rated AA (high) (Negative)/R-1 (high) (Stable) by DBRS Morningstar)
Backup Servicer and Custodian:	U.S. Bank National Association (rated AA (high) (Negative)/R-1 (high) (Stable) by DBRS Morningstar)
Origination Trust:	Equify Titling Company Ltd.
SUBI Trustee:	U.S. Bank Trust Company, National Association
Payment Date:	15th day of each month or, if not a business day, then the next business day
Payment Frequency:	Monthly
Initial Cut-Off Date:	August 31, 2023
Closing Date:	On or about October 11, 2023
First Payment Date:	November 15, 2023
Optional Redemption Threshold:	10% of the initial Aggregate Securitization Value
Legal Final Maturity Date:	Class A Notes: September 15, 2031 Class B Notes: September 15, 2031 Class C Notes: September 15, 2031

Note: Various capitalized terms are used throughout this report. Please refer to the transaction documents for more information and/or definitions of those terms.

Rating Rationale

The provisional ratings are based on DBRS Morningstar's review of the following analytical considerations:

- The transaction assumptions consider DBRS Morningstar's baseline macroeconomic scenarios for rated sovereign economies, available in its commentary, *Baseline Macroeconomic Scenarios For Rated Sovereigns: June 2023 Update* published on June 30, 2023. These baseline macroeconomic scenarios replace DBRS Morningstar's moderate and adverse Coronavirus Disease (COVID-19) pandemic scenarios, which were first published in April 2020.
- The Series 2023-1 are collateralized by mid- to large-ticket equipment contracts and related assets, and the Transaction exhibits moderate obligor concentrations, with 17 out of 166 obligors each accounting for more than 2.0% of the Aggregate Securitization Value and, together, for 49.0% of the collateral pool as of August 31, 2023.
- DBRS Morningstar applied the stressed cumulative net loss (CNL) hurdle rates of 28.97%, 21.41%, and 10.46% in the cash flow scenarios commensurate with the AA (sf), A (sf), and BBB (sf) ratings, respectively. Seasoning credit was not given even though the collateral pool is seasoned, on a

weighted average (WA) basis, by 13 payments made. In addition, DBRS Morningstar assigned no credit to any expected potential build-up in collateral coverage over the life of the Transaction.

    - DBRS Morningstar's stressed CNL hurdle rate for the collateral pool was derived using the cumulative gross default (CGD) rate proxy because of the low and intermittent historical gross defaults and, in particular, net losses experienced by Equify over its operational history. The stressed recovery rates at each rating level were assessed based on the review of internal credit memoranda and the orderly liquidation value (OLV) curves developed by Equify for the 20 largest obligors in the collateral pool.
        - DBRS Morningstar's CGD rate assumption of 18.50% for the collateral pool reflects the composition and characteristics of the underlying assets, the performance to date of portfolio managed by Equify, as well as the performance of comparable portfolios, which had been originated by other independent lessors focusing on a similar collateral and customer credit tier. The stressed assumptions were derived by applying target multiples of 4.40 times (x), 3.60x, and 2.70x, respectively, in an AA (sf), A (sf), and BBB (sf) cash flow scenarios.

- Since inception through the first quarter of 2022 (no losses since then), Equify's managed portfolio has experienced only approximately $8.7 million in cumulative net losses or 0.46% of the aggregate original financed amount of approximately $1.9 billion.
- DBRS Morningstar's cash flow analysis tested the ability of the transaction to generate cash flows sufficient to service the interest and principal payments under three different default timing scenarios and during zero conditional prepayment rate (CPR) and six CPR prepayment environments.
- Transaction's capital structure and available credit enhancement. Subordination, OC, cash held in the Reserve Account, and available excess spread, as well as other structural provisions create credit enhancement levels that are commensurate with the respective ratings for each class of notes.
    - The initial OC as of the closing date will be equal to 13.00%, expected to build up to 14.50% of the initial Aggregate Securitization Value.
    - A nonamortizing cash reserve account equal to 1.50% of the initial Aggregate Securitization Value.
    - The WA yield for the collateral pool is approximately 12.227%. The Securitization Value of collateral pool is determined by discounting all leases and loans at 12.377%, thus, creating excess spread that may be available to service payments on the Notes.
- Even though, as of the Initial Cut-Off Date, the collateral for the transaction included approximately $2.9 million in booked residuals, which will be pledged by the Issuer as additional collateral, no credit was given to booked residuals in determination of the Securitization Value for the Series 2023-1 or in cash flow scenarios by DBRS Morningstar.
- The transaction is an inaugural 144A term securitization sponsored by Equify, which has been operating since 2011. Nevertheless, the Company's senior management team includes seasoned professionals with significant experience in the equipment finance industry, including former roles at GE Capital and Financial Federal Credit, Inc.

- DBRS Morningstar performed an onsite operational risk review and deems Equify to be an acceptable originator and servicer of equipment backed leases and loans. Equify will be the Servicer and Administrator, and U.S. Bank National Association will be the Back-Up Servicer.
- The collateral pool exhibits moderate obligor concentrations, with the largest, five largest, and 10 largest obligors accounting for approximately 5.1%, 20.5%, and 33.8% of the Aggregate Securitization Value on the Initial Cut-Off Date. The collateral is also concentrated geographically, with obligors located in Texas accounting for 62.8% of the Aggregate Securitization Value as of the same date. The financed assets are of essential use to the applicable obligor and generally could be used in variety of business applications. The largest obligor industries are represented by construction (approximately 51.7% of the Aggregate Securitization Value) and transportation (38.5%). The collateral pool as of August 31, 2023, also included (approximately 4.5% of the Aggregate Securitization Value) loans to the existing higher quality/long-standing customers of Equify which are secured by the first lien on commercial property with high coverage by the appraised value for such properties.
- The transaction is supported by an established structure and is consistent with DBRS Morningstar's *Legal Criteria for U.S. Structured Finance* methodology. Legal opinions covering true sale and non-consolidation will also be provided.

Company Description

Established in 2011 and based in Fort Worth, Texas, Equify is a privately owned independent, finance company providing secured financing collateralized primarily by heavy construction and transportation-related equipment nationwide to businesses with annual revenues typically below $10 million, which operate in the general construction, transportation, energy, and industrial markets. Equify focuses on financing new and used revenue-producing equipment from major manufacturers that is movable, has an economic life longer than the term financed, is not subject to rapid depreciation in value, can be used across a variety of business applications and can be readily sold through multiple realization channels and resale markets. In early 2023, Equify began to diversify its business mix by expanding into the small-ticket equipment financing space, focusing on the same industries. As of August 31st, none of the small-ticket contracts were included in the 2023-1 pool.

Since inception, the Company extended approximately $2.3 billion in new financing to 357 borrowers. As of July 31, 2023, Equify's portfolio of assets totaled approximately $486.3 million across 714 contracts and 407 customers.

Equify’s senior management team comprises seasoned professionals with significant experience in the equipment finance industry, including former roles at GE Capital and Financial Federal Credit, Inc. As of June 2022, Equify employed 59 people, including six members of Credit Underwriting team and nine employees in the Collections team (including an asset manager, two valuation specialists, and four asset inspectors).

Equify believes in a high-touch, relationship-driven approach to loan origination and relationship management, which is conducted through their team of regional sales managers (RSMs). RSMs also proactively engage in portfolio monitoring and loss mitigation efforts. Thus, the RSMs are required to personally visit a customer within 30 days of a new financing and are expected to visit the existing customers quarterly (both for new opportunities and credit monitoring). Approximately, 80% of all large- and mid-ticket originations are direct to customer. Equify's credit philosophy is built around the value of collateral securing the financing it provides. The Company targets the underserved customers who may have a limited access to traditional bank financing, yet own equipment retaining material asset value and have a proven track record of debt servicing. Equify employs the appraisers with significant industry experience to estimate orderly liquidation values (OLV) of collateral assets, which are then used to set the advance rates and loan-to-value (LTV) exposure to the customer over the life of financing. Equify also employs four asset inspectors which examine assets to be financed or repossessed, with collected information being relayed to the appraisers. The Company may also include additional security from a blanket lien on the borrower's assets, personal guarantees and unencumbered real estate holdings.

Equify offers different financing products to its borrowers including term loans, lines of credit, and leasing options. The primary form of financing extended by Equify are amortizing secured term loans. The Company also provides financing in form of equipment lease. Commitment amounts are determined by assessing the advance rate and projected amortization schedule against the anticipated OLV of equipment collateral over the life of financing. The OLV determination relies on the appraisers' experience and considers recent auction values, current market conditions, and anticipated trends. The financing is extended over a short period of time, often ranging from 24 to 48 months.

Opportunistically, the Company has been extending a limited number of the short-term (seven years or less), amortizing (typically, to 65% of outstanding balance) loans to the higher credit tier/long-standing customers of Equify, which are secured by the first lien on commercial property with high coverage by the appraised value for such properties. The appraisals are provided by the third-party appraisers with experience in commercial real estate. All such loans have been extended to existing equipment financing customers with zero incidence of loss since 2012. Five of such loans are included in the collateral pool for the transaction.

Originations and Underwriting

Originations:

Equify's business model is relationship-driven, with many new originations sourced through its relationship network developed over the years using its RSM's contacts with equipment vendors, brokers, revolver-only lenders, and finance and insurance staff of equipment manufacturers. Equify does not actively source new opportunities through general advertising and is not aggressively participating in bidding for new transactions involving multiple loan proposals from different lenders. Equify's RSMs are organized under regional managers by geographic territories. Origination efforts are mostly in the form of face-to-face solicitation by sales representatives, following up on the dealer or broker referrals, cold call prospecting, and targeted email campaigns with its existing book of customers in combination with some social media generated leads. Approximately, 20% of mid- and large-ticket origination volume is generated through brokers and dealers. All dealers and brokers are approved either through a formal agreement diligence and/or the process involving verification of licenses, references, financials, and business history.

For new loans, the RSMs, and for repeat/additional funding, account managers are responsible for preparation of the comprehensive credit evaluation and application package or an update to the existing credit file, as applicable. The credit package, which is submitted to Equify's credit underwriting team for review and decisioning, covers the prospective borrower's ability to service the loan and the assessment of whether the collateral equipment and credit profile meet Equify's underwriting criteria.

The submitted credit package typically contains three or more years of a prospective borrower's financial statements, accounts payable aging reports, proposed loan term sheet, insurance information, equipment details and initial valuation data, purchase invoice (if new equipment), pipeline and work-in-progress reports, accounts receivables reports, referrals, credit bureau scores, and guarantors' personal financial statements. Particular focus is placed on gathering a significant amount of detail on the collateral equipment including make, model, age, hours/mileage, condition, intended usage, and other details. These data are used for a preliminary desktop valuation assessment to determine an approximate liquidation value to be used in underwriting. The asset valuation largely drives the preliminary term sheet offered to the customer. If the initial terms are acceptable to a prospective borrower, the credit package is forwarded to the credit underwriting team for the more comprehensive analysis.

Underwriting:

Equify's credit philosophy is built around the six "C's" of credit underwriting, including the following:

	Focus On	**Ways to Assess**
Character	Borrower's general trustworthiness, credibility and personality	Past work experience, credit history, credentials, references, reputation and interaction with lenders
Cash Flow	Ability of business to service debt	Financial metrics, credit score, borrowing and repayment history
Capacity	Amount of capital invested by business owner/management	Leverage metrics, degree of investment by owner/management team in the business
Conditions	Potential impact from business condition and macro and industry trends on ability to service debt	Analysis of competitive landscape, supplier and customer relationships, and macro/industry-specific issues
Collateral	Value of assets	Appraisal and evaluation of hard assets (real estate, equipment), working capital and owner's personal assets
Common Sense	Intuitive assessment by senior management based on experience	From industry and work experience and market/economic research

Equify has two primary underwriting processes. An application-only scoring system for transactions less than $500,000, generated through a vendor/dealer network and a direct full financial review underwriting process for larger, more complex transactions.

While Equify uses a significant amount of automation, technology, and data to assist its credit analysts, the Company's credit process does not use the algorithmic scoring procedures. The analysts review all applications and complete the proprietary scorecard designed to ensure consistency across credit underwriting, along with providing guidance in credit decisions such as pricing. The underwriting process covers the analysis of corporate credit of a borrower and personal credit of the owner(s) and the guarantor(s), as well as an in-depth review of all collateral equipment. Equify uses both third-party and proprietary risk rating data to assign risk ratings to its existing and new customers. Risk ratings are determined by utilizing a combination of internal scoring methods and external credit analysis tools, including those sourced from Moody's Investor Service (RiskCalc) and Equifax (PayNet). Other third-party sources used during the underwriting process include PayNet, LexisNexis and a SAFER report from the Department of Transportation, which offers company safety data. The analyst also conducts an interview (typically, on site) with a prospective borrower and completes reference checks.

Equify places particular importance to the review of proposed collateral. Equipment evaluation process begins with a desktop appraisal, presented by the RSM to a prospective borrower to qualify the deal. During the next step, the inspection of the assets is requested and performed at the customer's site by one of the Company's equipment inspectors who physically check the equipment and verify equipment details (including proof of ownership to ensure clean title). The information is then used by the asset valuation team to assess the projected OLV curve for a contemplated financing based on a 12-month increments. Equify usually applies a market data approach to the valuation of the collateral, with a substantial reliance on real market data from various sources including:

- Ritchie Bros. Auctioneers and subsidiaries;
- Dealer websites;
- Machinery Trader and subsidiaries;
- Realtime sellers; and
- Industry news.

The asset valuation team attempts to base its decision on the closest comparable equipment data and takes into consideration removal costs, freight, and wear items. Equify periodically re-values the collateral as market conditions require, which requires another review of the assets and their condition on site. If there are any change to maintenance plans, it is quickly flagged and investigated.

Credit decisions and proposed terms of the equipment financing are determined based on a combination of factors, such as the review of a prospective borrower's business and financial condition, including the assigned risk rating, the value of equipment and various other factors such as the liquidity position of any guarantors, fraud indicators, and other considerations.

All credit applications require the approval of at least two Equify's credit personnel (based on credit authority levels). For repeat customers, the approval threshold is based on the aggregate relationship size, rather than only the contemplated extension of credit. The approval authority ranges from up to $550,000 to $5.5 million. Credit extensions in excess of $5.5 million require approval by the board.

Once the proposed terms are accepted by a customer, the transaction documentation is typically prepared by Equify's in-house team. The documentation team also verifies proof of insurance and makes necessary UCC-filings (asset-specific or all-assets) to ensure proper lien perfection. Equify requires that the customer maintain physical damage coverage which is tracked monthly.

Portfolio Management and Servicing

Equify's in-house collections team handles all post-origination activities related to the ongoing management, monitoring, and collection of loans in the portfolio and is responsible for data entry, invoice preparation and submission, UCC statement filings, collections, property taxes, insurance compliance and other areas of customer service. The collections team typically works in cooperation with an RSM to resolve delinquencies and mitigate losses and includes a team of asset inspectors to physically inspect and evaluate equipment collateral at both the underwriting stage and periodically throughout the life of the loan or lease.

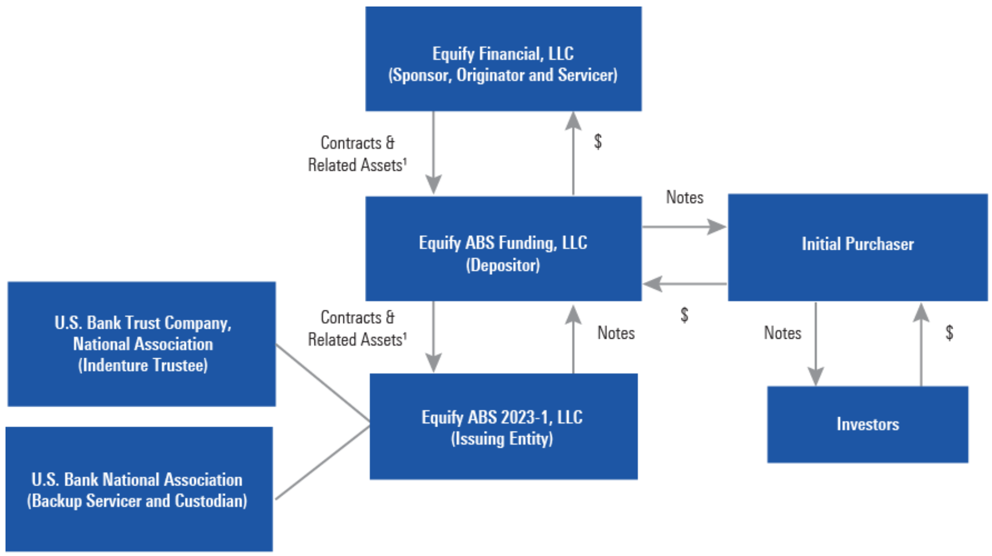
When a borrower fails to make a required loan payment, the account is classified as delinquent, and collections are pursued by the collections team with assistance from the RSM responsible for the customer relationship. All Equify's RSMs receive lists of delinquent borrowers weekly, color coded by severity. The sales managers then coordinate with the collections team to engage with the obligors directly to understand the issue and attempt to work with them. Customers are contacted via phone and email when the account is 15 days past due. After 30 days of delinquency, Equify will increase the intensity of attempts to establish contact with the customer and secure payment or verbal commitment to pay within a predetermined period of time.

Typically after 90 days past due, Equify's management team determines whether or not to reclassify a loan to non-accrual status based on customer responsiveness, payment status, and financial outlook. Loans and leases in nonaccrual status are pursued directly by the vice president of collections with increasing intensity, including higher frequency of inspections and site visits by the RSM in an attempt to assist the client. If attempts to conduct site visits and inspections are not successful, the RSM will escalate the contract to repossession. Generally, after an account has been deemed uncollectible, the difference between the estimated equipment value and the outstanding loan amount (if negative) is written off. The written-off accounts are typically referred to external legal counsel to initiate legal action against the borrower and any personal guarantors. An account is typically written off when an obligor's account has been foreclosed or if the payments are 180 days past due. Post write-off collection efforts also include pursuing further recoveries through a guarantor or sale of assets. If the collateral is repossessed, Equify typically attempts to sell the asset within 90 days.

Maintaining frequent communications with a customer and close portfolio monitoring by Equify often result in proactive remediation of potential defaults. Willingness to work with underbanked borrowers and help them fight through temporary business downturns is an important component of Equify's value proposition, which also has led to historically low incidence of defaults and losses. Thus, if a customer experiences period of tight liquidity deemed temporary because of the loss of a key customer, seasonal swings in volume, gaps in construction project timing, and other similar situations, the Company would offer flexibility, such as temporary deferment of principal payments, while also seeking to improve its overall risk/return position. Every loan modification requires full underwriting review of both the borrower and the underlying asset collateral.

Transaction Structure

Structural Summary



The Payment Dates are on the 15th day of each month, beginning on November 15, 2023. The Notes are expected to be offered with a fixed rate of interest. Interest will accrue during each Interest Accrual Period and will be payable to the Noteholders on the related Payment Date. Interest on each class of Notes will be calculated on the basis of a 360-day year consisting of 12 30-day months. The principal of the Notes will amortize sequentially in accordance with the order of seniority. DBRS Morningstar provisionally rated each class of the Notes based on (1) timely payment of interest on each Payment Date and (2) full repayment of principal by the Legal Final Maturity Date for such class.

Priority of Payments

Prior to the acceleration of the Notes following an Event of Default, on each Payment Date, the Paying Agent will (i) distribute to the Servicer, from amounts on deposit in the Collection Account, an amount equal to any supplemental servicing fees and unrelated amounts (to the extent not previously retained by the Servicer) deposited into the Collection Account during the related calendar month, and (ii) make the following payments and deposits from available funds in the Collection Account (including funds, if any, deposited from the Reserve Account) in the following order of priority:

1. To the servicer, the servicing fee for the related collection period and any unpaid servicing fees and to any successor servicer, any accrued and unpaid fees, reasonable expenses, and indemnification amounts; provided, however, such expenses and indemnification amounts payable to the successor servicer will be limited to $150,000 per annum in the aggregate;
2. Pro rata, (x) to the backup servicer, the indenture trustee, the paying agent, the note registrar, the intermediary, the SUBI trustee, and the custodian, any accrued and unpaid fees, reasonable expenses, and indemnification amounts; provided, however, such expenses and indemnification

amounts will be limited to $300,000 per annum in aggregate, and (y) to the successor servicer, if any, the successor servicer engagement fee plus any transition expenses, not to exceed $125,000;

3. To the Class A Noteholders, interest on the Class A Notes;
4. To the Noteholders, the First Allocation of Principal;
5. To the Class B Noteholders, interest on the Class B Notes;
6. To the Noteholders, the Second Allocation of Principal;
7. To the Class C Noteholders, interest on the Class C Notes;
8. To the Noteholders, the Third Allocation of Principal;
9. To the reserve account, an amount required to cause the amount of cash on deposit in the reserve account to equal the specified reserve account balance;
10. To the Noteholders, the Regular Allocation of Principal;
11. Pro rata, based on amounts due, to the successor servicer, the backup servicer, the indenture trustee, the paying agent, the note registrar, the intermediary, the SUBI trustee and the custodian, any amounts payable to them under clauses first and second above, but not paid due to the application of any cap;
12. After payment to the Issuer to pay its operating expenses, to the holders of the certificates, the remaining amount, if any.

First Allocation of Principal means, with respect to any Payment Date, an amount equal to the excess, if any, of (a) the sum of the Note Balances of the Class A Notes as of such Payment Date (before giving effect to any principal payments made on the Class A Notes on such Payment Date) over (b) the Aggregate Securitization Value as of the end of the related Collection Period; provided, however, that the First Allocation of Principal for any Payment Date on and after the Legal Final Maturity Date for any Class of Class A Notes shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class A Notes to zero.

Second Allocation of Principal means, with respect to any Payment Date, an amount equal to (1) the excess, if any, of (a) the sum of the Class A Note Balance and the Class B Note Balance as of such Payment Date (before giving effect to any principal payments made on the Class A Notes and the Class B Notes on such Payment Date) over (b) the Aggregate Securitization Value as of the end of the related Collection Period minus (2) the First Allocation of Principal for such Payment Date; provided, however, that the Second Allocation of Principal on and after the Legal Final Maturity Date for the Class B Notes shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class B Notes to zero (after the application of the First Allocation of Principal).

Third Allocation of Principal means, with respect to any Payment Date, an amount equal to (1) the excess, if any, of (a) the sum of the Class A Note Balance, the Class B Note Balance, and the Class C Note Balance as of such Payment Date (before giving effect to any principal payments made on the Class A Notes, the Class B Notes, and the Class C Notes on such Payment Date) over (b) the Aggregate Securitization Value as of the end of the related Collection Period minus (2) the sum of the First Allocation of Principal and the Second Allocation of Principal for such Payment Date; provided, however, that the Third Allocation of Principal on and after the Final Scheduled Payment Date for the Class C

Notes shall not be less than the amount that is necessary to reduce the outstanding principal amount of the Class C Notes to zero (after the application of the First Allocation of Principal and the Second Allocation of Principal).

Regular Allocation of Principal means, with respect to any payment date, an amount not less than zero equal to (1) the excess, if any, of (a) the Note Balance of the notes as of such payment date (before giving effect to any principal payments made on the notes on such payment date) over (b) (i) the Aggregate Securitization Value as of the end of the related Collection Period less (ii) the Targeted Overcollateralization Amount minus (2) the sum of the First Allocation of Principal, the Second Allocation of Principal and the Third Allocation of Principal for such payment date.

Targeted Overcollateralization Amount means, for any payment date, an amount equal to 14.50% of the Aggregate Securitization Value as of the Initial Cut-Off Date.

Controlling Class means, with respect to any notes outstanding, the Class A notes as long as any Class A notes are outstanding, and thereafter, the Class B notes as long as any Class B notes are outstanding, and thereafter, the Class C notes as long as any Class C notes are outstanding.

Events of Default

- A default in the payment of any interest on any note of the Controlling Class when the same becomes due and payable, and such default continues for a period of five business days or more;
- A default in the payment of principal of any note on the related final scheduled payment date or the redemption date;
- Any failure by the issuing entity to duly observe or perform in any respect any of its covenants or agreements made in the indenture (other than a covenant or agreement, a default in the observance or performance of which is elsewhere specifically dealt with), which failure materially and adversely affects the rights of the noteholders, and which continues unremedied for a period of 60 days (or for such longer period not in excess of 90 days as may be reasonably necessary to remedy that failure; provided, that such failure is capable of remedy within 90 days);
- Any representation or warranty of the issuing entity made in the indenture proves to have been incorrect in any respect when made, which failure materially and adversely affects the rights of the noteholders, and which failure continues unremedied for a period of 60 days (or for such longer period not in excess of 90 days as may be reasonably necessary to remedy that failure; provided, that such failure is capable of remedy within 90 days); and
- The occurrence of certain events (which, if involuntary, remain unstayed for a period of 90 consecutive days) of bankruptcy, insolvency, receivership, or liquidation of the issuing entity.

If any delay or failure of performance referred to in the first two bullets above shall have been caused by Force Majeure, the five business day grace period may be extended for an additional five business days. If any delay or failure of performance referred to in the third and fourth bullets above shall have been caused by Force Majeure, the grace period may be extended for an additional (30) days.

Force Majeure means events, circumstances or forces beyond an entity's control, including, without limitation, a failure of any other party to perform their responsibilities, nationalization, expropriation, currency restrictions, the interruption, disruption or suspension of the normal procedures and practices of any securities market, power, mechanical, communications or other technological failures or interruptions, computer viruses or the like, loss or malfunctions of utilities, communications or computer (software and hardware) services, fires, floods, earthquakes or other natural disasters, pandemics, epidemics, civil or military disturbance, acts of war or terrorism, riots, revolution, acts of God or nature, sabotage, work stoppages, strikes, lockouts, riots, accidents, national disasters of any kind, nuclear or natural catastrophes, or other similar events or acts.

Servicer Replacement Events

- Failure by the Servicer to deliver, or cause to be delivered, any required payment to the Indenture Trustee for distribution to the Noteholders, which failure continues unremedied for five business;
- Failure by the Servicer to duly observe or perform in any respect any other of its covenants or agreements in the Sale and Servicing Agreement, which failure materially and adversely affects the rights of the Issuer or the Noteholders and which continues unremedied for 90 days; and
- the Servicer suffers a Bankruptcy Event.

Provided, however, that (A) if any delay or failure of performance referred to in the first bullet above shall have been caused by Force Majeure, the grace period may be extended for an additional five business days, and (B) if any delay or failure of performance referred to in the second bullet above shall have been caused by Force Majeure, the grace period may be extended for an additional 30 calendar days.

Credit Enhancement

Hard credit enhancement for the Notes will consist of OC, cash reserve account, and in the case of the Class A Notes and the Class B Notes, subordination. "Soft" credit enhancement will be any interest proceeds from the Contracts in excess of the transaction's senior expenses and interest on the Notes.

Overcollateralization (OC)

Overcollateralization is the amount by which the Aggregate Securitization Value exceeds the aggregate outstanding Note Balance. OC means there will be additional Contracts generating collections that will be available to cover losses. The initial amount of OC will be equal to 13.00% of the Aggregate Securitization Value as of the Initial Cut-Off Date, growing to a target level that will equal to 14.50% of the initial Aggregate Securitization Value.

This transaction is structured to make principal payments on the Notes in an amount greater than the decrease in the Aggregate Securitization Value until a targeted level of OC is reached. After that point, principal payments on the Notes will be made in an amount sufficient to maintain the targeted level of OC.

Reserve Account

On the closing date, the Reserve Account will be funded in an amount equal to 1.50% of the Aggregate Securitization Value as of the Initial Cut-Off Date. On each Payment Date, the amount of cash on deposit in the Reserve Account will be replenishable, subject to availability of funds and priority of payments. The Specified Reserve Account Balance will remain an amount equal to 1.50% of the Aggregate Securitization Value as of the Initial Cut-Off Date.

The reserve account will be available to cover interest shortfalls as well as to reduce the Note Balance to the amount at least equal the Aggregate Securitization Value and to pay down the remaining principal balance of the Notes on the last Payment Date.

Subordination

Subordination for the Class A Notes equals 23.40% of the initial Aggregate Securitization Value and comprises the Class B and Class C Notes. Subordination for the Class B Notes equals 16.10% and represents the Class C Notes.

Payments of interest on subordinate classes of Notes on any Payment Date will be made only to the extent that available funds remain after making all distributions of interest on the more senior classes of Notes and paying fees, expenses, and indemnities due to the Transaction's parties (subject to a cap, as applicable) as well as reducing the principal amount of the more senior classes of Notes to the amount at least equal to the Aggregate Securitization Value on such Payment Date.

Excess Spread

Since more interest (or the implicit interest component of lease payments) is expected to be paid by the obligors in respect of the Contracts than is necessary to pay transaction's senior fees and expenses, amounts required to be deposited in the Reserve Account, if any, and interest on the Notes each month, the transaction is expected to benefit from excess interest. Any excess spread will be applied on each Payment Date as an additional source of available funds for distribution in accordance with the Priority of Payments.

Collateral

As of the Initial Cut-Off Date of August 31, 2023, the collateral pool had an Aggregate Securitization Value of approximately $181.6 million and comprised 348 contracts with 166 obligors. As of the same The WA total payments for the collateral pool is 50 months, with a meaningful degree of seasoning of approximately 13 months. The WA yield for the collateral pool is approximately 12.227%.

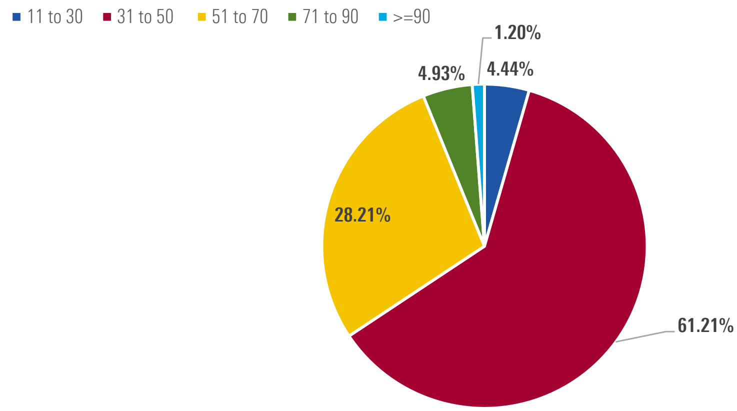
Transaction	2023-1
Aggregate Securitization Value ($)	181,599,301
Number of Contracts	348
Number of Customers	166
Avg Securitization Value ($)	521,837
WA Remaining Payments	37.60
WA Total Payments	50.09
WA Yield (%)	12.23

Transaction	2023-1
Distribution by Contract Type (% of Securitization Value)	
Loan and Finance Leases	96.00
Tax/True Lease	4.00
Geographic Mix (Top 5 States) (% of Securitization Value)	
1	TX 62.80
2	IL 8.36
3	AZ 4.49
4	CA 4.43
5	AL 3.22
Total Payments (% of Securitization Value)	
11 to 30	4.44
31 to 50	61.21
51 to 70	28.21
71 to 90	4.93
>=91	1.20
Remaining Payments (% of Securitization Value)	
1 to 30	28.57
31 to 50	57.05
51 to 70	10.62
>=71	3.77

The collateral pool for the Notes exhibits moderate obligor concentrations, with the largest, top five, and top 10 obligors accounting for 5.1%, 20.5%, and 33.8%, respectively, of the Aggregate Securitization Value as of the Initial Cut-Off Date. Furthermore, approximately 54% of the Aggregate Securitization Value are represented by transactions with the 20 largest obligors. The top two customer industries—construction and transportation, together account for 90.2% of the Securitization Value. In addition, the collateral pool includes five commercial real estate-backed loans to the long-standing, higher credit tier customers of Equify, which together account for 4.5% of the Securitization Value. The collateral pool is concentrated geographically with obligors located in Texas accounting for 62.8%. .

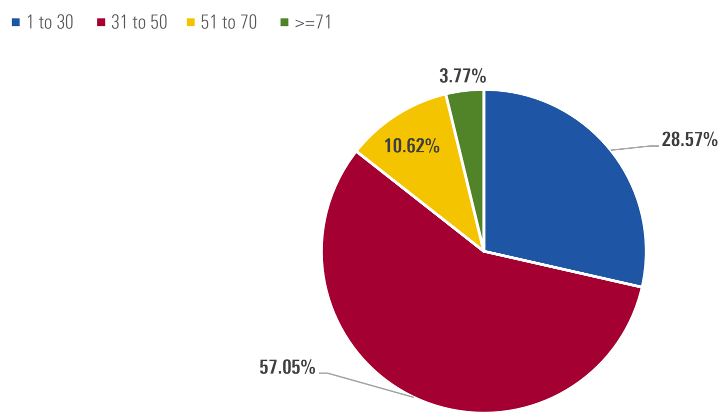
The following exhibits illustrate the collateral pool mix by original and remaining term (in each case, as a percentage of the Aggregate Securitization Value).

Exhibit 1 Collateral Pool Mix by Total Payment (August 31, 2023)



Source: Equify.

Exhibit 2 Collateral Pool Mix by Remaining Payment (August 31, 2023)



Source: Equify Financial LLC

Cash Flow Analysis

In its cash flow scenarios, DBRS Morningstar applies stresses to several key variables, which may affect payment profile of the rated obligations, in order to test whether the transaction's cash flows can withstand potential deterioration in collateral performance at each rating level. Key cash flow variables that are stressed include the following:

- Defaults and cumulative net losses;
- Recoveries and recovery lag;
- Timing of defaults and/or losses;
- Prepayments; and
- Aggregate senior expenses in the transaction.

DBRS Morningstar utilized a combination of (a) the pool-based analysis based on the comparable proxy data to assess its stressed CNL for the transaction and (b) the obligor-by-obligor review for top 20 obligors to better understand underlying credit and collateral coverage and to assess the stressed recovery rate assumption at each rating level for the collateral pool.

Because Equify has experienced limited and intermittent defaults and charge-offs from its inception to date, the cumulative gross loss assumption for the collateral pool was developed using proxy data for collateral pools originated and securitized by comparable large-ticket and mid-ticket non-captive lessors. Specifically, DBRS Morningstar reviewed the composition and characteristics of the collateral pool versus the collateral composition of several large-ticket and mid-ticket originators. The historical performance of comparable collateral was taken into account in determining the expected default rate for the transaction.

Based on the reviewed information, DBRS Morningstar assumed the expected cumulative gross default rate of 18.50% in its cash flow scenarios for the Notes. DBRS Morningstar also assumed the stressed recovery rates of 64.41% (in a double-A scenario), 67.85% (in a single-A scenario), and 79.06% (in a triple-B scenario) as the respective recovery rate assumptions in its cash flow scenarios for the transaction and applied the stress multiples commensurate with each rating level.

The expected transaction cash flows were tested using three default timing curves, which have been shortened to accommodate the relatively short WA life of collateral pool and high stressed default rate, in order to determine the impact of timing of defaults and losses. In addition, a lag of nine months was assumed for recoveries.

Because of the relatively high stressed default rate used in the cash flow scenarios and based on the historical experience of Equify, prepayments in the stressed scenarios were not expected to be material. Therefore, the prepayment speed assumption used in the cash flow scenarios was varied from zero CPR to six CPR in all default timing scenarios.

In addition, DBRS Morningstar did not assign any credit to booked residuals, which will be pledged by the Issuer as additional collateral, in its cash flow scenarios for the Notes.

The cash flow scenarios also include senior transaction expenses (up to the amount of specified cap, where applicable).

Please refer to Appendix A for additional cash flow assumption details.

Legal Structure and Opinions

On the Closing Date, the counsel to the Issuer will render opinions indicating the true sale of the assets from the Originator to the Depositor and from the Depositor to the Issuer, and the enforceability of the documents against the applicable transaction parties. Counsel to Equify will also render an opinion stating that the Indenture and the pledges and grants thereunder create a valid security interest in the collateral pool for securing payment of the obligations of the Issuer, and that the creditors of the Sponsor could not successfully look to the assets of the Issuer for satisfaction of such parties' obligations. In addition, the transaction structure, representations and warranties and documentation are reviewed for consistency with the DBRS Morningstar *Legal Criteria for U.S. Structured Finance*.

Appendix A–Cash Flow Details

Class	Size ($)	Collateral (%)	Hard Credit Enhancement (%)	Coupon (%)	DBRS Morningstar Stressed CNL Hurdle Rate (%)	Rating	Constraining Scenario (%)
A	115,497,000	63.60	37.90	[TBD]	28.97	AA (sf)	Front/6 CPR
B	13,256,000	7.30	30.60	[TBD]	21.41	A (sf)	Front/0 CPR
C	29,238,000	16.10	14.50	[TBD]	10.46	BBB (sf)	Front/6 CPR
Total Notes	157,991,000	87.00					
Initial OC	23,608,301	13.00					
Aggregate Securitization Value	181,599,301	100.00					

	Initial	Target	Floor
OC (%)[1]	13.00	14.50	14.50
Reserve Account (%)[2]	1.50	1.50	1.50

1 Target OC is calculated as a percentage of initial Aggregate Securitization Value.
2 Reserve Account is calculated as percentage of initial Aggregate Securitization Value and is nondeclining.

Model Assumptions	
Stressed Recovery Rate (%)[3]	**
Charge-Off Lag (months)	6
Recovery Lag (months)	9
Residual Credit(%)	N/A

3 Rating dependent
AA (sf) 64.4%
A (sf) 67.8%
BBB (sf) 79.1%

Model Prepayment Scenarios	
1	0 CPR
2	6 CPR

Default Timing Curves	Front (%)	Middle (%)	Back (%)
Year 1	70	50	40
Year 2	30	50	60

Structural Highlights	
Name	
Prefunding Period	None
Principal Amortization	Sequential
“Full Turbo” Principal	No
Discount Rate (%)[4]	12.377**

Transaction Fees & Expenses[5]	
Servicing Fee (%)	1.00 per annum
Trustee Fee ($)	3,000 monthly
Custodian Fee ($)	750 monthly
Successor Servicer Engagement and Transition Expenses ($)	125,000 in month 1
Expenses Cap ($)	450,000 per annum

4 DBRS Morningstar typically assumes the maximum fees and expenses considered in the waterfall. DBRS Morningstar runs any one-time fees and expenses in the earliest period possible.

Appendix B — Environmental, Social and Governance (ESG) Considerations

Environmental, Social and Governance (ESG) Checklist

ESG Factor		ESG Credit Consideration Applicable to the Credit Analysis: Y/N		Extent of the Effect on the ESG Factor on the Credit Analysis: Relevant (R) or Significant (S)*
Environmental		**Overall:**	**N**	**N**
	Emissions, Effluents, and Waste	Do the costs or risks result in a higher default risk or lower recoveries for the securitized assets?	N	N
	Carbon and GHG Costs	Do the costs or risks related to GHG emissions, and related regulations and/or ordinances result in higher default risk or lower recoveries of the securitized assets?	N	N
		Are there potential benefits of GHG-efficient assets on affordability, financeability, regulatory compliance, or future values (recoveries)?	N	N
		Carbon and GHG Costs	**N**	**N**
	Climate and Weather Risks	Are the securitized assets in regions exposed to climate change and adverse weather events affecting expected default rates, future valuations, and/or recoveries, considering key IPCC climate scenarios up to a 2°C rise in temperature by 2050?	N	N
	Passed-through Environmental credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by environmental factors (see respective ESG checklist for such issuer)?	N	N
Social		**Overall:**	**N**	**N**
	Social Impact of Products and Services	Do the securitized assets have an extraordinarily positive or negative social impact on the borrowers and/or society, and do these characteristics of these assets result in different default rates and/or recovery expectations?	N	N
		Does the business model or the underlying borrower(s) have an extraordinarily positive or negative effect on their stakeholders and/or society, and does this result in different default rates and/or recovery expectations?	N	N
		Considering changes in consumer behavior or secular social trends: does this affect the default and/or loss expectations for the securitized assets?	N	N
		Social Impact of Products and Services	**N**	**N**
	Human Capital and Human Rights	Are the originator, servicer, or underlying borrower(s) exposed to staffing risks and could this have a financial or operational effect on the structured finance issuer?	N	N
		Is there unmitigated compliance risk due to mis-selling, lending practices, or work-out procedures that could result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
		Human Capital and Human Rights	**N**	**N**
	Product Governance	Does the originator's, servicer's, or underlying borrower(s)' failure to deliver quality products and services cause damage that may result in higher default risk and/or lower recovery expectations for the securitized assets?	N	N
	Data Privacy and Security	Does the originator's, servicer's, or underlying borrower(s)' misuse or negligence in maintaining private client or stakeholder data result in financial penalties or losses to the issuer?	N	N
	Passed-through Social credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by social factors (see respective ESG checklist for such issuer)?	N	N
Governance		**Overall:**	**N**	**N**
	Corporate / Transaction Governance	Does the transaction structure affect the assessment of the credit risk posed to investors due to a lack of appropriate independence of the issuer from the originator and/or other transaction parties?	N	N
		Considering the alignment of interest between the transaction parties and noteholders: does this affect the assessment of credit risk posed to investors because the alignment of interest is inferior or superior to comparable transactions in the sector?	N	N
		Does the lack of appropriately defined mechanisms in the structure on how to deal with future events affect the assessment of credit risk posed to investors?	N	N
		Considering how the transaction structure provides for timely and appropriate performance and asset reporting: does this affect the assessment of credit risk posed to investors because it is inferior or superior to comparable transactions in the sector?	N	N
		Corporate / Transaction Governance	**N**	**N**
	Passed-through Governance credit considerations	Does this rating depend to a large extent on the creditworthiness of another rated issuer which is impacted by governance factors (see respective ESG checklist for such issuer)?	N	N
		Consolidated ESG Criteria Output:	**N**	**N**

* A Relevant Effect means that the impact of the applicable ESG risk factor has not changed the rating or rating trend on the issuer.
A Significant Effect means that the impact of the applicable ESG risk factor has changed the rating or trend on the issuer.

ESG Considerations

Environmental
There were no environmental factors that had a relevant or significant effect on the credit analysis. For more details about which environmental factors could have an effect on the credit analysis, please refer to the checklist above.

Social
There were no social factors that had a relevant or significant effect on the credit analysis. For more details about which social factors could have an effect on the credit analysis, please refer to the checklist above.

Governance
There were no governance factors that had a relevant or significant effect on the credit analysis. For more details about which governance factors could have an effect on the credit analysis, please refer to the checklist above.

The above ESG discussion relates to credit risk factors that could impact the issuer's credit profile and, therefore, the ratings of the bonds. They are separate from ESG sustainability factors, which are generally outside the scope of this analysis. A description of how DBRS Morningstar considers ESG factors within the DBRS Morningstar analytical framework can be found in the *DBRS Morningstar Criteria: Approach to Environmental, Social, and Governance Risk Factors in Credit Ratings* at https://www.dbrsmorningstar.com/research/416784/dbrs-morningstar-criteria-approach-to-environmental-social-and-governance-risk-factors-in-credit-ratings.

Appendix C—Scope and Meaning of Financial Obligations

DBRS Morningstar credit ratings on the Class A, Class B, and Class C Notes address the credit risk associated with the identified financial obligations in accordance with the relevant transaction documents. For Information on the associated financial obligations, please refer to the corresponding press release published for this credit rating action.

DBRS Morningstar's credit rating does not address non-payment risk associated with contractual payment obligations contemplated in the applicable transaction document(s) that are not financial obligations. The associated contractual payment obligations that are not financial obligations are the related interest on unpaid Noteholder's Interest Carryover Shortfall for each of the rated notes.

DBRS Morningstar's long-term credit ratings provide opinions on risk of default. DBRS Morningstar considers risk of default to be the risk that an issuer will fail to satisfy the financial obligations in accordance with the terms under which a long-term obligation has been issued. The DBRS Morningstar short-term debt rating scale provides an opinion on the risk that an issuer will not meet its short-term financial obligations in a timely manner.

Notes:
All figures are in U.S. dollars unless otherwise noted.

This report is based on information as of September 27, 2023. Subsequent information may result in material changes to the rating assigned herein and/or the contents of this report.

About DBRS Morningstar

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We rate more than 4,000 issuers and nearly 60,000 securities worldwide, providing independent credit ratings for financial institutions, corporate and sovereign entities, and structured finance products and instruments. Market innovators choose to work with us because of our agility, transparency, and tech-forward approach.

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