PEFCO
PRIVATE EXPORT FUNDING CORPORATION

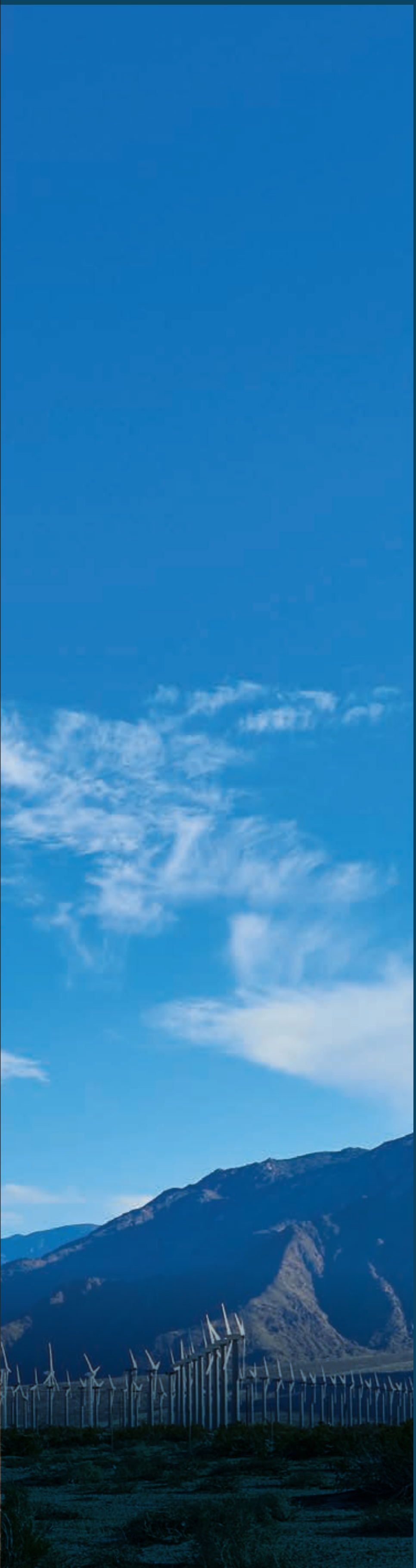
2022 ANNUAL REPORT

PRIVATE EXPORT FUNDING CORPORATION

FINANCING EXPORTS OF U.S. GOODS AND SERVICES

HERITAGE OF SUCCESS

founded by Assured Financing and Supporting American Exports



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TO OUR SHAREOWNERS:

RAJGOPALAN NANDKUMAR
PRESIDENT & CHIEF EXECUTIVE OFFICER

[LEFT]

RICHARD S. ALDRICH, JR.
EXECUTIVE CHAIRMAN

[RIGHT]

Fiscal 2022

PEFCO had another challenging year financially in fiscal 2022. PEFCO's loss for the year was $16.9 million or a net loss per share of $950.81, compared with a loss of nearly $21 million or a net loss of $1,179.86 per share for the previous fiscal year. As in fiscal 2021, the loss was primarily attributable to the continued shortage in PEFCO's principal business of EXIM-approved guaranteed long-term loans. In fiscal 2022, EXIM approved only $1.38 billion in long-term loans as it underwent new management changes with the incoming administration and undertook an overall review of its strategy and objectives. In 2022, PEFCO had long-term loan commitments of $50 million compared with loan commitments of $1.2 billion in 2021. PEFCO saw a similar decline in its participation in EXIM's medium-term guaranteed loan program due to reduced levels of EXIM's approval. PEFCO's medium-term loan commitments were $45 million in 2022 compared to $89 million in 2021. In addition, PEFCO's financial performance was impacted by scheduled loan amortizations and prepayments. At September 30, 2022, PEFCO's long-term EXIM guaranteed loan portfolio was $2.1 billion compared to $3.3 billion at September 30, 2021.

In fiscal 2022, PEFCO continued its initiative to source with lenders loans guaranteed by other Federal agencies including the U.S. International Development Finance Corporation ("DFC"; formerly, Overseas Private Investment Corporation) and with the Small Business Administration ("SBA"). In fiscal 2022, PEFCO purchased $27.3 million in loans from DFC and implemented a program to purchase loans guaranteed by the USDA. We also purchased $72.6 million of SBA guaranteed loans in the secondary market. Total commitments in loans guaranteed by other U.S. government agencies purchased by PEFCO from others was $120 million in 2022 compared with $57 million in 2021.

2022 also saw new management changes at EXIM including the confirmation of Reta Jo Lewis as President and Chair, Judith DelZoppo Pryor as First Vice President and Vice Chair and Owen Herrnstadt as Director. Throughout the year and into fiscal 2023, PEFCO's management has engaged in ongoing discussions with EXIM's new management on PEFCO's need to source loan assets as well as the status and prospects of EXIM's pipeline of loan approvals. On December 9, 2022, Chair Lewis and other members of EXIM's management addressed PEFCO's Board of Directors and confirmed EXIM's support of PEFCO's efforts to return to profitability going forward.

In 2022, Jennifer Strybel, UK Chief Operating Officer (COO), HSBC UK, was elected to our Board of Directors replacing Diane Reyes of HSBC who retired last year. We are grateful for the oversight and contribution of our Board of Directors in fiscal 2022.

Also, there were several changes in PEFCO's management: Gordon Hough, our Head of Lending since fiscal 2014 and David Daniels, our Controller, retired. Piers Constable, who ran Deutsche Bank's export credit agency team, joined PEFCO as a lending consultant and Vincent Herman rejoined PEFCO on a part-time basis for PEFCO's medium-term and the small business area.

We want to thank Chair Lewis and EXIM management for their support in PEFCO's furtherance of its mission to assist EXIM in the financing of U.S. exports. Lastly, we are grateful for the support and perseverance of PEFCO's devoted staff in these challenging times.

We wish everyone a safe and healthy 2023 as we look forward to the future with optimism with EXIM's continued support in returning the company to profitability.

Very truly yours,

Rajgopalan Nandkumar
President & Chief Executive Officer

Richard S. Aldrich, Jr.
Executive Chairman

On December 9, 2022, Chair Lewis and other members of EXIM's management addressed PEFCO's Board of Directors and confirmed EXIM's support of PEFCO's efforts to return to profitability going forward.

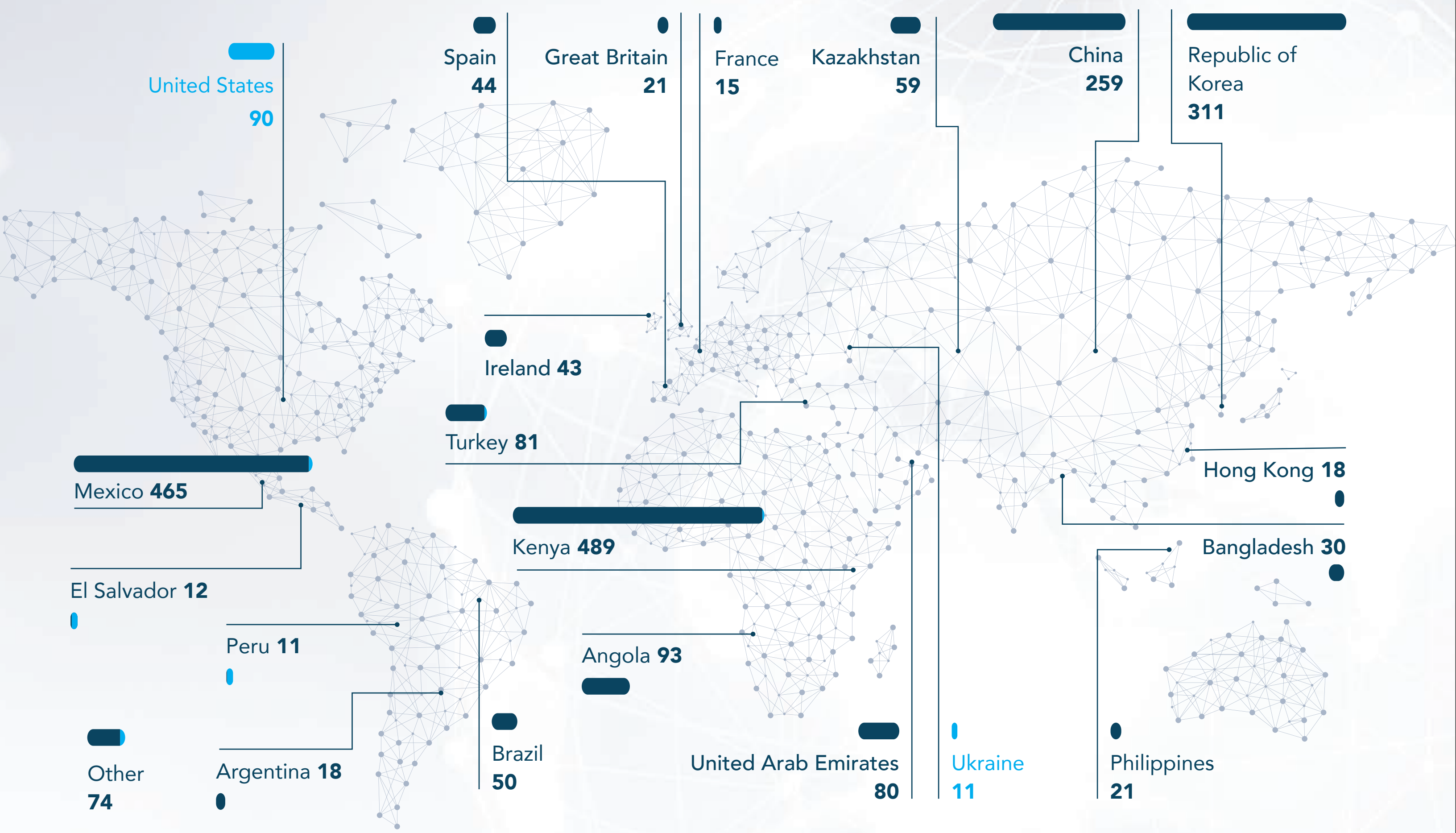
COMMITTED TO GROWING OPPORTUNITIES FOR AMERICA'S EXPORT BUSINESSES

We are focused on the growth of U.S. Exports. By helping our country compete, we open more markets and create more opportunities to grow our economy.

PRIVATE EXPORT FUNDING CORPORATION'S ("PEFCO") PROGRAMS HAVE ENABLED THE WORLD-WIDE EXPORT OF VARIOUS U.S. PRODUCTS. OUTSTANDING LOANS GUARANTEED OR INSURED BY THE EXPORT-IMPORT BANK OF THE U.S. ("EXIM"), THE U.S. INTERNATIONAL DEVELOPMENT FINANCE CORPORATION ("DFC"), THE U.S. DEPARTMENT OF AGRICULTURE ("USDA"), AND THE SMALL BUSINESS ADMINISTRATION ("SBA") AS OF SEPTEMBER 30, 2022 WERE AS FOLLOWS:

OUTSTANDING LOANS BY COUNTRY WERE:

(DOLLARS IN MILLIONS)



TOTAL $2,295 ● **EXIM** ● **OTHER U.S. AGENCIES**

OUTSTANDING LOANS BY PRODUCT WERE:

(DOLLARS IN MILLIONS)

Alternative Energy	9
Medical	10
Agricultural Products	10
Transportation	11
Power Generation	11
Construction Equipment	17
Other	43
SME/Micro Lending	54
Other Equipment & Materials	56
Telecommunications & Technology	166
Oil & Gas	356
Aviation	1,552

PEFCO NEW LOAN COMMITMENTS WERE $215 MILLION IN 2022, COMPARED TO NEW LOAN COMMITMENTS OF $1,402 MILLION IN 2021.

LENDING

PEFCO new loan commitments were $215 million in 2022, compared to new loan commitments of $1,402 million in 2021. New commitments in EXIM Medium-term Loan Programs were $45 million in 2022 and $89 million in 2021. New commitments in the EXIM Long-term Loan Programs were $50 million versus $1,211 million for the prior year. Commitments for the Supply Chain Finance Guarantee Program were $0 in 2022 versus $45 million in 2021. Loan Commitments for Other U.S. Government Guaranteed Programs were $120 million in 2022 and $57 million in 2021.

EARNINGS

PEFCO's net loss in 2022 was $16.9 million compared to net loss of $21.0 million in 2021. Net Financing Expense in 2022 was $12.8 million compared to Net Financing Expense of $17.1 million in 2021. The average financing revenue interest rate increased by 0.52% and the average financing expense interest rate increased by 0.48%

FUNDING

There were no new issuances of Medium-term Notes, Secured Notes, or Collateralized Notes in fiscal 2022. The PEFCO Board of Directors authorizes the issuance of Collateralized Notes under the Collateralized Notes Program subject to availability of eligible collateral. The Board has also approved notes issued under the Medium-term Note ("MTN") Program at $2.5 billion, less the amount of commercial paper outstanding. The annual issuance of Secured Notes is approved by both the EXIM Board of Directors and PEFCO Board of Directors.

DIVIDEND

PEFCO did not declare a dividend for the fiscal year ending September 30, 2022.

No. of Loan Commitments	Products	Amounts (in millions)
3	Construction Equipment	$ 13
3	Agricultural Products	11
3	Oil & Gas	3
3	Transportation	3
4	SME/Micro Lending	27
4	Telecom/Technology	3
9	Medical	6
20	Other Equipment & Materials	27
30	Aviation	81
51	Other	41
130		$ 215

PEFCO WAS INCORPORATED ON APRIL 9, 1970 UNDER DELAWARE LAW AND IS PRINCIPALLY ENGAGED IN MAKING U.S. DOLLAR LOANS TO FOREIGN IMPORTERS TO FINANCE PURCHASES OF GOODS AND SERVICES OF UNITED STATES MANUFACTURE OR ORIGIN.

PEFCO's shareowners include most of the major commercial banks involved in financing U.S. exports, industrial companies involved in exporting U.S. products and services, and financial services companies. PEFCO was established with the support of the U.S. Treasury, EXIM, and the member banks of BAFT to support the financing of U.S. exports through the mobilization of private capital as a supplement to the financing already available through EXIM, commercial banks and other lending institutions. EXIM has cooperated in the operation of PEFCO through various agreements described under "EXIM" (below) and in the "Notes to Financial Statements."

All loans made by PEFCO are covered as to the due and punctual payment of principal and interest by EXIM or other U.S. Government institutions, such as the DFC, the USDA, and the SBA, whose obligations are backed by the full faith and credit of the United States. PEFCO relies primarily upon this U.S. Government support and does not independently underwrite the credit risks associated with the borrowers, evaluate the economic conditions in domestic or foreign locations, or review other credit factors in committing to funding loan facilities.

PEFCO'S LENDING PROGRAMS

As a specialized lender, PEFCO is focused on originating or purchasing loan facilities under the official cover of EXIM, or other U.S. Government guarantors. PEFCO does not market or solicit exporters or borrowers directly, and therefore does not seek to displace others in the marketplace. In lending transactions, PEFCO works with banks, trade finance firms, and other lending partners in structuring a financing solution for a borrower. PEFCO supplements the lending capacity of these institutions by providing funding resources on new loan origination in coordination with the lending partner, and through providing offers to purchase loans in the secondary market.

The following sections describe PEFCO lending activity in long-term guaranteed loans, medium-term guaranteed loans, working capital loan facilities, and other forms of lending.

Long-term Loan Programs

Direct Loan Program

Under the Direct Loan Program, PEFCO acts as the original lender making loans directly to borrowers on EXIM guaranteed long-term loan facilities. In these loan transactions, PEFCO benefits from a comprehensive loan guarantee provided by EXIM to PEFCO (see "EXIM"). PEFCO Direct Loans are available for transactions which conform to the parameters of the EXIM long-term guaranteed loan program, including requirements for an EXIM guaranteed value of $25 million or more and a repayment term of five years or more. The PEFCO Direct Loan Program is typically limited to borrowers seeking a fixed-rate of interest on the EXIM guaranteed loans. EXIM also permits PEFCO to offer Direct Loans with floating-rate coupons to borrowers in cases where the transaction meets the public policy objectives of supporting either (a) borrowers located in Sub-Sahara Africa, (b) transactions in support of environmentally beneficial exports, or (c) transactions in support of small business exporters located in the U.S.

Long-term Commitments	
2022	$ 50 million
2021	$ 1,211 million
2020	$ 119 million

The interest rates on Direct Loans (whether fixed or floating) are based on PEFCO's estimated cost of funds at the time the rate is calculated, taking into account the disbursement and repayment characteristics of the loan. PEFCO's estimated cost of funds is a function of the then current market yield for U.S. Treasury securities with similar duration characteristics to the expected loan being funded, plus the estimated margin over the Treasury yield required to place PEFCO debt issuance with investors, warehousing and hedging costs, if any, and an additional margin for covering expenses, residual risk and return to shareholders. In the case of fixed-rate loans, PEFCO allows a great deal of flexibility with respect to the timing of the rate fixing. PEFCO can price the fixed-rate coupon either at the time of the first disbursement or up to one year following the date of the last disbursement. Floating interest rates are set by determining a fixed spread to Term SOFR on PEFCO's estimated cost of funds described above. PEFCO may also charge commitment fees calculated on the undisbursed and uncancelled amount of the loan commitment. Once the fixed rate has been established, a borrower may only cancel or prepay a portion of a loan or loan commitment by paying PEFCO a "make-whole" fee equal to the present value of the reinvestment loss, if any, that would be incurred by PEFCO as a result of such prepayment or cancellation.

PEFCO does not market or solicit exporters or borrowers directly. Instead, PEFCO always works with a bank or trade finance firm serving as a transaction arranger for the borrower.

"PEFCO allows a great deal of flexibility with respect to the timing of the rate fixing."

Secondary Loan Program

The PEFCO Secondary Loan Program is designed to provide lenders holding EXIM guaranteed long-term loan facilities with an available source of liquidity. PEFCO offers to purchase such loans from the originating lender. As with the Direct Loan Program, the rates (yields) at which PEFCO is willing to buy such loans will be a function of PEFCO's loan pricing specific to this type of loan asset.

Lenders may obtain commitments from PEFCO to purchase EXIM guaranteed long-term loans with fixed-rate coupons at any time after the first disbursement. In addition, PEFCO purchases disbursed long-term guaranteed loans with floating-rate coupons from a lender, either under the Early Purchase Long-Term Credit Program for the period up to 1 year following the first disbursement, or the Secondary Market Long-Term Loan Purchase Program.

PEFCO developed with EXIM the Secondary Market Long-Term Loan Purchase Program ("SMLPP") to facilitate the development of an active secondary market in long-term EXIM guaranteed loans held in portfolios of banks and trade finance lenders. To be eligible for the purchase under the SMLPP, the loan must be fully disbursed and have been on the books of the originating lender for at least one year, determined from the date of the first disbursement. Use of the SMLPP is designed to support lenders actively engaged in the EXIM long-term guaranteed loan market. To demonstrate this lending focus, EXIM requires the selling institution to provide a representation stating that the institution is active in the business of originating EXIM guaranteed loans, and will continue to generate such loans for their own account in the future. PEFCO allocates up to $250 million of lending capacity per quarter and an annual amount of up to $800 million. Pricing is subject to PEFCO pricing models for fixed-rate loans and current PEFCO spread quotations for floating-rate loans.

Medium-term Programs

Since the 1990s, PEFCO has actively supported the EXIM Medium-Term Loan market by providing offers to purchase loans from lenders through several purchase programs. These loan programs are a dependable source of liquidity for lenders active in EXIM Medium-term Guarantee Programs. The lender is always our customer; PEFCO does not solicit exporters or borrowers directly.

Medium-term Commitments	
2022	$ 45 million
2021	$ 89 million
2020	$ 88 million

The loans must be guaranteed against non-payment by EXIM. PEFCO will only purchase the amount covered by the EXIM guarantee, and not the uncovered portion. PEFCO will purchase loan notes from lenders who have demonstrated an understanding of, and ability to work with EXIM guaranteed loan programs. Loan amount, exporter size, borrower's country, and the underlying item financed are not factors in PEFCO's decision to purchase. All loan notes are purchased by PEFCO on a non-recourse basis. While defaulted loans must and will be assigned to EXIM upon its payment of a claim, performing loans are held by PEFCO in its portfolio to maturity. By selling to PEFCO, a lender achieves its financial objectives – improved profitability, removal from the balance sheet of low-yielding assets, a freeing-up of lending capacity for borrowers, and reduced loan portfolio size while maintaining its lending relationship with the borrower.

PEFCO offers the following medium-term secondary market facilities.

Guaranteed Note Facility: PEFCO purchases medium-term loans guaranteed against non-payment under an EXIM medium-term guarantee ("ECP-MGA"). Interest rates can be floating or fixed. Fixed rates can be set in advance of the PEFCO purchase date.

Discount Facility: PEFCO offers a special program under the Guaranteed Note Facility used for guaranteed loans requiring a fixed interest rate to be set prior to shipment of the items. PEFCO will pay the discounted interest to the lender after PEFCO's final purchase under the facility.

Guaranteed Lease Facility: PEFCO purchases medium-term leases guaranteed against non-payment under an EXIM ECP-MGA. Interest rates can be floating or fixed. Fixed rates can be set in advance of the PEFCO purchase date.

Other features of PEFCO Medium-term Facilities:

- All purchases are governed by a master note purchase agreement.
- PEFCO will fund any note structure acceptable to EXIM.
- PEFCO will purchase single notes or portfolios, new notes or partially repaid notes, single-disbursement or multiple disbursement notes, and financial leases.
- Except for the Discount Facility, the lender may retain responsibility for servicing the loan and maintaining the EXIM guarantee or policy. PEFCO holds the original note.
- For the Discount Facility, PEFCO always assumes responsibility for collecting payments and maintaining the EXIM guarantee. PEFCO holds the original note.

EXIM Supply Chain Finance Guarantee Program

In fiscal year 2021, PEFCO initiated support for Supply Chain Finance Guarantee Facilities through a coordinated effort with EXIM. In these transactions, PEFCO acts in the capacity as a participant while the originating lender remains in the transaction and retains the lender and servicing role for the facility. The lender originates loan tranches under the facility, and sells some or all of the economics in these loan tranches to PEFCO in the form of a matching loan participation through a participation agreement. In this way, PEFCO funding supplements the capacity of the lender, which maintains its relationship with the borrower.

EXIM Working Capital Facility Program

PEFCO offers to purchase participations in working capital loans guaranteed against non-payment under an EXIM Working Capital Facility Guarantee. PEFCO purchases the 90% portion of each loan through the use of loan participations with the lender. The lender funds and retains the risk of the 10% non-guaranteed portion. Loans can be structured as revolving lines of credit or as transaction-specific loans, and can include participations in letters of credit.

EXIM Short-Term Insured Loan Facility

PEFCO re-entered the insured loan market during fiscal year 2022 with the revival of the Short-Term Insured Loan Facility. Under this program, PEFCO offers to purchase participations in short-term loans insured against non-payment under an EXIM "documentary" policy. The lender can lend directly to the overseas buyer or foreign bank using either the Financial Institution Buyer Credit Policy or Bank Letter of Credit Policy. PEFCO purchases the insured portion of each loan. The lender funds and retains the risk of the non-insured portion. PEFCO does not purchase participations in loans insured under standard supplier policies.

Secondary Market Purchase Program for Loans under Other U.S. Government Guarantees

PEFCO is engaged with lenders in purchasing loans backed by guarantees under other U.S. Federal credit programs. In fiscal year 2022, PEFCO was active in the programs of DFC, the OneRD Guaranteed loan program of the USDA, and the 7a Loan Program of the SBA.

PEFCO has engaged in purchasing loans under DFC guarantees, and under the predecessor agency "OPIC", for over twenty years. PEFCO offers a secondary market program for purchasing DFC guaranteed loans from lenders. In these transactions, PEFCO works with a lender by providing a commitment to purchase loans after the first disbursement. The lender retains the client relationship along with the responsibility for loan servicing, maintaining the DFC guarantee, and reporting requirements.

In fiscal year 2022, PEFCO began purchasing USDA guaranteed loans under the OneRD loan guarantee program. In these transactions, PEFCO commits to purchase either part of or all of the promissory notes under a guaranteed loan facility through an USDA Assignment Guarantee Agreement. In these transactions, the lender maintains the client relationship with the borrower as well as the lender obligations under the USDA guaranteed loan program.

PEFCO also purchases SBA 7a loans in the secondary market, either in whole loan form or as securitized loan pools. In either case, PEFCO serves in the capacity as an investor and seeks to maintain a diversified portfolio of SBA 7a loans. PEFCO's involvement in the SBA 7a loan market serves to provide liquidity for an important funding source for small businesses across the U.S.

Loan Commitments for Other U.S. Government Guaranteed Programs	
2022	$ 120 million
2021	$ 57 million
2020	$ –

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OPERATIONS

PEFCO's primary mission is to assist in the financing of U.S. exports by mobilizing private capital as a supplement to the financing already available through EXIM, commercial banks and other lending institutions. PEFCO accomplishes this objective by financing loans to foreign buyers of U.S. goods and services, and loans to domestic exporters requiring working capital. All of these loans are guaranteed or insured as to the timely payment of principal and interest by EXIM. PEFCO is also engaged in lending on secondary market transactions under the guaranteed loan programs of other U.S. governmental institutions. These programs have either an international or domestic regional focus that does not overlap with the EXIM loan programs. All of the obligations under these loan programs either are backed by the full faith and credit of the U.S. Government, or indirectly through participations purchased from commercial banks and other lenders. PEFCO finances its origination or purchase of loans through the sale of its own securities to investors in private transactions.

Since PEFCO's establishment, the volume of its export loan business has been subject to, among other things, the marketing, origination, and arranging of financing transactions involving PEFCO by commercial banks and other lending institutions (including the shareowners of PEFCO), the approval by EXIM of new loan guarantees (either at the EXIM Board level or through delegated authority to EXIM staff), the approval by EXIM of PEFCO's participation in each type of EXIM backed loan program including any specific policy or operational requirements, the volume of U.S. exports eligible for the type of financing provided by PEFCO, and the requirements and policies of EXIM with respect to the financing of those exports.

PEFCO business activities during fiscal year 2022 are covered in the following sections, along with market trends and an explanation of the PEFCO business model. Developments at EXIM are also covered.

The continuation of the COVID-19 Pandemic remains a serious public health emergency that weighs on the economy. Since the emergence of the COVID-19 Pandemic, the Company has not been materially impacted by the COVID-19 Pandemic. The Company has continued to execute on its business plans in generally the same manner while accommodating a hybrid work arrangement that has contributed to the operational resiliency of the Company. PEFCO Management is closely monitoring the evolving developments concerning the COVID-19 Pandemic. If the COVID-19 Pandemic worsens and impacts the market for guaranteed export funding, it could materially affect the Company's financial and operational results. Additionally, as a result of the COVID-19 Pandemic, PEFCO may experience delays in collecting loan payments on time from its borrowers and will work closely with them and EXIM, or other guarantor, in these situations to ensure that the amounts due to PEFCO are paid in full.

IMPACT OF EXIM RECENT DEVELOPMENTS

The Export-Import Bank of the United States was founded in 1934, as the official export credit agency of the United States of America. EXIM now operates under the legal authority contained in the "Charter", known as the Export-Import Bank Act of 1945 ("EXIM Act"). EXIM is an independent agency of the U.S. Government, corporate in form, all of whose authorized and issued capital stock of $1 billion is held by the Secretary of the Treasury. The mission is to aid in financing exports of goods and services from the United States to foreign countries by providing a level playing field for U.S. exporters in cases where private sector lenders are unable or unwilling to provide financing. The EXIM Act vests broad banking powers (except that of circulation) in EXIM, including the power to borrow and lend, to guarantee and insure against political and credit risks of loss and to purchase or guarantee negotiable instruments, evidences of indebtedness and other securities (except that EXIM may not acquire stock in another corporation except under certain circumstances). EXIM exercises these powers chiefly by making medium- and long-term U.S. dollar loans, repayable in U.S. dollars, directly to foreign buyers (public and private) of United States goods and services, by assuming the political and credit risks on short- and medium-term export transactions through the issuance of insurance to U.S. exporters, and by the issuance of guarantees on medium- and long-term loan facilities repayable in U.S. dollars or certain foreign currencies in support of export transactions or U.S. exporters.

Over the years, EXIM's statutory authority to exercise its functions has been limited to specified periods, defined under the EXIM Act which have been extended by Congressional legislation from time to time that amends the authorized period, amongst other changes. In the past decade, there has been debate in the U.S. Congress surrounding the role of EXIM, and export credit agencies globally, in cross-border trade. This debate has impacted the legislative process for the reauthorization of the Charter from time to time, with opinions expressed ranging from support for reauthorizing EXIM under the existing Charter, reauthorizing EXIM under a revised Charter that amends the EXIM Act, and permanent dissolution.

In fact, Congressional inaction on passing legislation in a timely manner led to such a lapse in authorities on June 30, 2015. During the period of the lapse in authorities, EXIM's Board of Directors and employees were prohibited from approving any new authorizations, engaging in new business development or other prohibited activities. EXIM continued to monitor and manage its existing credit portfolio of direct loans, loan guarantees, and insurance, and met its continuing legal obligations under its Charter.

Eventually at the end of 2015, legislation was passed and signed, reauthorizing the EXIM Charter with a new sunset date of September 30, 2019, thereby reviving the statutory authorities mandated in the Charter legislation.

During the period of a lapse in the Charter in fiscal year 2015, the terms of two directors on the EXIM Board expired. Combined with one vacancy already unfilled at that time, the expiring terms left the EXIM Board one short of the required three voting members present to establish a quorum. The Senate deferred a confirmation vote on EXIM Board nominees for an extended period, and did not vote on nominees until four years later in May 2019 when passage of three nominees restored a voting quorum. During the intervening years, the lack of a voting quorum at the EXIM Board level prevented all actions requiring Board authorization, including approval of loan facilities and policy matters, including matters related to PEFCO. Proposals for loan facilities with larger amounts and longer tenors were stalled, forcing borrowers to seek cover from other export credit agencies, find alternative funding arrangements if possible, or abandon plans altogether. As a result, the number of new loan facilities approved, and the total authorized amount of loan commitments declined significantly.

Following the Senate confirmation vote in 2019, EXIM Board moved to revive operational resources, address open policy issues mandated by the Charter and consider other matters requiring Board approval, including matters relating to PEFCO. In December 2019, the House and Senate passed an extension of the EXIM Charter with a new Sunset Date of December 31, 2026, and new sections covering a focus on competitive issues regarding China and a new focus on transformation exports, as well as increased support for small business exporters amongst other modifications. Notably, the legislation established procedures for forming a temporary EXIM Board with voting authority during times when there is an insufficient number of confirmed EXIM Board directors. This important change is intended to avoid the situation that existed between 2015 and 2019 when the EXIM Board did not have the required three voting members to establish a voting quorum.

EXIM responded to the outbreak of the COVID-19 Pandemic in March 2020 with changes in existing loan programs and two new initiatives. Changes made to the Working Capital Guarantee Program and the Supply Chain Finance Guarantee Program introduce greater flexibility and increased guarantee coverage to improve these programs in addressing liquidity pressures. The Bridge Financing Program is a new initiative to provide borrowers to benefit from guaranteed financing for short periods until commercial financing is available, with the option to extend the facility term. The Pre-Delivery / Pre-Export Financing Program covers guaranteed financing on progress payments of large capital goods in cases where such short-term bridge financing is unavailable due to market liquidity issues.

The Guarantee and Credit Agreement establishes a legal framework in support of the relationship between EXIM and PEFCO. This Agreement that was signed on February 1, 1971, amended on March 26, 1971, featured a 24-year term expiring in 1995. EXIM and PEFCO signed a second amendment extending the Guarantee and Credit Agreement to December 31, 2020.

During fiscal year 2020, EXIM initiated a review of the EXIM / PEFCO public private partnership embodied in the Guarantee and Credit Agreement. The review evaluated all aspects of the relationship, and provided opportunities for various constituencies and the public to comment on the public private partnership and renewal of the Agreement.

Upon completion of the review process, EXIM and PEFCO moved forward with a formal amendment to the Guarantee and Credit Agreement. On September 8, 2020, the EXIM Board approved the amendment to the Guarantee and Credit Agreement expiring on December 31, 2045.

The transition to the new Administration in January 2021 brought new changes to EXIM.

The Administration nominated and the Senate confirmed Reta Jo Lewis as President & Chairman, Judith Pryor as First Vice President & Vice Chairman, and Owen Herrnstadt as Director. Together with Director Spencer Bachus III whose term extends to January 2023, these actions served to maintain the required voting quorum at the Board.

EXIM, in working with the external members of the EXIM Advisory Committee, addressed the policy focus in the Charter on China Competition and transformation exports. In addition, the new Administration added a heightened focus on climate change as a policy objective. In 2020, EXIM established the EXIM Chair's Council on China Competition, with a focus on improving U.S. innovation and employment competitive export finance policies. In 2021, EXIM established the EXIM Chair's Council on Climate with an emphasis on supporting U.S. exporters and jobs in clean energy and support environmentally beneficial exports as mandated in the Charter.

HISTORICAL FINANCIAL INFORMATION AND OTHER DATA

The following tables summarize PEFCO's historical financial information for the periods and as of the dates indicated. The historical financial information for the years ended September 30, 2022, 2021, and 2020 is derived from, and should be read in conjunction with, PEFCO's audited financial statements and notes included elsewhere in this report.

The following table is an analysis of Net Financing Revenue (Expense) for the years ended September 30,

	2022			2021			2020		
(In thousands)	Average Balance	Average Rate	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	Interest
Financing Revenue									
Interest Revenue									
Export loans guaranteed or insured by EXIM:									
Primary Long-term Loan Program									
Fixed-rate	$ 902,408	1.39%	$ 12,566	$ 1,157,192	0.63%	$ 7,326	$ 1,595,814	1.87%	$ 29,809
Floating-rate	206,184	0.71%	1,472	142,582	0.64%	912	19,558	2.34%	457
Secondary Long-term Loan Program									
Fixed-rate	87,204	3.43%	2,990	127,873	3.03%	3,880	191,457	3.09%	5,915
Floating-rate	1,330,111	1.19%	15,880	1,335,674	0.64%	8,543	1,542,475	1.97%	30,384
Short & Medium-term Programs									
Medium-term	151,991	2.05%	3,111	139,894	1.64%	2,298	111,323	2.53%	2,820
Working Capital & Short-term Insurance	364	1.65%	6	655	1.68%	11	763	2.49%	19
Supply Chain Finance	–	–	1	19,638	0.57%	111	–	–	–
Loans guaranteed by DFC	61,191	2.23%	1,367	61,895	1.47%	909	48,769	2.20%	1,072
Loans guaranteed by SBA	13,346	2.13%	284	–	–	–	–	–	–
Loans guaranteed by USDA	13,597	2.77%	377	–	–	–	–	–	–
Loans	2,766,396	1.38%	38,054	2,985,403	0.80%	23,990	3,510,159	2.01%	70,476
Investment securities	1,707,626	0.53%	8,975	1,572,471	0.14%	2,227	1,492,751	1.27%	18,980
Cash equivalents, restricted cash equivalents & Time deposits	74,936	0.29%	220	557,319	0.08%	466	250,640	0.49%	1,219
Total	$ 4,548,958	1.04%	$ 47,249	$ 5,115,193	0.52%	$ 26,683	$ 5,253,550	1.73%	$ 90,675
Commitment and prepayment fees			2,377			1,023			4,048
Total Financing Revenue			$ 49,626			$ 27,706			$ 94,723
Financing Expense									
Interest Expense									
Long-term Notes	$ 2,680,043	1.41%	$ 37,775	$ 3,187,254	0.93%	29,611	$ 3,553,683	1.97%	$ 70,091
Medium-term Notes	1,213,803	1.36%	16,504	1,120,206	0.93%	10,453	898,939	1.78%	15,957
Short-term Notes	608,241	0.76%	4,650	652,688	0.14%	913	635,388	1.45%	9,244
Total	$ 4,502,087	1.31%	$ 58,929	$ 4,960,148	0.83%	$ 40,977	$ 5,088,010	1.87%	$ 95,292
Commitment and other fees			3,528			3,789			3,431
Total Financing Expense			$ 62,457			$ 44,766			$ 98,723
Net Financing Expense			$ (12,831)			$ (17,060)			$ (4,000)

Three-Year Financial Data

(In thousands, except per share amounts) *Year ended September 30,*

	2022	2021	2020
Loan Commitments			
Commitments for year	$ 215,000	$ 1,402,000	$ 207,000
Commitments, cumulative from inception	39,321,000		
Selected Assets			
Cash, cash equivalents, restricted cash, restricted cash equivalents, time deposits, and investment securities	$ 1,805,865	$ 2,075,775	$ 1,663,012
Export loans guaranteed or insured by EXIM	2,103,450	3,266,600	3,043,419
Other guaranteed loans	145,418	54,155	43,857
Selected Liabilities			
Short-term notes	$ 703,437	$ 554,888	$ 490,027
Long-term debt	3,226,199	4,786,256	4,219,254
Other Financial Data			
Net loss	$ (16,911)	$ (20,985)	$ (9,767)
Net loss per share	(950.81)	(1,179.86)	(549.20)
Dividends	–	–	–
Average shareowners' equity	80,244	103,973	122,233
Return on average shareowners' equity	(21.10%)	(20.20%)	(8.00%)

2022 COMPARED TO 2021

PEFCO's Net Loss for 2022 was $16.9 million compared to a Net Loss of $21.0 million in 2021. The decrease in the reported Net Loss was primarily the result of a $4.2 million decrease in Net Financing Expense. Total Financing Revenue increased by $21.9 million, while the increase in Total Financing Expense amounted to $17.7 million, resulting in the decline in Net Financing Expense. During 2021, PEFCO maintained a loan loss provision of $497 thousand on a loan whose insurance was denied by EXIM. PEFCO received satisfactory payment for this loan in the form of a partial payment of $150 thousand and a write-off of the remaining $347 thousand, during the year ended September 30, 2022. General and Administrative Expenses were slightly lower in 2022 vs. 2021 by about $0.7 million to $9.1 million. Changes primarily related to $0.1 million in lower Compensation and Benefits, $0.3 million in lower Administrative Expenses and $0.3 million in lower Professional Fees.

Total Financing Revenue

Total Financing Revenue is composed of interest income on loans, investment securities available for sale, cash equivalents, restricted cash equivalents, and time deposits and also includes commitment and other fees earned. In addition, any gains recognized on the prepayment of a loan are reported as part of Total Financing Revenue. Interest income on loans is net of interest expense on fair value hedges, as well as ineffectiveness gains or losses related to fair value hedge relationships on loans.

For 2022, Total Financing Revenue increased by $21.9 million to $49.6 million from $27.7 million in 2021. The primary reason for the increase in Total Financing Revenue was attributable to the increase in yield offset by a decrease in the average loan volume. Average loan volume decreased by $219.0 million compared to 2021 and the average yield increased by 58 basis points. Interest on investment securities available for sale increased by $6.7 million in fiscal 2022 from $2.2 million in fiscal 2021 due to an increase in average volume of $135.2 million and a 39 basis point increase in yield. Interest on cash equivalents, restricted cash equivalents, and time deposits decreased year over year by $0.2 million to $0.2 million largely due to a decrease in average volume of $482.4 million offset by an increase in yield of 21 basis points.

The overall average balance and yield of the lending portfolio was $2,766.4 million and 1.38% in 2022 (inclusive of net hedge ineffectiveness gains and losses; 1.36% without) compared with $2,985.4 million and 0.80% in 2021 (inclusive of net hedge ineffectiveness gains and losses; 0.79% without). PEFCO utilizes interest rate swap contracts to hedge certain fixed-rate loans and accounts for these as fair value hedges. The net interest adjustment on these fair value hedges reported as interest income on fixed-rate loans was an expense of $11.9 million in 2022 and an expense of $24.7 million in 2021. Ineffectiveness gains on a portion of the Company's fair value hedge relationships amounted to $0.3 million in 2022 compared to ineffectiveness gains of $0.5 million in 2021.

The available for sale investment securities portfolio had an average balance and yield of $1,707.6 million and 0.53% in 2022 compared with $1,572.5 million and 0.14% in 2021. The cash equivalent, restricted cash equivalent, and time deposit portfolio had an average balance and yield of $74.9 million and 0.29% in 2022 compared to an average balance and yield of $557.3 million and 0.08% in 2021.

Commitment and prepayment fees amounted to $2.4 million in 2022 compared to $1.0 million in 2021. It is PEFCO's policy to permit borrowers to prepay loans only if the borrower makes PEFCO whole for the economic loss incurred as a result of such payment. In 2022, there were prepayment gains of $2.2 million from 6 borrowers compared to prepayment gains of $0.8 million from 3 borrowers in 2021.

Total Financing Expense

Total Financing Expense is comprised of interest on short-term and long-term notes, the impact of interest paid or received on derivatives hedging our fixed-rate debt, amortization of debt issuance costs, and commitment and other fees incurred.

For the year ended September 30, 2022, total interest expense increased to $58.9 million from $41.0 million in 2021. The reason for the $17.9 million increase in total interest expense was primarily attributable to higher cost of funds in 2022. Short-term interest rates (Treasury Bills) are the basis for pricing the short-term notes issued by PEFCO while long-term interest rates (Treasury Notes and SOFR) are the basis for pricing long-term debt issued by PEFCO. The average balance and effective costs for

Long-term debt were $3,893.8 million and 1.39% in 2022 compared to $4,307.5 million and 0.93% in 2021. The average balance and effective cost of the Short-term Notes was $608.2 million and 0.76% in 2022 compared to $652.7 million and 0.14% in 2021.

PEFCO utilizes interest rate swap contracts to hedge certain long-term debt and accounts for these contracts as fair value hedges. The net interest income (expense) on the fair value hedges of the long-term debt reported as decreases to interest expense were $29.5 million in fiscal 2022 and $67.3 million in fiscal 2021.

Amortization of debt issuance costs amounted to $2.6 million in 2022 compared to $2.8 million in 2021. Commitment and other fees incurred in 2022 and 2021 amounted to $3.5 million and $3.8 million, respectively.

Net Financing Revenue (Expense)

PEFCO's Net Financing Expense was $12.8 million in 2022 compared to $17.1 million in 2021. Net margin amounted to negative 27 basis points in 2022 (asset yield of 1.04% less interest cost of 1.31%) compared to negative 31 basis points in 2021 (asset yield of 0.52% less interest cost of 0.83%).

Net Securities Gains (Losses)

In 2022, net securities transactions, the result of sales on investment securities available for sale, produced a net gain of $530 thousand, compared to a net gain of $284 thousand in 2021.

General and Administrative Expenses

General and Administrative Expenses were lower in 2022 vs. 2021 by about $0.7 million. Changes primarily related to $0.1 million in lower Compensation and Benefits, $0.3 million in lower Administrative Expenses and $0.3 million in lower Professional Fees.

Compensation and Benefits are $0.1 million lower in 2022 vs. 2021 primarily due to $0.5 million reduction in retirement costs offset by $0.4 million in higher wages. Administrative Expenses are $0.3 million lower in 2022 vs. 2021 primarily due to $0.3 million lower in software depreciation and $0.1 million in lower Board costs offset by a slight increase in miscellaneous expenses of $0.1 million. Professional Fees are $0.3 million lower in 2022 vs. 2021 primarily due to $0.2 million lower in legal and in Trust Substitution fees since there were no debt offerings during the fiscal year and $0.1 million in lower Professional Fees.

Income Tax Benefit

The Income tax benefit in 2022 was $4.3 million on a pre-tax operating loss of $21.2 million. The Income tax benefit in 2021 was $5.6 million on a pre-tax operating loss of $26.6 million. PEFCO's effective tax rate was 20.4% in 2022 and 21.0% in 2021. PEFCO's statutory tax rate was 21.0% in 2022 and 2021.

As a result of the Section 163 (j) interest deduction limitation as amended by the Tax Cuts and Jobs Act, PEFCO has taxable income of about $2.2 million in 2022 compared to $6.9 million in 2021 after fully utilizing its remaining net operating loss carry forward from prior years.

Comprehensive Loss

For the years ended September 30, 2022 and 2021, PEFCO's Comprehensive loss was $29.1 million and $20.3 million, respectively. The Comprehensive loss for 2022 primarily included a net loss from operations of $16.9 million, unrealized losses on investment securities available for sale, net of taxes, of $20.0 million, unrealized gains on cash flow hedge forward deals, net of taxes, of $4.1 million, and pension and post retirement valuation gains, net of tax, of $3.4 million. The Comprehensive loss for 2021 primarily included a net loss from operations of $21.0 million, unrealized losses on investment securities available for sale, net of taxes, of $0.7 million, unrealized gains on cash flow hedge forward deals, net of taxes, of $0.5 million, and pension and post retirement valuation gains, net of tax, of $0.7 million.

2021 COMPARED TO 2020

PEFCO's Net Loss for 2021 was $21.0 million compared to a Net Loss of $9.8 million in 2020. The increase in the reported Net Loss was primarily the result of a $13.1 million increase in Net Financing Expense, partially offset by a $1.5 million tax gain. Total Financing Revenue decreased by $67.0 million, while the decrease in Total Financing Expense amounted to $53.9 million, resulting in the decline in Net Financing Expense. PEFCO maintained a provision for loan losses of $497 thousand in 2021 and 2020. General and Administrative Expenses were lower in 2021 vs. 2020 by about $0.3 million to $9.8 million. Changes primarily related to $0.1 million in lower Compensation and Benefits and $0.3 million in lower Administrative Expenses, offset by $0.1 million in higher Professional Fees.

Total Financing Revenue

Total Financing Revenue is composed of interest income on loans, investment securities available for sale, cash equivalents, restricted cash equivalents, and time deposits and also includes commitment and other fees earned. In addition, any gains recognized on the prepayment of a loan are reported as part of Total Financing Revenue. Interest income on loans is net of interest expense on fair value hedges, as well as ineffectiveness gains or losses related to fair value hedge relationships on loans.

For 2021, Total Financing Revenue decreased by $67.0 million to $27.7 million from $94.7 million in 2020. The primary reason for the decrease in Total Financing Revenue was attributable to a decrease in portfolio size and yield. Average loan volume decreased by $524.8 million compared to 2020 and the average yield decreased by 121 basis points. Interest on investment securities available for sale decreased by $16.8 million in fiscal 2021 from $19.0 million in fiscal 2020 due to an increase in average volume of $79.7 million and offset by a 113 basis point decrease in yield. Interest on cash equivalents, restricted cash equivalents, and time deposits decreased year over year by $0.8 million to $0.5 million largely due to a decrease in yield of 41 basis points offset by an increase in average volume of $306.7 million.

The overall average balance and yield of the lending portfolio was $2,985.4 million and 0.80% in 2021 (inclusive of net hedge ineffectiveness gains and losses; 0.79% without) compared with $3,510.1 million and 2.01% in 2020 (inclusive of net hedge ineffectiveness gains and losses; 2.03% without). PEFCO utilizes interest rate swap contracts to hedge certain fixed-rate loans and accounts for these as fair value hedges. The net interest adjustment on these fair value hedges reported as interest income on fixed-rate loans was an expense of $24.7 million in 2021 and an expense of $13.5 million in 2020. Ineffectiveness gains on a portion of the Company's fair value hedge relationships amounted to $0.5 million in 2021 compared to ineffectiveness losses of $0.7 million in 2020.

The available for sale investment securities portfolio had an average balance and yield of $1,572.5 million and 0.14% in 2021 compared with $1,492.8 million and 1.27% in 2020. The cash equivalent, restricted cash equivalent, and time deposit portfolio had an average balance and yield of $557.3 million and 0.08% in 2021 compared to an average balance and yield of $250.6 million and 0.49% in 2020.

Commitment and prepayment fees amounted to $1.0 million in 2021 compared to $4.0 million in 2020. It is PEFCO's policy to permit borrowers to prepay loans only if the borrower makes PEFCO whole for the economic loss incurred as a result of such payment. In 2021, there were prepayment gains of $0.8 million from 3 borrowers compared to prepayment gains of $3.9 million from 6 borrowers in 2020.

Total Financing Expense

Total Financing Expense is comprised of interest on short-term and long-term notes, the impact of interest paid or received on derivatives hedging our fixed-rate debt, amortization of debt issuance costs, and commitment and other fees incurred.

For the year ended September 30, 2021, total interest expense decreased to $41.0 million from $95.3 million in 2020. The reason for the $54.3 million decrease in total interest expense was primarily attributable to lower cost of funds in 2021. Short-term interest rates (LIBOR) are the basis for pricing the short-term notes issued by PEFCO while long-term interest rates (Treasury Notes and SOFR) are the basis for pricing long-term debt issued by PEFCO. The average balance and effective costs for Long-term debt were $4,307.5 million and 0.93% in 2021 compared to $4,452.6 million and 1.93% in 2020. The average balance and effective cost of the Short-term Notes was $652.7 million and 0.14% in 2021 compared to $635.4 million and 1.45% in 2020.

PEFCO utilizes interest rate swap contracts to hedge certain long-term debt and accounts for these contracts as fair value hedges. The net interest income (expense) on the fair value hedges of the long-term debt reported as decreases to interest expense were $67.3 million in fiscal 2021 and $36.9 million in fiscal 2020.

Amortization of debt issuance costs amounted to $2.8 million in 2021 compared to $2.9 million in 2020. Commitment and other fees incurred in 2021 and 2020 amounted to $3.8 million and $3.4 million, respectively.

Net Financing Revenue (Expense)

PEFCO's Net Financing Expense was $17.1 million in 2021 compared to $4.0 million in 2020. Net margin amounted to negative 31 basis points in 2021 (asset yield of 0.52% less interest cost of 0.83%) compared to negative 14 basis points in 2020 (asset yield of 1.73% less interest cost of 1.87%).

Net Securities Gains (Losses)

In 2021, net securities transactions, the result of sales on investment securities available for sale, produced a net gain of $284 thousand, compared to a net gain of $268 thousand in 2020.

General and Administrative Expenses

General and Administrative Expenses were lower in 2021 vs. 2020 by about $0.3 million. Changes primarily related to $0.1 million in lower Compensation and Benefits and $0.3 million in lower Administrative Expenses offset by $0.1 million in higher Professional Fees.

Compensation and Benefits are $0.1 million lower primarily due to $0.3 million in reduced bonuses offset by $0.1 million in higher wages and $0.1 million in higher medical costs. Administrative Expenses are $0.3 million lower in 2021 vs. 2020 primarily due to $0.2 million in lower Board costs and $0.1 million in lower rent. Professional Fees are $0.1 million higher in 2021 vs. 2020 primarily due to $0.2 million in higher legal fees offset by $0.1 million in lower IT consulting fees.

Income Tax Benefit

The Income tax benefit in 2021 was $5.6 million on a pre-tax operating loss of $26.6 million. The Income tax benefit in 2020 was $4.1 million, on a pre-tax operating loss of $13.8 million. PEFCO's effective tax rate was 21.0% in 2021 and 29.3% in 2020. PEFCO's statutory tax rate was 21.0% in 2021 and 2020.

As a result of the Section 163 (j) interest deduction limitation as amended by the Tax Cuts and Jobs Act, PEFCO has taxable income of about $6.9 million in 2021 after fully utilizing its remaining net operating loss carry forward from prior years.

Comprehensive Loss

For the years ended September 30, 2021 and 2020, PEFCO's Comprehensive loss was $20.3 million and $8.7 million, respectively. The Comprehensive loss for 2021 primarily included a net loss from operations of $21.0 million, unrealized losses on investment securities available for sale, net of taxes, of $0.7 million, unrealized gains on cash flow hedge forward deals, net of taxes, of $0.5 million, and pension and post retirement valuation gains, net of tax, of $0.7 million. The Comprehensive loss for 2020 included a net loss from operations of $9.8 million offset by unrealized gains on investment securities available for sale, net of taxes, of $1.1 million.

RISK MANAGEMENT POLICIES

PEFCO manages risk exposures for interest rate risk, liquidity and counterparty risk using guidelines approved by its Board of Directors. Management reports to the PEFCO Board at each quarterly Board meeting. In addition, the Risk Policy Committee reviews risk limits and product mandates with Management at least twice a year.

For interest rate risk, Management measures the price sensitivity of interest-sensitive assets and liabilities, and limits the change in the net present value across a range of rate shocks using scenarios analysis.

Management may use derivative contracts, such as interest rate swaps, in fair value and cash flow hedge strategies as part of the process to mitigate risk exposure to changes in market interest rates. However, Management will not use swaps or other derivative financial instruments for speculative purposes. As a financial institution, PEFCO has been required to clear all swap trades through a centralized clearinghouse since June 2013. As of September 30, 2022, all of the derivatives outstanding were cleared through the Chicago Mercantile Exchange.

PEFCO has stringent guidelines and limits in place for its short- and long-term debt programs. The Guarantee and Credit Agreement (as defined herein) with EXIM defines debt with a maturity of less than five years including commercial paper, Collateralized Notes (with an original maturity of less than five years), and Medium-term Notes as short-term debt; it further establishes that the issuance of short-term debt is subject to an overall approval by EXIM.

The PEFCO Board of Directors authorizes the issuance of Collateralized Notes under the Collateralized Notes Program subject to availability of eligible collateral. The Board has also approved Notes issued under the MTN Program at $2.5 billion, less the amount of commercial paper outstanding. The annual issuance of Secured Notes is approved by both the EXIM Board of Directors and PEFCO Board of Directors.

Management establishes position limits on securities held in portfolio for investment purposes with a maturity of more than 90 days at a maximum of $400 million and will mark these investments to market daily. In addition to securities held for investment purposes, PEFCO reinvests encumbered cash in securities as pledged assets for the separate collateral pools for the Collateralized Note Program and the Secured Note Program, as well as U.S. Treasury securities held in a separate unencumbered liquidity portfolio.

To mitigate liquidity risk, the amount of short-term funding due to mature within a two-week period, including commercial paper, will not exceed the unutilized portion of PEFCO's revolving credit facilities, plus the unencumbered Liquidity Portfolio, by $1 billion. In addition, a balance of unencumbered assets will be maintained to equal the level of outstanding unsecured borrowings less the unutilized portion of PEFCO's revolving credit facilities.

For managing capital leverage, Management operates under a leverage ratio limit that caps guaranteed loan assets to shareowners' equity at a level no greater than 75 to one.

LIQUIDITY AND CAPITAL RESOURCES

The principal source of financing for PEFCO during the year were funds generated from the issuance of PEFCO's Short-term, Medium-term, and Long-term Secured Notes. There were no new issuances of Medium-term Notes, Secured Notes, or Collateralized Notes in fiscal 2022.

As of September 30, 2022, PEFCO had approximately $3.9 billion of total obligations, of which approximately $703 million (18%) were short-term, $1.1 billion (28%) were medium-term, and $2.1 billion (54%) were long-term. As of September 30, 2022, the MTN Program had maturities of $810 million in fiscal year 2023 and $300 million in fiscal year 2024. As of September 30, 2022, the Secured Notes Program had maturities of $400 million in fiscal year 2023, $900 million in fiscal year 2024, $600 million in fiscal year 2025, and $350 million in fiscal year 2028.

During the year ended September 30, 2022, PEFCO issued no additional common shares. As of September 30, 2022, PEFCO had total Shareowners' Equity of $66.3 million, total capitalization (calculated as the sum of total debt and total Shareowners' Equity) of $4.1 billion and a total debt to capitalization ratio of 98%.

On April 27, 2022, PEFCO entered into a new syndicated 364-day $615 million revolving credit facility maturing April 26, 2023. As of September 30, 2022, PEFCO's credit facilities totaled up to $615 million.

The credit agreements contain a number of covenants, including a covenant that PEFCO will comply with its contractual commitments with EXIM. As of September 30, 2022, PEFCO was in compliance with the covenants and there were no amounts outstanding under any credit facilities.

Funding Activities

General

PEFCO manages the liquidity and interest rate exposures arising from loan assets and unfunded loan commitments through the combination of commercial paper funding, Medium-term Note issuances, Secured Note and Collateralized Note issuances, and interest rate derivatives. This approach allows for targeting the proper liquidity profile, while controlling exposure to market fluctuations. For fixed-rate loan commitments, PEFCO hedges the loan pricing at the time that a borrower accepts a fixed-rate loan offer, either through specific hedging actions or within the context of managing the interest rate risk in the overall book. In cases where a derivative hedge is utilized, PEFCO hedges the fixed-rate loan commitments using interest rate swaps in advance of loan funding to immunize the interest rate exposure. In cases where a portfolio hedge is utilized for fixed-rate loan commitments, PEFCO incorporates the new fixed-rate loan commitment into the risk profile of the Company, and identifies opportunities to create offsetting exposures to reduce the net interest rate risk position.

This approach allows for flexibility in accommodating a range of loan disbursement schedules in response to specific borrower requirements. The impact of raising funds in advance may reduce earnings during the warehousing period prior to disbursement of funds, and such costs are incorporated into the loan pricing.

Short-term Borrowings

Short-term debt as defined in the Guarantee and Credit Agreement comprises of debt maturing in less than five years. Therefore, commercial paper, with a maximum tenor of 397 days, Medium-term Notes, and Collateralized Notes with original maturities of less than five years are classified as short-term borrowings. This differs from the U.S. GAAP definition of short-term debt and the financial statement presentation which limits it to debt maturing within one year or less.

Commercial Paper

PEFCO raises short-term funding liquidity to finance loan commitments through the issuance of commercial paper under three separate programs:

(i) 4(a)2 program in denominations of $250,000 and up to 397 days;

(ii) 3(a)3 program in denominations of $100,000 and up to 270 days; and

(iii) Euro Commercial Paper program in U.S. dollars, denominations of $500,000 and up to 183 days.

The maximum outstanding amount of commercial paper across all three programs at any time may not exceed $2.0 billion. As of September 30, 2022, PEFCO received short- term ratings of P-1 by Moody's and F1+ by Fitch.

PEFCO backstops its commercial paper with an on-balance sheet liquidity portfolio of at least $300 million invested in U.S. Treasury securities only, and the credit facilities. As of September 30, 2022, the total of PEFCO's credit facility was $615 million. Of the eight lenders across the credit facility, seven are shareowners of PEFCO. The agreements for the credit facilities contain a number of covenants (with customary exceptions), including a covenant that PEFCO comply with its contractual commitments with EXIM. As of, and during the year ended September 30, 2022, there were no amounts outstanding under any credit facilities.

Medium-term Note Issuances

Medium-term notes with maturities under five years, such as the Notes issued under the MTN Program, are permitted under the Guarantee and Credit Agreement with EXIM and are classified therein as "short-term debt." The Notes issued under the MTN Program are an important resource for enhancing PEFCO's working capital while simultaneously complementing the credit facilities in enhancing the liquidity profile with term funds, resulting in cost savings for PEFCO. The issuance of Notes enables PEFCO to acquire new EXIM and other U.S. sovereign-guaranteed assets.

Short-term Borrowing Guidelines

PEFCO has stringent guidelines and limits in place for the issuance of commercial paper, Collateralized Notes issued under the Collateralized Notes Program and Notes issued under the MTN Program. The Guarantee and Credit Agreement with EXIM defines debt with a maturity of less than five years including commercial paper, Collateralized Notes (with an original maturity of less than five years) issued under the Collateralized Notes Program and the Notes issued under the MTN Program as short-term debt, and further establishes that issuance of short-term debt is subject to an overall approval by EXIM.

In addition, the Board of Directors of PEFCO has approved limits on the issuance of Notes issued under the MTN Program as follows:

(i) a maximum combined aggregate amount outstanding of commercial paper and Notes issued under the MTN Program of $2.5 billion;

(ii) a maximum aggregate amount outstanding of Notes issued under the MTN Program of $2.5 billion;

(iii) a maximum aggregate amount outstanding of commercial paper of $2.0 billion; and

(iv) the maturity of no more than $1.0 billion aggregate combined amount of commercial paper and Notes issued under the MTN Program within a two-week period.

Secured and Collateralized Note Issuances

Secured Note Issuances

PEFCO issues Secured Notes in public markets through underwriters under the Secured Notes Program as a funding vehicle for PEFCO's lending activities. PEFCO issues new Secured Notes series as required to support the origination of new EXIM guaranteed loan facilities and the purchase of existing EXIM guaranteed loan facilities. In addition, consistent with past practice, PEFCO intends from time to time to substitute collateral pledged for PEFCO's Secured Notes with other eligible collateral when and if PEFCO determines that dispositions of eligible collateral are necessary or advisable.

The Secured Notes are issued under the Indenture, dated as of June 15, 1975, as supplemented and amended (the "Secured Notes Indenture"). The principal repayments for the Secured Notes are backed by export loans guaranteed by EXIM, and investment securities explicitly backed by the full faith and credit of the U.S. Government. For each Secured Note issue, the principal cash flows backing the principal must mature prior to the maturity date for redemption of the Secured Note principal. Pledged assets are assigned to, and held by, The Bank of New York Mellon (a shareowner of PEFCO), as trustee (the "Secured Notes Trustee"), as collateral for the benefit of the holders of PEFCO Secured Notes. The EXIM guaranteed loans pledged against the Secured Notes are guaranteed as to principal and interest payment by the 1971 Guarantee Agreement between EXIM and PEFCO. Interest coupons paid on each series of notes issued under the Secured Note Program are guaranteed by EXIM, under the Guarantee and Credit Agreement.

Since inception through fiscal year 2022, PEFCO has issued $18.3 billion aggregate principal amount of Secured Notes, of which $2.3 billion aggregate principal amount were outstanding at September 30, 2022 and were rated Aaa by Moody's and AAA by Fitch.

Collateralized Notes Issuances

During fiscal year 2019, PEFCO established the Collateralized Notes Program. Collateralized Notes are issued under an Indenture dated as of November 8, 2018, as supplemented and amended, between PEFCO, as issuer, and U.S. Bank National Association (a shareowner of PEFCO), as Trustee. All payments including repayment of principal (inclusive of premium, if any) and interest, due on each Collateralized Note are secured by the pledge of collateral assets with the Collateral Agent under the Pledge and Security Agreement. The Collateralized Notes' collateral will consist of pledged loans, U.S. Treasury Securities and/or cash. Pledged assets are assigned to and held by U.S. Bank National Association, as the Collateral Agent, as collateral for the benefit of the holders of the Collateralized Notes. The Collateralized Notes issued under the Collateralized Notes Program will have maturities of one year or more.

Collateralized Note issuance was initially approved by EXIM, subject to the following conditions (i) the total amount of the Collateralized Notes outstanding would not exceed $1.0 billion; (ii) the proceeds from the Collateralized Notes offerings are used exclusively to purchase loans guaranteed by EXIM or other U.S. Government agencies, which will serve as collateral for the Collateralized Notes and (iii) PEFCO will coordinate closely with EXIM to ensure that PEFCO's cost of funds associated with the Collateralized Notes Program will be less than the revenue PEFCO expects to earn on the EXIM guaranteed debt securities it purchases with the proceeds of the issuances under the Program.
In September 2020, the EXIM Board approved the Collateralized Note Program on an ongoing basis with the expectation of issuance of new note series subject to (ii) above. The profitability requirement as given in (iii) above applies only if the tenor is greater than five years.

Issuance under the Collateralized Notes Program improves PEFCO's liquidity profile with an additional term financing capability used to extend financing maturities. This funding program also enables PEFCO to originate or acquire new types of EXIM guaranteed loans, such as syndicated project loans, as well as other loans under U.S. Government guaranteed programs.

Related Party Transactions

Certain underwriters of PEFCO Secured Notes, certain dealers of PEFCO short-term notes, and certain participants in the credit facilities are shareowners (or their affiliates are shareowners) of PEFCO. Certain officers of some shareowners also serve as Directors of PEFCO as described herein. Certain shareowners have provided and presently provide a variety of commercial banking services to PEFCO. See Note 12– Related Party Transactions, in PEFCO's audited financial statements, included elsewhere in this report for more information.

External Credit Agency Ratings

On November 5, 2021, Moody's affirmed a rating of Aaa on PEFCO's senior unsecured debt, AAA on PEFCO's senior secured debt, and a rating of P-1 on PEFCO's commercial paper.

On July 11, 2022, Fitch affirmed a rating of AAA on the long-term Issuer Default Rating ("IDR") for PEFCO, affirmed a rating of F-1+ on the short-term IDR, affirmed a rating of AAA on the secured debt, affirmed a rating of AA+ on the unsecured Medium-term Notes and affirmed a rating of F-1+ on PEFCO's commercial paper. Fitch also issued a Support Rating of '1' and Support Rating Floor of AAA, the highest possible, with the expressed view that PEFCO enjoys an extremely high degree of sovereign support through EXIM.

BUSINESS

OVERVIEW

PEFCO was incorporated on April 9, 1970 under the laws of the State of Delaware and is principally engaged in making U.S. dollar loans to foreign importers to finance purchases of goods and services of United States manufacture or origin. PEFCO was established by a group of U.S. financial institutions with the support of the U.S. Treasury, the Board of Governors of the Federal Reserve System, EXIM and other U.S. governmental institutions to assist in the financing of U.S. exports through the mobilization of private capital as a supplement to the financing already available through EXIM, commercial banks and other lending institutions. PEFCO has its offices at 675 Third Avenue, Suite 425, New York, New York 10017.

PEFCO's Board of Directors includes senior managers from international lending institutions and officers of major export-related companies. PEFCO Management includes persons with significant experience in export finance and the programs of EXIM, and in finance company management.

The principal agreements that govern PEFCO's relationship with EXIM are the Guarantee Agreement (as defined herein) and the Guarantee and Credit Agreement (as defined herein). See "—EXIM" below for more information on PEFCO's agreements with EXIM.

Under PEFCO's By-laws, ownership and transferability of PEFCO shares are restricted to (i) financial institutions or (ii) corporations engaged in producing or exporting U.S. products or services. PEFCO's shareowners currently consist of twenty-six commercial banks, including many of the U.S. and foreign commercial banks involved in export financing, six industrial companies involved in exporting U.S. products and services and one financial services company. In the case of the commercial banks, the shares are owned directly or through an affiliate. Under PEFCO's By-laws, no shareowner may own more than 18% of PEFCO's outstanding shares.

STRATEGY

PEFCO's core mission is to support the financing of U.S. exports, and for over 50 years it has been committed to this objective principally through a long-standing relationship with EXIM. As such, PEFCO operates in effect as a public-private partnership with EXIM and, to a lesser extent, with other U.S. governmental agencies in connection with the financing of U.S. exports. PEFCO's business is intended to be supportive of manufacturers and providers of U.S. goods and services as well as various arrangers and lenders seeking to provide export financing.

PEFCO is focused on supporting the core mission, funding U.S. exports under EXIM official cover, and continues to work with banks and other lenders in this objective. In addition, PEFCO is committed to augment this important core strategy with lending in related guaranteed loan programs under other U.S. Government agencies and explore additional ways to support the core mission.

BUSINESS STRENGTHS

Deep Understanding of EXIM Programs

For over 50 years PEFCO has worked with EXIM to facilitate the growth of U.S. exports and is intimately familiar with the various EXIM programs for large, medium, and small companies. PEFCO believes it has close relationships with EXIM and, as a result, is well-positioned to assist EXIM in increasing the availability of financing for the export of U.S. goods and services.

Wide Knowledge of Export Credit Market

PEFCO works primarily with EXIM and, to a lesser degree other agencies, to finance exports of U.S. goods and services, and is, therefore, intimately familiar with the nature of their U.S. Government guaranteed programs and more broadly with the officially-supported export credit market.

Focused Asset and Liability Management

PEFCO raises debt on a basis optimized to support its lending activities. While PEFCO enters into transactions that have U.S. Government guarantees, the funds needed to support its lending and servicing activities are obtained through the market. PEFCO regularly reviews its existing loan portfolio, commitments, and planned lending and investment activities to ensure that it maintains sufficient funding liquidity to support all of its needs across a range of market conditions.

Limited Credit Risk Profile

Substantially all of PEFCO's assets are covered by EXIM, and, to a lesser extent other agencies, and thus PEFCO is exposed principally to U.S. sovereign risk but not the risk of its borrowers. Accordingly, PEFCO in general does not conduct its own credit assessment of borrowers on loan transactions. Instead, PEFCO only enters into a loan transaction once EXIM, or other agency, has conducted its own credit assessment and has approved a guarantee for the transaction.

Flexible Corporate Structure

PEFCO is a Delaware corporation, but is subject to oversight by EXIM under contractual restrictions through the principal agreements with EXIM and under standard operating procedures that defines the role of PEFCO in the export finance market and the terms that EXIM agrees to make its guarantees available to PEFCO in support of public policy objectives. For an overview of such restrictions and the standard operating procedures, see "Business—EXIM—Arrangements between PEFCO and EXIM" below. PEFCO is not subject to bank regulation under U.S. federal or state laws and, as a result, PEFCO operates as a non-bank lender. PEFCO as a prudential matter maintains appropriate compliance, anti-money laundering, hedging, and other relevant policies and practices related to its business and regularly appraises itself of key trends affecting the finance industry.

Unique Business Model

PEFCO believes it is in a unique market position as it was founded jointly by a group of U.S. financial institutions, the U.S. Treasury, the Board of Governors of the Federal Reserve System, EXIM and other U.S. governmental institutions to address a specific under-met policy objective—the financing of U.S. goods and services for export. Many of the large commercial banks have engaged, and continue to engage, PEFCO in the financing of U.S. goods and services given its role as a public-private partnership. PEFCO's portfolio of originated, acquired, and serviced loans is uniquely focused on U.S. Government guaranteed assets.

Dedicated Lending and Support Staff

PEFCO's small but dedicated staff has significant knowledge on a variety of loan structures used to finance exports of U.S. goods and services. In addition to regularly meeting with EXIM, PEFCO's staff also meets with a wide range of manufacturers and third-party credit providers to better understand the export financing market.

INDUSTRY OVERVIEW

Trade finance relates to financing activities that support global and regional trade, including letters of credit, collections, guarantees, trade loans, receivable finance, and supply chain finance. Officially-supported export credit is a subset of the trade finance industry where credit is extended to an importer by a bank, financial institution, or export credit agency to finance the purchase of capital goods or services. These transactions often involve more complex transactions with longer tenors, strategic trade flows, and more difficult risk profiles. Methods for extending credit include direct lending, financial intermediary loans, and secondary market purchases, among others. When private sector lenders are unable or unwilling to provide export financing, public sector support is provided by export credit agencies and multilateral development banks acting as financial intermediaries to fill the financing gap by providing credit enhancements and sources of liquidity, thus encouraging exports and international trade. In cases where a bank or other financial institution acts as the lender, the transaction benefits from credit enhancements provided under the programs of an export credit agency. In other cases, the export credit agency, and occasionally multilateral development banks, takes on the role of lender by extending a loan to the borrower directly. In all cases, the export credit agency receives fees from borrowers to compensate for the credit risk associated with these transactions.

Trade finance has traditionally been viewed as a quality asset with relatively lower default risk. Assets often have credit insurance and guarantees from government-sponsored export credit agencies and, as a result, attract relatively low-risk weights on lenders' balance sheets. While these factors have historically led to competition, the higher levels of inflation, potential for rising interest rates, and muted growth in global trade flows has led to a mixed picture for export credit in the near term. In addition, the policy response by export credit agencies to the COVID-19 Pandemic has provided important forms of support in promoting trade, especially for small and medium size exporters.

In addition to continued compliance with Basel capital mandates, liquidity ratios, and balance sheet leverage resulting in higher regulatory costs to lenders, the export finance sector is also heavily regulated with strict anti-money laundering, "know-your-customer" and sanctions compliance requirements. While these factors serve an important role to mitigate credit and legal risk for lenders, they also may hinder growth in new markets where information sources are limited.

Many large financial institutions seek to syndicate export loans to investors and non-bank financial institutions in the secondary market. Direct sales allow financial institutions to free-up capital to originate new assets and maintain healthy transaction volumes. In light of these trends, financial intermediaries and secondary market participants are expected to play a larger role in providing liquidity moving forward.

OPERATIONS

PEFCO is principally engaged in originating or purchasing loans under EXIM cover in the form of guarantees or insurance, and also loans under guarantees provided by other U.S. Federal agencies. PEFCO does not seek to solicit business directly from prospective borrowers, but rather only sources its business through partnerships with commercial banks and other financial intermediaries. As a buyer of loans and as a direct lender, PEFCO provides an important source of liquidity to the guaranteed loan market that is recognized by banks and other lenders to supplement their own lending capacity.

In many cases, the role that PEFCO fulfills allows banks and other lenders to remain involved in the export credit market. PEFCO offers a range of financing programs as a secondary market buyer of loans that finance the export sales of U.S. goods and services and that are originated by such lenders. Lenders sell guaranteed loans to PEFCO in order to improve profitability, free up funding liquidity to redeploy in booking new assets, reduce loan assets in certain countries or legal jurisdictions, free up balance sheet capacity for specific borrowers or industries, and to manage the overall size of their loan portfolios. PEFCO's presence in the market as a buyer of loans demonstrates liquidity for guaranteed loans, especially for deals with longer tenors, thereby permitting banks to hold such loans in portfolio with the knowledge that a buyer is available if a loan sale is deemed necessary at some point in the future prior to maturity.

PEFCO also originates guaranteed loans where a bank or other financial institution assumes the role as the deal arranger on the guaranteed loan without requiring a balance sheet commitment on their part to support the transaction. The deal arranger typically receives a fee for their service, continues to fulfill an advisory role with the borrower, and may provide a commercial loan or other financial structures in parallel to the guaranteed loan facility as an opportunity to offer a complete financing solution. PEFCO's role complements the deal arranger's advisory role, and never seeks to displace a bank or other financial institution serving a borrower in this capacity.

A key aspect of the application and approval process is the credit underwriting role played by the sovereign guarantor. The sovereign guarantor underwrites the credit risk and receives a credit exposure fee from the borrower to prudently compensate for this credit exposure. In the case of EXIM guaranteed loan transactions, EXIM sets terms consistent with, or in excess of, the terms defined in the Arrangement on Officially Support Export Credits, an OECD agreement amongst export credit agencies including the U.S. The EXIM guarantee mitigates the credit risk in the transaction, thereby providing a loan with U.S. sovereign credit risk profile to PEFCO. In turn, PEFCO prices the guaranteed loan transaction by taking into account the liquidity costs associated with the loan but not the credit risk associated with the borrower. The total cost of the loan transaction is the interest rate and commitment fees (if any) paid to PEFCO, plus the credit exposure fees and commitment fees paid to EXIM. This same arrangement applies to lending under other guaranteed loan programs where PEFCO participates.

As part of its SOP (defined below), PEFCO is required to utilize a formula for fixed-rate loans that incorporates funding and other costs plus a lending spread that cannot exceed a maximum threshold as defined and adjusted from time to time. In addition, PEFCO sets floating-rate spreads over an index that is (i) consistent with pricing fixed-rate loans, and (ii) representative of a median interest rate as reasonably determined by PEFCO based on its review of market transactions.

PEFCO only purchases guaranteed loans from lenders who have demonstrated an understanding of, and ability to work with, EXIM guarantee loan programs, or the guaranteed loan programs of other U.S. Federal agencies. Loan amount (except as otherwise described herein), exporter size, borrower's country, and the underlying item financed are not factors in PEFCO's decision to purchase. All such loans are purchased by PEFCO on a non-recourse basis. While defaulted loans must and will be assigned to EXIM upon its payment of a claim, performing loans are held by PEFCO in its portfolio to maturity.

EXIM

The Export-Import Bank of the United States was founded in 1934, as the official export credit agency of the United States of America. EXIM now operates under the legal authority contained in the "Charter", known as the Export-Import Bank Act of 1945 ("EXIM Act"). EXIM is an independent agency of the U.S. Government, corporate in form, all of whose authorized and issued capital stock of $1 billion is held by the Secretary of the Treasury. The mission is to aid in financing exports of goods and services from the United States to foreign countries by providing a level playing field for U.S. exporters in cases where private sector lenders are unable or unwilling to provide financing. The EXIM Act vests broad banking powers (except that of circulation) in EXIM, including the power to borrow and lend, to guarantee and insure against political and credit risks of loss and to purchase or guarantee negotiable instruments, evidences of indebtedness and other securities (except that EXIM may not acquire stock in another corporation except under certain circumstances). EXIM exercises these powers chiefly by making U.S. dollar denominated direct loans to foreign borrowers on the EXIM balance sheet with funding from the U.S. Treasury, by assuming the political and credit risks on short- and medium-term export transactions through the issuance of insurance to United States exporters, and by the issuance of guarantees on medium- and long-term loan facilities repayable in U.S. dollars or certain foreign currencies in support of export transactions or U.S. exporters. For additional information on EXIM, please see "Impact of Recent EXIM Developments."

Arrangements between PEFCO and EXIM

PEFCO's relationship with EXIM is primarily subject to (i) two principal agreements: the Guarantee Agreement and the Guarantee and Credit Agreement (as defined herein), which set out conditions for the issuance of EXIM loan guarantees and contain contractual restrictions on PEFCO's operations, respectively, and (ii) standard operating procedures relating to EXIM's policies and objectives.

Guarantee Agreement

Many of the EXIM guaranteed loans that PEFCO funds are guaranteed under a Guarantee Agreement dated as of December 15, 1971 (as amended, the "Guarantee Agreement") between EXIM and PEFCO. Under the terms of the Guarantee Agreement, due and punctual payment of principal and interest on all guaranteed loans originated by PEFCO and covered under the Guarantee Agreement will be fully and unconditionally guaranteed by EXIM. At its option, PEFCO (or a trustee acting for the benefit of noteholders with which PEFCO may pledge Guaranteed Importer Notes under the Secured Notes Indenture) may, after an event of default under any loan agreement pursuant to which PEFCO shall have acquired any Guaranteed Importer Note, elect (i) to have EXIM service such Guaranteed Importer Note by continuing the payment of interest and principal in accordance with the terms thereof or (ii) to accelerate the maturity of such Guaranteed Importer Note and have EXIM pay the entire amount of such Guaranteed Importer Note plus accrued interest to the date of payment. If PEFCO or the Secured Notes Trustee should exercise the option described in clause (ii) of the preceding sentence, EXIM has the right to substitute another EXIM guaranteed loan with a yield to PEFCO at least equal to the yield on, and with approximately the same remaining stated maturities as, the EXIM guaranteed loan in default. The Secured Notes Indenture provides that any EXIM guaranteed loan substituted by EXIM must have remaining stated maturities which, together with the stated maturities of the other collateral then subject to the lien of the Secured Notes Indenture, will be sufficient to ensure that, before the dates of any mandatory payments of principal on all Secured Notes outstanding under the Secured Notes Indenture, the Secured Notes Trustee will be provided with cash sufficient to make such payments.

Guarantee and Credit Agreement

In 1971, in order to assist PEFCO in its objective of mobilizing private capital to finance U.S. exports, EXIM entered into a Guarantee and Credit Agreement dated as of February 1, 1971 (as amended, the "Guarantee and Credit Agreement") with PEFCO. Pursuant to the Guarantee and Credit Agreement, among other things, EXIM agreed, when requested by PEFCO, to guarantee the due and punctual payment of interest on debt obligations of PEFCO approved for issuance by EXIM, which currently are PEFCO's Secured Notes. The Guarantee and Credit Agreement also provides that EXIM will make any required payments under its interest guarantees directly to any trustee acting for the benefit of the holders of debt obligations so guaranteed, that any claims EXIM may have against PEFCO for any payments made by EXIM under such guarantees will not be collected from assets pledged to secure such obligations, unless and until the holders thereof have been paid in full, and that EXIM will enter into an agreement with any such trustee to evidence the foregoing understandings. The Secured Notes Indenture contains provisions of the nature described in the foregoing sentence. A semi-annual guarantee fee on the total interest accrued by PEFCO during the preceding semi-annual period on securities on which interest payments have been guaranteed by EXIM is payable to EXIM under the Guarantee and Credit Agreement. Such fee is computed at the rate of 1/4 of 1% on the first $10,000,000 of such interest expense, 3/16 of 1% on the next $10,000,000 of such interest expense and 1/8 of 1% on the balance, if any, of such interest expense.

If EXIM makes any payments pursuant to its guarantees of interest on PEFCO's Secured Notes, the Guarantee and Credit Agreement requires PEFCO, if its net worth exceeds 25% of its paid-in and callable capital, immediately to apply (i) cash and securities held by PEFCO and not pledged to secure any other obligations of PEFCO plus (ii) the aggregate amount which PEFCO can call pursuant to subscription agreements with its shareowners to reimburse EXIM for such payments. Moreover, if PEFCO has net income in any subsequent semi-annual period, it must apply the amount of such net income to repay EXIM for any unreimbursed payments made by EXIM under its guarantees of interest on PEFCO debt obligations. Finally, any amounts paid by EXIM pursuant to its guarantees of interest must be repaid by PEFCO within one year after payment in full of the last maturing PEFCO debt obligation on which interest is guaranteed by EXIM. Amounts paid by EXIM under its guarantee of interest will bear interest at the prevailing rate of interest charged by EXIM on direct loans made in the ordinary course of business on the date of such payment by EXIM. Such interest is to be payable semi-annually.

The Guarantee and Credit Agreement gives EXIM a broad measure of supervision over PEFCO's major financial management decisions. In particular, the Guarantee and Credit Agreement requires the approval of EXIM before PEFCO can:

(i) issue long-term debt obligations,

(ii) make direct loans guaranteed by EXIM,

(iii) purchase its long-term debt obligations prior to their originally stated maturity date,

(iv) invest its surplus funds in assets other than EXIM-approved investments,

(v) declare or pay dividends on its capital stock,

(vi) transfer all or substantially all of its assets,

(vii) engage in any business other than the financing of exports of U.S. goods and services, or

(viii) issue short-term debt subject to an overall approval by EXIM.

Additionally, the Guarantee and Credit Agreement gives EXIM the right to have two representatives present at all meetings of PEFCO's Board of Directors, and the right to receive information as to PEFCO's budgets, financial condition and operating results.

The Guarantee and Credit Agreement was extended in 1994 by agreement between EXIM and PEFCO to December 31, 2020. On September 8, 2020, the Guarantee and Credit Agreement was extended again with an expiration on December 31, 2045. PEFCO may also terminate the Guarantee and Credit Agreement as of December 31 in any year on 60 days prior written notice if it is not indebted to EXIM at the time. No termination will affect any then outstanding guarantees of EXIM or PEFCO's obligations to pay the guarantee fee on, or to reimburse EXIM for any payment by it under, any such guarantee. Various other provisions governing the relationship between EXIM and PEFCO are contained in the Guarantee and Credit Agreement, a copy of which is on file and available for inspection during normal business hours at the offices of PEFCO.

PEFCO Standard Operating Procedures

PEFCO operates as a Delaware corporation with a wide range of powers and corporate abilities. However, its core mission is to support EXIM's policy of facilitating and expanding the export of U.S. goods and services, and PEFCO relies on EXIM's various guarantee programs to provide sovereign credit support for its lending activities. EXIM and PEFCO periodically and jointly sign a Standard Operating Procedures ("SOP"), which addresses a variety of subjects, including procedures related to EXIM's broad policy objectives, PEFCO's approach to supporting the export finance market, monthly reporting requirements on PEFCO's loans held in portfolio and new loan commitments, and financing terms offered by PEFCO. The SOP includes the procedures for requesting EXIM guarantees and, in effect, are part of Management's decisions on PEFCO's revenue generation and overall profitability. The latest SOP was entered into in October 2020. Each SOP is not legally enforceable by its terms, but rather establishes a baseline of mutual expectations for PEFCO and EXIM. PEFCO believes it operates as a public-private partnership with EXIM, the effect of which is that PEFCO's primary objective is seeking how it can best support EXIM's public policy objectives, and only as a secondary objective, how PEFCO can generate revenue and profits for its business needs.

Under the SOP, PEFCO is expected to:

- maintain at least $60 million in capital;
- maintain a loan-to-capital ratio of no more than 75 to one.
- not declare or pay dividends on equity capital in excess of 50% of current income; and
- maintain a credit rating no lower than the rating of the U.S. Government from one major rating agency on all secured debt issued by PEFCO.

PEFCO adhered to all of these standards in 2022.

The SOP also specifies the criteria used for granting certain loans purchased by PEFCO the benefits of official cover under the Guarantee Agreement, and therefore qualify as eligible collateral for the Secured Note Program. For each qualifying loan, EXIM substitutes the Guarantee Agreement for an existing EXIM loan guarantee provided under the EXIM Master Guarantee Agreement, EXIM's standard guarantee agreement for medium- and long-term loans.

Other Agreements with EXIM

EXIM and PEFCO are party to a number of other ancillary agreements that primarily deal with procedural and other matters related to the Guarantee Agreement and the Guarantee and Credit Agreement.

Relationship with DFC

In 2004, PEFCO entered into a series of agreements with the DFC, formerly the Overseas Private Investment Corporation ("OPIC"), pursuant to which portions of loans guaranteed by DFC could be sold to PEFCO. Similar to the role PEFCO plays in its relationship with EXIM, PEFCO is only involved in a guaranteed loan transaction with DFC after the transaction is proposed, reviewed, approved, and the credit exposure underwritten by DFC based on information provided by the borrower, the exporter and the financial institution acting in the role as the deal arranger. In transactions involving non-sovereign borrowers, DFC provides an unconditional guarantee covering the transaction. PEFCO purchases loan notes for the amount of the DFC guarantee cover and leaves any unguaranteed portion with the originating financial institution.

CREDIT ACTIVITIES

Since all loans made by PEFCO are guaranteed or insured as to the due and punctual payment of principal and interest by EXIM or other U.S. government institutions, whose obligations are backed by the full faith and credit of the United States, PEFCO relies upon this U.S. Government support and does not make an independent evaluation of the credit risks associated with the borrower, appraisals of economic conditions in foreign countries, or reviews of other factors in making its loans. With regards to its insured loans with EXIM, in the event official cover is denied or there is residual risk associated with the transaction, the Company evaluates the need for a reserve based on the probability of loss. See Note 5, Lending Programs, in PEFCO's audited financial statements, included elsewhere in this report for more information.

PEFCO's staff meets from time to time with a wide range of manufacturers and third-party credit providers to better understand the export financing market.

COMPETITION

PEFCO operates in the financing area focused exclusively on U.S. exports. In this capacity, PEFCO has a specialized mission of supporting EXIM and its policy objectives, and operates in a business line that is also engaged in by money center banks, regional and local banks, captive finance companies, trade finance companies and groups, and other similar financial institutions, including a number of entities that are PEFCO shareowners. PEFCO does not believe there are any other institutions that are dedicated to EXIM to the same extent. PEFCO believes there are no market participants that fully overlap with PEFCO's business activities. As part of its mission, PEFCO itself may ultimately compete in addressing a borrower's needs and provide direct financing on an exclusive basis, in coordination with a deal arranger, and in other circumstances it may do so on a complementary basis alongside other lenders in making direct loans as part of an overall financing plan. Unlike other export financing lenders, PEFCO's business is subject to various operating restrictions on various matters, including the spreads it charges for fixed-rate and floating-rate notes, that affect its returns and profitability, which are subordinate to PEFCO's overall core mission of supporting U.S. exports as a public policy objective.

REGULATION

PEFCO is a Delaware corporation that is subject to oversight by EXIM provided in the 1971 Guarantee Agreement, the Guarantee and Credit Agreement and the Standard Operating Procedures. See "—Arrangements between PEFCO and EXIM" above.

PEFCO maintains appropriate compliance, anti-money laundering, hedging, and other relevant policies and practices related to its business.

PEFCO is not required to register its securities under the U.S. securities laws nor is it subject to bank regulation under U.S. federal or state laws.

TO THE BOARD OF DIRECTORS AND SHAREOWNERS OF PRIVATE EXPORT FUNDING CORPORATION:

Opinions on the Financial Statements and Internal Control over Financial Reporting

We have audited the financial statements of Private Export Funding Corporation (the "Company"), which comprise the statements of financial condition as of September 30, 2022, and 2021, and the related statements of operations, comprehensive loss, changes in shareowners' equity, and cash flows for each of the three years in the period ended September 30,2022, and the related notes to the financial statements (collectively referred to as the "financial statements"). In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2022, and 2021, and the results of its operations and its cash flows for each of the three years in the period ended September 30,2022, in accordance with accounting principles generally accepted in the United States of America.

We have also audited the Company's internal control over financial reporting as of September 30, 2022, based on the criteria established in the Internal Control – Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of September 30, 2022, based on the criteria established in the Internal Control – Integrated Framework (2013) issued by COSO.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements and Internal Control over Financial Reporting

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. Management is also responsible for its assessment about the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control over Financial Reporting.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audits of the Financial Statements and Internal Control over Financial Reporting

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and about whether effective internal control over financial reporting was maintained in all material respects, and to issue an auditor's report that includes our opinions.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit of financial statements or an audit of internal control over financial reporting conducted in accordance with GAAS will always detect a material misstatement or a material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit of financial statements and an audit of internal control over financial reporting in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the financial statement audit in order to design audit procedures that are appropriate in the circumstances.
- Obtain an understanding of internal control over financial reporting relevant to the audit of internal control over financial reporting, assess the risks that a material weakness exists, and test and evaluate the design and operating effectiveness of internal control over financial reporting based on the assessed risk.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity's internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance regarding the preparation of reliable financial statements in accordance with accounting principles generally accepted in the United States of America. An entity's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America, and that receipts and expenditures of the entity are being made only in accordance with authorizations of management and those charged with governance; and (3) provide reasonable assurance regarding prevention, or timely detection and correction, of unauthorized acquisition, use, or disposition of the entity's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements. Also, projections of any assessment of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Deloitte & Touche LLP

January 16, 2023

New York, New York

STATEMENTS OF FINANCIAL CONDITION

(In thousands, except share amounts)		*September 30, 2022*		*September 30, 2021*
ASSETS				
Cash and cash equivalents		$ 353,624		$ 196,934
Restricted cash and restricted cash equivalents		35,740		323,317
Investment securities available for sale ("AFS") at fair value		1,416,501		1,555,524
Interest and fees receivable		11,319		29,194
Export loans guaranteed or insured by EXIM	2,103,450		3,266,600	
Other guaranteed loans	145,418		54,155	
Lending, net of unearned income		2,248,868		3,320,755
Allowance for loan losses		–		(497)
Total lending, net		2,248,868		3,320,258
Other assets and deferred charges		31,952		54,128
Total Assets		$ 4,098,004		$ 5,479,355
LIABILITIES AND SHAREOWNERS' EQUITY				
Liabilities				
Short-term notes		$ 703,437		$ 554,888
Interest payable		18,445		31,551
Accrued expenses and other liabilities		83,673		11,339
Long-term debt		3,226,199		4,786,256
Total Liabilities		4,031,754		5,384,034
Shareowners' Equity				
Common stock-no par value; authorized 40,000 shares; outstanding 17,786 shares at September 30, 2022 and September 30, 2021		38,950		38,950
Retained earnings		40,788		57,699
Accumulated other comprehensive loss		(13,488)		(1,328)
Total Shareowners' Equity		66,250		95,321
Total Liabilities and Shareowners' Equity		$ 4,098,004		$ 5,479,355

See Notes to Financial Statements

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)	Year Ended September 30, 2022	2021	2020
FINANCING REVENUE			
Interest	$ 47,249	$ 26,683	$ 90,675
Commitment and prepayment fees	2,377	1,023	4,048
Total Financing Revenue	49,626	27,706	94,723
FINANCING EXPENSE			
Interest	(58,929)	(40,977)	(95,292)
Commitment and other fees	(3,528)	(3,789)	(3,431)
Total Financing Expense	(62,457)	(44,766)	(98,723)
Net Financing Expense	(12,831)	(17,060)	(4,000)
Net securities gain	530	284	268
Recovery of loan losses	150	–	–
General and administrative expenses	(9,089)	(9,787)	(10,092)
Loss before income tax	(21,240)	(26,563)	(13,824)
Income tax benefit	4,329	5,578	4,057
Net Loss	$ (16,911)	$ (20,985)	$ (9,767)
NET LOSS PER SHARE	$ (950.81)	$ (1,179.86)	$ (549.20)

See Notes to Financial Statements

STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended September 30,		
(In thousands)	*2022*	*2021*	*2020*
Net Loss	$ (16,911)	$ (20,985)	$ (9,767)
Unrealized (losses) gains on investment securities - AFS	(19,990)	(712)	1,098
(net of income tax (benefit) provision of ($5,314); ($189) and $292, respectively)			
Cashflow hedge forward deals	4,059	470	–
(net of income tax provision of $1,079; $125 and $0, respectively)			
Reclassification adjustment for net securities gains included in net loss	419	224	212
(net of income tax provision of $111; $60 and $56, respectively)			
Pension and post retirement adjustment	3,352	668	(259)
(net of income tax provision (benefit) of $891; $178 and ($69), respectively)			
Other comprehensive (loss)/income	(12,160)	650	1,051
Comprehensive Loss	$ (29,071)	$ (20,335)	$ (8,716)

See Notes to Financial Statements

STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY

(In thousands, except per share amounts)	*Common Stock*	*Retained Earnings*	*Accumulated Other Comprehensive Loss*	*Total Shareowners' Equity*
Balances at September 30, 2019	$ 38,950	$ 88,451	$ (3,029)	$ 124,372
Comprehensive loss:				
Net loss		(9,767)		(9,767)
Other comprehensive income			1,051	1,051
Balances at September 30, 2020	$ 38,950	$ 78,684	$ (1,978)	$ 115,656
Comprehensive loss:				
Net loss		(20,985)		(20,985)
Other comprehensive income			650	650
Balances at September 30, 2021	$ 38,950	$ 57,699	$ (1,328)	$ 95,321
Comprehensive loss:				
Net loss		(16,911)		(16,911)
Other comprehensive loss			(12,160)	(12,160)
Balances at September 30, 2022	$ 38,950	$ 40,788	$ (13,488)	$ 66,250

See Notes to Financial Statements

STATEMENTS OF CASH FLOWS

	Year Ended September 30,		
(In thousands)	*2022*	*2021*	*2020*
OPERATING ACTIVITIES			
Net loss	$ (16,911)	$ (20,985)	$ (9,767)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities:			
Depreciation and amortization	6,863	6,841	11,297
Recovery of loan provision	(150)	–	–
Net gain on investment securities	(530)	(284)	(268)
Net gain on prepayments of loans	(2,186)	(836)	(3,879)
Deferred tax benefit	(4,922)	(4,905)	(4,057)
Decrease in interest and fees receivable	17,875	1,269	2,686
(Decrease) increase in interest payable	(13,106)	900	(189)
Decrease in accrued expenses and other liabilities	(4,604)	(1,278)	(140)
Other, net	(5,890)	(6,383)	15,657
Net cash (used in) provided by operating activities	(23,561)	(25,661)	11,340
INVESTING ACTIVITIES			
Repayment (placement) of time deposits	–	25,000	(25,000)
Proceeds from maturities of investment securities	1,543,644	590,746	1,297,107
Purchases of investment securities	(1,726,794)	(1,811,657)	(986,366)
Proceeds from sales of investment securities	299,514	48,214	23,601
Principal collected on loans	1,212,028	1,031,333	1,355,556
Principal disbursed on loans	(220,617)	(1,298,578)	(551,592)
Net cash provided by (used in) investing activities	1,107,775	(1,414,942)	1,113,306
FINANCING ACTIVITIES			
Proceeds from issuance of short-term notes	2,116,940	1,993,268	2,496,095
Repayments of short-term notes	(1,973,041)	(1,929,320)	(2,656,233)
Proceeds from issuance of long–term debt less issuance costs	–	945,105	856,336
Repayments and repurchases of long–term debt	(1,359,000)	(300,000)	(1,275,000)
Net cash (used in) provided by financing activities	(1,215,101)	709,053	(578,802)
(Decrease) increase in Cash, cash equivalents, restricted cash, and restricted cash equivalents	(130,887)	(731,550)	545,844
Cash, cash equivalents, restricted cash, and restricted cash equivalents at the beginning of the year	520,251	1,251,801	705,957
Cash, cash equivalents, restricted cash, and restricted cash equivalents at the end of the year	$ 389,364	$ 520,251	$ 1,251,801
SUPPLEMENTAL DISCLOSURES			
Interest paid	$ 94,080	$ 104,046	$ 120,587
Income taxes paid	$ 2,850	$ 1,110	$ –

The following table provides a reconciliation of cash, cash equivalents, restricted cash, and restricted cash equivalents reported in the Statements of Financial Condition to that shown in the Statements of Cash Flows:

	Year Ended September 30,		
(In thousands)	*2022*	*2021*	*2020*
Cash and cash equivalents	$ 353,624	$ 196,934	$ 646,109
Restricted cash and restricted cash equivalents	35,740	323,317	605,692
Cash, cash equivalents, restricted cash and restricted cash equivalents in the Statements of Cash Flows	$ 389,364	$ 520,251	$ 1,251,801

See Notes to Financial Statements

1. ORGANIZATION

Private Export Funding Corporation ("PEFCO" or the "Company") was incorporated on April 9, 1970 under Delaware law and is principally engaged in making U.S. dollar loans to foreign importers to finance purchases of goods and services of United States manufacture or origin. PEFCO's shareowners include most of the major commercial banks involved in financing U.S. exports, industrial companies involved in exporting U.S. products and services, and financial services companies.

PEFCO was established with the support of the United States Department of the Treasury and the Export-Import Bank of the United States ("EXIM") to assist in the financing of U.S. exports through the mobilization of private capital as a supplement to the financing already available through EXIM, commercial banks and other lending institutions. EXIM has cooperated in the operation of PEFCO through various agreements.

2. AGREEMENTS WITH EXIM

PEFCO has agreements with EXIM which provide that EXIM will:

1. guarantee the due and punctual payment of principal and interest on all export loans made by PEFCO (the "Guarantee Agreement"); and
2. guarantee the due and punctual payment of interest on PEFCO's long-term Secured Notes in return for a fee paid by PEFCO.

Under its agreements with PEFCO, EXIM retains a broad measure of supervision over PEFCO's major financial management decisions. The approval of EXIM is required on the terms of PEFCO's individual loan commitments and on the terms of PEFCO's long-term debt issuances. Surplus funds may be invested only in EXIM-approved types of assets. The prior consent of EXIM is required in order for PEFCO to withdraw any excess collateral or substitute for any items previously collateralized under the Secured Notes Program. EXIM has exercised similar oversight on the Collateralized Notes Program, with prior consent required for tenors beyond five years classified as long-term. EXIM is entitled to representation at all meetings of PEFCO's Board of Directors. PEFCO furnishes EXIM with full information as to budgets, financial condition, and operating results. If EXIM makes any payments pursuant to its guarantees of interest on PEFCO's Secured Notes, there are certain additional requirements imposed on PEFCO as established in the agreements with EXIM. There were no such payments in 2022. Fees paid for the guarantee of interest on Long-term Secured Notes were $134 thousand in 2022, $146 thousand in 2021, and $160 thousand in 2020.

Like some other government agencies, EXIM operates under a charter mandated for specific periods of time through legislation passed by Congress and signed into law. In April 2020, EXIM initiated a review of the EXIM / PEFCO public private partnership in connection with the renewal of the Guarantee and Credit Agreement, scheduled to expire on December 31, 2020. EXIM reviewed the role that PEFCO plays in supporting the EXIM guaranteed loan market, solicited comments from key constituents and the general public in a transparent process, and sought to enhance the effectiveness and utility of this public private partnership for the future. On September 8, 2020, the EXIM Board approved the renewal of the Guarantee and Credit Agreement for a term expiring on December 31, 2045. In addition, the EXIM Board approved changes to the PEFCO Standard Operating Procedures designed to facilitate PEFCO funding capabilities and enhance transparency.

Legal authority for EXIM as an independent Federal agency is granted through legislation passed by Congress and signed into law. This legislation is referenced as the EXIM "Charter". The Charter is amended periodically to authorize the extension of the expiration date and introduce other changes made by Congress with respect to policies or procedures. The current Charter is authorized through December 31, 2026.

Under the Charter, EXIM has a five-member Board of Directors consisting of the President & Chairman, the First Vice President & Vice Chairman, and three Director positions. Members of the EXIM Board are nominated and confirmed for a defined term, typically ending in January. The expiring term of a Board Member may be extended by the Administration for an additional six month term. Vacancies in the President & Chairman and First Vice President & Vice Chairman may be filled by EXIM staff in an acting capacity for shorter periods under the provisions of the Federal Vacancies Reform Act of 1998. The Charter was reauthorized in 2019 for a seven year term and also introduced reforms in the Board composition to maintain the voting quorum. If there is an insufficient number of directors to constitute a voting quorum for 120 consecutive days, a temporary Board is authorized consisting of (i) the U.S. Trade Representative, (ii) the Secretary of the Treasury, (iii) the Secretary of Commerce, and (iv) the current members of the EXIM Board serving in either a regular or acting capacity.

If the corporate existence of EXIM shall terminate or have been terminated, under the provisions of the Export-Import Bank Act of 1945, as amended, such a termination of the corporate existence of EXIM would have no effect on the Guarantee Agreement, and no effect on EXIM's guarantee of interest on the outstanding Secured Notes.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements are prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

The Company considers cash on hand, deposits held at banks, highly liquid money market funds, and U.S. Treasury Securities with original maturities of three months or less from the date of purchase to be cash and cash equivalents. Substantially all cash and cash equivalents are held by six financial institutions which at times can exceed the Federal Deposit Insurance Corporation's insurance limit. Money market funds and U.S. Treasury securities are carried at amortized cost.

Restricted Cash and Restricted Cash Equivalents

Restricted cash and restricted cash equivalents consist of deposits held at banks and U.S. Treasury Securities with maturities of three months or less from the date of purchase which cannot be withdrawn or sold without a hold of at least one day due to contractual restrictions, either to meet collateral or margin requirements. Amounts include balances that are pledged as collateral for PEFCO's Collateralized Notes and Secured Notes programs and held for the initial margin requirement as determined by the Central Clearing Party ("CCP"), the institution which takes on the counterparty risk related to its interest rate swaps. Substantially all restricted cash and restricted cash equivalents are held by three financial institutions which at times can exceed the Federal Deposit Insurance Corporation's insurance limit. U.S. Treasury securities are carried at amortized cost.

Time Deposits

Time deposits are interest-bearing accounts which have specified dates of maturity of more than three months from the date of deposit and may be withdrawn by giving notice, with penalties for early withdrawal. The funds, which at times can exceed the Federal Deposit Insurance Corporation's insurance limit, are held by a financial institution management believes is of high credit quality. Time deposits are carried at amortized cost. The Company currently has no time deposits.

Investment Securities

Investment securities that may be sold in response to changes in market interest rates, needs for liquidity, changes in funding sources and terms or other factors are classified as securities available for sale. The classification is determined at the time each security is acquired. At each reporting date, the appropriateness of the classification is reassessed, and the securities are assessed for other than temporary impairment.

Investment securities may include securities pledged as collateral under the terms of the 1971 Guarantee and Credit Agreement with EXIM.

The securities are carried at fair value with unrealized gains and losses, net of income taxes, reported as a component of Accumulated other comprehensive income (loss) ("AOCI").

Interest income on investment securities, including amortization of premiums and accretion of discounts, is recognized when earned using the effective interest method. Interest income is included in the interest line under financial revenue in the Statements of Operations. Security transactions are accounted for as of the date these securities are purchased or sold (trade date). Realized gains and losses are reported on a first-in, first-out basis.

Loans, Interest and Fees

Loans are reported at their principal amounts outstanding, net of unamortized premium or discounts and adjustments under fair value hedge accounting (see Note 10) and may include loans pledged as collateral under the terms of the 1971 Guarantee and Credit Agreement with EXIM.

Interest income is recognized when earned and related unamortized premium and discount are amortized to interest income on an effective yield basis over the life of the loan. Fees received from the undisbursed balances of loan commitments and fee income are recognized over the period the service is provided. A borrower may cancel all or any portion of an unused fixed-rate loan commitment or prepay a fixed-rate loan by paying PEFCO a fee equal to the present value of the reinvestment loss, if any, incurred by PEFCO. Cancellation and prepayment fees are recorded as income by PEFCO upon receipt.

Allowance for Loan Losses

Since all loans made by PEFCO are guaranteed or insured as to the due and punctual payment of principal and interest by EXIM or other U.S. government institutions, such as the International Development Finance Corporation ("DFC") whose obligations are backed by the full faith and credit of the United States, PEFCO relies upon this U.S. government support and does not make evaluations of credit risks, appraisals of economic conditions in foreign countries, or reviews of other factors in making its loans. In addition, insured loans are supported by guarantees from the respective lenders. Accordingly, PEFCO does not presently maintain an allowance for its guaranteed loans. With regards to its insured loans with EXIM, in the event official cover is denied or there is residual operational risk associated with a transaction, the Company evaluates the need for an allowance for loan losses based on the probability of loss.

Other Assets and Deferred Charges and Accrued Expenses and Other Liabilities

Other Assets and Deferred Charges include, among other things, premises and equipment, net deferred tax assets and the fair value of PEFCO's derivative financial instruments. Accrued Expenses and Other Liabilities include, among other things, operating expense accruals, tax accruals, other payables, and the fair value of PEFCO's derivative financial instruments.

Internally developed software, equipment, and leasehold improvements are carried at cost less accumulated depreciation and amortization. Depreciation and amortization are computed using the straight-line method over the estimated useful life of the asset and, for leasehold improvements, over the estimated useful life of the improvement or the lease term, whichever is shorter.

Derivative Financial Instruments

In connection with PEFCO's asset/liability management process, the purpose of which is to manage and control the sensitivity of PEFCO's earnings to changes in market interest rates, PEFCO may enter into derivative financial instruments including interest rate swap contracts that are designated as fair value hedges or cash flow hedges of specific assets or groups of similar assets or similar liabilities and anticipated debt issuance transactions. Interest rate swaps are transactions in which two parties agree to exchange, at specified intervals, interest payment streams calculated on an agreed-upon notional amount with at least one stream based on a specified floating-rate index. The credit risk inherent in interest rate swaps arises from the potential inability of counterparties to meet the terms of their contracts. Swap contracts may be novated and "cleared" through a CCP, an institution which takes on the counterparty risk and provides clearing and settlement services.

Derivative financial instruments are recorded on the Statements of Financial Condition as either an asset or liability measured at fair value. Derivatives are recorded on a net-by-counterparty basis in the Statements of Financial Condition when a legal right to offset exists under an enforceable netting arrangement. If the derivative is designated as a fair value hedge, the changes in fair value of the derivative and hedged item are recognized in earnings. If the derivative is designated as a cash flow hedge, changes in the fair value of the derivative are recorded in Other comprehensive income (loss) ("OCI") and are recognized in the Statements of Operations when the hedged item affects earnings. Net interest paid or received on fair value hedges of fixed-rate loans is reported as an adjustment to interest income. Net interest paid or received on fair value hedges of long-term debt is reported as an adjustment of interest expense.

PEFCO formally documents all relationships between hedging instruments and hedged items. Also, PEFCO formally assesses whether the derivatives used in hedging transactions have been highly effective in offsetting changes in the fair value or cash flows of hedged items and whether those derivatives may be expected to remain highly effective in future periods.

Debt

Short-term notes and Long-term debt are carried at amortized cost, reported net of unamortized premium or discounts, deferred issuance costs and adjustments under fair value hedge accounting (see Note 10). Unamortized premiums, discounts and deferred issuance costs are amortized to interest expense on a straight-line basis over the life of each issue.

Fair Value Measurement

PEFCO reports fair value measurements for certain classes of assets and liabilities. In measuring fair value, PEFCO utilizes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The highest priority is given to quoted prices in active markets and the lowest priority to unobservable inputs. Additional disclosure requirements are required for the lowest priority level. At PEFCO, fair value measurement is calculated using prices from data providers and dealers.

U.S. Treasury Securities reported as Cash and cash equivalents and Restricted cash and restricted cash equivalents are carried at amortized cost which approximates fair value, due to the short-term nature of the instrument.

Dividends and Distribution to Shareowners

Dividends and distribution to shareowners are recorded on the ex-dividend date.

Income Taxes

Income taxes are recorded based on the provisions of enacted tax laws, including the tax rates in effect for current and future years. Deferred income taxes reflect the net tax effects of temporary differences between the financial reporting and tax basis of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when such differences are expected to reverse. Such temporary differences are reflected as deferred tax assets and deferred tax liabilities on the Statements of Financial Condition. Net deferred tax assets are recognized to the extent that it is more likely than not that these future benefits will be realized.

In making such a determination, we consider all available positive and negative evidence, including future reversals of existing taxable temporary differences, projected future taxable income, tax-planning strategies, carryback potential if permitted under the tax law, and results of recent operations.

A tax position is recognized as a benefit only if it is "more likely than not" that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no tax benefit is recorded.

When accounting for interest and penalties related to income taxes, PEFCO reports them as General and administrative expenses in the Statements of Operations and Accrued expenses and other liabilities in the Statements of Financial Condition.

Recently Issued Accounting Pronouncements

In June 2022, the Financial Accounting Standards Board ("FASB") issued ASU 2022-03—*Fair Value Measurement (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions.* The amendments in this update clarify that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments also clarify that an entity cannot, as a separate unit of account, recognize and measure a contractual sale restriction. The amendments are effective for non-public entities for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. Management is currently assessing the impact on PEFCO's financial statements.

In March 2022, the FASB issued ASU 2022-01—*Derivatives and Hedging (Topic 815): Fair Value Hedging—Portfolio Layer Method*. Current GAAP permits only prepayable financial assets and one or more beneficial interests secured by a portfolio of prepayable financial instruments to be included in a last-of-layer closed portfolio. The amendments in this ASU allow nonprepayable financial assets also to be included in a closed portfolio hedged using the portfolio layer method. That expanded scope permits an entity to apply the same portfolio hedging method to both prepayable and nonprepayable financial assets, thereby allowing consistent accounting for similar hedges. The amendments are effective for fiscal years beginning after December 15, 2023, and interim periods within those fiscal years. Management is currently assessing the impact on PEFCO's financial statements.

In March 2020, the FASB issued ASU 2020-04, *Reference Rate Reform (Topic 848) – Facilitation of the effects of reference rate reform on financial reporting.* The amendments in this ASU provide optional expedients and exceptions to applying GAAP to contracts, hedging relationships and other transactions impacted by reference rate reform if certain criteria are met. The amendments in this ASU are effective upon issuance through December 31, 2024. The Company did not modify any LIBOR-based contracts during the fiscal year ended September 30, 2022 and adoption of this ASU did not have a material impact on the financial statements.

In December 2019, the FASB issued ASU 2019-12, *Simplifying the Accounting for Income Taxe*s, which simplifies the accounting for income taxes by removing certain exceptions to the general principles in the existing guidance for income taxes and making other minor improvements. PEFCO adopted the amendment effective October 1, 2022 and adoption of the ASU did not have a material impact on the financial statements.

In October 2018, the FASB issued Accounting Standards Update ("ASU") No. 2018-16, *Derivatives and Hedging (Topic 815) Inclusion of the Secured Overnight Financing Rate (SOFR) Overnight Index Swap (OIS) Rate as a Benchmark Interest Rate for Hedge Accounting Purposes.* The FASB amended its hedge accounting guidance to add the SOFR as a benchmark interest rate that could be designated in certain hedging relationships. In August 2017, the FASB issued ASU No. 2017-12, *Targeted Improvements to Accounting for Hedging Activities*, which will better align an entity's risk management activities and financial reporting for hedging relationships through changes to the designation and measurement guidance for qualifying hedging relationships and the presentation of hedge results. The targeted improvements in the ASU will allow increased flexibility to structure hedges of fixed- and floating-rate instruments. Application of the ASU is expected to reduce the amount of ineffectiveness as the revised accounting guidance will better reflect the economics of risk management activities. The ASU requires the hedging instrument to be presented in the same income statement line item as the hedged item and also requires expanded disclosures. PEFCO adopted the amendment effective October 1, 2021 and adoption of the ASU did not have a material impact on the financial statements.

In August 2018, FASB issued ASU No. 2018-14, *Compensation—Retirement Benefits—Defined Benefit Plans—General (Subtopic 715-20) Disclosure Framework—Changes to the Disclosure Requirements for Defined Benefit Plans* which amends ASC 715 to add, remove, and clarify disclosure requirements related to defined benefit pension and other postretirement plans. The ASU's changes related to disclosures are part of the FASB's disclosure framework project, which the Board launched in 2014 to improve the effectiveness of disclosures in notes to financial statements. PEFCO adopted this ASU for fiscal year 2022 and the impact is reflected in these financial statements (see Note 9). The adoption did not have a material impact on the financial statements.

The FASB issued in June 2016 ASU No. 2016-13 – *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments.* The objective of this ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity. To do this, the incurred loss impairment methodology in current U.S. GAAP will be replaced with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. The FASB does not specify a method for measuring expected credit losses and allows an entity to apply methods that reasonably reflect its expectations of the credit loss estimate. In March 2022, the FASB issued Update 2022-02—*Financial Instruments—Credit Losses (Topic 326): Troubled Debt Restructurings and Vintage Disclosures.* The amendment removes the recognition and measurement guidance on troubled debt restructurings for creditors that have adopted the amendments in Accounting Standards Update No. 2016-13, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, and enhance disclosures provided about certain modifications of receivables to debtors experiencing financial difficulty. For private companies, the amendments will be effective for fiscal years beginning after December 15, 2022, and interim periods therein. Management is currently assessing the impact on PEFCO's financial statements.

In February 2016, the FASB issued ASU No. 2016-02 – *Leases (Topic 842)*, the purpose of which is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. For lessees under an operating lease, the lessee is required to recognize a right-of-use ("ROU") asset and a lease liability, initially measured at the present value of the lease payments, in the Statements of Financial Condition; recognize a single lease cost, calculated so that the cost of the lease is allocated over the lease term on a generally straight-line basis; and classify all cash payments within operating activities in the Statements of Cash Flows. In November 2021, the FASB issued ASU No. 2021-09 – *Leases (Topic 842): Discount Rate for Lessees That Are Not Public Business Entities*. Topic 842 currently provides lessees that are not public business entities with a practical expedient that allows them to elect, as an accounting policy, to use a risk-free rate as the discount rate for all leases. The amendments in this ASU allow those lessees to make the risk-free rate election by class of underlying asset, rather than at the entity-wide level. An entity that makes the risk-free rate election is required to disclose which asset classes it has elected to apply a risk-free rate. The amendments require that when the rate implicit in the lease is readily determinable for any individual lease, the lessee use that rate rather than a risk-free rate or an incremental rate. PEFCO has adopted the ASUs as of October 1, 2022. The new standard provides for several practical expedients upon adoption.

The Company elected the package of practical expedients, which permits the Company not to reassess under the new standard our prior conclusions about lease identification, lease classification and initial direct costs. For those leases that fall under the definition of a short-term lease, the Company elected the short-term lease recognition exemption. Under this practical expedient, for those leases that qualify, the Company did not recognize ROU assets or liabilities. The Company also elected the practical expedient for lessees to account for lease components and non-lease components as a single lease component for all underlying classes of assets. The Company did not elect the use-of-hindsight practical expedient. As a result of adopting this new guidance on the first day of fiscal year 2023, substantially all the Company's operating lease commitments were subject to the new guidance and were recognized as operating lease assets and liabilities, initially measured as the present value of future lease payments for the remaining lease term discounted using the risk-free rate based on the remaining lease term as of the adoption date. The Company recognized a right of use ("ROU") asset and operating lease liability of $3.3 million and $3.5 million, respectively, as of the first day of fiscal year 2023. The difference between the assets and liabilities is attributable to the reclassification of an existing lease-related liability as an adjustment to the ROU assets.

4. INVESTMENT SECURITIES AVAILABLE FOR SALE

September 30, 2022

(In thousands)	*Amortized Cost*	*Gross Unrealized Gains*	*Gross Unrealized Losses*	*Fair Value* [a]	*Average Yield* [b]
U.S. Treasury Securities					
Maturity in one year or less	$ 892,663	$ 6	$ 5,313	$ 887,356	1.10%
Maturity after one year through five years	402,915	–	15,411	387,504	1.35%
U.S. Government Agency Securities [c]					
Maturity in one year or less	1,058	–	26	1,032	1.88%
Maturity after one year through five years	21,280	54	492	20,842	2.41%
Maturity after five years through ten years	80,937	64	1,774	79,227	2.64%
Maturity after ten years	42,491	3	1,954	40,540	2.89%
Total Available for Sale Securities	$ 1,441,344	$ 127	$ 24,970	$ 1,416,501	1.33%

September 30, 2021

(In thousands)	*Amortized Cost*	*Gross Unrealized Gains*	*Gross Unrealized Losses*	*Fair Value* [a]	*Average Yield* [b]
U.S. Treasury Securities					
Maturity in one year or less	$ 1,393,226	$ 43	$ 5	$ 1,393,264	0.05%
Maturity after one year through five years	53,625	3	4	53,624	0.57%
U.S. Government Agency Securities [c]					
Maturity after one year through five years	9,760	138	66	9,832	2.38%
Maturity after five years through ten years	70,648	357	518	70,487	1.55%
Maturity after ten years	28,333	121	137	28,317	1.63%
Total Available for Sale Securities	$ 1,555,592	$ 662	$ 730	$ 1,555,524	0.18%

(a) The fair value of PEFCO's portfolio of investment securities is based on independent dealer quotations.
(b) The average yield is based on effective rates on carrying values at the end of the year.
(c) These securities are explicitly guaranteed by the U.S. government and include securities issued by, among others, the Government National Mortgage Association, the International Development Finance Corporation, and the Small Business Association.

Cash proceeds from the sales of available for sale securities during 2022, 2021, and 2020 were $299.5 million, $48.2 million, and $23.6 million, respectively. Net gains from available for sale securities sold in 2022 amounted to $473 thousand. Net gains from available for sale securities sold in 2021 amounted to $284 thousand. Net gains from available for sale securities sold in 2020 amounted to $268 thousand.

The following table provides the gross unrealized losses and fair value, aggregated by investment category and length of time the individual securities have been in a continuous unrealized loss position:

September 30, 2022 (In thousands)	Less than 12 months		12 months or more	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury Securities	$ 1,004,801	$ 12,541	$ 220,357	$ 8,183
U.S. Government Agency Securities	79,063	3,228	42,857	1,018
Total temporarily impaired securities	$ 1,083,864	$ 15,769	$ 263,214	$ 9,201

September 30, 2021 (In thousands)	Less than 12 months		12 months or more	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury Securities	$ 394,995	$ 9	$ –	$ –
U.S. Government Agency Securities	22,867	202	42,869	519
Total temporarily impaired securities	$ 417,862	$ 211	$ 42,869	$ 519

These investment securities are backed by the full faith and credit of the U.S. government. The unrealized losses on these investments resulted from movement in the yield curve and are not credit related. PEFCO has not recognized any other-than-temporary impairment on any securities with unrealized losses as there is no intent to sell these securities and it is not more likely than not that PEFCO will be required to sell the security before the recovery of the entire amortized cost basis of the security.

Investment securities include securities pledged as collateral for PEFCO's Secured and Collateralized Notes programs. The fair value of securities pledged at September 30, 2022 and September 30, 2021 were $1,034 million and $1,144 million, respectively. During the year ended September 30, 2022, PEFCO began to include investment securities in addition to cash as Central Clearing Party ("CCP") collateral. The fair value of investment securities posted as collateral for swap contracts cleared through a CCP at September 30, 2022 and September 30, 2021 were $14.7 million and $0, respectively, of which $13.6 million and $0, respectively, was required to satisfy the CCP's margin requirement.

5. LENDING PROGRAMS

Loans outstanding at September 30, 2022, and related undisbursed commitments were classified as follows:

	Outstanding Loans		Undisbursed Commitments
(In thousands)	Amount	Average Rate	Amount
Export loans guaranteed or insured by EXIM			
Direct & Secondary Long-term Loan Programs			
Fixed-rate	$ 1,052,511	2.72%	$ 30,603 (c)
Floating-rate	952,003 (a)		50,000 (a)
Short-term & Medium-term Loan Programs			
Fixed-rate	70,451	3.43%	18,740 (c)
Floating-rate	75,641 (a)		4,723 (a)
	$ 2,150,606		$ 104,066
Other guaranteed loans			
Fixed-rate	$28,369 (d)	3.26%	$ – (c)(d)
Floating-rate	115,526 (b)(d)		29,250 (b)(d)
	$ 143,895		$ 29,250
Total	$ 2,294,501		$ 133,316
Fair Value Hedge Adjustment	(48,615)		
Unamortized Premium	3,049		
Unamortized Discount	(67)		
Total Carrying Value	$ 2,248,868		

(a) The base interest rate is the London Interbank Offered Rate ("LIBOR") and Term SOFR.
(b) The base interest rate for loans guaranteed by DFC is the London Interbank Offered Rate ("Libor") and Term SOFR. The base interest rate for loans guaranteed by SBA is the Prime rate.
(c) The interest rate will be determined upon pricing (Direct and Secondary) / disbursement (Short and Medium-term).
(d) Loans are fully guaranteed by other U.S. sovereign government agencies and carry the full faith and credit of the U.S. government.

Loan outstanding at September 30, 2021, and related undisbursed commitments were classified as follows:

	Outstanding Loans		Undisbursed Commitments
(In thousands)	*Amount*	*Average Rate*	*Amount*
Export loans guaranteed or insured by EXIM			
Direct & Secondary Long-term Loan Programs			
Fixed-rate	$ 1,105,626	2.70%	$ 74,000 [b]
Floating-rate	1,980,991 [a]		– [a]
Short-term & Medium-term Loan Programs			
Fixed-rate	63,697	3.17%	22,364 [b]
Floating-rate	82,522 [a]		30,365 [a]
	$ 3,232,836		$ 126,729
Other guaranteed loans			
Fixed-rate	$ 21,635 [c]	1.94%	$ – [b][c]
Floating-rate	32,520 [a][c]		4,875 [a][c]
	$ 54,155		$ 4,875
Total	$ 3,286,991		$ 131,604
Fair Value Hedge Adjustment	32,976		
Unamortized Premium	1,136		
Unamortized Discount	(348)		
Total Carrying Value	$ 3,320,755		

(a) The base interest rate is the London Interbank Offered Rate ("LIBOR").
(b) The interest rate will be determined upon pricing (Direct and Secondary) / disbursement (Short and Medium-term).
(c) Loans are fully guaranteed by other U.S. sovereign government agencies and carry the full faith and credit of the U.S. government.

Outstanding loans were scheduled for repayment at September 30, 2022 as follows (in thousands):	
2023	$ 632,622
2024	509,974
2025	410,397
2026	332,923
2027	168,870
2028 and thereafter	239,715
Total before Fair Value Hedge Adjustment, Unamortized Premium, and Unamortized Discount	$ 2,294,501

In fiscal year 2018, PEFCO recorded a loan loss provision on a loan whose insurance was denied by EXIM. The provision amounted to $497 thousand. PEFCO received satisfactory payment for this loan in the form of a partial payment of $150 thousand and a write off of the remaining $347 thousand, during the year ended September 30, 2022. No provision was required for loans outstanding as of September 30, 2022.

PEFCO uses derivative contracts, primarily interest rate swaps, to effectively limit exposure to changes in the value of its fixed-rate loans. The maturity structure of the derivatives generally corresponds to the maturity structure of the loans being hedged. Including the effect of its derivative contracts hedging long-term loans guaranteed or insured by EXIM, PEFCO's overall weighted average effective rate for the EXIM long-term fixed-rate loan portfolio was 1.57% and 0.87% for the years ended September 30, 2022 and September 30, 2021, respectively.

Reported loan balances include export loans guaranteed by EXIM which are pledged as collateral for PEFCO's Secured Notes and Collateralized Notes programs. The amount of loans pledged at September 30, 2022 and September 30, 2021 were $1.4 billion and $2.3 billion, respectively.

6. DEBT

PEFCO manages its liquidity and interest rate exposures through the combination of short-term borrowings, secured and unsecured long-term debt issuances, and interest rate derivatives. Short-term notes and Long-term debt are accounted for at amortized cost except where the debt is in a fair value hedging relationship.

Short-term Notes

PEFCO's Short-term notes consist of commercial paper which is generally issued in amounts not less than $100 thousand and with maturities of 270 days or less. At September 30, 2022 and 2021, PEFCO's commercial paper outstanding was $703.4 million at a weighted average coupon of 2.60% and $554.9 million at a weighted average coupon of 0.10%, respectively.

For the years ended September 30, 2022 and 2021, Short-term notes averaged approximately $608.2 million (average interest rate of 0.76%), and $652.7 million (average interest rate of 0.14%), respectively.

Long-term Debt

The Company issues long-term debt through one of three programs - Medium-term Notes, Collateralized Notes or Secured Notes. The notes are sold through underwriters who may also be shareowners of the Company. Medium-term Notes are unsecured notes with maturities from nine months to five years. Collateralized Notes and Secured Notes are secured by the pledge of (1) loans or other assets guaranteed by EXIM or other U.S. agencies as to interest and principal, (2) U.S. Treasury and U.S. Government Agency securities and/or (3) Cash. The collateral includes scheduled maturities which ensure, before the date on which payment of principal of each note is due, the Trustee will have cash from maturing collateral sufficient to pay the principal of the notes. Payment of interest on the Secured Notes is fully guaranteed by EXIM in return for a fee paid by PEFCO, which is accounted for on an accrual basis. Typically, the Secured Notes have original maturities of five years or longer and the Collateralized Notes have maturities of one year or more.

PEFCO uses derivative contracts, primarily interest rate swaps, to effectively convert a portion of its fixed-rate debt to variable-rate debt. The maturity structure of the derivatives generally corresponds to the maturity structure of the debt being hedged.

	Balance Outstanding		Designated Collateral Installments [a]	
(In thousands)	2022	2021	2022	2021
Secured Notes				
Series BB - 4.30% notes due Dec-21	$ –	$ 500,000	$ –	$ 1,310,712
Series EE - 2.80% notes due May-22	–	500,000	–	1,063,993
Series II - 2.05% notes due Nov-22	400,000	400,000	1,109,128	853,576
Series KK - 3.55% notes due Jan-24	500,000	500,000	1,146,641	992,022
Series GG - 2.45% notes due Jul-24	400,000	400,000	808,274	693,028
Series OO - 1.75% notes due Nov-24	350,000	350,000	520,485	434,589
Series NN - 3.25% notes due Jun-25	250,000	250,000	315,584	258,048
Series PP - 1.40% notes due Jul-28	350,000	350,000	369,347	361,585
Total Secured Notes	$ 2,250,000	$ 3,250,000		
Medium-term Notes				
Series 2019-01 - 1.75% notes due Jun-22	$ –	$ 159,000	N/A	N/A
Series 2020-01 - Floating rate notes due Apr-23	250,000	250,000	N/A	N/A
Series 2021-02 - 0.30% notes due Apr-23	300,000	300,000	N/A	N/A
Series 2020-02 - Floating rate notes due Jul-23	260,000	260,000	N/A	N/A
Series 2021-01 - 0.55% notes due Jul-24	300,000	300,000	N/A	N/A
Total Medium-term Notes	$ 1,110,000	$ 1,269,000		
Collateralized Notes				
Series 2018-A - 3.27% notes due Nov-21	$ –	$ 200,000	$ –	$ 201,015
Total Collateralized Notes	$ –	$ 200,000		
Total Long-term Debt	$ 3,360,000	$ 4,719,000		
Fair Value Hedge Adjustment	(128,667)	75,190		
Unamortized Premium	426	1,182		
Unamortized Discount	(1,717)	(2,680)		
Deferred Issuance Costs	(3,843)	(6,436)		
Total Carrying Value	$ 3,226,199	$ 4,786,256		
Average principal balance outstanding	$ 3,893,846	$ 4,307,460		
Effective interest rate	2.15%	2.49%		
Effective interest rate after hedge accounting	1.39%	0.93%		

(a) Excess amounts for each series are then applied to the next series due.

Remaining maturities of Long-term Debt at September 30, 2022 were as follows (in thousands):	
2023	$ 1,210,000
2024	1,200,000
2025	600,000
2026	–
2027	–
2028 and thereafter	350,000
Total	$ 3,360,000

Collateral

The principal of all Secured Notes and Collateralized Notes is fully backed by collateral assets held in a trust arrangement which are owned and recorded by PEFCO in its Statements of Financial Condition. Collateral assets may include U.S. Treasury securities or other obligations unconditionally guaranteed or fully insured by the United States or agencies of the United States, foreign importer notes supported directly by export loan guarantees by EXIM under the 1971 Guarantee Agreement and cash. The securities and notes are assigned to, and held by, the trustee, a shareowner of PEFCO. The collateral includes scheduled maturities which ensure, before the date on which payment of principal of each Secured Note and Collateralized Note is due, the trustee will have cash from maturing collateral sufficient to pay the principal of the Secured Notes and Collateralized Notes. Payment of interest on the Secured Notes is fully guaranteed by EXIM in return for a fee paid by PEFCO, which is accounted for on an accrual basis.

The principal cash flows are segregated between designated installments (pledged in the trust against existing Secured Note and Collateralized Note issuances) and free installments (pledged in the trust arrangements but not designated currently against any existing Secured Note and Collateralized Note issuances). Designated installments in excess of a Secured Note or Collateralized Note principal redemption are available to back the next scheduled Secured Note or Collateralized Note redemption. Free installments are available collateral for pledging against future Secured Note or Collateralized Note issuances, or transferring out of the trust if held as current cash.

The assets pledged in support of the Secured Notes and Collateralized Notes programs were as follows:

(In thousands)	*2022*	*2021*
Cash and U.S. Treasury securities reported as Restricted cash & restricted cash equivalents	$ 35,881	$ 319,447
U.S. Treasury and Agency securities reported as Investment Securities AFS	1,056,608	1,143,706
Export loans guaranteed by EXIM reported as Loans	1,390,638	2,255,196
Total pledged collateral	$ 2,483,127	$ 3,718,349

Revolving Credit Facilities

During fiscal year 2022, PEFCO entered into a new syndicated 364 day revolving credit facility in place with 8 banks, of which 7 are shareowners, totaling $615 million. This credit facility matures on April 26, 2023. At September 30, 2022 and September 30, 2021, there were no amounts outstanding under any facility.

7. SHAREOWNERS' EQUITY

Common stock outstanding amounted to approximately $39.0 million at September 30, 2022 and September 30, 2021, and shares issued and outstanding amounted to 17,786 at each period end.

Net loss per share was $950.81 in fiscal 2022, $1,179.86 in fiscal 2021 and, $549.20 in fiscal 2020. Weighted average shares outstanding amounted to 17,786 for 2022, 2021 and 2020.

Under an agreement with EXIM effective December 16, 2010, PEFCO has approval to declare or pay dividends of up to 50% of annual net income, subject to the following: (i) the shareowners' equity of PEFCO, after giving effect to such dividend, is maintained at a minimum of $60 million (excluding the impact on shareowners' equity of market value accounting for investment securities and for cash flow hedges); (ii) PEFCO maintains, after giving effect to such dividend, a leverage ratio of guaranteed assets to shareowners' equity not in excess of 75 to 1; and (iii) PEFCO maintains a rating no lower than the rating of the U.S. Government from a major rating agency on all secured debt issued.

No dividends have been declared in the fiscal years ended September 30, 2022, 2021, and 2020.

8. INCOME TAXES

Income Tax Benefit/Provision

The components of Income tax (benefit) provision for the three years ended September 30,:

(In thousands)	*2022*	*2021*	*2020*
Total current	$ 593	$ 1,447	$ (1,193)
Total deferred	(4,922)	(7,025)	(2,864)
Income tax benefit	$ (4,329)	$ (5,578)	$ (4,057)

Tax Rate

The comparison of the U.S. Federal statutory tax rate to the effective income tax rate for the three years ended September 30,:

	2022	*2021*	*2020*
Tax at statutory rate	21.0%	21.0%	21.0%
Effective income tax rate	20.4%	21.0%	29.3%

As set forth in the table above, PEFCO's effective tax rates in 2022 were 20.4% and statutory were 21.0%. PEFCO's effective and statutory tax rates in 2021 were 21.0%. In 2020, PEFCO's effective tax rate was 29.3%, and differed from the 21.0% statutory tax rate, primarily as a result of the impact of the enactment of the Coronavirus Aid, Relief, and Economic Security ("CARES") Act and PEFCO's net operating loss carryback to a tax year in which the statutory tax rate was 34%.

Deferred Income Taxes

The following table is an analysis of the deferred tax assets (liabilities) for the years ended September 30,:

(In thousands)	*2022*	*2021*
Total deferred tax assets	$ 25,324	$ 14,947
Total deferred tax liabilities	(1,727)	(648)
Net deferred tax assets	$ 23,597	$ 14,299

Included in Other assets and deferred charges at September 30, 2022 is a net deferred tax asset of $23,597 thousand ($14,299 thousand in 2021). Deferred tax assets and liabilities result from temporary timing differences when recognizing certain revenue and expenses for book and tax purposes. Differences include recording hedge ineffectiveness, depreciation, pension and post-retirement costs, loan losses, and net operating losses. PEFCO determined that, as it was more likely than not that such deferred tax asset would be realized in the future, no valuation allowance was required as of September 30, 2022 and 2021. This determination was made based upon the evidence of prior years' earnings as well as expected future earnings.

As a result of the Section 163(j) interest deduction limitation as amended by the Tax Cuts and Jobs Act, PEFCO has taxable income of about $2.2 million in 2022 and about $6.9 million in 2021 after fully utilizing its remaining net operating loss carry forwards from prior years.

The Company has not recorded any uncertain tax positions as of September 30, 2022 and 2021. The Company does not expect its uncertain tax position balance to change significantly in the next 12 months. The Company is no longer subject to examinations by taxing authorities for all fiscal years prior to the one ended September 30, 2019. The Company has not been notified of any future examination by applicable taxing authorities.

9. EMPLOYEE BENEFIT PLANS

Pension and Postretirement Plans

PEFCO has two pension plans: a funded, noncontributory, qualified defined benefit pension plan covering all full-time employees and an unfunded, noncontributory, nonqualified pension plan which provides defined pension benefits to certain employees. Pension benefits are primarily based upon the participant's compensation level and years of credited service.

PEFCO provides healthcare and life insurance benefits to eligible retired employees. The postretirement healthcare plan is contributory; the life insurance plan is noncontributory. All postretirement plans are funded on a pay-as-you-go basis.

PEFCO also has a defined contribution 401(k) plan in which all full-time employees, after completing six months of service, are eligible to participate. This plan allows employees to make pre-tax contributions to tax-deferred investment portfolios. Employees may contribute up to 12% of their compensation subject to certain limits based on federal income tax laws. PEFCO matches employee contributions up to 6% of an employee's compensation.

Pension Plans

The following tables summarize the funded status and amounts recognized in the Statements of Financial Condition for PEFCO's pension plans:

	Qualified Plan		Nonqualified Plan	
(In thousands)	*2022*	*2021*	*2022*	*2021*
Change in Benefit Obligation				
Benefit obligation at beginning of year	$ 19,934	$ 18,263	$ 5,851	$ 6,076
Service cost	784	946	145	192
Interest cost	525	429	150	140
Actuarial (gain) loss	(5,953)	(48)	(1,306)	(202)
Benefits paid	(216)	(295)	(355)	(355)
Change in plan provisions	–	639	–	–
Benefit obligation at end of year	$ 15,074	$ 19,934	$ 4,485	$ 5,851
Change in Plan Assets				
Fair value of plan assets at beginning of year	$ 18,121	$ 15,733	$ –	$ –
Actual return on plan assets	(2,306)	1,909	–	–
Employer contributions	750	775	355	355
Benefits paid	(216)	(296)	(355)	(355)
Fair value of assets at end of year	$ 16,349	$ 18,121	$ –	$ –
Funded status at end of year (a)	$ 1,275	$ (1,813)	$ (4,485)	$ (5,851)

(a) These amounts were recognized in accrued expenses and other liabilities in the Statements of Financial Condition as of September 30, 2022 and 2021.

	Qualified Plan		Nonqualified Plan	
Amounts recognized in Accumulated Other Comprehensive Loss				
Net loss	$ (473)	$ 2,306	$ 378	$ 1,751
Prior service cost	552	639	–	–
Total	$ 79	$ 2,945	$ 378	$ 1,751

The Net periodic benefit cost and other amounts recognized in Other Comprehensive (Loss) Income for the two pension plans were as follows:

	Qualified Plan			Nonqualified Plan		
(In thousands)	2022	2021	2020	2022	2021	2020
Components of Net periodic pension cost						
Service cost	$ 784	$ 946	$ 652	$ 145	$ 192	$ 175
Interest cost	525	429	465	150	140	169
Expected return on plan assets	(910)	(793)	(707)	–	–	–
Amortization of prior service cost (credit)	87	–	–	–	(1)	(1)
Amortization of net losses	43	229	91	67	95	75
	$ 529	$ 811	$ 501	$ 362	$ 426	$ 418
Other changes in plan assets and benefit obligations (1)						
Net (gain) loss	$ (2,736)	$ (1,165)	$ 1,510	$ (1,306)	$ (202)	$ 343
Amortization of gain	(43)	(228)	(91)	(67)	(94)	(75)
Amortization of prior service cost	(87)	638	–	–	1	1
Total Recognized in Other Comprehensive (Loss) Income	$ (2,866)	$ (755)	$ 1,419	$ (1,373)	$ (295)	$ 269

(1) Before taxes at PEFCO's effective tax rate of approximately 20.4% for 2022, 21.0% for 2021, and 29.39% for 2020.

Assumptions Used for Pension Plan Accounting

Discount rate assumptions used for pension plan accounting reflect prevailing rates available on high-quality, fixed income debt instruments with maturities that match the benefit obligation.

The following rates were used in the measurement of the benefit obligation and net periodic pension costs:

	2022	2021	2020
Weighted average discount rate, end of period	5.15%	2.65%	2.37%
Weighted average discount rate, average for period	2.65%	2.37%	3.03%
Weighted average rate of pay increase	4.00%	4.00%	4.00%
Expected long-term rate of return on assets	5.00%	5.00%	5.00%

PEFCO's pension plan asset allocation target and actual performance based on fair values, were as follows:

		September 30, 2022		September 30, 2021	
(In thousands)	Target Allocation	Amount	Percent	Amount	Percent
Equity securities	50%	$ 7,598	46%	$ 9,895	55%
Debt securities	50%	8,751	54%	8,227	45%
Fair value at end of year	100%	$ 16,349	100%	$ 18,122	100%

The funding objectives of the noncontributory, qualified defined benefit plan are to achieve and maintain plan assets adequate to cover the accumulated benefit obligation and to provide competitive investment returns and reasonable risk levels when measured against appropriate benchmarks.

Postretirement Plan

The following tables summarize the funded status and amounts recognized in the Statements of Financial Condition for PEFCO's postretirement plan:

(In thousands)	2022	2021
Change in Benefit Obligation		
Benefit obligation at beginning of year	$ 735	$ 836
Service cost	43	51
Plan participants' contributions	97	59
Interest cost	19	18
Actuarial gain	(342)	(126)
Benefits paid	(141)	(103)
Benefit obligation at end of year	$ 411	$ 735
Change in Plan Assets		
Fair value of plan assets at beginning of year	$ –	$ –
Employer contribution	43	44
Plan participants' contributions	98	59
Benefits paid	(141)	(103)
Fair value of plan assets at end of year	$ –	$ –
Funded status at end of year [(a)]	$ (411)	$ (735)

(a) These amounts were recognized in "Accrued expenses and other liabilities" in the Statements of Financial Condition as of September 30, 2022 and 2021.

Amounts recognized in Accumulated Other Comprehensive (Loss) Income		
Net gain	$ (2,492)	$ (2,489)
Prior service credit	–	–
Total	$ (2,492)	$ (2,489)

The Net periodic benefit cost and other amounts recognized in OCI for the postretirement pension plan were as follows:

(In thousands)	2022	2021	2020
Components of periodic postretirement benefit cost			
Service cost	$ 43	$ 51	$ 128
Interest cost	19	18	66
Expected return on plan assets	–	–	–
Amortization of prior service credit	–	–	–
Amortization of net losses	(339)	(330)	(145)
Net periodic postretirement benefit cost	$ (277)	$ (261)	$ 49
Other Changes in plan assets and benefit obligations[(1)]			
Net (gain) loss	$ (342)	$ (126)	$ (1,505)
Amortization of gain	338	330	145
Amortization of prior service cost	–	–	–
Total Recognized in Other Comprehensive (Loss) Income	$ (4)	$ 204	$ (1,360)

(1) Before taxes at PEFCO's effective tax rate of 20.4% for 2022, 21% for 2021 and 29.3% for 2020.

Assumptions Used for Postretirement Plan Accounting

	2022	2021	2020
Weighted average discount rate, end of period	5.13%	2.66%	2.19%
Weighted average discount rate, average for period	2.66%	2.19%	3.08%
Assumed healthcare cost trend rate, pre-65	6.75%	6.75%	6.50%
Assumed healthcare cost trend rate, post-65	4.40%	4.40%	4.40%
Prescription cost trend rate	6.75%	6.75%	6.75%
Ultimate rate to which rates are assumed to decline	3.78%	3.78%	3.78%
Year in which ultimate rate is reached	2075	2075	2075

Defined Contribution 401(k) Plan

PEFCO sponsors a defined contribution 401(k) plan in accordance with local laws. The following were PEFCO's contributions to the defined contribution plan for the three years ended September 30,

(In thousands)	2022	2021	2020
Contribution Expense	$ 205	$ 205	$ 185

10. DERIVATIVE FINANCIAL INSTRUMENTS

PEFCO uses derivative financial instruments, including interest rate swap contracts, as part of its asset/liability management activities. The objective of the asset/liability management process is to manage and control the sensitivity of PEFCO's earnings to changes in market interest rates. The process seeks to preserve earnings while limiting the impact of market rate movements on the net present value of PEFCO's capital within risk limits authorized by PEFCO's Board of Directors. PEFCO does not enter into interest rate swap contracts or other derivatives for speculative purposes.

Interest rate swap contracts are transactions in which two parties agree to exchange, at specified intervals, interest payment streams calculated on an agreed-upon notional amount with at least one stream based on a specified floating-rate index. The swap contracts may be novated and cleared through a CCP, an institution which takes on the counterparty risk and provides claim and settlement services. The notional value of swaps cleared through the CCP at September 30, 2022 and September 30, 2021 were $3.6 billion and $4.7 billion, respectively, representing 100% of the total notional values at September 30, 2022 and approximately 98% of the total notional values at September 30, 2021.

The notional principal amount of interest rate swap contracts does not represent the market or credit risk associated with those contracts but rather provides an indication of the volume of the transactions. The credit risk inherent in interest rate swaps arises from the potential inability of counterparties to meet the terms of their contracts. PEFCO performs credit reviews and enters into netting agreements to minimize the credit risk of interest rate swaps. There were no counterparty default losses in 2022, 2021, and 2020.

Derivative notional averages were $4.1 billion and $4.5 billion for the years ended September 30, 2022 and September 30, 2021, respectively. The following table summarizes the notional amount and credit exposure of PEFCO's derivative instruments designated as hedges at September 30, 2022 and September 30, 2021:

(In thousands)	Notional Amount [a]		Credit Exposure	
	2022	2021	2022	2021
Total Interest Rate Swaps	$ 3,640,589	$ 4,825,087	$ 51,726	$ 79,195
Effect of master netting agreements [b]			(51,726)	(36,482)
Total Credit Exposure			$ –	$ 42,713

(a) At September 30, 2022, the Notional Amount includes $3,613.1 million for Fair Value Hedges and $27.5 million for Cash Flow Hedges. At September 30, 2021, the Notional Amount includes $4,759.6 million for Fair Value Hedges and $65.5 million for Cash Flow Hedges.
(b) Represents the netting of derivative balances with the same counterparty under enforceable netting agreements and excludes negative cash balances of $0 and $9.6 million at September 30, 2022 and September 30, 2021, respectively, that did not contain credit exposure.

PEFCO has interest rate swap contracts designated as fair value hedges which hedge certain fixed-rate long-term loans and certain fixed-rate long-term debt. The objective of the fair value hedge is to protect the fixed-rate long-term loans and the fixed-rate long term debt against changes in LIBOR or SOFR which are the designated benchmark interest rates used by PEFCO.

Certain fair value hedges are considered to be 100% effective as each meets shortcut method accounting requirements, and accordingly, the changes in fair values of both the interest rate swap contracts and related debt or loans are recorded as equal and offsetting gains and losses in the Statements of Operations. Accordingly, there was no gain or loss recognized in current period earnings related to these hedges.

Certain fair value hedges do not meet shortcut accounting requirements and accordingly, the extent to which these instruments are effective at achieving offsetting changes in fair value must be assessed at least quarterly. As the hedged items exposed to ineffectiveness are loans, any ineffectiveness is reported in current period earnings as an adjustment to Interest Revenue.

Hedge ineffectiveness on designated and qualifying fair value hedges was recorded as an adjustment to Interest Revenue as follows:

(In thousands)	Year ended September 30,		
	2022	2021	2020
Interest Rate Swaps	$ 302	$ 450	$ (664)

From time to time, PEFCO enters into interest rate swap contracts designated as cash flow hedges, which minimize the variability in cash flows arising from forecasted fixed-rate loan commitments or the rollover of short-term notes (liabilities). The changes in fair values of derivatives designated as cash flow hedges are recorded in Accumulated Other Comprehensive Income ("AOCI") and are reclassified into the line item in the Statements of Operations in which the hedged items are recorded in the same period the hedged items affect earnings. The changes in fair values of cash flow hedges that are determined to be ineffective are immediately reclassified from AOCI into earnings. PEFCO's cash flow hedges at September 30, 2022 were considered to be highly effective and accordingly, the changes in the cash flows of the interest rate swap contracts have been recorded in AOCI, net of applicable income taxes. PEFCO had one interest rate swap contract with a total notional amount of $27.5 million as of and for the year ended September 30, 2022, two interest rate swap contracts with a total notional amount of $65.5 million as of and for the year ended September 30, 2021, and no interest rate swap contracts outstanding as of and for the year ended September 30, 2020, that were designated as cash flow hedges.

The following table presents the effect of PEFCO's derivative instruments in cash flow hedging relationships on the Statements of Operations:

	Loss (Gain) Recognized in Other Comprehensive Income (OCI) on Derivatives, net of tax (Effective Portion)			Loss Reclassified from OCI into Total Financing Expense		
(In thousands)	2022	2021	2020	2022	2021	2020
Interest Rate Swaps	$ (4,059)	$ (470)	$ –	$ –	$ –	$ –

The over-the-counter ("OTC") trades which clear directly with the counterparty did not require PEFCO to pay or receive cash collateral in connection with the uncleared derivative transactions in 2022 and 2021. At September 30, 2022 and at September 30, 2021, there were $0 and $100 million, respectively, in OTC notional value outstanding.

The OTC trades which have been novated to a CCP require each party to the trades to post liquid collateral to cover margin requirements intended to cover the CCP's potential future exposure in the event of a default. These margin requirements consist of the initial margin plus variation margin. Variation margin is set to the lower of the mark-to-market on open OTC trades or zero. The amount of the initial margin plus the variation margin is equal to the net amount restricted on cash collateral and/or open trade equity posted against OTC trades held at the CCP. Liquid collateral may consist of securities (for initial margin only), cash, and the valuation of open OTC trades if greater than zero.

During the year ended September 30, 2022, PEFCO began to post investment securities to cover the initial margin requirement, and utilized cash as CCP collateral for variation margin. At September 30, 2022, PEFCO posted investment securities of $14.6 million to cover the initial margin requirement of $13.6 million, and cash of $82.9 million to cover the variation margin of $75.5 million which resulted in excess collateral of $7.4 million. At September 30, 2021, PEFCO had a $22.2 million initial margin requirement and no additional amount required for variation margin. At September 30, 2021, PEFCO held net equity on open OTC trades of $51.6 million which covered the initial margin requirement, with an excess collateral of $29.4 million.

Effective January 3, 2017, the CCP adopted a rule change which requires or allows entities to treat derivative assets or liabilities and the related variation margin as settlement of the related derivative fair value for legal accounting purposes, as opposed to presenting gross derivative assets and liabilities that are subject to collateral, whereby the counterparties would record a related collateral receivable or payable.

Derivative financial instruments including the right to reclaim cash collateral and the obligation to return cash collateral are recorded on the Statements of Financial Condition as either Other assets and deferred charges or Accrued expenses and other liabilities on a net-by-counterparty basis when a legal right to offset exists under an enforceable netting arrangement.

The following table presents the effect of PEFCO's derivative instruments designated as hedges on the Statements of Financial Condition:

	Asset Derivatives [(a)]		Liability Derivatives [(b)]	
(In thousands)	2022	2021	2022	2021
Interest Rate Swaps [(c)]	$ 51,726	$ 79,195	$ 128,666	$ 36,482
Effect of master netting agreements [(d)(e)]	(51,726)	(46,117)	(51,726)	(36,482)
Total reported on the Statements of Financial Condition	$ –	$ 33,078	$ 76,940	$ –

(a) Included in "Other assets and deferred charges" on the Statements of Financial Condition
(b) Included in "Accrued expenses and other liabilities" on the Statements of Financial Condition
(c) Fair Values are on a gross basis, before consideration of master netting agreements as required by ASC 815-10
(d) All amounts qualifying for offset are offset as per ASU No. 2013-01, Clarifying the Scope of disclosures about Offsetting Assets and Liabilities
(e) At September 30, 2021, a $9.6 million cash collateral payable was aggregated with similar and related Asset Derivatives.

11. FAIR VALUE MEASUREMENTS

PEFCO is required to report fair value measurements for certain classes of assets and liabilities that are carried at fair value and utilizes a three-level valuation hierarchy established under U.S. GAAP for disclosure of fair value measurements.

The valuation hierarchy is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three-level hierarchy for fair value measurement is defined as follows:

Level 1 - Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that PEFCO has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, U.S. Treasury securities are included in Level 1.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. Level 2 securities consist of U.S. Government Agency Securities and interest rate swaps.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The following tables present for each of the fair value hierarchy levels, PEFCO's assets and liabilities that are measured at fair value on a recurring basis at September 30, 2022 and September 30, 2021:

September 30, 2022

(In thousands)	*Quoted Prices in Active Market (Level 1)*	*Fair Value with Other Observable Inputs (Level 2)*	*Fair Value with Significant Unobservable Inputs (Level 3)*	*Netting [(a)]*	*Total*
Assets					
U.S. Treasury Securities	$ 1,274,860	$ –	$ –	$ –	$ 1,274,860
U.S. Government Agency Securities	–	141,641	–	–	141,641
Interest rate swaps	–	51,726	–	(51,726)	–
Total Assets at Fair Value	$ 1,274,860	$ 193,367	$ –	$ (51,726)	$ 1,416,501
Liabilities					
Interest rate swaps	$ –	$ 128,666	$ –	$ (51,726)	$ 76,940
Total Liabilities at Fair Value	$ –	$ 128,666	$ –	$ (51,726)	$ 76,940

September 30, 2021

(In thousands)	*Quoted Prices in Active Market (Level 1)*	*Fair Value with Other Observable Inputs (Level 2)*	*Fair Value with Significant Unobservable Inputs (Level 3)*	*Netting [(a)]*	*Total*
Assets					
U.S. Treasury Securities	$ 1,446,888	$ –	$ –	$ –	$ 1,446,888
U.S. Government Agency Securities	–	108,636	–	–	108,636
Interest rate swaps	–	79,195	–	(46,117)	33,078
Total Assets at Fair Value	$ 1,446,888	$ 187,831	$ –	$ (46,117)	$ 1,588,602
Liabilities					
Interest rate swaps	$ –	$ 36,482	$ –	$ (36,482)	$ –
Total Liabilities at Fair Value	$ –	$ 36,482	$ –	$ (36,482)	$ –

(a) PEFCO has elected to net the fair value of derivatives when a legally enforceable master netting agreement exists.

U.S. Treasury Bills included in Cash and cash equivalents and Restricted cash and restricted cash equivalents have maturities of three months or less from date of purchase. As such, they are reported at amortized cost which approximates fair value due to the relatively short time between acquisition and maturity and are not included in the table above.

U.S. Treasury Securities and U.S. Government Agency Securities included in Investment securities available for sale are recorded at fair value on the balance sheet. The fair value of U.S. Treasury Securities is generally determined using market prices on an active market provided by data providers (level 1) and the fair value of U.S. Government Agency Securities is generally determined using dealer quotations (level 2).

Interest rate swaps - The fair values were based on model valuations (level 2) using market-based inputs. The fair value generally reflects the estimated amounts that PEFCO would receive or pay to replace the contracts at the reporting date.

PEFCO did not have any assets or liabilities that were measured at fair value on a recurring basis using significant unobservable inputs (level 3) during the years ended September 30, 2022 and 2021. PEFCO did not have any assets or liabilities that were measured at fair value on a non-recurring basis during the years ended September 30, 2022 and 2021.

There were no transfers between level 1 and level 2 during the years ended September 30, 2022 and 2021.

12. RELATED PARTY TRANSACTIONS

Certain shareowners (or their affiliates) have provided and presented a variety of services to PEFCO, including underwriting the issuance of PEFCO's debt, providing liquidity back-up lines, selling loans in the secondary market, and other banking services.

The following table summarizes fees paid to shareowners and affiliates during 2022, 2021, and 2020:

(In thousands)	2022	2021	2020
Underwriting services [a]	$ –	$ 1,493	$ 1,949
Liquidity lines [b]	1,435	1,878	2,188
Other banking services [c]	364	811	492
	$ 1,799	$ 4,182	$ 4,629

(a) Included in deferred issuance costs, netted in Long-term debt & amortized into Interest expense

(b) Included in Commitment and other fees

(c) Included in Commitment and other fees and deferred issuance costs, netted in Long-term debt, amortized into Interest expense.

Interest received from shareowners and affiliates was as follows:

(In thousands)	2022	2021	2020
Interest received	$ 852	$ 269	$ 4,099

The following table summarizes loans purchased from shareowners and affiliates in the secondary market during 2022, 2021, and 2020:

(In thousands)	2022	2021	2020
Loans purchased	$ –	$ 724,170	$ 463,977

PEFCO had derivative contracts with certain shareowners and affiliates as follows:

(In thousands)	September 30, 2022	September 30, 2021
Asset derivatives [a]	$ –	$ 697

(a) Reported in "Other assets and deferred charges"

PEFCO has a relationship with EXIM as described in Note 2, Agreements with EXIM.

13. GENERAL AND ADMINISTRATIVE EXPENSES

General and Administrative Expenses were as follows:

	Year Ended September 30,		
(In thousands)	2022	2021	2020
Compensation and benefits	$ 4,779	$ 4,844	$ 4,965
Administrative	3,243	3,551	3,797
Professional fees	1,067	1,392	1,330
Total	$ 9,089	$ 9,787	$ 10,092

14. OPERATING LEASE

PEFCO has executed as lessee an operating lease for the rental of office space through February 2030. Rent holidays and rent escalation clauses are recognized on a straight-line basis over the lease term. For the years ended September 30, 2022, 2021, and 2020, PEFCO recorded lease expense of $548 thousand, $553 thousand, and $615 thousand, respectively, which is included in the accompanying Statements of Operations in General and Administrative expenses.

Future minimum lease payments under the lease as of September 30, 2022 were as follows (in thousands):

2023	$ 510
2024	510
2025	535
2026	552
2027	553
Thereafter	1,335
Total	$ 3,995

15. SUBSEQUENT EVENTS

PEFCO has evaluated subsequent events through January 16, 2023, the date the financial statements are available to be issued. No subsequent events requiring adjustment to, or disclosure in, the Financial Statements were noted except for the following:

On October 1, 2022, PEFCO reclassified U.S. Treasury Notes with face value of $562.0 million, with unamortized discount of $3.9 million and unrealized losses of $14.7 million from available for sale investment securities to held to maturity investment securities. The unrealized losses on these investments resulted from the movement in the yield curve and are not credit related. PEFCO has the ability and intent to hold these investments to maturity.

On November 15, 2022, PEFCO's Series II Secured Notes matured, and the Company paid $400 million to Noteholders.

TO THE BOARD OF DIRECTORS AND SHAREOWNERS OF PRIVATE EXPORT FUNDING CORPORATION

Private Export Funding Corporation ("PEFCO") maintains a system of internal control over financial reporting which is designed to provide reasonable assurance regarding the preparation of reliable published financial statements. The system contains self-monitoring mechanisms, and actions are taken to correct deficiencies as they are identified. Even an effective internal control system, no matter how well designed, has inherent limitations – including the possibility of the circumvention or overriding of controls – and therefore can provide only reasonable assurance with respect to financial statement preparation. Further, because of changes in conditions, internal control system effectiveness may vary over time.

PEFCO's Management assessed its internal control over financial reporting as of September 30, 2022, in relation to criteria for effective internal control based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on this assessment, PEFCO believes that, as of September 30, 2022, its system of internal control over financial reporting was effective.

Raj Nandkumar
PRESIDENT & CHIEF EXECUTIVE OFFICER
JANUARY 16, 2023

Timothy C. Dunne
SENIOR VICE CHAIRMAN
JANUARY 16, 2023

INDEPENDENT AUDIT FEES

PEFCO currently utilizes the services of Deloitte & Touche LLP for audit, other audit-related services and tax services. PEFCO's Audit Committee is responsible for the pre-approval of all audit and permitted audit-related and tax services performed by the independent auditors. The fees incurred in 2022 and 2021 were as follows:

	2022	2021
Audit Fee	$ 325,000	$ 352,000
Audit Related Fee	–	190,000
Tax Fee	97,100	85,000
Total	$ 422,100	$ 627,000

MANAGEMENT

The following table sets forth the name, position and a summary of business experience for each person who is currently an executive officer or director of PEFCO as of September 30, 2022.

Name	*Position(s)*
Richard S. Aldrich, Jr.	*Executive Chairman and Director*
Raj Nandkumar	*President, Chief Executive Officer and Director*
Faiz Ahmad	*Director*
Mary K. Bush	*Director*
David A. Dohnalek	*Director*
Michael Fossaceca	*Director*
Benjamin M. Friedman	*Director*
Andrew J. O'Brien	*Director*
William R. Rhodes	*Director*
Rita M. Rodriguez	*Director*
Jennifer Strybel	*Director*
Timothy C. Dunne	*Senior Vice Chairman*

Richard S. Aldrich, Jr. has served as Executive Chairman of PEFCO since July 2017. Mr. Aldrich has served as a Director of PEFCO since 1997. From 2009 to 2016, Mr. Aldrich was a partner at Skadden, Arps, Slate, Meagher & Flom LLP. Prior to that, Mr. Aldrich was a partner at Shearman & Sterling LLP from 1983 to 2009. Over the course of his legal career, Mr. Aldrich was involved in securities offerings, mergers and acquisitions, debt restructurings and public and private financing transactions in the United States and abroad. Until 2021, Mr. Aldrich was a member of the Board of Directors of Cosan Limited, the NYSE-listed holding company of a Brazilian sugar and energy conglomerate. He is a member of the Board of Directors of The Buoniconti Fund To Cure Paralysis, and the International Executive Service Corps. He is also the past president and current member of the Board of Directors of the Brazilian - American Chamber of Commerce. Mr. Aldrich holds a JD degree from the School of Law of Vanderbilt University, where he is an adjunct professor of law, and a BA degree from Brown University.

Raj Nandkumar has served as President and CEO since September 2021. He has also served as Senior Vice President & Treasurer of PEFCO since October 2016, and previously as Vice President and Assistant Treasurer since October 2012. Before joining PEFCO, Mr. Nandkumar co-founded a small broker-dealer fund, trading and managing residential and commercial mortgage-backed securities. From 2003 to 2011, he was in the mortgage sales and trading desks at Performance Trust Capital, Countrywide Securities and Credit Suisse. From the mid-1990s to 2003, Mr. Nandkumar was a management and technology consultant and also spent time in venture capital.

Faiz Ahmad has been a Managing Director and Head of Global Transaction Services at Bank of America Merrill Lynch since 2017, responsible for delivering global transaction banking, mobile and digital FinTech solutions to the bank's clients. Mr. Ahmad is also a member of the Global Banking Management Committee and has served on the board of Merrill Lynch Commodities, Inc. and its approval committees. From 2015-2017, Mr. Ahmad was co-head of the Global Commodities Sales & Trading business and was also a member of the FICC Management Committee. Mr. Ahmad joined Merrill Lynch & Co. in 1996 and since then has held management positions in Mergers & Acquisitions, Structured & Corporate Finance and Principal Investments. Mr. Ahmad is a regular contributor to policy discussions within the finance industry on data analytics, civil liberties, international trade and other topics. He is the author of one of the first academic analyses on Single-Stock Futures as instruments within unsolicited M&A situations. He is a Corporate Member of the Council on Foreign Relations. Mr. Ahmad holds a Bachelor of Commerce degree from McGill University and an MBA degree from the Wharton School at the University of Pennsylvania.

Mary K. Bush has served as a Director of PEFCO since 2005. Ms. Bush has served as the Chairman of Bush International, LLC, a financial and business strategy advisory firm, since 1991. Ms. Bush is a member of the Board of Directors of ManTech International Corporation, Marriott International, Inc. and T. Rowe Price Group, Inc. In the past five years, she has also served as a director of the Pioneer Family of Mutual Funds. Ms. Bush brings extensive financial market, banking, government and international experience to the Board. She advises U.S. companies and foreign governments on international financial markets, banking and economic matters. She has served as Managing Director of the Federal Housing Finance Board, where she established financial policies and oversaw management and safety and soundness for 12 Federal Home Loan Banks. She served as Vice President and Head of International Finance of Fannie Mae, where she led funding transactions globally, and as the U.S. Alternate Executive Director of the International Monetary Fund Board. In 2007, she served on the U.S. Department of the Treasury's Advisory Commission on the Auditing Profession. Ms. Bush brings a broad understanding of the operations and business and economic challenges of public companies and the financial services industry.

David A. Dohnalek has served as a Director of PEFCO since 2014. Mr. Dohnalek is the Senior Vice President of Finance and Treasurer of The Boeing Company. In this position, Mr. Dohnalek leads Boeing's activities in corporate finance and banking, pension and savings investments, global treasury operations, capital markets, global risk management and insurance, and aircraft finance and trading. Mr. Dohnalek also serves as Chairman of the Employee Benefits Investment Committee and is Chairman of Boeing Capital Corporation, Boeing's aircraft financing subsidiary. Prior to becoming Treasurer, Mr. Dohnalek served as Vice President of Financial Planning and Analysis. Mr. Dohnalek has also served as Boeing's Vice President of Investor Relations. Mr. Dohnalek first joined Boeing as Assistant Treasurer of Corporate Finance in 2002. Mr. Dohnalek also serves on the boards of National Merit Scholarship Corporation, NorthShore University HealthSystem and the Chicago Public Library Foundation. He also serves on the advisory board of FM Global Insurance Company.

Michael Fossaceca has served as a Director of PEFCO since December 2020. Mr. Fossaceca is Managing Director and Region Head of Citi's Treasury and Trade Solution business in North America. A business unit of Citi's Institutional Clients Groups, Treasury and Trade Solution provides integrated cash management and trade finance services to multinational corporations, financial institutions and public sector organizations across the globe. Mr. Fossaceca has been in this role since August 2014 and is based in New York. Mr. Fossaceca has over 30 years of treasury management experience and has developed and implemented innovative treasury management and trade finance solutions for clients globally. He joined Citi in 2009 as North America Head of Corporate and Public Sector Solution Sales where he managed global sales and client management activities for U.S. multinational corporations. Mr. Fossaceca is on the Board of Directors for Citibank Canada, National Automated Clearing House Association (NACHA), Junior Achievement of New Jersey (JANJ), St. Bonaventure University and Mt. Irenaeus, a Franciscan community.

Benjamin M. Friedman has served as a Director of PEFCO since 1981. Dr. Friedman is the William Joseph Maier Professor of Political Economy at Harvard University. Dr. Friedman serves as a Director and member of the Editorial Board of the Encyclopedia Britannica, a Trustee of the Pioneer Funds, and a Director of the National Council on Economic Education. In addition, he has served as Director of Financial Markets and Monetary Economics Research at the National Bureau of Economic Research, as a member of the National Science Foundation Subcommittee on Economics, as an adviser to the Congressional Budget Office and to the Federal Reserve Bank of New York, as a trustee of the College Retirement Equities Fund, and as a Director of the American Friends of Cambridge University. He is also a member of the Council on Foreign Relations and the American Academy of Arts and Sciences.

Andrew J. O'Brien has served as a Director of PEFCO since 2016. Mr. O'Brien has been Head of Loan Capital Strategy at JPMorgan Chase & Co. since March 2014. Mr. O'Brien serves as Managing Director and Head of North American Loan Capital Markets and Head of Sales at JPMorgan Chase & Co. He previously served as Co-Head of Leveraged Finance at JPMorgan Chase & Co. since August 2008. Mr. O'Brien holds an MBA in Finance from Columbia University and a BA from The College of the Holy Cross.

William R. Rhodes has served as a Director of PEFCO since 1991. Mr. Rhodes is President and CEO of William R. Rhodes Global Advisors, LLC. He is a Senior Advisor Emeritus to the global management firm Oliver Wyman; Chairman Emeritus of the U.S.-Korea Business Council; Vice Chairman of the National Committee on U.S. - China Relations; a Director of the Korea Society; a member of the Advisory Board of the Museum of American Finance; a senior economic advisor to the Dalian Government in China; a member of the International Policy Committee of the U.S. Chamber of Commerce; and a member of the Board at the Foreign Policy Association. He is also a member of the Council on Foreign Relations, The Group of Thirty and the Advisory Council of the Brazilian-American Chamber of Commerce. He is the First Vice Chairman Emeritus of the Institute of International Finance and

Chairman Emeritus of the Americas Society and Council of the Americas. He previously served as Chairman of the New York Blood Center, the Bankers Association for Finance and Trade, and the U.S. Hong Kong Business Council. Mr. Rhodes is a Governor and Life Trustee of The New York-Presbyterian Hospital; a member of the Metropolitan Museum of Art Business Committee and Chairman's Council, and Chairman Emeritus of the Board of Trustees of the Northfield Mount Hermon School.

Rita M. Rodriguez has served as a Director of PEFCO since 2001. Dr. Rodriguez is a researcher and has been an advisor in the field of international finance since 1999. Dr. Rodriguez served as an Independent Director of PVH Corp. (also known as Phillips-Van Heusen Corp) from May 2005 to June 2015, Affiliated Managers Group Inc. from January 2000 until December 2014, and ENSCO International Inc. (Ensco Plc) from August 2003 to May 2013. Additionally, she served as a Full-Time Member of the Board of Directors of the Export-Import Bank of the United States from 1982 to 1999. Dr. Rodriguez also was a Fellow and Senior Fellow at the Woodstock Theological Center at Georgetown University from September 2002 through June 2013.

Jennifer Strybel has served as a Director of PEFCO since 2022. Ms. Strybel is a Senior Executive Vice President and Chief Operating Officer of HSBC UK Bank, plc. In this position, Ms. Strybel leads HSBC's Operations, Fraud, Technology, Controls, Corporate Services and Transformation programs. Prior to this role, she held various roles in the Retail division, Compliance, Internal Audit, Risk, Operations, Human Resources, and Project Management. Over her tenure, Ms. Strybel has worked in Asia, the U.S. and UK. Ms. Strybel is a Fellow in The David Rockefeller Fellows Program and is on the board of DoSomething.org.

Timothy C. Dunne has served as Senior Vice Chairman since September 2021. He previously served as the Chief Executive Officer and President of PEFCO beginning in October 2014. Mr. Dunne also serves as a Member of the Executive Committee of PEFCO. Mr. Dunne served as the Chairman of the Board of PEFCO until July 2017. Mr. Dunne previously served as Senior Vice President and Treasurer of PEFCO since 2005. Prior to joining PEFCO, Mr. Dunne served as the Americas Regional Executive for market risk for the wholesale banking operations of ING. Prior to joining ING in 1998, Mr. Dunne held various positions at Chase Manhattan Bank over a 14-year period. He is a Director of Lakota Children's Enrichment, Inc. Mr. Dunne holds an MBA degree from NYU Stern School of Business and a BA degree in political science from Boston University.

DIRECTORS

Richard S. Aldrich, Jr. (1) (2) (4) (a)
Executive Chairman
PEFCO

Rajgopalan Nandkumar (1) (3) (5) (b)
President & Chief Executive Officer
PEFCO

Faiz Ahmad (4) (5)
Managing Director &
Head of Global Transaction Services
BANK OF AMERICA MERRILL LYNCH

Mary K. Bush (1) (3)
Chairman
BUSH INTERNATIONAL, LLC

David A. Dohnalek (2) (4)
Senior Vice President & Treasurer
THE BOEING COMPANY

Michael Fossaceca (2) (4)
Managing Director
CITI BANK

Benjamin M. Friedman (1) (5)
William Joseph Maier Professor of Political Economy
HARVARD UNIVERSITY

Andrew J. O'Brien (1) (4) (5)
Managing Director
Global Head of Loan Capital Strategy
J.P. MORGAN

William R. Rhodes (1) (3) (4)
President & CEO
WILLIAM R. RHODES GLOBAL ADVISORS, INC.

Rita M. Rodriguez (1) (2)
Former EXIM Director

Jennifer Strybel (2) (5)
Chief Operating Officer
HSBC

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[a] *Mr. Aldrich is an ex-officio member of the Nominating and Corporate Governance Committee and Risk Policy Committee*

[b] *Mr. Nandkumar is an ex-officio member of the Audit and Compliance Committee and Compensation and Management Development Committee*

COMMITTEES OF THE BOARD OF DIRECTORS

(1) Executive Committee

(2) Audit and Compliance Committee

(3) Nominating and Governance Committee

(4) Compensation and Management Development Committee

(5) Risk Policy Committee

OFFICERS

Richard S. Aldrich, Jr.
Executive Chairman

Raj Nandkumar
President & Chief Executive Officer

David T. Attisani
Assistant Vice President

Timothy C. Dunne
Senior Vice Chairman

Vincent Herman
Senior Lending Advisor

Alexis M. Hollywood
Assistant Vice President & Assistant Controller

David C. Lieblein
Assistant Vice President

Ann Marie Milano
Vice President & Secretary

Francoise M. Renieris
Vice President

Melinda A. Scott
Assistant Vice President

PEFCO's stock is owned by 26 commercial banks, one financial services company, and six industrial companies. In the case of the commercial banks, the shares are owned directly or through an affiliate. Ownership and transferability of the common stock of PEFCO are restricted to "Qualified Investors".

As defined in the By-laws, a "Qualified Investor" is a financial institution or a corporation engaged in producing or exporting United States products or services. Under PEFCO's By-laws, no shareowner may own more than 18% of the outstanding shares. The following is a list of shareowners as of September 30, 2022:

Commercial Banks	Number of Shares
Bank of America	1,924
The Bank of Miami, N.A.	280
The Bank of New York Mellon	702
Bank of the West	79
Brown Brothers Harriman & Co.	38
Citibank, N.A.	1,507
Citizens Financial Group, Inc.	1,549
Deutsche Bank	1,066
HSBC USA Inc.	441
ING Capital LLC	267
Investec Investments Ltd.	108
JPMorgan Chase & Co.	2,937
Key Bank	165
MUFG Union Bank N.A.	93
Natixis	738
Paribas North America, Inc.	367
PNC Bank Corp.	503
Regions Bank	20
Silicon Valley Bancshares	42
Société Générale	100
Standard Chartered Bank	300
Sterling National Bank & Trust Company	39
UBS AG	137
UPS Capital Business Credit	431
U.S. Bank N.A.	500
Wells Fargo & Company	816

Financial Services Companies	Number of Shares
Assured Guaranty Corp.	212

Industrial Companies	Number of Shares
ABB, Inc.	80
The Boeing Company	1,425
General Electric Company	567
KBR, Inc.	113
Textron Inc.	40
United Technologies Corporation	200
Total	17,786

PRIVATE EXPORT FUNDING CORPORATION

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Telephone: (212) 916-0300

INTERNET

www.pefco.com

INDEPENDENT AUDITORS

Deloitte & Touche LLP
30 Rockefeller Plaza
New York, NY 10112

LEGAL COUNSEL

Shearman & Sterling LLP
599 Lexington Avenue
New York, NY 10022

ANNUAL MEETING

11:00 a.m., Thursday, December 8, 2022

TO CONTACT ANY OF THE BOARD OF DIRECTORS PLEASE MAIL CORRESPONDENCE TO:

PEFCO
Attention (Board Member)
C/O Office of the Secretary
Private Export Funding Corporation
675 Third Avenue, Suite #425
New York, NY 10017

PEFCO
PRIVATE EXPORT FUNDING CORPORATION

PRIVATE EXPORT FUNDING CORPORATION
675 THIRD AVENUE, SUITE #425 NEW YORK, NY 10017

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