



PEFCO

PRIVATE EXPORT FUNDING CORPORATION

PRIVATE EXPORT FUNDING CORPORATION

FINANCING EXPORTS OF U.S. GOODS AND SERVICES

2023 ANNUAL REPORT





TABLE OF CONTENTS

2	Letter to Shareowners	31	Financial Statements
4	Business Year in Review	58	Management's Report on Internal Control over Financial Reporting
8	Summary of PEFCO's Business	59	Independent Audit Fees
14	Management's Discussion & Analysis	60	Management
29	Independent Auditors' Report	63	Board of Directors & Officers



HERITAGE OF SUCCESS

64 PEFCO Shareowners

65 Additional Information

founded by Assured Financing and
Supporting American Exports



TO OUR SHAREOWNERS:

While PEFCO's financial challenges continued in fiscal 2023, the year saw early signs of a slow, but steady turnaround in the company's outlook for returning to profitability. PEFCO incurred a loss for the year of \$12.4 million, or a net loss per share of \$695.11, compared with a loss of \$16.9 million, or a net loss per share of \$950.81 for fiscal 2022. Once again, the loss was primarily attributable to higher interest rates, which affected the company's investment securities portfolio, and the continued shortage of EXIM-guaranteed long-term loans. While EXIM approved \$4.9 billion in long-term loans compared with \$1.4 billion in fiscal 2022, loans directly funded by EXIM or approved in other currencies were a large portion of the approvals. At September 30, 2023, PEFCO's long-term EXIM-guaranteed loan portfolio was \$1.6 billion compared to \$2.0 billion at September 30, 2022. PEFCO's financial performance for fiscal 2023 was positively impacted by a one-time prepayment on a loan in the amount of \$17.1 million.

During fiscal 2023, we continued our ongoing discussions with EXIM concerning PEFCO's need for loan assets as well as an increase in the loan pipeline at EXIM. In addition, PEFCO

engaged with EXIM management on additional financing alternatives to supplement PEFCO's principal mission in support of EXIM.

On a more positive note, PEFCO's long-term loan commitments were \$701 million (including commitments for the Supply Chain Finance Guarantee program) compared with \$50 million in fiscal 2022. PEFCO's participation in EXIM's medium-term guaranteed loan program rebounded: PEFCO's medium-term loan

commitments were \$125 million in 2023 compared to \$45 million in 2022. PEFCO's short-term commitments were \$2 million in 2023. In addition, PEFCO continued its efforts to source loans guaranteed by other Federal agencies, including the U.S. International Development Finance Corporation and the U.S. Department of Agriculture, among others. Total commitments of loans guaranteed by other U.S. Government agencies totaled \$69 million compared to \$120 million in fiscal 2022. PEFCO also continued to explore expansion initiatives consistent with its overall mission.

In September 2023, the EXIM Office of Inspector General ("OIG") published its evaluation of the EXIM-PEFCO relationship. In its evaluation, the OIG noted both PEFCO and EXIM were in compliance with principal



RAJGOPALAN NANDKUMAR
PRESIDENT & CHIEF EXECUTIVE OFFICER
[LEFT]

RICHARD S. ALDRICH, JR.
EXECUTIVE CHAIRMAN
[RIGHT]



"In September 2023, the EXIM Office of Inspector General ("OIG") published its evaluation of the EXIM-PEFCO relationship. In its evaluation, the OIG noted... that PEFCO has provided "unparalleled expertise and competency" over the last 52 years in the export finance community."

agreements governing their relationship. The evaluation also noted, among other things, that PEFCO has provided "unparalleled expertise and competency" over the last 52 years in the export finance community. The evaluation includes three recommendations to the EXIM staff to enhance the PEFCO-EXIM relationship including building additional resiliency in the relationship, ensuring both organizations are incentivizing educational outreach, and improving reporting functionality and frequency. The report is publicly available.

In 2023, David A. Dohnalek, Senior Vice President and Treasurer of The Boeing Company, resigned after 10 years of service on our Board of Directors. We are grateful for David's advice and guidance over the years. At its September meeting, the Board elected Richard C. Hammond, Vice President, Boeing Customer Finance, as a Director to replace David.

Also, there were managerial changes in fiscal 2023: Timothy Dunne assumed the role of Acting Controller and John Neblo rejoined PEFCO to become our Head of Lending. Ruchika Sharma joined us as Vice President in Treasury from J.P. Morgan Chase. Vincent Herman, who had rejoined PEFCO on a part-time basis to support our medium-term and small business areas, retired last December.

We want to thank Chair Lewis and EXIM management for their support of PEFCO and its efforts to return to profitability.

We would like to give special thanks to our Board of Directors for their continued counsel and guidance, and to the PEFCO team members for their continued commitment in supporting our objectives. We start fiscal 2024 with an optimistic outlook of our efforts to return PEFCO to future profitability.

In the meantime, we wish everyone wonderful holidays and a safe and healthy 2024.

Very truly yours,

Rajgopalan Nandkumar
President & Chief Executive Officer

Richard S. Aldrich, Jr.
Executive Chairman





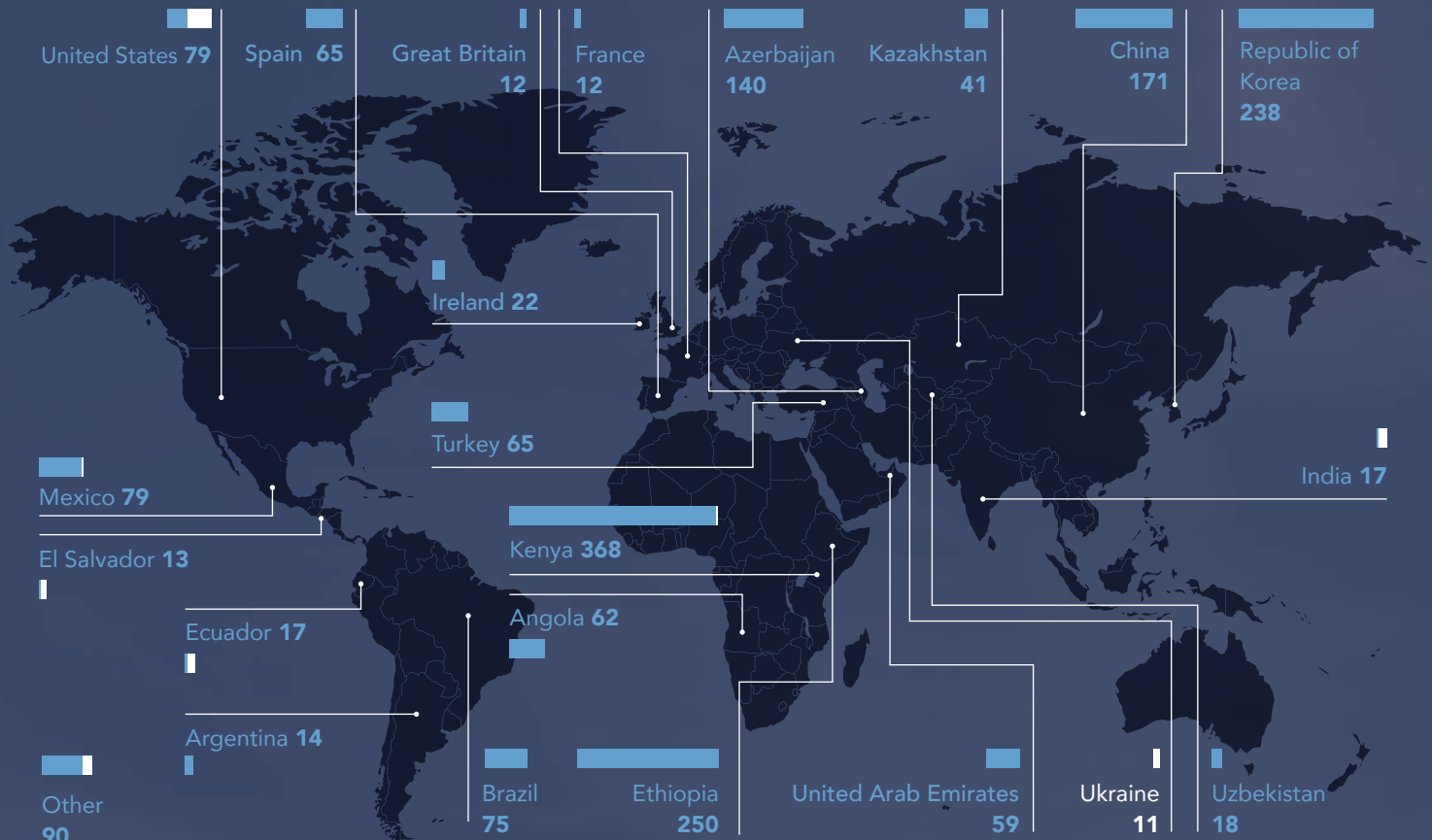
COMMITTED TO GROWING OPPORTUNITIES FOR AMERICA'S EXPORT BUSINESSES

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 the 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, 2023 WERE AS FOLLOWS:

OUTSTANDING LOANS BY COUNTRY WERE:

(DOLLARS IN MILLIONS)



TOTAL \$1,918 ■ EXIM ■ OTHER U.S. AGENCIES

OUTSTANDING LOANS BY PRODUCT WERE:

(DOLLARS IN MILLIONS)



PEFCO ENJOYED A SIGNIFICANT INCREASE IN NEW LOAN COMMITMENTS IN 2023, SIGNING \$897 MILLION IN COMMITMENTS VERSUS \$215 MILLION IN 2022.

LENDING

PEFCO's new loan commitments increased substantially in 2023 to \$897 million, compared to new loan commitments of \$215 million in 2022. New commitments in EXIM Short- and Medium-term Loan Programs increased to \$127 million in 2023 over \$45 million in 2022. Similarly, new commitments in the EXIM Long-term Loan Programs increased to \$611 million versus \$50 million for the prior year. Commitments in the Supply Chain Finance Guarantee Program were \$90 million in 2023 versus \$0 in 2022. Loan commitments in Other U.S. Government Guaranteed Programs declined to \$69 million in 2023 from \$120 million in 2022.

No. of Loan Commitments	Products	Amounts (in millions)
1	Farm Machinery & Equipment	\$ 1
2	Agricultural Products	2
3	Other	17
4	Oil & Gas	52
4	SME/Micro Lending	52
5	Construction Equipment	15
6	Other Equipment & Materials	108
43	Aviation	650
68		\$ 897

EARNINGS

PEFCO's net loss in 2023 was \$12.4 million compared to a net loss of \$16.9 million in 2022. Net Financing Expense in 2023 was \$6.3 million compared to a Net Financing Expense of \$12.8 million in 2022. The average financing revenue interest rate increased by 3.42% and the average financing expense interest rate increased by 3.62%.

FUNDING

During 2023, PEFCO issued \$300 million of Secured Notes, as approved by EXIM and the Board of Directors. PEFCO issued \$675 million of Medium-term Notes. The limit on the total amount of Medium-term Notes and commercial paper outstanding is \$3.0 billion, as approved by PEFCO's Board of Directors. Issuances are detailed in the table below.

Program	Series	Amounts (in millions)	Lead Underwriter(s)
Secured Notes	QQ	\$ 300	HSBC Securities (USA) Inc. / KeyBanc Capital Markets Inc. / SMBC Nikko Securities America, Inc.
Medium-term Notes	2023-1	450	BofA Securities, Inc. / Citizens Capital Markets, Inc.
Medium-term Notes	2023-2	225	BofA Securities, Inc.
		\$ 975	

DIVIDEND

PEFCO did not declare a dividend for the fiscal year ending September 30, 2023.



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 the Bankers Association for Finance and Trade ("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 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 commercial lenders in the marketplace. PEFCO's programs are designed instead to provide supplemental liquidity to those commercial lenders. In doing so, PEFCO works with banks, trade finance firms, and other lending partners to structure financing solutions for borrowers. PEFCO further supplements lending capacity of the lending institutions by offering 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 our Direct Loan Program, PEFCO acts as the original lender making loans directly to borrowers in EXIM-guaranteed long-term loan facilities. In these transactions, PEFCO benefits from a comprehensive loan guarantee provided by EXIM to PEFCO (see "EXIM"). PEFCO Direct Loans are available for transactions which meet the requirements of the EXIM long-term guaranteed loan program including, among other requirements, an EXIM-guaranteed loan 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-rates of interest to borrowers in cases where the transaction meets one of the following EXIM public policy objectives related to supporting (i) borrowers located in Sub-Saharan Africa; (ii) transactions in support of environmentally beneficial exports; (iii) transactions which neutralize export subsidies for competing goods and services provided by the Peoples Republic of China ("China Competitive Exports"); (iv) transactions that support U.S. innovation and employment in new technologies such as artificial intelligence, biotechnology, biomedical sciences, wireless communications, quantum computing, renewable energy, energy storage, semiconductors and semiconductor machinery manufacturing, emerging financial technologies, water treatment and sanitation, and high performance computing ("Transformational Exports"); and (v) transactions in support of small business exporters located in the U.S.

Long-term Commitments

2023	\$ 611 million
2022	\$ 50 million
2021	\$ 1,211 million

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 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 based on PEFCO's estimated cost of funds described above. PEFCO may also charge commitment fees calculated on the undisbursed and uncanceled amount of the loan commitment. Once a 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 works with a bank or trade finance firm serving as the transaction arranger for the borrower.

Secondary Loan Program

The PEFCO Secondary Loan Program is designed to provide lenders holding EXIM-guaranteed long-term loans with an available source of after-market liquidity by offering 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 the loan asset in question.



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

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 lenders, either under the Early Purchase Long-Term Credit Program for the period up to one year following the first disbursement, or the Secondary Market Long-Term Loan Purchase Program ("SMLPP").

PEFCO developed the SMLPP with EXIM to facilitate the development of an active secondary market in long-term EXIM-guaranteed loans held by banks and trade finance lenders. To be eligible for 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. 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 to this program. Pricing is a function of the PEFCO pricing models discussed above.



Medium-term Loan Programs

PEFCO actively supports the EXIM medium-term loan market by providing offers to purchase loans from lenders through several loan 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

2023	\$ 125 million
2022	\$ 45 million
2021	\$ 89 million

Loans must be guaranteed against non-payment by EXIM under one of EXIM's medium-term guarantee programs. PEFCO will only purchase the amount covered by the EXIM-guarantee and not any uncovered portion. PEFCO will purchase loan notes from lenders who have demonstrated an understanding of, and ability to work with, EXIM's medium-term loan guarantee 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, lenders can remove assets from their balance sheet, thereby freeing-up lending capacity and reducing loan portfolio size while maintaining lending relationships with its borrowers.

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 as a facility participant while the originating receivables purchaser remains in the transaction and retains the primary purchasing and servicing role for the facility. In this way, PEFCO funding supplements the capacity of the originating receivables purchaser, which maintains its relationship with the facility's obligor and its suppliers.

Supply Chain Finance Guarantee Program Commitments

2023	\$ 90 million
2022	–
2021	\$ 45 million

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 EXIM guaranteed portion of each loan [typically 90% of the loan amount] through the mechanism of a loan participation with the originating lender. The originating lender funds and retains the risk of the non-guaranteed portion [typically 10%] of the loan amount. Loans can be structured as revolving lines of credit or as one-time, 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 exporter/supplier policies.

Short-term Insured Commitments

2023	\$ 2 million
2022	–
2021	–

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 years 2022 and 2023, 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.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
SUMMARY OF PEFCO'S BUSINESS

In fiscal year 2022, PEFCO began purchasing USDA guaranteed loans under the OneRD loan guarantee program. In these transactions, PEFCO commits to purchase all or a part of the promissory notes issued 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

2023	\$ 69 million
2022	\$ 120 million
2021	\$ 57 million



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 and public 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 2023 are covered in the following sections, along with market trends and an explanation of the PEFCO business model. Developments at EXIM are also covered.

IMPACT OF EXIM RECENT DEVELOPMENTS

For information regarding EXIM, see section on "EXIM".

There was a renewed push by EXIM following the midterm elections in November 2022 to expand its long-term lending focus. In fiscal 2023, EXIM approved over \$4.9 billion in long-term loans. In fiscal 2024, EXIM is expected to approve similar or greater volumes. The increased volume of approvals represents increased long-term lending opportunities for PEFCO. Unfortunately, a significant portion of the increased loan volume took the form of direct loans to be funded by EXIM themselves, instead of guaranteed loans to be funded by market lenders including PEFCO. In addition, among approved guaranteed loans, a significant volume were denominated in foreign currencies that PEFCO does not presently have the capability to support.

From a policy perspective in 2023, EXIM continued its focus on China Competition and Transformation Exports, with the goal of improving U.S. innovation and employment in a variety of new high-tech industries. The Administration also continued to emphasize its focus on climate change as a policy objective, having established the EXIM Chair's Council on Climate to support U.S. exporters and jobs in clean energy and environmentally beneficial exports as mandated in EXIM's Charter. In addition to the traditional areas of policy focus such as small business, women- and minority-owned businesses, medical exports, and Sub-Saharan Africa, 2023 saw EXIM roll-out its Make More In America initiative, designed to support the "reshoring" of U.S. manufacturing that had previously migrated overseas.

Industry participants will be monitoring these developments to see whether the new programs and policy initiatives lead to a significant increase in EXIM loan volumes.

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, 2023, 2022, and 2021 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,

(In thousands)	2023			2022			2021		
	Average Balance	Average Rate	Interest	Average Balance	Average Rate	Interest	Average Balance	Average Rate	Interest
Financing Revenue									
<i>Interest Revenue</i>									
<i>Export loans guaranteed or insured by EXIM:</i>									
<i>Primary Long-term Loan Program</i>									
Fixed-rate	\$ 855,709	5.41%	\$ 46,289	\$ 902,408	1.39%	\$ 12,566	\$ 1,157,192	0.63%	\$ 7,326
Floating-rate	138,490	5.89%	8,157	206,184	0.71%	1,472	142,582	0.64%	912
<i>Secondary Long-term Loan Program</i>									
Fixed-rate	66,754	5.33%	3,558	87,204	3.43%	2,990	127,873	3.03%	3,880
Floating-rate	801,880	5.23%	41,963	1,330,111	1.19%	15,880	1,335,674	0.64%	8,543
<i>Short & Medium-term Programs</i>									
Medium-term	170,534	4.50%	7,674	151,991	2.05%	3,111	139,894	1.64%	2,298
Working Capital & Short-term Insurance	4	-	-	364	1.65%	6	655	1.68%	11
Supply Chain Finance	14,001	5.76%	807	-	-	1	19,638	0.57%	111
<i>Loans guaranteed by DFC</i>	76,925	5.31%	4,081	61,191	2.23%	1,367	61,895	1.47%	909
<i>Loans guaranteed by SBA</i>	26,247	4.16%	1,091	13,346	2.13%	284	-	-	-
<i>Loans guaranteed by USDA</i>	31,065	4.04%	1,256	13,597	2.77%	377	-	-	-
<i>Loans</i>	2,181,609	5.27%	114,876	2,766,396	1.38%	38,054	2,985,403	0.80%	23,990
<i>Investment securities</i>	1,208,683	2.84%	34,338	1,707,626	0.53%	8,975	1,572,471	0.14%	2,227
<i>Cash equivalents, restricted cash equivalents & time deposits</i>	513,764	4.86%	24,980	74,936	0.29%	220	557,319	0.08%	466
Total	\$ 3,904,056	4.46%	\$ 174,194	\$ 4,548,958	1.04%	\$ 47,249	\$ 5,115,193	0.52%	\$ 26,683
<i>Commitment and prepayment fees</i>			17,517			2,377			1,023
Total Financing Revenue			\$ 191,711			\$ 49,626			\$ 27,706
Financing Expense									
<i>Interest Expense</i>									
<i>Long-term Notes</i>	\$ 2,019,560	5.03%	\$ 101,567	\$ 2,680,043	1.41%	\$ 37,775	\$ 3,187,254	0.93%	\$ 29,611
<i>Medium-term Notes</i>	1,088,772	4.96%	54,007	1,213,803	1.36%	16,504	1,120,206	0.93%	10,453
<i>Short-term Notes</i>	817,050	4.64%	37,944	608,241	0.76%	4,650	652,688	0.14%	913
Total	\$ 3,925,382	4.93%	\$ 193,518	\$ 4,502,087	1.31%	\$ 58,929	\$ 4,960,148	0.83%	\$ 40,977
<i>Commitment and other fees</i>			4,541			3,528			3,789
Total Financing Expense			\$ 198,059			\$ 62,457			\$ 44,766
Net Financing Expense			\$ (6,348)			\$ (12,831)			\$ (17,060)

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
MANAGEMENT'S DISCUSSION & ANALYSIS

Three-Year Financial Data

(In thousands, except per share amounts)

Year ended September 30,

	2023	2022	2021
Loan Commitments			
Commitments for year	\$ 897,000	\$ 215,000	\$ 1,402,000
Commitments, cumulative from inception	40,218,000		
Selected Assets			
Cash, cash equivalents, restricted cash, restricted cash equivalents, time deposits, and investment securities	\$ 2,167,332	\$ 1,805,865	\$ 2,075,775
Export loans guaranteed or insured by EXIM	1,776,683	2,103,450	3,266,600
Other guaranteed loans	122,279	145,418	54,155
Selected Liabilities			
Short-term notes	\$ 836,336	\$ 703,437	\$ 554,888
Long-term debt	3,012,679	3,226,199	4,786,256
Other Financial Data			
Net loss	\$ (12,363)	\$ (16,911)	\$ (20,985)
Net loss per share	(695.11)	(950.81)	(1,179.86)
Dividends	—	—	—
Average shareowners' equity	60,879	80,244	103,973
Return on average shareowners' equity	(20.31%)	(21.10%)	(20.20%)

2023 COMPARED TO 2022

PEFCO's Net Loss for 2023 was \$12.4 million compared to a Net Loss of \$16.9 million in 2022. The decrease in the reported net loss was primarily the result of a \$6.5 million decrease in net Financing Expense, partially offset by a \$1.0 million decrease in the income tax benefit. Total Financing Revenue increased by \$142.1 million, while the increase in Total Financing Expense amounted to \$135.6 million, resulting in the decrease in Net Financing Expense. During 2022, PEFCO received satisfactory payment for a loan whose insurance was denied by EXIM in the form of a partial payment of \$150 thousand and wrote off the remaining \$347 thousand. General and Administrative Expenses increased slightly in 2023 vs. 2022 by about \$0.2 million to \$9.3 million. Changes primarily related to increases in Professional fees of \$0.5 million and Administration fees of \$0.5 million, offset by decreases in Compensation and Benefits of \$0.8 million.

Total Financing Revenue

Total Financing Revenue is composed of interest income on loans, investment securities, cash equivalents, restricted cash equivalents, 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 2023, Total Financing Revenue increased by \$142.1 million to \$191.7 million from \$49.6 million in 2022. The primary reason for the increase in Total Financing Revenue was attributable to the increase in yield offset slightly by a decrease in the average loan volume. The average yield increased by 389 basis points and average loan volume decreased by \$584.8 million compared to 2022. Interest on investment securities increased by \$25.4 million in fiscal 2023 from \$9.0 million in fiscal 2022 due to a 231 basis point increase in average yield offset by a decrease of \$498.9 million in average volume. Interest on cash equivalents and restricted cash equivalents increased year over year by \$24.8 million to \$25.0 million due to an increase in average volume of \$438.8 million and an increase in yield of 457 basis points.

The overall average balance and yield of the lending portfolio was \$2,181.6 million and 5.27% in 2023 (inclusive of net hedge ineffectiveness gains and losses; 5.28% without) compared with \$2,766.4 million and 1.38% in 2022 (inclusive of net hedge ineffectiveness gains and

losses; 1.36% 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 income of \$25.2 million in 2023 and an expense of \$11.9 million in 2022. Ineffectiveness losses on a portion of the Company's fair value hedge relationships amounted to \$0.3 million in 2023 compared to ineffectiveness gains of \$0.3 million in 2022.

The investment securities portfolio had an average balance and yield of \$1,208.7 million and 2.84% in 2023 compared with \$1,707.6 million and 0.53% in 2022. The cash equivalent and restricted cash equivalent portfolio had an average balance and yield of \$513.8 million and 4.86% in 2023 compared to an average balance and yield of \$74.9 million and 0.29% in 2022.

Commitment and prepayment fees amounted to \$17.5 million in 2023 compared to \$2.4 million in 2022. 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 2023, there were prepayment gains of \$17.1 million from 3 borrowers compared to prepayment gains of \$2.2 million from 6 borrowers in 2022.

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 fixed-rate debt, amortization of debt issuance costs, and commitment and other fees incurred.

For the year ended September 30, 2023, total interest expense increased to \$193.5 million from \$58.9 million in 2022. The reason for the \$134.6 million increase in total interest expense was primarily attributable to higher cost of funds in 2023. 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 \$3,108.3 million and 5.01% in 2023 compared to \$3,893.8 million and 1.39% in 2022. The average balance and effective cost of the Short-term Notes was \$817.1 million and 4.64% in 2023 compared to \$608.2 million and 0.76% in 2022.

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 an increase to interest expense were \$65.5 million in fiscal 2023 compared to a decrease to interest expense of \$29.5 million in fiscal 2022.

Amortization of debt issuance costs amounted to \$2.3 million in 2023 compared to \$2.6 million in 2022. Commitment and other fees incurred in 2023 and 2022 amounted to \$4.5 million and \$3.5 million, respectively.

Net Financing Revenue (Expense)

PEFCO's Net Financing Expense was \$6.3 million in 2023 compared to \$12.8 million in 2022. Net margin amounted to negative 47 basis points in 2023 (asset yield of 4.46% less interest cost of 4.93%) compared to negative 27 basis points in 2022 (asset yield of 1.04% less interest cost of 1.31%).

Net Securities Gains (Losses)

In 2023, net securities transactions, the result of sales on investment securities available for sale, cash equivalents, as well as call redemptions, produced a net gain of \$26 thousand, compared to a net gain of \$530 thousand in 2022.

General and Administrative Expenses

General and Administrative Expenses were higher in 2023 vs. 2022 by about \$0.2 million. Changes primarily related to increases in Professional fees of \$0.5 million and Administration fees of \$0.5 million, offset by decreases in Compensation and Benefits of \$0.8 million.

Professional Fees are \$0.5 million higher in 2023 vs. 2022 primarily due to increases in consulting fees of \$0.3 million, Trust Substitution fees of \$0.1 million associated with the Secured note offering, and an increase in Audit fees of \$0.1 million. Administrative Expenses are \$0.5 million higher in 2023 vs. 2022 due to increased maintenance contracts costs resulting from inflation adjustments and combined increases for business travel and related expenses, storage expenses and stationary expenses. Compensation and Benefits are \$0.8 million lower in 2023 vs. 2022 primarily due to the timing of headcount changes.

Income Tax Benefit

The Income tax benefit in 2023 was \$3.3 million on a pre-tax operating loss of \$15.7 million. The Income tax benefit in 2022 was \$4.3 million on a pre-tax operating loss of \$21.2 million. PEFCO's effective tax rate was 21.0% in 2023 and 20.4% in 2022. PEFCO's statutory tax rate was 21.0% in 2023 and 2022.

As a result of the Section 163 (j) interest deduction limitation as amended by the Tax Cuts and Jobs Act, PEFCO did not have any taxable income in 2023 compared to taxable income of \$2.2 million in 2022 after fully utilizing its remaining net operating loss carry forward from prior years.

Comprehensive Loss

For the year ended September 30, 2023, PEFCO had Comprehensive income of \$0.1 million compared to a Comprehensive loss of \$29.1 million as of September 30, 2022. Comprehensive income for 2023 primarily included a net loss from operations of \$12.4 million, unrealized gains on investment securities, net of taxes, of \$13.0 million, unrealized losses on cash flow hedge forward deals, net of taxes, of \$1.2 million, and pension and post retirement valuation gains, net of tax, of \$0.6 million. 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.

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 wrote off 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 in 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. The average yield increased by 58 basis points and the average loan volume decreased by \$219.0 million compared to 2021. 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 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 were \$0.1 million lower in 2022 vs. 2021 primarily due to a \$0.5 million reduction in retirement costs, offset by \$0.4 million in higher wages. Administrative Expenses were \$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 were \$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.

RISK MANAGEMENT POLICIES

While PEFCO operates as a non-bank lender chartered under Delaware law and is not subject to bank regulation under U.S. federal or state laws, the company, as a prudent matter maintains appropriate compliance, anti-money laundering, and risk policies and practices related to its business and regularly appraises itself of key trends affecting the finance industry. PEFCO is subject to oversight by EXIM under contractual restrictions through the principal agreements with EXIM and under standard operating procedures in support of public policy objectives.

All of PEFCO's assets are covered by EXIM, and to a lesser extent, other U.S. Government agencies. Thus, PEFCO is exposed principally to U.S. sovereign risk but not the risk of its borrowers. PEFCO does not conduct its own credit assessment of borrowers on loan transactions, except to the extent residual risk, such as premium pricing, which exposes the company to prepayments, exists in transactions.

PEFCO manages risk exposures for interest rate, 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 limits the change in the net present value across a range of rate shocks using scenario analyses. Management may use derivative contracts, such as interest rate swaps, as part of the process to mitigate risk exposure to changes in market interest rates only. Management does not use swaps or other derivative financial instruments for speculative purposes. PEFCO has been required to clear all swap trades through a centralized clearinghouse since June 2013. As of September 30, 2023, all the derivatives outstanding were cleared through the Chicago Mercantile Exchange.

For debt issuance, 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 all debt with a maturity of less than five years as short-term debt, and further establishes that the issuance of short-term debt is subject to an overall approval by EXIM.

For its short-term debt programs, the commercial paper and the Medium-Term Note programs, in 2023, the PEFCO Board approved an increase in the combined total amounts to \$3.0 billion. For the Secured Note program, starting in fiscal 2024, EXIM amended their internal policy slightly to require approval for each individual issuance rather than in aggregate at the start of the fiscal year. Additionally, each issuance of Secured Notes requires approval by the PEFCO Board of Directors. The PEFCO Board authorizes the issuance of Collateralized Notes under the Collateralized Notes Program subject to availability of eligible collateral.

For securities held in portfolio for investment purposes, Management establishes position limits with a maturity of more than 90 days at a maximum amount of \$400 million, and requires the investments be marked to market daily. In addition, PEFCO reinvests encumbered cash in securities as pledged assets for the separate collateral pools for the Secured Note and Collateralized Note Programs, 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.

In December 2022, EXIM temporarily waived PEFCO's minimum capital requirement of \$60 million and maximum leverage ratio of guaranteed loan assets to shareowners' equity, which was previously capped at 75 to 1, for a period of three years or until PEFCO returns to profitability.

During fiscal 2023, PEFCO evaluated expansion opportunities in EXIM- and other US Government-guaranteed lending including EXIM- and DFC-guaranteed foreign currency transactions, EXIM insurance loans, and DFC- and USDA-guaranteed premium-priced loans. PEFCO funded modest amounts of premium-priced and insurance loans during the year.

With assistance from Chatham Financial, who PEFCO engaged as risk advisors in 2023 to provide guidance on sound interest rate, foreign currency, and other types of portfolio risk management issues, PEFCO started developing risk management policies and procedures to ensure sound practices are in place for managing assets under its expansion initiatives.

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 two new issuances of Medium-term Notes totaling \$675 million and one new Secured Notes issuance for \$300 million in fiscal 2023. There were no new Collateralized Notes in fiscal 2023.

As of September 30, 2023, PEFCO had approximately \$3.8 billion of total obligations, of which approximately \$836 million (22%) were short-term, \$961 million (25%) were medium-term, and \$2,051 million (53%) were long-term. As of September 30, 2023, the MTN Program had maturities of \$300 million in fiscal year 2024 and \$675 million in fiscal year 2025. As of September 30, 2023, the Secured Notes Program had maturities of \$900 million in fiscal year 2024, \$600 million in fiscal year 2025, and \$650 million in fiscal year 2028.

During the year ended September 30, 2023, PEFCO issued no additional common shares. As of September 30, 2023, 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 18, 2023, PEFCO entered into a new syndicated 364-day \$970 million revolving credit facility maturing April 16, 2024. As of September 30, 2023, PEFCO's credit facilities totaled \$970 million.

The credit agreements contain several covenants, including a covenant that PEFCO will comply with its contractual commitments with EXIM. As of September 30, 2023, 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 with EXIM 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, 2023, 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, 2023, the total of PEFCO's credit facility was \$970 million. Of the seven lenders across the credit facility, six 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, 2023, there were no amounts outstanding under any credit facilities.

Medium-term Note Issuances

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. 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 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 \$3.0 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, from time to time, substitutes collateral pledged for PEFCO's Secured Notes with other eligible collateral when and if it 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 2023, PEFCO has issued \$18.6 billion aggregate principal amount of Secured Notes, of which \$2.2 billion aggregate principal amount were outstanding at September 30, 2023 and were rated Aaa by Moody's and AA+ by Fitch.

Collateralized Notes Issuances

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.

In September 2020, the EXIM Board approved the Collateralized Note Program on an ongoing basis subject to the proceeds from the Collateralized Notes offerings being used exclusively to purchase loans guaranteed by EXIM or other U.S. Government agencies. In addition, PEFCO is required to coordinate closely with EXIM to ensure that each Collateralized Notes issuance is estimated to be

profitable on a standalone basis 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 which do not have an explicit 1971 Guarantee as given under Secured Note Issuances above.

Related Party Transactions

Certain underwriters of PEFCO Secured Notes, certain underwriters and dealers of PEFCO short-term notes, and certain participants in the credit facilities are shareowners (or their affiliates are shareowners) of PEFCO. 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 August 3, 2023, Fitch downgraded PEFCO's long-term Issuer Default Rating ("IDR") to AA+ and removed the Rating Watch Negative, following its downgrade of the U.S. Government long-term IDR. In conjunction, Fitch downgraded the secured debt to AA+, the unsecured Medium-term Notes to AA, and affirmed the rating on the short-term IDR and commercial paper of F-1+. Fitch rates PEFCO and its outlook as directly linked to those of the United States.

See Note 15 - Subsequent Events, in PEFCO's audited financial statements, included elsewhere in this report for more information.

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 financial institutions and major exporters. PEFCO Management includes people 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-three 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 two financial services companies. In the case of 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. For over 50 years it has been committed to this objective principally through its long-standing relationship with EXIM. Effectively, PEFCO operates as a public-private partnership with EXIM in connection with the financing of U.S. exports and, to a lesser extent, with other U.S. governmental agencies.

PEFCO's business is intended to support manufacturers and providers of U.S. goods and services, as well as various arrangers and lenders seeking to provide export financing. PEFCO executes this objective through funding U.S. exports under EXIM's official cover by working with banks and other lenders. In addition, PEFCO supports lending in related guaranteed loan programs under other U.S. Government agencies and is presently exploring additional ways to support the core mission.

BUSINESS STRENGTHS

PEFCO's key business strengths include:

- (i) Deep understanding of EXIM programs and wide knowledge of the export credit market, which enables it to assist EXIM in increasing the availability of financing for the export of U.S. goods and services.
- (ii) Strong asset and liability management capabilities, which enables it to ensure sufficient funding liquidity is available to support its needs across a range of market conditions.
- (iii) Limited credit risk profile, as substantially all of PEFCO's assets are covered by EXIM and, to a lesser extent other agencies.
- (iv) Flexible corporate structure as a Delaware corporation. However, PEFCO is subject to oversight by EXIM under contractual restrictions. For an overview of such restrictions and the standard operating procedures, see "Business—EXIM—Arrangements between PEFCO and EXIM" below.
- (v) Unique business model, as PEFCO 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.

INDUSTRY OVERVIEW

EXIM and PEFCO, by extension, operate within a larger global system of officially supported export credit that is governed by an international "arrangement" (a non-legally binding treaty sometimes referred to as a "gentlemen's agreement") sponsored by the Organization of Economic Cooperation and Development (OECD). In 1978, the member nations of the OECD (at the time, Australia, Canada, the European Union, Japan, Korea, New Zealand, Norway, Switzerland, Turkey, the United Kingdom and the

United States) entered into an Agreement on Officially Supported Export Credits, which created a framework of institutions, rules and regulations for international commerce pursuant to which governments would support cross-border trade flows by both removing obstacles to trade and ensuring transparent and predictable rules of global trade.

EXIM, as the U.S. government's official export credit agency (ECA) is a signatory to and participant in the OECD Arrangement which has evolved so as to regulate to a significant extent the terms on which the ECAs of the member nations participate in international trade finance in support of their national exporters.

Generally, ECAs focus on more challenging sub-segments of the trade finance market such as transactions with higher risk characteristics, longer tenors or geopolitical factors such as strategic industries/trade flows, while leaving the bulk of routine trade flows exclusively to private sector participants. EXIM, specifically, also focuses its programs around larger domestic public policy objectives such as supporting constituents it perceives as underserved by the private sector (e.g., small business exporters or sub-Saharan borrowers) or national energy policy objectives (renewable energy) and even foreign policy objectives (China Competitive Exports), among other public policy related programs.

The wide range of EXIM's programs attracts a similarly wide variety of exporters and financiers. The world's largest international banks may be arranging a billion-dollar EXIM supported infrastructure financing at the same time as a small, non-bank advisory shop may be trying to arrange a \$500,000 financing in support of some small business that has won its first-ever export contract. PEFCO's goal is to provide a range of products and services that will effectively support both aforementioned transaction types and participants. PEFCO functions as both the primary funding source for small business lenders under EXIM Medium-term guarantee programs and as a secondary market participant providing after-market liquidity to large international banks arranging billion-dollar EXIM backed loan syndications.

As banks continue to come to grips with a changing regulatory environment, including stricter capital and liquidity requirements, and the cost of anti-money

laundering (AML) and know-your-client (KYC) regulatory compliance, PEFCO believes more banks will look to off-balance sheet funding solutions for their trade and export finance transactions that will make PEFCO funding relatively more attractive in the near term.

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 issuing 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 $\frac{1}{4}$ of 1% on the first \$10,000,000 of such interest expense, $\frac{3}{16}$ of 1% on the next \$10,000,000 of such interest expense and $\frac{1}{8}$ 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, engage in any business other than the financing of exports of U.S. goods and services, or
- (vii) 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.

On September 8, 2020, the Guarantee and Credit Agreement was extended 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's 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 September 2020. The SOP is not legally enforceable by its terms, but rather establishes a baseline of mutual expectations for PEFCO and EXIM. PEFCO 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:

- 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 2023.

As given earlier under Risk Management Policies, to allow PEFCO to return to profitability, in December 2022, EXIM temporarily waived PEFCO's minimum capital requirement of \$60 million and maximum leverage ratio of guaranteed loan assets to shareowners' equity, which was previously capped at 75 to 1, for a period of three years or until PEFCO returns to profitability.

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 several 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 approved and the credit exposure is underwritten by DFC based on information provided by the borrower, the exporter and the financial institution acting as the deal arranger. In transactions involving non-sovereign borrowers, DFC provides an unconditional guarantee covering the transaction. PEFCO only purchases the portion of the loan notes fully guaranteed by DFC.

CREDIT ACTIVITIES

Since all loans originated or purchased by PEFCO are guaranteed or insured by EXIM or other U.S. government institutions, PEFCO 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. Similarly with regards to premium-priced loans where there is the possibility of involuntary prepayments resulting in premium write-downs (since the guarantees are for the par amounts of the loans only), the Company evaluates the need for a reserve to compensate for such prepayments. 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 has a specialized mission of supporting EXIM and its policy objectives, and to a lesser extent other U.S. Government agencies, and operates in a business line that is also engaged in by money center banks, regional and local banks, captive finance companies, and trade finance companies and groups among others, including a number of entities that are PEFCO shareowners. PEFCO does not believe there are other institutions that are dedicated to EXIM to the same extent and that fully overlap with PEFCO's business activities. As part of its mission, PEFCO itself may ultimately compete to address 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, including the spreads it charges for fixed-rate and floating-rate notes, that affect its returns and profitability.

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 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, 2023 and 2022, 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, 2023, 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, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended September 30, 2023, 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, 2023, 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, 2023, 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 available to be 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,

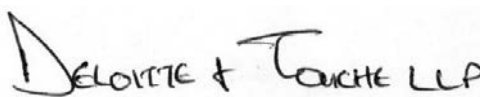
in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the entity; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in 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.



December 7, 2023

New York, New York

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
STATEMENTS OF FINANCIAL CONDITION

STATEMENTS OF FINANCIAL CONDITION

<i>(In thousands, except share amounts)</i>	<i>September 30, 2023</i>	<i>September 30, 2022</i>
ASSETS		
Cash and cash equivalents	\$ 396,503	\$ 353,624
Restricted cash and restricted cash equivalents	88,639	35,740
Investment securities		
Investment securities available for sale ("AFS") at fair value	1,299,596	1,416,501
Investment securities held to maturity ("HTM") at amortized cost	382,594	—
Total investment securities	1,682,190	1,416,501
Interest and fees receivable	16,971	11,319
Export loans guaranteed or insured by EXIM	1,776,683	2,103,450
Other guaranteed loans	122,279	145,418
Total lending	1,898,962	2,248,868
Other assets and deferred charges	35,853	31,952
Total Assets	\$ 4,119,118	\$ 4,098,004
LIABILITIES AND SHAREOWNERS' EQUITY		
<i>Liabilities</i>		
Short-term notes	\$ 836,336	\$ 703,437
Interest payable	30,145	18,445
Accrued expenses and other liabilities	173,663	83,673
Long-term debt	3,012,679	3,226,199
Total Liabilities	4,052,823	4,031,754
<i>Shareowners' Equity</i>		
Common stock-no par value; authorized 40,000 shares; outstanding 17,786 shares		
at September 30, 2023 and September 30, 2022	38,950	38,950
Retained earnings	28,425	40,788
Accumulated other comprehensive loss	(1,080)	(13,488)
Total Shareowners' Equity	66,295	66,250
Total Liabilities and Shareowners' Equity	\$ 4,119,118	\$ 4,098,004
<i>See Notes to Financial Statements</i>		

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
STATEMENTS OF OPERATIONS

STATEMENTS OF OPERATIONS

(In thousands, except per share amounts)

Year Ended September 30,

	2023	2022	2021
FINANCING REVENUE			
Interest	\$ 174,194	\$ 47,249	\$ 26,683
Commitment and prepayment fees	17,517	2,377	1,023
Total Financing Revenue	191,711	49,626	27,706
FINANCING EXPENSE			
Interest	(193,518)	(58,929)	(40,977)
Commitment and other fees	(4,541)	(3,528)	(3,789)
Total Financing Expense	(198,059)	(62,457)	(44,766)
Net Financing Expense	(6,348)	(12,831)	(17,060)
Net securities gain	26	530	284
Recovery of loan losses	–	150	–
General and administrative expenses	(9,325)	(9,089)	(9,787)
Loss before income tax	(15,647)	(21,240)	(26,563)
Income tax benefit	3,284	4,329	5,578
Net Loss	\$ (12,363)	\$ (16,911)	\$ (20,985)
NET LOSS PER SHARE	\$ (695.11)	\$ (950.81)	\$ (1,179.86)

See Notes to Financial Statements

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
STATEMENTS OF COMPREHENSIVE LOSS

STATEMENTS OF COMPREHENSIVE LOSS

	Year Ended September 30,		
(In thousands)	2023	2022	2021
Net Loss	\$ (12,363)	\$ (16,911)	\$ (20,985)
Unrealized gains (losses) on investment securities	12,985	(19,990)	(712)
(net of income tax provision (benefit) of \$3,452; (\$5,314) and (\$189), respectively)			
Cashflow hedge forward deals	(1,240)	4,059	470
(net of income tax (benefit) provision of (\$330); \$1,079 and \$125, respectively)			
Reclassification adjustment for net securities gains included in net loss	21	419	224
(net of income tax provision of \$5; \$111 and \$60, respectively)			
Pension and post retirement adjustment	642	3,352	668
(net of income tax provision of \$171; \$891 and \$178, respectively)			
Other comprehensive income/(loss)	12,408	(12,160)	650
Comprehensive Income (Loss)	\$ 45	\$ (29,071)	\$ (20,335)
See Notes to Financial Statements			

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY

STATEMENTS OF CHANGES IN SHAREOWNERS' EQUITY

<i>(In thousands, except per share amounts)</i>	<i>Common Stock</i>	<i>Retained Earnings</i>	<i>Accumulated Other Comprehensive Loss</i>	<i>Total Shareowners' Equity</i>
<i>Balances at September 30, 2020</i>	\$ 38,950	\$ 78,684	\$ (1,978)	\$ 115,656
Comprehensive loss:				
Net loss		(20,985)		(20,985)
Other comprehensive income			650	650
<i>Balances at September 30, 2021</i>	\$ 38,950	\$ 57,699	\$ (1,328)	\$ 95,321
Comprehensive loss:				
Net loss		(16,911)		(16,911)
Other comprehensive loss			(12,160)	(12,160)
<i>Balances at September 30, 2022</i>	\$ 38,950	\$ 40,788	\$ (13,488)	\$ 66,250
Comprehensive loss:				
Net loss		(12,363)		(12,363)
Other comprehensive income			12,408	12,408
<i>Balances at September 30, 2023</i>	\$ 38,950	\$28,425	(\$1,080)	\$ 66,295
<i>See Notes to Financial Statements</i>				

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
STATEMENTS OF CASH FLOWS

STATEMENTS OF CASH FLOWS

	Year Ended September 30,		
(In thousands)	2023	2022	2021
OPERATING ACTIVITIES			
Net loss	\$ (12,363)	\$ (16,911)	\$ (20,985)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	7,188	6,863	6,841
Recovery of loan provision	–	(150)	–
Net gain on investment securities	(26)	(530)	(284)
Net gain on prepayments of loans	(17,069)	(2,186)	(836)
Deferred tax benefit	(3,284)	(4,922)	(4,905)
(Increase) Decrease in interest and fees receivable	(5,652)	17,875	1,269
Increase (Decrease) in interest payable	11,700	(13,106)	900
Increase (Decrease) in accrued expenses and other liabilities	84,229	(4,604)	(1,278)
Other, net	9,624	(5,890)	(6,383)
Net cash provided by (used in) operating activities	74,347	(23,561)	(25,661)
INVESTING ACTIVITIES			
Repayment of time deposits	–	–	25,000
Proceeds from maturities of AFS investment securities	1,747,031	1,543,644	590,746
Purchases of AFS investment securities	(2,202,148)	(1,726,794)	(1,811,657)
Proceeds from sales of AFS investment securities	39,427	299,514	48,214
Proceeds from maturities of HTM investment securities	190,000	–	–
Principal collected on loans	1,098,622	1,212,028	1,031,333
Principal disbursed on loans	(708,151)	(220,617)	(1,298,578)
Net cash provided by (used in) investing activities	164,781	1,107,775	(1,414,942)
FINANCING ACTIVITIES			
Proceeds from issuance of short-term notes	2,918,350	2,116,940	1,993,268
Repayments of short-term notes	(2,823,396)	(1,973,041)	(1,929,320)
Proceeds from issuance of long-term debt less issuance costs	971,696	–	945,105
Repayments and repurchases of long-term debt	(1,210,000)	(1,359,000)	(300,000)
Net cash (used in) provided by financing activities	(143,350)	(1,215,101)	709,053
Increase (decrease) in Cash, cash equivalents, restricted cash, and restricted cash equivalents	95,778	(130,887)	(731,550)
Cash, cash equivalents, restricted cash, and restricted cash equivalents at the beginning of the year	389,364	520,251	1,251,801
Cash, cash equivalents, restricted cash, and restricted cash equivalents at the end of the year	\$ 485,142	\$ 389,364	\$ 520,251
SUPPLEMENTAL DISCLOSURES			
Interest paid	\$ 141,124	\$ 94,080	\$ 104,046
Income taxes paid	\$ 469	\$ 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)	2023	2022	2021
Cash and cash equivalents	\$ 396,503	\$ 353,624	\$ 196,934
Restricted cash and restricted cash equivalents	88,639	35,740	323,317
Cash, cash equivalents, restricted cash and restricted cash equivalents in the Statements of Cash Flows	\$ 485,142	\$ 389,364	\$ 520,251

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 2023. Fees paid for the guarantee of interest on Long-term Secured Notes were \$102 thousand in 2023, \$134 thousand in 2022, and \$146 thousand in 2021.

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 PEFCO has the positive intent and ability to hold to maturity are classified as securities held to maturity ("HTM") and recorded at amortized cost.

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 ("AFS"). 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 financing 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 (including internally developed software), 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 had no cash flow hedges as of September 30, 2023, one interest rate swap contract designated as a cash flow hedge as of September 30, 2022 and two interest rate swap contracts designated as cash flow hedges as of September 30, 2021.

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 premiums 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 Distributions to Shareowners

Dividends and distributions 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, all available positive and negative evidence is considered, 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.

Leases

The Company determines if an arrangement is a lease at inception or modification of a contract and classifies each lease as either an operating or finance lease at commencement. The Company only reassesses lease classifications subsequent to commencement upon a change to the expected lease term or if the contract is modified. Operating leases represent the Company's right to use an underlying asset as lessee for the lease term, and lease obligations represent the Company's obligation to make lease payments arising from the lease. PEFCO recognizes a right-of-use asset ("ROU") and a lease obligation initially measured as the present value of future lease payments for the remaining lease term discounted using the risk-free rate based on the lease term.

Lease cost for operating leases is recognized on a straight-line basis and includes the amortization of the ROU asset and interest expense relating to the operating lease liability. Variable lease cost for operating leases include contingent rent and payments for executory costs such as real estate taxes, insurance and common area maintenance, which are excluded from the measurement of the lease liability, and are recognized in the period in which they are incurred. Lease costs are recorded in the Statements of Operations as rental expense related to leases for corporate offices and is recorded to "General and administrative expenses."

Recently Issued Accounting Pronouncements

In December 2022, the Financial Accounting Standards Board ("FASB") issued ASU No. 2022-06, **Reference Rate Reform (Topic 848): Deferral of the Sunset Date of Topic 848**, which extends the period of time preparers can utilize the reference rate reform relief guidance. In 2020, the FASB issued ASU No. 2020-04, **Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting**, which provides optional guidance to ease the potential burden in accounting for (or recognizing the effects of) reference rate reform on financial reporting. To ensure the relief in Topic 848 covers the period of time during which a significant number of modifications may take place, the ASU defers the sunset date of Topic 848 from December 31, 2022 to December 31, 2024. The extension allowed PEFCO to transition its remaining contracts and maintain hedge accounting. The ASU was adopted by PEFCO upon issuance and did not have a material 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 hedge using the portfolio layer method. This 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. Adoption of this ASU is not anticipated to have a material impact on PEFCO's 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. PEFCO has evaluated the impact of the ASU and, given the Government guaranteed structure of the existing loan portfolio, concluded that it will not have a material 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. 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 for fiscal 2023 and the impact is reflected in these financial statements (see Note 14).

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
NOTES TO FINANCIAL STATEMENTS

4. INVESTMENT SECURITIES

Available for Sale		<i>September 30, 2023</i>			
<i>(In thousands)</i>	<i>Amortized Cost</i>	<i>Gross Unrealized Gains</i>	<i>Gross Unrealized Losses</i>	<i>Fair Value^(a)</i>	<i>Average Yield^(b)</i>
U.S. Treasury Securities					
Maturity in one year or less	\$ 1,135,185	\$ 165	\$ 81	\$ 1,135,269	5.44%
Maturity after one year through five years	9,993	–	475	9,518	0.69%
U.S. Government Agency Securities ^(c)					
Maturity in one year or less	8,258	–	66	8,192	1.99%
Maturity after one year through five years	14,779	29	799	14,009	4.14%
Maturity after five years through ten years	73,680	23	1,330	72,373	5.49%
Maturity after ten years	62,491	11	2,267	60,235	5.18%
Total Available for Sale Securities	\$ 1,304,386	\$ 228	\$ 5,018	\$ 1,299,596	5.36%

Held to Maturity^(d)		<i>September 30, 2023</i>			
<i>(In thousands)</i>	<i>Amortized Cost</i>	<i>Gross Unrealized Gains</i>	<i>Gross Unrealized Losses</i>	<i>Fair Value^(a)</i>	<i>Average Yield^(b)</i>
U.S. Treasury Securities					
Maturity in one year or less	\$ 382,594	\$ –	\$ 5,024	\$ 377,570	1.37%
Total Held to Maturity Securities	\$ 382,594	\$ –	\$ 5,024	\$ 377,570	1.37%

Available for Sale		<i>September 30, 2022</i>			
<i>(In thousands)</i>	<i>Amortized Cost</i>	<i>Gross Unrealized Gains</i>	<i>Gross Unrealized Losses</i>	<i>Fair Value^(a)</i>	<i>Average Yield^(b)</i>
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%

(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.

(d) On October 1, 2022, PEFCO transferred U.S. Treasury Notes with face value of \$562.0 million and unamortized discount of \$3.9 million from AFS classification to HTM classification in accordance with ASC 320. On April 25, 2023, PEFCO transferred U.S. Treasury Notes with face value of \$15.0 million and unamortized discount of \$18.9 thousand from AFS classification to HTM classification in accordance with ASC 320. At the time of the transfers, the securities transferred on October 1, 2022 were in an unrealized loss position of \$14.7 million, and the securities transferred on April 25, 2023 were in an unrealized loss position of \$145 thousand. The loss amounts, net of taxes, will remain in AOCI and be amortized over the remaining life of the securities. As of September 30, 2023 there are \$2.8 million of net unrealized losses recorded in AOCI, primarily related to the difference between the amortized cost and carrying value of HTM securities that were reclassified from AFS.

Cash proceeds from the sales of available for sale securities during 2023, 2022, and 2021 were \$39.4 million, \$299.5 million, and \$48.2 million, respectively. Net gains from available for sale securities sold in 2023

amounted to \$37.7 thousand. 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.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023

NOTES TO FINANCIAL STATEMENTS

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:

Available for Sale

September 30, 2023

	Less than 12 months		12 months or more	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury Securities	\$ –	\$ –	\$ 19,413	\$ 556
U.S. Government Agency Securities	58,514	454	85,572	4,008
Total temporarily impaired securities	\$ 58,514	\$ 454	\$ 104,985	\$ 4,564

Held to Maturity ^(a)

September 30, 2023

	Less than 12 months		12 months or more	
(In thousands)	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury Securities	\$ –	\$ –	\$ 377,570	\$ 5,024
U.S. Government Agency Securities	–	–	–	–
Total temporarily impaired securities	\$ –	\$ –	\$ 377,570	\$ 5,024

Available for Sale

September 30, 2022

	Less than 12 months		12 months or more	
(In thousands)	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

(a) Excluded from the gross unrecognized losses presented in the above table are \$2.8 million of net unrealized losses recorded in AOCI as of September 30, 2023, primarily related to the difference between the amortized cost and carrying value of HTM securities that were reclassified from AFS.

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 that PEFCO has the positive intent and ability to hold to maturity are classified as securities held to maturity and recorded at amortized cost. The net unrealized losses classified in AOCI for HTM securities relate to securities previously classified as AFS that were transferred to HTM. The AOCI balance related to HTM securities is amortized as an adjustment of yield, in a manner consistent with the accretion of any difference between the carrying value at the transfer date and par value of the same securities.

Investment securities include securities pledged as collateral for PEFCO's Secured and Collateralized Notes programs. The fair value of securities pledged at September 30, 2023 and September 30, 2022 were \$1,291 million and \$1,034 million, respectively. During the year ended September 30, 2022, PEFCO began to include investment securities in addition to cash as CCP collateral. The fair value of investment securities posted as collateral for swap contracts cleared through a CCP at September 30, 2023 and September 30, 2022 were \$0 and \$14.7 million, respectively, which was applied to the CCP's margin requirement of \$12.4 million and \$13.6 million, respectively.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
NOTES TO FINANCIAL STATEMENTS

5. LENDING PROGRAMS

Loans outstanding at September 30, 2023, and related undisbursed commitments were classified as follows:

(In thousands)	Outstanding Loans		Undisbursed Commitments
	Amount	Average Rate	Amount
Export loans guaranteed or insured by EXIM			
Direct & Secondary Long-term Loan Programs			
Fixed-rate	\$ 679,550	3.08%	\$ 170,369 ^(c)
Floating-rate	887,619 ^(a)		43,842 ^(a)
Short-term & Medium-term Loan Programs			
Fixed-rate	72,267	4.31%	21,107 ^(c)
Floating-rate	124,933 ^(a)		25,527 ^(a)
Supply Chain Finance Guarantee Program			
Floating-rate	34,869 ^(a)		55,131 ^(a)
	\$ 1,799,238		\$ 315,976
Other guaranteed loans			
Fixed-rate	\$ 27,882 ^(d)	3.41%	\$ — ^{(c)(d)}
Floating-rate	91,108 ^{(b)(d)}		\$ 14,625 ^{(b)(d)}
	\$ 118,990		\$ 14,625
Total	\$ 1,918,228		\$ 330,601
Fair Value Hedge Adjustment	(24,060)		
Unamortized Premium	4,796		
Unamortized Discount	(2)		
Total Carrying Value	\$ 1,898,962		

(a) The base interest rate is the London Interbank Offered Rate ("LIBOR") and Term SOFR

(b) The base interest rates for loans guaranteed by DFC are Term SOFR and the U.S. Treasury rate. The base interest rate for loans guaranteed by SBA is the Prime rate. The base interest rate for loans guaranteed by USDA is the U.S. Treasury 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.

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

(In thousands)	Outstanding Loans		Undisbursed Commitments
	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.

Outstanding loans were scheduled for repayment at September 30, 2023 as follows (in thousands):

2024	\$ 549,057
2025	426,894
2026	355,625
2027	169,371
2028	77,186
2029 and thereafter	340,095
Total before Fair Value Hedge Adjustment, Unamortized Premium, and Unamortized Discount	\$ 1,918,228

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 wrote off the remaining \$347 thousand, during the year ended September 30, 2022. No provision was required for loans outstanding as of September 30, 2023.

During fiscal year 2023, PEFCO worked with borrowers and lenders on the conversion of floating rate loans with LIBOR-priced coupons to utilize pricing tied to Term SOFR as published by the Chicago Mercantile Exchange, with implementation occurring in the fourth quarter of fiscal 2023. Any LIBOR-priced loans that were not converted as of September 30, 2023, are priced using synthetic U.S.-dollar LIBOR. The conversion process did not have a material impact on the financial statements.

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 EXIM loans, PEFCO's overall weighted average effective rate for the EXIM fixed-rate loan portfolio was 5.21% and 1.57% for the years ended September 30, 2023 and September 30, 2022, respectively.

Reported loan balances include export loans guaranteed by EXIM which are pledged as collateral for PEFCO's Secured Notes program. The amount of loans pledged at September 30, 2023 and September 30, 2022 were \$964.3 million and \$1.4 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 issued 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. At September 30, 2023 and 2022, PEFCO's commercial paper outstanding was \$836.3 million at a weighted average coupon of 5.33% and \$703.4 million at a weighted average coupon of 2.60%, respectively.

For the years ended September 30, 2023 and 2022, Short-term notes averaged approximately \$817.1 million (average interest rate of 4.64%), and \$608.2 million (average interest rate of 0.76%), 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. There were no Collateralized Notes issued or outstanding as of the years ended September 30, 2023 and 2022.

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.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
NOTES TO FINANCIAL STATEMENTS

	<i>Balance Outstanding</i>		<i>Designated Collateral Installments ^(a)</i>	
<i>(In thousands)</i>	2023	2022	2023	2022
Secured Notes				
Series II - 2.05% notes due Nov-22	\$ –	\$ 400,000	\$ –	\$ 1,109,128
Series KK - 3.55% notes due Jan-24	500,000	500,000	1,440,292	1,146,641
Series GG - 2.45% notes due Jul-24	400,000	400,000	1,090,653	808,274
Series OO - 1.75% notes due Nov-24	350,000	350,000	790,881	520,485
Series NN - 3.25% notes due Jun-25	250,000	250,000	575,146	315,584
Series QQ - 3.90% notes due Oct-27	300,000	–	658,956	–
Series PP - 1.40% notes due Jul-28	350,000	350,000	383,347	369,347
Total Secured Notes	\$ 2,150,000	\$ 2,250,000		
Medium-term Notes (unsecured)				
Series 2020-01 - Floating rate notes due Apr-23	\$ –	\$ 250,000	N/A	N/A
Series 2021-02 - 0.30% notes due Apr-23	–	300,000	N/A	N/A
Series 2020-02 - Floating rate notes due Jul-23	–	260,000	N/A	N/A
Series 2021-01 - 0.55% notes due Jul-24	300,000	300,000	N/A	N/A
Series 2023-01 - 5.50% notes due Mar-25	450,000	–	N/A	N/A
Series 2023-02 - Floating rates notes due Aug-25	225,000	–	N/A	N/A
Total Medium-term Notes	\$ 975,000	\$ 1,110,000		
Total Long-term Debt	\$ 3,125,000	\$ 3,360,000		
Fair Value Hedge Adjustment	(106,633)	(128,667)		
Unamortized Premium	96	426		
Unamortized Discount	(1,538)	(1,717)		
Deferred Issuance Costs	(4,246)	(3,843)		
Total Carrying Value	\$ 3,012,679	\$ 3,226,199		
Average principal balance outstanding	\$ 3,108,332	\$ 3,893,846		
Effective interest rate	2.90%	2.15%		
Effective interest rate after hedge accounting	5.01%	1.39%		

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

Remaining maturities of Long-term Debt at September 30, 2023 were as follows (in thousands):

2024	\$ 1,200,000
2025	1,275,000
2026	–
2027	–
2028	650,000
2029 and thereafter	–
Total	\$ 3,125,000

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)	2023	2022
Cash and U.S. Treasury securities reported as Restricted cash & restricted cash equivalents	\$ 88,638	\$ 35,881
U.S. Treasury and Agency securities reported as Investment Securities AFS ^(a)	1,308,133	1,056,608
Export loans guaranteed by EXIM reported as Loans ^(a)	964,267	1,390,638
Total pledged collateral	\$ 2,361,038	\$ 2,483,127

(a) Amounts at par value.

Revolving Credit Facilities

During fiscal year 2023, PEFCO entered into a syndicated 364-day revolving credit facility with 7 banks, of which 6 are shareowners, totaling \$970 million. This credit facility matures on April 16, 2024. At September 30, 2023 and September 30, 2022, there were no amounts outstanding under any facility.

7. SHAREOWNERS' EQUITY

Common stock outstanding amounted to approximately \$39.0 million at September 30, 2023 and September 30, 2022, and shares issued and outstanding amounted to 17,786 at each period end.

Net loss per share was \$695.11 in fiscal 2023, \$950.81 in fiscal 2022, and \$1,179.86 in fiscal 2021. Weighted average shares outstanding amounted to 17,786 for 2023, 2022, and 2021.

Under PEFCO's Standard Operating Procedures with EXIM effective September 2020, 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. EXIM temporarily waived PEFCO's minimum capital requirement of \$60 million and maximum leverage ratio of guaranteed loan assets to shareowners' equity, which was previously capped at 75 to 1, for a period of three years or until PEFCO returns to profitability.

No dividends have been declared in the fiscal years ended September 30, 2023, 2022, and 2021.

8. INCOME TAXES

Income Tax Benefit/Provision

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

(In thousands)	2023	2022	2021
Total current	\$ -	\$ 593	\$ 1,447
Total deferred	(3,284)	(4,922)	(7,025)
Income tax benefit	\$ (3,284)	\$ (4,329)	\$ (5,578)

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,:

	2023	2022	2021
Tax at statutory rate	21.0%	21.0%	21.0%
Effective income tax rate	21.0%	20.4%	21.0%

Deferred Income Taxes

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

(In thousands)	2023	2022
Total deferred tax assets	\$ 25,179	\$ 25,324
Total deferred tax liabilities	(1,597)	(1,727)
Net deferred tax assets	\$ 23,582	\$ 23,597

Included in Other assets and deferred charges at September 30, 2023 is a net deferred tax asset of \$23,582 thousand (\$23,597 thousand in 2022). 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, 2023 and 2022. 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 no taxable income in 2023 and taxable income of about \$2.2 million in 2022 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, 2023 and 2022. 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, 2020. 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)	2023	2022	2023	2022
Change in Benefit Obligation				
Benefit obligation at beginning of year	\$ 15,074	\$ 19,934	\$ 4,485	\$ 5,851
Service cost	488	784	131	145
Interest cost	726	525	222	150
Actuarial (gain) loss	(491)	(5,953)	214	(1,306)
Benefits paid	(256)	(216)	(357)	(355)
Settlements	(1,719)	–	–	–
Benefit obligation at end of year	\$ 13,822	\$ 15,074	\$ 4,695	\$ 4,485
Change in Plan Assets				
Fair value of plan assets at beginning of year	\$ 16,349	\$ 18,121	\$ –	\$ –
Actual return on plan assets	1,591	(2,306)	–	–
Employer contributions	700	750	357	355
Benefits paid	(257)	(216)	(357)	(355)
Settlements	(1,719)	–	–	–
Fair value of assets at end of year	\$ 16,664	\$ 16,349	\$ –	\$ –
Funded status at end of year^(a)	\$ 2,842	\$ 1,275	\$ (4,695)	\$ (4,485)

(a) These amounts were recognized in accrued expenses and other liabilities in the Statements of Financial Condition as of September 30, 2023 and 2022.

Amounts recognized in Accumulated Other Comprehensive Loss

Net (gain) loss	\$ (1,567)	\$ (473)	\$ 593	\$ 378
Prior service cost	464	552	–	–
Total	\$ (1,103)	\$ 79	\$ 593	\$ 378

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

(In thousands)	Qualified Plan			Nonqualified Plan		
	2023	2022	2021	2023	2022	2021
Components of Net periodic pension cost						
Service cost	\$ 488	\$ 784	\$ 946	\$ 131	\$ 145	\$ 192
Interest cost	726	525	429	222	150	140
Expected return on plan assets	(777)	(910)	(793)	–	–	–
Amortization of prior service cost (credit)	87	87	–	–	–	(1)
Amortization of net (gains) losses	(210)	43	229	–	67	95
	\$ 314	\$ 529	\$ 811	\$ 353	\$ 362	\$ 426
Other changes in plan assets and benefit obligations ⁽¹⁾						
Net (gain) loss	\$ (1,304)	\$ (2,736)	\$ (1,165)	\$ 215	\$ (1,306)	\$ (202)
Amortization of loss (gain)	210	(43)	(228)	–	(67)	(94)
Amortization of prior service cost	(87)	(87)	638	–	–	1
Total Recognized in Other Comprehensive (Loss) Income	\$ (1,181)	\$ (2,866)	\$ (755)	\$ 215	\$ (1,373)	\$ (295)

(1) Before taxes at PEFCO's effective tax rate of approximately 21.0% for 2023, 20.4% for 2022, and 21.0% for 2021.

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:

	2023	2022	2021
Weighted average discount rate, end of period	5.65%	5.15%	2.65%
Weighted average discount rate, beginning of period	5.15%	2.65%	2.37%
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:

(In thousands)	Target Allocation	September 30, 2023		September 30, 2022	
		Amount	Percent	Amount	Percent
Equity securities	50%	\$ 8,356	50%	\$ 7,598	46%
Debt securities	50%	8,308	50%	8,751	54%
Fair value at end of year	100%	\$ 16,664	100%	\$ 16,349	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.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
NOTES TO FINANCIAL STATEMENTS

Postretirement Plan

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

<i>(In thousands)</i>	2023	2022
Change in Benefit Obligation		
Benefit obligation at beginning of year	\$ 411	\$ 735
Service cost	18	43
Plan participants' contributions	21	97
Interest cost	59	19
Actuarial gain	(191)	(342)
Benefits paid	(77)	(141)
Benefit obligation at end of year	\$ 241	\$ 411
Change in Plan Assets		
Fair value of plan assets at beginning of year	\$ –	\$ –
Employer contribution	18	43
Plan participants' contributions	59	98
Benefits paid	(77)	(141)
Fair value of plan assets at end of year	\$ –	\$ –
Funded status at end of year^(a)	\$ (241)	\$ (411)

(a) These amounts were recognized in "Accrued expenses and other liabilities" in the Statements of Financial Condition as of September 30, 2023 and 2022.

Amounts recognized in Accumulated Other Comprehensive (Loss) Income

Net gain	\$ (2,338)	\$ (2,492)
Prior service credit	–	–
Total	\$ (2,338)	\$ (2,492)

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

<i>(In thousands)</i>	2023	2022	2021
Components of periodic postretirement benefit cost			
Service cost	\$ 18	\$ 43	\$ 51
Interest cost	21	19	18
Expected return on plan assets	–	–	–
Amortization of prior service credit	–	–	–
Amortization of net gains	(345)	(339)	(330)
Net periodic postretirement benefit cost	\$ (306)	\$ (277)	\$ (261)
Other Changes in plan assets and benefit obligations⁽¹⁾			
Net gain	\$ (191)	\$ (342)	\$ (126)
Amortization of gain	345	338	330
Amortization of prior service cost	–	–	–
Total Recognized in Other Comprehensive (Loss) Income	\$ 154	\$ (4)	\$ 204

(1) Before taxes at PEFCO's effective tax rate of 21.0% for 2023, 20.4% for 2022, and 21.0% for 2021.

Assumptions Used for Postretirement Plan Accounting

	2023	2022	2021
Weighted average discount rate, end of period	5.53%	5.13%	2.66%
Weighted average discount rate, average for period	5.13%	2.66%	2.19%
Assumed healthcare cost trend rate, pre-65	7.75%	6.75%	6.75%
Assumed healthcare cost trend rate, post-65	4.50%	4.40%	4.40%
Prescription cost trend rate, pre-65	7.75%	6.75%	6.75%
Prescription cost trend rate, post-65	6.25%	6.75%	6.75%
Ultimate rate to which rates are assumed to decline	4.04%	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)	2023	2022	2021
Contribution Expense	\$ 205	\$ 205	\$ 205

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, 2023 and September 30, 2022 were \$3.2 billion and \$3.6 billion, respectively, representing 100% of the total notional values at September 30, 2023 and September 30, 2022.

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 2023, 2022, and 2021.

On April 21, 2023, PEFCO converted its USD LIBOR swaps portfolio, in accordance with ASU 2018-16, by replacing each existing swap with a short-dated USD LIBOR replacement swap and a new forward SOFR replacement swap beginning with the first reset date after the LIBOR index cessation. ASU 2018-16 allows the inclusion of SOFR as the designated benchmark interest rate for hedge accounting purposes under the first optional expedient. As a result of the conversion, PEFCO voluntarily dedesignated two long haul fair value hedging relationships and terminated the related interest rate swaps as the hedges were deemed ineffective. The dedesignation did not have a material impact on the financial statements.

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
NOTES TO FINANCIAL STATEMENTS

Derivative notional averages were \$3.2 billion and \$4.1 billion for the years ended September 30, 2023 and September 30, 2022, respectively. The following table summarizes the notional amount and credit exposure of PEFCO's derivative instruments designated as hedges at September 30, 2023 and September 30, 2022:

(In thousands)	Notional Amount ^(a)		Credit Exposure	
	2023	2022	2023	2022
Total Interest Rate Swaps	\$3,159,005	\$ 3,640,589	\$ 24,535	\$ 51,726
Effect of master netting agreements ^(b)			(24,535)	(51,726)
Total Credit Exposure			\$ -	\$ -

(a) At September 30, 2023, the Notional Amount includes \$3,159.0 million for Fair Value Hedges. At September 30, 2022, the Notional Amount includes \$3,613.1 million for Fair Value Hedges and \$27.5 million for Cash Flow Hedges.

(b) Represents the netting of derivative balances with the same counterparty under enforceable netting agreements.

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 SOFR (previously LIBOR) which is the designated benchmark interest rate 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 related to these hedges recognized in 2023, 2022, and 2021 earnings.

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.

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 had no interest rate swap contracts as of September 30, 2023, that were designated as cash flow hedges. 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 were 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 and two interest rate swap contracts with a total notional amount of \$65.5 million as of and for the year ended September 30, 2021.

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,		
	2023	2022	2021
Interest Rate Swaps	\$ (336)	\$ 302	\$ 450

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

(In thousands)	Loss (Gain) Recognized in Other Comprehensive Income (OCI) on Derivatives, net of tax (Effective Portion)			(Gain) Loss Reclassified from OCI into Total Financing Expense		
	2023	2022	2021	2023	2022	2021
Interest Rate Swaps	\$ 1,240	\$ (4,059)	\$ (470)	\$ (1,358)	\$ –	\$ –

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 2023 and 2022. At September 30, 2023 and September 30, 2022, there were no OTC trades 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, 2023, PEFCO had a \$12.3 million initial margin requirement and no additional amount required for variation margin. At September 30,

2023, PEFCO held net equity on open trades of \$18.0 million which covered the initial margin requirement, with an excess collateral of \$5.7 million. 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.

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:

(In thousands)	Asset Derivatives ^(a)		Liability Derivatives ^(b)	
	2023	2022	2023	2022
Interest Rate Swaps ^(c)	\$24,535	\$ 51,726	\$107,237	\$ 128,666
Effect of master netting agreements ^(d)	(24,535)	(51,726)	(24,535)	(51,726)
Total reported on the Statements of Financial Condition	\$ –	\$ –	\$ 82,702	\$ 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.

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, 2023 and September 30, 2022:

September 30, 2023					
(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	\$ 1,144,787	\$ –	\$ –	\$ –	\$ 1,144,787
U.S. Government Agency Securities	–	154,809	–	–	154,809
Interest rate swaps	–	24,535	–	(24,535)	–
Total Assets at Fair Value	\$ 1,144,787	\$ 179,344	\$ –	\$ (24,535)	\$ 1,299,596
Liabilities					
Interest rate swaps	\$ –	\$ 107,237	\$ –	\$ (24,535)	\$ 82,702
Total Liabilities at Fair Value	\$ –	\$ 107,237	\$ –	\$ (24,535)	\$ 82,702
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

(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 the 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, 2023 and 2022. 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, 2023 and 2022.

There were no transfers between level 1 and level 2 during the years ended September 30, 2023 and 2022.

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 2023, 2022, and 2021:

<i>(In thousands)</i>	2023	2022	2021
Underwriting services ^(a)	\$ 1,169	\$ –	\$ 1,493
Liquidity lines ^(b)	2,874	1,435	1,878
Other banking services ^(c)	595	364	811
	\$ 4,638	\$ 1,799	\$ 4,182

(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:

<i>(In thousands)</i>	2023	2022	2021
Interest received	\$ 13,340	\$ 852	\$ 269

The following table summarizes loans purchased from shareowners and affiliates in the secondary market during 2023, 2022, and 2021:

<i>(In thousands)</i>	2023	2022	2021
Loans purchased	\$ 39,391	\$ –	\$ 724,170

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:

	<i>Year Ended September 30,</i>		
<i>(In thousands)</i>	2023	2022	2021
Compensation and benefits	\$ 4,015	\$ 4,779	\$ 4,844
Administrative	3,710	3,243	3,551
Professional fees	1,600	1,067	1,392
Total	\$ 9,325	\$ 9,089	\$ 9,787

14. OPERATING LEASE

In February 2016, the FASB issued new guidance on 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. The Company adopted the new guidance during the first quarter of fiscal 2023 using the effective date of October 1, 2022 as the date of initial application; therefore, the comparative periods have not been adjusted and continue to be reported under the previous lease guidance.

The Company elected the package of practical expedients, which permits the Company not to reassess under the new standard its 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 ROU assets and lease 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 ROU asset and operating lease liability of \$3.2 million and \$3.4 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.

The Company leases its existing headquarters. There were 6.4 years remaining on this lease as of September 30, 2023. The fixed rate lease payment terms include \$42,500 monthly payments through February 2025 and \$46,042 monthly payments from March 2025 through February 2030. The lease includes a five year renewal option at the then fair market value on February 28, 2030. As allowed by Topic 842, the Company has elected to not include the renewal in our implementation calculations because of the uncertainty in future cost economics.

The 3.79% discount rate used was derived from the risk free Treasury rate on October 3, 2022.

The components of lease expense as of September 30, 2023 are summarized as follows: (in thousands):

Operating lease costs	\$ 510
Amortization of right-of-use assets	3
Variable lease costs	44
Total	\$ 557

For the years ended September 30, 2022 and 2021, PEFCO recorded lease expense of \$548 thousand and \$553 thousand, which is included in the accompanying Statements of Operations in General and Administrative expenses.

Additional balance sheet information relating to leases as of September 30, 2023 (in thousands)

Operating lease assets	\$ 2,844
Operating lease liabilities	\$ 3,036

The following table shows the undiscounted cash flows on an annual basis for Operating Lease Liabilities as of September 30, 2023 were as follows (in thousands):

2024	\$ 510
2025	535
2026	552
2027	553
2028	553
Thereafter	782
Total lease payments	3,485
Less imputed interest	449
Total	\$ 3,036

15. SUBSEQUENT EVENTS

PEFCO has evaluated subsequent events through December 7, 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:

PEFCO's funded, noncontributory, qualified defined benefit plan (the "qualified pension plan") covering all full-time employees was closed to new participants. No new employees will become eligible to participate in the qualified pension plan after September 30, 2023.

On November 14, 2023, Moody's Investors Service affirmed the Aaa local currency backed senior secured debt rating and the Aaa senior secured MTN program rating of PEFCO. PEFCO's local currency senior unsecured debt ratings and senior unsecured MTN program ratings were downgraded by one notch to Aa1 from Aaa. In the same action, PEFCO's local currency commercial paper rating of P-1 was affirmed. Additionally, PEFCO's outlook was changed to negative from stable, reflecting the November 10, 2023 change of the outlook on the Government of the United States of America to negative.

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, 2023, 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, 2023, its system of internal control over financial reporting was effective.



Rajgopalan Nandkumar
PRESIDENT & CHIEF EXECUTIVE OFFICER
DECEMBER 7, 2023



Timothy C. Dunne
SENIOR VICE CHAIRMAN
DECEMBER 7, 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 2023 and 2022 were as follows:

	2023	2022
Audit Fee	\$ 365,000	\$ 325,000
Audit Related Fee	246,600	–
Tax Fee	88,000	97,100
Total	\$ 699,600	\$ 422,100

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, 2023.

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

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.

Rajgopalan 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.

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.

Richard C. Hammond is Vice President of Customer Finance for Boeing. In this role, he oversees all aspects of customer financing activities as well as financier and investor outreach. Additionally, he is responsible for management of the company's aircraft portfolio as well as oversight of regulatory policy, valuations, risk and space and defense financing teams. Mr. Hammond serves on the Boeing Commercial Airplanes Finance leadership team and is functionally aligned to the company's Treasury Organization. Prior to becoming Vice President of Customer Finance for Boeing, Mr. Hammond served as Vice President, global head of Customer Finance, for Boeing Capital Corporation ("BCC"), a wholly owned subsidiary responsible for arranging, structuring and providing financing for Boeing airplanes and products. Previously, Mr. Hammond was Vice President of finance and Chief Financial Officer for BCC, responsible for the organization's multibillion-dollar aircraft portfolio and financial leadership, including: evaluation of prospective financing transactions; treasury; financial planning; aircraft portfolio analysis; contracts and all aspects of external and internal financial reporting.

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 served 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

Michael Fossaceca ^{(2) (4)}
Managing Director
CITI BANK

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

Richard C. Hammond ^{(2) (5)}
*Vice President & Global Head of
Customer Finance*
BOEING CAPITAL CORPORATION

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) (4)}
Chief Operating Officer
HSBC

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

^(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

OFFICERS

Richard S. Aldrich, Jr.
Executive Chairman

Rajgopalan Nandkumar
President & Chief Executive Officer

David T. Attisani
Assistant Vice President

Timothy C. Dunne
*Senior Vice Chairman &
Acting Controller*

Alexis M. Hollywood
*Assistant Vice President &
Assistant Controller*

David C. Lieblein
Assistant Vice President

Ann Marie Milano
Vice President & Secretary

John Neblo
Senior Vice President

Francoise M. Renieris
Vice President

Melinda A. Scott
Assistant Vice President

Ruchika Sharma
Vice President

PRIVATE EXPORT FUNDING CORPORATION ANNUAL REPORT 2023
PEFCO SHAREOWNERS

PEFCO's stock is owned by 23 commercial banks, two financial services companies, 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, 2023:

Commercial Banks	Number of Shares
Bank of America	1,924
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 Americas Holdings Corporation	93
Natixis	738
Paribas North America, Inc.	367
PNC Bank Corp.	503
Regions Bank	20
Société Générale	100
Standard Chartered Bank	300
Sterling National Bank & Trust Company	39
UPS Capital Business Credit	431
U.S. Bank N.A.	500
Wells Fargo & Company	816

Financial Services Companies	Number of Shares
AirFinance Leasing LLC	459
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

675 Third Avenue, Suite #425
New York, NY 10017
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 7, 2023

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

WWW.PEFCO.COM