REFINITIV

# DELTA REPORT

## 10-Q

NNI - NELNET INC

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

| TOTAL DELTAS | 1505 |
|---|---|
| CHANGES | 323 |
| DELETIONS | 626 |
| ADDITIONS | 556 |

**UNITED STATES**
**SECURITIES AND EXCHANGE COMMISSION**
WASHINGTON, D.C. 20549

# FORM 10-Q

**(Mark One)**

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended September 30, 2023 March 31, 2024**

**or**

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from _to_.**

*Commission File Number: 001-31924*

Nelnet_Logo_color.jpg

## NELNET, INC.

(Exact name of registrant as specified in its charter)

| | |
|---|---|
| **Nebraska** | **84-0748903** |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| **121 South 13th Street, Suite 100** | |
| **Lincoln, Nebraska** | **68508** |
| (Address of principal executive offices) | (Zip Code) |

**(402) 458-2370**
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

| Title of each class | Trading Symbol | Name of each exchange on which registered |
|---|---|---|
| Class A Common Stock, Par Value $0.01 per Share | NNI | New York Stock Exchange |

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐
Non-accelerated filer ☐ Smaller reporting company ☐
Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2023 April 30, 2024, there were 26,655,134 25,703,894 and 10,668,460 10,663,088 shares of Class A Common Stock and Class B Common Stock, par value $0.01 per share, outstanding, respectively (excluding a total of 11,305,731 shares of Class A Common Stock held by wholly owned subsidiaries).

**NELNET, INC.**
**FORM 10-Q**
**INDEX**
**September 30, 2023 March 31, 2024**



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## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

**NELNET, INC. AND SUBSIDIARIES** **CONSOLIDATED BALANCE SHEETS** **(Dollars in thousands, except share data)** **(unaudited)**

| | | As of September 30, 2023 | As of December 31, 2022 | | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|---|---|---|---|
| Assets: | Assets: | | | Assets: | | |
| Loans and accrued interest receivable (net of allowance for loan losses of $110,093 and $131,827, respectively) | | $13,867,557 | 15,243,889 | | | |
| Loans and accrued interest receivable (net of allowance for loan losses of $106,008 and $104,643, respectively) | | | | | | |
| Cash and cash equivalents: | Cash and cash equivalents: | | | Cash and cash equivalents: | | |
| Cash and cash equivalents - not held at a related party | Cash and cash equivalents - not held at a related party | 23,722 | 24,584 | | | |
| Cash and cash equivalents - held at a related party | Cash and cash equivalents - held at a related party | 163,968 | 93,562 | | | |

| | | | | |
|---|---|---|---|---|
| Total cash and cash equivalents | Total cash and cash equivalents | 187,690 | 118,146 | |
| Investments and notes receivable | | 1,945,688 | 2,111,917 | |
| Investments and notes receivable (including investments at fair value of $1,037,637 and $988,841, respectively) | | | | |
| Restricted cash | Restricted cash | 445,983 | 945,159 | |
| Restricted cash - due to customers | Restricted cash - due to customers | 158,872 | 294,311 | |
| Accounts receivable (net of allowance for doubtful accounts of $3,989 and $3,079, respectively) | | 130,068 | 194,851 | |
| Restricted investments | | | | |
| Accounts receivable (net of allowance for doubtful accounts of $4,248 and $4,304, respectively) | | | | |
| Goodwill | Goodwill | 176,902 | 176,902 | |
| Intangible assets, net | Intangible assets, net | 51,910 | 63,501 | |
| Property and equipment, net | Property and equipment, net | 126,699 | 122,526 | |
| Other assets | Other assets | 131,313 | 102,842 | |
| Total assets | | | | |
| Total assets | | | | |
| Total assets | Total assets | $17,222,682 | 19,374,044 | |
| Liabilities: | Liabilities: | | | Liabilities: |
| Bonds and notes payable | Bonds and notes payable | $12,448,109 | 14,637,195 | |
| Accrued interest payable | Accrued interest payable | 36,391 | 36,049 | |
| Bank deposits | Bank deposits | 718,053 | 691,322 | |
| Other liabilities | Other liabilities | 419,152 | 461,259 | |
| Due to customers | Due to customers | 341,822 | 348,317 | |
| Total liabilities | Total liabilities | 13,963,527 | 16,174,142 | |
| Total liabilities | | | | |
| Total liabilities | | | | |
| Commitments and contingencies | Commitments and contingencies | | | Commitments and contingencies |
| Equity: | Equity: | | | |
| Nelnet, Inc. shareholders' equity: | Nelnet, Inc. shareholders' equity: | | | |
| Nelnet, Inc. shareholders' equity: | | | | |
| Nelnet, Inc. shareholders' equity: | | | | |

| | | | |
|---|---|---|---|
| Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding | Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no shares issued or outstanding | — | — |
| Common stock: | Common stock: | | |
| Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,655,651 shares and 26,461,651 shares, respectively | | 267 | 265 |
| Class B, convertible, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 10,668,460 shares | | 107 | 107 |
| Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,055,314 shares and 26,400,630 shares, respectively | | | |
| Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,055,314 shares and 26,400,630 shares, respectively | | | |
| Class A, $0.01 par value. Authorized 600,000,000 shares; issued and outstanding 26,055,314 shares and 26,400,630 shares, respectively | | | |
| Class B, convertible, $0.01 par value. Authorized 60,000,000 shares; issued and outstanding 10,663,088 shares | | | |
| Additional paid-in capital | Additional paid-in capital | 14,165 | 1,109 |
| Retained earnings | Retained earnings | 3,305,881 | 3,234,844 |
| Accumulated other comprehensive loss, net | Accumulated other comprehensive loss, net | (25,439) | (37,366) |
| Total Nelnet, Inc. shareholders' equity | Total Nelnet, Inc. shareholders' equity | 3,294,981 | 3,198,959 |
| Noncontrolling interests | Noncontrolling interests | (35,826) | 943 |
| Total equity | Total equity | 3,259,155 | 3,199,902 |
| Total liabilities and equity | Total liabilities and equity | $17,222,682 | 19,374,044 |

| Supplemental information - assets and liabilities of consolidated education and other lending variable interest entities: | | |
|---|---|---|
| Loans and accrued interest receivable | $13,246,175 | 14,585,491 |
| Restricted cash | 410,520 | 867,961 |
| Bonds and notes payable | (12,459,364) | (14,233,586) |
| Accrued interest payable and other liabilities | (181,730) | (145,309) |
| Net assets of consolidated education and other lending variable interest entities | $ 1,015,601 | 1,074,557 |

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**

**NELNET, INC. AND SUBSIDIARIES**

**NELNET, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF INCOME** **(Dollars in thousands, except share data)** **(unaudited)**

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Interest income: | | | | |
| Loan interest | $ 236,423 | 176,244 | 704,712 | 422,327 |

| | | | | | |
|---|---|---|---|---|---|
| Investment interest | | | | | |
| Investment interest | | | | | |
| Investment interest | Investment interest | 48,128 | 26,889 | 129,835 | 57,589 |
| Total interest income | Total interest income | 284,551 | 203,133 | 834,547 | 479,916 |
| Total interest income | | | | | |
| Total interest income | | | | | |
| Interest expense on bonds and notes payable and bank deposits | | | | | |
| Interest expense on bonds and notes payable and bank deposits | | | | | |
| Interest expense on bonds and notes payable and bank deposits | Interest expense on bonds and notes payable and bank deposits | 207,159 | 126,625 | 639,756 | 248,347 |
| Net interest income | Net interest income | 77,392 | 76,508 | 194,791 | 231,569 |
| Net interest income | | | | | |
| Net interest income | | | | | |
| Less provision for loan losses | | | | | |
| Less provision for loan losses | | | | | |
| Less provision for loan losses | Less provision for loan losses | 10,659 | 9,665 | 54,526 | 18,640 |
| Net interest income after provision for loan losses | Net interest income after provision for loan losses | 66,733 | 66,843 | 140,265 | 212,929 |
| Net interest income after provision for loan losses | | | | | |
| Net interest income after provision for loan losses | | | | | |
| Other income (expense): | | | | | |
| Other income (expense): | | | | | |
| Other income (expense): | Other income (expense): | | | | |
| Loan servicing and systems revenue | Loan servicing and systems revenue | 127,892 | 134,197 | 389,138 | 395,438 |
| Education technology, services, and payment processing revenue | | 113,796 | 106,894 | 357,258 | 310,211 |
| Loan servicing and systems revenue | | | | | |
| Loan servicing and systems revenue | | | | | |
| Education technology services and payments revenue | | | | | |
| Education technology services and payments revenue | | | | | |
| Education technology services and payments revenue | | | | | |
| Solar construction revenue | | | | | |
| Solar construction revenue | | | | | |
| Solar construction revenue | Solar construction revenue | 6,301 | 9,358 | 19,687 | 9,358 |
| Other, net | Other, net | (211) | 2,225 | (21,293) | 24,750 |
| Gain on sale of loans, net | | 5,362 | 2,627 | 32,685 | 5,616 |
| Impairment and other expense, net | | (4,974) | 121 | (4,974) | (6,163) |
| Other, net | | | | | |

| | | | | |
|---|---|---|---|---|
| Other, net | | | | |
| (Loss) gain on sale of loans, net | | | | |
| (Loss) gain on sale of loans, net | | | | |
| (Loss) gain on sale of loans, net | | | | |
| Derivative market value adjustments and derivative settlements, net | | | | |
| Derivative market value adjustments and derivative settlements, net | | | | |
| Derivative market value adjustments and derivative settlements, net | 3,957 | 63,262 | (8,047) | 251,210 |
| Total other income (expense), net | 252,123 | 318,684 | 764,454 | 990,420 |
| Total other income (expense), net | | | | |
| Total other income (expense), net | | | | |
| Cost of services: | | | | |
| Cost to provide education technology, services, and payment processing services | 43,694 | 42,676 | 131,804 | 109,073 |
| Cost of services: | | | | |
| Cost of services: | | | | |
| Cost to provide education technology services and payments | | | | |
| Cost to provide education technology services and payments | | | | |
| Cost to provide education technology services and payments | | | | |
| Cost to provide solar construction services | | | | |
| Cost to provide solar construction services | | | | |
| Cost to provide solar construction services | 7,783 | 5,968 | 25,204 | 5,968 |
| Total cost of services | 51,477 | 48,644 | 157,008 | 115,041 |
| Total cost of services | | | | |
| Total cost of services | | | | |
| Operating expenses: | | | | |
| Operating expenses: | | | | |
| Operating expenses: | | | | |
| Salaries and benefits | 141,204 | 147,198 | 438,620 | 438,010 |
| Salaries and benefits | | | | |
| Salaries and benefits | | | | |
| Depreciation and amortization | | | | |
| Depreciation and amortization | | | | |
| Depreciation and amortization | 21,835 | 18,772 | 57,114 | 53,978 |
| Other expenses | 51,370 | 43,858 | 138,154 | 120,297 |
| Other expenses | | | | |
| Other expenses | | | | |

Total operating expenses

Total operating expenses

| | | | | | |
|---|---|---|---|---|---|
| Total operating expenses | Total operating expenses | 214,409 | 209,828 | 633,888 | 612,285 |
| Income before income taxes | Income before income taxes | 52,970 | 127,055 | 113,823 | 476,023 |

Income before income taxes

Income before income taxes

Income tax expense

Income tax expense

| | | | | | |
|---|---|---|---|---|---|
| Income tax expense | Income tax expense | 10,734 | 26,586 | 29,475 | 107,765 |
| Net income | Net income | 42,236 | 100,469 | 84,348 | 368,258 |

Net income

Net income

Net loss attributable to noncontrolling interests

Net loss attributable to noncontrolling interests

| | | | | | |
|---|---|---|---|---|---|
| Net loss attributable to noncontrolling interests | Net loss attributable to noncontrolling interests | 3,096 | 4,329 | 15,738 | 8,315 |
| Net income attributable to Nelnet, Inc. | Net income attributable to Nelnet, Inc. | $ 45,332 | 104,798 | 100,086 | 376,573 |

Net income attributable to Nelnet, Inc.

Net income attributable to Nelnet, Inc.

Earnings per common share:

Earnings per common share:

| | | | | | |
|---|---|---|---|---|---|
| Earnings per common share: | Earnings per common share: | | | | |
| Net income attributable to Nelnet, Inc. shareholders - basic and diluted | Net income attributable to Nelnet, Inc. shareholders - basic and diluted | $ 1.21 | 2.80 | 2.67 | 9.99 |

Net income attributable to Nelnet, Inc. shareholders - basic and diluted

Net income attributable to Nelnet, Inc. shareholders - basic and diluted

| | | | | | |
|---|---|---|---|---|---|
| Weighted average common shares outstanding - basic and diluted | Weighted average common shares outstanding - basic and diluted | 37,498,073 | 37,380,493 | 37,437,587 | 37,708,425 |

Weighted average common shares outstanding - basic and diluted

Weighted average common shares outstanding - basic and diluted

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**

**NELNET, INC. AND SUBSIDIARIES**

| | | | |
|---|---|---|---|
| **NELNET, INC. AND SUBSIDIARIES** | **CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME** | **(Dollars in thousands)** | **(unaudited)** |

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | Three months ended March 31, | | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| Net income | Net income | $ 42,236 | 100,469 | 84,348 | 368,258 |
| Other comprehensive (loss) income: | | | | | |
| Net income | | | | | |
| Net income | | | | | |
| Other comprehensive income: | | | | | |
| Other comprehensive income: | | | | | |
| Other comprehensive income: | | | | | |
| Net changes related to foreign currency translation adjustments | | | | | |
| Net changes related to foreign currency translation adjustments | | | | | |
| Net changes related to foreign currency translation adjustments | Net changes related to foreign currency translation adjustments | $ (8) | 18 | (11) | 19 |
| Net changes related to available-for-sale debt securities: | Net changes related to available-for-sale debt securities: | | | | |
| Unrealized holding (losses) gains arising during period, net | | (4,566) | 4,790 | 12,734 | (45,730) |
| Net changes related to available-for-sale debt securities: | | | | | |
| Net changes related to available-for-sale debt securities: | | | | | |
| Unrealized holding gains arising during period, net of losses | | | | | |
| Unrealized holding gains arising during period, net of losses | | | | | |
| Unrealized holding gains arising during period, net of losses | | | | | |
| Reclassification of (gains) losses recognized in net income, net | | | | | |
| Reclassification of (gains) losses recognized in net income, net | | | | | |
| Reclassification of (gains) losses recognized in net income, net | Reclassification of (gains) losses recognized in net income, net | (1,064) | (578) | 3,001 | (4,220) |
| Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity | Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity | 66 | — | 136 | — |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity | | | | | | | | | |
| Amortization of net unrealized loss on securities transferred from available-for-sale to held-to-maturity | | | | | | | | | |
| Income tax effect | | | | | | | | | |
| Income tax effect | | | | | | | | | |
| Income tax effect | Income tax effect | 1,335 | (4,229) | (1,011) | 3,201 | (3,810) | 12,061 | 11,988 | (37,962) |
| Net changes related to equity method investee's other comprehensive income: | Net changes related to equity method investee's other comprehensive income: | | | | | | | | |
| Gain (loss) on cash flow hedges | | 336 | | — | | (163) | | — | |
| Net changes related to equity method investee's other comprehensive income: | | | | | | | | | |
| Net changes related to equity method investee's other comprehensive income: | | | | | | | | | |
| (Loss) gain on cash flow hedge | | | | | | | | | |
| (Loss) gain on cash flow hedge | | | | | | | | | |
| (Loss) gain on cash flow hedge | | | | | | | | | |
| Income tax effect | Income tax effect | (80) | 256 | — | — | 40 | (123) | — | — |
| Other comprehensive (loss) income | | | (3,981) | | 3,219 | | 11,927 | | (37,943) |
| Income tax effect | | | | | | | | | |
| Income tax effect | | | | | | | | | |
| Other comprehensive income | | | | | | | | | |
| Other comprehensive income | | | | | | | | | |
| Other comprehensive income | | | | | | | | | |
| Comprehensive income | | | | | | | | | |
| Comprehensive income | | | | | | | | | |
| Comprehensive income | Comprehensive income | | 38,255 | | 103,688 | | 96,275 | | 330,315 |
| Comprehensive loss attributable to noncontrolling interests | Comprehensive loss attributable to noncontrolling interests | | 3,096 | | 4,329 | | 15,738 | | 8,315 |
| Comprehensive loss attributable to noncontrolling interests | | | | | | | | | |
| Comprehensive loss attributable to noncontrolling interests | | | | | | | | | |
| Comprehensive income attributable to Nelnet, Inc. | Comprehensive income attributable to Nelnet, Inc. | | $ 41,351 | | 108,017 | | 112,013 | | 338,630 |
| Comprehensive income attributable to Nelnet, Inc. | | | | | | | | | |

Comprehensive income attributable to Nelnet, Inc.

See accompanying notes to consolidated financial statements.

NELNET, INC. AND SUBSIDIARIES

| | Nelnet, Inc. Shareholders | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Preferred stock shares | Common stock shares: Class A | Common stock shares: Class B | Preferred stock | Class A common stock | Class B common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interests | Total equity |
| Balance as of June 30, 2022 | — | 26,613,733 | 10,674,892 | $ — | 266 | 107 | 1,180 | 3,127,687 | (31,858) | (6,237) | 3,091,145 |

| | Preferred stock shares | Common stock shares | Preferred stock | Class A common stock | Class B common stock | Additional paid-in capital | Retained earnings | Accumula other comprehe loss |
|---|---|---|---|---|---|---|---|---|
| Balance as of December 31, 2022 | | | | | | | | |
| Balance as of December 31, 2022 | | | | | | | | |
| Balance as of December 31, 2022 | | | | | | | | |

| | Preferred stock shares | Class A | Class B | Preferred stock | Class A common stock | Class B common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interests | Total equity |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Issuance of noncontrolling interests | — | — | — | — | — | — | — | — | — | 14,018 | 14,018 |
| Net income (loss) | — | — | — | — | — | — | — | 104,798 | — | (4,329) | 100,469 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 3,219 | — | 3,219 |
| Distribution to noncontrolling interests | — | — | — | — | — | — | — | — | — | (17,707) | (17,707) |
| Cash dividends on Class A and Class B common stock - $0.24 per share | — | — | — | — | — | — | — | (8,925) | — | — | (8,925) |
| Issuance of common stock, net of forfeitures | — | 38,192 | — | — | 1 | — | 476 | — | — | — | 477 |
| Compensation expense for stock based awards | — | — | — | — | — | — | 3,631 | — | — | — | 3,631 |
| Repurchase of common stock | — | (169,860) | — | — | (2) | — | (4,450) | (9,841) | — | — | (14,293) |
| Conversion of common stock | — | 1,233 | (1,233) | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | (5,675) | — | — | (5,675) |
| Balance as of September 30, 2022 | — | 26,483,298 | 10,673,659 | $ — | 265 | 107 | 837 | 3,208,044 | (28,639) | (14,255) | 3,166,359 |
| Balance as of June 30, 2023 | — | 26,646,490 | 10,668,460 | $ — | 266 | 107 | 10,114 | 3,270,250 | (21,458) | (11,765) | 3,247,514 |
| Issuance of noncontrolling interests | — | — | — | — | — | — | — | — | — | 19,092 | 19,092 |
| Net income (loss) | — | — | — | — | — | — | — | 45,332 | — | (3,096) | 42,236 |
| Other comprehensive loss | — | — | — | — | — | — | — | — | (3,981) | — | (3,981) |
| Distribution to noncontrolling interests | — | — | — | — | — | — | — | — | — | (40,057) | (40,057) |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cash dividends on Class A and Class B common stock - $0.26 per share | Cash dividends on Class A and Class B common stock - $0.26 per share | — | — | — | — | — | — | — | (9,701) | — | — | (9,701) |
| Issuance of common stock, net of forfeitures | Issuance of common stock, net of forfeitures | — | 15,109 | — | — | 1 | — | 499 | — | — | — | 500 |
| Compensation expense for stock based awards | Compensation expense for stock based awards | — | — | — | — | — | — | 4,095 | — | — | — | 4,095 |
| Repurchase of common stock | Repurchase of common stock | — | (5,948) | — | — | — | — | (543) | — | — | — | (543) |
| Balance as of September 30, 2023 | | — | 26,655,651 | 10,668,460 | $ — | 267 | 107 | 14,165 | 3,305,881 | (25,439) | (35,826) | 3,259,155 |
| Balance as of March 31, 2023 | | | | | | | | | | | | |
| Balance as of March 31, 2023 | | | | | | | | | | | | |
| Balance as of March 31, 2023 | | | | | | | | | | | | |
| Balance as of December 31, 2023 | | | | | | | | | | | | |
| Balance as of December 31, 2023 | | | | | | | | | | | | |
| Balance as of December 31, 2023 | | | | | | | | | | | | |
| Issuance of noncontrolling interests | | | | | | | | | | | | |
| Net income (loss) | | | | | | | | | | | | |
| Other comprehensive income | | | | | | | | | | | | |
| Distribution to noncontrolling interests | | | | | | | | | | | | |
| Cash dividends on Class A and Class B common stock - $0.28 per share | | | | | | | | | | | | |
| Issuance of common stock, net of forfeitures | | | | | | | | | | | | |
| Compensation expense for stock based awards | | | | | | | | | | | | |
| Repurchase of common stock | | | | | | | | | | | | |
| Balance as of March 31, 2024 | | | | | | | | | | | | |
| Balance as of March 31, 2024 | | | | | | | | | | | | |
| Balance as of March 31, 2024 | | | | | | | | | | | | |

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY**

**(Dollars in thousands, except share data)**

**(unaudited)**

| | Nelnet, Inc. Shareholders | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Preferred stock shares | Common stock shares Class A | Common stock shares Class B | Preferred stock | Class A common stock | Class B common stock | Additional paid-in capital | Retained earnings | Accumulated other comprehensive loss | Noncontrolling interests | Total equity |
| Balance as of December 31, 2021 | — | 27,239,654 | 10,676,642 | $ — | 272 | 107 | 1,000 | 2,940,523 | 9,304 | 1,632 | 2,952,838 |
| Issuance of noncontrolling interests | — | — | — | — | — | — | — | — | — | 25,297 | 25,297 |
| Net income (loss) | — | — | — | — | — | — | — | 376,573 | — | (8,315) | 368,258 |
| Other comprehensive loss | — | — | — | — | — | — | — | — | (37,943) | — | (37,943) |
| Distribution to noncontrolling interests | — | — | — | — | — | — | — | — | — | (32,869) | (32,869) |
| Cash dividends on Class A and Class B common stock - $0.72 per share | — | — | — | — | — | — | — | (26,960) | — | — | (26,960) |
| Issuance of common stock, net of forfeitures | — | 348,831 | — | — | 4 | — | 6,974 | — | — | — | 6,978 |
| Compensation expense for stock based awards | — | — | | — | — | — | 9,659 | — | — | — | 9,659 |
| Repurchase of common stock | — | (1,108,170) | — | — | (11) | — | (16,796) | (76,417) | — | — | (93,224) |
| Conversion of common stock | — | 2,983 | (2,983) | — | — | — | — | — | — | — | — |
| Other | — | — | — | — | — | — | — | (5,675) | — | — | (5,675) |
| Balance as of September 30, 2022 | — | 26,483,298 | 10,673,659 | $ — | 265 | 107 | 837 | 3,208,044 | (28,639) | (14,255) | 3,166,359 |
| | | | | | | | | | | | |
| Balance as of December 31, 2022 | — | 26,461,651 | 10,668,460 | $ — | 265 | 107 | 1,109 | 3,234,844 | (37,366) | 943 | 3,199,902 |
| Issuance of noncontrolling interests | — | — | — | — | — | — | — | — | — | 31,996 | 31,996 |
| Net income (loss) | — | — | — | — | — | — | — | 100,086 | — | (15,738) | 84,348 |
| Other comprehensive income | — | — | — | — | — | — | — | — | 11,927 | — | 11,927 |
| Distribution to noncontrolling interests | — | — | — | — | — | — | — | — | — | (53,027) | (53,027) |
| Cash dividends on Class A and Class B common stock - $0.78 per share | — | — | — | — | — | — | — | (29,049) | — | — | (29,049) |
| Issuance of common stock, net of forfeitures | — | 241,195 | — | — | 2 | — | 5,618 | — | — | — | 5,620 |
| Compensation expense for stock based awards | — | — | — | — | — | — | 11,748 | — | — | — | 11,748 |
| Repurchase of common stock | — | (47,195) | — | — | — | — | (4,310) | — | — | — | (4,310) |
| Balance as of September 30, 2023 | — | 26,655,651 | 10,668,460 | $ — | 267 | 107 | 14,165 | 3,305,881 | (25,439) | (35,826) | 3,259,155 |

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CASH FLOWS** **(Dollars in thousands)** **(unaudited)**

| | | Nine months ended September 30, | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2024 | 2023 |
| Net income attributable to Nelnet, Inc. | Net income attributable to Nelnet, Inc. | $ 100,086 | 376,573 | | |
| Net loss attributable to noncontrolling interests | Net loss attributable to noncontrolling interests | (15,738) | (8,315) | | |

| | | | | |
|---|---|---|---|---|
| Net income | Net income | 84,348 | 368,258 | |
| Adjustments to reconcile net income to net cash provided by operating activities, net of business acquisition: | | | | |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | | Adjustments to reconcile net income to net cash provided by operating activities: |
| Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs | Depreciation and amortization, including debt discounts and loan premiums and deferred origination costs | 128,658 | 113,655 | |
| Loan discount accretion | Loan discount accretion | (22,527) | (27,963) | |
| Provision for loan losses | Provision for loan losses | 54,526 | 18,640 | |
| Derivative market value adjustments | Derivative market value adjustments | 32,266 | (239,125) | |
| Proceeds from termination of derivative instruments | Proceeds from termination of derivative instruments | 164,079 | 91,786 | |
| Proceeds from termination of derivative instruments | | | | |
| Proceeds from termination of derivative instruments | | | | |
| (Payments to) proceeds from clearinghouse - initial and variation margin, net | | (210,168) | 227,448 | |
| Proceeds from (payments to) clearinghouse - initial and variation margin, net | | | | |
| Proceeds from (payments to) clearinghouse - initial and variation margin, net | | | | |
| Proceeds from (payments to) clearinghouse - initial and variation margin, net | | | | |
| Gain on sale of loans, net | | (32,685) | (5,616) | |
| Loss on investments, net | | 67,940 | 13,605 | |
| Loss (gain) on sale of loans, net | | | | |
| Loss (gain) on sale of loans, net | | | | |
| Loss (gain) on sale of loans, net | | | | |
| Loss on investments, net of gains | | | | |
| Proceeds from sale of equity securities, net | | 75 | 42,863 | |
| Deferred income tax (benefit) expense | | (24,712) | 57,633 | |

| | | | |
|---|---|---|---|
| Deferred income tax benefit | | | |
| Deferred income tax benefit | | | |
| Deferred income tax benefit | | | |
| Non-cash compensation expense | Non-cash compensation expense | 11,981 | 9,872 |
| Impairment expense | | 2,588 | 6,163 |
| Decrease (increase) in loan and investment accrued interest receivable | | 5,613 | (16,206) |
| Decrease in loan and investment accrued interest receivable | | | |
| Decrease in loan and investment accrued interest receivable | | | |
| Decrease in loan and investment accrued interest receivable | | | |
| Decrease in accounts receivable | Decrease in accounts receivable | 64,738 | 47,514 |
| Decrease (increase) in other assets, net | Decrease (increase) in other assets, net | 7,069 | (74,522) |
| Decrease in the carrying amount of ROU asset, net | Decrease in the carrying amount of ROU asset, net | 3,859 | 4,476 |
| Increase in accrued interest payable | | 342 | 17,230 |
| Increase in other liabilities | | 19,132 | 5,388 |
| Decrease in accrued interest payable | | | |
| Decrease in other liabilities | | | |
| Decrease in the carrying amount of lease liability | Decrease in the carrying amount of lease liability | (3,908) | (4,227) |
| Other | | | |
| Net cash provided by operating activities | Net cash provided by operating activities | 353,214 | 656,872 |
| Cash flows from investing activities: | Cash flows from investing activities: | | Cash flows from investing activities: |
| Purchases and originations of loans | Purchases and originations of loans | (556,255) | (539,118) |
| Purchases of loans from a related party | | (467,554) | (8,242) |
| Net proceeds from loan repayments, claims, and capitalized interest | | | |
| Net proceeds from loan repayments, claims, and capitalized interest | | | |

| | | | |
|---|---|---|---|
| Net proceeds from loan repayments, claims, and capitalized interest | Net proceeds from loan repayments, claims, and capitalized interest | 1,910,379 | 2,955,097 |
| Proceeds from sale of loans | Proceeds from sale of loans | 341,760 | 38,559 |
| Purchases of available-for-sale securities | Purchases of available-for-sale securities | (510,804) | (944,588) |
| Purchases of restricted available-for-sale securities | | | |
| Proceeds from sales of available-for-sale securities | Proceeds from sales of available-for-sale securities | 776,096 | 450,457 |
| Proceeds from sales of restricted available-for-sale securities | | | |
| Proceeds from beneficial interest in loan securitizations | Proceeds from beneficial interest in loan securitizations | 23,753 | 17,754 |
| Purchases of other investments and issuance of notes receivable | Purchases of other investments and issuance of notes receivable | (179,632) | (192,773) |
| Proceeds from other investments | | 29,768 | 42,524 |
| Purchases of held-to-maturity debt securities | | (11,325) | — |
| Proceeds from other investments and repayments of notes receivable | | | |
| Redemption of held-to-maturity debt securities | | | |
| Redemption of held-to-maturity debt securities | | | |
| Redemption of held-to-maturity debt securities | Redemption of held-to-maturity debt securities | 2,893 | — |
| Purchases of property and equipment | Purchases of property and equipment | (52,604) | (44,423) |
| Business acquisition, net of cash acquired | | — | (35,973) |

| | | | |
|---|---|---|---|
| Net cash provided by investing activities | Net cash provided by investing activities | 1,306,475 | 1,739,274 |
| Net cash provided by investing activities | | | |
| Net cash provided by investing activities | | | |

**NELNET, INC. AND SUBSIDIARIES** **CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)**

| | | Nine months ended September 30, | | Three months ended March 31, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2024 | 2023 |
| Cash flows from financing activities: | Cash flows from financing activities: | | | | |
| Cash flows from financing activities: | | | | | |
| Payments on bonds and notes payable | Payments on bonds and notes payable | $(2,996,916) | (3,035,082) | | |
| Proceeds from issuance of bonds and notes payable | Proceeds from issuance of bonds and notes payable | 756,268 | 413,391 | | |
| Payments of debt issuance costs | Payments of debt issuance costs | (2,233) | (1,160) | | |
| Increase in bank deposits, net | | 26,731 | 236,510 | | |
| Increase (decrease) in bank deposits, net | | | | | |
| Increase (decrease) in bank deposits, net | | | | | |
| Increase (decrease) in bank deposits, net | | | | | |
| Decrease in due to customers | Decrease in due to customers | (6,422) | (59,467) | | |
| Dividends paid | Dividends paid | (29,049) | (26,960) | | |
| Repurchases of common stock | Repurchases of common stock | (4,310) | (93,224) | | |
| Proceeds from issuance of common stock | Proceeds from issuance of common stock | 1,315 | 1,206 | | |
| Issuance of noncontrolling interests | Issuance of noncontrolling interests | 32,581 | 19,380 | | |
| Issuance of noncontrolling interests | | | | | |
| Issuance of noncontrolling interests | | | | | |





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| | | | |
|---|---|---|---|
| Distribution to noncontrolling interests | Distribution to noncontrolling interests | (2,519) | (1,153) |
| Net cash used in financing activities | Net cash used in financing activities | (2,224,554) | (2,546,559) |
| Effect of exchange rate changes on cash | | (206) | (447) |
| Effect of exchange rate changes on cash and restricted cash | | | |
| Net decrease in cash, cash equivalents, and restricted cash | Net decrease in cash, cash equivalents, and restricted cash | (565,071) | (150,860) |
| Cash, cash equivalents, and restricted cash, beginning of period | Cash, cash equivalents, and restricted cash, beginning of period | 1,357,616 | 1,194,189 |
| Cash, cash equivalents, and restricted cash, end of period | Cash, cash equivalents, and restricted cash, end of period | $ 792,545 | 1,043,329 |
| **Supplemental disclosures of cash flow information:** | **Supplemental disclosures of cash flow information:** | | |
| Cash disbursements made for interest | Cash disbursements made for interest | $ 585,482 | 196,278 |
| Cash disbursements made for interest | | | |
| Cash disbursements made for interest | | | |
| Cash disbursements made for income taxes, net of refunds and credits received (a) | Cash disbursements made for income taxes, net of refunds and credits received (a) | $ 45,444 | 37,467 |
| Cash disbursements made for operating leases | Cash disbursements made for operating leases | $ 5,029 | 5,221 |
| **Noncash operating, investing, and financing activity:** | | | |
| **Non-cash operating, investing, and financing activity:** | | | |
| ROU assets obtained in exchange for lease obligations | | | |
| ROU assets obtained in exchange for lease obligations | | | |
| ROU assets obtained in exchange for lease obligations | ROU assets obtained in exchange for lease obligations | $ 18,860 | 5,981 |
| Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans | Receipt of beneficial interest in consumer loan securitizations as consideration from sale of loans | $ 63,878 | 8,336 |
| Receipt of asset-backed investment securities as consideration from sale of loans | Receipt of asset-backed investment securities as consideration from sale of loans | $ 58,182 | — |
| Distribution to noncontrolling interests | | | |

| Distribution to noncontrolling interests | | | |
|---|---|---|---|
| Distribution to noncontrolling interests | Distribution to noncontrolling interests | $ 50,508 | 31,716 |
| Issuance of noncontrolling interests | Issuance of noncontrolling interests | $ 585 | 5,917 |

(a) The Company utilized $49.0 million $8.6 million and $9.4 million $5.7 million of federal and state tax credits related primarily to renewable energy during the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, respectively.

The following table provides presents a reconciliation of cash, cash equivalents, and restricted cash reported in the consolidated balance sheets to the total of the amounts reported in the consolidated statements of cash flows.

| | | As of September 30, 2023 | As of December 31, 2022 | As of September 30, 2022 | As of December 31, 2021 | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | As of March 31, 2024 | | | | | March 31, 2024 | December 31, 2023 | As of March 31, 2023 | December 31, 2022 |
| Total cash and cash equivalents | Total cash and cash equivalents | $ 187,690 | 118,146 | 63,198 | 125,563 | | | | |
| Restricted cash | Restricted cash | 445,983 | 945,159 | 799,212 | 741,981 | | | | |
| Restricted cash - due to customers | Restricted cash - due to customers | 158,872 | 294,311 | 180,919 | 326,645 | | | | |
| Cash, cash equivalents, and restricted cash | Cash, cash equivalents, and restricted cash | $ 792,545 | 1,357,616 | 1,043,329 | 1,194,189 | | | | |

See accompanying notes to consolidated financial statements.

**NELNET, INC. AND SUBSIDIARIES**
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**(Dollars in thousands, except per share amounts, unless otherwise noted)**
**(unaudited)**

### 1. Basis of Financial Reporting

The accompanying unaudited consolidated financial statements of Nelnet, Inc. and subsidiaries (the "Company") as of September 30, 2023 March 31, 2024 and for the three and nine months ended September 30, 2023 March 31, 2024 and 2022 2023 have been prepared on the same basis as the audited consolidated financial statements for the year ended December 31, 2022 December 31, 2023 and, in the opinion of the Company's management, the unaudited consolidated financial statements reflect all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of results of operations for the interim periods presented. The preparation of financial statements in conformity with U.S. generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates. Operating results for the three and nine months ended September 30, 2023 March 31, 2024 are not necessarily indicative of the results for the year ending December 31, 2023 December 31, 2024. The unaudited consolidated financial statements should be read in conjunction with the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 (the "2022 "2023 Annual Report").

### 2. Loans and Accrued Interest Receivable and Allowance for Loan Losses

Loans and accrued interest receivable consisted of the following:

| | | As of September 30, 2023 | As of December 31, 2022 | | |
|---|---|---|---|---|---|
| As of | | | | As of March 31, 2024 | As of December 31, 2023 |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | |
| Federally insured loans: | Federally insured loans: | | | | |
| Federally insured loans: | | | | | |
| Federally insured loans: | | | | | |
| Stafford and other | | | | | |

| | | | |
|---|---|---|---|
| Stafford and other | | | |
| Stafford and other | Stafford and other | $ 3,104,569 | 3,389,178 |
| Consolidation | Consolidation | 9,194,415 | 10,177,295 |
| Total | Total | 12,298,984 | 13,566,473 |
| Private education loans | Private education loans | 293,004 | 252,383 |
| Consumer and other loans | Consumer and other loans | 143,633 | 350,915 |
| Non-Nelnet Bank loans | Non-Nelnet Bank loans | 12,735,621 | 14,169,771 |
| **Nelnet Bank:** | **Nelnet Bank:** | | |
| Federally insured loans | | 59,261 | 65,913 |
| Private education loans | | | |
| Private education loans | | | |
| Private education loans | Private education loans | 359,941 | 353,882 |
| Consumer and other loans | Consumer and other loans | 49,611 | — |
| Nelnet Bank loans | Nelnet Bank loans | 468,813 | 419,795 |
| Accrued interest receivable | Accrued interest receivable | 806,854 | 816,864 |
| Accrued interest receivable | | | |
| Accrued interest receivable | | | |
| Loan discount, net of unamortized loan premiums and deferred origination costs | Loan discount, net of unamortized loan premiums and deferred origination costs | (33,638) | (30,714) |
| Allowance for loan losses: | Allowance for loan losses: | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | |
| **Non-Nelnet Bank:** | | | |
| **Non-Nelnet Bank:** | | | |
| Federally insured loans | | | |
| Federally insured loans | | | |
| Federally insured loans | Federally insured loans | (72,043) | (83,593) |
| Private education loans | Private education loans | (16,944) | (15,411) |
| Consumer and other loans | Consumer and other loans | (14,022) | (30,263) |

| | | | |
|---|---|---|---|
| Non-Nelnet Bank allowance for loan losses | Non-Nelnet Bank allowance for loan losses | (103,009) | (129,267) |
| **Nelnet Bank:** | **Nelnet Bank:** | | |
| Federally insured loans | | (148) | (170) |
| Private education loans | | | |
| Private education loans | | | |
| Private education loans | Private education loans | (3,083) | (2,390) |
| Consumer and other loans | Consumer and other loans | (3,853) | — |
| Nelnet Bank allowance for loan losses | Nelnet Bank allowance for loan losses | (7,084) | (2,560) |
| | | $13,867,557 | 15,243,889 |

The following table summarizes the allowance for loan losses as a percentage of the ending loan balance for each of the Company's loan portfolios.

| | | As of September 30, 2023 | As of December 31, 2022 | | | |
|---|---|---|---|---|---|---|
| **As of March 31, 2024** | | | | | **March 31, 2024** | **As of December 31, 2023** |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | | |
| Federally insured loans (a) | | | | | | |
| Federally insured loans (a) | | | | | | |
| Federally insured loans (a) | Federally insured loans (a) | 0.59 % | 0.62 % | | 0.59 % | 0.59 % |
| Private education loans | Private education loans | 5.78 % | 6.11 % | Private education loans | 5.63 % | 5.68 % |
| Consumer and other loans | Consumer and other loans | 9.76 % | 8.62 % | Consumer and other loans | 12.08 % | 13.66 % |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | |
| Federally insured loans (a) | | 0.25 % | 0.26 % | | | |
| Private education loans | | | | | | |
| Private education loans | | | | | | |
| Private education loans | Private education loans | 0.86 % | 0.68 % | | 1.00 % | 0.93 % |
| Consumer and other loans | Consumer and other loans | 7.77 % | — | Consumer and other loans | 5.99 % | 7.40 % |

(a) As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, the allowance for loan losses as a percent of the risk sharing component of federally insured student loans not covered by the federal guaranty for non-Nelnet Bank was 21.9% 21.7% and 22.4%, respectively, and for Nelnet Bank was 10.0% and 10.3% 21.8%, respectively.

***Loan Sales***

The Company has sold portfolios of loans to unrelated third parties who securitized such loans. As partial consideration received for the loans sold, the Company received residual interest in the loan securitizations that are included in "investments and notes receivable" on the Company's consolidated balance sheets. The following table summarizes the loans sold and gains/losses recognized by the Company during the nine three months ended September 30, 2023 March 31, 2024 and 2022. 2023.

| | | Loans sold (par value) | Gain (loss) | Loan type | Residual interest received in securitization | |
|---|---|---|---|---|---|---|
| | | **Nine months ended September 30, 2023** | | | | |
| January 31 | $ | 97,350 | (1,441) | Home equity | 64.8 % | (a) |
| January 31 | | 42,275 | 4,350 | Consumer | 13.3 | |
| March 2 | | 122,277 | 8,903 | Consumer | 24.6 | (a) |
| April 4 | | 5,633 | 659 | Consumer | — | |
| April 13 | | 24,980 | 3,123 | Consumer | 11.3 | |
| May 2 | | 127,663 | 11,729 | Consumer | 26.5 | |
| August 3 | | 61,807 | 5,362 | Consumer | 24.3 | |
| | $ | 481,985 | 32,685 | | | |
| | | **Nine months ended September 30, 2022** | | | | |
| January 26 | $ | 18,125 | 2,989 | Consumer | 6.6 % | |
| June 30 | | 114 | — | Home equity | — | |
| July 7 | | 28,915 | 2,627 | Consumer | 7.6 | |
| | $ | 47,154 | 5,616 | | | |

| | | Loans sold (par value) | Gain (loss) | Loan type | Residual interest received in securitization | |
|---|---|---|---|---|---|---|
| | | **Three months ended March 31, 2024** | | | | |
| March 27 | $ | 199,694 | — | FFELP | — | |
| March 28 | | 405 | (41) | Home equity | — | |
| | $ | 200,099 | (41) | | | |
| | | **Three months ended March 31, 2023** | | | | |
| January 31 | $ | 97,350 | (1,441) | Home equity | 64.8 % | (a) |
| January 31 | | 42,275 | 4,350 | Consumer | 13.3 | |
| March 2 | | 122,132 | 8,966 | Consumer | 24.6 | (a) |
| March 22 | | 145 | (63) | Home equity | — | |
| | $ | 261,902 | 11,812 | | | |

(a) In addition to receiving a residual interest in the securitizations, the Company also received $14.5 million and $43.7 million of asset-backed investment securities as part of the January 31 and March 2, 2023 transactions, respectively, that are included in "investments and notes receivable" on the Company's consolidated balance sheet.

***Activity in the Allowance for Loan Losses***

The following table presents the activity in the allowance for loan losses by portfolio segment.

| | | Balance at beginning of period | Provision (negative provision) for loan losses | Charge-offs | Recoveries | Initial allowance on loans purchased with credit deterioration | Loan sales | Balance at end of period |
|---|---|---|---|---|---|---|---|---|
| | | **Three months ended September 30, 2023** | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | | |
| Federally insured loans | $ | 74,061 | 1,641 | (3,659) | — | — | — | 72,043 |
| Private education loans | | 14,322 | 3,009 | (571) | 184 | — | — | 16,944 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Consumer and other loans | 20,005 | 4,082 | (4,115) | 434 | — | (6,384) | 14,022 |
| **Nelnet Bank:** | | | | | | | |
| Federally insured loans | 154 | (2) | (4) | — | — | — | 148 |
| Private education loans | 2,905 | 220 | (42) | — | — | — | 3,083 |
| Consumer and other loans | 2,816 | 1,554 | (517) | — | — | — | 3,853 |
| | $ 114,263 | 10,504 | (8,908) | 618 | — | (6,384) | 110,093 |
| | Three months ended September 30, 2022 | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | |
| Federally insured loans | $ 92,593 | 888 | (5,715) | — | 12 | — | 87,778 |
| Private education loans | 15,253 | 1,154 | (1,066) | 236 | — | — | 15,577 |
| Consumer and other loans | 10,576 | 7,173 | (1,021) | 147 | — | (3,585) | 13,290 |
| **Nelnet Bank:** | | | | | | | |
| Federally insured loans | 258 | (94) | — | — | — | — | 164 |
| Private education loans | 1,744 | 504 | — | — | — | — | 2,248 |
| | $ 120,424 | 9,625 | (7,802) | 383 | 12 | (3,585) | 119,057 |
| | Nine months ended September 30, 2023 | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | |
| Federally insured loans | $ 83,593 | 4,052 | (15,608) | — | 6 | — | 72,043 |
| Private education loans | 15,411 | 3,249 | (2,279) | 563 | — | — | 16,944 |
| Consumer and other loans | 30,263 | 41,388 | (9,264) | 1,096 | — | (49,461) | 14,022 |
| **Nelnet Bank:** | | | | | | | |
| Federally insured loans | 170 | (15) | (7) | — | — | — | 148 |
| Private education loans | 2,390 | 1,350 | (657) | — | — | — | 3,083 |
| Consumer and other loans | — | 4,370 | (517) | — | — | — | 3,853 |
| | $ 131,827 | 54,394 | (28,332) | 1,659 | 6 | (49,461) | 110,093 |
| | Nine months ended September 30, 2022 | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | |
| Federally insured loans | $ 103,381 | 505 | (16,264) | — | 156 | — | 87,778 |
| Private education loans | 16,143 | 1,971 | (3,072) | 531 | — | 4 | 15,577 |
| Consumer and other loans | 6,481 | 14,702 | (2,489) | 465 | — | (5,869) | 13,290 |
| **Nelnet Bank:** | | | | | | | |
| Federally insured loans | 268 | (102) | (2) | — | — | — | 164 |
| Private education loans | 840 | 1,499 | (87) | — | — | (4) | 2,248 |
| | $ 127,113 | 18,575 | (21,914) | 996 | 156 | (5,869) | 119,057 |

The primary item impacting provision for loan losses was the establishment of an initial allowance for loans originated and acquired during the periods presented above.

| | Balance at beginning of period | Provision (negative provision) for loan losses | Charge-offs | Recoveries | Loan sales | Balance at end of period |
|---|---|---|---|---|---|---|
| | Three months ended March 31, 2024 | | | | | |
| **Non-Nelnet Bank:** | | | | | | |
| Federally insured loans | $ 68,453 | (1,870) | (4,860) | — | — | 61,723 |
| Private education loans | 15,750 | (265) | (1,013) | 264 | — | 14,736 |
| Consumer and other loans | 11,742 | 8,690 | (1,957) | 381 | (95) | 18,761 |
| **Nelnet Bank:** | | | | | | |
| Private education loans | 3,347 | 757 | (446) | 2 | — | 3,660 |
| Consumer and other loans | 5,351 | 3,717 | (1,967) | 27 | — | 7,128 |
| | $ 104,643 | 11,029 | (10,243) | 674 | (95) | 106,008 |
| | Three months ended March 31, 2023 | | | | | |
| **Non-Nelnet Bank:** | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Federally insured loans | $ 83,593 | 2,411 | (6,673) | — | — | 79,331 |
| Private education loans | 15,411 | 240 | (640) | 164 | — | 15,175 |
| Consumer and other loans | 30,263 | 29,207 | (2,267) | 220 | (22,106) | 35,317 |
| **Nelnet Bank:** | | | | | | |
| Federally insured loans | 170 | (9) | (1) | — | — | 160 |
| Private education loans | 2,390 | 614 | (110) | — | — | 2,894 |
| Consumer and other loans | — | 1,827 | — | — | — | 1,827 |
| | $ 131,827 | 34,290 | (9,691) | 384 | (22,106) | 134,704 |

The following table summarizes annualized net charge-offs as a percentage of average loans for each of the Company's loan portfolios.

| | | **Three months ended September 30,** | | | | **Nine months ended September 30,** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | **2023** | | **2022** | | **2023** | | **2022** | |
| | | **Three months ended March 31,** | | | | | | | |
| | | **Three months ended March 31,** | | | | | | | |
| | | **Three months ended March 31,** | | | | | | | |
| | | **2024** | | | | | | | |
| | | **2024** | | | | | | | |
| | | **2024** | | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | | | | | |
| Federally insured loans | Federally insured loans | 0.11 | % | 0.15 | % | 0.16 | % | 0.13 | % |
| Federally insured loans | | | | | | | | | |
| Federally insured loans | | | | | | | | | |
| Private education loans | | | | | | | | | |
| Private education loans | | | | | | | | | |
| Private education loans | Private education loans | 0.61 | % | 1.23 | % | 0.94 | % | 1.22 | % |
| Consumer and other loans | Consumer and other loans | 9.57 | % | 1.96 | % | 4.59 | % | 2.54 | % |
| Consumer and other loans | | | | | | | | | |
| Consumer and other loans | | | | | | | | | |
| **Nelnet Bank:** | | | | | | | | | |
| **Nelnet Bank:** | | | | | | | | | |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | | | | |
| Federally insured loans | Federally insured loans | 0.03 | % | 0.00 | % | 0.01 | % | 0.00 | % |
| Federally insured loans | | | | | | | | | |
| Federally insured loans | | | | | | | | | |
| Private education loans | | | | | | | | | |
| Private education loans | | | | | | | | | |
| Private education loans | Private education loans | 0.05 | % | 0.00 | % | 0.25 | % | 0.04 | % |
| Consumer and other loans | Consumer and other loans | 5.69 | % | — | | 3.00 | % | — | |
| Consumer and other loans | | | | | | | | | |
| Consumer and other loans | | | | | | | | | |

The Company recorded a negative provision for loan losses for the three months ended March 31, 2024 for its Non-Nelnet Bank federally insured and private education loan portfolios primarily due to the amortization of these portfolios. The primary item impacting provision for loan losses for Non-Nelnet Bank consumer loans and Nelnet Bank's loan portfolios for the three months ended March 31, 2024 was the establishment of an initial allowance for loans originated and acquired during the period.

The Company recorded a provision for loan losses for the three months ended March 31, 2023 due to (i) management's estimate of declining economic conditions as of March 31, 2023 in comparison to management's estimate of economic conditions used to determine the allowance for loan losses as of December 31, 2022; and (ii) the establishment of an initial allowance for loans originated and acquired during the period. These amounts were partially offset by the amortization of the federally insured loan portfolio.

***Unfunded Loan Commitments***

As of September 30, 2023 March 31, 2024 and December 31, 2023, Nelnet Bank has had a liability of approximately $217,000 $57,000 and $158,000, respectively, related to $13.1 million $9.1 million and $12.3 million, respectively, of unfunded private education, consumer, and consumer other loan commitments. The liability for unfunded loan commitments is included in "other liabilities" on the consolidated balance sheets. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, Nelnet Bank recognized negative provision for loan losses of approximately $132,000 $101,000 and approximately $65,000, $15,000, respectively, related to unfunded loan commitments.

***Loan Modifications to Borrowers Experiencing Financial Difficulty***

On January 1, 2023, the Company adopted ASU No. 2022-02, *Financial Instruments – Credit Losses: Troubled Debt Restructurings and Vintage Disclosures,* whicheliminates the troubled debt restructurings recognition and measurement guidance and instead requires an entity to evaluate whether the modification represents a new loan or a continuation of an existing loan. The guidance also enhances the disclosure requirements for certain modifications of receivables made to borrowers experiencing financial difficulty and vintage disclosures reflecting gross charge-offs by year of origination.

Under the Higher Education Act, federally insured loan borrowers may be granted a deferment or forbearance for a period of time based on need. In addition, eligible borrowers may qualify for income-driven repayment plans offered by the Department of Education (the "Department"). Because federally insured loan modifications are driven by the Higher Education Act, the Company does not consider these events as part of its loan modification programs. Administrative forbearances (e.g. bankruptcy, military service, death and disability, and disaster forbearance) are required by law and therefore are also not considered as part of the Company's loan modification programs. The Company does offer payment delays in the form of deferments or forbearances on certain private education and consumer loan programs for short-term periods. The Company generally considers payment delays to be insignificant when the delay is 3 months or less. The amortized cost of the Company's private education and consumer loans in which the borrower is experiencing financial difficulty and the financial effect of such loan modifications is not material.

***Key Credit Quality Indicators***

*Loan Status and Delinquencies*

Key credit quality indicators for the Company's federally insured, private education, consumer, and other loan portfolios are loan status, including delinquencies. The impact of changes in loan status is incorporated into the allowance for loan losses calculation. Delinquencies have the potential to adversely impact the Company's earnings through increased servicing and collection costs and account charge-offs. The following table presents the Company's loan status and delinquency amounts.

| | | As of September 30, 2023 | | As of December 31, 2022 | | As of September 30, 2022 | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As of March 31, 2024 | | | | | | | As of March 31, 2024 | | As o |
| **Federally insured loans - Non-Nelnet Bank:** | **Federally insured loans - Non-Nelnet Bank:** | | | | | | | | | | |
| Loans in-school/grace/deferment | Loans in-school/grace/deferment | $ 562,754 | 4.6 % | $ 637,919 | 4.7 % | $ 719,724 | 5.0 % | | | | |
| Loans in-school/grace/deferment | | | | | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | | | | | |
| Loans in forbearance | | | | | | | | | | | |
| Loans in forbearance | | | | | | | | | | | |
| Loans in forbearance | Loans in forbearance | 906,060 | 7.4 | 1,103,181 | 8.1 | 1,384,709 | 9.7 | | | | |
| Loans in repayment status: | Loans in repayment status: | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | |
| Loans current | | | | | | | | | | | |
| Loans current | | | | | | | | | | | |
| Loans current | Loans current | 9,014,731 | 83.2 % | 10,173,859 | 86.0 % | 10,454,046 | 85.7 % | 7,691,650 | 84.4 | 84.4 % | 8,416,624 |
| Loans delinquent 31-60 days | Loans delinquent 31-60 days | 441,016 | 4.1 | 415,305 | 3.5 | 431,471 | 3.6 | | | | |
| Loans delinquent 61-90 days | Loans delinquent 61-90 days | 301,028 | 2.8 | 253,565 | 2.2 | 261,616 | 2.1 | | | | |
| Loans delinquent 91-120 days | Loans delinquent 91-120 days | 213,245 | 2.0 | 180,029 | 1.5 | 185,753 | 1.5 | | | | |
| Loans delinquent 121-270 days | Loans delinquent 121-270 days | 648,924 | 6.0 | 534,410 | 4.5 | 540,555 | 4.4 | | | | |
| Loans delinquent 271 days or greater | Loans delinquent 271 days or greater | 211,226 | 1.9 | 268,205 | 2.3 | 322,517 | 2.7 | | | | |

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Total loans in repayment | Total loans in repayment | 10,830,170 | 88.0 | 100.0 % | 11,825,373 | 87.2 | 100.0 % | 12,195,958 | 85.3 | 100.0 % | Total loans in repayment | 9,115,509 | 87.8 | 87.8 | 100.0 | 100.0 % | 10,184,315 | 87.1 | 87.1 |
| Total federally insured loans | Total federally insured loans | 12,298,984 | 100.0 % | | 13,566,473 | 100.0 % | | 14,300,391 | 100.0 % | | | | | | | | | | |
| Accrued interest receivable | Accrued interest receivable | 798,102 | | | 808,150 | | | 786,494 | | | | | | | | | | | |
| Accrued interest receivable | | | | | | | | | | | | | | | | | | | |
| Accrued interest receivable | | | | | | | | | | | | | | | | | | | |
| Loan discount, net of unamortized premiums and deferred origination costs | | | | | | | | | | | | | | | | | | | |
| Loan discount, net of unamortized premiums and deferred origination costs | | | | | | | | | | | | | | | | | | | |
| Loan discount, net of unamortized premiums and deferred origination costs | Loan discount, net of unamortized premiums and deferred origination costs | (30,979) | | | (35,468) | | | (25,381) | | | | | | | | | | | |
| Allowance for loan losses | Allowance for loan losses | (72,043) | | | (83,593) | | | (87,778) | | | | | | | | | | | |
| Allowance for loan losses | | | | | | | | | | | | | | | | | | | |
| Allowance for loan losses | | | | | | | | | | | | | | | | | | | |
| Total federally insured loans and accrued interest receivable, net of allowance for loan losses | | | | | | | | | | | | | | | | | | | |
| Total federally insured loans and accrued interest receivable, net of allowance for loan losses | | | | | | | | | | | | | | | | | | | |
| Total federally insured loans and accrued interest receivable, net of allowance for loan losses | Total federally insured loans and accrued interest receivable, net of allowance for loan losses | $ 12,994,064 | | | $ 14,255,562 | | | $ 14,973,726 | | | | | | | | | | | |
| **Private education loans - Non-Nelnet Bank:** | **Private education loans - Non-Nelnet Bank:** | | | | | | | | | | | | | | | | | | |
| **Private education loans - Non-Nelnet Bank:** | | | | | | | | | | | | | | | | | | | |
| **Private education loans - Non-Nelnet Bank:** | | | | | | | | | | | | | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | | | | | | | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | | | | | | | | | | | | | |
| Loans in-school/grace/deferment | Loans in-school/grace/deferment | $ 11,373 | 3.9 % | | $ 12,756 | 5.1 % | | $ 15,556 | 5.9 % | | | | | | | | | | |
| Loans in forbearance | Loans in forbearance | 2,280 | 0.8 | | 2,017 | 0.8 | | 2,745 | 1.1 | | | | | | | | | | |
| Loans in forbearance | | | | | | | | | | | | | | | | | | | |
| Loans in forbearance | | | | | | | | | | | | | | | | | | | |
| Loans in repayment status: | Loans in repayment status: | | | | | | | | | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | | | | | | | | | |
| Loans current | | | | | | | | | | | | | | | | | | | |
| Loans current | | | | | | | | | | | | | | | | | | | |
| Loans current | Loans current | 271,948 | | 97.4 % | 232,539 | | 97.9 % | 238,926 | | 98.0 % | | 243,637 | | 97.4 | | 97.4 % | 257,639 | | |
| Loans delinquent 31-60 days | Loans delinquent 31-60 days | 3,485 | | 1.2 | 2,410 | | 1.0 | 2,014 | | 0.8 | | | | | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Loans delinquent 61-90 days | Loans delinquent 61-90 days | 1,424 | | 0.5 | 767 | | 0.3 | 992 | | 0.4 |
| Loans delinquent 91 days or greater | Loans delinquent 91 days or greater | 2,494 | | 0.9 | 1,894 | | 0.8 | 1,950 | | 0.8 |
| Total loans in repayment | Total loans in repayment | 279,351 | 95.3 | 100.0 % | 237,610 | 94.1 | 100.0 % | 243,882 | 93.0 | 100.0 % |
| Total private education loans | Total private education loans | 293,004 | 100.0 % | | 252,383 | 100.0 % | | 262,183 | 100.0 % | |
| Accrued interest receivable | Accrued interest receivable | 2,750 | | | 2,146 | | | 2,207 | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total loans in repayment | 250,002 | 95.6 | 95.6 | 100.0 | 100.0 % | 265,316 | 95.7 | 95.7 | |

Accrued interest receivable

Accrued interest receivable

Loan discount, net of unamortized premiums

Loan discount, net of unamortized premiums

| | | | | |
|---|---|---|---|---|
| Loan discount, net of unamortized premiums | Loan discount, net of unamortized premiums | (8,069) | (38) | (185) |
| Allowance for loan losses | Allowance for loan losses | (16,944) | (15,411) | (15,577) |

Allowance for loan losses

Allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

| | | | | |
|---|---|---|---|---|
| Total private education loans and accrued interest receivable, net of allowance for loan losses | Total private education loans and accrued interest receivable, net of allowance for loan losses | $ 270,741 | $ 239,080 | $ 248,628 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Consumer and other loans - Non-Nelnet Bank:** | | | | | | | | | |
| Loans in deferment | $ 20 | 0.0 % | | $ 109 | 0.0 % | | $ 29 | 0.0 % | |
| Loans in repayment status: | | | | | | | | | |
| Loans current | 137,744 | | 95.9 % | 346,812 | | 98.9 % | 228,827 | | 98.9 % |
| Loans delinquent 31-60 days | 1,987 | | 1.4 | 1,906 | | 0.5 | 1,019 | | 0.4 |
| Loans delinquent 61-90 days | 1,293 | | 0.9 | 764 | | 0.2 | 427 | | 0.2 |
| Loans delinquent 91 days or greater | 2,589 | | 1.8 | 1,324 | | 0.4 | 1,139 | | 0.5 |
| Total loans in repayment | 143,613 | 100.0 | 100.0 % | 350,806 | 100.0 | 100.0 % | 231,412 | 100.0 | 100.0 % |
| Total consumer and other loans | 143,633 | 100.0 % | | 350,915 | 100.0 % | | 231,441 | 100.0 % | |
| Accrued interest receivable | 1,716 | | | 3,658 | | | 2,561 | | |
| Loan discount, net of unamortized premiums | (180) | | | (588) | | | (1,847) | | |
| Allowance for loan losses | (14,022) | | | (30,263) | | | (13,290) | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | $ 131,147 | | | $ 323,722 | | | $ 218,865 | | |

| | | |
|---|---|---|
| | **As of March 31, 2024** | **As of March 31, 2024** |
| **Consumer and other loans - Non-Nelnet Bank:** | | |
| Loans in deferment | | |

| | | | | | |
|---|---|---|---|---|---|
| Loans in deferment | | | | | |
| Loans in deferment | | | | | |
| Loans in repayment status: | | | | | |
| Loans in repayment status: | | | | | |
| Loans in repayment status: | | | | | |
| Loans current | | | | | |
| Loans current | | | | | |
| Loans current | | 150,947 | | 97.2 % | 81,195 |
| Loans delinquent 31-60 days | | | | | |
| Loans delinquent 61-90 days | | | | | |
| Loans delinquent 91 days or greater | | | | | |
| Total loans in repayment | Total loans in repayment | 155,254 | 100.0 | 100.0 % | 85,789 |
| Total consumer and other loans | | | | | |
| Accrued interest receivable | | | | | |
| Accrued interest receivable | | | | | |
| Accrued interest receivable | | | | | |
| Loan discount, net of unamortized premiums | | | | | |
| Loan discount, net of unamortized premiums | | | | | |
| Loan discount, net of unamortized premiums | | | | | |
| Allowance for loan losses | | | | | |
| Allowance for loan losses | | | | | |
| Allowance for loan losses | | | | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | |

| | As of September 30, 2023 | | | As of December 31, 2022 | | | As of September 30, 2022 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Federally insured loans - Nelnet Bank (a):** | | | | | | | | | |
| Loans in-school/grace/deferment | $ 283 | 0.5 % | | $ 241 | 0.4 % | | $ 274 | 0.4 % | |
| Loans in forbearance | 862 | 1.5 | | 981 | 1.5 | | 2,551 | 3.5 | |
| Loans in repayment status: | | | | | | | | | |
| Loans current | 57,059 | | 98.3 % | 63,225 | | 97.8 % | 68,970 | | 98.4 % |
| Loans delinquent 30-59 days | 333 | | 0.6 | 436 | | 0.7 | 353 | | 0.5 |
| Loans delinquent 60-89 days | 81 | | 0.1 | 466 | | 0.7 | 130 | | 0.2 |
| Loans delinquent 90-119 days | 12 | | 0.0 | 222 | | 0.3 | 5 | | 0.0 |
| Loans delinquent 120-270 days | 428 | | 0.7 | 183 | | 0.3 | 508 | | 0.7 |
| Loans delinquent 271 days or greater | 203 | | 0.3 | 159 | | 0.2 | 114 | | 0.2 |
| Total loans in repayment | 58,116 | 98.0 | 100.0 % | 64,691 | 98.1 | 100.0 % | 70,080 | 96.1 | 100.0 % |
| Total federally insured loans | 59,261 | 100.0 % | | 65,913 | 100.0 % | | 72,905 | 100.0 % | |
| Accrued interest receivable | 2,008 | | | 1,758 | | | 1,607 | | |
| Loan premium | 19 | | | 20 | | | 23 | | |
| Allowance for loan losses | (148) | | | (170) | | | (164) | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total federally insured loans and accrued interest receivable, net of allowance for loan losses | $ 61,140 | | | $ 67,521 | | | $ 74,371 | |

**Private education loans - Nelnet Bank (a):**

**Private education loans - Nelnet Bank (a):**

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Private education loans - Nelnet Bank (a):** | **Private education loans - Nelnet Bank (a):** | | | | | | | | | |
| Loans in-school/grace/deferment | Loans in-school/grace/deferment | 23,575 | 6.6 % | | $ 11,580 | 3.3 % | | $ 10,888 | 3.1 % | |

Loans in-school/grace/deferment

Loans in-school/grace/deferment

Loans in forbearance

Loans in forbearance

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Loans in forbearance | Loans in forbearance | 1,169 | 0.3 | | 864 | 0.2 | | 524 | 0.1 | |
| Loans in repayment status: | Loans in repayment status: | | | | | | | | | |

Loans in repayment status:

Loans in repayment status:

Loans current

Loans current

| | | | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Loans current | Loans current | 333,595 | | 99.5 % | 340,830 | | 99.8 % | 344,469 | | 99.8 % | | 318,906 | 99.4 | | | 99.4 % | | 331, | |
| Loans delinquent 30-59 days | Loans delinquent 30-59 days | 679 | | 0.2 | 167 | | 0.1 | 197 | | 0.1 | | | | | | | | | |
| Loans delinquent 60-89 days | Loans delinquent 60-89 days | 412 | | 0.1 | 32 | | 0.0 | 79 | | 0.0 | | | | | | | | | |
| Loans delinquent 90 days or greater | Loans delinquent 90 days or greater | 511 | | 0.2 | 409 | | 0.1 | 414 | | 0.1 | | | | | | | | | |
| Total loans in repayment | Total loans in repayment | 335,197 | 93.1 | 100.0 % | 341,438 | 96.5 | 100.0 % | 345,159 | 96.8 | 100.0 % | Total loans in repayment | 320,790 | 87.9 | 87.9 | 100.0 | 100.0 | % | 333,278 | 9 |
| Total private education loans | Total private education loans | 359,941 | 100.0 % | | 353,882 | 100.0 % | | 356,571 | 100.0 % | | | | | | | | | | |
| Accrued interest receivable | Accrued interest receivable | 1,905 | | | 1,152 | | | 969 | | | | | | | | | | | |

Accrued interest receivable

Accrued interest receivable

Deferred origination costs, net of unaccreted discount

Deferred origination costs, net of unaccreted discount

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Deferred origination costs, net of unaccreted discount | Deferred origination costs, net of unaccreted discount | 5,578 | | | 5,360 | | | 5,369 | | |
| Allowance for loan losses | Allowance for loan losses | (3,083) | | | (2,390) | | | (2,248) | | |

Allowance for loan losses

Allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

| | | | | | |
|---|---|---|---|---|---|
| Total private education loans and accrued interest receivable, net of allowance for loan losses | Total private education loans and accrued interest receivable, net of allowance for loan losses | $364,341 | | $358,004 | $360,661 |
| **Consumer and other loans - Nelnet Bank (a):** | **Consumer and other loans - Nelnet Bank (a):** | | | | |

**Consumer and other loans - Nelnet Bank (a):**

**Consumer and other loans - Nelnet Bank (a):**

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Loans in deferment | Loans in deferment | $ 95 | 0.2 % | | | | | | | | | |
| Loans in forbearance | | 32 | 0.1 | | | | | | | | | |
| Loans in deferment | | | | | | | | | | | | |
| Loans in deferment | | | | | | | | | | | | |
| Loans in repayment status: | Loans in repayment status: | | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | | |
| Loans in repayment status: | | | | | | | | | | | | |
| Loans current | | | | | | | | | | | | |
| Loans current | | | | | | | | | | | | |
| Loans current | Loans current | 48,358 | | 97.7 % | 115,152 | | 96.9 | | 96.9 % | | 69, | |
| Loans delinquent 30-59 days | Loans delinquent 30-59 days | 527 | | 1.1 | | | | | | | | |
| Loans delinquent 60-89 days | Loans delinquent 60-89 days | 306 | | 0.6 | | | | | | | | |
| Loans delinquent 90 days or greater | Loans delinquent 90 days or greater | 293 | | 0.6 | | | | | | | | |
| Total loans in repayment | Total loans in repayment | 49,484 | 99.7 | 100.0 % | Total loans in repayment 118,816 | 99.9 | 99.9 | 100.0 | 100.0 | % | 72,249 | |
| Total consumer and other loans | Total consumer and other loans | 49,611 | 100.0 % | | | | | | | | | |
| Accrued interest receivable | Accrued interest receivable | 373 | | | | | | | | | | |
| Loan discount | | (7) | | | | | | | | | | |
| Accrued interest receivable | | | | | | | | | | | | |
| Accrued interest receivable | | | | | | | | | | | | |
| Loan premium, net of unaccreted discount | | | | | | | | | | | | |
| Loan premium, net of unaccreted discount | | | | | | | | | | | | |
| Loan premium, net of unaccreted discount | | | | | | | | | | | | |
| Allowance for loan losses | | | | | | | | | | | | |
| Allowance for loan losses | | | | | | | | | | | | |
| Allowance for loan losses | Allowance for loan losses | (3,853) | | | | | | | | | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | $ 46,124 | | | | | | | | | | |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | | | | | | | | |

| | |
|---|---|
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | |

(a) For the periods presented for Nelnet Bank, the delinquency bucket periods conform with the delinquency bucket periods reflected in Nelnet Bank's Call Reports filed with the Federal Deposit Insurance Corporation.

*FICO Scores - Nelnet Bank Private Education Loans*

An additional key credit quality indicator for Nelnet Bank private education and consumer loans is FICO scores at the time of origination. The following tables highlight the gross principal balance of Nelnet Bank's private education loan portfolio, portfolios, by year of origination, stratified by FICO score at the time of origination.

| | Loan balance as of September 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Nine months ended September 30, 2023 | | 2022 | 2021 | 2020 | Total |
| **FICO at origination:** | | | | | | |
| Less than 705 | $ | 2,681 | 5,726 | 4,860 | 339 | 13,606 |
| 705 - 734 | | 6,970 | 22,441 | 9,395 | 502 | 39,308 |
| 735 - 764 | | 6,505 | 33,692 | 15,233 | 1,378 | 56,808 |
| 765 - 794 | | 4,797 | 53,433 | 28,066 | 1,400 | 87,696 |
| Greater than 794 | | 13,719 | 80,523 | 61,283 | 5,425 | 160,950 |
| No FICO score available or required (a) | | 1,573 | — | — | — | 1,573 |
| | $ | 36,245 | 195,815 | 118,837 | 9,044 | 359,941 |

Nelnet Bank Private Education Loans

| | | Loan balance as of December 31, 2022 | | | | |
|---|---|---|---|---|---|---|
| | | | 2022 | 2021 | 2020 | Total |
| Loan balance as of March 31, 2024 | Three months ended March 31, 2024 | | | | | |
| Loan balance as of March 31, 2024 | Three months ended March 31, 2024 | 2023 | 2022 | 2021 | 2020 | Total |
| FICO at origination: | FICO at origination: | | | | | |
| Less than 705 | | | | | | |
| Less than 705 | | | | | | |
| Less than 705 | Less than 705 | $ | 5,898 | 5,389 | 348 | 11,635 |
| 705 - 734 | 705 - 734 | | 23,392 | 10,543 | 542 | 34,477 |
| 735 - 764 | 735 - 764 | | 35,456 | 16,686 | 1,473 | 53,615 |
| 765 - 794 | 765 - 794 | | 57,141 | 31,035 | 1,622 | 89,798 |
| Greater than 794 | Greater than 794 | | 87,959 | 70,135 | 6,263 | 164,357 |
| | | $ | 209,846 | 133,788 | 10,248 | 353,882 |
| No FICO score available or required | | | | | | |
| | $ | | | | | |

(a)

| | Loan balance as of December 31, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | 2022 | 2021 | 2020 | Total |
| FICO at origination: | | | | | | |
| Less than 705 | $ | 3,840 | 5,495 | 4,647 | 386 | 14,368 |
| 705 - 734 | | 9,534 | 21,961 | 8,805 | 525 | 40,825 |
| 735 - 764 | | 8,648 | 32,969 | 14,910 | 1,358 | 57,885 |

| | | | | | |
|---|---|---|---|---|---|
| 765 - 794 | 5,776 | 52,045 | 27,221 | 1,374 | 86,416 |
| Greater than 794 | 15,057 | 77,996 | 58,695 | 5,226 | 156,974 |
| No FICO score available or required | 4,052 | — | — | — | 4,052 |
| | $ 46,907 | 190,466 | 114,278 | 8,869 | 360,520 |

Nelnet Bank Consumer and Other Loans with no FICO score available or required refers to loans issued to borrowers for which the Company cannot obtain a FICO score or are not required to under a special purpose credit program. Management proactively assesses the risk and size of this loan category and, when necessary, takes actions to mitigate the credit risk.

| | Loan balance as of March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Three months ended March 31, 2024 | 2023 | 2022 | 2021 | 2020 | Total |
| **FICO at origination:** | | | | | | |
| Less than 720 | $ 12,913 | 18,324 | — | — | — | 31,237 |
| 720 - 769 | 21,017 | 29,900 | 48 | — | — | 50,965 |
| Greater than 769 | 21,359 | 14,280 | 108 | — | — | 35,747 |
| No FICO score available or required | 230 | 441 | 282 | 55 | — | 1,008 |
| | $ 55,519 | 62,945 | 438 | 55 | — | 118,957 |

| | Loan balance as of December 31, 2023 | | | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2021 | 2020 | Total |
| **FICO at origination:** | | | | | |
| Less than 720 | $ 21,412 | — | — | — | 21,412 |
| 720 - 769 | 33,571 | 51 | — | — | 33,622 |
| Greater than 769 | 16,484 | 109 | — | — | 16,593 |
| No FICO score available or required | 386 | 284 | 55 | — | 725 |
| | $ 71,853 | 444 | 55 | — | 72,352 |

***Nonaccrual Status***

The Company does not place federally insured loans on nonaccrual status due to the government guaranty. The amortized cost of private education, consumer, and other loans on nonaccrual status, as well as the allowance for loan losses related to such loans, as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, was not material.

***Amortized Cost Basis by Origination Year***

The following table presents the amortized cost of the Company's private education, consumer, and other loans by loan status and delinquency amount as of September 30, 2023 March 31, 2024 based on year of origination. Effective July 1, 2010, no new loan originations can be made under the FFEL Program and all new federal loan originations must be made under the Federal Direct Loan Program. As such, all the Company’s federally insured loans were originated prior to July 1, 2010.

| | | Nine months ended September 30, 2023 | 2022 | 2021 | 2020 | 2019 | Prior years | Total |
|---|---|---|---|---|---|---|---|---|
| | Three months ended March 31, 2024 | | | | | | | |
| Three months ended March 31, 2024 | 2023 | 2022 | 2021 | 2020 | Prior years | Total | | |
| **Private education loans - Non-Nelnet Bank:** | **Private education loans - Non-Nelnet Bank:** | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | | |
| Loans in-school/grace/deferment | Loans in-school/grace/deferment $ | — | 1,138 | 4,845 | 1,105 | 1,647 | 2,638 | 11,373 |
| Loans in forbearance | Loans in forbearance | — | 79 | 50 | 411 | 569 | 1,171 | 2,280 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Loans in repayment status: | Loans in repayment status: | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | Loans current | 128 | 4,311 | 4,351 | 46,927 | 38,618 | 177,613 | 271,948 |
| Loans delinquent 31-60 days | Loans delinquent 31-60 days | — | — | 33 | 383 | 234 | 2,835 | 3,485 |
| Loans delinquent 61-90 days | Loans delinquent 61-90 days | — | 4 | 31 | 145 | 42 | 1,202 | 1,424 |
| Loans delinquent 91 days or greater | Loans delinquent 91 days or greater | — | — | — | 189 | — | 2,305 | 2,494 |
| Total loans in repayment | Total loans in repayment | 128 | 4,315 | 4,415 | 47,644 | 38,894 | 183,955 | 279,351 |
| Total private education loans | Total private education loans | $ 128 | 5,532 | 9,310 | 49,160 | 41,110 | 187,764 | 293,004 |
| Accrued interest receivable | Accrued interest receivable | | | | | | | 2,750 |
| Loan discount, net of unamortized premiums | Loan discount, net of unamortized premiums | | | | | | | (8,069) |
| Allowance for loan losses | Allowance for loan losses | | | | | | | (16,944) |
| Total private education loans and accrued interest receivable, net of allowance for loan losses | Total private education loans and accrued interest receivable, net of allowance for loan losses | | | | | | | $ 270,741 |
| Gross charge-offs - nine months ended September 30, 2023 | | $ — | 35 | 10 | 105 | 548 | 1,581 | 2,279 |
| Gross charge-offs - three months ended March 31, 2024 | | | | | | | | |
| **Consumer and other loans - Non-Nelnet Bank:** | **Consumer and other loans - Non-Nelnet Bank:** | | | | | | | |
| **Consumer and other loans - Non-Nelnet Bank:** | | | | | | | | |
| **Consumer and other loans - Non-Nelnet Bank:** | | | | | | | | |
| Loans in deferment | | | | | | | | |
| Loans in deferment | | | | | | | | |
| Loans in deferment | Loans in deferment | $ — | — | 18 | — | — | 2 | 20 |
| Loans in repayment status: | Loans in repayment status: | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | Loans current | 83,292 | 48,425 | 4,687 | 506 | 664 | 170 | 137,744 |
| Loans delinquent 31-60 days | Loans delinquent 31-60 days | 677 | 1,128 | 167 | — | 9 | 6 | 1,987 |
| Loans delinquent 61-90 days | Loans delinquent 61-90 days | 623 | 579 | 84 | — | 5 | 2 | 1,293 |
| Loans delinquent 91 days or greater | Loans delinquent 91 days or greater | 392 | 1,402 | 241 | 27 | 199 | 328 | 2,589 |
| Total loans in repayment | Total loans in repayment | 84,984 | 51,534 | 5,179 | 533 | 877 | 506 | 143,613 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total consumer and other loans | Total consumer and other loans | $ | 84,984 | 51,534 | 5,197 | 533 | 877 | 508 | 143,633 |
| Accrued interest receivable | Accrued interest receivable | | | | | | | | 1,716 |
| Loan discount, net of unamortized premiums | Loan discount, net of unamortized premiums | | | | | | | | (180) |
| Allowance for loan losses | Allowance for loan losses | | | | | | | | (14,022) |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | | | | $ 131,147 |
| Gross charge-offs - nine months ended September 30, 2023 | | $ | 2,866 | 5,580 | 583 | 27 | 80 | 128 | 9,264 |
| Gross charge-offs - three months ended March 31, 2024 | | | | | | | | | |
| **Private education loans - Nelnet Bank (a):** | | | | | | | | | |
| Loans in-school/grace/deferment | | $ | 9,028 | 12,210 | 1,218 | 1,119 | — | — | 23,575 |
| Loans in forbearance | | | 147 | 683 | 339 | — | — | — | 1,169 |
| Loans in repayment status: | | | | | | | | | |
| Loans current | | | 26,709 | 182,313 | 116,684 | 7,889 | — | — | 333,595 |
| Loans delinquent 30-59 days | | | 228 | 249 | 166 | 36 | — | — | 679 |
| Loans delinquent 60-89 days | | | 4 | 165 | 243 | — | — | — | 412 |
| Loans delinquent 90 days or greater | | | 129 | 195 | 187 | — | — | — | 511 |
| Total loans in repayment | | | 27,070 | 182,922 | 117,280 | 7,925 | — | — | 335,197 |
| Total private education loans | | $ | 36,245 | 195,815 | 118,837 | 9,044 | — | — | 359,941 |
| Accrued interest receivable | | | | | | | | | 1,905 |
| Deferred origination costs, net of unaccreted discount | | | | | | | | | 5,578 |
| Allowance for loan losses | | | | | | | | | (3,083) |
| Total private education loans and accrued interest receivable, net of allowance for loan losses | | | | | | | | | $ 364,341 |
| Gross charge-offs - nine months ended September 30, 2023 | | $ | 20 | 637 | — | — | — | — | 657 |

| Three months ended March 31, 2024 | Three months ended March 31, 2024 | 2023 | 2022 | 2021 | 2020 | Prior years | Total |
|---|---|---|---|---|---|---|---|
| **Private education loans - Nelnet Bank (a):** | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | |
| Loans in-school/grace/deferment | | | | | | | |
| Loans in forbearance | | | | | | | |
| Loans in repayment status: | | | | | | | |
| Loans current | | | | | | | |

Loans current

Loans current

Loans delinquent 30-59 days

Loans delinquent 60-89 days

Loans delinquent 90 days or greater

Total loans in repayment

Total private education loans

Accrued interest receivable

Deferred origination costs, net of unaccreted discount

Allowance for loan losses

Total private education loans and accrued interest receivable, net of allowance for loan losses

Gross charge-offs - three months ended March 31, 2024

**Consumer and other loans - Nelnet Bank (a):**

**Consumer and other loans - Nelnet Bank (a):**

| | | Nine months ended September 30, 2023 | 2022 | 2021 | 2020 | 2019 | Prior years | Total |
|---|---|---|---|---|---|---|---|---|
| **Consumer and other loans - Nelnet Bank (a):** | **Consumer and other loans - Nelnet Bank (a):** | | | | | | | |
| Loans in deferment | Loans in deferment | $ 95 | — | — | — | — | — | 95 |
| Loans in forbearance | | 32 | — | — | — | — | — | 32 |

Loans in deferment

Loans in deferment

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Loans in repayment status: | Loans in repayment status: | | | | | | | |
| Loans in repayment status: | | | | | | | | |
| Loans in repayment status: | | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | | | | | | | | |
| Loans current | Loans current | 47,813 | 490 | 55 | — | — | — | 48,358 |
| Loans delinquent 30-59 days | Loans delinquent 30-59 days | 527 | — | — | — | — | — | 527 |
| Loans delinquent 60-89 days | Loans delinquent 60-89 days | 306 | — | — | — | — | — | 306 |
| Loans delinquent 90 days or greater | Loans delinquent 90 days or greater | 293 | — | — | — | — | — | 293 |
| Total loans in repayment | Total loans in repayment | 48,939 | 490 | 55 | — | — | — | 49,484 |
| Total consumer and other loans | Total consumer and other loans | $ 49,066 | 490 | 55 | — | — | — | 49,611 |
| Accrued interest receivable | Accrued interest receivable | | | | | | | 373 |
| Loan discount | | | | | | | | (7) |
| Loan premium, net of unaccreted discount | | | | | | | | |
| Allowance for loan losses | Allowance for loan losses | | | | | | | (3,853) |
| Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | Total consumer and other loans and accrued interest receivable, net of allowance for loan losses | | | | | | | $ 46,124 |
| Gross charge-offs - nine months ended September 30, 2023 | | $ 517 | — | — | — | — | — | 517 |
| Gross charge-offs - three months ended March 31, 2024 | | | | | | | | |

(a) For the periods presented for Nelnet Bank, the delinquency bucket periods conform with the delinquency bucket periods reflected in Nelnet Bank's Call Reports filed with the Federal Deposit Insurance Corporation.

**3. Bonds and Notes Payable**

The following tables summarize the Company’s outstanding debt obligations by type of instrument:

| | As of September 30, 2023 | | | As of March 31, 2024 |
|---|---|---|---|---|
| | Carrying amount | Interest rate range | Final maturity | |

| | | Carrying amount | | | | | Carrying amount | Interest rate range | Final maturity |
|---|---|---|---|---|---|---|---|---|---|
| Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | | | | Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | | | | |
| Bonds and notes based on indices | Bonds and notes based on indices | $10,028,276 | 5.27% - 7.43% | 8/26/30 - 9/25/69 | Bonds and notes based on indices | $8,766,041 | 5.47% - 7.44% | 5.47% - 7.44% | 8/26/30 - 9/25/69 |
| Bonds and notes based on auction | Bonds and notes based on auction | 89,910 | 0.00% - 6.43% | 3/22/32 - 11/26/46 | Bonds and notes based on auction | 84,660 | 0.00% - 6.44% | 0.00% - 6.44% | 3/22/32 - 11/26/46 |
| Total FFELP variable-rate bonds and notes | Total FFELP variable-rate bonds and notes | 10,118,186 | | | | | | | |
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | 497,397 | 1.42% - 3.45% | 10/25/67 - 8/27/68 | | | | | |
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | | | | | | | | | |
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | | | | | | 430,061 | | 1.42% - 3.45% | 10/25/67 - 8/27/68 |
| FFELP loan warehouse facilities | FFELP loan warehouse facilities | 1,466,178 | 5.40% - 5.67% | 11/22/24 / 4/2/25 | FFELP loan warehouse facilities | 1,066,197 | 5.41% - 5.57% | 5.41% - 5.57% | 4/2/25 / 5/22/25 |
| Private education loan warehouse facility | | 38,183 | 5.63% | 12/31/23 | | | | | |
| Consumer loan warehouse facility | Consumer loan warehouse facility | 49,937 | 5.68% | 11/14/25 | | | | | |
| Variable-rate bonds and notes issued in private education loan asset-backed securitization | | 15,579 | 6.90% | 6/25/49 | | | | | |
| Fixed-rate bonds and notes issued in private education loan asset-backed securitization | | 16,626 | 5.35% | 12/28/43 | | | | | |
| Consumer loan warehouse facility | | | | | | | | | |
| Consumer loan warehouse facility | | | | | | 41,762 | | 5.55% | 11/14/25 |
| Variable-rate bonds and notes issued in private education loan asset-backed securitizations | | | | | Variable-rate bonds and notes issued in private education loan asset-backed securitizations | 71,963 | | 6.90% / 7.57% | 6/25/49 / 11/25/53 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fixed-rate bonds and notes issued in private education loan asset-backed securitizations | | | | | Fixed-rate bonds and notes issued in private education loan asset-backed securitizations | 70,310 | | 5.35% / 7.15% | 12/28/43 / 11/25/53 | |
| Unsecured line of credit | Unsecured line of credit | — | — | 9/22/26 | Unsecured line of credit | — | — | — | 9/22/26 | |
| Participation agreement | | 63 | 6.06% | 5/4/24 | | | | | | |
| Participation agreements | | | | | Participation agreements | 9,023 | | 5.58% - 6.06% | 5/4/24 / 1/30/33 | |
| Repurchase agreement | Repurchase agreement | 336,523 | 6.26% - 6.72% | 11/20/23 - 11/27/24 | Repurchase agreement | 114,498 | 6.43% - 6.74% | 6.43% - 6.74% | 11/27/24 / 12/20/24 | |
| Other - due to related party | Other - due to related party | 6,010 | 3.55% - 6.05% | 3/1/24 - 11/15/30 | | | | | | |
| | | 12,544,682 | | | | | | | | |
| Other - due to related party | | | | | | | | | | |
| Other - due to related party | | | | | | 5,591 | | 5.00% - 6.05% | 4/30/24 - 11/15/30 | |
| | 10,660,106 | | | | | | 10,660,106 | | | |
| Discount on bonds and notes payable and debt issuance costs | Discount on bonds and notes payable and debt issuance costs | (96,573) | | | | | | | | |
| Total | Total | $12,448,109 | | | | | | | | |
| Total | | | | | | | | | | |
| Total | | | | | | | | | | |
| | | As of December 31, 2022 | | | | As of December 31, 2023 | | | | |
| | | Carrying amount | Interest rate range | Final maturity | | | | | | |
| | Carrying amount | | | | | | Carrying amount | | Interest rate range | Final maturity |
| Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | | | | Variable-rate bonds and notes issued in FFELP loan asset-backed securitizations: | | | | | |
| Bonds and notes based on indices | Bonds and notes based on indices | $11,868,190 | 4.47% - 6.39% | 8/26/30 - 9/25/69 | Bonds and notes based on indices | $9,552,667 | 5.45% - 7.47% | 5.45% - 7.47% | 8/26/30 - 9/25/69 | |
| Bonds and notes based on auction | Bonds and notes based on auction | 178,960 | 0.00% - 4.02% | 3/22/32 - 11/26/46 | Bonds and notes based on auction | 87,360 | 0.00% - 6.45% | 0.00% - 6.45% | 3/22/32 - 11/26/46 | |
| Total FFELP variable-rate bonds and notes | Total FFELP variable-rate bonds and notes | 12,047,150 | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | 594,051 | 1.42% - 3.45% | 10/25/67 - 8/27/68 | | | | | |
| FFELP loan warehouse facility | | 978,956 | 4.69% / 4.71% | 5/22/24 | | | | | |
| Private education loan warehouse facility | | 64,356 | 4.72% | 12/31/23 | | | | | |
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | | | | | | | | | |
| Fixed-rate bonds and notes issued in FFELP loan asset-backed securitizations | | | | | | 471,427 | | 1.42% - 3.45% | 10/25/67 - 8/27/68 |
| FFELP loan warehouse facilities | | | | | FFELP loan warehouse facilities | 1,398,485 | | 5.41% - 5.70% | 4/2/25 / 5/22/25 |
| Consumer loan warehouse facility | | | | | | | | | |
| Consumer loan warehouse facility | | | | | | | | | |
| Consumer loan warehouse facility | Consumer loan warehouse facility | 89,000 | 4.73% | 11/14/25 | 23,691 | | 5.70% | 5.70% | 11/14/25 |
| Variable-rate bonds and notes issued in private education loan asset-backed securitizations | Variable-rate bonds and notes issued in private education loan asset-backed securitizations | 19,865 | 5.90% / 6.14% | 12/26/40 / 6/25/49 | Variable-rate bonds and notes issued in private education loan asset-backed securitizations | 80,393 | 6.90% / 7.57% | 6.90% / 7.57% | 6/25/49 / 11/25/53 |
| Fixed-rate bonds and notes issued in private education loan asset-backed securitization | | 23,032 | 3.60% / 5.35% | 12/26/40 / 12/28/43 | | | | | |
| Fixed-rate bonds and notes issued in private education loan asset-backed securitizations | | | | | Fixed-rate bonds and notes issued in private education loan asset-backed securitizations | 80,130 | | 5.35% / 7.15% | 12/28/43 / 11/25/53 |
| Unsecured line of credit | Unsecured line of credit | — | — | 9/22/26 | Unsecured line of credit | — | — | — | 9/22/26 |
| Participation agreement | | 395,432 | 5.02% | 5/4/23 | | | | | |
| Repurchase agreements | | 567,254 | 0.97% - 5.60% | 1/4/23 - 11/27/24 | | | | | |
| Participation agreements | | | | | Participation agreements | 10,063 | | 5.58% - 6.08% | 3/12/24 / 5/4/24 |
| Repurchase agreement | | | | | Repurchase agreement | 208,164 | | 6.35% - 6.81% | 1/22/24 - 12/20/24 |
| Other - due to related party | Other - due to related party | 6,187 | 3.55% - 6.05% | 3/1/24 - 11/15/30 | | | | | |
| | | 14,785,283 | | | | | | | |
| Other - due to related party | | | | | | | | | |
| Other - due to related party | | | | | | 5,778 | | 5.00% - 6.05% | 3/1/24 - 11/15/30 |
| | 11,918,158 | | | | | | 11,918,158 | | |

| | | | |
|---|---|---|---|
| Discount on bonds and notes payable and debt issuance costs | Discount on bonds and notes payable and debt issuance costs | (148,088) | |
| Total | Total | $ 14,637,195 | |
| Total | | | |
| Total | | | |

***Warehouse Facilities***

The Company funds a portion of its loan acquisitions using warehouse facilities. Loan warehousing allows the Company to buy and manage loans prior to transferring them into more permanent financing arrangements. The following table summarizes the Company's warehouse facilities as of September 30, 2023 March 31, 2024.

| Type of loans | Maximum financing amount | | Amount outstanding | Amount available | Expiration of liquidity provisions | Final maturity date | Advance rate | Advanced as equity support | |
|---|---|---|---|---|---|---|---|---|---|
| FFELP (a) | $ | 1,250,000 | 1,067,533 | 182,467 | 11/22/2023 | 11/22/2024 | note (b) | $ | 74,825 |
| FFELP (c) | | 432,000 | 398,645 | 33,355 | 4/2/2024 | 4/2/2025 | 92 % | | 33,483 |
| | $ | 1,682,000 | 1,466,178 | 215,822 | | | | $ | 108,308 |
| Private (d) | | 38,183 | 38,183 | — | 10/31/2023 | 12/31/2023 | — | | 17,910 |
| Consumer | | 250,000 | 49,937 | 200,063 | 11/14/2024 | 11/14/2025 | 70 % | | 21,328 |

| Type of loans | Maximum financing amount | | Amount outstanding | Amount available | Expiration of liquidity provisions | Final maturity date | Advance rate | Advanced as equity support | |
|---|---|---|---|---|---|---|---|---|---|
| FFELP (a) | $ | 950,000 | 712,198 | 237,802 | 11/22/2024 | 5/22/2025 | note (b) | $ | 50,093 |
| FFELP (c) | | 432,000 | 353,999 | 78,001 | 4/2/2024 | 4/2/2025 | 92 % | | 29,196 |
| | $ | 1,382,000 | 1,066,197 | 315,803 | | | | $ | 79,289 |
| Consumer (d) | | 150,000 | 41,762 | 108,238 | 11/14/2024 | 11/14/2025 | 70 % | | 17,405 |

(a) On March 31, 2023 Effective March 6, 2024, the maximum financing amount on this facility was amended reduced from $1.25 billion to increase the aggregate maximum financing amount available from $1.20 billion to $1.25 billion $950 million. On May 22, 2023, this facility was amended to extend the expiration of liquidity provisions and final maturity date to November 22, 2023 and November 22, 2024, respectively.

(b) This facility has a static advance rate until the expiration date of the liquidity provisions. The maximum advance rates for this facility are 90% to 96%, and the minimum advance rates are 84% to 90%. In the event the liquidity provisions are not extended, the valuation agent has the right to perform a one-time mark to market on the underlying loans funded in this facility, subject to a floor. The loans would then be funded at this new advance rate until the final maturity date of the facility.

(c) On April 3, 2023, the Company closed on this $250.0 million FFELP facility. On May 25, 2023 April 2, 2024, this facility was amended to increase reduce the maximum financing amount from $250.0 million $432 million to $432.0 million.

(d) On June 30, 2023, August 31, 2023 $375 million, and October 31, 2023, this facility was amended to extend the expiration of liquidity provisions and final maturity date to August 31, 2023, October 31, 2023, April 1, 2025 and December 31, 2023 April 1, 2026, respectively. No additional amounts can be borrowed under

(d) On March 11, 2024, this facility. facility was amended to reduce the maximum financing amount from $200 million to $150 million.

***Unsecured Line of Credit***

The Company has a $495.0 million unsecured line of credit that has a maturity date of September 22, 2026. As of September 30, 2023 March 31, 2024, no amount was outstanding on the line of credit and $495.0 million was available for future use.

***Participation Repurchase Agreement***

The Company has an agreement with Union Bank and Trust Company ("Union Bank"), a related party, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in FFELP loan asset-backed securities (bond investments). As of September 30, 2023, $0.1 million (par value) of FFELP loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The agreement automatically renews annually and is terminable by either party upon five business days' notice. On May 4, 2023, the agreement automatically renewed for another year through May 4, 2024. The Company can participate FFELP loan asset-backed securities to Union Bank to the extent of availability under the grantor trusts, up to $400.0 million or an amount in excess of $400.0 million if mutually agreed to by both parties. The Company maintains legal ownership of the FFELP loan asset-backed securities and, in its discretion, approves and accomplishes any sale, assignment, transfer, encumbrance, or other disposition of the securities. As such, the FFELP loan asset-backed securities subject to this agreement are included on the Company's consolidated balance sheets as "investments and notes receivable" and the participation interests outstanding have been accounted for by the Company as a secured borrowing.

See note 5 for additional information about the FFELP loan asset-backed securities investments serving as collateral under the remaining participation agreement.

***Repurchase Agreements***

On May 3, 2021, the Company entered into a repurchase agreement with a non-affiliated third party, the proceeds of which are collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The outstanding balance under this agreement as of March 31, 2024 was $114.5 million. The agreement has various maturity dates through November 27, 2024 December 20, 2024 or earlier if either party provides 180 days' prior written notice, and the Company is subject to margin deficit payment requirements if the fair value of the securities subject to the agreement is less than the original purchase price of such securities on any scheduled reset date. Included in "bonds and notes payable" in the consolidated balance sheets as of September 30, 2023 was $336.5 million subject to this agreement. On June 23, 2021, the Company entered into a separate repurchase agreement with a non-affiliated third party, which was collateralized by certain private education and FFELP loan asset-backed securities (bond investments). The outstanding balance of this facility was paid in full during the third quarter of 2023.

See note 5 and below under "Debt Repurchases" for additional information about the private education and FFELP loan asset-backed securities investments respectively, serving as collateral for this repurchase agreement.

***Debt Repurchases***

The following table summarizes the Company's repurchases of its own debt. Gains/losses recorded by the Company from the repurchase of debt are included in "other, net" in "other income (expense)" on the Company's consolidated statements of income.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| Purchase price | $ (4,284) | (13,563) | (5,112) | (67,081) |
| Par value | 5,033 | 13,903 | 5,941 | 69,133 |
| Remaining unamortized cost of issuance | (12) | (180) | (14) | (821) |
| Gain | $ 737 | 160 | 815 | 1,231 |

The Company has repurchased certain of its own asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties or redeem the notes at par as cash is generated by the trust estate. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. As of September 30, 2023 March 31, 2024, the Company holds $257.3 million $310.3 million (par value) of its own FFELP loan asset-backed securities. As of September 30, 2023, $118.9 million (par value) of the Company's repurchased FFELP loan asset-backed securities were serving as collateral on amounts outstanding under the Company's repurchase agreement (as discussed above).

In April 2023, the Company redeemed $188.6 million of FFELP loan asset-backed debt securities (bonds and notes payable) prior to their maturity, of which the Company owned $140.5 million of the bonds that were redeemed. The remaining unamortized debt discount associated with these bonds at the time of redemption was written-off, resulting in a $25.9 million non-cash expense recognized in April 2023. This expense is included in "interest expense on bonds and notes payable and bank deposits" on the consolidated statements of income.

**4. Derivative Financial Instruments**

The Company uses derivative financial instruments primarily to manage interest rate risk. Derivative instruments used as part of the Company's interest rate risk management strategy are further described in note 6 of the notes to consolidated financial statements included in the 2022 Annual Report. A tabular presentation of such derivatives outstanding as of September 30, 2023 and December 31, 2022 is presented below.

***Non-Nelnet Bank Derivatives***

The Company uses settled-to-market derivative financial instruments to manage interest rate risk. Derivative instruments used as part of the Company's interest rate risk management strategy are further described in note 5 of the notes to consolidated financial statements included in the 2023 Annual Report. A tabular presentation of such derivatives outstanding as of March 31, 2024 and December 31, 2023 is presented below.

*Basis Swaps*

The following table summarizes the Company's outstanding basis swaps as of March 31, 2024 and December 31, 2023, in which the Company receives and pays the term adjusted Secured Overnight Financing Rate (SOFR) plus the tenor spread adjustment to LIBOR. Prior to the discontinuation of LIBOR on June 30, 2023, the Company received three-month LIBOR set discretely in advance and paid one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps"). Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company now receives and pays the term adjusted Secured Overnight Financing Rate (SOFR) plus the tenor spread adjustment to LIBOR.

| | | | | |
|---|---|---|---|---|
| Maturity | | | | |
| Maturity | | | | |
| Maturity | Maturity | Notional amount | | Notional amount |
| | | As of September 30, 2023 | As of December 31, 2022 | |
| | 2023 | $ — | 750,000 | |
| | 2024 | | | |
| | 2024 | | | |
| 2024 | 2024 | 1,750,000 | 1,750,000 | |
| 2026 | 2026 | 1,150,000 | 1,150,000 | |

| | | | |
|---|---|---|---|
| 2026 | | | |
| 2026 | | | |
| 2027 | | | |
| 2027 | | | |
| 2027 | 2027 | 250,000 | 250,000 |
| | | $ 3,150,000 | 3,900,000 |
| | | $ | |
| | | $ | |
| | | $ | |

The weighted average rate paid by the Company on the 1:3 Basis Swaps as of September 30, 2023 March 31, 2024 and December 31, 2023 was the term adjusted SOFR plus (plus the tenor spread adjustment relating to LIBOR LIBOR) plus 10.1 basis points and as of December 31, 2022 was one-month LIBOR plus 9.7 basis points, respectively.

points.

*Interest Rate Swaps – Floor Income Hedges*

The following table summarizes the outstanding derivative instruments used by the Company as of March 31, 2024 and December 31, 2023, to economically hedge loans earning fixed rate floor income.

| | | As of September 30, 2023 | | | | As of December 31, 2022 (a) | | | |
|---|---|---|---|---|---|---|---|---|---|
| Maturity | Maturity | | Notional amount | Weighted average fixed rate paid by the Company (b) | | | Notional amount | Weighted average fixed rate paid by the Company (b) | |
| 2024 | | $ | — | — | % | $ | 2,000,000 | 0.35 | % |
| Maturity | | | | | | | | | |
| Maturity | | | | | | | | | |
| 2026 | 2026 | | — | — | | | 500,000 | 1.02 | |
| 2026 | | | | | | | | | |
| 2026 | | | | | | | | | |
| 2028 | | | | | | | | | |
| 2028 | | | | | | | | | |
| 2028 | | | | | | | | | |
| 2029 (b) | | | | | | | | | |
| 2029 (b) | | | | | | | | | |
| 2029 (b) | | | | | | | | | |
| 2030 (c) | 2030 (c) | | 50,000 | 3.44 | | | — | — | |
| 2031 | | | — | — | | | 100,000 | 1.53 | |
| 2032 | | | — | — | | | 200,000 | 2.92 | |
| 2030 (c) | | | | | | | | | |
| 2030 (c) | | | | | | | | | |
| | | $ | 50,000 | 3.44 | % | $ | 2,800,000 | 0.70 | % |

(a) On March 15, 2023, to minimize the Company's exposure to market volatility, For all interest rate derivatives, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in receives payments based on SOFR, the majority of which reset quarterly.

(b) This $50 million notional amount derivative has a forward effective start date in January 2026.

(c) A $50 million notional amount derivative maturing in 2030 has a forward effective start date in November 2025.

During the first quarter of derivatives). Through March 15, 2023, 2023, the Company had received cash or had a receivable from the clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements.

(b) For the 2023 settlements, to terminate $2.8 billion in notional amount of floor income interest rate derivative maturing in 2030, the Company receives payments based on SOFR that resets quarterly. For all other interest rate derivatives that were terminated, the Company received payments based on three-month LIBOR that reset quarterly. swaps prior to their final maturity.

(c) The Company entered into this derivative in June 2023.

***Nelnet Bank Derivatives***

*Interest Rate Swaps*

Derivative instruments are used by Nelnet Bank to hedge the exposure to variability in cash flows of variable rate intercompany deposits primarily to minimize the exposure to volatility in cash flows from future changes in interest rates. Nelnet Bank has structured these derivatives so that each is economically effective; however, because these derivatives are hedging intercompany deposits, the derivative instruments are not eligible for hedge accounting in the consolidated financial statements. As a result, the change in market value of these derivative instruments is reported in current period earnings and presented in "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

The following table summarizes the outstanding non-centrally cleared derivative instruments used by Nelnet Bank as of March 31, 2024 and December 31, 2023, to hedge exposure to variability in cash flows related to variable rate intercompany deposits as of September 30, 2023. deposits.

| | | As of September 30, 2023 | |
|---|---|---|---|
| **Maturity** | **Maturity** | **Notional amount** | **Weighted average fixed rate paid by the Company (a)** |
| **Maturity** | | | |
| **Maturity** | | | |
| 2028 | | | |
| 2028 | | | |
| 2028 | 2028 | $ 40,000 | 3.33 % |
| 2030 (b) | 2030 (b) | 50,000 | 3.06 |
| 2030 (b) | | | |
| 2030 (b) | | | |
| 2032 (c) | 2032 (c) | 25,000 | 4.03 |
| 2032 (c) | | | |
| 2032 (c) | | | |
| 2033 (d) | | | |
| 2033 (d) | | | |
| 2033 (d) | | | |
| | | $ 115,000 | 3.36 % |

(a) For all interest rate derivatives, the Company receives payments based on SOFR that reset monthly or quarterly.

(b) These $25 million notional amount derivatives have forward effective start dates in April 2026 and May 2026, respectively.

(c) This $25 million notional amount derivative has a forward effective start date in February 2027.

Unlike the Company's Non-Nelnet Bank derivatives, Nelnet Bank's derivatives are not cleared post-execution at (d) This $25 million notional amount derivative has a regulated clearinghouse. As such, the Company records these derivative instruments forward effective start date in the consolidated balance sheets on a gross basis as either an asset or liability measured at fair value. As of September 30, 2023, the gross fair value of Nelnet Bank's interest rate swap derivatives was $3.1 million (an asset) that is included in "other assets" on the consolidated balance sheet. November 2025.

***Consolidated Financial Statement Impact Related to Derivatives***

*Balance Sheets*

Unlike the Company's Non-Nelnet Bank derivatives, Nelnet Bank's derivatives are not cleared post-execution at a regulated clearinghouse. As such, the Company records these derivative instruments in the consolidated balance sheets on a gross basis as either an asset (included in "other assets") or liability (included in "other liabilities") measured at fair value. The following table summarizes the fair value of the Company's Nelnet Bank derivatives as reflected in the consolidated balance sheets.

| | Fair value of asset derivatives | | Fair value of liability derivatives | |
|---|---|---|---|---|
| | **As of March 31, 2024** | **As of December 31, 2023** | **As of March 31, 2024** | **As of December 31, 2023** |
| Interest rate swaps - Nelnet Bank | $ 1,820 | 452 | 1,085 | 1,976 |

*Statements of Income*

The following table summarizes the components of "derivative market value adjustments and derivative settlements, net" included in the consolidated statements of income.

| | | | | |
|---|---|---|---|---|
| | **Three months ended March 31,** | | | |
| | **Three months ended March 31,** | | | |
| | **Three months ended March 31,** | | | |
| | **Three months ended September 30,** | | **Nine months ended September 30,** | |
| | **2023** | **2022** | **2023** | **2022** |

| | | | | | |
|---|---|---|---|---|---|
| Settlements: | Settlements: | | | | |
| Settlements: | | | | | |
| Settlements: | | | | | |
| 1:3 basis swaps | | | | | |
| 1:3 basis swaps | | | | | |
| 1:3 basis swaps | 1:3 basis swaps | $ 386 | (1,085) | 1,180 | 242 |
| Interest rate swaps - floor income hedges | Interest rate swaps - floor income hedges | 235 | 11,356 | 22,760 | 11,843 |
| Interest rate swaps - floor income hedges | | | | | |
| Interest rate swaps - floor income hedges | | | | | |
| Interest rate swaps - Nelnet Bank | | | | | |
| Interest rate swaps - Nelnet Bank | | | | | |
| Interest rate swaps - Nelnet Bank | Interest rate swaps - Nelnet Bank | 196 | — | 279 | — |
| Total settlements - income | Total settlements - income | 817 | 10,271 | 24,219 | 12,085 |
| Total settlements - income | | | | | |
| Total settlements - income | | | | | |
| Change in fair value: | | | | | |
| Change in fair value: | | | | | |
| Change in fair value: | Change in fair value: | | | | |
| 1:3 basis swaps | 1:3 basis swaps | (464) | 189 | (253) | 929 |
| 1:3 basis swaps | | | | | |
| 1:3 basis swaps | | | | | |
| Interest rate swaps - floor income hedges | Interest rate swaps - floor income hedges | 1,656 | 52,802 | (35,070) | 238,196 |
| Interest rate swaps - floor income hedges | | | | | |
| Interest rate swaps - floor income hedges | | | | | |
| Interest rate swaps - Nelnet Bank | | | | | |
| Interest rate swaps - Nelnet Bank | | | | | |
| Interest rate swaps - Nelnet Bank | Interest rate swaps - Nelnet Bank | 1,948 | — | 3,057 | — |
| Total change in fair value - income (expense) | Total change in fair value - income (expense) | 3,140 | 52,991 | (32,266) | 239,125 |
| Total change in fair value - income (expense) | | | | | |
| Total change in fair value - income (expense) | | | | | |
| Derivative market value adjustments and derivative settlements, net - income (expense) | Derivative market value adjustments and derivative settlements, net - income (expense) | $ 3,957 | 63,262 | (8,047) | 251,210 |
| Derivative market value adjustments and derivative settlements, net - income (expense) | | | | | |
| Derivative market value adjustments and derivative settlements, net - income (expense) | | | | | |

### 5. Investments and Notes Receivable

Investments "Restricted investments" and "investments and notes receivable receivable" consisted of the following:

| As of March 31, 2024 | As of March 31, 2024 | | | | As of December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|
| Amortized cost | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |

**Restricted available-for-sale investments (at fair value):**

FFELP loan and other debt securities

FFELP loan and other debt securities

FFELP loan and other debt securities

**Non-restricted available-for-sale investments (at fair value):**

| | | As of September 30, 2023 | | | | As of December 31, 2022 | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Non-Nelnet Bank:** | | | | | | | | | |
| | | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value | Amortized cost | Gross unrealized gains | Gross unrealized losses | Fair value |
| **Investments (at fair value):** | | | | | | | | | |
| **Available-for-sale asset-backed securities** | | | | | | | | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | | | | | |
| **Non-Nelnet Bank:** | | | | | | | | | |
| FFELP loan (a) | | | | | | | | | |
| FFELP loan (a) | | | | | | | | | |
| FFELP loan (a) | FFELP loan (a) | $ 295,986 | 5,930 | (5,310) | 296,606 | 463,861 | 3,498 | (11,105) | 456,254 |
| Private education loan (b) (a) | Private education loan (b) (a) | 294,068 | — | (33,960) | 260,108 | 335,903 | — | (29,438) | 306,465 |
| Other debt securities | Other debt securities | 65,923 | 2,082 | (437) | 67,568 | 158,589 | 151 | (3,790) | 154,950 |
| Total Non-Nelnet Bank | Total Non-Nelnet Bank | 655,977 | 8,012 | (39,707) | 624,282 | 958,353 | 3,649 | (44,333) | 917,669 |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | | | | |
| FFELP loan (c) | | | | | | | | | |
| FFELP loan (c) | | | | | | | | | |
| FFELP loan (c) | FFELP loan (c) | 318,919 | 3,329 | (2,393) | 319,855 | 349,855 | 955 | (8,853) | 341,957 |
| Private education loan | Private education loan | 1,609 | — | (83) | 1,526 | 1,941 | — | (122) | 1,819 |
| Other debt securities | Other debt securities | 115,914 | 146 | (2,426) | 113,634 | 131,481 | 18 | (3,907) | 127,592 |
| Total Nelnet Bank | Total Nelnet Bank | 436,442 | 3,475 | (4,902) | 435,015 | 483,277 | 973 | (12,882) | 471,368 |
| Total available-for-sale asset-backed securities | Total available-for-sale asset-backed securities | $1,092,419 | 11,487 | (44,609) | 1,059,297 | 1,441,630 | 4,622 | (57,215) | 1,389,037 |
| Equity securities | Equity securities | | | | 46,634 | | | | 39,082 |
| Total investments at fair value | Total investments at fair value | | | | 1,105,931 | | | | 1,428,119 |
| **Other Investments and Notes Receivable (not measured at fair value):** | **Other Investments and Notes Receivable (not measured at fair value):** | | | | | | | | |

| | | | |
|---|---|---|---|
| **Held to maturity investments** | | | |
| **Held-to-maturity investments** | | | |
| **Held-to-maturity investments** | | | |
| **Held-to-maturity investments** | | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | |
| **Non-Nelnet Bank:** | | | |
| **Non-Nelnet Bank:** | | | |
| Debt securities (d) | | | |
| Debt securities (d) | | | |
| Debt securities (d) | Debt securities (d) | 4,700 | 18,554 |
| **Nelnet Bank:** | **Nelnet Bank:** | | |
| FFELP loan asset-backed securities (c) | FFELP loan asset-backed securities (c) | 158,125 | — |
| Other debt securities | | 241 | 220 |
| FFELP loan asset-backed securities (c) | | | |
| FFELP loan asset-backed securities (c) | | | |
| Private education loan asset-backed securities | | | |
| Total Nelnet Bank | Total Nelnet Bank | 158,366 | 220 |
| Total held to maturity investments | | 163,066 | 18,774 |
| Total held-to-maturity investments | | | |
| Venture capital and funds: | Venture capital and funds: | | |
| Measurement alternative (e) | | | |
| Measurement alternative (e) | | | |
| Measurement alternative (e) | Measurement alternative (e) | 193,106 | 160,052 |
| Equity method | Equity method | 99,640 | 89,332 |
| Total venture capital and funds | Total venture capital and funds | 292,746 | 249,384 |
| Real estate: | Real estate: | | |
| Equity method | Equity method | 97,053 | 80,364 |
| Equity method | | | |
| Equity method | | | |
| Investment in ALLO: | Investment in ALLO: | | |
| Voting interest/equity method (f) (b) | | | |
| Voting interest/equity method (f) (b) | | | |
| Voting interest/equity method (f) (b) | Voting interest/equity method (f) (b) | 26,294 | 67,538 |

| | | | |
|---|---|---|---|
| Preferred membership interest and accrued and unpaid preferred return (g) (c) | Preferred membership interest and accrued and unpaid preferred return (g) (c) | 152,748 | 145,926 |
| Total investment in ALLO | Total investment in ALLO | 179,042 | 213,464 |
| Beneficial interest in loan securitizations (h): | | | |
| Consumer loans and other | | 98,701 | 39,249 |
| Beneficial interest in loan securitizations (d): | | | |
| Consumer loans | | | |
| Consumer loans | | | |
| Consumer loans | | | |
| Private education loans | Private education loans | 69,716 | 75,261 |
| Federally insured student loans | Federally insured student loans | 22,735 | 24,228 |
| Total beneficial interest in loan securitizations | Total beneficial interest in loan securitizations | 191,152 | 138,738 |
| Solar (i) (e) | Solar (i) (e) | (144,929) | (55,448) |
| Notes receivable | Notes receivable | 54,129 | 31,106 |
| Tax liens, affordable housing, and other | Tax liens, affordable housing, and other | 7,498 | 7,416 |
| Total investments (not measured at fair value) | Total investments (not measured at fair value) | 839,757 | 683,798 |
| Total investments and notes receivable | Total investments and notes receivable | $1,945,688 | $2,111,917 |

(a) A portion of FFELP loan asset-backed securities were subject to participation interests held by Union Bank, as discussed in note 3 under "Participation Agreement." As of September 30, 2023, the par value and fair value of these securities was $0.1 million and $0.1 million, respectively.

(b) A portion of private education loan asset-backed securities were subject to a repurchase agreement with a third party, as discussed in note 3 under "Repurchase Agreements. Agreement." As of September 30, 2023 March 31, 2024, the par value and fair value of these securities was $294.5 million $151.9 million and $260.1 million $135.3 million, respectively.

(c) On March 31, 2023, securities at Nelnet Bank with a fair value of $149.2 million were transferred from available-for-sale to held to maturity. The securities were reclassified at fair value at the time of the transfer, and such transfer represented a non-cash transaction. Accumulated other comprehensive income as of March 31, 2023 included pre-tax unrealized losses of $3.7 million related to the transfer. These unrealized losses are being amortized, consistent with the amortization of any discounts on such securities, over the remaining lives of the respective securities as an adjustment of yield.

(d) On March 31, 2023, certain Non-Nelnet Bank debt securities were transferred from held to maturity to available-for-sale.

(e) The Company has an investment in Agile Sports Technologies, Inc. (doing business as “Hudl”) that is included in “venture capital and funds” in the above table. On February 6, 2023, the Company acquired additional ownership interests in Hudl for $31.5 million. Such ownership interests were purchased by the Company from certain existing Hudl investors. The Company accounts for its investment in Hudl using the measurement alternative method, which requires it to adjust its carrying value of the investment for changes resulting from observable market transactions. The February 6, 2023 transaction was not considered an observable market transaction (not orderly) because it was not subject to customary marketing activities, and the price was privately negotiated between the Company and the selling parties. Accordingly, the Company did not adjust its carrying value of its Hudl investment to the February 2023 transaction value. As of September 30, 2023, the carrying amount of the Company's investment in Hudl is $165.5 million, and the Company's equity ownership interests did not materially change as a result of the February 6, 2023 transaction. David S. Graff, who has served on the Company's Board of Directors since May 2014, is CEO, co-founder, and a director of Hudl.

(f) During the first quarter of 2023, the Company contributed $8.4 million of additional equity to ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO"). As a result of this equity contribution, the Company's voting membership interests percentage in ALLO did not materially change.

(b) The Company accounts for its voting membership interests in ALLO under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. The Company recognized losses under the HLBV method of accounting on its ALLO voting membership interests investment of $17.3 million $10.7 million and $17.6 million $20.2 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $49.7 million and $47.6 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. Losses from the Company's investment in ALLO are included in "other, net" in "other income (expense)" on the consolidated statements of income. Absent additional equity contributions, the Company will not recognize additional losses for its voting membership interests in ALLO.

(g) (c) As of September 30, 2023 March 31, 2024, the outstanding preferred membership interests and accrued and unpaid preferred return of ALLO held by the Company was $145.9 million $155.0 million and $6.8 million $2.4 million, respectively. The preferred membership interests of ALLO held by the Company earn historically earned a preferred annual return of 6.25% that increased to 10.00% on April 1, 2024. The Company recognized income on its ALLO preferred membership interests of $2.3 million $2.4 million and $2.2 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $6.8 million and $6.4 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. This income is included in "other, net" in "other income (expense)" on the consolidated statements of income.

(h) (d) The Company has partial ownership in certain consumer, private education, and federally insured student loan securitizations. As of the latest remittance reports filed by the various trusts prior to or as of September 30, 2023 March 31, 2024, the Company's ownership correlates to approximately $660 million $965 million, $540 million $490 million, and $350 million $335 million of consumer, private education, and federally insured student loans, respectively, included in these securitizations.

(i) (e) As of September 30, 2023 March 31, 2024, the Company has funded a total of $332.0 million $491.8 million in solar investments, which includes $126.5 million $208.9 million funded by syndication partners. The carrying value of the Company's investment in a solar project is reduced by tax credits earned when the solar project is placed-in-service. As of March 31, 2024, the Company has earned a total of $511.6 million of tax credits, which includes $248.6 million earned by syndication partners. The solar investment carrying value on the consolidated balance sheet of $(133.8) million as of September 30, 2023 March 31, 2024 represents the sum of total tax credits earned on solar projects placed-in-service through September 30, 2023 March 31, 2024 and the calculated HLBV cumulative net losses being larger than the total investment contributions made by the Company and its syndication partners on such projects. As The solar investment balance as of September 30, 2023 March 31, 2024, excluding the Company is committed to fund an additional $265.9 million on tax equity investments, of which $128.7 million is expected to be provided portion owned by syndication partners. partners and reflected as "noncontrolling interests" on the consolidated balance sheet, was $(70.1) million.

The Company accounts for its solar investments using the HLBV method of accounting. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. The Company recognized net gains of $3.0 million and net losses of $1.9 million on its solar investments of $3.6 million and $4.2 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $13.5 million and $7.1 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. These losses, amounts, which include net losses attributable to third-party noncontrolling interest investors (syndication partners), are included in "other, net" in "other income (expense)" on the consolidated statements of income. Solar net losses attributed to noncontrolling interest investors was $1.8 million $1.2 million and $4.1 million $2.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $12.0 million and $8.0 million during the nine months ended September 30, 2023 and 2022, 2023, respectively, and is reflected in "net loss attributable to noncontrolling interests" in the consolidated statements of income. Excluding net losses attributed to noncontrolling interest investors, the Company recognized losses net gains on its solar investments of $1.8 million $4.2 million and $0.1 million $0.8 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and losses 2023, respectively.

As of $1.5 million and gains March 31, 2024, the Company is committed to fund an additional $146.6 million on solar investments, of $0.9 million during the nine months ended September 30, 2023 and 2022, respectively. which $76.2 million is expected to be provided by syndication partners.

The following table presents, by remaining contractual maturity, the amortized cost and fair value of debt securities at September 30, 2023 as of March 31, 2024:

| | | As of September 30, 2023 | | | | |
|---|---|---|---|---|---|---|
| | | 1 year or less | After 1 year through 5 years | After 5 years through 10 years | After 10 years | Total |
| | | As of March 31, 2024 | | | | |
| | | 1 year or less | After 1 year through 5 years | After 5 years through 10 years | After 10 years | Total |
| Available-for-sale asset-backed securities | Available-for-sale asset-backed securities | | | | | |
| Restricted Investments: | | | | | | |
| Restricted Investments: | | | | | | |
| Restricted Investments: | | | | | | |
| FFELP loan and other debt securities | | | | | | |
| FFELP loan and other debt securities | | | | | | |
| FFELP loan and other debt securities | | | | | | |
| Fair value | | | | | | |
| Non-Nelnet Bank: | Non-Nelnet Bank: | | | | | |
| FFELP loan | | | | | | |
| FFELP loan | | | | | | |
| FFELP loan | FFELP loan | $ — | 15,808 | 28,269 | 251,909 | 295,986 |
| Private education loan | Private education loan | — | — | — | 294,068 | 294,068 |
| Other debt securities | Other debt securities | — | 99 | 9,199 | 56,625 | 65,923 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total Non-Nelnet Bank | Total Non-Nelnet Bank | — | 15,907 | 37,468 | 602,602 | 655,977 |
| Fair value | Fair value | — | 15,676 | 36,563 | 572,043 | 624,282 |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | |
| FFELP loan | FFELP loan | 68,494 | 13,183 | 55,630 | 181,612 | 318,919 |
| FFELP loan | | | | | | |
| FFELP loan | | | | | | |
| Private education loan | Private education loan | — | — | — | 1,609 | 1,609 |
| Other debt securities | Other debt securities | 1,194 | 27,530 | 47,725 | 39,465 | 115,914 |
| Total Nelnet Bank | Total Nelnet Bank | 69,688 | 40,713 | 103,355 | 222,686 | 436,442 |
| Fair value | Fair value | 69,388 | 40,122 | 102,450 | 223,055 | 435,015 |
| Total available-for-sale asset-backed securities at amortized cost | Total available-for-sale asset-backed securities at amortized cost | $69,688 | 56,620 | 140,823 | 825,288 | 1,092,419 |
| Total available-for-sale asset-backed securities at fair value | Total available-for-sale asset-backed securities at fair value | $69,388 | 55,798 | 139,013 | 795,098 | 1,059,297 |
| **Held to maturity investments** | | | | | | |
| **Held-to-maturity investments** | | | | | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | | |
| **Non-Nelnet Bank:** | | | | | | |
| **Non-Nelnet Bank:** | | | | | | |
| Debt securities | | | | | | |
| Debt securities | | | | | | |
| Debt securities | Debt securities | $ 4,700 | — | — | — | 4,700 |
| Fair value | Fair value | 4,700 | — | — | — | 4,700 |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | |
| FFELP loan asset-backed securities | FFELP loan asset-backed securities | — | 3,571 | — | 154,554 | 158,125 |
| Other debt securities | | 241 | — | — | — | 241 |
| FFELP loan asset-backed securities | | | | | | |
| FFELP loan asset-backed securities | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Private education loan asset-backed securities | | | | | | |
| Total Nelnet Bank | Total Nelnet Bank | 241 | 3,571 | — | 154,554 | 158,366 |
| Fair value | Fair value | 241 | 3,641 | — | 155,786 | 159,668 |
| Total held-to-maturity investments at amortized cost | Total held-to-maturity investments at amortized cost | $ 4,941 | 3,571 | — | 154,554 | 163,066 |
| Total held-to-maturity investments at fair value | Total held-to-maturity investments at fair value | $ 4,941 | 3,641 | — | 155,786 | 164,368 |
| **Beneficial interest in loan securitizations (a):** | | | | | | |
| Amortized cost | | | | | | |
| Amortized cost | | | | | | |
| Amortized cost | | | | | | |
| Fair value | | | | | | |

(a) The Company's beneficial interest in loan securitizations are not due at a singe maturity date.

The following table summarizes the unrealized positions for held-to-maturity investments and the beneficial interest in loan securitizations as of March 31, 2024:

| | Carrying value | Gross unrealized gains | Gross unrealized losses (a) | Fair value |
|---|---|---|---|---|
| Asset-backed and other securities | $ 161,238 | 3,302 | (47) | 164,493 |
| Beneficial interest in loan securitizations | 235,824 | 28,806 | (4,093) | 260,537 |

(a) None of the unrealized losses at March 31, 2024 were due to credit losses.

The following table presents securities classified as available-for-sale that have gross unrealized losses at September 30, 2023 March 31, 2024 and the fair value of such securities as of September 30, 2023 March 31, 2024. These securities are segregated between investments that had been in a continuous unrealized loss position for less than twelve months and twelve months or more, based on the point in time that the fair value declined below the amortized cost basis. All securities in the table below have been evaluated to determine if a credit loss exists. As part of that assessment, the Company concluded it currently has the intent and ability to retain these investments, and none of the unrealized losses were due to credit losses.

| | As of September 30, 2023 | | | | | |
|---|---|---|---|---|---|---|
| | Unrealized loss position less than 12 months | | Unrealized loss position 12 months or more | | Total | |
| Available-for-sale asset-backed securities | Unrealized loss | Fair value | Unrealized loss | Fair value | Unrealized loss | Fair value |
| **Restricted Investments:** | | | | | | |

| | As of March 31, 2024 | | | | | |
|---|---|---|---|---|---|---|
| | Unrealized loss position less than 12 months | | Unrealized loss position 12 months or more | | Total | |
| Available-for-sale asset-backed securities | Unrealized loss | Fair value | Unrealized loss | Fair value | Unrealized loss | Fair value |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| **Restricted Investments:** | | | | | | | |
| **Restricted Investments:** | | | | | | | |
| FFELP loan and other debt securities | | | | | | | |
| FFELP loan and other debt securities | | | | | | | |
| FFELP loan and other debt securities | | | | | | | |
| **Non-Nelnet Bank:** | **Non-Nelnet Bank:** | | | | | | |
| FFELP loan | FFELP loan | $ (5,283) | 181,168 | (27) | 716 | (5,310) | 181,884 |
| FFELP loan | | | | | | | |
| FFELP loan | | | | | | | |
| Private education loan | Private education loan | (6,138) | 65,276 | (27,822) | 194,832 | (33,960) | 260,108 |
| Other debt securities | | (437) | 21,299 | — | — | (437) | 21,299 |
| Total Non-Nelnet Bank | | | | | | | |
| Total Non-Nelnet Bank | | | | | | | |
| Total Non-Nelnet Bank | Total Non-Nelnet Bank | (11,858) | 267,743 | (27,849) | 195,548 | (39,707) | 463,291 |
| **Nelnet Bank:** | **Nelnet Bank:** | | | | | | |
| FFELP loan | FFELP loan | (1,328) | 123,951 | (1,065) | 60,907 | (2,393) | 184,858 |
| Private education loan | | — | — | (83) | 1,526 | (83) | 1,526 |
| FFELP loan | | | | | | | |
| FFELP loan | | | | | | | |
| Other debt securities | | | | | | | |
| Other debt securities | | | | | | | |
| Other debt securities | Other debt securities | (319) | 25,045 | (2,107) | 42,333 | (2,426) | 67,378 |
| Total Nelnet Bank | Total Nelnet Bank | (1,647) | 148,996 | (3,255) | 104,766 | (4,902) | 253,762 |
| Total available-for-sale asset-backed securities | Total available-for-sale asset-backed securities | $ (13,505) | 416,739 | (31,104) | 300,314 | (44,609) | 717,053 |

The following table summarizes the gross proceeds received and gross realized gains and losses related to sales of available-for-sale asset-backed securities.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | **2023** | **2022** | **2023** | **2022** |
| | **Three months ended** | | | |
| | **Three months ended** | | | |
| | **Three months ended** | | | |
| | **March 31,** | | | |
| | **March 31,** | | | |

| | | | | | |
|---|---|---|---|---|---|
| | | March 31, | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| Gross proceeds from sales | | | | | |
| Gross proceeds from sales | | | | | |
| Gross proceeds from sales | Gross proceeds from sales | $ 198,548 | 130,705 | 776,096 | 450,457 |
| Gross realized gains | Gross realized gains | $ 1,257 | 1,142 | 3,451 | 5,016 |
| Gross realized gains | | | | | |
| Gross realized gains | | | | | |
| Gross realized losses | | | | | |
| Gross realized losses | | | | | |
| Gross realized losses | Gross realized losses | (193) | (564) | (6,452) | (796) |
| Net gains (losses) | Net gains (losses) | $ 1,064 | 578 | (3,001) | 4,220 |
| Net gains (losses) | | | | | |
| Net gains (losses) | | | | | |

**6. Intangible Assets**

Intangible assets consisted of the following:

| | Weighted average remaining useful life as of September 30, 2023 (months) | As of September 30, 2023 | As of December 31, 2022 |
|---|---|---|---|
| Amortizable intangible assets, net: | | | |
| Customer relationships (net of accumulated amortization of $45,217 and $55,116, respectively) | 105 | $ 45,490 | 51,738 |
| Trade names (net of accumulated amortization of $5,177 and $617, respectively) | 21 | 3,733 | 8,293 |
| Computer software (net of accumulated amortization of $487 and $6,400, respectively) | 43 | 1,233 | 1,520 |
| Other (net of accumulated amortization of $986 and $490, respectively) | 45 | 1,454 | 1,950 |
| Total - amortizable intangible assets, net | 96 | $ 51,910 | 63,501 |

| | Weighted average remaining useful life as of March 31, 2024 (months) | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|---|
| Amortizable intangible assets, net: | | | |
| Customer relationships (net of accumulated amortization of $48,617 and $46,573, respectively) | 102 | $ 40,987 | 43,031 |
| Trade names (net of accumulated amortization of $148 and $8,268, respectively) | 97 | 622 | 642 |
| Computer software (net of accumulated amortization of $659 and $574, respectively) | 37 | 1,061 | 1,146 |
| Total amortizable intangible assets, net | 100 | $ 42,670 | 44,819 |

The Company recorded amortization expense on its intangible assets of $5.4 million $2.1 million and $3.3 million $2.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $11.6 million and $8.6 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. The Company will continue to amortize intangible assets over their remaining useful lives. As of September 30, 2023 March 31, 2024, the Company estimates it will record amortization expense as follows:

| | | | |
|---|---|---|---|
| 2023 (October 1 - December 31) | | $ | 5,382 |
| 2024 | | | 8,775 |
| 2024 (April 1 - December 31) | | | |
| 2025 | 2025 | | 7,141 |
| 2026 | 2026 | | 6,294 |

| | | |
|---|---|---|
| 2027 | 2027 | 5,814 |
| 2028 and thereafter | | 18,504 |
| 2028 | | |
| 2029 and thereafter | | |
| | $ | 51,910 |

**7. Goodwill**

The following table presents the carrying amount of goodwill as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023 by reportable operating segment:

| | Loan Servicing and Systems | Education Technology, Services, and Payment Processing | Asset Generation and Management | Nelnet Bank | Corporate and Other Activities | Total |
|---|---|---|---|---|---|---|
| Goodwill balance | $ 23,639 | 92,507 | 41,883 | — | 18,873 | 176,902 |

**8. Impairment Expense**

The Company continues to evaluate the use of office space as a large number of associates continue to work from home. As a result, the Company recorded impairment charges related to operating lease assets and associated leasehold improvements of $5.0 million during the third quarter of 2023, which included a $2.4 million lease termination fee paid to Union Bank, a related party. In 2022, the Company recorded non-cash impairment charges of $6.2 million, primarily related to one of its venture capital investments accounted for under the measurement alternative method. The Company's impairment charges are included in "impairment and other expense, net" in the consolidated statements of income.

| | | | Nelnet Financial Services | | | | |
|---|---|---|---|---|---|---|---|
| | Loan Servicing and Systems | Education Technology Services and Payments | Asset Generation and Management | Nelnet Bank | NFS Other Operating Segments | Corporate and Other Activities | Total |
| Total goodwill | $ 23,639 | 92,507 | 41,883 | — | — | — | 158,029 |

**9. 8. Bank Deposits**

Deposits are The following table summarizes Nelnet Bank's interest-bearing deposits, and primarily consist of brokered certificates of deposit (CDs) and retail and other savings deposits and CDs. Retail and other deposits include savings deposits from Educational 529 College Savings and Health Savings plans, Short Term Federal Investment Trusts (STFIT), and commercial and institutional CDs. Union Bank, a related party, is the program manager for the College Savings plans and trustee for the STFIT Trust. CDs are accounts that have a stipulated maturity and interest rate. For savings accounts, the depositor may be required to give written notice of any intended withdrawal no less than seven days before the withdrawal is made. Generally, early withdrawal of brokered CDs is prohibited (except in the case of death or legal incapacity). excluding intercompany deposits:

| | As of March 31, 2024 | As of December 31, 2023 |
|---|---|---|
| Retail and other savings | $ 575,732 | 517,960 |
| Brokered CDs, net of brokered deposit fees | 204,174 | 203,522 |
| Retail and other CDs (commercial and institutional) | 19,320 | 20,060 |
| Commercial | 2,835 | 2,057 |
| Total interest-bearing deposits | $ 802,061 | 743,599 |

As of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, Nelnet Bank had intercompany deposits from Nelnet, Inc. and its subsidiaries totaling $229.3 million $158.6 million and $98.3 million $104.0 million, respectively, including a $40.0 million pledged deposit from Nelnet, Inc. as required under a Capital and Liquidity Maintenance Agreement with the FDIC. All intercompany deposits held at Nelnet Bank are eliminated for consolidated financial reporting purposes.

The following table summarizes Nelnet Bank's interest-bearing deposits, excluding intercompany deposits:

| | As of September 30, 2023 | As of December 31, 2022 |
|---|---|---|
| Brokered CDs, net of brokered deposit fees | $ 203,470 | 254,817 |
| Commercial | 2,057 | — |
| Retail and other savings (529, STFIT, and HSA) | 491,496 | 410,556 |
| Retail and other CDs (commercial and institutional) | 21,030 | 25,949 |
| Total interest-bearing deposits | $ 718,053 | 691,322 |

The following table presents certificates of deposit remaining maturities as of September 30, 2023 March 31, 2024:

| | | |
|---|---|---|
| One year or less | $ | — |
| After one year to two years | | 63,026 |
| After two years to three years | | $ 159,320 149,855 |
| After three years to four years | | 74,298 348 |
| After four years to five years | | 347 800 |
| After five years | | — |
| Total | $ | 224,500 223,494 |

The Retail and other deposits include savings deposits from Educational 529 College Savings, STFIT, Short Term Federal Investment Trusts, and Health Savings plan deposits. These deposits are large interest-bearing omnibus accounts structured to allow FDIC insurance to flow through to underlying individual depositors. Except for There were no deposits exceeding the FDIC insurance limits as of March 31, 2024, with the exception of $45.0 million, which includes the commercial deposit, the pledged deposit from Nelnet, Inc., and an earmarked deposit required for intercompany transactions, there were no deposits exceeding the FDIC insurance limits as of September 30, 2023 and December 31, 2022. transactions.

### 10. 9. Earnings per Common Share

The following table presents the components used to calculate basic and diluted earnings per share. The Company applies the two-class method in computing both basic and diluted earnings per share, which requires the calculation of separate earnings per share amounts for common stock and unvested share-based awards. Unvested share-based awards that contain nonforfeitable rights to dividends are considered securities which participate in undistributed earnings with common stock.

| | Three months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Common shareholders | Unvested restricted stock shareholders | Total | Common shareholders | Unvested restricted stock shareholders | Total |
| Numerator: Numerator: | | | | | | |
| Net income attributable to Nelnet, Inc. Net income attributable to Nelnet, Inc. | $ 44,367 | 965 | 45,332 | 102,763 | 2,035 | 104,798 |
| Denominator: Denominator: | | | | | | |
| Weighted-average common shares outstanding - basic and diluted Weighted-average common shares outstanding - basic and diluted | 36,699,510 | 798,563 | 37,498,073 | 36,654,781 | 725,712 | 37,380,493 |

| | Three months ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 2024 | | | 2023 | | |
| | Common shareholders | Unvested restricted stock shareholders | Total | Common shareholders | Unvested restricted stock shareholders | Total |
| Net income attributable to Nelnet, Inc. | | | | | | |
| Net income attributable to Nelnet, Inc. | | | | | | |
| Weighted-average common shares outstanding - basic and diluted | | | | | | |
| Weighted-average common shares outstanding - basic and diluted | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Earnings per share - basic and diluted | $ 1.21 | 1.21 | 1.21 | 2.80 | 2.80 | 2.80 |

| | Nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2023 | | | 2022 | | |
| | Common shareholders | Unvested restricted stock shareholders | Total | Common shareholders | Unvested restricted stock shareholders | Total |
| Numerator: | | | | | | |
| Net income attributable to Nelnet, Inc. | $ 97,982 | 2,104 | 100,086 | 369,479 | 7,094 | 376,573 |
| Denominator: | | | | | | |
| Weighted-average common shares outstanding - basic and diluted | 36,650,653 | 786,934 | 37,437,587 | 36,998,100 | 710,325 | 37,708,425 |
| Earnings per share - basic and diluted | $ 2.67 | 2.67 | 2.67 | 9.99 | 9.99 | 9.99 |

## 11. 10. Segment Reporting

See note 17 16 of the notes to consolidated financial statements included in the 2022 2023 Annual Report for a description of the Company's operating segments. The following tables present the results of each of the Company's reportable operating segments reconciled to the consolidated financial statements.

| | Three months ended September 30, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Loan Servicing and Systems | Education Technology, Services, and Payment Processing | Asset Generation and Management | Nelnet Bank | Corporate and Other Activities | Eliminations | Total |
| Total interest income | $ 1,098 | 8,934 | 248,878 | 15,171 | 16,253 | (5,783) | 284,551 |
| Interest expense | — | — | 197,393 | 9,456 | 6,093 | (5,783) | 207,159 |
| Net interest income | 1,098 | 8,934 | 51,485 | 5,715 | 10,160 | — | 77,392 |
| Less provision for loan losses | — | — | 8,732 | 1,927 | — | — | 10,659 |
| Net interest income after provision for loan losses | 1,098 | 8,934 | 42,753 | 3,788 | 10,160 | — | 66,733 |
| Other income (expense): | | | | | | | |

Three months ended March 31, 2024

Nelnet Financial Services

Loan Servicing and Systems

Loan Servicing and Systems

Loan Servicing and Systems | Education Technology Services and Payments | Asset Generation and Management | Nelnet Bank | NFS Other Operating Segments | Corporate and Other Activities | Eliminations | Total

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Loan servicing and systems revenue | Loan servicing and systems revenue | 127,892 | — | — | — | — | — | 127,892 |
| Loan servicing and systems revenue | | | | | | | | |
| Loan servicing and systems revenue | | | | | | | | |
| Intersegment revenue | Intersegment revenue | 6,944 | 77 | — | — | — | (7,021) | — |
| Education technology, services, and payment processing revenue | | — | 113,796 | — | — | — | — | 113,796 |
| Education technology services and payments revenue | | | | | | | | |
| Solar construction revenue | Solar construction revenue | — | — | — | — | 6,301 | — | 6,301 |
| Other, net | Other, net | 687 | — | 2,776 | 565 | (4,238) | — | (211) |
| Gain on sale of loans, net | | — | — | 5,362 | — | — | — | 5,362 |
| Impairment and other expense, net | | (296) | — | — | — | (4,678) | — | (4,974) |
| (Loss) gain on sale of loans, net | | | | | | | | |
| Derivative settlements, net | | | | | | | | |
| Derivative settlements, net | | | | | | | | |
| Derivative settlements, net | Derivative settlements, net | — | — | 621 | 196 | — | — | 817 |
| Derivative market value adjustments, net | Derivative market value adjustments, net | — | — | 1,192 | 1,948 | — | — | 3,140 |
| Total other income (expense), net | Total other income (expense), net | 135,227 | 113,873 | 9,951 | 2,709 | (2,615) | (7,021) | 252,123 |
| Cost of services: | Cost of services: | | | | | | | |
| Cost to provide education technology, services, and payment processing services | | — | 43,694 | — | — | — | — | 43,694 |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide solar construction services | Cost to provide solar construction services | — | — | — | — | 7,783 | — | 7,783 |
| Total cost of services | Total cost of services | — | 43,694 | — | — | 7,783 | — | 51,477 |
| Operating expenses: | Operating expenses: | | | | | | | |

Salaries and benefits

Salaries and benefits

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Salaries and benefits | Salaries and benefits | 73,310 | 39,776 | 1,242 | 2,520 | 25,019 | (663) | 141,204 |
| Depreciation and amortization | Depreciation and amortization | 5,023 | 3,030 | — | 259 | 13,522 | — | 21,835 |
| Other expenses | Other expenses | 15,629 | 8,309 | 2,952 | 1,290 | 23,192 | — | 51,370 |
| Intersegment expenses, net | Intersegment expenses, net | 17,894 | 5,875 | 7,948 | 129 | (25,488) | (6,358) | — |
| Total operating expenses | Total operating expenses | 111,856 | 56,990 | 12,142 | 4,198 | 36,245 | (7,021) | 214,409 |
| Income (loss) before income taxes | Income (loss) before income taxes | 24,469 | 22,123 | 40,562 | 2,299 | (36,483) | — | 52,970 |
| Income tax (expense) benefit | Income tax (expense) benefit | (5,872) | (5,307) | (9,735) | (552) | 10,732 | — | (10,734) |
| Net income (loss) | Net income (loss) | 18,597 | 16,816 | 30,827 | 1,747 | (25,751) | — | 42,236 |
| Net (income) loss attributable to noncontrolling interests | | — | (6) | — | — | 3,102 | — | 3,096 |
| Net loss (income) attributable to noncontrolling interests | | | | | | | | |
| Net income (loss) attributable to Nelnet, Inc. | Net income (loss) attributable to Nelnet, Inc. | $ 18,597 | 16,810 | 30,827 | 1,747 | (22,649) | — | 45,332 |
| Total assets as of September 30, 2023 | | $243,697 | 444,631 | 14,111,517 | 1,089,565 | 2,052,500 | (719,228) | 17,222,682 |

Total assets as of March 31, 2024

Total assets as of March 31, 2024

Total assets as of March 31, 2024

| | Three months ended September 30, 2022 | | | | | | | Three months ended March 31, 2023 |
|---|---|---|---|---|---|---|---|---|
| | Loan Servicing and Systems | Education Technology, Services, and Payment Processing | Asset Generation and Management | Nelnet Bank | Corporate and Other Activities | Eliminations | Total | |

Nelnet Financial Services

Loan Servicing and Systems

| | | Loan Servicing and Systems | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | Loan Servicing and Systems | Education Technology Services and Payments | Asset Generation and Management | Nelnet Bank | NFS Other Operating Segments | Corporate and Other Activities | Eliminations | Total |
| Total interest income | Total interest income | $ 831 | 3,707 | 182,932 | 7,551 | | 10,860 | (2,748) | 203,133 |
| Interest expense | Interest expense | — | — | 120,009 | 3,298 | | 6,067 | (2,748) | 126,625 |
| Net interest income | Net interest income | 831 | 3,707 | 62,923 | 4,253 | | 4,793 | — | 76,508 |
| Less provision for loan losses | Less provision for loan losses | — | — | 9,215 | 450 | | — | — | 9,665 |
| Net interest income after provision for loan losses | Net interest income after provision for loan losses | 831 | 3,707 | 53,708 | 3,803 | | 4,793 | — | 66,843 |
| Other income (expense): | Other income (expense): | | | | | | | | |
| Loan servicing and systems revenue | Loan servicing and systems revenue | 134,197 | — | — | — | | — | — | 134,197 |
| Loan servicing and systems revenue | | | | | | | | | |
| Loan servicing and systems revenue | | | | | | | | | |
| Intersegment revenue | Intersegment revenue | 8,281 | 8 | — | — | | — | (8,289) | — |
| Education technology, services, and payment processing revenue | | — | 106,894 | — | — | | — | — | 106,894 |
| Education technology services and payments revenue | | | | | | | | | |
| Solar construction revenue | Solar construction revenue | — | — | — | — | | 9,358 | — | 9,358 |
| Other, net | Other, net | 596 | — | 4,627 | 566 | | (3,564) | — | 2,225 |
| Gain on sale of loans, net | | — | — | 2,627 | — | | — | — | 2,627 |
| Impairment and other expense, net | | — | — | — | — | | 121 | — | 121 |
| (Loss) gain on sale of loans, net | | | | | | | | | |
| Derivative settlements, net | | | | | | | | | |
| Derivative settlements, net | | | | | | | | | |
| Derivative settlements, net | Derivative settlements, net | — | — | 10,271 | — | | — | — | 10,271 |
| Derivative market value adjustments, net | Derivative market value adjustments, net | — | — | 52,991 | — | | — | — | 52,991 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Total other income (expense), net | Total other income (expense), net | 143,074 | 106,902 | 70,516 | 566 | 5,915 | (8,289) | 318,684 |
| Cost of services: | Cost of services: | | | | | | | |
| Cost to provide education technology, services, and payment processing services | | — | 42,676 | — | — | — | — | 42,676 |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide education technology services and payments | | | | | | | | |
| Cost to provide solar construction services | Cost to provide solar construction services | — | — | — | — | 5,968 | — | 5,968 |
| Total cost of services | Total cost of services | — | 42,676 | — | — | 5,968 | — | 48,644 |
| Operating expenses: | Operating expenses: | | | | | | | |
| Salaries and benefits | | | | | | | | |
| Salaries and benefits | | | | | | | | |
| Salaries and benefits | Salaries and benefits | 82,067 | 34,950 | 653 | 1,814 | 27,713 | — | 147,198 |
| Depreciation and amortization | Depreciation and amortization | 5,784 | 2,532 | — | 4 | 10,452 | — | 18,772 |
| Other expenses | Other expenses | 16,654 | 7,034 | 3,349 | 1,427 | 15,395 | — | 43,858 |
| Intersegment expenses, net | Intersegment expenses, net | 17,486 | 4,762 | 8,350 | 69 | (22,378) | (8,289) | — |
| Total operating expenses | Total operating expenses | 121,991 | 49,278 | 12,352 | 3,314 | 31,182 | (8,289) | 209,828 |
| Income (loss) before income taxes | Income (loss) before income taxes | 21,914 | 18,655 | 111,872 | 1,055 | (26,442) | — | 127,055 |
| Income tax (expense) benefit | Income tax (expense) benefit | (5,259) | (4,475) | (26,849) | (246) | 10,244 | — | (26,586) |
| Net income (loss) | Net income (loss) | 16,655 | 14,180 | 85,023 | 809 | (16,198) | — | 100,469 |
| Net (income) loss attributable to noncontrolling interests | | — | (61) | — | — | 4,390 | — | 4,329 |
| Net loss (income) attributable to noncontrolling interests | | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Net income (loss) attributable to Nelnet, Inc. | Net income (loss) attributable to Nelnet, Inc. | $ 16,655 | 14,119 | 85,023 | 809 | (11,808) | — | 104,798 |
| Total assets as of September 30, 2022 | | $235,858 | 440,859 | 16,374,493 | 884,089 | 2,360,882 | (732,648) | 19,563,533 |

Total assets as of March 31, 2023

Total assets as of March 31, 2023

Total assets as of March 31, 2023

| | Nine months ended September 30, 2023 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Loan Servicing and Systems | Education Technology, Services, and Payment Processing | Asset Generation and Management | Nelnet Bank | Corporate and Other Activities | Eliminations | Total |
| Total interest income | $ 3,193 | 20,237 | 737,359 | 41,092 | 63,307 | (30,643) | 834,547 |
| Interest expense | — | — | 618,905 | 24,841 | 26,653 | (30,643) | 639,756 |
| Net interest income | 3,193 | 20,237 | 118,454 | 16,251 | 36,654 | — | 194,791 |
| Less provision for loan losses | — | — | 48,689 | 5,837 | — | — | 54,526 |
| Net interest income after provision for loan losses | 3,193 | 20,237 | 69,765 | 10,414 | 36,654 | — | 140,265 |
| Other income (expense): | | | | | | | |
| Loan servicing and systems revenue | 389,138 | — | — | — | — | — | 389,138 |
| Intersegment revenue | 21,980 | 198 | — | — | — | (22,178) | — |
| Education technology, services, and payment processing revenue | — | 357,258 | — | — | — | — | 357,258 |
| Solar construction revenue | — | — | — | — | 19,687 | — | 19,687 |
| Other, net | 1,900 | — | 6,939 | 1,395 | (31,526) | — | (21,293) |
| Gain on sale of loans, net | — | — | 32,685 | — | — | — | 32,685 |
| Impairment and other expense, net | (296) | — | — | — | (4,678) | — | (4,974) |
| Derivative settlements, net | — | — | 23,940 | 279 | — | — | 24,219 |
| Derivative market value adjustments, net | — | — | (35,323) | 3,057 | — | — | (32,266) |
| Total other income (expense), net | 412,722 | 357,456 | 28,241 | 4,731 | (16,517) | (22,178) | 764,454 |
| Cost of services: | | | | | | | |
| Cost to provide education technology, services, and payment processing services | — | 131,804 | — | — | — | — | 131,804 |
| Cost to provide solar construction services | — | — | — | — | 25,204 | — | 25,204 |
| Total cost of services | — | 131,804 | — | — | 25,204 | — | 157,008 |
| Operating expenses: | | | | | | | |
| Salaries and benefits | 234,012 | 116,040 | 3,093 | 6,881 | 79,403 | (808) | 438,620 |
| Depreciation and amortization | 14,400 | 8,424 | — | 315 | 33,976 | — | 57,114 |
| Other expenses | 42,760 | 26,063 | 12,083 | 3,696 | 53,550 | — | 138,154 |
| Intersegment expenses, net | 58,030 | 17,559 | 24,789 | 302 | (79,310) | (21,370) | — |
| Total operating expenses | 349,202 | 168,086 | 39,965 | 11,194 | 87,619 | (22,178) | 633,888 |
| Income (loss) before income taxes | 66,713 | 77,803 | 58,041 | 3,951 | (92,686) | — | 113,823 |
| Income tax (expense) benefit | (16,011) | (18,700) | (13,930) | (913) | 20,080 | — | (29,475) |
| Net income (loss) | 50,702 | 59,103 | 44,111 | 3,038 | (72,606) | — | 84,348 |
| Net (income) loss attributable to noncontrolling interests | — | 113 | — | — | 15,625 | — | 15,738 |
| Net income (loss) attributable to Nelnet, Inc. | $ 50,702 | 59,216 | 44,111 | 3,038 | (56,981) | — | 100,086 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Total assets as of September 30, 2023 | $ 243,697 | 444,631 | 14,111,517 | 1,089,565 | 2,052,500 | (719,228) | 17,222,682 |

| | Nine months ended September 30, 2022 | | | | | | |
|---|---|---|---|---|---|---|---|
| | Loan Servicing and Systems | Education Technology, Services, and Payment Processing | Asset Generation and Management | Nelnet Bank | Corporate and Other Activities | Eliminations | Total |
| Total interest income | $ 1,144 | 4,920 | 441,926 | 15,792 | 21,087 | (4,953) | 479,916 |
| Interest expense | 44 | — | 235,720 | 5,792 | 11,745 | (4,953) | 248,347 |
| Net interest income | 1,100 | 4,920 | 206,206 | 10,000 | 9,342 | — | 231,569 |
| Less provision for loan losses | — | — | 17,178 | 1,462 | — | — | 18,640 |
| Net interest income after provision for loan losses | 1,100 | 4,920 | 189,028 | 8,538 | 9,342 | — | 212,929 |
| Other income (expense): | | | | | | | |
| Loan servicing and systems revenue | 395,438 | — | — | — | — | — | 395,438 |
| Intersegment revenue | 25,142 | 16 | — | — | — | (25,158) | — |
| Education technology, services, and payment processing revenue | — | 310,211 | — | — | — | — | 310,211 |
| Solar construction revenue | — | — | — | — | 9,358 | — | 9,358 |
| Other, net | 1,946 | — | 16,270 | 2,224 | 4,309 | — | 24,750 |
| Gain on sale of loans, net | — | — | 5,616 | — | — | — | 5,616 |
| Impairment and other expense, net | — | — | — | — | (6,163) | — | (6,163) |
| Derivative settlements, net | — | — | 12,085 | — | — | — | 12,085 |
| Derivative market value adjustments, net | — | — | 239,125 | — | — | — | 239,125 |
| Total other income (expense), net | 422,526 | 310,227 | 273,096 | 2,224 | 7,504 | (25,158) | 990,420 |
| Cost of services: | | | | | | | |
| Cost to provide education technology, services, and payment processing services | — | 109,073 | — | — | — | — | 109,073 |
| Cost to provide solar construction services | — | — | — | — | 5,968 | — | 5,968 |
| Total cost of services | — | 109,073 | — | — | 5,968 | — | 115,041 |
| Operating expenses: | | | | | | | |
| Salaries and benefits | 257,259 | 98,356 | 1,858 | 5,082 | 75,455 | — | 438,010 |
| Depreciation and amortization | 16,056 | 7,544 | — | 11 | 30,366 | — | 53,978 |
| Other expenses | 46,375 | 19,549 | 9,925 | 3,009 | 41,438 | — | 120,297 |
| Intersegment expenses, net | 56,442 | 14,171 | 25,694 | 171 | (71,320) | (25,158) | — |
| Total operating expenses | 376,132 | 139,620 | 37,477 | 8,273 | 75,939 | (25,158) | 612,285 |
| Income (loss) before income taxes | 47,494 | 66,454 | 424,647 | 2,489 | (65,061) | — | 476,023 |
| Income tax (expense) benefit | (11,399) | (15,947) | (101,915) | (574) | 22,070 | — | (107,765) |
| Net income (loss) | 36,095 | 50,507 | 322,732 | 1,915 | (42,991) | — | 368,258 |
| Net (income) loss attributable to noncontrolling interests | — | (8) | — | — | 8,323 | — | 8,315 |
| Net income (loss) attributable to Nelnet, Inc. | $ 36,095 | 50,499 | 322,732 | 1,915 | (34,668) | — | 376,573 |
| Total assets as of September 30, 2022 | $ 235,858 | 440,859 | 16,374,493 | 884,089 | 2,360,882 | (732,648) | 19,563,533 |

## 12. 11. Disaggregated Revenue

The following tables present disaggregated revenue by service offering or customer type for the Company's fee-based operating segments.

***Loan Servicing and Systems***

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |

| | | | | | |
|---|---|---|---|---|---|
| Government loan servicing | Government loan servicing | $ 100,154 | 104,428 | 304,769 | 312,368 |
| Government loan servicing | | | | | |
| Government loan servicing | | | | | |
| Private education and consumer loan servicing | | | | | |
| Private education and consumer loan servicing | | | | | |
| Private education and consumer loan servicing | Private education and consumer loan servicing | 12,330 | 12,198 | 36,556 | 37,194 |
| FFELP loan servicing | FFELP loan servicing | 3,304 | 4,127 | 10,226 | 12,386 |
| FFELP loan servicing | | | | | |
| FFELP loan servicing | | | | | |
| Software services | | | | | |
| Software services | | | | | |
| Software services | Software services | 9,416 | 8,229 | 25,076 | 23,536 |
| Outsourced services | Outsourced services | 2,688 | 5,215 | 12,511 | 9,954 |
| Outsourced services | | | | | |
| Outsourced services | | | | | |
| Loan servicing and systems revenue | Loan servicing and systems revenue | $ 127,892 | 134,197 | 389,138 | 395,438 |
| Loan servicing and systems revenue | | | | | |
| Loan servicing and systems revenue | | | | | |

***Education Technology Services and Payment Processing Payments***

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| Tuition payment plan services | Tuition payment plan services | $ 30,223 | 25,779 | 95,235 | 84,131 |
| Tuition payment plan services | | | | | |
| Tuition payment plan services | | | | | |
| Payment processing | Payment processing | 50,848 | 47,957 | 126,716 | 113,996 |
| Education technology and services | | 31,793 | 32,548 | 132,796 | 110,755 |
| Payment processing | | | | | |
| Payment processing | | | | | |
| Education technology services | | | | | |
| Education technology services | | | | | |
| Education technology services | | | | | |
| Other | Other | 932 | 610 | 2,511 | 1,329 |
| Education technology, services, and payment processing revenue | | $ 113,796 | 106,894 | 357,258 | 310,211 |
| Other | | | | | |
| Other | | | | | |
| Education technology services and payments revenue | | | | | |
| Education technology services and payments revenue | | | | | |
| Education technology services and payments revenue | | | | | |

***Solar Construction***

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 (a) |
| | Three months ended March 31, | | | |

| | | | | | |
|---|---|---|---|---|---|
| | Three months ended March 31, | | | | |
| | Three months ended March 31, | | | | |
| | 2024 | | | | |
| | 2024 | | | | |
| | 2024 | | | | |
| Commercial revenue | Commercial revenue | $ 4,101 | 7,856 | 12,339 | 7,856 |
| Residential revenue | | 2,085 | 1,398 | 7,266 | 1,398 |
| Other | | 115 | 104 | 82 | 104 |
| Commercial revenue | | | | | |
| Commercial revenue | | | | | |
| Residential revenue (a) | | | | | |
| Residential revenue (a) | | | | | |
| Residential revenue (a) | | | | | |
| Solar construction revenue | Solar construction revenue | $ 6,301 | 9,358 | 19,687 | 9,358 |
| Solar construction revenue | | | | | |
| Solar construction revenue | | | | | |

(a) GRNE Solar was acquired On April 12, 2024, the Company announced a change in its solar engineering, procurement, and construction operations to focus exclusively on July 1, 2022, the commercial solar market and will discontinue its residential solar operations. As a result, residential revenue will decline in future periods as existing customer contracts are completed.

***Other Income (Expense)***

The following table presents the components of "other, net" in "other income (expense)" on the consolidated statements of income:

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | Three months ended March 31, | | | |
| | | Three months ended March 31, | | | |
| | | Three months ended March 31, | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| Reinsurance premiums | | | | | |
| Reinsurance premiums | | | | | |
| Reinsurance premiums | | | | | |
| Borrower late fee income | | | | | |
| Borrower late fee income | | | | | |
| Borrower late fee income | | | | | |
| Gain (loss) from solar investments, net | | | | | |
| Gain (loss) from solar investments, net | | | | | |
| Gain (loss) from solar investments, net | | | | | |
| ALLO preferred return | ALLO preferred return | $ 2,299 | 2,164 | 6,822 | 6,420 |
| Borrower late fee income | | 2,220 | 2,824 | 6,635 | 7,693 |
| ALLO preferred return | | | | | |
| ALLO preferred return | | | | | |
| Administration/sponsor fee income | Administration/sponsor fee income | 1,712 | 1,920 | 5,180 | 6,055 |
| Investment advisory services | | 1,633 | 1,612 | 4,884 | 4,375 |
| Administration/sponsor fee income | | | | | |
| Administration/sponsor fee income | | | | | |
| Investment advisory services (WRCM) | | | | | |
| Investment advisory services (WRCM) | | | | | |
| Investment advisory services (WRCM) | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Loss from ALLO voting membership interest investment | Loss from ALLO voting membership interest investment | (17,293) | (17,562) | (49,676) | (47,633) |
| Loss from solar investments | | (3,605) | (4,216) | (13,481) | (7,100) |
| Loss from ALLO voting membership interest investment | | | | | |
| Loss from ALLO voting membership interest investment | | | | | |
| Investment activity, net | | | | | |
| Investment activity, net | | | | | |
| Investment activity, net | Investment activity, net | (1,016) | 10,701 | (8,169) | 40,626 |
| Other | | | | | |
| Other | | | | | |
| Other | Other | 13,839 | 4,782 | 26,512 | 14,314 |
| Other, net | Other, net | $ (211) | 2,225 | (21,293) | 24,750 |
| Other, net | | | | | |
| Other, net | | | | | |

**13. 12. Major Customer**

***Government Loan Servicing***

Nelnet Servicing, LLC (Nelnet Servicing) and Great Lakes Educational Loan Services, Inc. (Great Lakes), both subsidiaries a subsidiary of the Company, are two of the current five private sector entities that have student earns loan servicing contracts revenue from a servicing contract with the Department. Department of Education (the "Department"). Revenue earned by the Company related to these contracts this contract was $100.2 million $105.5 million and $104.4 million $108.9 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $304.8 million and $312.4 million for the nine months ended September 30, 2023 and 2022, 2023, respectively.

The Company also earned remote hosted servicing revenue by licensing its software to certain third-party servicers for the Department.

*Contract Modifications and Award*

Effective April 1, 2023, the Department modified the Company's legacy student loan servicing contracts between the Department and each of Nelnet Servicing and Great Lakes (the "servicing contracts") to reduce the monthly fee under the servicing contracts by $0.19 per borrower on certain borrower statuses.

The Company's current student loan servicing contracts contract with the Department were was scheduled to expire on December 14, 2023. In April 2023, Nelnet Diversified Solutions, LLC (NDS), a subsidiary of the Company, Servicing received a contract award from the Department, pursuant to which NDS it was selected to provide continued servicing capabilities for the Department's student aid recipients under a new Unified Servicing and Data Solution (USDS) contract (the "New Government Servicing Contract") which will replace replaced the existing legacy Department student loan servicing contracts. On October 11, 2023, the USDS contract awarded to NDS was novated to Nelnet Servicing. contract.

The New Government Servicing Contract is became effective April 24, 2023 and has a five year base period, with 2 two-year and 1 one-year possible extensions. The Department's total loan servicing volume of more than 37 million existing borrowers will be allocated by the Department to Nelnet Servicing and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, Nelnet Servicing immediately began to make required servicing platform enhancements, for which it will be compensated from the Department on certain of these investments. In April 2023, the Department indicated that servicing Servicing under the USDS contracts New Government Servicing Contract went live on April 1, 2024 and the Company will go live recognize revenue in 2024 and it will extend the current legacy servicing contracts from December 14, 2023 to December 2024. Until servicing under the USDS contracts goes live, which is anticipated to be during accordance with this new contract beginning in the second quarter of 2024, the 2024. The Company will continue to earn earned revenue for servicing borrowers under its current the legacy servicing contracts contract with the Department. Department through March 31, 2024.

The new USDS servicing contracts have New Government Servicing Contract has multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contracts is contract was primarily based on borrower status. Assuming borrower volume remains consistent under the USDS servicing contract, New Government Servicing Contract, the Company expects revenue earned on a per borrower blended basis will decrease under the USDS contract New Government Servicing Contract versus the current legacy contracts. contract. However, consistent with the current legacy contracts, contract, the Company expects to earn additional revenue from the Department under the USDS servicing contract New Government Servicing Contact for change requests consolidations, and other support services. As discussed below, during the second quarter of 2023, the Company completed the transfer of Great Lakes direct loan servicing volume to the Nelnet servicing platform. The associated cost savings with moving government borrowers to one servicing platform will be partially offset under the USDS contract as the Company will incur additional costs for cybersecurity and other system specifications as required under the new contract.

*Loan Volume Transfers - Full Service Borrowers*

In February 2023, the Department notified the Company of its intention to transfer up to one million of the Company's existing Department servicing borrowers to another third-party servicer. This transfer decision was not based on the Company's performance. These transfers began in the second quarter of 2023 and were completed in July 2023.

In addition, the Company completed the transfer of active borrowers of Great Lakes direct loan servicing volume to the Nelnet servicing platform (the GreatNet Federal servicing platform) during the second quarter of 2023. The Company anticipates the decommissioning of the Great Lakes' platform to be completed by the end of 2023. Therefore, potential associated cost savings as a result of transferring direct loan servicing volume to one platform will not be recognized in operating results until 2024.

*Loan Volume Transfers - Remote Hosted Servicing Borrowers*

Edfinancial Services, LLC ("Edfinancial"), a current servicer for the Department, utilized Nelnet Servicing's platform to service their loans for the Department (remote hosted servicing customer). In the fourth quarter of 2022, Nelnet Servicing and Edfinancial reached an agreement on a decommission schedule transferring Edfinancial's direct loan servicing volume to another third-party servicing platform. As of December 31, 2022, Edfinancial was servicing 4.5 million borrowers for the Department on the Company's platform. The Company began transferring Edfinancial's servicing volume to another servicing platform in the first quarter of 2023 which reduced the number of Edfinancial's borrowers serviced on the Company's platform to 3.5 million borrowers as of March 31, 2023 and 579,000 borrowers as of June 30, 2023. Edfinancial's remaining borrowers were transferred off of the Company's platform in July 2023.

In February 2023, the Company's other remote hosted servicing customer notified the Company the Department intended to move that customer's servicing borrowers to a different third-party servicing platform. This transfer decision was the result of this customer not being one of the servicers awarded a USDS contract. As of March 31, 2023, this remote hosted servicing customer was servicing 1.4 million borrowers for the Department on the Company's platform. The majority of this volume was transferred to another third-party servicing platform during the second quarter of 2023, and the remaining borrowers were transferred off of the Company's platform in July 2023.

As a result of the transfers discussed above, the Company currently has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. However, the Company has executed an agreement with a third-party servicer awarded a USDS contract to license its servicing software to such entity and the Company anticipates earning remote hosted servicing revenue from this new customer when USDS goes live beginning in the second quarter of 2024.

*Department of Education Debt Relief*

In August 2022, the Department announced a broad based student debt relief plan that would provide targeted student debt cancellation to borrowers with loans held by the Department with unconditional loan cancellation in amounts of up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant. Federal courts blocked implementation of the Department's broad based student debt relief plan and on June 30, 2023, the Supreme Court struck down the Department's plan. While the current version of the Department's forgiveness plan has been invalidated, the Department recently announced that it has begun a new rulemaking process to consider other ways to provide debt relief to borrowers. The Company cannot predict the timing, nature, or ultimate outcome of any future potential student loan forgiveness programs as a result of the rulemaking process. Revenue earned under the current Department servicing contracts will decrease in future periods if the Department successfully implements broad based loan forgiveness.

### 14. 13. Fair Value

The following tables present the Company's financial assets and liabilities that are measured at fair value on a recurring basis.

| | | As of September 30, 2023 | | | As of December 31, 2022 | | | As of March 31, 2024 | | | As of December 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total | Level 1 | Level 2 | Total |
| Assets: | Assets: | | | | | | | | | | | | |
| Investments: | Investments: | | | | | | | | | | | | |
| Investments: | | | | | | | | | | | | | |
| Investments: | | | | | | | | | | | | | |
| Asset-backed debt securities - available-for-sale | | | | | | | | | | | | | |
| Asset-backed debt securities - available-for-sale | | | | | | | | | | | | | |
| Asset-backed debt securities - available-for-sale | Asset-backed debt securities - available-for-sale | $ 99 | 1,059,198 | 1,059,297 | 100 | 1,388,937 | 1,389,037 | | | | | | |
| Equity securities | Equity securities | 80 | — | 80 | 6,719 | — | 6,719 | | | | | | |
| Equity securities measured at net asset value (a) | Equity securities measured at net asset value (a) | | | 46,554 | | | 32,363 | | | | | | |
| Total investments | Total investments | 179 | 1,059,198 | 1,105,931 | 6,819 | 1,388,937 | 1,428,119 | | | | | | |
| Derivative instruments (b) | | — | 3,056 | 3,056 | — | — | — | | | | | | |
| Derivative instruments | | | | | | | | | | | | | |
| Total assets | Total assets | $179 | 1,062,254 | 1,108,987 | 6,819 | 1,388,937 | 1,428,119 | | | | | | |
| Liabilities: | | | | | | | | | | | | | |

Derivative instruments

Derivative instruments

Derivative instruments

Total liabilities

(a) In accordance with the Fair Value Measurements Topic of the FASB Accounting Standards Codification, certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.

(b) Nelnet Bank derivatives are accounted for at fair value on a recurring basis. The fair value of derivative financial instruments is determined using a market approach in which derivative pricing models use the stated terms of the contracts and observable yield curves and volatilities from active markets. When determining the fair value of derivatives, Nelnet Bank takes into account counterparty credit risk for positions where it is exposed to the counterparty on a net basis by assessing exposure net of collateral held. The net exposures for each counterparty are adjusted based on market information available for the specific counterparty.

The following table summarizes the fair values of all of the Company's financial instruments on the consolidated balance sheets:

| | | As of September 30, 2023 | | | | | As of March 31, 2024 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Fair value | Carrying value | Level 1 | Level 2 | Level 3 | Fair value | Carrying value | Level 1 | Level 2 | Level 3 |
| Financial assets: | Financial assets: | | | | | | | | | | |
| Loans receivable | Loans receivable | $13,462,084 | 13,060,703 | — | — | 13,462,084 | | | | | |
| Loans receivable | | | | | | | | | | | |
| Loans receivable | | | | | | | | | | | |
| Accrued loan interest receivable | Accrued loan interest receivable | 806,854 | 806,854 | — | 806,854 | — | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | 187,690 | 187,690 | 187,690 | — | — | | | | | |
| Investments (at fair value) | Investments (at fair value) | 1,105,931 | 1,105,931 | 179 | 1,059,198 | — | | | | | |
| Investments - held to maturity | | 164,368 | 163,066 | — | 164,368 | — | | | | | |
| Investments - held-to-maturity | | | | | | | | | | | |
| Notes receivable | Notes receivable | 54,129 | 54,129 | — | 54,129 | — | | | | | |
| Beneficial interest in loan securitizations | Beneficial interest in loan securitizations | 239,890 | 191,152 | — | — | 239,890 | | | | | |
| Restricted cash | Restricted cash | 445,983 | 445,983 | 445,983 | — | — | | | | | |
| Restricted cash – due to customers | Restricted cash – due to customers | 158,872 | 158,872 | 158,872 | — | — | | | | | |
| Derivative instruments | Derivative instruments | 3,056 | 3,056 | — | 3,056 | — | | | | | |
| Derivative instruments | | | | | | | | | | | |
| Derivative instruments | | | | | | | | | | | |
| Financial liabilities: | Financial liabilities: | | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | | | |
| Bonds and notes payable | Bonds and notes payable | 12,215,581 | 12,448,109 | — | 12,215,581 | — | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Accrued interest payable | Accrued interest payable | 36,391 | 36,391 | — | 36,391 | — | | | | | |
| Bank deposits | Bank deposits | 690,313 | 718,053 | 440,062 | 250,251 | — | | | | | |
| Due to customers | Due to customers | 341,822 | 341,822 | 341,822 | — | — | | | | | |
| Derivative instruments | | | | | | | | | | | |
| | | As of December 31, 2022 | | | | | As of December 31, 2023 | | | | |
| | | Fair value | Carrying value | Level 1 | Level 2 | Level 3 | Fair value | Carrying value | Level 1 | Level 2 | Level 3 |
| Financial assets: | Financial assets: | | | | | | | | | | |
| Loans receivable | Loans receivable | $14,586,794 | 14,427,025 | — | — | 14,586,794 | | | | | |
| Loans receivable | | | | | | | | | | | |
| Loans receivable | | | | | | | | | | | |
| Accrued loan interest receivable | Accrued loan interest receivable | 816,864 | 816,864 | — | 816,864 | — | | | | | |
| Cash and cash equivalents | Cash and cash equivalents | 118,146 | 118,146 | 118,146 | — | — | | | | | |
| Investments (at fair value) | Investments (at fair value) | 1,428,119 | 1,428,119 | 6,819 | 1,388,937 | — | | | | | |
| Investments - held to maturity | | 18,996 | 18,774 | — | 18,996 | — | | | | | |
| Investments - held-to-maturity | | | | | | | | | | | |
| Notes receivable | Notes receivable | 31,106 | 31,106 | — | 31,106 | — | | | | | |
| Beneficial interest in loan securitizations | Beneficial interest in loan securitizations | 162,360 | 138,738 | — | — | 162,360 | | | | | |
| Restricted cash | Restricted cash | 945,159 | 945,159 | 945,159 | — | — | | | | | |
| Restricted cash – due to customers | Restricted cash – due to customers | 294,311 | 294,311 | 294,311 | — | — | | | | | |
| Derivative instruments | | | | | | | | | | | |
| Derivative instruments | | | | | | | | | | | |
| Derivative instruments | | | | | | | | | | | |
| Financial liabilities: | Financial liabilities: | | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | | | |
| Bonds and notes payable | | | | | | | | | | | |
| Bonds and notes payable | Bonds and notes payable | 14,088,666 | 14,637,195 | — | 14,088,666 | — | | | | | |
| Accrued interest payable | Accrued interest payable | 36,049 | 36,049 | — | 36,049 | — | | | | | |
| Bank deposits | Bank deposits | 664,573 | 691,322 | 355,282 | 309,291 | — | | | | | |
| Due to customers | Due to customers | 348,317 | 348,317 | 348,317 | — | — | | | | | |

Derivative instruments

The methodologies for estimating the fair value of financial assets and liabilities are described in note 24 23 of the notes to consolidated financial statements included in the 2022 2023 Annual Report.

**ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

**(Management's Discussion and Analysis of Financial Condition and Results of Operations is for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. All dollars are in thousands, except per share amounts, unless otherwise noted.)**

The following discussion and analysis provides information that the Company's management believes is relevant to an assessment and understanding of the consolidated results of operations and financial condition of the Company. The discussion should be read in conjunction with the Company's consolidated financial statements included in the 2022 2023 Annual Report.

**Forward-looking and cautionary statements**

This report contains forward-looking statements and information that are based on management's current expectations as of the date of this document. Statements that are not historical facts, including statements about the Company's plans and expectations for future financial condition, results of operations or economic performance, or that address management's plans and objectives for future operations, and statements that assume or are dependent upon future events, are forward-looking statements. The words "anticipate," "assume," "believe," "continue," "could," "ensure," "estimate," "expect," "forecast," "future," "intend," "may," "plan," "potential," "predict," "scheduled," "should," "will," "would," and similar expressions, as well as statements in future tense, are intended to identify forward-looking statements.

The forward-looking statements are based on assumptions and analyses made by management in light of management's experience and its perception of historical trends, current conditions, expected future developments, and other factors that management believes are appropriate under the circumstances. These statements are subject to known and unknown risks, uncertainties, assumptions, and other factors that may cause the actual results and performance to be materially different from any future results or performance expressed or implied by such forward-looking statements. These factors include, among others, the risks and uncertainties set forth in the "Risk Factors" section of the 2022 2023 Annual Report and include such risks and uncertainties as:

- risks related to the ability to successfully maintain and increase allocated volumes of student loans serviced by the Company under existing and future servicing contracts with the U.S. Department, of Education (the "Department") risks related to unfavorable contract modifications or interpretations, and risks related to the Company's ability to comply with agreements with third-party customers for the servicing of Federal Direct Loan Program, Federal Family Education Loan Program (the "FFEL Program" or FFELP), private education, and consumer loans;
- loan portfolio risks such as prepayment risk, credit risk, interest rate basis and repricing risk, risks related to the use of derivatives to manage exposure to interest rate fluctuations, uncertainties regarding the expected benefits from purchased securitized and unsecuritized FFELP, private education, consumer, and other loans, or investment interests therein, and initiatives to purchase additional FFELP, private education, consumer, and other loans, and risks from changes in levels of loan prepayment or default rates; loans;
- financing and liquidity risks, including risks of changes in the interest rate environment;
- risks from changes in the terms of education loans and in the educational credit and services markets resulting from changes in applicable laws, regulations, and government programs and budgets;
- risks related to a breach of or failure in the Company's operational or information systems or infrastructure, or those of third-party vendors;
- risks related to use of artificial intelligence;
- uncertainties inherent in forecasting future cash flows from student loan assets and related asset-backed securitizations;
- risks and uncertainties of related to the expected benefits from the November 2020 launch ability of Nelnet Bank operations, including the ability to successfully conduct banking operations achieve its business objectives and effectively deploy loan and deposit strategies and achieve expected market penetration;
- risks related to the expected benefits to the Company from its continuing investment in ALLO Holdings, LLC (referred to collectively with its subsidiary ALLO Communications LLC as "ALLO"), and risks related to investments in solar projects, including risks of not being able to realize tax credits which remain subject to recapture by taxing authorities; authorities and rising construction costs;
- risks and uncertainties related to other initiatives to pursue additional strategic investments (and anticipated income therefrom), including venture capital and real estate investments, reinsurance, acquisitions, and other activities (including risks associated with errors that occasionally occur in converting loan servicing portfolios to a new servicing platform), including activities that are intended to diversify the Company both within and outside of its historical core education-related businesses;
- risks and uncertainties associated with climate change; and
- risks and uncertainties associated with litigation matters and with maintaining compliance with the extensive regulatory requirements applicable to the Company's businesses. businesses, and uncertainties inherent in the estimates and assumptions about future events that management is required to make in the preparation of the Company's consolidated financial statements.

All forward-looking statements contained in this report are qualified by these cautionary statements and are made only as of the date of this document. Although the Company may from time to time voluntarily update or revise its prior forward-looking statements to reflect actual results or changes in the Company's expectations, the Company disclaims any commitment to do so except as required by law.

**OVERVIEW**

The Company is a diverse, innovative company with a purpose to serve others and a vision to make dreams possible. The largest operating businesses engage in loan servicing and education technology services and payment processing, and the Company also has a significant investment in communications. payments. A significant portion of the Company's revenue is net interest income earned on a portfolio of federally insured student loans. The Company also makes investments to further diversify both within and outside of its historical core education-related businesses including, but not limited to, investments in a fiber communications company (ALLO), early-stage and emerging growth companies (venture capital investments), real estate, reinsurance, and renewable energy (solar). The Company is also actively expanding its private education, consumer, and other loan portfolios, and in November 2020 launched Nelnet Bank.

***GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments***

The Company prepares its financial statements and presents its financial results in accordance with GAAP. However, it also provides additional non-GAAP financial information related to specific items management believes to be important in the evaluation of its operating results and performance. A reconciliation of the Company's GAAP net income to Non-GAAP net income, excluding derivative market value adjustments, and a discussion of why the Company believes providing this additional information is useful to investors, is provided below.

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | **2023** | **2022** | **2023** | **2022** |
| | | **Three months ended March 31,** | | | |
| | | **Three months ended March 31,** | | | |
| | | **Three months ended March 31,** | | | |
| | | **2024** | | | |
| | | **2024** | | | |
| | | **2024** | | | |
| GAAP net income attributable to Nelnet, Inc. | | | | | |
| GAAP net income attributable to Nelnet, Inc. | | | | | |
| GAAP net income attributable to Nelnet, Inc. | GAAP net income attributable to Nelnet, Inc. | $ 45,332 | 104,798 | 100,086 | 376,573 |
| Realized and unrealized derivative market value adjustments | Realized and unrealized derivative market value adjustments | (3,140) | (52,991) | 32,266 | (239,125) |
| Realized and unrealized derivative market value adjustments | | | | | |
| Realized and unrealized derivative market value adjustments | | | | | |
| Tax effect (a) | Tax effect (a) | 754 | 12,718 | (7,744) | 57,390 |
| Tax effect (a) | | | | | |
| Tax effect (a) | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | $ 42,946 | 64,525 | 124,608 | 194,838 |
| Earnings per share: | Earnings per share: | | | | |
| Earnings per share: | | | | | |
| Earnings per share: | | | | | |
| GAAP net income attributable to Nelnet, Inc. | | | | | |
| GAAP net income attributable to Nelnet, Inc. | | | | | |
| GAAP net income attributable to Nelnet, Inc. | GAAP net income attributable to Nelnet, Inc. | $ 1.21 | 2.80 | 2.67 | 9.99 |

| | | | | | |
|---|---|---|---|---|---|
| Realized and unrealized derivative market value adjustments | Realized and unrealized derivative market value adjustments | (0.08) | (1.42) | 0.86 | (6.34) |
| Realized and unrealized derivative market value adjustments | | | | | |
| Realized and unrealized derivative market value adjustments | | | | | |
| Tax effect (a) | | | | | |
| Tax effect (a) | | | | | |
| Tax effect (a) | Tax effect (a) | 0.02 | 0.35 | (0.20) | 1.52 |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | $ 1.15 | 1.73 | 3.33 | 5.17 |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments (b) | | | | | |

(a) The tax effects are calculated by multiplying the realized and unrealized derivative market value adjustments by the applicable statutory income tax rate.

(b) "Derivative market value adjustments" includes both the realized portion of gains and losses (corresponding to variation margin received or paid on derivative instruments that are settled daily at a central clearinghouse) and the unrealized portion of gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. "Derivative market value adjustments" does not include "derivative settlements" that represent the cash paid or received during the current period to settle with derivative instrument counterparties the economic effect of the Company's derivative instruments based on their contractual terms.

The accounting for derivatives requires that changes in the fair value of derivative instruments be recognized currently in earnings, with no fair value adjustment of the hedged item, unless specific hedge accounting criteria is met. Management has structured all of the Company's derivative transactions with the intent that each is economically effective; however, the Company's derivative instruments do not qualify for hedge accounting in the consolidated financial statements. As a result, the change in fair value of derivative instruments is reported in current period earnings with no consideration for the corresponding change in fair value of the hedged item. Under GAAP, the cumulative net realized and unrealized gain or loss caused by changes in fair values of derivatives in which the Company plans to hold to maturity will equal zero over the life of the contract. However, the net realized and unrealized gain or loss during any given reporting period fluctuates significantly from period to period.

The Company Company believes these point-in-time estimates of asset and liability values related to its derivative instruments that are subject to interest rate fluctuations are subject to volatility mostly due to timing and market factors beyond the control of management, and affect the period-to-period comparability of the results of operations. Accordingly, the Company's management utilizes operating results excluding these items for comparability purposes when making decisions regarding the Company's performance and in presentations with credit rating agencies, lenders, and investors. Consequently, the Company reports this non-GAAP information because the Company believes that it provides additional information regarding operational and performance indicators that are closely assessed by management. There is no comprehensive, authoritative guidance for the presentation of such non-GAAP information, which is only meant to supplement GAAP results by providing additional information that management utilizes to assess performance.

***Operating Segments***

The Company's reportable operating segments are described in note 1 of the notes to consolidated financial statements included in the 2022 2023 Annual Report. They include:

- Loan Servicing and Systems (LSS) - referred to as Nelnet Diversified Services (NDS)
- Education Technology Services and Payment Processing (ETS&PP) Payments (ETSP) - referred to as Nelnet Business Services (NBS)
- Asset Generation and Management (AGM), part of the Nelnet Financial Services (NFS) division
- Nelnet Bank, part of the NFS division

The Company earns fee-based revenue through its NDS and NBS reportable operating segments. The Company earns net interest income on its loan portfolio, consisting primarily of FFELP loans, in through its AGM reportable operating segment. This segment is expected to generate significant amounts of cash as the FFELP portfolio amortizes. The Company actively works to maximize the amount and timing of cash flows generated from its FFELP portfolio and seeks to acquire additional loan assets to leverage its servicing scale and expertise to generate incremental earnings and cash flow. Nelnet Bank operates as an internet industrial bank franchise focused on the private education and unsecured consumer loan markets, with a home office in Salt Lake City, Utah. Other operating segments included in the NFS division include the Company's U.S. Securities and Exchange Commission (SEC)-registered investment advisor subsidiary, property and casualty reinsurance activities, investment activities in real estate, and investment debt securities (primarily student loan and other asset-backed securities) and interest expense incurred on debt used to finance such investments.

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities ("Corporate"). Corporate also includes interest income earned on cash balances held at the majority of the Company's investments, corporate level and interest expense incurred on unsecured and other corporate related debt transactions, certain investment activities including its investment in ALLO and early-stage and emerging growth companies (venture capital investments), and certain shared service activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These shared services that are allocated to each operating segment based on estimated use of such activities and services. In addition, Corporate includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs.

The information below presents the operating results (net income (loss) before taxes) for each of the Company's reportable and certain other operating segment and Corporate and Other Activities segments reconciled to the consolidated financial statements for the three and nine months ended September 30, 2023 March 31, 2024 and 2022. 2023. See "Results of Operations" for each reportable operating segment, the NFS operating segments, and Corporate and Other Activities under this Item 2 for additional detail.

| | | Three months ended September 30, 2023 | 2022 | Nine months ended September 30, 2023 | 2022 | Certain Items Impacting Comparability (All dollar amounts below are pre-tax) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Three months ended March 31, | | | | | | | | | | | |
| | | Three months ended March 31, | | | | | | | | | | | |
| | 2024 | Three months ended March 31, | | | | | | | | | | Certain Items Impacting Comparability (All dollar amounts below are pre-tax) | |
| NDS | | | | | | | | | | | | | |
| NDS | | | | | | | | | | | | | |
| NDS | NDS | $24,469 | 21,914 | 66,713 | 47,494 | • An increase in before tax operating margin in 2023 compared with 2022 due to a decrease in operating expenses, primarily salaries and benefits. In 2022, the Company was fully staffed in preparation for the resumption of federal student loan payments once the CARES Act suspension was to expire. The expiration of the CARES Act was extended multiple times throughout 2022. The Company | $ 15,990 | 25,219 | | 25,219 | | • A decrease in before tax operating margin due primarily to a decrease in loan servicing and systems revenue, partially offset by a decrease in salaries and benefits resulting from restructure charges incurred during the first quarter of 2023 and staff reductions in 2023. | • A decrease in before tax operating margin due primarily to a decrease in loan servicing and systems revenue, partially offset by a decrease in salaries and benefits resulting from restructure charges incurred during the first quarter of 2023 and staff reductions in 2023. |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | reduced staff in the first and second quarters of 2023 to manage expenses due to the delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for the Company's Department servicing contracts. Margin was also positively impacted in 2023 due to $4.8 million of deconversion revenue recognized in the third quarter of 2023 related to a remote hosted servicing customer leaving the Company's platform. | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| NBS | NBS | 22,123 | 18,655 | 77,803 | 66,454 | • The recognition of $8.9 million and $20.2 million of interest income for the three and nine months ended September 30, 2023, respectively, compared with $3.7 million and $4.9 million for the same periods in 2022, due to higher interest rates.<br>• A decrease in before tax operating margin, excluding net interest income, in 2023 compared with 2022 due to additional investments in the development of new services and technologies and superior customer experiences to align with the Company's strategies to grow, retain, and diversify revenue. | NBS | 47,635 | 37,637 | | 37,637 | • An increase in before tax operating margin, excluding net interest income, due to increased revenue while maintaining a consistent cost structure.<br>• The recognition of $7.9 million of interest income in 2024 compared with $6.0 million in 2023 due to higher interest rates. | | • An increase in before tax operating margin, excluding net interest income, due to increased revenue while maintaining a consistent cost structure.<br>• The recognition of $7.9 million of interest income in 2024 compared with $6.0 million in 2023 due to higher interest rates. |
| Nelnet Financial Services division: | | | | | | | | | | | | | | |
| AGM | | | | | | | | | | | | | | |
| AGM | | | | | | | | | | | | | | |
| AGM | | | | | | | | 33,743 | | | (221) | | | • A net gain of $5.7 million related to changes in the fair values of |

derivative instruments that do not qualify for hedge accounting in 2024 compared with a net loss of $37.4 million in 2023.

- A decrease of $21.1 million in net interest income due to a decrease in core loan spread in 2024 compared with 2023.
- A decrease of $5.1 million in net interest income due to the decrease in the average balance of loans in 2024 compared with 2023.
- The recognition of $6.6 million in provision for loan losses in 2024 compared with $31.9 million in 2023.
- The recognition of a net gain of $11.8 million in 2023 from the sale of loans.
- The recognition of $21.8 million of investment interest in 2024 compared with $13.8 million in 2023 due to an increase in interest earned on the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments.

| | |
|---|---|
| Nelnet Bank | |

| | | | |
|---|---|---|---|
| NFS other operating segments | | | |
| NFS other operating segments | | | |
| NFS other operating segments | 13,762 | 5,177 | • The recognition of $12.2 million of net interest income in 2024 compared with $6.4 million in 2023 due to higher average yield on interest-earning debt securities (bonds) and a decrease in outstanding debt used to finance such investments.<br>• The recognition of $4.0 million of realized losses on sales of investment securities in 2023. |
| Corporate: | | | |
| Unallocated corporate costs | | | |
| Unallocated corporate costs | | | |
| Unallocated corporate costs | | | |
| ALLO investment | | | |
| ALLO investment | | | |

| | | | |
|---|---|---|---|
| ALLO investment | (8,593) | (17,882) | • The recognition of a net loss from the ALLO voting membership interest investment of $10.7 million in 2024 compared with $20.2 million in 2023. Absent additional equity contributions, the Company will not recognize additional losses for its voting membership interests in ALLO.<br>• The recognition of income of $2.4 million and $2.2 million in 2024 and 2023, respectively, on the $155.0 million (as of March 31, 2024) outstanding preferred membership interests of ALLO. The preferred membership interests of ALLO held by the Company historically earned a preferred annual return of 6.25% that increased to 10.00% on April 1, 2024. |

| | | | | |
|---|---|---|---|---|
| Nelnet Renewable Energy | Nelnet Renewable Energy | (1,533) | (6,701) | • The recognition of a loss in the solar construction business of $4.0 million in 2024 compared with $3.1 million in 2023.<br>• The recognition of a net gain from tax solar investments of $3.0 million in 2024 compared with a net loss of $1.9 million in 2023. |

| |
|---|
| Other corporate activities |
| Other corporate activities |
| Other corporate activities |
| Net income before taxes |
| Net income before taxes |
| Net income before taxes |
| Income tax expense |
| Income tax expense |
| Income tax expense |
| Net loss attributable to noncontrolling interests |
| Net loss attributable to noncontrolling interests |

| | | | | | |
|---|---|---|---|---|---|
| Net loss attributable to noncontrolling interests | | | 2,202 | 3,470 | • The majority of noncontrolling interests represents losses attributed to noncontrolling membership interests in the Company's Nelnet Renewable Energy operating segment, which were $2.3 million and $3.5 million in 2024 and 2023, respectively. |
| Net income | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| AGM | 40,562 | 111,872 | 58,041 | 424,647 | • A net gain of $1.2 million and net loss of $35.3 million related to changes in the fair values of derivative instruments that do not qualify for hedge accounting for the three and nine months ended September 30, 2023, respectively, compared with a net gain of $53.0 million and $239.1 million for the same periods in 2022.<br>• The recognition of a $25.9 million non-cash expense in the second quarter of 2023 as the result of redeeming certain asset-backed debt securities prior to their maturity and writing off the remaining unamortized debt discount at the time of redemption.<br>• A decrease of $24.0 million and $38.7 million in net interest income due to a decrease in core loan spread for the three and nine months ended September 30, 2023, respectively, compared with the same periods in 2022.<br>• A decrease of $4.9 million and $24.2 million in net interest income due to the decrease in the average balance of loans for the three and nine months ended September 30, 2023, respectively, compared with the same periods in 2022.<br>• The recognition of $18.1 million and $47.7 million of investment interest for the three and nine months ended September 30, 2023, respectively, compared with $10.3 million and $28.1 million for the same periods in 2022 due to an increase of interest earned on restricted cash due to higher interest rates.<br>• The recognition of $5.4 million and $32.7 million in gains from the sale of loans for the three and nine months ended September 30, 2023, respectively, compared with $2.6 million and $5.6 million for the same periods in 2022.<br>• The recognition of $8.7 million and $48.7 million in provision for loan losses for the three and nine months ended September 30, 2023, respectively, compared with $9.2 million and $17.2 million for the same periods in 2022. |
| Nelnet Bank | 2,299 | 1,055 | 3,951 | 2,489 | |
| Corporate | (36,483) | (26,442) | (92,686) | (65,061) | • An increase of $4.2 million and $25.1 million in net interest income from the Company's cash and investment (bond) portfolio due to an increase in interest rates for the three and nine months ended September 30, 2023, respectively, compared with the same periods in 2022.<br>• The recognition of net investment income of $0.3 million and losses of $4.5 million for the three and nine months ended September 30, 2023, respectively, compared with net investment income of $10.5 million and $37.2 million for the same periods in 2022.<br>• The recognition of $4.9 million and $16.2 million of losses from the Company's acquisition of GRNE Solar on July 1, 2022 for the three and nine months ended September 30, 2023, respectively, compared with losses of $0.7 million for both the comparable periods in 2022.<br>• The recognition of an impairment charge of $4.7 million in the third quarter of 2023 related to real estate leases as the Company continues to downsize its facility footprint as a result of associates working from home compared with $6.2 million in the second quarter of 2022 related primarily to a venture capital investment. |
| Income before income taxes | 52,970 | 127,055 | 113,823 | 476,023 | |

| | | | | |
|---|---|---|---|---|
| Income tax expense | (10,734) | (26,586) | (29,475) | (107,765) |
| Net loss attributable to noncontrolling interests | 3,096 | 4,329 | 15,738 | 8,315 |
| Net income | $ 45,332 | 104,798 | 100,086 | 376,573 |

**CONSOLIDATED RESULTS OF OPERATIONS**

An analysis of the Company's consolidated operating results for the three and nine months ended September 30, 2023 March 31, 2024 compared with the same periods period in 2022 2023 is provided below.

The Company operates as distinct reportable operating segments as described above. For a reconciliation of the reportable segment operating results to the consolidated results of operations, see note 11 10 of the notes to consolidated financial statements included under Part I, Item 1 of this report. Since the Company monitors and assesses its operations and results based on these segments, the discussion following the consolidated results of operations is presented on a reportable segment basis.

| | | Three months ended September 30, | | Nine months ended September 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | Additional information | | 2024 | | 2023 | | | Additional information |
| Loan interest | Loan interest | $236,423 | 176,244 | 704,712 | 422,327 | Increase was due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans and in gross fixed rate floor income. | Loan interest | $216,724 | 225,243 | | 225,243 | Decrease was due to decreases in the average balance of loans and gross fixed rate floor income partially offset by an increase in the gross yield earned on loans. | Decrease was due to decreases in the average balance of loans and gross fixed rate floor income partially offset by an increase in the gross yield earned on loans. |
| Investment interest | Investment interest | 48,128 | 26,889 | 129,835 | 57,589 | Includes income from interest-earning deposits and investments and restricted cash in asset-backed securitizations. Increase was due to an increase in interest earning investments and an increase in interest rates. | Investment interest | 52,078 | 40,725 | | 40,725 | Includes income from unrestricted interest-earning deposits and investments, and restricted cash in asset-backed securitizations. Increase was due to an increase in interest rates and an increase in interest earned on the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments. | Includes income from unrestricted interest-earning deposits and investments, and restricted cash in asset-backed securitizations. Increase was due to an increase in interest rates and an increase in interest earned on the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments. |
| Total interest income | Total interest income | 284,551 | 203,133 | 834,547 | 479,916 | | | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Interest expense | Interest expense | 207,159 | 126,625 | 639,756 | 248,347 | Increase was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the second quarter of 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of a $25.9 million non-cash expense from the write-off of the remaining debt discount associated with these bonds at the time of redemption. |

Interest expense

| | | | |
|---|---|---|---|
| Interest expense | 194,580 | 199,449 | Decrease was due to a decrease in the average balance of debt outstanding partially offset by an increase in cost of funds. |

| | | | | | |
|---|---|---|---|---|---|
| Net interest income | Net interest income | 77,392 | 76,508 | 194,791 | 231,569 |

Less provision for loan losses

Less provision for loan losses

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Less provision for loan losses | Less provision for loan losses | 10,659 | 9,665 | 54,526 | 18,640 | Represents the current period provision to reflect the lifetime expected credit losses related to the Company's loan portfolio. The primary item impacting provision for loan losses was the establishment of an initial allowance for loans originated and acquired during the periods presented. | | 10,928 | 34,275 | 34,275 | | Represents the current period provision to reflect the lifetime expected credit losses related to the Company's loan portfolio. See note 2 of the notes to consolidated financial statements in this report for the factors impacting provision for loan losses for the periods presented. | | Represents the current period provision to reflect the lifetime expected credit losses related to the Company's loan portfolio. See note 2 of the notes to consolidated financial statements in this report for the factors impacting provision for loan losses for the periods presented. |
| Net interest income after provision for loan losses | Net interest income after provision for loan losses | 66,733 | 66,843 | 140,265 | 212,929 | | | | | | | | | |
| Other income (expense): | Other income (expense): | | | | | | | | | | | | | |
| Other income (expense): | | | | | | | | | | | | | | |
| Other income (expense): | | | | | | | | | | | | | | |
| LSS revenue | LSS revenue | 127,892 | 134,197 | 389,138 | 395,438 | See LSS operating segment - results of operations. | | | | | | | | |
| ETS&PP revenue | | 113,796 | 106,894 | 357,258 | 310,211 | See ETS&PP operating segment - results of operations. | | | | | | | | |
| LSS revenue | | | | | | | | | | | | | | |
| LSS revenue | | | | | | | | 127,201 | | | 139,227 | | | See LSS operating segment - results of operations. |
| ETSP revenue | | | | | | | ETSP revenue | 143,539 | | | 133,603 | | | See ETSP operating segment - results of operations. |
| Solar construction revenue | Solar construction revenue | 6,301 | 9,358 | 19,687 | 9,358 | On July 1, 2022, the Company acquired 80% of the ownership interests of GRNE Solar. GRNE Solar designs and installs residential, commercial, and utility-scale solar systems. The acquisition diversifies the Company's position in the renewable energy space to include solar construction. | Solar construction revenue | 13,726 | 8,651 | | 8,651 | Represents revenue earned from GRNE Solar providing solar construction services, including design and installations of residential and commercial solar systems. On April 12, 2024, the Company announced a change in its solar EPC operations to focus exclusively on the commercial solar market and will discontinue its residential solar operations. As a result, residential revenue will decline in future periods as existing customer contracts are completed. Residential solar construction revenue was $2.1 million and $2.8 million for the three months ended March 31, 2024 and 2023, respectively, and $11.8 million for the year ended December 31, 2023. | | Represents revenue earned from GRNE Solar providing solar construction services, including design and installations of residential and commercial solar systems. On April 12, 2024, the Company announced a change in its solar EPC operations to focus exclusively on the commercial solar market and will discontinue its residential solar operations. As a result, residential revenue will decline in future periods as existing customer contracts are completed. Residential solar construction revenue was $2.1 million and $2.8 million for the three months ended March 31, 2024 and 2023, respectively, and $11.8 million for the year ended December 31, 2023. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other, net | Other, net | (211) | 2,225 | (21,293) | 24,750 | See table below for the components of "other, net." |
| Gain on sale of loans, net | | 5,362 | 2,627 | 32,685 | 5,616 | The Company recognized gains from selling portfolios of loans in 2023 and 2022. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |
| Impairment and other expense, net | | (4,974) | 121 | (4,974) | (6,163) | During the third quarter of 2023, the Company recorded an expense of $5.0 million related to real estate leases as the Company continues to downsize its facility footprint as a result of associates working from home. During the second quarter of 2022, the Company recorded an expense of $6.2 million related primarily to a venture capital investment. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other, net | 17,015 | (14,071) | | (14,071) | See table below for the components of "other, net." | See table below for the components of "other, net." |
| (Loss) gain on sale of loans, net | (Loss) gain on sale of loans, net | (41) | | 11,812 | | The Company recognized a loss and net gains from selling loans in 2024 and 2023, respectively. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |
| Derivative settlements, net | | | | | | |
| Derivative settlements, net | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative settlements, net | Derivative settlements, net | 817 | 10,271 | 24,219 | 12,085 | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income. The majority of derivative settlements received by the Company was from the Company's derivatives used to hedge loans earning fixed rate floor income. To minimize the Company's exposure to market volatility, the Company terminated this derivative portfolio on March 15, 2023. | 1,757 | 23,337 | | 23,337 | | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income. The majority of derivative settlements received in the periods presented was from the Company's derivatives used to hedge loans earning fixed rate floor income. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023. Subsequent to terminating these derivatives, during the second and fourth quarters of 2023, the Company entered into a total of $400 million notional amount of derivatives to hedge loans earning fixed rate floor income and other loans and investments in which the Company receives a fixed rate. See AGM operating segment - results of operations for additional information. | | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income. The majority of derivative settlements received in the periods presented was from the Company's derivatives used to hedge loans earning fixed rate floor income. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023. Subsequent to terminating these derivatives, during the second and fourth quarters of 2023, the Company entered into a total of $400 million notional amount of derivatives to hedge loans earning fixed rate floor income and other loans and investments in which the Company receives a fixed rate. See AGM operating segment - results of operations for additional information. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative market value adjustments, net | Derivative market value adjustments, net | 3,140 | 52,991 | (32,266) | 239,125 | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments were related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. To minimize the Company's exposure to market volatility, the Company terminated this derivative portfolio on March 15, 2023. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. | Derivative market value adjustments, net | 7,964 | (37,411) | | (37,411) | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. |
| | | | | | | | | | | | | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. To minimize the Company's exposure to market volatility and increase liquidity, the Company terminated this derivative portfolio on March 15, 2023. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. |
| Total other income (expense), net | Total other income (expense), net | 252,123 | 318,684 | 764,454 | 990,420 | | | | | | | |
| Total other income (expense), net | | | | | | | | | | | | |
| Total other income (expense), net | | | | | | | | | | | | |
| Cost of services: | Cost of services: | | | | | | | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Cost to provide education technology, services, and payment processing services | 43,694 | 42,676 | 131,804 | 109,073 | Represents direct costs to provide payment processing and instructional services in ETS&PP. See ETS&PP operating segment - results of operations. |

Cost of services:

Cost of services:

Cost to provide education technology services and payments

Cost to provide education technology services and payments

| | | | |
|---|---|---|---|
| Cost to provide education technology services and payments | 48,610 | 47,704 | Represents direct costs to provide payment processing and instructional services in ETSP. See ETSP operating segment - results of operations. |
| Cost to provide solar construction services / Cost to provide solar construction services | 14,229 | 8,299 | Represents direct costs to provide solar construction services. Since the acquisition of GRNE in July 2022, it has incurred low and, in some cases, negative margins on certain projects. |

Total cost of services

| | | | | | |
|---|---|---|---|---|---|
| Cost to provide solar construction services | 7,783 | 5,968 | 25,204 | 5,968 | As noted above, the Company acquired GRNE Solar on July 1, 2022. These amounts represent direct costs related to GRNE providing solar construction services. Since the acquisition of GRNE, it has incurred low and, in some cases, negative margins on certain projects. As existing contracts are completed and revenue from new projects grows as a percent of overall revenue, the Company expects margin to improve in future periods. |
| Total cost of services | 51,477 | 48,644 | 157,008 | 115,041 | |

Operating expenses: Operating expenses:

Operating expenses:

Operating expenses:

Salaries and benefits

Salaries and benefits

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries and benefits | Salaries and benefits | 141,204 | 147,198 | 438,620 | 438,010 | Increase for the nine months ended September 30, 2023 compared with the same period in 2022 was primarily due to (i) an increase in headcount in ETS&PP to support the growth of its customer base and the investment in the development of new technologies; and (ii) the acquisition of GRNE Solar on July 1, 2022. This increase was partially offset by staff reductions in LSS in the first and second quarters of 2023 to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for LSS's Department servicing contracts. The Company expects salaries and benefits beginning to increase at LSS in the fourth quarter of 2023 as it hires additional associates as a result of Department borrowers returning to repayment on September 1, 2023. | | 143,875 | 152,710 | 152,710 | Decrease was primarily due to restructuring charges recognized in the first quarter of 2023 and staff reductions in LSS to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for LSS's Department servicing contract. This was partially offset by an increase in ETSP due to annual merit pay increases and an increase in headcount to support the growth of the customer base and the investment in the development of new technologies. | Decrease was primarily due to restructuring charges recognized in the first quarter of 2023 and staff reductions in LSS to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for LSS's Department servicing contract. This was partially offset by an increase in ETSP due to annual merit pay increases and an increase in headcount to support the growth of the customer base and the investment in the development of new technologies. |
| Depreciation and amortization | Depreciation and amortization | 21,835 | 18,772 | 57,114 | 53,978 | Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions. Increase was primarily due to an increase in the amortization of intangibles from the GRNE Solar acquisition on July 1, 2022. | Depreciation and amortization | 16,769 | 16,627 | 16,627 | Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions. | Includes depreciation of property and equipment and the amortization of intangibles from prior business acquisitions. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other expenses | Other expenses | 51,370 | 43,858 | 138,154 | 120,297 | Includes expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, and certain information technology-related costs. Increase was due to an increase in expenses in ETS&PP due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies, and an increase in costs for travel and in-person hosted conferences that had previously subsided due to the COVID-19 pandemic. | Other expenses | 56,845 | 40,785 | | 40,785 | Represents expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, reinsurance loss reserve and acquisitions costs, and certain information technology-related costs. Increase was driven by an increase in NFS due to reinsurance loss reserve and acquisition costs as a result of growth in reinsurance policies and in LSS due to additional postage and communication costs as a result of borrowers returning to repayment on September 1, 2023. | | Represents expenses necessary for operations, such as postage and distribution, consulting and professional fees, occupancy, communications, reinsurance loss reserve and acquisitions costs, and certain information technology-related costs. Increase was driven by an increase in NFS due to reinsurance loss reserve and acquisition costs as a result of growth in reinsurance policies and in LSS due to additional postage and communication costs as a result of borrowers returning to repayment on September 1, 2023. |
| Total operating expenses | Total operating expenses | 214,409 | 209,828 | 633,888 | 612,285 | | | | | | | | | |
| Income before income taxes | Income before income taxes | 52,970 | 127,055 | 113,823 | 476,023 | | | | | | | | | |
| Income before income taxes | | | | | | | | | | | | | | |
| Income before income taxes | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Income tax expense | Income tax expense | 10,734 | 26,586 | 29,475 | 107,765 | The effective tax rate was 19.1% and 20.2% for the three months ended September 30, 2023 and 2022, respectively, and 22.7% and 22.2% for the nine months ended September 30, 2023 and 2022, respectively. The Company expects its effective tax rate will range between 21% and 23% for the remainder of 2023. | 23,119 | 8,250 | | 8,250 | | The effective tax rate was 24.0% and 23.7% for the three months ended March 31, 2024 and 2023, respectively. The Company expects its tax rate will range between 22% and 24% for the remainder of 2024. | | The effective tax rate was 24.0% and 23.7% for the three months ended March 31, 2024 and 2023, respectively. The Company expects its tax rate will range between 22% and 24% for the remainder of 2024. |
| Net income | Net income | 42,236 | 100,469 | 84,348 | 368,258 | | | | | | | | | |
| Net loss attributable to noncontrolling interests | Net loss attributable to noncontrolling interests | 3,096 | 4,329 | 15,738 | 8,315 | Amounts for noncontrolling interests reflect the net income/loss attributable to the holders of noncontrolling membership interests in WRCM, NextGen, multiple solar entities (including GRNE Solar), and multiple entities investing in federal opportunity zone programs. | | | | | | | | |
| Net loss attributable to noncontrolling interests | | | | | | | | | | | | | | |
| Net loss attributable to noncontrolling interests | | | | | | | 2,202 | | | 3,470 | | | | Represents the net income/loss attributable to the holders of noncontrolling membership interests. The majority is attributed to noncontrolling membership interests in the Company's Nelnet Renewable Energy operating segment. |
| Net income attributable to Nelnet, Inc. | Net income attributable to Nelnet, Inc. | $45,332 | 104,798 | 100,086 | 376,573 | | | | | | | | | |

Additional information:

Additional information:

| Additional information: | Additional information: | | | | | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments. |
|---|---|---|---|---|---|---|
| Net income attributable to Nelnet, Inc. | Net income attributable to Nelnet, Inc. | $45,332 | 104,798 | 100,086 | 376,573 | |
| Derivative market value adjustments, net | Derivative market value adjustments, net | (3,140) | (52,991) | 32,266 | (239,125) | |
| Derivative market value adjustments, net | | | | | | |
| Derivative market value adjustments, net | | | | | | |
| Tax effect | Tax effect | 754 | 12,718 | (7,744) | 57,390 | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments. |
| Net income attributable to Nelnet, Inc., excluding derivative market value adjustments | | $42,946 | 64,525 | 124,608 | 194,838 | |
| Tax effect | | | | | | |
| Tax effect | | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments | | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments | | | | | | |
| Non-GAAP net income attributable to Nelnet, Inc., excluding derivative market value adjustments | | | | | | |

See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.

The following table summarizes the components of "other, net" in "other income (expense)" on the consolidated statements of income.

| | Three months ended September 30, | | Nine months ended September 30, | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | Additional information |

| | | 2024 | 2023 | Additional information |
|---|---|---|---|---|
| Reinsurance premiums | Reinsurance premiums | $12,780 | 535 | See NFS division - results of operations - NFS other operating segments. |
| Borrower late fee income | Borrower late fee income | 3,133 | 2,247 | See NFS division - results of operations - AGM operating segment. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Gain (loss) from solar investments, net | | | | | | | Gain (loss) from solar investments, net | 2,971 | (1,947) | | | See Corporate - results of operations. |
| ALLO preferred return | ALLO preferred return | $ 2,299 | 2,164 | 6,822 | 6,420 | See Corporate - results of operations. | ALLO preferred return | 2,409 | 2,249 | 2,249 | See Corporate - results of operations. | See Corporate - results of operations. |
| Borrower late fee income | | 2,220 | 2,824 | 6,635 | 7,693 | See AGM operating segment - results of operations. | | | | | | |
| Administration/sponsor fee income | Administration/sponsor fee income | 1,712 | 1,920 | 5,180 | 6,055 | See AGM operating segment - results of operations. | Administration/sponsor fee income | 1,546 | 1,772 | 1,772 | See NFS division - results of operations - AGM operating segment. | See NFS division - results of operations - AGM operating segment. |
| Investment advisory services | | 1,633 | 1,612 | 4,884 | 4,375 | See Corporate - results of operations. | | | | | | |
| Investment advisory services (WRCM) | | | | | | | Investment advisory services (WRCM) | 1,508 | 1,612 | | | See NFS division - results of operations - NFS other operating segments. |
| Loss from ALLO voting membership interest investment | Loss from ALLO voting membership interest investment | (17,293) | (17,562) | (49,676) | (47,633) | See Corporate - results of operations. | Loss from ALLO voting membership interest investment | (10,693) | (20,213) | (20,213) | See Corporate - results of operations. | See Corporate - results of operations. |
| Loss from solar investments | | (3,605) | (4,216) | (13,481) | (7,100) | See Corporate - results of operations. | | | | | | |
| Investment activity, net | Investment activity, net | (1,016) | 10,701 | (8,169) | 40,626 | See Corporate - results of operations and note (a) below for additional information. | Investment activity, net | (1,298) | (3,577) | (3,577) | See note (a) below for additional information. | See note (a) below for additional information. |
| Other | | | | | | | | | | | | |
| Other | | | | | | | | | | | | |
| Other | Other | 13,839 | 4,782 | 26,512 | 14,314 | | | | | | | |
| Other, net | Other, net | $ (211) | 2,225 | (21,293) | 24,750 | | | | | | | |
| Other, net | | | | | | | | | | | | |
| Other, net | | | | | | | | | | | | |

(a) The Company anticipates fluctuations in future periodic earnings resulting from investment sales and valuation adjustments. Investment activity by operating segment and investment type follows:

| | Real Estate | Venture Capital | Equity / Bonds | Total | Real Estate | Venture Capital | Equity / Bonds | Total |
|---|---|---|---|---|---|---|---|---|
| | Three months ended September 30, | | | | | | | |
| | 2023 | | | | 2022 | | | |
| Corporate | $ (535) | 286 | 567 | 318 | 9,717 | (39) | 792 | 10,470 |
| AGM | — | (1,883) | — | (1,883) | — | (315) | — | (315) |
| Nelnet Bank | — | (16) | 565 | 549 | — | 303 | 243 | 546 |
| | $ (535) | (1,613) | 1,132 | (1,016) | 9,717 | (51) | 1,035 | 10,701 |
| | Nine months ended September 30, | | | | | | | |
| | 2023 | | | | 2022 | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Corporate | $ (849) | (605) | (3,070) | (4,524) | 17,695 | 22,158 | (2,673) | 37,180 |
| AGM | — | (4,532) | (476) | (5,008) | — | 1,260 | — | 1,260 |
| Nelnet Bank | — | (288) | 1,651 | 1,363 | — | 675 | 1,511 | 2,186 |
| | $ (849) | (5,425) | (1,895) | (8,169) | 17,695 | 24,093 | (1,162) | 40,626 |

| | Real Estate | Venture Capital and Funds | Equity / Bonds | Total | Real Estate | Venture Capital and Funds | Equity / Bonds | Total |
|---|---|---|---|---|---|---|---|---|
| | Three months ended March 31, | | | | | | | |
| | 2024 | | | | 2023 | | | |
| NFS - AGM | $ — | 322 | — | 322 | — | (104) | (476) | (580) |
| NFS - Nelnet Bank | — | (179) | 529 | 350 | — | (263) | 465 | 202 |
| NFS - Other Operating Segments | (1,794) | — | 212 | (1,582) | 1,148 | — | (4,058) | (2,910) |
| Corporate | — | (388) | — | (388) | — | (289) | — | (289) |
| | $ (1,794) | (245) | 741 | (1,298) | 1,148 | (656) | (4,069) | (3,577) |

### LOAN SERVICING AND SYSTEMS OPERATING SEGMENT – RESULTS OF OPERATIONS

***Loan Servicing Volumes***

As of

As of

As of

As of

| March 31, 2024 | March 31, 2024 | December 31, 2023 | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 |
|---|---|---|---|---|---|---|

| | As of | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | September 30, 2023 | June 30, 2023 | March 31, 2023 | December 31, 2022 | September 30, 2022 | June 30, 2022 | March 31, 2022 | December 31, 2021 |
| **Servicing volume (dollars in millions):** | | | | | | | | |
| Government | $ 500,554 | 519,308 | 537,291 | 545,373 | 545,546 | 542,398 | 507,653 | 478,402 |
| FFELP | 18,400 | 19,021 | 19,815 | 20,226 | 22,412 | 24,224 | 25,646 | 26,916 |
| Private and consumer | 20,394 | 20,805 | 21,484 | 21,866 | 22,461 | 22,838 | 23,433 | 23,702 |
| Total | $ 539,348 | 559,134 | 578,590 | 587,465 | 590,419 | 589,460 | 556,732 | 529,020 |
| **Number of servicing borrowers:** | | | | | | | | |
| Government | 14,543,382 | 14,898,901 | 15,518,751 | 15,777,328 | 15,657,942 | 15,426,607 | 14,727,860 | 14,196,520 |
| FFELP | 764,660 | 788,686 | 819,791 | 829,939 | 910,188 | 977,785 | 1,034,913 | 1,092,066 |
| Private and consumer | 896,613 | 899,095 | 925,861 | 951,866 | 979,816 | 998,454 | 1,030,863 | 1,065,439 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Total | Total | 16,204,655 | 16,586,682 | 17,264,403 | 17,559,133 | 17,547,946 | 17,402,846 | 16,793,636 | 16,354,025 |
| Number of remote hosted borrowers: | Number of remote hosted borrowers: | 103,396 | 716,908 | 5,048,324 | 6,135,760 | 6,025,377 | 5,738,381 | 5,487,943 | 4,799,368 |
| Number of remote hosted borrowers: | | | | | | | | | |
| Number of remote hosted borrowers: | | | | | | | | | |

***Government Loan Servicing***

Nelnet Servicing LLC (Nelnet Servicing) and Great Lakes Educational Loan Services, Inc. (Great Lakes), both subsidiaries of earns loan servicing revenue from a servicing contract with the Company, are two of the current five private sector entities that have Department. The Company's legacy student loan servicing contracts contract with the Department to service loans that include Federal Direct Loan Program loans originated directly by the Department and FFEL Program loans purchased by the Department. The Company also earned remote hosted servicing revenue by licensing software to certain third-party servicers for the Department.

*Contract Modifications and Award*

Effective April 1, 2023, the Department modified the student loan servicing contracts between the Department and each of Nelnet Servicing and Great Lakes (the "servicing contracts") to reduce the monthly fee under the servicing contracts by $0.19 per borrower on certain borrower statuses.

The Company's current student loan servicing contracts with the Department were was scheduled to expire on December 14, 2023. In April 2023, Nelnet Diversified Solutions, LLC (NDS), a subsidiary of the Company, Servicing received a contract award from the Department, pursuant to which NDS it was selected to provide continued servicing capabilities for the Department's student aid recipients under a new Unified Servicing and Data Solution (USDS) contract (the "New Government Servicing Contract") which will replace replaced the existing legacy Department student loan servicing contracts. On October 11, 2023, the USDS contract awarded to NDS was novated to Nelnet Servicing. contract.

The New Government Servicing Contract is became effective April 24, 2023 and has a five year base period, with 2 two-year and 1 one-year possible extensions. The Department's total loan servicing volume of more than 37 million existing borrowers will be allocated by the Department to Nelnet Servicing and four other third-party servicers that were awarded a USDS contract based on service and performance levels. Under the New Government Servicing Contract, Nelnet Servicing immediately began to make required servicing platform enhancements, for which it will be compensated from the Department on certain of these investments. In April 2023, the Department indicated that servicing Servicing under the USDS contracts New Government Servicing Contract went live on April 1, 2024 and the Company will go live recognize revenue in 2024 and it will extend the current legacy servicing contracts from December 14, 2023 to December 2024. Until servicing under the USDS contracts goes live, which is anticipated to be during accordance with this new contract beginning in the second quarter of 2024, the 2024. The Company will continue to earn earned revenue for servicing borrowers under its current the legacy servicing contracts contract with the Department. Department through March 31, 2024.

The new USDS servicing contracts have New Government Servicing Contract has multiple revenue components with tiered pricing based on borrower volume, while revenue earned under the legacy servicing contracts is contract was primarily based on borrower status. Assuming borrower volume remains consistent under the USDS servicing contract, New Government Servicing Contract, the Company expects revenue earned on a per borrower blended basis will decrease under the USDS contract New Government Servicing Contract versus the current legacy contracts. contract. However, consistent with the current legacy contracts, contract, the Company expects to earn additional revenue from the Department under the USDS servicing contract New Government Servicing Contract for change requests consolidations, and other support services. As discussed below, during the second quarter of 2023, the Company completed the transfer of Great Lakes direct loan servicing volume to the Nelnet servicing platform. The associated cost savings with moving government borrowers to one servicing platform will be partially offset under the USDS contract as the Company will incur additional costs for cybersecurity and other system specifications as required under the new contract.

*Loan Volume Transfers - Full Service Borrowers*

In July 2021, the Pennsylvania Higher Education Assistance Agency (PHEAA) announced its exit from the federal student loan servicing business. All applicable student loans serviced for the Department by PHEAA were transferred to successor servicers. As of December 31, 2021 and 2022, approximately 603,000 and 1,910,000 PHEAA borrowers, respectively, have been transferred from PHEAA to the Company's platform. In addition, over this same time period, PHEAA borrowers were transferred to other servicers to which the Company provided its servicing system (remote hosted servicing customers).

In February 2023, the Department notified the Company of its intention to transfer up to one million of the Company's existing Department servicing borrowers to another third-party servicer. This transfer decision was not based on the Company's performance. These transfers began in the second quarter of 2023 and were completed in July 2023.

In addition, the Company completed the transfer of active borrowers of Great Lakes direct loan servicing volume to the Nelnet servicing platform (the GreatNet Federal servicing platform) during the second quarter of 2023. The Company anticipates the decommissioning of the Great Lakes' platform to be completed by the end of 2023. Therefore, potential associated cost savings as a result of transferring direct loan servicing volume to one platform will not be recognized in operating results until 2024.

*Loan Volume Transfers - Remote Hosted Servicing Borrowers*

Edfinancial Services, LLC ("Edfinancial"), a current servicer for the Department, utilized Nelnet Servicing's platform to service their loans for the Department (remote hosted servicing customer). In the fourth quarter of 2022, Nelnet Servicing and Edfinancial reached an agreement on a decommission schedule transferring Edfinancial's direct loan servicing volume to another third-party servicing platform. As of December 31, 2022, Edfinancial was servicing 4.5 million borrowers for the Department on the Company's platform. The Company began transferring Edfinancial's servicing volume to another servicing platform in the first quarter of 2023 which reduced the number of Edfinancial's borrowers serviced on the Company's platform to 3.5 million borrowers as of March 31, 2023 and 579,000 borrowers as of June 30, 2023. Edfinancial's remaining borrowers were transferred off of the Company's platform in July 2023.

In February 2023, the Company's other remote hosted servicing customer notified the Company the Department intended to move that customer's servicing borrowers to a different third-party servicing platform. This transfer decision was the result of this customer not being one of the servicers awarded a USDS contract. As of March 31, 2023, this remote hosted servicing customer was servicing 1.4 million borrowers for the Department on the Company's platform. The majority of this volume was transferred to another third-party servicing platform during the second quarter of 2023, and the remaining borrowers were transferred off of the Company's platform in July 2023.

As a result of the transfers discussed above, the Company currently has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. However, the Company has executed an agreement with a third-party servicer awarded a USDS contract to license its servicing software to such entity and the entity. The Company anticipates earning will begin to earn remote hosted servicing revenue from this new customer when USDS goes live beginning in during the second quarter of 2024. The amount of revenue earned by the Company from this new customer will depend on the number of servicing borrowers allocated by the Department to the new customer. The Company does not have volume projections for the new customer at this time.

*Department of Education Debt Relief*

In August 2022, the Department announced a broad based broad-based student debt relief plan that would provide targeted student debt cancellation to borrowers with loans held by the Department with unconditional loan cancellation in amounts of have provided up to $20,000 for eligible borrowers who received a Pell Grant, or of up to $10,000 for eligible borrowers who did not receive a Pell Grant. Federal courts blocked implementation of the Department's broad based student in one-time debt relief plan and on to income-qualified recipients with Department held student loans. On June 30, 2023, the Supreme Court struck down the Department's plan. While the current version of the Department's forgiveness plan has been invalidated, ruled that the Department recently was prohibited from implementing this plan. After the invalidation of this broad-based relief plan, the Department announced that it has begun plans to enter into a new negotiated rulemaking process to consider other ways achieve debt relief for federal student loan borrowers using provisions of the Higher Education Act (HEA). Publicly available negotiated rulemaking sessions occurred in the fourth quarter of 2023 and the first quarter of 2024. The Department published draft regulations for public comment in April 2024, including regulations that would grant automatic discharge for all federal student loans older than 20 or 25 years. The April 2024 draft publication did not include regulations to provide debt relief forgiveness for borrowers “experiencing financial hardship;”

however, publication and comment period for such regulations are expected in Summer of 2024. Final publication and effective date for all pending forgiveness regulations pursuant to borrowers. the HEA are expected in Fall of 2024. The Company cannot predict the timing, nature, or ultimate outcome of any future potential student loan forgiveness programs debt relief program as a result of the negotiated rulemaking process. Revenue earned under the current Department servicing contracts New Government Servicing Contract will decrease in future periods if the Department successfully implements broad based its debt relief plan and/or if the Department initiates additional loan forgiveness. forgiveness or cancellation programs in the future.

***Private Education Loan Servicing***

In January 2024, Discover announced they were moving the servicing of its approximately $10 billion private education loan portfolio, representing approximately 500,000 borrowers, to the Company. The CARES Act

Under the CARES Act, beginning in March 2020, federal student loan payments and interest accruals were suspended for all borrowers that had loans owned by the Department. As a result timing of the CARES Act, conversion of these loans to the Company received less servicing revenue per borrower from the Department based Company’s platform is dependent on the borrower forbearance status than what was earned on such accounts prior to these provisions. After multiple extensions timing of the student loans payment pause under the CARES Act, the payment and interest accrual suspension ended August 31, 2023, and borrowers returned to repayment on September 1, 2023. The Company anticipates revenue per borrower from the Department will increase with borrowers transitioned back to repayment under the legacy government contracts from the CARES Act levels.

During the fourth quarter of 2021 and first quarter of 2022, the Company earned additional revenue from the Department based on incremental work, including outbound engagement, being performed by the Company to support the anticipated Department borrowers coming out of forbearance. Effective May 1, 2022, the Department increased the monthly per borrower CARES Act forbearance rate paid to its servicers to compensate them for supplemental outreach to certain borrowers and to support the transition of borrowers back to repayment. Effective April 1, 2023, the Department decreased the monthly per borrower CARES Act forbearance rate by $0.19 per borrower (as discussed above).

***Reduction in Staff***

On January 18, 2023, the Company announced a reduction in staff to manage expenses due to delays in the government's student debt relief and return to repayment programs under the CARES Act. Approximately 350 associates who were hired within the prior six months were laid off with a 60 day notice period and approximately 210 associates were immediately terminated for performance.

On March 23, 2023, the Company announced a reduction in staff due to the March 2023 government servicing contract price modifications (as discussed above) and the notification by the Department in February 2023 Discover’s potential sale of its intention to transfer up to one million of the Company's existing Department servicing borrowers to another servicer (as discussed above). Approximately 550 associates who work in LSS, including some in related shared services areas that support LSS, were notified their positions were being eliminated. The Company incurred a charge of $4.3 million related to the staff reductions that was primarily recognized in the first and second quarters of 2023.

***Borrowers Return to Repayment***

As discussed above, after multiple extensions of the student loan payment pause that began in March 2020, the payment and interest accrual suspension ended on August 31, 2023, and all borrowers returned to repayment on September 1, 2023. This unprecedented event, along with frequent program changes announced and/or proposed by the Department, has generated extraordinary call volume and web traffic that has adversely impacted the Company’s level of service. In August 2023, the Company began to hire additional associates to support borrowers returning to repayment.

portfolio.

***Summary and Comparison of Operating Results***

| | Three months ended September 30, | | Nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | Additional information | 2024 | 2023 | Additional information |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net interest income | Net interest income | $ 1,098 | 831 | 3,193 | 1,100 | Increase in 2023 compared with 2022 was due to higher interest rates. | Net interest income | $ 1,894 | 1,037 | Increase was due to higher interest rates. |
| Loan servicing and systems revenue | Loan servicing and systems revenue | 127,892 | 134,197 | 389,138 | 395,438 | See table below for additional information. | Loan servicing and systems revenue | 127,201 | 139,227 | See table below for additional information. |
| Intersegment servicing revenue | Intersegment servicing revenue | 6,944 | 8,281 | 21,980 | 25,142 | Represents revenue earned by LSS from servicing loans for AGM and Nelnet Bank. Decrease in 2023 compared with 2022 was due to the continued amortization of AGM's FFELP portfolio. FFELP intersegment servicing revenue will continue to decrease as AGM's FFELP portfolio pays off. | Intersegment servicing revenue | 6,886 | 7,790 | Represents revenue earned by LSS from servicing loans for AGM and Nelnet Bank. Decrease was due to the continued amortization of AGM's FFELP portfolio. FFELP intersegment servicing revenue will continue to decrease as AGM's FFELP portfolio pays off. |
| Other income | Other income | 687 | 596 | 1,900 | 1,946 | Represents revenue earned from providing administrative support and marketing services. | Other income | 710 | 608 | Represents revenue earned from providing administrative support services. |
| Impairment expense | | (296) | — | (296) | — | The Company continues to evaluate the use of office space as a large number of associates continue to work from home. As a result, the Company recorded an additional impairment charge related to certain facilities no longer used by the Company. | | | | |
| Total other income, net | | 135,227 | 143,074 | 412,722 | 422,526 | | | | | |
| Total other income | | | | | | | | | | |
| Total other income | | | | | | | | | | |
| Total other income | | | | | | | | | | |
| Salaries and benefits | | | | | | | | | | |

Salaries and benefits

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Salaries and benefits | Salaries and benefits | 73,310 | 82,067 | 234,012 | 257,259 | Decrease in 2023 compared with 2022 was due to the Company being fully staffed with contact center operations and support associates in 2022 in preparation for the resumption of federal student loan payments and other activities after the CARES Act suspension. During the first and second quarters of 2023, the Company reduced staff to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for government servicing contracts. See "Reduction in Staff" above for additional details. The Company expects salaries and benefits to increase beginning in the fourth quarter of 2023 as it hires additional associates as a result of Department borrowers returning to repayment on September 1, 2023. | 76,722 | 84,560 | Decrease was due to the Company being fully staffed at the beginning of 2023 with contact center operations and support associates as the Company prepared for expiration of the federal student loan payment pause under the CARES Act. In the first half of 2023, the Company reduced staff to manage expenses due to delays in the government's student debt relief and return to repayment programs and lower pricing and reduced servicing volume for LSS's Department servicing contract. As part of these reductions, the Company recognized a restructuring charge of $2.7 million in the first quarter of 2023. |
| Depreciation and amortization | Depreciation and amortization | 5,023 | 5,784 | 14,400 | 16,056 | | | | |

Other expenses

Other expenses

Before tax operating margin represents before tax operating profitability as a percentage of revenue, and for LSS is calculated as income before income taxes divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income revenue. The Company uses this

| | | | | | | |
|---|---|---|---|---|---|---|
| Other expenses | Other expenses | 15,629 | 16,654 | 42,760 | 46,375 | Decrease in 2023 compared with 2022 was due to a decrease in professional fees and facility costs. Over the last year, the Company has reduced its office space as a large number of employees continue to work from home. |
| Intersegment expenses | Intersegment expenses | 17,894 | 17,486 | 58,030 | 56,442 | Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. |
| Total operating expenses | Total operating expenses | 111,856 | 121,991 | 349,202 | 376,132 | |
| Income before income taxes | Income before income taxes | 24,469 | 21,914 | 66,713 | 47,494 | Before tax operating margin increased in 2023 compared with 2022 due primarily to a decrease in salaries and benefits expense as described above. The increase in the three months ended September 30, 2023 compared with the same period in 2022 was also due to $4.8 million of revenue recognized by the Company in the third quarter of 2023 associated with deconversion of remote hosted borrowers from a customer leaving the Company's platform. |
| Income tax expense | Income tax expense | (5,872) | (5,259) | (16,011) | (11,399) | Represents income tax expense at an effective tax rate of 24%. |
| Net income | Net income | $ 18,597 | 16,655 | 50,702 | 36,095 | |
| Before tax operating margin | Before tax operating margin | 18.1 % | 15.3 % | 16.2 % | 11.2 % | |

metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.

| | | | |
|---|---|---|---|
| Other expenses | 19,538 | 13,313 | Increase was due to additional postage and communication costs due to borrowers returning to repayment on September 1, 2023. |
| Intersegment expenses | 19,332 | 21,057 | Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. |
| Income before income taxes | | | |
| Income before income taxes | | | |
| Income tax expense | | | |
| Income tax expense | (3,838) | (6,053) | Represents income tax expense at an effective tax rate of 24%. |
| Net income | $ 12,152 | 19,166 | |
| Before tax operating margin | | | |
| Before tax operating margin | 11.9 % | 17.1 % | Before tax operating margin represents before tax operating profitability as a percentage of revenue, and for LSS is calculated as income before income taxes divided by the total of loan servicing and systems revenue, intersegment servicing revenue, and other income. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it provides additional information to facilitate an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods. Before tax operating margin decreased due primarily to a decrease in loan servicing and systems revenue as described in the table below, partially offset by a decrease in salaries and benefits resulting from restructure charges incurred during the first quarter of 2023 and staff reductions in 2023. |

*Loan servicing and systems revenue*

| | Three months ended September 30, | | Nine months ended September 30, | | |
|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | Additional information |
| Government loan servicing | $ 100,154 | 104,428 | 304,769 | 312,368 | Represents revenue from the Company's Department servicing contracts. Decrease in the three and nine months ended September 30, 2023 compared with the same periods in 2022 was due to (i) the monthly fee earned per borrower on certain borrower statuses being reduced by $0.19 effective April 1, 2023; and (ii) a decrease of borrowers in the second and third quarters of 2023 as part of the Department's plan to transfer up to one million of the Company's existing borrowers to another third-party servicer. Decrease in the nine months ended September 30, 2023 compared with the same period in 2022 was also due to (i) the recognition of $6.7 million of revenue in the first quarter of 2022 for incremental work related primarily to CARES Act forbearance exit outreach activities to borrowers; and (ii) the recognition of $10.5 million of revenue in the first quarter of 2022 related to the discharge of borrowers under the Total and Permanent Disability (TPD) discharge program (the Company earns revenue per each borrower that satisfies the requirements for their loan to be discharged under the TPD discharge program). The decrease in revenue for the nine months ended September 30, 2023 compared with the same period in 2022 was partially offset by (i) an increase in borrowers serviced due to the PHEAA servicing volume transferred to the Company's platform in 2022; (ii) a per borrower CARES Act forbearance rate increase on May 1, 2022; and (iii) a per borrower rate increase on certain statuses on September 1, 2022 (5.0%) to reflect the increase in the cost of labor (Employment Cost Index) per the provisions of the contracts. |
| Private education and consumer loan servicing | 12,330 | 12,198 | 36,556 | 37,194 | Increase in the three months ended September 30, 2023 compared with the same period in 2022 was due to an increase in backup servicing volume, partially offset by a decrease in servicing volume. Decrease in the nine months ended September 30, 2023 compared with the same period in 2022 was due to a decrease in servicing volume and client requested enhanced delinquency services. |
| FFELP loan servicing | 3,304 | 4,127 | 10,226 | 12,386 | Decrease in 2023 compared with 2022 was due to a decrease in the number of borrowers serviced. Over time, FFELP servicing revenue will continue to decrease as third-party customers' FFELP portfolios pay off. Since late 2021, the Company has experienced accelerated run-off of its FFELP servicing portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of borrower relief under the CARES Act and initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs. |
| Software services | 9,416 | 8,229 | 25,076 | 23,536 | Represents revenue from providing remote hosted servicing software to Department and other servicers and providing diversified technology services. Increase in the three and nine months ended September 30, 2023 compared with the same periods in 2022 was due to (i) the recognition of $4.8 million of revenue in the third quarter of 2023 associated with deconversion of remote hosted borrowers from a customer leaving the Company's platform; (ii) annual rate increases on Department remote hosted servicing customers; (iii) contract programming associated with loan transfers and change requests, and (iv) growth in LSS's technology outsourcing opportunities. These increases were partially offset by the transfer of remote hosted borrowers to other third-party servicers. As a result of the transfers, the Company currently has no remaining Department remote hosted servicing borrowers on its platform and software services revenue will be negatively impacted in future periods. See "Government Loan Servicing - Loan Volume Transfers - Remote Hosted Servicing Borrowers" above for additional details. |
| Outsourced services | 2,688 | 5,215 | 12,511 | 9,954 | Represents primarily revenue to provide contact center and back office operational outsourcing services. Decrease in the three months ended September 30, 2023 compared with the same period in 2022 was due to the contracts for support provided to Department servicers expiring at the end of July 2023. Increase in the nine months ended September 30, 2023 compared with the same period in 2022 was due to additional outsourced opportunities, including assisting existing Department servicers as operations transitioned from exiting servicers. |
| Loan servicing and systems revenue | $ 127,892 | 134,197 | 389,138 | 395,438 | |

The following table presents disaggregated revenue by service offering for each reporting period.

| | Three months ended March 31, | | |
|---|---|---|---|
| | 2024 | 2023 | Additional information |
| Government loan servicing | $ 105,474 | 108,880 | Represents revenue from the Company's Department legacy servicing contract. Decrease was due to the reduction of the monthly fee earned per borrower on certain borrower statuses by $0.19 effective April 1, 2023 and a decrease of borrowers serviced due to the Department transferring one million of the Company's existing borrowers to another third-party servicer during the second and third quarters of 2023. These decreases were partially offset by an increase in the average revenue earned on a per borrower blended basis as a result of borrowers moving to a repayment status on September 1, 2023. |
| Private education and consumer loan servicing | 12,620 | 12,164 | Increase was due to rate increases based on contractual consumer price index changes, partially offset by a decrease in the number of borrowers serviced. |
| FFELP loan servicing | 3,380 | 3,368 | Represents revenue from servicing third-party customers' FFELP portfolios. Over time, FFELP servicing revenue will decrease as third-party customers' FFELP portfolios pay off. |
| Software services | 4,541 | 9,697 | Represents revenue from providing remote hosted servicing software to certain Department and other servicers and providing diversified technology services. Decrease was primarily due to the transfer of all Department remote hosted borrowers to other third-party servicers throughout 2023 under the Department's legacy servicing contracts. |
| Outsourced services | 1,186 | 5,118 | Represents revenue from providing contact center and back office operational outsourcing services. Decrease was due to the contracts for support provided to certain Department servicers expiring in July 2023. |
| Loan servicing and systems revenue | $ 127,201 | 139,227 | |

**EDUCATION TECHNOLOGY SERVICES AND PAYMENT PROCESSING PAYMENTS OPERATING SEGMENT – RESULTS OF OPERATIONS**

As discussed further in the Company's 2022 2023 Annual Report, this segment of the Company's business is subject to seasonal fluctuations which correspond, or are related to, the traditional school year. Based on the timing of revenue recognition and when expenses are incurred, revenue and before tax operating margin are higher in the first quarter compared with the remainder of the year.

***Summary and Comparison of Operating Results***

| Three months ended September 30, | Nine months ended September 30, |
|---|---|

| | 2023 | 2022 | 2023 | 2022 | Additional information |
|---|---|---|---|---|---|
| Net interest income | $ 8,934 | 3,707 | 20,237 | 4,920 | Represents interest income on tuition funds held in custody for schools. Increase in 2023 compared with 2022 was due to higher interest rates. |
| Education technology, services, and payment processing revenue | 113,796 | 106,894 | 357,258 | 310,211 | See table below for additional information. |
| Intersegment revenue | 77 | 8 | 198 | 16 | |
| Total other income | 113,873 | 106,902 | 357,456 | 310,227 | |
| Cost of services | 43,694 | 42,676 | 131,804 | 109,073 | See table below for additional information. |
| Salaries and benefits | 39,776 | 34,950 | 116,040 | 98,356 | Increase in 2023 compared with 2022 was due to an increase in headcount to support the growth of the customer base and the investment in the development of new technologies. |
| Depreciation and amortization | 3,030 | 2,532 | 8,424 | 7,544 | Represents primarily amortization of intangible assets from prior business acquisitions and depreciation of capitalized software development costs. |

Total other income

Total other income

Cost of services

Cost of services

| | 2024 | | 2023 | | | Additional information |
|---|---|---|---|---|---|---|
| Net interest income | $ 7,866 | 6,036 | | 6,036 | Represents interest income on tuition funds held in custody for schools. Increase was due to higher interest rates. | Represents interest income on tuition funds held in custody for schools. Increase was due to higher interest rates. |
| Education technology services and payments revenue | 143,539 | | 133,603 | | | See table below for additional information. |
| Cost of services | 48,610 | 47,704 | 47,704 | | See table below for additional information. | See table below for additional information. |
| Salaries and benefits | 40,167 | 37,913 | | 37,913 | Increase was due to annual merit pay increases and an increase in headcount to support the growth of the customer base and the investment in the development of new technologies. | Increase was due to annual merit pay increases and an increase in headcount to support the growth of the customer base and the investment in the development of new technologies. |
| Depreciation and amortization | 2,683 | 2,578 | | 2,578 | Represents primarily amortization of intangible assets from prior business acquisitions. | Represents primarily amortization of intangible assets from prior business acquisitions. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other expenses | Other expenses | 8,309 | 7,034 | 26,063 | 19,549 | Increase in 2023 compared with 2022 was due to higher costs for consulting, professional fees, and technology services resulting from investments in new technologies. Increase was also due to an increase in costs for travel and in-person hosted conferences that previously subsided due to the COVID pandemic. In addition, during the second quarter of 2023 the Company increased its allowance for uncollectible accounts due to the age of certain receivables primarily driven by economic conditions and the increase in volume of FACTS Education Solutions instructional services revenue. | Other expenses | 7,558 | 8,063 | | 8,063 | Decrease was due to a decrease in consulting and professional services resulting from reduced outsourced work. Decrease was partially offset by an increase in technology services. | | Decrease was due to a decrease in consulting and professional services resulting from reduced outsourced work. Decrease was partially offset by an increase in technology services. |
| Intersegment expenses, net | Intersegment expenses, net | 5,875 | 4,762 | 17,559 | 14,171 | Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. | Intersegment expenses, net | 4,801 | 5,800 | | 5,800 | Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. | | Represents costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. |
| Total operating expenses | Total operating expenses | 56,990 | 49,278 | 168,086 | 139,620 | | | | | | | | | |
| Income before income taxes | Income before income taxes | 22,123 | 18,655 | 77,803 | 66,454 | | | | | | | | | |
| Income before income taxes | | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Income before income taxes | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | |
| Income tax expense | | | | | | | | | | | | | | |
| Income tax expense | Income tax expense | (5,307) | (4,475) | (18,700) | (15,947) | Represents income tax expense at an effective tax rate of 24%. | | (11,435) | | (9,066) | | (9,066) | Represents income tax expense at an effective tax rate of 24%. | Represents income tax expense at an effective tax rate of 24%. |
| Net income | Net income | 16,816 | 14,180 | 59,103 | 50,507 | | | | | | | | | |
| Net (income) loss attributable to noncontrolling interests | | (6) | (61) | 113 | (8) | Amounts for noncontrolling interests reflect the net (income) loss attributable to the holders of minority membership interests in NextGen, of which the Company became the majority owner on April 30, 2022. | | | | | | | | |
| Net loss attributable to noncontrolling interests | | | | | | | | | | | | | | |
| Net loss attributable to noncontrolling interests | | | | | | | | | | | | | | |
| Net loss attributable to noncontrolling interests | | | | | | | | | | | | | | |
| Net income | Net income | $16,810 | 14,119 | 59,216 | 50,499 | | | | | | | | | |
| Net income | | | | | | | | | | | | | | |
| Net income | | | | | | | | | | | | | | |

*Education technology services and payment processing payments revenue*

The following table provides presents disaggregated revenue by service offering and before tax operating margin for each reporting period.

| | | Three months ended September 30, | | Nine months ended September 30, | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | Additional information | | 2024 | 2023 | Additional information |
| Tuition payment plan services | Tuition payment plan services | $ 30,223 | 25,779 | 95,235 | 84,131 | Increase in 2023 compared with 2022 was due to a higher number of payment plans in the K-12 and higher education markets for both new and existing customers. | Tuition payment plan services | $ 38,880 | 34,187 | Increase was due to a higher number of payment plans in the K-12 and higher education markets for both new and existing customers. |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Payment processing | Payment processing | 50,848 | 47,957 | 126,716 | 113,996 | Increase in 2023 compared with 2022 was due to increase in payment volumes for both the K-12 and higher education markets due to new customers and an increase in volume from existing customers. | Payment processing | 47,786 | 44,041 | Increase was due to increase in payment volumes for both the K-12 and higher education markets due to new customers and an increase in volume from existing customers. |
| Education technology and services | | 31,793 | 32,548 | 132,796 | 110,755 | Decrease in the three months ended September 30, 2023 compared with the same period in 2022 was due to a decrease in FACTS Education Solutions instructional services revenue as a result of the wind down of economic aid provided to private schools in response to the COVID 19 pandemic. Instructional services revenue provided to schools that was funded by the CARES Act and the Emergency Assistance to Non-Public Schools (EANS) I program was the primary cause of the decline. EANS I program funding ended on September 30, 2023 and EANS II program funding ends on September 30, 2024. The decrease was offset by an increase in revenue from the Company's school information system software, enrollment and communication services, and financial needs assessments. The increase in revenue in the nine months ended September 30, 2023 compared with the same period in 2022 was due to an increase in revenue from the Company's school information system software, enrollment and communication services, financial needs assessments, the NextGen acquisition completed in April 2022, and instructional services. Instructional | | | | |

services revenue was the largest component of this increase, driven by the EANS programs. As economic aid provided to schools under the EANS programs stopped on September 30, 2023 (EANS I) and winds down (EANS II), future instructional services revenue will decrease from recent historical periods.

Before tax operating margin, excluding net interest income is a non-GAAP measure of before tax operating profitability as a percentage of revenue and for the ETS&PP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Education technology services | | | | | | Education technology services | 56,021 | 54,787 | Increase was due to an increase in revenue from the Company's school information system software and application and enrollment services. This increase was partially offset by a decrease in FACTS learning management services revenue as a result of decrease in economic aid provided to private schools in response to the COVID 19 pandemic. Learning management instructional services revenue provided to private schools has been funded by the CARES Act and the Emergency Assistance to Non-Public Schools (EANS) programs. The EANS I program funding ended on September 30, 2023 and EANS II program funding ends on September 30, 2024. As economic aid provided to schools under the EANS programs stopped on September 30, 2023 (EANS I) and winds down (EANS II), future instructional services revenue will decrease from recent historical periods. Revenue earned under the EANS programs for the three months ended March 31, 2024 and 2023 was $10.6 million and $16.4 million, respectively. |
| Other | Other | 932 | 610 | 2,511 | 1,329 | | | | |
| Education technology, services, and payment processing revenue | | 113,796 | 106,894 | 357,258 | 310,211 | | | | |
| Education technology services and payments revenue | | | | | | | | | |
| Education technology services and payments revenue | | | | | | | | | |
| Education technology services and payments revenue | | | | | | | | | |
| Cost of services | | | | | | | | | |
| Cost of services | | | | | | | | | |
| Cost of services | Cost of services | 43,694 | 42,676 | 131,804 | 109,073 | | 48,610 | 47,704 | Represents direct costs to provide payment processing revenue and such costs decrease/increase in relationship to payment volumes. Costs to provide instructional services are also a component of this expense and decrease/increase in relationship to instructional services revenues. |
| Net revenue | Net revenue | $ 70,102 | 64,218 | 225,454 | 201,138 | | | | |
| GAAP before tax operating margin | GAAP before tax operating margin | 31.6 % | 29.1 % | 34.5 % | 33.0 % | | | | |
| GAAP before tax operating margin | | | | | | | | | |
| GAAP before tax operating margin | | | | | | | 50.2 % | 43.8 % | Before tax operating margin, excluding net interest income, is a non-GAAP measure of before tax operating profitability as a percentage of revenue, and for the ETSP segment is calculated as income before income taxes less net interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating performance of the segment and provides a meaningful comparison of the results of operations between periods.<br>Before tax operating margin, excluding net interest income, increased due to increased net revenue while maintaining a consistent cost structure. |
| Net interest income | Net interest income | (12.7) | (5.8) | (9.0) | (2.4) | | | | |

Represents costs relating to payment processing revenue and such costs decrease/increase in relationship to payment volumes. Costs to provide instructional services are also a component of this expense and decrease/increase in relationship to instructional services revenues.

Before tax operating margin, excluding net interest income decreased in 2023 compared with 2022 due to investments in (i) the development of new services and technologies; and (ii) superior customer experiences to align with the Company's strategies to grow, retain and diversify revenues. The Company anticipates before tax operating margin, excluding net interest income, will be impacted over the next several years as it continues to invest in the development of new services and customer experiences.

Before tax operating margin, excluding net interest income, is a non-GAAP measure of before

| | | | | | |
|---|---|---|---|---|---|
| Non-GAAP before tax operating margin, excluding net interest income | Non-GAAP before tax operating margin, excluding net interest income | 18.9 % | 23.3 % | 25.5 % | 30.6 % |

Non-GAAP before tax operating margin, excluding net interest income

Non-GAAP before tax operating margin, excluding net interest income

tax operating profitability as a percentage of revenue, and for the ETS&PP segment is calculated as income before income taxes less interest income divided by net revenue. The Company uses this metric to monitor and assess the segment's performance, manage operating costs, identify and evaluate business trends affecting the segment, and make strategic decisions, and believes that it facilitates an understanding of the operating the segment and es a meaningful comparison of the results of operations between periods. Before tax operating margin, excluding net interest income, decreased in 2023 compared with 2022 due to investments in (i) the development of new services and technologies; and (ii) superior customer experiences to align with the Company's strategies to grow, retain, and diversify revenues. The Company anticipates before tax operating margin, excluding net interest income, will be impacted over the next several years as it continues to invest in the development of new services and customer experiences.

## ASSET GENERATION AND MANAGEMENT OPERATING SEGMENT – NELNET FINANCIAL SERVICES DIVISION - RESULTS OF OPERATIONS

***Asset Generation and Management Operating Segment***

*Loan Portfolio*

As of September 30, 2023 March 31, 2024, the AGM operating segment had a $12.7 billion $10.8 billion loan portfolio, consisting primarily of federally insured loans. For a summary of the Company's loan portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

*Loan Activity*

The following table sets forth the activity of loans in the AGM operating segment:

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| Beginning balance | Beginning balance | $ 13,239,125 | 15,855,137 | 14,169,771 | 17,441,790 |
| Beginning balance | | | | | |
| Beginning balance | | | | | |
| Loan acquisitions: | | | | | |
| Loan acquisitions: | | | | | |
| Loan acquisitions: | Loan acquisitions: | | | | |
| Federally insured student loans | Federally insured student loans | 2,880 | 896 | 518,471 | 54,845 |
| Private education loans | | 77,365 | 667 | 77,365 | 8,177 |
| Federally insured student loans | | | | | |
| Federally insured student loans | | | | | |
| Consumer and other loans | | | | | |
| Consumer and other loans | | | | | |
| Consumer and other loans | Consumer and other loans | 29,413 | 120,465 | 340,091 | 256,998 |
| Total loan acquisitions | Total loan acquisitions | 109,658 | 122,028 | 935,927 | 320,020 |
| Total loan acquisitions | | | | | |
| Total loan acquisitions | | | | | |
| Repayments, claims, capitalized interest, participations, and other, net | | | | | |
| Repayments, claims, capitalized interest, participations, and other, net | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Repayments, claims, capitalized interest, participations, and other, net | Repayments, claims, capitalized interest, participations, and other, net | (322,013) | (385,312) | (1,175,320) | (1,310,913) |
| Loans lost to external parties | Loans lost to external parties | (229,342) | (768,923) | (712,772) | (1,609,728) |
| Loans lost to external parties | | | | | |
| Loans lost to external parties | | | | | |
| Loans sold | | | | | |
| Loans sold | | | | | |
| Loans sold | Loans sold | (61,807) | (28,915) | (481,985) | (47,154) |
| Ending balance | Ending balance | $ 12,735,621 | 14,794,015 | 12,735,621 | 14,794,015 |
| Ending balance | | | | | |
| Ending balance | | | | | |

The Company has partial ownership in certain consumer, private education, and federally insured student loan securitizations that are accounted for as held-to-maturity beneficial interest investments and included in "investments and notes receivable" in the Company's consolidated financial statements. As of the latest remittance reports filed by the various trusts prior to or as of September 30, 2023 March 31, 2024, the Company's ownership correlates to approximately $660 million, $540 million, and $350 million $1.79 billion of consumer, private education, and federally insured student loans respectively, included in these securitizations. The loans held in these securitizations are not included in the above table.

Since late 2021, the Company has experienced accelerated run-off of its FFELP portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under the Public Service Loan Forgiveness and other programs. After multiple extensions of the student loans payment pause under the CARES Act, the payment and interest accrual suspension ended August 31, 2023, and Federal Direct Loan Program borrowers returned to repayment on September 1, 2023. In August 2022, the Department announced a broad-based student debt relief plan that would have provided up to $20,000 in one-time debt relief to income-qualified recipients with Department held student loans. On June 30, 2023, the Supreme Court ruled that the Department was prohibited from implementing this plan. After the invalidation of this broad-based relief plan, the Department announced plans to enter into a negotiated rulemaking process to achieve debt relief for federal student loan borrowers using provisions of the Higher Education Act (HEA). The Department released proposed regulatory text prior to holding its statutorily-required negotiated rulemaking sessions. Notably, the Department proposed forgiveness for certain groups of borrowers with privately-held FFELP loans without consolidation into the Federal Direct Loan Program as a prerequisite requirement for such forgiveness. Publicly available negotiated rulemaking sessions occurred in the fourth quarter of 2023 and the first quarter of 2024. The Department published draft regulations for public comment in April 2024, including regulations that would grant automatic discharge for all federal student loans, including privately-held FFELP loans, older than 20 or 25 years. The April 2024 draft publication did not include regulations to provide forgiveness for borrowers (including borrowers with privately-held FFELP loans) "experiencing financial hardship;" however, publication and comment period for such regulations are expected in Summer of 2024. Final publication and effective date for all pending forgiveness regulations pursuant to the HEA are expected in Fall of 2024. In addition, during 2023, the Department issued final regulations on the Saving on a Valuable Education (SAVE) income-driven repayment (IDR) plan. The SAVE plan makes significant changes to IDR to lower monthly payment amounts, subsidize interest, and accelerate time to forgiveness for some borrowers. FFELP borrowers can access the new income-driven repayment changes by consolidating their loans into the Federal Direct Loan Program. The benefits of the SAVE plan are conferred not exclusively on a go-forward basis, as has been the case with previous IDR rulemaking, meaning borrowers who consolidate into the Federal Direct Loan Program receive credit toward forgiveness for months in repayment prior to consolidation. The new income-driven repayment regulations are effective July 1,

2024; however, the Biden-Harris Administration announced implementation for some features starting July 30, 2023 and SAVE forgiveness starting February 2024. The proposed forgiveness regulations and implementation of the SAVE IDR plan regulations have increased, and may continue to increase, consolidation activity as FFELP borrowers (i) consolidate their loans into the Federal Direct Loan Program in order to be eligible for potential debt relief for Department borrowers and the SAVE plan and (ii) begin receiving automatic forgiveness for loans older than 20 or 25 years. Prepayments could significantly increase if the federal government and/or the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, or consolidation loan programs.

*Allowance for Loan Losses, Loan Delinquencies, and Loan Charge-offs*

For a summary of the allowance as a percentage of the ending balance and loan status and delinquency amounts for each of AGM's loan portfolios as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; and the activity in AGM's allowance for loan losses and net charge-offs as a percentage of average loans for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

*Loan Spread Analysis*

The following table analyzes the loan spread on AGM's portfolio of loans, which represents the spread between the yield earned on loan assets and the costs of the liabilities and derivative instruments used to fund the assets. The spread amounts included in the following table are calculated by using the notional dollar values found in the table under the caption "Net interest income after provision for loan losses, net of settlements on derivatives" below, divided by the average balance of loans or debt outstanding.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | 2024 | | | |
| | 2024 | | | |
| | 2024 | | | |

| | | | | | |
|---|---|---|---|---|---|
| Variable loan yield, gross | | | | | |
| Variable loan yield, gross | | | | | |
| Variable loan yield, gross | Variable loan yield, gross | 7.70 % | 5.05 % | 7.51 % | 3.76 % |
| Consolidation rebate fees | Consolidation rebate fees | (0.80) | (0.84) | (0.80) | (0.85) |
| Consolidation rebate fees | | | | | |
| Consolidation rebate fees | | | | | |
| Discount accretion, net of premium and deferred origination costs amortization | | | | | |
| Discount accretion, net of premium and deferred origination costs amortization | | | | | |
| Discount accretion, net of premium and deferred origination costs amortization | Discount accretion, net of premium and deferred origination costs amortization | 0.06 | 0.02 | 0.05 | 0.03 |
| Variable loan yield, net | Variable loan yield, net | 6.96 | 4.23 | 6.76 | 2.94 |
| Loan cost of funds - interest expense (a) | | (6.14) | (3.11) | (5.86) | (1.95) |
| Loan cost of funds - derivative settlements (b) (c) | | 0.01 | (0.03) | 0.01 | 0.00 |
| Variable loan yield, net | | | | | |
| Variable loan yield, net | | | | | |
| Loan cost of funds - interest expense | | | | | |
| Loan cost of funds - interest expense | | | | | |
| Loan cost of funds - interest expense | | | | | |
| Loan cost of funds - derivative settlements (a) (b) | | | | | |
| Loan cost of funds - derivative settlements (a) (b) | | | | | |
| Loan cost of funds - derivative settlements (a) (b) | | | | | |
| Variable loan spread | | | | | |
| Variable loan spread | | | | | |
| Variable loan spread | Variable loan spread | 0.83 | 1.09 | 0.91 | 0.99 |
| Fixed rate floor income, gross | Fixed rate floor income, gross | 0.01 | 0.19 | 0.02 | 0.45 |
| Fixed rate floor income - derivative settlements (b) (d) | | 0.01 | 0.30 | 0.23 | 0.10 |
| Fixed rate floor income, gross | | | | | |
| Fixed rate floor income, gross | | | | | |
| Fixed rate floor income - derivative settlements (a) (c) | | | | | |
| Fixed rate floor income - derivative settlements (a) (c) | | | | | |
| Fixed rate floor income - derivative settlements (a) (c) | | | | | |
| Fixed rate floor income, net of settlements on derivatives | Fixed rate floor income, net of settlements on derivatives | 0.02 | 0.49 | 0.25 | 0.55 |
| Fixed rate floor income, net of settlements on derivatives | | | | | |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Fixed rate floor income, net of settlements on derivatives | | | | | | | | | | |
| Core loan spread | | | | | | | | | | |
| Core loan spread | | | | | | | | | | |
| Core loan spread | Core loan spread | | 0.85 | % | 1.58 | % | 1.16 | % | 1.54 | % |
| Average balance of AGM's loans | Average balance of AGM's loans | $ | 13,157,152 | | 15,466,505 | | 13,588,427 | | 16,371,092 | |
| Average balance of AGM's loans | | | | | | | | | | |
| Average balance of AGM's loans | | | | | | | | | | |
| Average balance of AGM's debt outstanding | Average balance of AGM's debt outstanding | | 12,527,771 | | 15,060,823 | | 12,964,890 | | 15,905,170 | |
| Average balance of AGM's debt outstanding | | | | | | | | | | |
| Average balance of AGM's debt outstanding | | | | | | | | | | |

(a) In the second quarter of 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of $25.9 million in interest expense from the write-off of the remaining unamortized debt discount associated with these bonds at the time of redemption. This expense was excluded from the table above.

(b) Derivative settlements represent the cash paid or received during the current period to settle with derivative instrument counterparties the economic effect of the Company's derivative instruments based on their contractual terms. Derivative accounting requires that net settlements with respect to derivatives that do not qualify for "hedge treatment" under GAAP be recorded in a separate income statement line item below net interest income. The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. As such, management believes derivative settlements for each applicable period should be evaluated with the Company's net interest income (loan spread) as presented in this table. The Company reports this non-GAAP information because the Company believes that it provides additional information regarding operational and performance indicators that are closely assessed by management. There is no comprehensive, authoritative guidance for the presentation of such non-GAAP information, which is only meant to supplement GAAP results by providing additional information that management utilizes to assess performance. See note 4 of the notes to consolidated financial statements included under Part I, Item 1 of this report for additional information on the Company's Non-Nelnet Bank derivative instruments, including the net settlement activity recognized by the Company for each type of derivative for the 2023 2024 and 2022 2023 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 4 and in this table.

A reconciliation of core loan spread, which includes the impact of derivative settlements on loan spread, to loan spread without derivative settlements follows.

| | | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | | 2022 | | 2023 | | 2022 | |
| | | Three months ended March 31, | | | | | | | |
| | | Three months ended March 31, | | | | | | | |
| | | Three months ended March 31, | | | | | | | |
| | | 2024 | | | | | | | |
| | | 2024 | | | | | | | |
| | | 2024 | | | | | | | |
| Core loan spread | | | | | | | | | |
| Core loan spread | | | | | | | | | |
| Core loan spread | Core loan spread | 0.85 | % | 1.58 | % | 1.16 | % | 1.54 | % |
| Derivative settlements (1:3 basis swaps) | Derivative settlements (1:3 basis swaps) | (0.01) | | 0.03 | | (0.01) | | (0.00 ) | |
| Derivative settlements (1:3 basis swaps) | | | | | | | | | |
| Derivative settlements (1:3 basis swaps) | | | | | | | | | |
| Derivative settlements (fixed rate floor income) | | | | | | | | | |
| Derivative settlements (fixed rate floor income) | | | | | | | | | |
| Derivative settlements (fixed rate floor income) | Derivative settlements (fixed rate floor income) | (0.01) | | (0.30) | | (0.23) | | (0.10) | |
| Loan spread | Loan spread | 0.83 | % | 1.31 | % | 0.92 | % | 1.44 | % |
| Loan spread | | | | | | | | | |
| Loan spread | | | | | | | | | |

(c) (b) Derivative settlements consist of net settlements received (paid) related to the Company’s 1:3 basis swaps.

(d) (c) Derivative settlements consist of net settlements received related to the Company’s floor income interest rate swaps.

The relationship between the indices in which AGM earns interest on its loans and funds such loans has a significant impact on loan spread. See Item 3, “Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk - AGM Operating Segment,” which provides additional detail on AGM’s FFELP student loan assets and related funding for those assets. In an increasing interest rate environment, student loan spread on FFELP loans increases in the short term because of the timing of interest rate resets on the Company's assets occurring daily in contrast to the timing of the interest rate resets on the Company's debt that occurs occurring either monthly or quarterly.

Variable loan spread decreased was lower during the three and nine months ended September 30, 2023 March 31, 2024 compared to with the same periods period in 2022 2023 due to a significant increase in short-term rates during each of the first three quarters quarter of 2022 2023 compared with the increase an insignificant change in rates for the same periods period in 2023. 2024.

The difference between variable loan spread and core loan spread is fixed rate floor income earned on a portion of AGM's federally insured student loan portfolio. A summary of fixed rate floor income and its contribution to core loan spread follows:

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| Fixed rate floor income, gross | | | | | |
| Fixed rate floor income, gross | | | | | |
| Fixed rate floor income, gross | Fixed rate floor income, gross | $ 450 | 7,585 | 2,016 | 54,870 |
| Derivative settlements (a) | Derivative settlements (a) | 235 | 11,356 | 22,760 | 11,843 |
| Derivative settlements (a) | | | | | |
| Derivative settlements (a) | | | | | |
| Fixed rate floor income, net | | | | | |
| Fixed rate floor income, net | | | | | |
| Fixed rate floor income, net | Fixed rate floor income, net | $ 685 | 18,941 | 24,776 | 66,713 |
| Fixed rate floor income contribution to spread, net | Fixed rate floor income contribution to spread, net | 0.02 % | 0.49 % | 0.25 % | 0.55 % |
| Fixed rate floor income contribution to spread, net | | | | | |
| Fixed rate floor income contribution to spread, net | | | | | |

(a) Derivative settlements consist of net settlements received related to the Company's derivatives used to hedge student loans earning fixed rate floor income.

The decrease in gross fixed rate floor income for the three and nine months ended September 30, 2023 March 31, 2024 compared with the same periods period in 2022 2023 was due to higher interest rates in 2023 2024 compared with 2022. 2023.

The Company had a significant portfolio of derivative instruments in which the Company paid a fixed rate and received a floating rate to economically hedge loans earning fixed rate floor income. On March 15, 2023, to minimize the Company's exposure to market volatility and increase liquidity, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from its clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements. In June Subsequent to terminating these derivatives, during the second and fourth quarters of 2023, the Company entered into a derivative with a total of $400.0 million notional amount of $50.0 million derivatives to hedge a portion of loans remaining that earn earning fixed rate floor income. income and other loans and investments in which the Company receives a fixed rate.

The decrease in net derivative settlements received by the Company during the three months ended September 30, 2023 March 31, 2024, compared with the same period in 2022, 2023, was due to a decrease in the termination notional amount of derivatives outstanding and less favorable terms on the fixed rate floor $400.0 million of notional derivatives entered into in March 2023. The increase in net derivative settlements received by the Company during the nine months ended September 30, 2023, 2023 compared with the same period in 2022, was $2.8 billion notional derivatives that were terminated due to an increase in settlements on interest rates from when the Company's terminated derivatives outstanding during this period as a result of an increase in interest rates.

were initially executed.

*Summary and Comparison of Operating Results*

| | | Three months ended September 30, | | Nine months ended September 30, | | |
|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | Additional information |
| Net interest income after provision for loan losses | Net interest income after provision for loan losses | $42,753 | 53,708 | 69,765 | 189,028 | See table below for additional analysis. |
| Other income, net | Other income, net | 2,776 | 4,627 | 6,939 | 16,270 | Represents primarily borrower late fees, income from providing administration activities for third parties, gain/losses from repurchases of debt, and income/losses from AGM's investment in joint ventures. AGM recognized joint venture losses of $1.9 million and $0.3 million for the three months ended September 30, 2023 and 2022, respectively, and losses of $4.5 million and income of $1.3 million for the nine months ended September 30, 2023 and 2022, respectively. |
| Gain on sale of loans, net | | 5,362 | 2,627 | 32,685 | 5,616 | The Company recognized gains from selling portfolios of loans in 2023 and 2022. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |

| | 2024 | | 2023 | | | Additional information |
|---|---|---|---|---|---|---|
| Net interest income after provision for loan losses | $34,003 | 13,663 | | 13,663 | See table below for additional analysis. | See table below for additional analysis. |
| Other income, net | 4,983 | 2,845 | | 2,845 | Represents primarily borrower late fees, income from providing administration activities for third parties, and income/losses from AGM's investment in joint ventures. | Represents primarily borrower late fees, income from providing administration activities for third parties, and income/losses from AGM's investment in joint ventures. |
| (Loss) gain on sale of loans, net | (41) | | 11,812 | | | The Company recognized a loss and net gains from selling portfolios of loans in 2024 and 2023, respectively. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |
| Derivative settlements, net | | | | | | |
| Derivative settlements, net | | | | | | |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative settlements, net | Derivative settlements, net | 621 | 10,271 | 23,940 | 12,085 | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below. The majority of derivative settlements received in the periods presented was from the Company's derivative portfolio used to hedge loans earning fixed rate floor income. This derivative portfolio was terminated on March 15, 2023 to minimize the Company's exposure to market volatility. | 1,555 | 23,337 | | 23,337 | | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below. The majority of derivative settlements received in the periods presented was from the Company's derivative portfolio used to hedge loans earning fixed rate floor income. The decrease in net derivative settlements received by the Company was due to the termination of the floor income interest rate swaps in March 2023. See above under "Loan Spread Analysis" for further information. | | The Company maintains an overall risk management strategy that incorporates the use of derivative instruments to reduce the economic effect of interest rate volatility. Derivative settlements for each applicable period should be evaluated with the Company's net interest income as reflected in the table below. The majority of derivative settlements received in the periods presented was from the Company's derivative portfolio used to hedge loans earning fixed rate floor income. The decrease in net derivative settlements received by the Company was due to the termination of the floor income interest rate swaps in March 2023. See above under "Loan Spread Analysis" for further information. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative market value adjustments, net | Derivative market value adjustments, net | 1,192 | 52,991 | (35,323) | 239,125 | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments for the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. On March 15, 2023, AGM terminated its portfolio of floor income interest rate swaps to minimize the Company's exposure to market volatility. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. | Derivative market value adjustments, net | 5,706 | (37,411) | | (37,411) | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. On March 15, 2023, AGM terminated its portfolio of floor income interest rate swaps to minimize the Company's exposure to market volatility and increase liquidity. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. See above under "Loan Spread Analysis" for further information. | | Includes the realized and unrealized gains and losses that are caused by changes in fair values of derivatives which do not qualify for "hedge treatment" under GAAP. The majority of the derivative market value adjustments during the periods presented related to the changes in fair value of the Company's floor income interest rate swaps. Such changes reflect that a decrease in the forward yield curve during a reporting period results in a decrease in the fair value of the Company's floor income interest rate swaps, and an increase in the forward yield curve during a reporting period results in an increase in the fair value of such swaps. On March 15, 2023, AGM terminated its portfolio of floor income interest rate swaps to minimize the Company's exposure to market volatility and increase liquidity. As such, the Company expects the derivative market value adjustments in future periods will be less substantial. See above under "Loan Spread Analysis" for further information. |
| Total other income, net | Total other income, net | 9,951 | 70,516 | 28,241 | 273,096 | | | | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Salaries and benefits | Salaries and benefits | 1,242 | 653 | 3,093 | 1,858 | Increase in 2023 compared with 2022 was due to additional headcount as the Company actively expands into new asset loan classes. |

Salaries and benefits

| | | | |
|---|---|---|---|
| Salaries and benefits | 1,195 | 755 | Increase was due to additional headcount as the Company actively expands into new asset loan classes. |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Other expenses | Other expenses | 2,952 | 3,349 | 12,083 | 9,925 | Represents primarily servicing fees paid to third parties. Also includes certain professional and legal fees. Increase in the nine months ended September 30, 2023 compared with the same period in 2022 was due to incurring additional professional fees as the Company actively expands into new asset loan classes. | Other expenses | 3,418 | 5,016 | 5,016 | Represents primarily servicing fees paid to third parties. Decrease in servicing fees was due to the amortization of the FFELP student loan portfolio. | Represents primarily servicing fees paid to third parties. Decrease in servicing fees was due to the amortization of the FFELP student loan portfolio. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Intersegment expenses | Intersegment expenses | 7,948 | 8,350 | 24,789 | 25,694 | Represents fees paid to LSS for the servicing of AGM's loan portfolio. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. | Intersegment expenses | 7,850 | 8,696 | | 8,696 | Represents fees paid to LSS for the servicing of the majority of AGM's loans. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. | | Represents fees paid to LSS for the servicing of the majority of AGM's loans. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also includes costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. |
| Total operating expenses | Total operating expenses | 12,142 | 12,352 | 39,965 | 37,477 | Total operating expenses were 37 basis points and 32 basis points of the average balance of loans for the three months ended September 30, 2023 and 2022, respectively, and 39 basis points and 31 basis points for the nine months ended September 30, 2023 and 2022, respectively. The increase in operating expenses as a percent of the average balance of loans in 2023 compared with 2022 was due to an increase in costs as the Company actively expands into new asset loan classes. | Total operating expenses | 12,463 | 14,467 | | 14,467 | Total operating expenses were 43 basis points and 41 basis points of the average balance of loans for the three months ended March 31, 2024 and 2023, respectively. The increase in operating expenses as a percent of the average balance of loans was due to an increase in costs as the Company actively expands into new asset loan classes. | | Total operating expenses were 43 basis points and 41 basis points of the average balance of loans for the three months ended March 31, 2024 and 2023, respectively. The increase in operating expenses as a percent of the average balance of loans was due to an increase in costs as the Company actively expands into new asset loan classes. |
| Income before income taxes | | 40,562 | 111,872 | 58,041 | 424,647 | | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Income tax expense | | (9,735) | (26,849) | (13,930) | (101,915) | Represents income tax expense at an effective tax rate of 24%. | | | |
| Net income | | $30,827 | 85,023 | 44,111 | 322,732 | | | | |
| Income (loss) before income taxes | | | | | | | | | |
| Income tax (expense) benefit | | | | | | | | | |
| Income tax (expense) benefit | | | | | | | | | |
| Income tax (expense) benefit | | | | | | | (8,099) | 53 | Represents income tax expense at an effective tax rate of 24%. |
| Net income (loss) | | | | | | | | | |
| Additional information: | Additional information: | | | | | | | | |
| Net income | | $30,827 | 85,023 | 44,111 | 322,732 | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments. | | | |
| Additional information: | | | | | | | | | |
| Additional information: | | | | | | | | | |
| GAAP net income (loss) | | | | | | | | | |
| GAAP net income (loss) | | | | | | | | | |
| GAAP net income (loss) | | | | | | | $25,644 | (168) | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional information about non-GAAP net income, excluding derivative market value adjustments.<br><br>The decrease in non-GAAP net income, excluding derivative market value adjustments was due to (i) a decrease in the average balance of loans; (ii) a decrease in core loan spread; and (iii) the net gain on sale of loans in 2023. These changes were partially offset by (i) a decrease in provision expense and (ii) an increase in investment interest income on the |
| Derivative market value adjustments, net | Derivative market value adjustments, net | (1,192) | (52,991) | 35,323 | (239,125) | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments. | | | |
| Tax effect | Tax effect | 286 | 12,718 | (8,478) | 57,390 | | | | |
| Net income, excluding derivative | | | | | | | | | |

| | | | | |
|---|---|---|---|---|
| market value adjustments | $29,921 | 44,750 | 70,956 | 140,997 |
| Tax effect | | | | |
| Tax effect | | | | |
| Non-GAAP net income, excluding derivative market value adjustments | | | | |
| Non-GAAP net income, excluding derivative market value adjustments | | | | |
| Non-GAAP net income, excluding derivative market value adjustments | | | | |

interest income on the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments.

*Net interest income after provision for loan losses, net of settlements on derivatives*

The following table summarizes the components of "net interest income after provision for loan losses" and "derivative settlements, net."

| | | Three months ended September 30, | | Nine months ended September 30, | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | Additional information | | 2024 | | 2023 | | Additional information |
| Variable interest income, gross | Variable interest income, gross | $254,569 | 196,910 | 763,933 | 459,575 | Increase in 2023 compared with 2022 was due to an increase in the gross yield earned on loans, partially offset by a decrease in the average balance of loans. | Variable interest income, gross | $229,817 | 246,594 | 246,594 | Decrease was due to a decrease in the average balance of loans partially offset by an increase in the gross yield earned on loans. | Decrease was due to a decrease in the average balance of loans partially offset by an increase in the gross yield earned on loans. |
| Consolidation rebate fees | Consolidation rebate fees | (26,143) | (32,612) | (81,753) | (104,335) | Decrease in 2023 compared with 2022 was due to a decrease in the average consolidation loan balance. | Consolidation rebate fees | (23,057) | (28,399) | (28,399) | Decrease was due to a decrease in the average consolidation loan balance. | Decrease was due to a decrease in the average consolidation loan balance. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Discount accretion, net of premium and deferred origination costs amortization | Discount accretion, net of premium and deferred origination costs amortization | 1,940 | 737 | 5,437 | 3,669 | Net discount accretion is due to the Company's purchases of loans at a net discount over the last several years. | Discount accretion, net of premium and deferred origination costs amortization | 2,688 | 1,607 | | 1,607 | Net discount accretion is due to the Company's purchases of loans at a net discount over the last several years. | | Net discount accretion is due to the Company's purchases of loans at a net discount over the last several years. |
| Variable interest income, net | Variable interest income, net | 230,366 | 165,035 | 687,617 | 358,909 | | | | | | | | | |
| Interest on bonds and notes payable | Interest on bonds and notes payable | (194,098) | (118,135) | (594,764) | (231,960) | Increase in 2023 compared with 2022 was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. In addition, during the second quarter of 2023, the Company redeemed certain asset-backed debt securities prior to their maturity, resulting in the recognition of a $25.9 million non-cash expense from the write-off of the remaining debt discount associated with these bonds at the time of redemption. | | | | | | | | |
| Interest on bonds and notes payable | | | | | | | | | | | | | | |
| Interest on bonds and notes payable | | | | | | | | (184,145) | | | (182,063) | | | Increase was due to an increase in cost of funds, partially offset by a decrease in the average balance of debt outstanding. |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative settlements, net (a) | Derivative settlements, net (a) | 386 | (1,085) | 1,180 | 242 | Represents net derivative settlements received (paid) related to the Company's 1:3 basis swaps. | Derivative settlements, net (a) | 365 | 859 | 859 | Represents net derivative settlements received related to the Company's 1:3 basis swaps. | Represents net derivative settlements received related to the Company's 1:3 basis swaps. |
| Variable loan interest margin, net of settlements on derivatives | Variable loan interest margin, net of settlements on derivatives | 36,654 | 45,815 | 94,033 | 127,191 | | | | | | | |
| Fixed rate floor income, gross | | | | | | | | | | | | |
| Fixed rate floor income, gross | | | | | | | | | | | | |
| Fixed rate floor income, gross | Fixed rate floor income, gross | 450 | 7,585 | 2,016 | 54,870 | Decrease in 2023 compared with 2022 was due to higher interest rates. | | 180 | 1,110 | 1,110 | Decrease was due to higher interest rates. | Decrease was due to higher interest rates. |

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Derivative settlements, net (a) | Derivative settlements, net (a) | 235 | 11,356 | 22,760 | 11,843 | Represents net derivative settlements received related to the Company's floor income interest rate swaps. On March 15, 2023, to minimize the Company's exposure to market volatility, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income. The decrease in net derivative settlements received by the Company during the three months ended September 30, 2023, compared with the same period in 2022, was due to the termination of the fixed rate floor derivatives in March 2023. The increase in net derivative settlements received by the Company during the nine months ended September 30, 2023, compared with the same period in 2022, was due to an increase in settlements on the Company's derivatives outstanding during this period as a result of an increase in interest rates. | Derivative settlements, net (a) | 1,190 | 22,478 | | 22,478 | Represents net derivative settlements received related to the Company's floor income interest rate swaps. The decrease in net derivative settlements received by the Company was due to the termination of the floor income interest rate swaps in March 2023. See above under "Loan Spread Analysis" for further information. | | Represents net derivative settlements received related to the Company's floor income interest rate swaps. The decrease in net derivative settlements received by the Company was due to the termination of the floor income interest rate swaps in March 2023. See above under "Loan Spread Analysis" for further information. |
| Fixed rate floor income, net of settlements on derivatives | Fixed rate floor income, net of settlements on derivatives | 685 | 18,941 | 24,776 | 66,713 | | | | | | | | | |
| Core loan interest income (a) | Core loan interest income (a) | 37,339 | 64,756 | 118,809 | 193,904 | | | | | | | | | |

Core loan interest income (a)

Core loan interest income (a)

Investment interest

Investment interest

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Investment interest | Investment interest | 18,062 | 10,312 | 47,726 | 28,147 | Increase in 2023 compared with 2022 was due to an increase of interest earned on restricted cash due to higher interest rates. | 21,835 | 13,807 | 13,807 | Increase was due to an increase in the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments. | Increase was due to an increase in the Company's partial ownership in loan securitizations that are accounted for as held-to-maturity beneficial interest investments. |
| Intercompany interest | Intercompany interest | (3,295) | (1,874) | (24,141) | (3,760) | Increase in 2023 compared with 2022 was due to an increase in the balance of borrowings and higher rates. | | | | | |
| Provision for loan losses - federally insured loans | | (1,641) | (888) | (4,052) | (505) | The primary item impacting provision for loan losses was the establishment of an initial allowance for loans acquired during the periods presented. | | | | | |
| Provision for loan losses - private education loans | | (3,009) | (1,154) | (3,249) | (1,971) | | | | | | |
| Negative provision (provision) for loan losses - federally insured loans | | | | | | For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. | | | | | |
| Negative provision (provision) for loan losses - federally insured loans | | | | | | | | | | | |
| Negative provision (provision) for loan losses - federally insured loans | | | | | | | 1,870 | | (2,411) | | |
| Negative provision (provision) for loan losses - private education loans | | | | | | | | | | | See note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report for factors impacting provision for loan losses for the periods presented. |
| Provision for loan losses - consumer and other loans | | | | | | | | | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Provision for loan losses - consumer and other loans | | | | | | | |
| Provision for loan losses - consumer and other loans | Provision for loan losses - consumer and other loans | (4,082) | (7,173) | (41,388) | (14,702) | The primary item impacting provision for loan losses was the establishment of an initial allowance for loans acquired during the periods presented. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |
| Net interest income after provision for loan losses (net of settlements on derivatives) (a) | Net interest income after provision for loan losses (net of settlements on derivatives) (a) | $ 43,374 | 63,979 | 93,705 | 201,113 | |
| Net interest income after provision for loan losses (net of settlements on derivatives) (a) | | | | | | |
| Net interest income after provision for loan losses (net of settlements on derivatives) (a) | | | | | | |

(a) Core loan interest income and net interest income after provision for loan losses (net of settlements on derivatives) are non-GAAP financial measures. For an explanation of GAAP accounting for derivative settlements and the reasons why the Company reports these non-GAAP measures (and the limitations thereof), see footnote (b) (a) to the table immediately under the caption "Loan Spread Analysis" above. See note 4 of the notes to consolidated financial statements included under Part I, Item 1 of this report for additional information on the Company's derivative instruments, including the net settlement activity recognized by the Company for each type of derivative referred to in the "Additional information" column of this table, for the 2023 2024 and 2022 2023 periods presented in the table under the caption "Consolidated Financial Statement Impact Related to Derivatives - Statements of Income" in note 4 and in this table. Income."

***NELNET BANK OPERATING SEGMENT – RESULTS OF OPERATIONS Nelnet Bank Operating Segment***

_Loan Portfolio_

As of September 30, 2023 March 31, 2024, Nelnet Bank had a $468.8 million $483.7 million loan portfolio, consisting of $359.9 million $364.8 million of private education loans $59.3 million of FFELP loans, and $49.6 million $119.0 million of consumer and other loans. For a summary of the Company's loan portfolio as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

_Loan Activity_

The following table sets forth the activity of loans in Nelnet Bank's loan portfolio: Bank operating segment:

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 |
| | | 2024 | | | |
| | | 2024 | | | |
| | | 2024 | | | |
| Beginning balance | Beginning balance | $ 444,488 | 423,553 | 419,795 | 257,901 |
| Beginning balance | | | | | |
| Beginning balance | | | | | |
| Loan acquisitions and originations: | | | | | |
| Loan acquisitions and originations: | | | | | |
| Loan acquisitions and originations: | Loan acquisitions and originations: | | | | |
| Private education loans | Private education loans | 19,756 | 21,167 | 41,341 | 226,713 |
| Private education loans | | | | | |
| Private education loans | | | | | |
| Consumer and other loans | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Consumer and other loans | | | | | |
| Consumer and other loans | Consumer and other loans | 22,966 | — | 55,766 | — |
| Total loan acquisitions and originations | Total loan acquisitions and originations | 42,722 | 21,167 | 97,107 | 226,713 |
| Total loan acquisitions and originations | | | | | |
| Total loan acquisitions and originations | | | | | |
| Repayments | | | | | |
| Repayments | | | | | |
| Repayments | Repayments | (18,382) | (15,244) | (47,957) | (51,011) |
| Loans sold to AGM | Loans sold to AGM | (15) | — | (132) | (4,127) |
| Loans sold to AGM | | | | | |
| Loans sold to AGM | | | | | |
| Ending balance | Ending balance | $ 468,813 | 429,476 | 468,813 | 429,476 |
| Ending balance | | | | | |
| Ending balance | | | | | |

*Allowance for Loan Losses, Loan Delinquencies, and Loan Charge-offs*

For a summary of the allowance as a percentage of the ending balance and loan status, delinquency amounts, and other key credit quality indicators of for each of Nelnet Bank's loan portfolios as of September 30, 2023 March 31, 2024 and December 31, 2022 December 31, 2023; and the activity in Nelnet Bank's allowance for loan losses and net charge-offs as a percentage of average loans for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

*Deposits*

As of September 30, 2023 March 31, 2024, Nelnet Bank had $947.4 million $960.6 million of deposits. All of Nelnet Bank's deposits are interest-bearing deposits and primarily consist of brokered certificates of deposit (CDs) and, retail and other savings deposits and CDs. CDs, and intercompany deposits. Retail and other saving savings deposits include deposits from Educational 529 College Savings and Health Savings plans, Short Term Federal Investment Trust (STFIT), and commercial and institutional CDs. Union Bank, a related party, is the program manager for the Educational 529 College Savings plans and trustee for the STFIT.

As of September 30, 2023 March 31, 2024, Nelnet Bank's deposits included $229.3 million $158.6 million from Nelnet, Inc. (the parent (parent company) and its subsidiaries (intercompany), and thus have been eliminated for consolidated financial reporting purposes. The intercompany deposits include a pledged deposit of $40.0 million from Nelnet, Inc. as required under the Capital and Liquidity Maintenance Agreement with the FDIC, deposits required for intercompany transactions, operating and savings deposits, and NBS custodial deposits consisting of collected tuition payments collected which are subsequently remitted to the appropriate school.

*Average Balance Sheet*

The following table reflects the rates earned on interest-earning assets and paid on interest-bearing liabilities.

| | Three months ended September 30, | | | | Nine months ended September 30, | | | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | | 2022 | | 2023 | | 2022 | |
| | Balance | Rate | Balance | Rate | Balance | Rate | Balance | Rate |
| **Average assets (a)** | | | | | | | | |
| | **Three months ended March 31, (a)** | | | | | | | |
| | **Three months ended March 31, (a)** | | | | | | | |
| | **Three months ended March 31, (a)** | | | | | | | |
| | **2024** | | | | | | | |
| | **2024** | | | | | | | |
| | **2024** | | | | | | | |
| | **Balance** | | | | | | | |
| | **Balance** | | | | | | | |
| | **Balance** | | | | | | | |
| **Average assets** | | | | | | | | |
| **Average assets** | | | | | | | | |
| **Average assets** | | | | | | | | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Federally insured student loans | | | | | | | | | |
| Federally insured student loans | | | | | | | | | |
| Federally insured student loans | Federally insured student loans | $ 60,504 | 6.58 % | $ 75,124 | 3.69 % | $ 62,531 | 6.29 % | $ 80,234 | 2.39 % |
| Private education loans | Private education loans | 353,740 | 3.85 | 350,668 | 3.31 | 354,513 | 3.74 | 304,174 | 3.13 |
| Private education loans | | | | | | | | | |
| Private education loans | | | | | | | | | |
| Consumer and other loans | | | | | | | | | |
| Consumer and other loans | | | | | | | | | |
| Consumer and other loans | Consumer and other loans | 36,041 | 12.90 | — | — | 23,065 | 12.92 | — | — |
| Cash and investments | Cash and investments | 586,067 | 6.47 | 424,899 | 3.67 | 556,401 | 6.25 | 348,697 | 2.78 |
| Cash and investments | | | | | | | | | |
| Cash and investments | | | | | | | | | |
| Total interest-earning assets | | | | | | | | | |
| Total interest-earning assets | | | | | | | | | |
| Total interest-earning assets | Total interest-earning assets | 1,036,352 | 5.81 % | 850,691 | 3.52 % | 996,510 | 5.51 % | 733,105 | 2.88 % |
| Non-interest-earning assets | Non-interest-earning assets | 10,322 | | 8,914 | | 9,047 | | 13,754 | |
| Non-interest-earning assets | | | | | | | | | |
| Non-interest-earning assets | | | | | | | | | |
| Total assets | Total assets | $ 1,046,674 | | $ 859,605 | | $ 1,005,557 | | $ 746,859 | |
| **Average liabilities and equity (a)** | | | | | | | | | |
| Total assets | | | | | | | | | |
| Total assets | | | | | | | | | |
| **Average liabilities and equity** | | | | | | | | | |
| **Average liabilities and equity** | | | | | | | | | |
| **Average liabilities and equity** | | | | | | | | | |
| Brokered deposits | | | | | | | | | |
| Brokered deposits | | | | | | | | | |
| Brokered deposits | Brokered deposits | $ 204,050 | 1.38 % | $ 296,257 | 1.42 % | $ 204,534 | 1.38 % | $ 230,968 | 1.33 % |
| Intercompany deposits | Intercompany deposits | 184,829 | 6.86 | 155,350 | 2.24 | 173,929 | 6.10 | 121,557 | 1.32 |
| Intercompany deposits | | | | | | | | | |
| Intercompany deposits | | | | | | | | | |
| Retail and other deposits | Retail and other deposits | 521,344 | 4.22 | 293,209 | 1.84 | 493,939 | 4.01 | 283,386 | 1.08 |
| Retail and other deposits | | | | | | | | | |
| Retail and other deposits | | | | | | | | | |
| Total interest-bearing liabilities | | | | | | | | | |
| Total interest-bearing liabilities | | | | | | | | | |
| Total interest-bearing liabilities | Total interest-bearing liabilities | 910,223 | 4.04 % | 744,816 | 1.76 % | 872,402 | 3.76 % | 635,911 | 1.22 % |
| Non-interest-bearing liabilities | Non-interest-bearing liabilities | 5,377 | | 4,106 | | 5,291 | | 5,037 | |
| Non-interest-bearing liabilities | | | | | | | | | |
| Non-interest-bearing liabilities | | | | | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Equity | | | | | |
| Equity | | | | | |
| Equity | Equity | 131,074 | 110,683 | 127,864 | 105,911 |
| Total liabilities and equity | Total liabilities and equity | $ 1,046,674 | $ 859,605 | $ 1,005,557 | $ 746,859 |
| Total liabilities and equity | | | | | |
| Total liabilities and equity | | | | | |

(a) Calculated using average daily balances.

*Summary and Comparison of Operating Results*

| | | Three months ended September 30, | | Nine months ended September 30, | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | 2023 | 2022 | 2023 | 2022 | Additional information | | 2024 | | 2023 | | | Additional information |
| Total interest income | Total interest income | $15,171 | 7,551 | 41,092 | 15,792 | Represents interest earned on loans, cash, and investments. Increase in 2023 compared with 2022 During the was due to an increase of these balances and interest rates. | Total interest income | $17,064 | 12,259 | | 12,259 | Represents interest earned on loans, cash, and investments. Increase was due to an increase of these balances and interest rates. | Represents interest earned on loans, cash, and investments. Increase was due to an increase of these balances and interest rates. |
| Interest expense | Interest expense | 9,456 | 3,298 | 24,841 | 5,792 | Represents interest expense on deposits. Increase in 2023 compared with 2022 was due to an increase of deposits and interest rates. | Interest expense | 9,497 | 7,214 | | 7,214 | Represents interest expense on deposits. Increase was due to an increase of deposits and interest rates. | Represents interest expense on deposits. Increase was due to an increase of deposits and interest rates. |
| Net interest income | Net interest income | 5,715 | 4,253 | 16,251 | 10,000 | | | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Provision for loan losses | Provision for loan losses | 1,927 | 450 | 5,837 | 1,462 | Increase in provision for loan losses was due to the mix of loans, including the mix of loans acquired and originated in 2023 compared with 2022. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |

Provision for loan losses

| | | | |
|---|---|---|---|
| Provision for loan losses | 4,373 | 2,417 | Increase in provision for loan losses was due to the mix of loans, including the mix of loans acquired and originated in 2024 compared with 2023. For additional information, see note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Net interest income after provision for loan losses | Net interest income after provision for loan losses | 3,788 | 3,803 | 10,414 | 8,538 | |

Other income

Other income

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Other income | Other income | 565 | 566 | 1,395 | 2,224 | Represents primarily net gains and income from investments. | 375 | 210 | 210 | Represents primarily net gains and income from investments. Represents primarily net gains and income from investments. |
| Derivative settlements, net | Derivative settlements, net | 196 | — | 279 | — | | | | | |

Derivative settlements, net

| | | | |
|---|---|---|---|
| Derivative settlements, net | 202 | — | During the second and third quarter of 2023, Nelnet Bank entered into derivatives to hedge its exposure related to variable rate intercompany deposits to minimize volatility from future changes in interest rates. Nelnet Bank has designated its derivative instruments as cash flow hedges; however, because the hedged items are intercompany deposits, the derivative instruments are not eligible for hedge accounting in the consolidated financial statements. Accordingly, all changes in fair value of such derivatives are recorded through earnings and presented as "derivative market value adjustments, net" in the statements of operations. For additional information on Nelnet Bank's derivative portfolio, see note 4 of the notes to consolidated financial statements included under Part I, Item 1 of this report. |

| | | | | | | |
|---|---|---|---|---|---|---|
| Derivative market value adjustments, net | Derivative market value adjustments, net | 1,948 | — | 3,057 | — | During the second and third quarter of 2023, Nelnet Bank entered into derivatives to hedge its exposure [illegible] |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total other income, net | Total other income, net | 2,709 | 566 | 4,731 | 2,224 | instruments are not eligible for hedge accounting in the consolidated financial statements. Accordingly, all changes in fair value of such derivatives are recorded through earnings and presented as "derivative market value adjustments, net" in the statements of operations. | | | | | |

statements. Accordingly, changes in fair value of such derivatives are recorded through earnings and presented as "derivative market value adjustments, net" in the statements of operations.

Total other income, net

Total other income, net

Salaries and benefits

Salaries and benefits

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Salaries and benefits | Salaries and benefits | 2,520 | 1,814 | 6,881 | 5,082 | Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increase in 2023 compared with 2022 was due to the overall growth of Nelnet Bank activities. | 2,721 | 2,064 | 2,064 | Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increase was due to the overall growth of Nelnet Bank activities. | Represents salaries and benefits of Nelnet Bank associates and third-party contract labor. Increase was due to the overall growth of Nelnet Bank activities. |
| Depreciation | Depreciation | 259 | 4 | 315 | 11 | | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Other expenses | Other expenses | 1,290 | 1,427 | 3,696 | 3,009 | Represents various expenses such as consulting and professional fees, Nelnet Bank director fees, occupancy, certain information technology-related costs, insurance, marketing, and other operating expenses. Increase in the nine months ended September 30, 2023 compared with the same period in 2022 was due to the overall growth of Nelnet Bank activities. |

Other expenses

| | | | |
|---|---|---|---|
| Other expenses | 1,128 | 782 | Represents various expenses such as consulting and professional fees, Nelnet Bank director fees, occupancy, certain technology-related costs, insurance, and marketing. Increase was due to the overall growth of Nelnet Bank activities. |

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Intersegment expenses | Intersegment expenses | 129 | 69 | 302 | 171 | Represents primarily servicing costs paid to LSS. Certain shared service and support costs incurred by the Company to support Nelnet Bank are not and will not be reflected as part of Nelnet Bank through 2023 (when the bank's de novo period will end). The shared service and support costs incurred by the Company related to Nelnet Bank and not reflected in the bank's operating segment were $1.6 million for both the three months ended September 30, 2023 and 2022, and $5.1 million and $4.4 million for the nine months ended September 30, 2023 and 2022, respectively. | Intersegment expenses | 773 | 80 | | 80 | Represents fees paid to LSS for servicing certain of Nelnet Bank's loans. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also include costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. The majority of shared service costs incurred by the Company to support Nelnet Bank were not allocated to Nelnet Bank through the bank's de novo period which ended at the end of 2023. The shared service and support costs incurred by the Company related to Nelnet Bank and not allocated to Nelnet Bank were $1.7 million for the three months ended March 31, 2023. | Represents fees paid to LSS for servicing certain of Nelnet Bank's loans. These amounts exceed the actual cost of servicing the loans. Intersegment expenses also include costs for certain corporate activities and services that are allocated to each operating segment based on estimated use of such activities and services. The majority of shared service costs incurred by the Company to support Nelnet Bank were not allocated to Nelnet Bank through the bank's de novo period which ended at the end of 2023. The shared service and support costs incurred by the Company related to Nelnet Bank and not allocated to Nelnet Bank were $1.7 million for the three months ended March 31, 2023. |
| Total operating expenses | Total operating expenses | 4,198 | 3,314 | 11,194 | 8,273 | | | | | | | | |
| Income before income taxes | | 2,299 | 1,055 | 3,951 | 2,489 | | | | | | | | |
| Income tax expense | | (552) | (246) | (913) | (574) | Represents income tax expense at an effective tax rate of 24.0% and 23.3% for the three months ended September 30, 2023 and 2022, respectively, and 23.1% for both the nine months ended September 30, 2023 and 2022. | | | | | | | |
| Net income | | $ 1,747 | 809 | 3,038 | 1,915 | | | | | | | | |
| Income (loss) before income taxes | | | | | | | | | | | | | |
| Income (loss) before income taxes | | | | | | | | | | | | | |
| Income (loss) before income taxes | | | | | | | | | | | | | |
| Income tax (expense) benefit | | | | | | | | | | | | | |
| Income tax (expense) benefit | | | | | | | | | | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Income tax (expense) benefit | | (259) | 35 | | Represents income tax expense at an effective tax rate of 22.6% and 37.4% for the three months ended March 31, 2024 and 2023, respectively. |
| Net income (loss) | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Additional information: | Additional information: | | | | | |
| Net income | | $ 1,747 | 809 | 3,038 | 1,915 | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments. |

Additional information:

Additional information:

Net income (loss)

Net income (loss)

| | | | | |
|---|---|---|---|---|
| Net income (loss) | $ | 888 | (58) | |

| | | | | | | |
|---|---|---|---|---|---|---|
| Derivative market value adjustments, net | Derivative market value adjustments, net | (1,948) | — | (3,057) | — | See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments. |
| Tax effect | Tax effect | 468 | — | 734 | — | |
| Net income, excluding derivative market value adjustments | | $ 267 | 809 | 715 | 1,915 | |

See "Overview - GAAP Net Income and Non-GAAP Net Income, Excluding Adjustments" above for additional details about non-GAAP net income, excluding derivative market value adjustments.

Tax effect

Tax effect

Net loss, excluding derivative market value adjustments

Net loss, excluding derivative market value adjustments

Net loss, excluding derivative market value adjustments

***NFS Other Operating Segments***

The following table summarizes the operating results of other operating segments included in NFS that are not reportable. Income taxes are allocated based on 24% of income (loss) before taxes for each activity.

*Summary and Comparison of Operating Results*

| | WRCM (a) | Nelnet Insurance Services (b) | Real estate investments (c) | Investment securities (d) | Total |
|---|---|---|---|---|---|
| | Three months ended March 31, 2024 | | | | |
| Interest income | $ 3 | 818 | 141 | 14,654 | 15,616 |
| Interest expense | — | — | — | (2,418) | (2,418) |
| Net interest income | 3 | 818 | 141 | 12,236 | 13,198 |
| Other income, net | 1,477 | 13,066 | (1,794) | 192 | 12,941 |
| Salaries and benefits | (55) | (114) | (189) | — | (358) |

| | | | | | |
|---|---|---|---|---|---|
| Other expenses | (75) | (11,657) | (70) | — | (11,802) |
| Intersegment expenses, net | (4) | (47) | (130) | (36) | (217) |
| Income (loss) before income taxes | 1,346 | 2,066 | (2,042) | 12,392 | 13,762 |
| Income tax (expense) benefit | (291) | (496) | 487 | (2,974) | (3,274) |
| Net (income) loss attributable to noncontrolling interests | (135) | — | 15 | — | (120) |
| Net income (loss) | $ 920 | 1,570 | (1,540) | 9,418 | 10,368 |
| | Three months ended March 31, 2023 | | | | |
| Interest income | $ 2 | 326 | 141 | 18,191 | 18,660 |
| Interest expense | — | — | — | (11,827) | (11,827) |
| Net interest income | 2 | 326 | 141 | 6,364 | 6,833 |
| Other income, net | 1,596 | 691 | 1,147 | (4,175) | (741) |
| Salaries and benefits | (56) | (95) | (68) | — | (219) |
| Other expenses | (81) | (469) | (16) | (1) | (567) |
| Intersegment expenses, net | (3) | (31) | (95) | — | (129) |
| Income (loss) before income taxes | 1,458 | 422 | 1,109 | 2,188 | 5,177 |
| Income tax (expense) benefit | (315) | (101) | (268) | (525) | (1,209) |
| Net (income) loss attributable to noncontrolling interests | (146) | — | 6 | — | (140) |
| Net income (loss) | $ 997 | 321 | 847 | 1,663 | 3,828 |

(a) The Company provides investment advisory services through Whitetail Rock Capital Management, LLC (WRCM), the Company's SEC-registered investment advisor subsidiary, under various arrangements. WRCM earned management fees of $1.4 million and $1.6 million during the three months ended March 31, 2024 and 2023, respectively. Fees earned by WRCM are included in "other income, net" in the table above.

(b) Represents the operating results of the Company’s reinsurance treaties on property and casualty policies and the Company’s Nebraska chartered life and health company, which is in run-off mode and reinsures a decreasing term life insurance product distributed to FACTS. During the three months ended March 31, 2024 and 2023, the Company earned reinsurance premiums of $25.5 million and $1.1 million, respectively, and ceded $12.7 million and $0.6 million, respectively, of its earned reinsurance premiums, which are included in “other income, net” in the table above. During the three months ended March 31, 2024 and 2023, the Company recognized $22.8 million and $0.9 million, respectively, of loss reserve, commissions, and broker fees of which it ceded $11.5 million and $0.5 million, respectively, which are included in “other expenses” in the table above.

(c) Represents the operating results of the Company’s real estate investments and the administrative costs to manage this portfolio. During the three months ended March 31, 2024 and 2023, the Company recognized $1.8 million of net losses and $1.1 million of net gains, respectively, from its real estate investments, which are included in "other income, net" in the table above. The loss recognized in the first quarter of 2024 relates primarily to the Company's proportionate share of the net losses of certain real estate investments accounted for under the equity method.

(d) Represents interest income earned on investment debt securities (primarily student loan and other asset-backed securities, including Nelnet-owned asset-backed securities which it has repurchased and are eliminated in consolidation), unrealized gains/losses on marketable equity securities, realized gains/losses on marketable equity securities and investment debt securities, and other costs to manage these investments. Also includes interest expense incurred on debt used to finance such investments. The decrease in interest income in 2024 compared with 2023 was due to a decrease in the average balance of investments from $1.3 billion in 2023 to $0.9 billion in 2024, partially offset by an increase in interest rates. The decrease in interest expense in 2024 compared with 2023 was due to a decrease in the average debt outstanding from $0.9 billion in 2023 to $0.1 billion in 2024. Included in 2023 was $4.0 million of realized losses on sales of asset-backed and marketable securities, which are included in "other income, net" in the table above.

### CORPORATE AND OTHER ACTIVITIES – RESULTS OF OPERATIONS

Other business activities and operating segments that are not reportable and not part of the NFS division are combined and included in Corporate and Other Activities (“Corporate”). The following table summarizes the operating results of these activities.

Income taxes are allocated based on 24% of income (loss) before taxes for each activity. The difference between the Corporate income tax expense and the sum of taxes calculated for each activity is included in income taxes in “other” in the table below.

***Summary and Comparison of Operating Results***

Nelnet Renewable Energy (b)

Shared services (a)

Shared services (a)

| Shared services (a) | Tax equity investments / syndication / administration | GRNE Solar | ALLO investment (c) | Venture capital investments (d) | Other | Total |
|---|---|---|---|---|---|---|

| | Shared services (a) | WRCM (b) | Tax equity investments / syndication / administration | GRNE Solar | ALLO investment (d) | Real estate investments (e) | Venture capital investments (f) | Interest income/expense, net (g) | Other | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | Three months ended March 31, 2024 | | | | | | | | | Three months ended March 31, 2024 |
| | | | Nelnet Renewable Energy (c) | | | | | | | |
| Net interest income (expense) | | | | | | | | | | |
| Net interest income (expense) | | | | | | | | | | |
| | Three months ended September 30, 2023 | | | | | | | | | |
| Interest income | $ — | 3 | — | 36 | — | 141 | 1,631 | 14,069 | 373 | 16,253 |
| Interest expense | — | — | — | (108) | — | — | — | (5,816) | (169) | (6,093) |
| Net interest income | — | 3 | — | (72) | — | 141 | 1,631 | 8,253 | 204 | 10,160 |
| Net interest income (expense) | | | | | | | | | | |
| Solar construction revenue | — | — | — | 6,301 | — | — | — | — | — | 6,301 |
| Other, net | 728 | 1,632 | (2,303) | 48 | (14,908) | (492) | 276 | 558 | 10,223 | (4,238) |
| Impairment and other expense | (4,678) | — | — | — | — | — | — | — | — | (4,678) |
| Other income, net | | | | | | | | | | |
| Cost to provide solar construction services | | | | | | | | | | |
| Cost to provide solar construction services | | | | | | | | | | |
| Cost to provide solar construction services | — | — | — | (7,783) | — | — | — | — | — | (7,783) |
| Salaries and benefits | (21,537) | (53) | (686) | (971) | — | (145) | (237) | — | (1,390) | (25,019) |
| Depreciation and amortization | (9,917) | — | — | (3,501) | — | (8) | — | — | (96) | (13,522) |
| Other expenses | (12,110) | (83) | (262) | (892) | (651) | (11) | (15) | (470) | (8,698) | (23,192) |
| Intersegment expenses, net | 26,599 | (3) | (2,621) | 2,006 | — | (106) | (18) | (97) | (272) | 25,488 |
| Income (loss) before income taxes | (20,915) | 1,496 | (5,872) | (4,864) | (15,559) | (621) | 1,637 | 8,244 | (29) | (36,483) |
| Income tax (expense) benefit | 5,020 | (323) | 843 | 954 | 3,734 | 149 | (393) | (1,978) | 2,726 | 10,732 |
| Net (income) loss attributable to noncontrolling interests | — | (150) | 2,360 | 891 | — | 1 | — | — | — | 3,102 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Net loss attributable to noncontrolling interests | | | | | | | | | | |
| Net income (loss) | $(15,895) | 1,023 | (2,669) | (3,019) | (11,825) | (471) | 1,244 | 6,266 | 2,697 | (22,649) |
| | | | Three months ended March 31, 2023 | | | | | | | |
| | | | Three months ended March 31, 2023 | | | | | | | |
| | | | Three months ended March 31, 2023 | | | | | | | |
| | | | | Three months ended September 30, 2022 | | | | | | |
| Interest income | $ — | 1 | — | 3 | — | 235 | 536 | 9,895 | 190 | 10,860 |
| Interest expense | — | — | — | (9) | — | — | — | (5,833) | (225) | (6,067) |
| Net interest income | — | 1 | — | (6) | — | 235 | 536 | 4,062 | (35) | 4,793 |
| Net interest income (expense) | | | | | | | | | | |
| Net interest income (expense) | | | | | | | | | | |
| Net interest income (expense) | | | | | | | | | | |
| Solar construction revenue | — | — | — | 9,358 | — | — | — | — | — | 9,358 |
| Other, net | 631 | 1,612 | (4,216) | — | (15,398) | 9,867 | (39) | 762 | 3,217 | (3,564) |
| Impairment and other expense | (29) | — | — | — | — | — | 150 | — | — | 121 |
| Other income, net | | | | | | | | | | |
| Cost to provide solar construction services | | | | | | | | | | |
| Cost to provide solar construction services | | | | | | | | | | |
| Cost to provide solar construction services | — | — | — | (5,968) | — | — | — | — | — | (5,968) |
| Salaries and benefits | (23,152) | (56) | (340) | (2,390) | (77) | 197 | (172) | — | (1,723) | (27,713) |
| Depreciation and amortization | (9,649) | — | — | (732) | — | — | — | — | (71) | (10,452) |
| Other expenses | (9,696) | (83) | (127) | (958) | (150) | (47) | (18) | (1,422) | (2,894) | (15,395) |
| Intersegment expenses, net | 23,056 | (3) | (65) | (24) | — | (134) | — | (55) | (397) | 22,378 |
| Income (loss) before income taxes | (18,839) | 1,471 | (4,748) | (720) | (15,625) | 10,118 | 457 | 3,347 | (1,903) | (26,442) |
| Income tax (expense) benefit | 4,521 | (318) | 77 | 149 | 3,750 | (2,431) | (110) | (803) | 5,409 | 10,244 |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Net (income) loss attributable to noncontrolling interests | | — | (148) | 4,426 | 101 | — | 11 | — | — | — | 4,390 |
| Net loss attributable to noncontrolling interests | | | | | | | | | | | |
| Net income (loss) | Net income (loss) | $(14,318) | 1,005 | (245) | (470) | (11,875) | 7,698 | 347 | 2,544 | 3,506 | (11,808) |

| | | | Nelnet Renewable Energy (c) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Shared services (a) | WRCM (b) | Tax equity investments / syndication / administration | GRNE Solar | ALLO investment (d) | Real estate investments (e) | Venture capital investments (f) | Interest income/expense, net (g) | Other | Total |
| | Nine months ended September 30, 2023 | | | | | | | | | |
| Interest income | $ — | 8 | — | 136 | — | 423 | 3,515 | 58,765 | 460 | 63,307 |
| Interest expense | — | — | — | (805) | — | — | — | (25,320) | (528) | (26,653) |
| Net interest income | — | 8 | — | (669) | — | 423 | 3,515 | 33,445 | (68) | 36,654 |
| Solar construction revenue | — | — | — | 19,687 | — | — | — | — | — | 19,687 |
| Other, net | 2,130 | 4,883 | (12,179) | 112 | (42,483) | (806) | (614) | (2,989) | 20,420 | (31,526) |
| Impairment and other expense | (4,678) | — | — | — | — | — | — | — | — | (4,678) |
| Cost to provide solar construction services | — | — | — | (25,204) | — | — | — | — | — | (25,204) |
| Salaries and benefits | (67,923) | (162) | (2,356) | (3,638) | (30) | (283) | (640) | — | (4,371) | (79,403) |
| Depreciation and amortization | (27,965) | — | — | (5,696) | — | (21) | — | — | (294) | (33,976) |
| Other expenses | (31,958) | (246) | (1,102) | (1,679) | (2,014) | (58) | (200) | (3,114) | (13,179) | (53,550) |
| Intersegment expenses, net | 82,408 | (9) | (2,582) | 918 | (1) | (294) | (39) | (290) | (801) | 79,310 |
| Income (loss) before income taxes | (47,986) | 4,474 | (18,219) | (16,169) | (44,528) | (1,039) | 2,022 | 27,052 | 1,707 | (92,686) |
| Income tax (expense) benefit | 11,517 | (966) | 1,253 | 3,150 | 10,687 | 242 | (485) | (6,492) | 1,174 | 20,080 |
| Net (income) loss attributable to noncontrolling interests | — | (447) | 13,000 | 3,043 | — | 29 | — | — | — | 15,625 |
| Net income (loss) | $ (36,469) | 3,061 | (3,966) | (9,976) | (33,841) | (768) | 1,537 | 20,560 | 2,881 | (56,981) |
| | Nine months ended September 30, 2022 | | | | | | | | | |
| Interest income | $ — | 1 | — | 3 | — | 841 | 642 | 19,181 | 419 | 21,087 |
| Interest expense | — | — | — | (9) | — | — | — | (10,798) | (938) | (11,745) |
| Net interest income | — | 1 | — | (6) | — | 841 | 642 | 8,383 | (519) | 9,342 |
| Solar construction revenue | — | — | — | 9,358 | — | — | — | — | — | 9,358 |
| Other, net | 1,781 | 4,375 | (6,938) | — | (41,213) | 18,076 | 22,156 | (2,671) | 8,743 | 4,309 |
| Impairment and other expense | (904) | — | — | — | — | — | (5,259) | — | — | (6,163) |
| Cost to provide solar construction services | — | — | — | (5,968) | — | — | — | — | — | (5,968) |
| Salaries and benefits | (66,562) | (167) | (1,180) | (2,390) | (232) | (310) | (564) | — | (4,050) | (75,455) |
| Depreciation and amortization | (29,423) | — | — | (732) | — | — | — | — | (211) | (30,366) |
| Other expenses | (30,782) | (264) | (514) | (958) | (174) | (37) | (64) | (2,518) | (6,127) | (41,438) |
| Intersegment expenses, net | 72,527 | (9) | (183) | (24) | (2) | (324) | — | (166) | (499) | 71,320 |
| Income (loss) before income taxes | (53,363) | 3,936 | (8,815) | (720) | (41,621) | 18,246 | 16,911 | 3,028 | (2,663) | (65,061) |
| Income tax (expense) benefit | 12,807 | (850) | 52 | 149 | 9,989 | (4,383) | (4,059) | (726) | 9,091 | 22,070 |
| Net (income) loss attributable to noncontrolling interests | — | (394) | 8,600 | 101 | — | 16 | — | — | — | 8,323 |
| Net income (loss) | $ (40,556) | 2,692 | (163) | (470) | (31,632) | 13,879 | 12,852 | 2,302 | 6,428 | (34,668) |

(a) Includes corporate activities related to internal audit, human resources, accounting, legal, enterprise risk management, information technology, occupancy, and marketing. These costs are allocated to each operating segment based on estimated use of such activities and services. Certain shared service costs incurred to support Nelnet Bank will not be allocated to Nelnet Bank until the end of the Bank's de novo period (November 2023). The amount allocated to operating segments is reflected as “intersegment expenses, net” in the table above. Also includes corporate costs and overhead functions not allocated to operating segments, including executive management, investments in innovation, and other holding company organizational costs.

(b) The Company provides investment advisory services through Whitetail Rock Capital Management, LLC (WRCM), the Company's SEC-registered investment advisor subsidiary, under various arrangements. WRCM earned management fees of $1.5 million and $1.6 million during the three months ended September 30, 2023 and 2022, respectively, and $4.7 million and $4.3 million during the nine months ended September 30, 2023 and 2022, respectively. Fees earned by WRCM are included in "other, net" in the table above.

(c) Nelnet Renewable Energy includes solar tax equity investments made by the Company, administrative and management services provided by the Company on tax equity investments made by third parties, and solar construction and development. As of September 30, 2023 March 31, 2024, the Company has invested a total of $332.0 million $491.8 million (which includes $126.5 million $208.9 million syndicated to third-party investors) in solar tax equity investments. Due to the management and control of each of these investment partnerships, the such partnerships that invest in tax equity investments are consolidated on the Company’s consolidated financial statements, with the co-investor’s portion being presented as non-controlling noncontrolling interests.

Included in tax equity investments in the table above is the Company's share of income or loss from solar investments accounted for under the Hypothetical Liquidation at Book Value (HLBV) method of accounting. For the majority of the Company's solar investments, the HLBV method of accounting results in accelerated losses in the initial years of investment. Nelnet Renewable Energy recognized losses net gains on its tax equity investments of $3.6 million $3.0 million and $4.2 million net losses of $1.9 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $13.5 million and $7.1 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. These losses, income statement amounts, which include losses amounts attributable to third-party noncontrolling interest investors, are included in “other income, net” in the table above. Solar net losses attributable to third-party noncontrolling interest investors was $1.8 million $1.2 million and $4.1 million $2.7 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $12.0 million and $8.0 million for the nine months ended September 30, 2023 and 2022, 2023, respectively, and are reflected in “net (income) loss attributable to noncontrolling interests” in the table above.

Nelnet Renewable Energy syndicates tax equity investments to third parties and earns management and performance fees. Management fee income recognized by Nelnet Renewable Energy was $0.6 million $0.7 million and $0.3 million for the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $1.3 million and $0.7 million for the nine months ended September 30, 2023 and 2022, 2023, respectively, which is included in "other income, net" in the table above.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets. As part of this strategy, on July 1, 2022, the Company acquired 80% of the ownership interest in two subsidiaries of GRNE Solutions, LLC named GRNE-Nelnet, LLC (GRNE) and ENRG-Nelnet, LLC (ENRG) (collectively referred to as “GRNE Solar”).

GRNE is a solar contracting construction company (GRNE Solar) that provides full-service engineering, procurement, and construction (EPC) services to residential homes and commercial entities. Since the acquisition of GRNE in 2022, it has incurred low and, in some cases, negative margins on certain projects. Due to the complexity and long-term nature of existing construction contracts, the Company may continue to incur low and/or negative margins to complete projects. In addition, higher interest rates reduced residential demand and made community solar projects more costly. On April 12, 2024, the Company announced a change in its solar EPC operations to focus exclusively on the commercial solar market and will discontinue its residential solar operations. As a result, residential revenue will decline in future periods as existing customer contracts are completed completed. Residential solar construction revenue was $2.1 million and revenue from new projects grows as a percent of overall revenue, $2.8 million for the Company expects margin to improve in future periods. three months ended March 31, 2024 and 2023, respectively, and $11.8 million for the year ended December 31, 2023.

(d) (c) Represents primarily the Company's share of loss on its voting membership interests and income on its preferred membership interest in ALLO.

The Company accounts for its approximately 45% voting membership interests in ALLO Holdings LLC, a holding company for ALLO Communications LLC (collectively referred to as "ALLO") under the HLBV method of accounting. The Company recognized losses under the HLBV method of accounting on its ALLO voting membership interests investment of $17.3 million $10.7 million and $17.6 million $20.2 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $49.7 million and $47.6 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. These amounts are reflected in “other income, net” in the table above. Absent additional equity contributions, the Company will not recognize additional losses for its voting membership interests in ALLO.

As of September 30, 2023 March 31, 2024, the outstanding preferred membership interests and accrued and unpaid preferred return of ALLO held by the Company was $145.9 million $155.0 million and $6.8 million $2.4 million, respectively. The preferred membership interests of ALLO held by the Company earn historically earned a preferred annual return of 6.25% that increased to 10.00% on April 1, 2024. The Company recognized income on its ALLO preferred membership interests of $2.3 million $2.4 million and $2.2 million during the three months ended September 30, 2023 March 31, 2024 and 2022, respectively, and $6.8 million and $6.4 million during the nine months ended September 30, 2023 and 2022, 2023, respectively. These amounts are reflected in “other income, net” in the table above.

As part of the ALLO recapitalization transaction completed in 2020, the Company and SDC (a third-party global digital infrastructure investor and member of ALLO) entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of $25.0 million up to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. The Company recognized an expense of $0.7 million and $2.0 million $0.4 million associated with this obligation for the three and nine months ended September 30, 2023 March 31, 2024, respectively, which is included in “other expenses” in the table above.

(e) Represents the operating results of the Company's real estate investments and the administrative costs to manage this portfolio.

(f) (d) Represents the operating results of the Company’s venture capital investments, including Hudl which the Company accounts for using the measurement alternative method, and the administrative costs to manage this portfolio. In April 2022, the Company recognized a $15.2 million gain as a result of the revaluation of its previously held 50% ownership interests in NextGen (previously accounted for under the equity method) as a result of the Company purchasing an additional 30% ownership interests in NextGen.

(g) Represents interest income earned on cash and investment debt securities (primarily student loan and other asset-backed securities), interest expense incurred on unsecured and certain other corporate related debt transactions, unrealized gains/losses on marketable equity securities, realized gains/losses on marketable equity securities and investment debt securities, and other costs to manage these investments and facilities.

**LIQUIDITY AND CAPITAL RESOURCES**

The Company’s Loan Servicing and Systems, and Education Technology Services and Payment Processing Payments operating segments are non-capital intensive and both produce positive operating cash flows. As such, a minimal amount of debt and equity capital is allocated to these segments and any liquidity or capital needs are satisfied using cash flow from operations.

Nelnet Bank launched operations in November 2020. Nelnet Bank was funded by the Company with an initial capital contribution of $100.0 million in November 2020 and the Company contributed an additional $30.0 million and $5.0 million to Nelnet Bank during 2022 and the third quarter of 2023, respectively. Based on Nelnet Bank's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to the bank in future periods. Cash and investments held at Nelnet Bank are generally not available for Company activities outside of Nelnet Bank. See “Liquidity Impact Related to Nelnet Bank” included below for additional information.

Therefore, the Liquidity and Capital Resources discussion is concentrated on the Company's liquidity and capital needs to meet existing debt obligations in the Asset Generation and Management operating segment and the Company's other initiatives to pursue additional strategic investments.

**Sources of Liquidity**

As of September 30, 2023 March 31, 2024, the Company's sources of liquidity included:

| | | |
|---|---|---|
| Cash and cash equivalents | $ | 187,690 179,682 |
| Less: Cash and cash equivalents held at Nelnet Bank (1) (a) | | (8,187) (22,869) |
| Net cash and cash equivalents | | 179,503 156,813 |
| Available-for-sale (AFS) debt securities (investments) - at fair value | | 1,059,297 1,018,687 |
| Less: AFS debt securities held at Nelnet Bank - at fair value (1) (a) | | (435,015) (445,268) |
| AFS private education loan debt securities serving - held as collateral on participation agreement risk retention - at fair value (2) (b) | | (57) (248,436) |
| AFS debt securities serving as collateral on repurchase agreement - at fair value (3) Restricted investments | | (260,108) (36,076) |
| AFS restricted debt securities - at fair value | | (15,918) |
| Unencumbered AFS debt securities (investments) - at fair value | | 348,199 288,907 |
| Unencumbered private, consumer, and other loans (Non-Nelnet Bank) - at par | | 231,317 139,377 |
| Repurchased Unencumbered repurchased Nelnet issued asset-backed debt securities - at par (not included on consolidated financial statements) (4) (c) | | 257,278 310,321 |
| Unused capacity on unsecured line of credit (5) (d) | | 495,000 |
| Sources of liquidity as of September 30, 2023 March 31, 2024 | $ | 1,392,372 1,390,418 |

(1) (a) Cash and investments held at Nelnet Bank are generally not available for Company activities outside of Nelnet Bank.

(2) See (b) The Company is sponsor for certain securitizations and as sponsor, is required to provide a certain level of risk retention. To satisfy this requirement, the Company has purchased bonds issued in the securitizations. The Company is required to retain these bonds as described under the caption "Other Debt Facilities" "Repurchase Agreement" below.

(3) See the caption "Repurchase Agreements" below.

(4) (c) The Company has repurchased certain of its own asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties, or redeem the notes at par as cash is generated by the trust estate. estate, or pledge the securities as collateral on repurchase agreements. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. Certain of these securities serve as collateral on amounts outstanding under the Company's repurchase agreements as reflected in the table above.

(5) (d) The Company has a $495.0 million unsecured line of credit that matures on September 22, 2026. As of September 30, 2023 March 31, 2024, there was no amount outstanding on the unsecured line of credit and $495.0 million was available for future use.

The Company intends to use its liquidity position to capitalize on market opportunities, including FFELP, private education, consumer, and other loan acquisitions (or investment interests therein); strategic acquisitions and investments; and capital management initiatives, including stock repurchases, debt repurchases, and dividend distributions. The timing and size of these opportunities will vary and will have a direct impact on the Company's cash and investment balances.

**Cash Flows**

The Company has historically generated positive cash flow from operations. During the nine three months ended September 30, 2023 March 31, 2024 and 2022, 2023, the Company generated $353.2 million $211.9 million and $656.9 million $122.8 million, respectively, in cash from operating activities. The decrease increase in 2023 2024 compared with 2022 2023 was due to:

- A decrease An increase in net income;
- Payments to Proceeds of $4.2 million from the Company's clearinghouse for margin payments on derivatives during the three months ended March 31, 2024 compared with payments of $210.3 million for the nine months ended September 30, 2023 compared with proceeds received same period in 2022; 2023;
- Adjustments to net income for the impact of the non-cash change in deferred income taxes and gain on sale of loans;
- A decrease in net proceeds from the sale of equity securities in 2023 compared with 2022; taxes; and
- The impact of changes to accrued interest payable receivable, accounts receivable, and other assets during the nine three months ended September 30, 2023 March 31, 2024 compared with the same period in 2022. 2023.

These factors were partially offset by:

- An increase in proceeds from termination of derivative instruments in 2023 compared with 2022;
- Adjustments to net income for derivative market value adjustments, the impact of provision for loan losses, and loss gain/losses on investments;

- An increase No proceeds from the termination of non-cash depreciation and amortization derivative instruments during the nine three months ended September 30, 2023 March 31, 2024 compared with $164.1 million for the same period in 2022; 2023; and
- The impact of changes to accrued interest and accounts receivable and other assets and liabilities during the nine three months ended September 30, 2023 March 31, 2024 compared with the same period in 2022. 2023.

The primary items included in the statement of cash flows for investing activities are the purchase, origination, repayment, and sale of loans, and the purchase and sale of available-for-sale securities. securities, and the purchase of other investments (primarily solar investments). The primary items included in financing activities are the proceeds from the issuance of and payments on bonds and notes payable and the change in deposits at Nelnet Bank deposits used to fund loans and investment activity. Cash provided by investing activities and used in financing activities for the nine three months ended September 30, 2023 March 31, 2024 was $1.3 billion $1.1 billion and $2.2 $1.4 billion, respectively. Cash provided by investing activities and used in financing activities for the nine three months ended September 30, 2022 March 31, 2023 was $1.7 billion $0.7 billion and $2.5 billion $1.3 billion, respectively. Investing and financing activities are further addressed in the discussion that follows.

**Liquidity Needs and Sources of Liquidity Available to Satisfy Debt Obligations Secured by Loan Assets and Related Collateral**

The following table shows AGM's debt obligations outstanding that are secured by loan assets and related collateral.

| | As of September 30, 2023 March 31, 2024 | |
|---|---|---|
| | Carrying amount | Final maturity |
| Bonds and notes issued in asset-backed securitizations | $ 10,647,788 9,423,035 | 8/26/30 - 9/25/69 |
| FFELP private education, and consumer loan warehouse facilities | 1,554,298 1,107,959 | 12/31/23 4/2/25 - 11/14/25 |
| | $ 12,202,086 10,530,994 | |

***Bonds and Notes Issued in Asset-backed Securitizations***

The majority of AGM’s portfolio of student loans is funded in asset-backed securitizations that are structured to substantially match the maturity of the funded assets, thereby minimizing liquidity risk. Cash generated from student loans funded in asset-backed securitizations provide the sources of liquidity to satisfy all obligations related to the outstanding bonds and notes issued in such securitizations. In addition, due to (i) the difference between the yield AGM receives on the loans and cost of financing within these transactions, and (ii) the servicing and administration fees AGM earns from these transactions, AGM has created a portfolio that will generate earnings and significant cash flow over the life of these transactions.

As of September 30, 2023 March 31, 2024, based on cash flow models developed to reflect management’s current estimate of, among other factors, prepayments, defaults, deferment, forbearance, and interest rates, AGM currently expects future undiscounted cash flows from its portfolio to be approximately $1.40 billion $1.22 billion as detailed below. The actual timing of cash flows released from the securitizations could be impacted based on when and if the Company terminates a securitization by exercising clean-up calls on the underlying securities when the assets in such securitization get to a certain threshold.

The forecasted cash flow presented below includes all loans funded in asset-backed securitizations as of March 31, 2024, the majority of which are federally insured student loans, funded in asset-backed securitizations as of September 30, 2023. loans. As of September 30, 2023 March 31, 2024, AGM had $10.9 billion $9.5 billion of loans included in asset-backed securitizations, which represented 85.3% 88.4% of its total loan portfolio. The forecasted cash flow does not include cash flows that the Company expects to receive related to loans funded in its warehouse facilities, unencumbered private education, consumer, and other loans funded with operating cash, loans acquired subsequent to September 30, 2023 March 31, 2024, loans owned by Nelnet Bank, and cash flows relating to the Company's ownership of beneficial interest in loan securitizations (such beneficial interest investments are classified as "investments and notes receivable" on the Company's consolidated balance sheets).

**Asset-backed Securitization Cash Flow Forecast**
**$1.40 1.22 billion**
**(dollars in millions)**

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The forecasted future undiscounted cash flows of approximately $1.40 billion $1.22 billion include approximately $0.84 billion $0.78 billion (as of September 30, 2023 March 31, 2024) of overcollateralization included in the asset-backed securitizations. These excess net asset positions are included in the consolidated balance sheets and included in the balances of "loans and accrued interest receivable, net" and "restricted cash." The difference between the total estimated future undiscounted cash flows and the overcollateralization of approximately $0.56 billion $0.44 billion, or approximately $0.43 billion $0.33 billion after income taxes based on the estimated effective tax rate, represents estimated future net interest income (earnings) from the portfolio and is expected to be accretive to the Company's balance of consolidated shareholders' equity from the current September 30, 2023 March 31, 2024 balance.

The Company uses various assumptions, including prepayments and future interest rates, when preparing its cash flow forecast. These assumptions are further discussed below.

Prepayments: The primary variable in establishing a life of loan estimate is the level and timing of prepayments. Prepayment rates equal the amount of loans that prepay annually as a percentage of the beginning of period balance, net of scheduled principal payments. A number of factors can affect estimated prepayment rates, including the level of consolidation activity,

borrower default rates, and utilization of debt management options such as income-based repayment, deferments, and forbearance. Should any of these factors change, management may revise its assumptions, which in turn would impact the projected future cash flow. The Company’s cash flow forecast above assumes prepayment rates of 5% for federally insured consolidation loans and 6% for all other loan types. federally insured Stafford loans. Prepayment rates for private education loans range from 11% to 20%.

Since late 2021, the Company has experienced accelerated run-off (prepayments) of its FFELP portfolio due to FFELP borrowers consolidating their loans into Federal Direct Loan Program loans as a result of the continued extension of the CARES Act payment pause on Department held loans and the initiatives offered by the Department for FFELP borrowers to consolidate their loans to qualify for loan forgiveness under various initiatives and programs offered by the Public Service federal government and the Department. See "Nelnet Financial Services Division -

Results of Operations - Asset Generation and Management Operating Segment - Loan Forgiveness Activity" included in this report's Management's Discussion and other programs. After multiple extensions Analysis of Financial Condition and Results of Operations for additional information related to the student loans payment pause under federal government and the CARES Act, the payment Department's initiatives for debt relief that has increased, and interest accrual suspension ended August 31, 2023, and Federal Direct Loan Program borrowers returned may continue to repayment on September 1, 2023. If increase, prepayment activity. Prepayments could significantly increase if the federal government and the Department initiate additional loan forgiveness or cancellation, other repayment options or plans, or consolidation loan programs, such initiatives could significantly increase prepayments. See note 13 of the notes to the consolidated financial statements included in Part I, Item 1 of this report for additional details regarding the federal government's actions with respect to student loan forgiveness and cancellations.

programs. In addition, on July 10, 2023, the Department issued final regulations on income-driven repayment plans for Federal Direct loans. Eligible FFELP borrowers can access the new changes by consolidating their loans into the Federal Direct Loan Program. The new regulations are effective July 1, 2024; however, the Department has elected early implementation for some features starting July 30, 2023. The regulations provide a lower monthly loan payment on a Direct loan by decreasing discretionary income, decreasing the percentage of discretionary income that must be paid toward a Direct loan, and providing the option for married borrowers to exclude their spouse's income from being factored by filing a separate tax return. Other changes provide for the elimination of accrued interest that is not covered by the monthly payment amount, provide credit towards loan forgiveness that counts certain periods of deferment and forbearance, a shorter loan forgiveness period for borrowers with an original principal balance less than or equal to $12,000, and credit toward loan forgiveness for eligible payments on a Direct or FFELP loan that is repaid by a Direct Consolidation loan. This new income-driven repayment plan may increase consolidation activity in the future as FFELP borrowers consolidate their loans into the Federal Direct Loan Program in order to be eligible for the new income-driven repayment plan.

See see Part I, Item 1A, "Risk Factors - Loan Portfolio - Prepayments risk" in the Company's 2022 2023 Annual Report for additional information related to risks associated with loan prepayments.

The following table summarizes the estimated impact to the above forecasted cash flows if prepayments were greater than the prepayment rate assumptions used to calculate the forecasted cash flows.

| Increase in prepayment rate | Reduction in forecasted cash flow from table above | Forecasted cash flow using increased prepayment rate |
|---|---|---|
| 2x | $0.10 0.09 billion | $1.30 1.13 billion |
| 4x | $0.28 0.26 billion | $1.12 0.96 billion |
| 10x | $0.51 0.45 billion | $0.89 0.77 billion |

If the entire AGM student loan portfolio prepaid, the Company would receive the full amount of overcollateralization included in the asset-backed securitizations of approximately $0.84 billion $0.78 billion (as of September 30, 2023 March 31, 2024); however, the Company would not receive the $0.56 billion $0.44 billion ($0.43 0.33 billion after tax) of estimated future earnings from the portfolio.

Interest rates: On June 30, 2023, LIBOR was discontinued as a benchmark rate. Subsequent to the discontinuation of LIBOR on June 30, 2023, the The Company funds a portion of its student loans with floating rate securities that are indexed to 90-day SOFR. Meanwhile, the interest earned on the Company’s student loan assets is indexed primarily to the bond equivalent of the 30-day average SOFR in effect for each day in a calendar quarter. The different interest rate characteristics of the Company’s loan assets and liabilities funding these assets result in basis risk. The Company’s cash flow forecast assumes, for the life of the portfolio, a relationship between the various SOFR indices that is implied by the current forward SOFR curves. If the forecast is computed assuming a spread of an additional 12 basis points between Term SOFR and 30-day average SOFR for the life of the portfolio, the cash flow forecast would be reduced by approximately $10 million $40 million to $30 million $60 million. The Company attempts to mitigate the impact of this basis risk by entering into certain derivative instruments.

The Company uses the current forward interest rate yield curve to forecast cash flows. A change in the forward interest rate curve would impact the future cash flows generated from the portfolio. See Item 3, "Quantitative and Qualitative Disclosures About Market Risk - Interest Rate Risk - AGM Operating Segment" for additional information about various interest rate risks which may impact future cash flows from AGM's loan assets.

***Warehouse Facilities***

Warehousing allows the Company to buy and manage FFELP, private education, and consumer loans prior to transferring them into more permanent financing arrangements. For a summary of the Company's warehouse facilities see note 3 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

Upon termination or expiration of the warehouse facilities, the Company would expect to access the securitization market, obtain replacement warehouse facilities, use operating cash, consider the sale of assets, or transfer collateral to satisfy any remaining obligations.

***Asset-backed Securities Transactions***

The Company, through its subsidiaries, has historically funded loans by completing asset-backed securitizations. Depending on market conditions, the Company anticipates continuing to access the asset-backed securitization market. Such asset-backed securitization transactions would be used to refinance loans included in its warehouse facilities, loans purchased from third parties, and/or loans in its existing asset-backed securitizations.

There were no asset-backed securitization transactions completed during the three months ended March 31, 2024.

**Other Uses of Liquidity**

The Company no longer originates FFELP loans, but continues to acquire FFELP loan portfolios from third parties and believes additional loan purchase opportunities exist, including opportunities to purchase private education, consumer, and other loans (or investment interests therein).

The Company plans to fund additional loan acquisitions and related investments using current cash; cash provided by operating activities; proceeds from the sale of certain investments; its unsecured line of credit, its Union Bank student loan participation agreement, its Union Bank student loan asset-backed securities participation agreement, and its third-party repurchase agreements agreement (each as described below), and/or establishing similar secured and unsecured borrowing facilities; using its existing warehouse facilities (as described above); increasing the capacity under existing and/or establishing new warehouse facilities; and continuing to access the asset-backed securities market.

***Repurchase Agreements Agreement***

In December 2020, Wells Fargo announced the sale of its approximately $10.0 billion portfolio of private education loans representing approximately 445,000 borrowers. The Company entered into a joint venture with other investors to acquire the loans, and under the joint venture, the Company had an approximately 8% interest in the loans and has a corresponding 8% interest in residual interests in the 2021 securitizations of the loans discussed below. The joint venture established a limited partnership that purchased the private education loans and funded such loans with a temporary warehouse facility.

During 2021, the Company sponsored four asset-backed securitization transactions to permanently finance a total of $8.7 billion of private education loans sold by Wells Fargo (which represented the total remaining loans originally purchased from Wells Fargo, factoring in borrower payments from the date of purchase). As sponsor, the Company is required to provide a certain level of risk retention, and has purchased bonds issued in such securitizations to satisfy this requirement. The bonds purchased to satisfy the risk retention requirement are reflected on the Company's consolidated balance sheets as "investments and notes receivable" and as of September 30, 2023 March 31, 2024, the fair value of these bonds was $260.1 million $248.4 million. The Company must retain these investment securities until the latest of (i) two years from the closing date of the securitization, (ii) the date the aggregate outstanding principal balance of the loans in the securitization is 33% or less of the initial loan balance, and (iii) the date the aggregate outstanding principal balance of the bonds is 33% or less of the aggregate initial outstanding principal balance of the bonds, at which time the Company can sell its investment securities (bonds) to a third party.

The Company entered into a repurchase agreements agreement with a third parties, party, of which a portion of the proceeds from such agreements agreement were used to purchase the asset-backed investments, and such investments serve as collateral on the repurchase obligations.

In addition, as discussed above, the Company has repurchased certain of its own asset-backed securities in the secondary market that serve as collateral on amounts outstanding under the Company's repurchase agreements. During the third quarter of 2023, the Company paid down the outstanding balance of one of these facilities.

As of September 30, 2023 March 31, 2024, $336.5 million $114.5 million was outstanding on the Company's remaining repurchase agreement, of which $246.1 million was borrowed to fund private education loan securitization bonds subject to the Company's risk retention requirement and $90.4 million was borrowed to fund repurchased FFELP loan asset-backed securities. agreement. As of November 7, 2023 May 9, 2024, the maturity dates on this facility vary from November 20, 2023 November 27, 2024 through November 27, 2024 December 20, 2024, and the facility is subject to early termination upon 180 days' prior written notice provided by the Company or the counterparty prior to the maturity dates. The Company is subject to cash margin deficit payment requirements in the event the fair value of the securities subject to the repurchase agreement becomes less than the original purchase price of such securities.

Upon termination or expiration maturity of the remaining repurchase agreement, there can be no assurance that the Company will be able to maintain this or a similar agreement, or find alternative funding if necessary. If necessary, the Company would expect to use operating cash, and/consider the sale of unencumbered investments, or cash proceeds from borrow on its unsecured line of credit consider the sale of assets (subject to any restrictions described above), or transfer collateral to satisfy any outstanding obligations subject to the repurchase agreements.

remaining obligations.

***Union Bank Participation Agreement Agreements***

The Company maintains an agreement with Union Bank, a related party, as trustee for various grantor trusts, under which Union Bank has agreed to purchase from the Company participation interests in student loans. As of September 30, 2023 March 31, 2024, $257.0 million $469.7 million of loans were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. The agreement automatically renews annually and is terminable by either party upon five business days' notice. This agreement provides beneficiaries of Union Bank's grantor trusts with access to investments in interests in student loans, while providing liquidity to the Company. The Company can participate loans to Union Bank to the extent of availability under the grantor trusts, up to $900.0 million or an amount in excess of $900.0 million if mutually agreed to by both parties. Loans participated under this agreement have been accounted for by the Company as loan sales. Accordingly, the participation interests sold are not included on the Company's consolidated balance sheets.

Asset-backed Securities Transactions

The Company through its subsidiaries, also has historically funded student loans by completing asset-backed securitizations. Depending on market conditions, an agreement with Union Bank under which Union Bank has agreed to purchase from the Company anticipates continuing participation interests in FFELP loan asset-backed securities (bond investments). The agreement automatically renews annually and is terminable by either party upon five business days' notice. On May 4, 2024, the agreement automatically renewed for another year through May 4, 2025. The Company can participate FFELP loan asset-backed securities to access Union Bank to the extent of availability under the grantor trusts, up to $400.0 million or an amount in excess of $400.0 million if mutually agreed to by both parties. The Company maintains legal ownership of the FFELP loan asset-backed securitization market. Such asset-backed securitization transactions would be used to refinance student loans included securities and, in its warehouse facilities, loans purchased from third parties, and/discretion, approves and accomplishes any sale, assignment, transfer, encumbrance, or student loans in its existing other disposition of the securities. As such, the FFELP loan asset-backed securitizations. securities subject to this agreement are included on the Company's consolidated balance sheets as "investments and notes receivable" and the participation interests outstanding have been accounted for by the Company as a secured borrowing. As of March 31, 2024, $0.1 million (par value) of FFELP loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement.

There were no asset-backed securitization transactions completed during the nine months ended September 30, 2023.

**Cash Flow Forecast - Liquidity Impact Related to Beneficial Interest in Loan Securitizations**

The Company has partial ownership in consumer, private education, and federally insured private education, consumer, and other student loan third-party securitizations that are classified as "beneficial interest in loan securitizations" and included in "investments and notes receivable" on the Company's consolidated balance sheets. These residual interests were acquired by the Company or have been received by the Company as consideration as the result of from selling portfolios of loans to unrelated third parties who securitized such loans. As of the latest remittance reports filed by the various trusts prior to or as of September 30, 2023 March 31, 2024, the Company's ownership correlates to approximately $1.55 billion $1.79 billion of loans included in these securitizations

As of September 30, 2023 March 31, 2024, the investment balance on the Company's consolidated balance sheet of its beneficial interest in loan securitizations was $191.2 million $235.8 million. For a summary of this investment balance, see note 5 of the notes to consolidated financial statements included under Part I, Item 1 of this report.

The Company's partial ownership percentage in each loan securitization grants the Company the right to receive the corresponding percentage of cash flows generated by the securitization. As of September 30, 2023 March 31, 2024, based on cash flow models developed to reflect management's current estimate of, among other factors, prepayments, defaults, deferment, forbearance, and interest rates, the Company currently expects future undiscounted cash flows from its partial ownership in these securitizations to be approximately $323.3 million $347.1 million. The vast majority of these cash flows are expected to be received over the next 8 5 years.

The difference between the total estimated future undiscounted cash flows from these residual interests ($347.1 million) and the investment carrying value ($235.8 million) of $191.2 million of $132.1 million $111.3 million, or $100.4 million $84.6 million after income taxes based on the estimated effective tax rate, represents estimated future investment interest income (earnings) from these investments and is expected to be accretive to the Company's balance of consolidated shareholders' equity from the current September 30, 2023 March 31, 2024 balance.

The undiscounted future cash flows from the private education, consumer and other private education loan securitizations are highly subject to credit risk (defaults). If defaults are higher than management's current estimate, the forecasted cash flows and estimated future investment interest income (earnings) from these securitizations would be adversely impacted.

**Liquidity Impact Related to Nelnet Bank**

Nelnet Bank launched operations in November 2020. Nelnet Bank was funded by the Company with an initial capital contribution of $100.0 million and the Company contributed an additional $30.0 million and $5.0 million to Nelnet Bank during 2022 and the third quarter of 2023, respectively. In addition, the Company made a pledged deposit of $40.0 million with Nelnet Bank, as required under an agreement with the FDIC discussed below.

Prior to Nelnet Bank's launch of operations, Nelnet Bank, Nelnet, Inc. (the parent), and Michael S. Dunlap (Nelnet, Inc.'s controlling shareholder) entered into a Capital and Liquidity Maintenance Agreement and a Parent Company Agreement with the FDIC in connection with Nelnet, Inc.'s role as a source of financial strength for Nelnet Bank. As part of the Capital and Liquidity Maintenance Agreement, Nelnet, Inc. is obligated to (i) contribute capital to Nelnet Bank for it to maintain capital levels that meet FDIC requirements for a "well capitalized" bank, including a leverage ratio of capital to total assets of at least 12%; (ii) provide and maintain an irrevocable asset liquidity takeout commitment for the benefit of Nelnet Bank in an amount equal to the greater of either 10% of Nelnet Bank's total assets or such additional amount as agreed to by Nelnet Bank and Nelnet, Inc.; (iii) provide additional liquidity to Nelnet Bank in such amount and duration as may be necessary for Nelnet Bank to meet its ongoing liquidity obligations; and (iv) establish and maintain a pledged deposit of $40.0 million with Nelnet Bank.

Under the regulatory framework for prompt corrective action, Nelnet Bank is subject to various regulatory capital requirements administered by the FDIC and the UDFI and must meet specific capital standards. Failure to meet minimum capital requirements can initiate certain mandatory and possibly additional discretionary actions by regulators that, if undertaken, could have a direct material adverse effect on Nelnet Bank's business, results of operations, or financial condition. On January 1, 2020, the Community Bank Leverage Ratio (CBLR) framework, as issued jointly by the Office of the Comptroller of the Currency, the Federal Reserve Board, and the FDIC, became effective. Any banking organization with total consolidated assets of less than $10 billion, limited amounts of certain types of assets and off-balance sheet exposures, and a community bank leverage ratio greater than 9% may opt into the CBLR framework quarterly. The CBLR framework allows banks to satisfy capital standards and be considered "well capitalized" under the prompt corrective action framework if their leverage ratio is greater than 9%, unless the banking organization's federal banking agency determines that the banking organization's risk profile warrants a more stringent leverage ratio. The FDIC has ordered Nelnet Bank to maintain at least a 12% leverage ratio. Nelnet Bank has opted into the CBLR framework for the quarter ended September 30, 2023 March 31, 2024 with a leverage ratio of 12.7% 13.0%. Nelnet Bank intends to maintain at all times regulatory capital levels that meet both the minimum level necessary to be considered "well capitalized" under the FDIC's prompt corrective action framework and the minimum level required by the FDIC.

Nelnet Bank has a portfolio of asset-backed securities investments that were accounted for and classified as available-for-sale. Accordingly, these securities were carried at fair value, with the changes in fair value, net of taxes, carried as a separate component of equity. To reduce Nelnet Bank's market exposure related to decreases in fair value on these investments, on March 31, 2023, securities at Nelnet Bank with a fair value of $149.2 million were transferred from available-for-sale to held to maturity. The securities were reclassified at fair value at the time of the transfer, and such transfer represented a non-cash transaction. Accumulated other comprehensive income as of the date of the transfer (March 31, 2023) included pre-tax unrealized losses of $3.7 million. These unrealized losses will be amortized, consistent with the amortization of any discounts on such securities, over the remaining lives of the respective securities as an adjustment of yield.

Based on Nelnet Bank's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to the bank in future periods.

**Liquidity Impact Related to Nelnet Renewable Energy**

The Company's Nelnet Renewable Energy business makes solar tax equity investments. Through September 30, 2023 March 31, 2024, the Company has invested a total of $332.0 million $491.8 million (which includes $126.5 million $208.9 million syndicated to third-party investors) in tax equity investments in renewable energy solar partnerships. These investments provide a federal income tax credit under the Internal Revenue Code, equaling 30% to 40% of the eligible project costs, cost, with the tax credit available when the project is placed-in-service. The Company is allowed to reduce its tax estimates paid to the U.S. Treasury based on the credits earned. Based on the timing of when the Company funds a project and decreases its tax estimate to the U.S. Treasury due to earning of the tax credit, the amount of capital committed funded to solar tax equity investments at any point in time is not significant and has a minimal impact on the Company's liquidity. As of September 30, 2023 March 31, 2024, the Company is committed to fund an additional $265.9 million $146.6 million on tax equity investments, of which $128.7 million $76.2 million is expected to be provided by syndication partners.

In addition to solar tax equity investments, the Company has a strategy to own solar energy project assets. These assets provide long-term, predictable, and recurring cash flows. Accordingly, the Company has begun to execute a multi-faceted approach to originate, acquire, finance, own, and manage these assets. The Company plans to fund a large portion of its current growth plans in owning solar energy projects using third-party debt and third-party tax equity. The collateral on any third-party debt would be limited to the assets of the specific solar projects. Any capital requirements for the origination or purchase of solar projects not funded by third-party debt and third-party tax equity would be provided by the Company using operating cash, borrowings on its unsecured line of credit, and/or the sale of investments.

**Liquidity Impact Related to ALLO**

Upon the deconsolidation of ALLO on December 21, 2020, the Company recorded its 45% voting membership interests in ALLO at fair value, and accounts for such investment under the HLBV method of accounting. In addition, the Company recorded its remaining non-voting preferred membership units of ALLO at fair value, and accounts for such investment as a separate equity investment. As of September 30, 2023 March 31, 2024, the outstanding preferred membership interests of ALLO held by the Company was $145.9 million $155.0 million that earns earned a preferred annual return of 6.25%. Accrued and unpaid preferred returns are converted to additional preferred membership interests each December 31. As of September 30, 2023 March 31, 2024, the accrued and unpaid preferred return was $6.8 million $2.4 million. If On April 1, 2024, the preferred annual return on the non-voting preferred membership interests are not redeemed on or before April 2024, the preferred annual return is increased from 6.25% to 10.00%. In June 2023, ALLO, the Company, and SDC (a third-party global digital infrastructure investor and member of ALLO) agreed to amend the terms of the ALLO non-voting preferred membership units owned by Nelnet. Such amended terms provide that commencing On January 1, 2025, the preferred annual return will increase to 13.5%, commencing July 1, 2025, the return will increase to 15.0%, commencing January 1, 2026, the preferred return will increase to 17.5%, and beginning on January 1, 2027 and on each January 1 of each calendar year thereafter, the annual return will increase by an additional 2.5%. In addition, any preferred return accruing on or after January 1, 2025 is expected to be paid on a quarterly basis in cash rather than through an increase to the outstanding preferred membership interests.

As part of the ALLO recapitalization transaction in December 2020, the Company and SDC entered into an agreement, in which the Company has a contingent payment obligation to pay SDC a contingent payment amount of $25.0 million up to $35.0 million in the event the Company disposes of its voting membership interests of ALLO that it holds and realizes from such disposition certain targeted return levels. As of September 30, 2023 March 31, 2024, the estimated fair value of the contingent payment is $9.6 million $10.1 million.

In June 2023, ALLO closed on an asset-backed securities transaction with an aggregate size of $576.0 million over $600 million. The proceeds from this transaction were used to refinance the majority of ALLO's prior debt and fund a portion of its current growth plans. If ALLO needs additional capital to support its growth in existing or new markets, the Company has the option to contribute additional capital to maintain its voting equity interest. Although ALLO has obtained debt financing to fund a large portion of its growth plans, the Company contributed $8.4 million of additional equity to ALLO in the first quarter of 2023. As a result of this equity contribution, the Company's voting membership interests percentage did not materially change. Based on ALLO's business plan for growth and current financial condition, the Company believes it will make additional capital contributions to ALLO in future periods.

**Liquidity Impact Related to Hedging Activities**

The Company utilizes derivative instruments to manage interest rate sensitivity. By using derivative instruments, the Company is exposed to market risk which could impact its liquidity.

All Non-Nelnet Bank over-the-counter derivative contracts executed by the Company are cleared post-execution at a regulated clearinghouse. Clearing is a process by which a third party, the clearinghouse, steps in between the original counterparties and guarantees the performance of both, by requiring that each post liquid collateral on an initial (initial margin) and mark-to-market (variation margin) basis to cover the clearinghouse's potential future exposure in the event of default.

To minimize the Company's exposure to market volatility, on March 15, 2023, the Company terminated its derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from the clearinghouse related to variation margin equal to the fair value as of March 15, 2023 of the derivatives used to hedge loans earning fixed rate floor income of $183.2 million, which included $19.1 million related to current period settlements.

Based on the derivative portfolio outstanding as of September 30, 2023 March 31, 2024, the Company does not anticipate any movement in interest rates having a material impact on its capital or liquidity profile, nor does the Company expect that any movement in interest rates would have a material impact on its ability to make variation margin payments to its third-party clearinghouse. clearinghouse and/or payments to its counterparties for its non-centrally cleared derivatives.

**Other Debt Facilities**

As discussed above, the Company has a $495.0 million unsecured line of credit with a maturity date of September 22, 2026. As of September 30, 2023 March 31, 2024, the unsecured line of credit had no amount outstanding and $495.0 million was available for future use. Upon the maturity date of this facility, there can be no assurance that the Company will be able to maintain this line of credit, increase or maintain the amount outstanding under the line, or find alternative funding if necessary.

During 2020, On December 21, 2023, the Company entered into an a $10.0 million participation agreement with Union Bank, as trustee for various grantor trusts, under a third-party, the proceeds of which Union Bank has agreed are collateralized by consumer loans. The third-party participant does not have the right to purchase from pledge, transfer, or otherwise dispose of their participation interest in all or any portion of the Company loans subject to this agreement. As such, the consumer loans subject to this agreement are included on the Company's consolidated balance sheet and the participation interests in federally insured student loan asset-backed securities. As of September 30, 2023, $0.1 million (par value) of student loan asset-backed securities were subject to outstanding participation interests held by Union Bank, as trustee, under this agreement. This participation agreement has have been accounted for by the Company as a secured borrowing. Upon termination or expiration This participation agreement will amortize as the consumer loans subject to the participation pay down. As of March 31, 2024, the outstanding balance on this participation agreement the Company would expect to use operating cash, consider the sale of assets, or transfer collateral to satisfy any remaining obligations. was $8.9 million.

**Stock Repurchases**

The Board of Directors has authorized a stock repurchase program to repurchase up to a total of five million shares of the Company's Class A common stock during the three-year period ending May 8, 2025. No shares were repurchased under this program during the first three quarters 2023. As of September 30, 2023 March 31, 2024, 4,467,021 3,824,767 shares remained authorized for repurchase under the Company's stock repurchase program. Shares may be repurchased from time to time on the open market, in private transactions (including with related parties), or otherwise, depending on various factors, including share prices and other potential uses of liquidity.

During Shares repurchased by the Company during the three months ended March 31, 2024 are shown below. Certain of these repurchases were made pursuant to trading plans adopted by the Company in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934. For additional information on stock repurchases during the first three quarters quarter of 2023, the Company repurchased 47,195 shares owned and tendered by employees to satisfy tax withholding obligations upon the vesting of restricted shares. These repurchased shares are excluded from the Company's repurchase program. See 2024, see "Stock Repurchases" under Part II, Item 2 of this report.

| | Total shares repurchased | Purchase price (in thousands) | Average price of shares repurchased (per share) (a) |
|---|---|---|---|

| | | | | |
|---|---|---|---|---|
| Quarter ended March 31, 2024 | 396,724 | $ | 35,469 | 89.41 |

(a) The average price of shares repurchased for the three months ended March 31, 2024 includes excise taxes.

Subsequent to March 31, 2024 (through May 9, 2024), the Company repurchased an additional 421,102 Class A common shares for $39.8 million (average price of $94.47 per share) under its stock repurchase program.

**Dividends**

On September 15, 2023 March 15, 2024, the Company paid a third first quarter 2023 2024 cash dividend on the Company's Class A and Class B common stock of $0.26 $0.28 per share. In addition, the Company's Board of Directors has declared a fourth second quarter 2023 2024 cash dividend on the Company's outstanding shares of Class A and Class B common stock of $0.28 per share. The fourth second quarter cash dividend will be paid on December 15, 2023 June 14, 2024 to shareholders of record at the close of business on December 1, 2023 May 31, 2024.

The Company plans to continue making regular quarterly dividend payments, subject to future earnings, capital requirements, financial condition, and other factors.

**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

This Management's Discussion and Analysis of Financial Condition and Results of Operations discusses the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting periods. The Company bases its estimates and judgments on historical experience and on various other factors that the Company believes are reasonable under the circumstances. Actual results may differ from these estimates under varying assumptions or conditions. Note 3 2 of the notes to consolidated financial statements included in the Company's 2022 2023 Annual Report includes a summary of the significant accounting policies and methods used in the preparation of the consolidated financial statements.

On an on-going basis, management evaluates its estimates and judgments, particularly as they relate to accounting policies that management believes are most "critical" - that is, they are most important to the portrayal of the Company's financial condition and results of operations and they require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Management has identified the allowance for loan losses as a critical accounting policy and estimate, as discussed further under Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations – Critical Accounting Policies and Estimates – Allowance for Loan Losses" in the Company's 2022 2023 Annual Report. For additional information regarding changes in the Company's allowance for loan losses for the three and nine months ended September 30, 2023 March 31, 2024 and 2022, 2023, see the caption "Activity in the Allowance for Loan Losses" in note 2 of the notes to consolidated financial statements included under Part I, Item 1 of this report. There have been no material changes to the Company's critical accounting policy and estimate since December 31, 2022 December 31, 2023.

**RECENT ACCOUNTING PRONOUNCEMENTS**

Investments - Proportional Amortization Method

In March November 2023, the FASB issued accounting guidance which permits reporting entities improves reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses that are regularly provided to elect the chief operating decision maker and included within each reported measure of segment profit (referred to account for their tax equity investments, regardless of as the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. A reporting entity may make an accounting policy election to apply the proportional amortization method on a tax-credit-program-by-tax-credit-program basis rather than at the reporting entity level or for individual investments. "significant expense principle"). This guidance will be effective for the Company beginning January 1, 2024 for the year ending December 31, 2024 annual financial statements, with early adoption permitted. The guidance will be applied retrospectively for all prior periods presented in the financial statements. The Company intends to adopt the standard when it becomes effective for the year ending December 31, 2024 annual financial statements. Management believes is currently evaluating the impact this pronouncement guidance will not have a material impact on the Company's disclosures included in the notes to the consolidated financial statements.

In December 2023, the FASB issued accounting guidance to address investor requests for more transparency about income tax information through improvements to income tax disclosures primarily related to the rate reconciliation and income taxes paid information. This guidance will be effective for the Company for the year ending December 31, 2025 annual financial statements, upon adoption. with early adoption permitted. The guidance will be applied on a prospective basis. The Company intends to adopt the standard when it becomes effective for the year ending December 31, 2025. Management is currently evaluating the impact this guidance will have on the disclosures included in the notes to the consolidated financial statements.

**ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**
**(All dollars are in thousands, except share amounts, unless otherwise noted)**

**LIBOR Transition**

On June 30, 2023, the LIBOR administrator ceased publication (on a representative basis) of all USD LIBOR rates. When possible, the Company relied on fallback provisions or negotiated with counterparties to transition financial contracts from LIBOR to SOFR. Due to certain noteholder consent requirements, it was not practicable to modify certain of the Company's asset-backed securities transactions. The SAP formula for the Company's FFELP loans, the majority of which were indexed to one-month LIBOR, were not able to be modified without legislative action. On March 15, 2022, the Adjustable Interest Rate (LIBOR) Act (the LIBOR Act) was signed into law. The LIBOR Act provides that for contracts that contain no fallback provision or contain fallback provisions that do not identify a specific USD LIBOR benchmark replacement (including the SAP formula for FFELP loans), a benchmark replacement based on SOFR will automatically replace the USD LIBOR benchmark in the contract after June 30, 2023. Following the enactment and implementation of the LIBOR Act, all of the Company's financial instruments which were indexed to USD LIBOR transitioned to SOFR after June 30, 2023. Specifically, after June 30, 2023, the SAP formula for FFELP loans transitioned to 30-day Average SOFR and the Company's LIBOR-indexed FFELP asset-backed securities also transitioned to a short-term SOFR index. The Company does not expect the transition from LIBOR to SOFR to significantly impact its asset-backed securitization cash flow forecast as discussed under Part I, Item 2, "Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources - Liquidity Needs and Sources of Liquidity Available to Satisfy Debt Obligations Secured by Loan Assets and Related Collateral - Bonds and Notes Issued in Asset-backed Securitizations." The Company's LIBOR-indexed derivatives transitioned to the fallback rate (SOFR) as defined in the individual agreements and/or published industry guidelines, as applicable.

The market transition away from the previous LIBOR framework could result in significant changes to the interest rate characteristics of the Company's prior LIBOR-indexed assets and funding for those assets. The Company is still uncertain as to the long-term relationship between overnight SOFR and Term SOFR as they are new indices, and the Company's assumptions with respect to this relationship may evolve over time. To the extent that the spread between these indices were to widen, it could adversely impact future interest income earned on the Company's FFELP student loan portfolio. For a discussion of the risks related to the LIBOR transition, see Item 1A, "Risk Factors - Loan Portfolio - Interest rate risk - replacement of LIBOR as a benchmark rate" in the Company's 2022 Annual Report for additional information.

**Interest Rate Risk - AGM Operating Segment**

AGM’s primary market risk exposure arises from fluctuations in its borrowing and lending rates, the spread between which could impact AGM due to shifts in market interest rates.

The following table sets forth AGM’s loan assets and debt instruments by rate characteristics:

| | | As of September 30, 2023 | | As of December 31, 2022 | | | As of March 31, 2024 | | | As of December 31, 2023 | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Dollars | Percent | Dollars | Percent | | Dollars | | Percent | Dollars | | Percent |
| Fixed-rate loan assets | Fixed-rate loan assets | $ 601,169 | 4.7 % | $ 1,339,900 | 9.5 % | Fixed-rate loan assets | $ 536,445 | 5.0 | 5.0 % | $ 510,666 | 4.2 | 4.2 % |
| Variable-rate loan assets | Variable-rate loan assets | 12,134,452 | 95.3 | 12,829,871 | 90.5 | | | | | | | |
| Total | Total | $12,735,621 | 100.0 % | $14,169,771 | 100.0 % | Total | $ 10,799,942 | 100.0 | 100.0 % | $ 12,049,462 | 100.0 | 100.0 % |
| Fixed-rate debt instruments | Fixed-rate debt instruments | $ 514,023 | 4.2 % | $ 617,083 | 4.5 % | | | | | | | |
| Fixed-rate debt instruments | | | | | | | | | | | | |
| Fixed-rate debt instruments | | | | | | | $ 509,294 | | 4.8 % | $ 561,557 | | 4.8 % |
| Variable-rate debt instruments | Variable-rate debt instruments | 11,688,063 | 95.8 | 13,199,327 | 95.5 | | | | | | | |
| Total | Total | $12,202,086 | 100.0 % | $13,816,410 | 100.0 % | Total | $ 10,539,917 | 100.0 | 100.0 % | $ 11,704,153 | 100.0 | 100.0 % |

FFELP loans originated prior to April 1, 2006 generally earn interest at the higher of the borrower rate, which is fixed over a period of time, or a floating rate based on the special allowance payment (SAP) formula set by the Department. The SAP rate is based on an applicable index plus a fixed spread that depends on loan type, origination date, and repayment status. The Company generally finances its FFELP student loan portfolio with variable rate debt. In low and/or declining interest rate environments, when the fixed borrower rate is higher than the SAP rate, the Company’s FFELP student loans earn at a fixed rate while the interest on the variable rate debt typically continues to reflect the low and/or declining interest rates. In these interest rate environments, the Company may earn additional spread income that it refers to as floor income.

Depending on the type of loan and when it was originated, the borrower rate is either fixed to term or is reset to an annual rate each July 1. As a result, for loans where the borrower rate is fixed to term, the Company may earn floor income for an extended period of time, which the Company refers to as fixed rate floor income, and for those loans where the borrower rate is reset annually on July 1, the Company may earn floor income to the next reset date, which the Company refers to as variable rate floor income. All FFELP loans first originated on or after April 1, 2006 effectively earn at the SAP rate, since lenders are required to rebate fixed rate floor income and variable rate floor income for those loans to the Department.

Absent the use of derivative instruments, a rise in interest rates will reduce the amount of floor income received and has an impact on earnings due to interest margin compression caused by increasing financing costs, until such time as the federally insured loans earn interest at a variable rate in accordance with their SAP formulas. In higher interest rate environments, where the interest rate rises above the borrower rate and fixed rate loans effectively become variable rate loans, the impact of the rate fluctuations is reduced.

No variable-rate floor income was earned by the Company in 2023 2024 or 2022.

2023.

A summary of fixed rate floor income earned by the AGM operating segment follows.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 |
| | Three months ended March 31, | | | |
| | Three months ended March 31, | | | |
| | Three months ended March 31, | | | |
| | 2024 | | | |
| | 2024 | | | |
| | 2024 | | | |
| Fixed rate floor income, gross | | | | |
| Fixed rate floor income, gross | | | | |

| | | | | | |
|---|---|---|---|---|---|
| Fixed rate floor income, gross | Fixed rate floor income, gross | $ 450 | 7,585 | 2,016 | 54,870 |
| Derivative settlements (a) | Derivative settlements (a) | 235 | 11,356 | 22,760 | 11,843 |
| Derivative settlements (a) | | | | | |
| Derivative settlements (a) | | | | | |
| Fixed rate floor income, net | Fixed rate floor income, net | $ 685 | 18,941 | 24,776 | 66,713 |
| Fixed rate floor income, net | | | | | |
| Fixed rate floor income, net | | | | | |

(a) Derivative settlements consist of settlements received related to the Company's derivatives used to hedge student loans earning fixed rate floor income.

Gross fixed rate floor income decreased for the three and nine months ended September 30, 2023 March 31, 2024 compared with the same periods period in 2022 2023 due to higher interest rates in 2023 2024 compared with 2022. 2023.

The Company had a significant portfolio of derivative instruments in which the Company paid a fixed rate and received a floating rate to economically hedge loans earning fixed rate floor income. On March 15, 2023, During the first quarter of 2023, to minimize the Company's exposure to market volatility and increase liquidity, the Company terminated its entire derivative portfolio hedging loans earning fixed rate floor income ($2.8 billion in notional amount of derivatives). Through March 15, 2023, the Company had received cash or had a receivable from its clearinghouse related to variation margin equal to the fair value of the $2.8 billion notional amount of fixed rate floor derivatives as of March 15, 2023 of $183.2 million, which included $19.1 million related to current period settlements. Subsequent to terminating these derivatives, during the second and fourth quarters of 2023, the Company entered into a total of $400.0 million notional amount of derivatives to hedge loans earning fixed rate floor income and other loans and investments in which the Company receives a fixed rate.

The decrease in net derivative settlements received by the Company during the three months ended September 30, 2023 March 31, 2024, compared with the same period in 2022, 2023, was due to a decrease in the termination notional amount of derivatives outstanding and less favorable terms on the fixed rate floor $400.0 million of notional derivatives entered into in March 2023. The increase in net derivative settlements received by the Company during the nine months ended September 30, 2023, 2023 compared with the same period in 2022, was $2.8 billion notional derivatives that were terminated due to an increase in settlements on interest rates from when the Company's terminated derivatives outstanding during were initially executed.

For further details of the Company's derivatives used to hedge fixed rate loans, see note 4 of the notes to consolidated financial statements included in Part I, Item 1 of this period as a result of an increase in interest rates. report.

The following table shows AGM's federally insured student loan assets that were earning fixed rate floor income as of September 30, 2023 March 31, 2024.

| Fixed interest rate range | Fixed interest rate range | Borrower/lender weighted average yield | Estimated variable conversion rate (a) | Loan balance | Fixed interest rate range | Borrower/lender weighted average yield | Estimated variable conversion rate (a) | Loan balance |
|---|---|---|---|---|---|---|---|---|
| 8.0 - 8.99% | 8.0 - 8.99% | 8.24% | 5.60% | $ 209,696 | | | | |
| 8.0 - 8.99% | | | | | | | | |
| 8.0 - 8.99% | | | | | | | | |
| ≥ 9.0% | ≥ 9.0% | 9.05% | 6.41% | 127,221 | | | | |
| | | | | $ 336,917 | | | | |
| | | | | $ | | | | |

(a) The estimated variable conversion rate is the estimated short-term interest rate at which loans would convert to a variable rate. As of September 30, 2023 March 31, 2024, the weighted average estimated variable conversion rate was 5.91% 5.93% and the short-term interest rate was 541 556 basis points.

In June 2023, the Company entered into a derivative with a notional amount of $50.0 million and a maturity date in 2030 to hedge a portion of loans remaining that earn fixed rate floor income. Based on the terms of this derivative, the Company pays a weighted average fixed rate of 3.44% and receives payments based on SOFR that resets quarterly.

AGM is also exposed to interest rate risk in the form of basis repricing risk and repricing basis risk because the interest rate characteristics of AGM's assets do not match the interest rate characteristics of the funding for those assets. The following table presents AGM's FFELP student loan assets and related funding for those assets arranged by underlying indices as of September 30, 2023 March 31, 2024.

| Index | Frequency of variable resets | Assets | Funding of student loan assets |
|---|---|---|---|
| 30 day Average SOFR (a) (b) | Daily | $ 11,513,858 | — |
| 3 month H15 financial commercial paper | Daily | 396,323 | — |
| 3 month Treasury bill | Daily | 388,803 | — |
| 30 day Average SOFR / 1 month CME Term SOFR (a) | Monthly | — | 6,932,106 |
| 90 day Average SOFR / 3 month CME Term SOFR (a) (b) | Quarterly | — | 3,096,170 |

| | | | |
|---|---|---|---|
| Asset-backed commercial paper (c) | Varies | — | 1,466,178 |
| Fixed rate | — | — | 497,397 |
| Auction-rate (d) | Varies | — | 89,910 |
| Other (e) | — | 1,197,776 | 1,414,999 |
| | | $ 13,496,760 | 13,496,760 |

| Index | Frequency of variable resets | Assets | Funding of student loan assets |
|---|---|---|---|
| 30-day average SOFR (a) | Daily | $ 9,725,214 | — |
| 3-month H15 financial commercial paper | Daily | 336,128 | — |
| 3-month Treasury bill | Daily | 321,711 | — |
| 30-day average SOFR / 1-month CME Term SOFR | Monthly | — | 6,198,559 |
| 90-day average SOFR / 3-month CME Term SOFR (a) | Quarterly | — | 2,567,482 |
| Asset-backed commercial paper (b) | Varies | — | 1,066,197 |
| Fixed rate | — | — | 430,061 |
| Auction-rate (c) | Varies | — | 84,660 |
| Other (d) | — | 1,250,367 | 1,286,461 |
| | | $ 11,633,420 | 11,633,420 |

(a) Transitioned from LIBOR to SOFR after June 30, 2023. See "LIBOR Transition" above.

(b) The Company has certain basis swaps outstanding in which the Company receives and pays the term adjusted SOFR plus the tenor spread adjustment to LIBOR. Prior to the discontinuation of LIBOR on June 30, 2023, the Company received three-month LIBOR set discretely in advance and paid one-month LIBOR plus or minus a spread as defined in the agreements (the "1:3 Basis Swaps"). Subsequent to the discontinuation of LIBOR on June 30, 2023, the Company now receives and pays the term adjusted SOFR plus the tenor spread adjustment relating to LIBOR. The Company entered into these derivative instruments to better match the interest rate characteristics on its student loan assets and the debt funding such assets. The following table summarizes the 1:3 Basis Swaps outstanding as of September 30, 2023 March 31, 2024.

| Maturity | Notional amount (i) |
|---|---|
| 2024 | $ 1,750,000 |
| 2026 | 1,150,000 |
| 2027 | 250,000 |
| | $ 3,150,000 |

(i) The weighted average rate paid by the Company on the 1:3 Basis Swaps as of September 30, 2023 March 31, 2024 was the term adjusted SOFR plus (plus the tenor spread adjustment relating to LIBOR LIBOR) plus 10.1 basis points.

(c) (b) The interest rate on the Company's FFELP warehouse facilities is indexed to asset-backed commercial paper rates.

(d) (c) As of September 30, 2023 March 31, 2024, the Company was sponsor for $89.9 million $84.7 million of outstanding asset-backed securities that were set and provide for interest rates to be periodically reset via a "dutch auction" (the "Auction Rate Securities"). Since the auction feature has essentially been inoperable for substantially all auction rate securities since 2008, the Auction Rate Securities generally pay interest to the holder at a maximum rate as defined by the indenture. While these rates will vary, they will generally be based on a spread to SOFR or Treasury Securities, or the Net Loan Rate as defined in the financing documents.

(e) (d) Assets include accrued interest receivable and restricted cash. Funding represents overcollateralization (equity) and other liabilities included in FFELP loan asset-backed securitizations and warehouse facility. facilities.

***Sensitivity Analysis***

The following tables summarize the effect on the Company's consolidated earnings, based upon a sensitivity analysis performed on AGM's assets and liabilities assuming hypothetical increases and decreases in interest rates of 100 basis points and 300 basis points while funding spreads remain constant. In addition, a sensitivity analysis was performed assuming the funding index increases 10 basis points and 30 basis points while holding the asset index constant, if the funding index is different than the asset index. The sensitivity analysis was performed on AGM's variable rate assets (including loans earning fixed rate floor income) and liabilities.

| | Interest rates | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Change from increase of 100 basis points | | Change from increase of 300 basis points | | Change from decrease of 100 basis points | | Change from decrease of 300 basis points | |
| | Dollars | Percent | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| | Three months ended September 30, 2023 | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ 522 | 1.0 % | $ 2,093 | 4.0 % | $ 2,166 | 4.1 % | $ 9,199 | 17.4 % |

| | Dollars | Percent | Dollars | Percent | Dollars | Percent | Dollars | Percent |
|---|---|---|---|---|---|---|---|---|
| Impact of derivative settlements (a) | 126 | 0.2 | 378 | 0.7 | (126) | (0.2) | (378) | (0.7) |
| Increase (decrease) in net income before taxes | $ 648 | 1.2 % | $ 2,471 | 4.7 % | $ 2,040 | 3.9 % | $ 8,821 | 16.7 % |
| Increase (decrease) in basic and diluted earnings per share | $ 0.01 | | $ 0.05 | | $ 0.04 | | $ 0.18 | |
| | **Three months ended September 30, 2022** | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ (2,396) | (1.9)% | $ (3,702) | (2.9)% | | | | |
| Impact of derivative settlements | 6,553 | 5.2 | 19,660 | 15.5 | | | | |
| Increase (decrease) in net income before taxes | $ 4,157 | 3.3 % | $ 15,958 | 12.6 % | | | | |
| Increase (decrease) in basic and diluted earnings per share | $ 0.08 | | $ 0.32 | | | | | |
| | **Nine months ended September 30, 2023** | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ 2,006 | 1.8 % | $ 9,525 | 8.4 % | $ 2,556 | 2.2 % | $ 16,611 | 14.6 % |
| Impact of derivative settlements (a) | 159 | 0.1 | 477 | 0.4 | (159) | (0.1) | (477) | (0.4) |
| Increase (decrease) in net income before taxes | $ 2,165 | 1.9 % | $ 10,002 | 8.8 % | $ 2,397 | 2.1 % | $ 16,134 | 14.2 % |
| Increase (decrease) in basic and diluted earnings per share | $ 0.04 | | $ 0.20 | | $ 0.05 | | $ 0.33 | |
| | **Nine months ended September 30, 2022** | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ (18,464) | (3.9)% | $ (31,854) | (6.7)% | | | | |
| Impact of derivative settlements | 25,008 | 5.3 | 75,025 | 15.8 | | | | |
| Increase (decrease) in net income before taxes | $ 6,544 | 1.4 % | $ 43,171 | 9.1 % | | | | |
| Increase (decrease) in basic and diluted earnings per share | $ 0.13 | | $ 0.87 | | | | | |

| | **Interest rates** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Change from increase of 100 basis points** | | **Change from increase of 300 basis points** | | **Change from decrease of 100 basis points** | | **Change from decrease of 300 basis points** | |
| | **Dollars** | **Percent** | **Dollars** | **Percent** | **Dollars** | **Percent** | **Dollars** | **Percent** |
| | **Three months ended March 31, 2024** | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase in pre-tax net income before impact of derivative settlements | $ 711 | 0.7 % | $ 2,500 | 2.7 % | $ 1,941 | 2.1 % | $ 8,557 | 9.1 % |
| Impact of derivative settlements | 746 | 0.8 | 2,238 | 2.3 | (746) | (0.8) | (2,238) | (2.4) |
| Increase in net income before taxes | $ 1,457 | 1.5 % | $ 4,738 | 5.0 % | $ 1,195 | 1.3 % | $ 6,319 | 6.7 % |
| Increase in basic and diluted earnings per share | $ 0.03 | | $ 0.10 | | $ 0.02 | | $ 0.13 | |
| | **Three months ended March 31, 2023** | | | | | | | |
| Effect on earnings: | | | | | | | | |
| Increase in pre-tax net income before impact of derivative settlements | $ 772 | 2.5 % | $ 4,403 | 14.1 % | $ 76 | 0.2 % | $ 3,650 | 11.7 % |
| Impact of derivative settlements (a) | — | — | — | — | — | — | — | — |
| Increase in net income before taxes | $ 772 | 2.5 % | $ 4,403 | 14.1 % | $ 76 | 0.2 % | $ 3,650 | 11.7 % |
| Increase in basic and diluted earnings per share | $ 0.02 | | $ 0.09 | | $ 0.00 | | $ 0.07 | |

(a) On March 15, 2023, the Company terminated its existing derivative portfolio hedging loans earning fixed rate floor income. The table above excludes the impact of these derivatives for the entire period.

| | Asset and funding index mismatches | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Increase of 10 basis points | | Increase of 30 basis points | | Increase of 10 basis points | | Increase of 30 basis points | |
| | Dollars | Percent | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| | Three months ended March 31, 2024 | | | | Three months ended March 31, 2023 | | | |
| Effect on earnings: | | | | | | | | |
| Decrease in pre-tax net income before impact of derivative settlements | $ (1,017) | (1.0)% | $ (3,050) | (3.2)% | $ (1,113) | (3.6)% | $ (3,339) | (10.7)% |
| Impact of derivative settlements | 783 | 0.8 | 2,349 | 2.5 | 777 | 2.5 | 2,330 | 7.5 |
| Decrease in net income before taxes | $ (234) | (0.2)% | $ (701) | (0.7)% | $ (336) | (1.1)% | $ (1,009) | (3.2)% |
| Decrease in basic and diluted earnings per share | $ (0.00) | | $ (0.01) | | $ (0.01) | | $ (0.02) | |

| | Asset and funding index mismatches | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Increase of 10 basis points | | Increase of 30 basis points | | Increase of 10 basis points | | Increase of 30 basis points | |
| | Dollars | Percent | Dollars | Percent | Dollars | Percent | Dollars | Percent |
| | Three months ended September 30, 2023 | | | | Three months ended September 30, 2022 | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ (1,167) | (2.2)% | $ (3,501) | (6.6)% | $ (1,148) | (0.9)% | $ (3,445) | (2.7)% |
| Impact of derivative settlements | 794 | 1.5 | 2,382 | 4.5 | 1,235 | 1.0 | 3,705 | 2.9 |
| Increase (decrease) in net income before taxes | $ (373) | (0.7)% | $ (1,119) | (2.1)% | $ 87 | 0.1 % | $ 260 | 0.2 % |
| Increase (decrease) in basic and diluted earnings per share | $ (0.01) | | $ (0.02) | | $ 0.00 | | $ 0.01 | |
| | Nine months ended September 30, 2023 | | | | Nine months ended September 30, 2022 | | | |
| Effect on earnings: | | | | | | | | |
| Increase (decrease) in pre-tax net income before impact of derivative settlements | $ (3,462) | (3.0)% | $ (10,387) | (9.1)% | $ (3,609) | (0.8)% | $ (10,828) | (2.3)% |
| Impact of derivative settlements | 2,356 | 2.1 | 7,068 | 6.2 | 3,912 | 0.8 | 11,733 | 2.5 |
| Increase (decrease) in net income before taxes | $ (1,106) | (0.9)% | $ (3,319) | (2.9)% | $ 303 | — % | $ 905 | 0.2 % |
| Increase (decrease) in basic and diluted earnings per share | $ (0.02) | | $ (0.07) | | $ 0.01 | | $ 0.02 | |

**Interest Rate Risk - Nelnet Bank**

To manage Nelnet Bank's risk from fluctuations in market interest rates, the Company actively monitors interest rates and other interest sensitive components to minimize the impact that changes in interest rates have on the fair value of assets, net income, and cash flow. To achieve this objective, the Company manages and mitigates Nelnet Bank's exposure to fluctuations in market interest rates through several techniques, including managing the maturity, repricing, and mix of fixed and variable rate assets and liabilities and the use of derivative instruments.

The following table presents Nelnet Bank's loan assets, asset-backed security investments, and deposits by rate characteristics:

| | | As of September 30, 2023 | | As of December 31, 2022 | | As of March 31, 2024 | | | | As of December 31, 2023 | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Dollars | Percent | Dollars | Percent | Dollars | | Percent | | Dollars | | Percent | |
| Fixed-rate loan assets | Fixed-rate loan assets | $ 400,639 | | $341,776 | | | | | | | | | |
| Fixed-rate investments | Fixed-rate investments | 135,552 | | 123,809 | | | | | | | | | |
| Fixed-rate investments | | | | | | | | | | | | | |
| Fixed-rate investments | | | | | | | | | | | | | |
| Total fixed-rate assets | | | | | | | | | | | | | |
| Total fixed-rate assets | | | | | | | | | | | | | |
| Total fixed-rate assets | Total fixed-rate assets | 536,191 | 50.5 % | 465,585 | 52.2 % | 546,522 | 50.3 | 50.3 | % | 458,928 | 47.7 | 47.7 | % |

| | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Variable-rate loan assets | Variable-rate loan assets | 68,174 | | 78,019 | | | | | | | | |
| Variable-rate investments | Variable-rate investments | 457,587 | | 347,559 | | | | | | | | |
| Variable-rate investments | | | | | | | | | | | | |
| Variable-rate investments | | | | | | | | | | | | |
| Total variable rate assets | | | | | | | | | | | | |
| Total variable rate assets | | | | | | | | | | | | |
| Total variable rate assets | Total variable rate assets | 525,761 | 49.5 | 425,578 | 47.8 | | | | | | | |
| Total assets | Total assets | $1,061,952 | 100.0 % | $891,163 | 100.0 % | Total assets | $ 1,085,529 | 100.0 | 100.0 % | $ 962,520 | 100.0 | 100.0 % |
| Fixed-rate deposits | Fixed-rate deposits | $ 282,547 | 29.8 % | $336,040 | 42.6 % | | | | | | | |
| Fixed-rate deposits | | | | | | | | | | | | |
| Fixed-rate deposits | | | | | | | $ 279,331 | | 29.1 % | $ 280,736 | | 33.1 % |
| Variable-rate deposits (a) | Variable-rate deposits (a) | 664,832 | 70.2 | 453,604 | 57.4 | | | | | | | |
| Total deposits | Total deposits | $ 947,379 | 100.0 % | $789,644 | 100.0 % | Total deposits | $ 960,633 | 100.0 | 100.0 % | $ 847,564 | 100.0 | 100.0 % |

(a) Nelnet Bank uses derivative instruments to hedge exposure to variability in cash flows of variable rate deposits to minimize the exposure to volatility in cash flows from future changes in interest rates. The derivatives are not reflected in the above table. See note 4 of the notes to the consolidated financial statements included under Part I, Item 1 of this report for a summary of Nelnet Bank's derivatives outstanding as of September 30, 2023 March 31, 2024.

**Interest Rate and Market Risk - Investments**

The following table presents the rates earned on the Company's available-for-sale debt securities (investments) and debt facilities used to fund a portion of such investments. The table below excludes securities (investments) held by Nelnet Bank.

| | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Average balance | Interest income/ expense | Average yields/ rates | Average balance | Interest income/ expense | Average yields/ rates | | | | | | | |
| | | Three months ended March 31, | | | | | | | | | | | | |
| | | Nine months ended September 30, | | | | | | | | | | | | |
| | | 2023 | | | 2022 | | | | | | | | | |
| | | Three months ended March 31, | | | | | | | | | | | | |
| | | Three months ended March 31, | | | | | | | | | | | | |
| | 2024 | | | | | | | | | 2024 | | | | |
| | Average balance | | | | | | | | Average balance | | Interest income/ expense | Average yields/ rates | Average balance | |
| **Investments:** | **Investments:** | | | | | | | | | | | | | |
| Asset-backed securities available-for-sale (a) (b) | | | | | | | | | | | | | | |
| Asset-backed securities available-for-sale (a) (b) | | | | | | | | | | | | | | |
| Asset-backed securities available-for-sale (a) (b) | Asset-backed securities available-for-sale (a) (b) | $1,018,489 | 50,182 | 6.59 % | $1,219,013 | 18,373 | 2.02 % | $863,634 | 14,012 | 14,012 | 6.51 | 6.51 % | $1,309,752 | 17,486 | 17,486 |
| **Debt funding asset-backed securities available-for-sale:** | **Debt funding asset-backed securities available-for-sale:** | | | | | | | | | | | | | |

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Debt funding asset-backed securities available-for-sale:** | | | | | | | | | | | | | | | |
| **Debt funding asset-backed securities available-for-sale:** | | | | | | | | | | | | | | | |
| Participation agreement - variable rate (c) | | | | | | | | | | | | | | | |
| Participation agreement - variable rate (c) | | | | | | | | | | | | | | | |
| Participation agreement - variable rate (c) | Participation agreement - variable rate (c) | $ 154,295 | 6,206 | 5.38 % | $ 336,109 | 5,088 | 2.02 % | $ 91 | 1 | | 1 | 4.41 | 4.41 % | $ 365,115 | 5,059 | 5,059 |
| Repurchase agreements - variable rate (d) | Repurchase agreements - variable rate (d) | 421,266 | 18,653 | 5.92 | 452,813 | 5,247 | 1.55 | | | | | | | | |
| | | $ 575,561 | 24,859 | 5.77 | $ 788,922 | 10,335 | 1.75 | | | | | | | | |
| | $ | | | | | | | | | | | | | | |

(a) The Company has repurchased certain of its own asset-backed securities (bonds and notes payable) in the secondary market. For accounting purposes, these notes are eliminated in consolidation and are not included in the Company's consolidated financial statements. However, these securities remain legally outstanding at the trust level and the Company could sell these notes to third parties or redeem the notes at par as cash is generated by the trust estate. Upon a sale of these notes to third parties, the Company would obtain cash proceeds equal to the market value of the notes on the date of such sale. The table above includes these repurchased bonds.

(b) The majority of the Company's asset-backed securities earn floating rates with expected returns of approximately SOFR + 100 to 350 basis points to maturity. As of September 30, 2023 March 31, 2024, $257.5 million $212.3 million (par value) of the Company's asset-backed securities earn a weighted average fixed rate of 3.52% 3.17%.

(c) Interest incurred by the Company on amounts borrowed under the participation agreement is at a variable rate of SOFR + 62.5 basis points.

(d) Interest incurred by the Company on amounts borrowed under the repurchase agreements is at a variable rate of SOFR + 75 100 to 140 basis points.

The Company's portfolio of asset-backed investment securities has limited liquidity, and the Company could incur a significant loss if the investments were sold prior to maturity at an amount less than the original purchase price. As of September 30, 2023 March 31, 2024, the gross unrealized loss on the Company's available-for-sale debt securities was $44.6 million $27.8 million, and the aggregate fair value of available-for-sale debt securities with unrealized losses was $717.1 million $482.7 million. The Company currently has the intent and ability to retain these investments, and none of the unrealized losses were due to credit losses. See note 5 of the notes to consolidated financial statements included under Part I, Item 1 of this report for additional information.

## ITEM 4. CONTROLS AND PROCEDURES

### Disclosure Controls and Procedures

The Company's management, with the participation of the Company's principal executive and principal financial officers, evaluated the effectiveness of the Company's disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934) as of September 30, 2023 March 31, 2024. Based on this evaluation, the Company's principal executive and principal financial officers concluded that the Company's disclosure controls and procedures were effective as of September 30, 2023 March 31, 2024.

### Changes in Internal Control over Financial Reporting

There were no changes in the Company's internal control over financial reporting during the fiscal quarter ended September 30, 2023 March 31, 2024 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

# PART II. OTHER INFORMATION

## ITEM 1. LEGAL PROCEEDINGS

There have been no material changes from the information referred to in the Legal Proceedings section of the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 under Part I, Item 3 of such Form 10-K.

## ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors described in the Company's Annual Report on Form 10-K for the year ended December 31, 2022 December 31, 2023 in response to Part I, Item 1A of such Form 10-K.

## ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

***Stock Repurchases***

The following table summarizes the repurchases of Class A common stock during the third first quarter of 2023 2024 by the Company or any “affiliated purchaser” of the Company, as defined in Rule 10b-18(a)(3) under the Securities Exchange Act of 1934. Certain share repurchases included in the table below were made pursuant to a trading plan adopted by the Company in accordance with Rule 10b5-1 under the Securities Exchange Act of 1934.

| Period | Total number of shares purchased (a) | Average price paid per share | Total number of shares purchased as part of publicly announced plans or programs (b) | Maximum number of shares that may yet be purchased under the plans or programs (b) |
|---|---|---|---|---|
| July 1 - July 31, 2023 | — | $ — | — | 4,467,021 |
| August 1 - August 31, 2023 | — | — | — | 4,467,021 |
| September 1 - September 30, 2023 | 5,948 | 91.26 | — | 4,467,021 |
| Total | 5,948 | $ 91.26 | — | |

| Period | Total number of shares purchased (a) | Average price paid per share (b) | Total number of shares purchased as part of publicly announced plans or programs (c) | Maximum number of shares that may yet be purchased under the plans or programs (c) |
|---|---|---|---|---|
| January 1 - January 31, 2024 | 13,523 | $ 82.79 | 13,523 | 4,167,651 |
| February 1 - February 29, 2024 | — | — | — | 4,167,651 |
| March 1 - March 31, 2024 | 383,201 | 89.03 | 342,884 | 3,824,767 |
| Total | 396,724 | $ 88.82 | 356,407 | |

(a) The total number of shares includes includes: (i) shares repurchased pursuant to the stock repurchase program discussed in footnote (c) below; and (ii) shares owned and tendered by employees to satisfy tax withholding obligations upon the vesting of restricted shares. Shares of Class A common stock tendered by employees to satisfy tax withholding obligations included 40,317 shares in March 2024. Unless otherwise indicated, shares owned and tendered by employees to satisfy tax withholding obligations were purchased at the closing price of the Company's Company's shares on the date of vesting.

(b) The average price of shares repurchased excludes excise taxes.

(c) On May 9, 2022, the Company announced that its Board of Directors authorized a stock repurchase program to repurchase up to a total of five million shares of the Company's Class A common stock during the three-year period ending May 8, 2025.

***Working capital and dividend restrictions/limitations***

The Company's $495.0 million unsecured line of credit, which is available through September 22, 2026, imposes restrictions on the payment of dividends through covenants requiring a minimum consolidated net worth and a minimum level of unencumbered cash, cash equivalent investments, and available borrowing capacity under the line of credit. In addition, trust indentures and other financing agreements governing debt issued by the Company's lending subsidiaries generally have limitations on the amounts of funds that can be transferred to the Company by its subsidiaries through cash dividends at certain times. Further, Nelnet Bank is subject to laws and regulations that restrict the ability of Nelnet Bank to pay dividends to the Company, and authorize regulatory authorities to prohibit or limit the payment of dividends by Nelnet Bank to the Company. These provisions do not currently materially limit the Company's ability to pay dividends, and, based on the Company's current financial condition and recent results of operations, the Company does not currently anticipate that these provisions will materially limit the future payment of dividends.

## ITEM 5. OTHER INFORMATION

***Rule 10b5-1 Trading Plans***

During the third quarter of 2023, none of the Company's officers or directors adopted or terminated any contract, instruction, The following table describes contracts, instructions, or written plan plans for the purchase or sale of the Company's securities that was adopted by the Company's directors or executive officers during the first quarter of 2024, each of which is intended to satisfy the affirmative defense conditions of Rule 10b5-1(c), referred to as Rule 10b5-1 trading plans, or any non-Rule 10b5-1 trading arrangement. plans.

| Name and Title | Date of Adoption of Rule 10b5-1 Trading Plan | Scheduled Expiration Date of Rule 10b5-1 Trading Plan (a) | | Aggregate Number of Securities to Be Purchased or Sold |
|---|---|---|---|---|
| Kathleen A. Farrell<br>*Director* | 3/6/2024 | 3/5/2025 | | |

(a) A trading plan may also expire on such earlier date as all transactions under the trading plan are completed.

## ITEM 6. EXHIBITS

| | |
|---|---|
| 10.1*+ | Form of Modification of Contract Guaranty Supplement to the Third Amended and Restated Guaranty, dated effective as of October 10, 2023 for Student Loan Servicing Contract between the United States Department March 15, 2024, in favor of Education and Nelnet Servicing, LLC. U.S. Bank National Association, as Administrative Agent. |
| 10.2*+ | Form of Modification of Contract dated effective as of October 11, 2023 for Student Loan Servicing Contract between the United States Department of Education and Nelnet Servicing, LLC. |
| 31.1* | Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Executive Officer Jeffrey R. Noordhoek. |
| 31.2* | Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 of Chief Financial Officer James D. Kruger. |
| 32** | Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS* | Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document. |
| 101.SCH* | Inline XBRL Taxonomy Extension Schema Document. |
| 101.CAL* | Inline XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF* | Inline XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB* | Inline XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE* | Inline XBRL Taxonomy Extension Presentation Linkbase Document. |
| 104* | Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101). |

* Filed herewith

** Furnished herewith

\+ Filed herewith for purposes of providing a complete set of all amended documents to student loan servicing contracts between the United States Department of Education Third Amended and Nelnet Servicing, LLC Restated Guaranty related to the Third Amended and Nelnet Diversified Solutions. Restated Credit Agreement, both dated September 22, 2021.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

NELNET, INC.

| | | | |
|---|---|---|---|
| Date: November 7, 2023 May 9, 2024 | | By: | /s/ JEFFREY R. NOORDHOEK |
| | | Name: | Jeffrey R. Noordhoek |
| | | Title: | Chief Executive Officer<br>Principal Executive Officer |
| Date: November 7, 2023 May 9, 2024 | | By: | /s/ JAMES D. KRUGER |
| | | Name: | James D. Kruger |
| | | Title: | Chief Financial Officer<br>Principal Financial Officer and Principal Accounting Officer |

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Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. E. IMPORTANT: Contractor is not is required to sign this document and return copies to the issuing office. AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE 2. AMENDMENT/MODIFICATION NUMBER 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQUISITION NUMBER 5. PROJECT NUMBER (If applicable) 7. ADMINISTERED BY (If other than Item 6) CODE STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243 FACILITY CODE 9A. AMENDMENT OF SOLICITATION NUMBER 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NUMBER 10B. DATED (SEE ITEM 13) 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended. 12. ACCOUNTING AND APPROPRIATION DATA (If required) copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14. CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER IN ITEM 10A. B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: D. OTHER (Specify type of modification and authority) Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. 15C. DATE SIGNED 15A. NAME AND TITLE OF SIGNER (Type or print) 16C. DATE SIGNED 16A. NAME AND TITLE OF

CONTRACTING OFFICER (Type or print) 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) PAGE OF PAGES 6. ISSUED BY CODE 8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code) (X) CODE 15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign) 16B. UNITED STATES OF AMERICA (Signature of Contracting Officer) Previous edition unusable 1. The purpose of this modification is to: a. Reflect the Novation from Nelnet Diversified Solutions, LLC (Transferor) to Nelnet Servicing, LLC (Transferee), for contract 91003123D0005 for Unified Servicing and Data Solution (USDS) and Task Order 91003123F0321, for USDS. Transferee is a wholly owned subsidiary ...See Continuation Page 1 8 91003123D0005P00008 OCT 10, 2023 FSA-ACQ US Department of Education FSA - Acquisitions, 830 First St NE - Suite 91F3 Washington DC 20202 See Block 6 00030812 91003123D0005 APR 24, 2023 See Schedule ✖ Mutual agreement of the parties and Novation Agreement per FAR 42.1203 ✖ 1 Jackson McClam, Contracting Officer 202-304-2149 jackson.mcclam@ed.gov OCT 10, 2023 UEI: MNXKQ62J7AE8 DUNS: 00030812 Cage Code: 5JZQ5 NELNET SERVICING LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508 Modification Amount: $0.00 Modification Obligated Amount: $0.00 ✖ JACKSON MCCLAM Digitally signed by JACKSON MCCLAM Date: 2023.10.11 14:23:06 -04'00'

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Continuation Page Continued from Block 14... of the Transferor. b. Change the Unique Entity ID from Nelnet Diversified Solutions (KQHJEPVWRNQ6) to Nelnet Servicing, LLC (MNXKQ62J7AE8) as reflected in block 8. 2. In accordance with FAR 42.1204 a properly formatted Novation Agreement package has been fully executed by the following parties: US Government (i.e. Department of Education, Office of Federal Student Aid), Nelnet Diversified Solutions, and Nelnet Servicing. a. The following documents regarding the novation are attached to this modification: i. Novation Agreement which identifies affected contract and Task Order. ii. Assignment and Assumption Agreement effective on 9/05/2023 3. All other terms and conditions remain unchanged. PAGE 2 OF 8 91003123D0005P00008

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Attachment Page PAGE 3 OF 8 91003123D0005P00008 Novation Agreement Nelnet Diversified Solutions, LLC (Transferor), a limited liability company duly organized and existing under the laws of Nebraska with its principal office in Lincoln, Nebraska; Nelnet Servicing, LLC (Transferee), a limited liability company duly organized and existing under the laws of Nebraska with its principal office in Lincoln, Nebraska; and the United States of America (Government) enter into this Agreement as of September 5, 2023. A. The parties agree to the following facts: 1. The Government, represented by various Contracting Officers of the United States Department of Education, Office of Federal Student Aid, has entered a contract with the Transferor, namely: Contract No. 91003123D0005, dated April 24, 2023 and the associated "Initial Task Order" No. 91003123F0321 (together, the "0005 Contract"). The term "0005 Contract," as used in this Agreement, means the above contract and purchase orders, including all task orders and modifications, made between the Government and the Transferor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Transferor has any remaining rights, duties, or obligations under this contract and purchase orders). Included in the term "0005 Contract" are also all modifications made under the terms and conditions of that contract and purchase orders between the Government and the Transferee, on or after the effective date of this Agreement. 2. As of September 5, 2023, the Transferee has acquired the 0005 Contract from the Transferor via an Assignment and Assumption Agreement. 3. The Transferee possesses all of the assets the Transferor would need to perform the 0005 Contract. 4. The Transferee has assumed all obligations and liabilities of the Transferor under the 0005 Contract by virtue of the above transfer. 5. The Transferee is in a position to fully perform all obligations that may exist under the 0005 Contract. 6. It is consistent with the Government's interest to recognize the Transferee as the successor party to the 0005 Contract. 7. Evidence of the above transfer and other documents and information required by FAR 42.1204 have been submitted to the Government. 8. The Transferee is a wholly owned subsidiary of the Transferor, and is party to a contract with The Government, represented by various Contracting Officers of the United States Department of Education, Office of Federal Student Aid, namely: Contract No. ED-FSA- 09-D-0013, dated June 17, 2009, as amended and including purchase orders and all modifications made between the Government and the Transferee before the effective date of this Agreement (the "0013 Contract").

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Attachment Page PAGE 4 OF 8 91003123D0005P00008 9. The services provided pursuant to the 0013 Contract are substantially similar to those to be required under the 0005 Contract, and Transferee owns or has appropriate rights to all assets necessary to perform under the 0013 Contract, which assets will also be necessary for performance under the 0005 Contract. B. In consideration of these facts, the parties agree that by this Agreement: 1. The Transferor confirms the transfer to the Transferee and waives any claims and rights against the Government that it now has or may have in the future in connection with the 0005 Contract. 2. The Transferee agrees to be bound by and to perform the 0005 Contract in accordance with the conditions contained in the 0005 Contract. The Transferee also assumes all obligations and liabilities of, and all claims against, the Transferor under the 0005 Contract as if the Transferee were the original party to the contract. 3. The Transferee ratifies all previous actions taken by the Transferor with respect to the 0005 Contract, with the same force and effect as if the action had been taken by the Transferee. 4. Based on the foregoing, the Government recognizes the Transferee as the Transferor's successor in interest in and to the 0005 Contract. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the 0005 Contract as if the Transferee were the original party to the 0005 Contract. Following the effective date of this Agreement, the term "Contractor," as used in the 0005 Contract, shall refer to the Transferee. 5. Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor. 6. All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the 0005 Contract, shall be considered to have discharged those parts of the Government's obligations under the contract. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee and shall constitute a complete discharge of the Government's obligations under the contract, to the extent of the amounts paid or reimbursed. 7. The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contract. 8. The Transferor guarantees payment of all liabilities and the performance of all obligations that the Transferee- i. Assumes under this Agreement;

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Attachment Page PAGE 5 OF 8 91003123D0005P00008 ii. Incurs with respect to third-party claims arising out of a security incident or breach or any alleged or actual intellectual property infringement; or iii. May undertake in the future should the 0005 Contract be modified under its terms and conditions. The Transferor waives notice of, and consents to, any such future modifications. 9. The 0005 Contract shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written. United States of America By ______________________________ Title ______________________________ Nelnet Diversified Solutions, LLC, Transferor ______________________________ By Joe Popevis, President Nelnet Servicing, LLC, Transferee ______________________________ By Jennifer Burkey, President Contracting Officer JACKSON MCCLAM Digitally signed by JACKSON MCCLAM Date: 2023.10.10 15:09:54 -04'00'

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Attachment Page PAGE 6 OF 8 91003123D0005P00008 Certificate I, William J. Munn certify that I am the Secretary of Nelnet Diversified Solutions, LLC, that Joseph Popevis, who signed this Agreement for this entity, was then President of this entity; and that this Agreement was duly signed for and on behalf of this entity by authority of its governing body and within the scope of its powers. Dated: September 5, 2023. By______________________ William J. Munn, Secretary Certificate I, William J. Munn certify that I am the Secretary of Nelnet Servicing, LLC, that Jennifer Burkey, who signed this Agreement for this entity, was then President of this entity; and that this Agreement was duly signed for and on behalf of this entity by authority of its governing body and within the scope of its powers. Dated: September 5, 2023. By______________________ William J. Munn, Secretary

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Attachment Page PAGE 7 OF 8 91003123D0005P00008 ASSIGNMENT AND ASSUMPTION AGREEMENT --Novation of U.S. Government Contract-- THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement"), is entered into effective as of September 5, 2023, between Nelnet Diversified Solutions, LLC, a Nebraska limited liability company ("Assignor") and Nelnet Servicing, LLC, a Nebraska limited liability company ("Assignee"). WHEREAS, Assignor has been awarded Contract No. 91003123D0005 and its associated "Initial Task Order No. 91003123F0321" with the United States Department of Education, Office of Federal Student Aid ("FSA"), under which NDS would service Federal student loans on behalf of FSA for a period of five to ten years (together, the "0005 Contract"); WHEREAS, Assignee is currently party to a substantially similar contract with FSA which will expire upon the effectiveness of the 0005 Contract, and the Assignee is positioned to and capable of performing under the 0005 Contract; WHEREAS, the parties have determined it is in their best interests to enter a (i) Novation Agreement among them and FSA (the "Novation Agreement") in order to transfer the 0005 Contract to Nelnet Servicing. NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows: 1. Conveyance and Assignment of the 0005 Contract. Assignor hereby grants, conveys, assigns, transfers, bargains and delivers unto Assignee and its successors and assigns all of its right, title and interest in and to the 0005 Contract, effective as of the date of this agreement. 2. Assumption. Assignee hereby assumes and undertakes to pay, discharge and perform or otherwise satisfy, and assumes and agrees to be bound by, the terms and conditions of the 0005 Contract, effective as of such same date as the assignment as set forth in Section 1 hereof. 3. Subsequent Actions. Assignor hereby covenants to and with Assignee, its successors and assigns, to execute and deliver to Assignee, it successors and assigns, all such other and further instruments of conveyance, assignment and transfer, and all such notices, releases and other documents, that would more fully and specifically convey, assign, and transfer to and vest in Assignee, its successors and assigns, the right, title and interest of Assignor in and to all and singular the 0005 Contract hereby conveyed, assigned, and transferred, or intended to be conveyed, assigned or transferred. 4. Governing Law. This agreement shall be governed by and construed in accordance with the laws of the state of Nebraska.

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Attachment Page PAGE 8 OF 8 91003123D0005P00008 5. Binding Effect. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. 6. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. IN WITNESS WHEREOF, Assignor and Assignee have executed this Agreement as of the day and year first above written. NELNET DIVERSIFIED SOLUTIONS, LLC (“Assignor”) By: ________________________________ Name: Joseph Popevis Title: President NELNET SERVICING, LLC (“Assignee”) By: ________________________________ Name: Jennifer Burkey Title: President

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Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning or (c) By separate letter or electronic communication which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by letter or electronic communication, provided each letter or electronic communication makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified. E. IMPORTANT: Contractor is not is required to sign this document and return copies to the issuing office. AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT 1. CONTRACT ID CODE 2. AMENDMENT/MODIFICATION NUMBER 3. EFFECTIVE DATE 4. REQUISITION/PURCHASE REQUISITION NUMBER 5. PROJECT NUMBER (If applicable) 7. ADMINISTERED BY (If other than Item 6) CODE STANDARD FORM 30 (REV. 11/2016) Prescribed by GSA FAR (48 CFR) 53.243 FACILITY CODE 9A. AMENDMENT OF SOLICITATION NUMBER 9B. DATED (SEE ITEM 11) 10A. MODIFICATION OF CONTRACT/ORDER NUMBER 10B. DATED (SEE ITEM 13) 11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS The above numbered solicitation is amended as set forth in Item 14. The hour and date specified for receipt of Offers is extended. is not extended. 12. ACCOUNTING AND APPROPRIATION DATA (If required) copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; 13. THIS ITEM APPLIES ONLY TO MODIFICATIONS OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NUMBER AS DESCRIBED IN ITEM 14. CHECK ONE A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NUMBER IN ITEM 10A. B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation data, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b). C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF: D. OTHER (Specify type of modification and authority) Except as provided herein, all terms and conditions of the document referenced in Item 9A or 10A, as heretofore changed, remains unchanged and in full force and effect. 15C. DATE SIGNED 15A. NAME AND TITLE OF SIGNER (Type or print) 16C. DATE SIGNED 16A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) 14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.) PAGE OF PAGES 6. ISSUED BY CODE 8. NAME AND ADDRESS OF CONTRACTOR (Number, street, county, State and ZIP Code) (X) CODE 15B. CONTRACTOR/OFFEROR (Signature of person authorized to sign) 16B. UNITED STATES OF AMERICA (Signature of Contracting Officer) Previous edition unusable See Attachment Page 1 5 EDFSA09D0013P00162 OCT 11, 2023 FSA-ACQ US Department of Education FSA - Acquisitions, 830 First St NE - Suite 91F3 Washington DC 20202 Elvis Taylor 202-377-4013 elvis.taylor@ed.gov FSA-FS2 United States Department of Education Federal Student Aid/Mission Support Group 830 First St NE - Suite 91F3 Washington DC 20202 00030812 EDFSA09D0013 JUN 17, 2009 See Schedule ✖ FAR 52.212-4 (c) - Contract Terms and Conditions - Commercial Items (Mar 2009) - TAILORED ✖ 1 Elvis Taylor, Contracting Officer 202-377-4013 elvis.taylor@ed.gov OCT 12, 2023 UEI: MNXKQ62J7AE8 DUNS: 00030812 Cage Code: 5JZQ5 NELNET SERVICING LLC 121 S. 13TH STREET SUITE 201 LINCOLN NE 68508 Modification Amount: $0.00 Modification Obligated Amount: $0.00 ✖ ELVIS TAYLOR Digitally signed by ELVIS TAYLOR Date: 2023.10.13 11:18:46 -04'00'

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Attachment Page PAGE 2 OF 5 EDFSA09D0013P00162 The purpose of this modification is to do the following: 1. Incorporate a 1-year extension, authorized by Congress, for the associated Task Orders under contract ED-FSA-09-D-0013 via four 3-month option periods accordingly: Option Period V – December 15, 2023 through March 14, 2024 Operations and Maintenance (O&M) services. Option Period VI – March 15, 2024 through June 14, 2024. Operations and Maintenance (O&M) services. When O&M services are assumed under the USDS contract 91003123D0005 which is tentatively scheduled for April 1, 2024, O&M will no longer be invoiced under the associated Legacy Task Orders. All outstanding previously funded Change Request (CR) delivery dates will remain the same unless otherwise authorized by the Contracting Officer. Option Period VII - June 15, 2024 through September 14, 2024 All outstanding previously funded Change Request (CR) delivery dates will remain the same unless otherwise authorized by the Contracting Officer. Option Period VIII - September 15, 2024 through December 14, 2024 All outstanding previously funded Change Request (CR) delivery dates will remain the same unless otherwise authorized by the Contracting Officer. 2. Incorporate FSA Clause 39-8 Supplemental Instruction to EDAR 3452.204 -72, Contractor Security Vetting Requirements. (DEVIATION) (Aug 2023) FSA 39-8 – Supplemental Instructions to EDAR 3452.204-72, Contractor Security Vetting Requirements. (DEVIATION) (AUG 2023) EDAR 3452.204.72, Contractor Security Vetting Requirements, paragraph (j)(1) is supplemented by the following: (j)(1)(a) Contractors will submit their completed Background Investigation Requests electronically. Upload the documents into electronic Questionnaires for Investigation Process (eQIP), or beginning November 30, 2023, its successor system the National Background Investigation Servicers' electronic application (e-App), and release the Investigation Request Packet to FSA in e-QIP, or e-App. (b) Send an electronic copy of the completed coversheet to your contract COR and system ISSO(s). If contractors require a blank coversheet, please contact the COR. When transmitting the cover sheet, please use the following subject in the header of the Microsoft Outlook Message: Subject: [Name of Prime Contractor-Company Name (Name of Sub-Contractor- Company Name, if applicable)]: [Background Investigation (BI) Type] [BI Level] [Date of Submission] [Name of Company Official Responsible for Background applications] (c) Please ensure that each coversheet is encrypted, and password protected with a unique password. Do not send the password with the coversheet; instead send a separate email with the exact same

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Attachment Page PAGE 3 OF 5 EDFSA09D0013P00162 subject line with the password in the body of the email. The password should include upper- and lower-case letters, numbers, and special characters. (d) Other than entering the requested data, do not modify the cover sheet format, structure, or any other part of the spreadsheet. Any such change may result in the return of the cover sheet and background investigation paperwork for corrections and delay the processing of the packages. (e) Do not submit System Access Requests (SARs) with the background investigation paperwork. SARs are to be submitted to the Information System Security Officer (ISSO) that is responsible for the applicable system(s). Please contact the ISSO(s) for specific information regarding the delivery (email, etc.) of the System Access Requests. (f) Contact your assigned COR with questions. (End Clause) 3. Incorporate By Reference (IBR) the following EDAR clauses (https://www2.ed.gov/policy/fund/reg/clibrary/edar.html): EDAR Clause 3452.204-70 Records Management EDAR Clause 3452.204-71 Contractor Security Vetting Requirements EDAR Clause 3452.216-71 Award -Term EDAR Clause 3452.224-71 Notice About Research Activities Involving Human Subjects EDAR Clause 3452.224-72 Research Activities Involving Human Subjects EDAR Clause 3452.224-73 Protection of Student Privacy in Compliance with FERPA EDAR Clause 3452.231-71 Invitational Travel Cost EDAR Clause 3452.232-72 Limitation of Government Obligation EDAR Clause 3452.233-70 Agency Level Protest EDAR Clause 3452.239-70 Internet Protocol Version 6 (IPv6) EDAR Clause 3452.239-71 Department Information Security and Privacy Requirements EDAR Clause 3452.243-70 Key Personnel 4. Modify Statement of Objective (SOO) language to include Contractor and Government Obligations Regarding Fully Funded CLINS. Contractor and Government Obligations Regarding Fully Funded CLINs. (a) This requirement applies to CLINs where funding equals the total estimated price. (b) The total estimated price of the CLIN(s) is a product of the fixed-unit price, as specified in the order or contract, multiplied by an estimated quantity for the period of performance specified in the order or contract. (c) The Contractor shall notify the Contracting Officer in writing whenever it has reason to believe either that- (1) The quantity the Contractor expects to process in the next 60 days, when added to all previously processed quantities and multiplied by the fixed-unit rate, will exceed 75 percent of the total estimated price specified in the order or contract; or

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Attachment Page PAGE 4 OF 5 EDFSA09D0013P00162 (2) The total quantity for the performance of the CLIN will be either greater or less than the total estimated quantity in the order or contract. (d) As part of the required notification in (c) above, the Contractor shall provide the Contracting Officer a revised estimate of the total quantity expected to be processed and the basis for the estimate. (e) Upon either the Contractor's notification under (c) or upon notification by the Contracting Officer that the Government estimates a quantity lower or higher than that currently specified for the CLIN(s), the parties will negotiate a revised estimate and modify the order or contract accordingly. (f) Government and Contractor obligations- (1) The Government is not obligated to pay the Contractor in excess of the total estimated price specified for the CLIN(s); and (2) The Contractor is not authorized to continue performance under this contract when amounts paid and payable equal the total estimated price of the CLIN specified in the order or contract, unless the Contracting Officer authorizes in writing (e.g., typically in the form of a modification) the order or contract to increase the total estimated price and allots additional funds. Absent such written authorization, the Contractor is required to stop work and any continued performance will be at no cost to the Government. The Contractor waives any claims, demands or actions related to compensation for such unauthorized performance and releases, remises and discharges the Government from all liability related thereto. Nothing herein shall be construed as authorization of voluntary services whose acceptance is otherwise prohibited under 31 U.S.C. 1342. (g) No notice, communication, or representation in any form other than the written authorization specified in paragraph (f)(2) of this clause, or from any person other than the Contracting Officer, shall affect the CLIN's total estimated price to the Government. In the absence of the specified notice, the Government is not obligated to pay the Contractor any amount in excess of the total estimated price. (h) Change orders shall not be considered an authorization to exceed the total estimated price specified for the CLIN(s), unless they contain a statement increasing the total estimated price. (i) If upon the end of the performance period and after the final invoice, the actual quantity is below the estimated quantity, the Contracting Officer may unilaterally reduce the total estimated price to equal the actual price and de-obligate excess funds. Such an action is not a Termination for Convenience of the Government.

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SCHEDULE Continued ITEM NO. SUPPLIES/SERVICES QUANTITY UNIT UNIT PRICE AMOUNT Contracting Officer: Elvis Taylor, 202-377-4013, elvis.taylor@ed.gov Primary Contracting Officer Representative: Patrice Washington, (202) 377-3845, Patrice.Washington@ed.gov Alternate Contracting Officer Representative(s): Andre Barbosa, 202-377-3332, Andre.Barbosa@ed.gov Primary Technical Point of Contact: None Alternate Technical Point(s) of Contact: None PAGE 5 OF 5 EDFSA09D0013P00162

**Exhibit 31.1**

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, Jeffrey R. Noordhoek, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nelnet, Inc. (the “Company”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

| | | |
|---|---|---|
| Date: | November 7, 2023 May 9, 2024 | /s/ JEFFREY R. NOORDHOEK<br>Jeffrey R. Noordhoek Chief Executive Officer<br>Principal Executive Officer |

**Exhibit 31.2**

**Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002**

I, James D. Kruger, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Nelnet, Inc. (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

(a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

(a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

(b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 7, 2023 May 9, 2024

/s/ JAMES D. KRUGER
James D. Kruger
Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer

**Exhibit 32**

**Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002**

In connection with the Quarterly Report of Nelnet, Inc. (the "Company") on Form 10-Q for the quarter ended September 30, 2023 March 31, 2024 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we certify pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: November 7, 2023 May 9, 2024

By: /s/ JEFFREY R. NOORDHOEK
Name: Jeffrey R. Noordhoek
Title: Chief Executive Officer
Principal Executive Officer

By: /s/ JAMES D. KRUGER
Name: James D. Kruger
Title: Chief Financial Officer
Principal Financial Officer and Principal Accounting Officer